

MD	✓		FKC	✓
CS	✓		DPY	✓
PO	✓		DIV	✓
TEA	✓		EC	✓
MM	✓	✓	SC	✓
TE	✓	✓		✓


OCL INDIA LIMITED

Report 1997-98

ANNUAL REPORT




**OCL INDIA LIMITED****Incorporated in India - Members' Liability Limited**

DIRECTORS	Shri Pradip Kumar Khaitan	(Chairman)
	Shri V.D. Jhunjhunwala	
	Shri S.S. Bhartia	
	Shri N.C. Gupta	(Nominee of GIC)
	Shri D.N. Davar	
	Dr. S.R. Jain	
	Shri H.V. Lodha	
	Shri S.N. Das Mahapatra	(Whole-time Director)
	Shri M.L. Chand	(Whole-time Director)

PRESIDENTS	Shri M.H. Dalmia
	Shri A.H. Dalmia

BANKERS	United Bank of India
	Punjab National Bank
	State Bank of India
	UCO Bank
	ANZ Grindlays Bank Ltd.
	American Express Bank Ltd.

REFRACTORY, CEMENT WORKS & REGD. OFFICE	Rajgangpur-770 017 (Orissa)
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DELHI OFFICE	B-47 Connaught Place New Delhi-110 001
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AUDITORS	V. Sankar Aiyar & Co. Chartered Accountants
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DIRECTORS' REPORT

For the year ended 31.3.1998.

The Directors present their Forty Eighth Annual Report of the Company for the year ended 31st March, 1998, together with the Statement of Accounts for that year.

WORKING RESULTS

1.1 Working results for the year are as under :

	1997-98	1996-97
	'000 Rs.	'000 Rs.
Operating Profit	43,05,29	45,61,75
Less : Interest	29,03,57	24,35,28
Depreciation	12,33,77	7,66,36
Profit before taxation	1,67,95	13,60,11
Less : Provision for taxation	2,00	2,10,00
Profit after taxation	1,65,95	11,50,11
Add : Transfer from investment		
Allowance Reserve (Utilised)	2,21,00	1,10,00
Brought forward from previous year.	14,84,35	13,12,71
	18,71,30	25,72,82
Transfer to Debenture Redemption Reserve	33,33	33,33
General Reserve	50,00	7,80,03
Proposed dividend	1,61,92	2,75,12
Tax on distributed profit		
(including Rs.27,51,178/- for earlier years)	43,70	—
Surplus carried to Balance Sheet	15,82,35	14,84,34
	18,71,30	25,72,82

1.2 The Directors recommend payment of dividend for the year ended 31.03.1998 at the rate of 25% on :-

- 54,00,000 of Equity shares Rs.10/- each fully paid up.
- 18,00,000 of Equity shares Rs.10/- each on pro-rata basis and in proportion to the amount paid up thereon.

CEMENT DIVISION

2.1 Expansion of the cement grinding capacity has been the most significant development in the Cement Division. World's largest Loesche Vertical Roller Mill was commissioned in May, 1997 thereby increasing cement manufacturing capacity to 1 million tonnes per annum. Other than economy of scale, this has lead to possibility of delivering superior quality of blended cements customised to meet users requirements which is in line with company's commitment to "customer satisfaction". This is due to flexibility of grinding either clinker, slag or their mixture with very low change over time from one product to another to quickly cater to the need of the customers. Additionally, the expansion would bring down power cost, maintenance cost and allow higher proportion of slag to be used, bringing in savings in the total manufacturing cost.

2.2 Clinker production, Cement production & Cement sales during the year under report are given below alongwith comparative figures for earlier year :-

	1997-98	1996-97
	Tonnes In '000s	Tonnes in '000s
Clinker Production	617	606
Cement Production	896	697
Cement Sales (including self consumption)	899	710



The value of Cement and Clinker Sales for the years 1997-98 and 1996-97 are Rs.159.63 crores and Rs.141.39 crores (inclusive of excise duty) respectively.

- 2.3 During the year your Company exported Cement to Bangladesh valued at about Rs. 12.99 crores as against the previous year export of Rs.5.92 crores. Additionally, Clinker worth Rs. 0.50 crores was exported to Bangladesh.
- 2.4 Due to stiff competition and rising costs, the margin was under pressure. Despite this, Company could increase its sales in quantitative terms by about 26% as compared to the last year. The outlook for the future appears to be positive due to policy initiative announced by the Government in Union Budget : 1998-99 for encouraging house building activities.

REFRACTORY DIVISION

- 3.1 Your Company has achieved a total sales of Rs.136.06 crores for this year, as compared to Rs.144.14 crores for 1996 - 97 (both inclusive of excise duty). The lower sales have been due to the continuous recessionary market conditions in the Steel Industry which is the main consumer of refractories. The liquidity position of the major steel plants have become worse which have forced them to resort to measures like strict inventory control, deferment of major repairs of furnaces etc. resulting in poor off-takes of refractories against their orders on us. The depressed market conditions have also led to delays in implementation of new Steel projects which also had adverse effect on the sales of the Company. The Company had entered into a Memorandum of Understanding (MOU) with Steel Authority of India Limited (SAIL) for supply of substantial quantities of refractory. Keeping in view this MOU, the modernisation and expansion of refractory plant was undertaken. Due to market conditions, the order did not materialise.
- 3.2 On export market, your Company has been able to achieve sales of Rs.18.30 crores. In the face of stiff competition, the Company has been able to secure good orders for exports to Sweden and also some repeat orders from existing customers. The export turnover is expected to improve.
- 3.3 Your Company was first accredited with ISO 9001 certification for its silica products in the year 1994-95. During the year under review, the full range of the Company's products have been covered under the ISO 9001 certification. Your Company, thus, has become the first refractory manufacturer to have this ISO certification for the widest range of refractories in the Country.
- 3.4 The unrelenting efforts have enabled your Company to achieve substantially higher market share for its continuous casting products which are manufactured with technical know-how from T.Y.K. Corporation, Japan. The demand for these refractories are on the increase, and the Company expects increasing growth in the sale of these products.
- 3.5 Similarly, the sales of other products like castables, precast seating blocks, rinsing lance etc. manufactured in technical collaboration with T.Y.K. Corporation, Japan have gone up during the year under review and the Company looks forward to continuously increasing its share in the market for these products.

EXPANSION

- 4.1 The expansion project of its existing Cement Plant undertaken by your Company was completed. Similarly modernisation and expansion of Refractory Plant were also completed. The commercial production from both these expanded Plants commenced from 19th May, 1997.

REDUCTION OF SHARE CAPITAL

5. Orissa High Court vide its order dated 30th March, 1996 has confirmed the Special resolution of the shareholders passed at the last Annual General Meeting on 29th September, 1997 for reduction of share premium from Rs.130/- per share to Rs.95/- per share by cancellation of liability for payment of Rs.35/- per share payable on 3rd and final call. Consequent to this Order, shares have become fully paid up.

PROJECTED & ACTUAL FIGURES OF PROFITABILITY/UTILISATION OF FUNDS

6. Pursuant to clause 43 of listing agreement with Stock Exchanges, as amended recently, the projected figures as on 30/9/1997 given in the Letter of Offer dated 18th September, 1996 for Rights issue of Zero Coupon Convertible Debentures (ZCCDs) along with Detachable Warrants and corresponding



actual figures are given below :-

Particulars	Rs. in Lakhs	
	Projection	Actual
Expenditure on the Projects		
Application of Funds		
A. Expansion of Cement Plant		
Building and Civil Works	998	1488
Plant and Machinery	5775	4945
Technical know-how fee and expenses in respect of foreign technicians and training	203	97
Preoperative expenses	643	900
Margin money for Working Capital	160	160
B. Expansion of Refractory Plant		
Building and Civil Works	384	350
Plant and Machinery	2722	2425
Preoperative expenses	503	316
Margin money for Working Capital	119	119
C. Modernisation of Refractory Plant		
Building and Civil Works	224	91
Plant and Machinery	1352	1238
D. Issue Expenses	30	31
Grand Total	13113	12160

SUBSIDIARIES

7. Copies of accounts and the Directors' Reports, relating to the year ended 31.03.1998 of subsidiaries Utkal Investments Limited, Konark Minerals Limited, Kashmissa Industries Limited, Hari Fertilizers Limited, Telecom Services India Limited and First Capital India Limited are annexed to your Company's accounts. Copy of accounts and Directors' Report relating to the year ended 31.3.1997 of First Capital India Limited which could not be annexed to the accounts last year, since it was received after the approval of accounts, are also annexed.

LABOUR MANAGEMENT RELATIONS

8. Relations between the Management and Employees were cordial during the year under review.

DIRECTORS

9. The Industrial Finance Corporation of India Limited has withdrawn the nomination of Shri B.M. Agarwal from the Board of the Company w.e.f. 8/6/1998. The Directors place on record their appreciation of the valuable contributions made by Shri B.M. Agarwal during his association with Board.

DEPOSITS

10. The Directors report that as on 31st March, 1998, there were 68 deposits aggregating to Rs.5.45 lakhs which remained unclaimed beyond due dates, out of which deposits aggregating to Rs.1.05 lakhs have since been renewed/repaid.

PARTICULARS OF EMPLOYEES

11. The particulars of the employees as required u/s 217(2A) of the Companies Act, 1956 are set out in the Annexure - I which forms part of this report.

CONSERVATION OF ENERGY ETC.

12. Information required under Section 217(1)(e) of the Companies Act, 1956 read with the relevant Rules, with regard to conservation of energy, technology absorption and foreign exchange earnings and outgo are given in Annexure - II which forms part of this report.

Place : New Delhi
Date : 26th June, 1998

BY ORDER OF THE BOARD
PRADIP KUMAR KHAITAN
CHAIRMAN



ANNEXURE-II TO THE DIRECTORS' REPORT

STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTORS' REPORT DATED 26TH JUNE 1998

I. CONSERVATION OF ENERGY

Cement

- a) Energy Conservation measures taken :
 - i) Regular Energy Audit by experienced Engineers.
 - ii) Monitoring of maximum demand regularly to control maximum KVA drawn from grid supply.
 - iii) Use of exhaust of P G Set for Waste-heat Boiler to produce steam for heating LSHS to be used for P G Set.
 - iv) Use of DC motors for variable speed application through thyristor control panel instead of dampers for cement mills, vent fan, booster fan for CVRM.
 - v) Use of high efficiency O-Sepa separator for cement mills 1, 2, 3 and 4.
 - vi) Use of krammer for variable speed application of PH Fan, ESP Fan and Bag filter fan.
 - vii) Use of Waste heat from clinker cooler for drying the slag.
 - viii) Use of Precoal ESP for coal mill. This will help in proper working of the mill even with low grade coal.
 - ix) Elimination of both the Crushers at the Factory.
 - x) Re-engineering of Quarry has practically eliminated running of electric compressors.
 - xi) Use of Roller Mill for grinding of Cement where specific power consumption is low.
 - xii) Replacement of existing PH fan with high efficiency fan.
 - xiii) Reduction of idle running of equipments.
 - xiv) Re-engineering of the plant has eliminated some screw conveyors.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :
 - i) Installation of VRM for cement grinding.
 - ii) Use of soft starters.
 - iii) Use of energy efficient lightings.
 - iv) Use of Kiln Feed Bucket Elevator in place of Air Lift Pump.
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :
 - By measures taken at (a) we have been able to achieve at present average specific energy consumption of 68.50 KWH per tonne of clinker from earlier average of 71.57 KWH per tonne of clinker and total lower consumption upto cement despatch stage has been reduced to 105.5 KWH/T of Cement despatch against earlier 106.76 KWH/T of Cement despatch.
 - By measures (b), we expect a reduction of consumption of about 15 KWH per tonne in cement production.

Refractory

- a) Energy Conservation measures taken :

ELECTRICAL ENERGY

- i) Regular In-house energy audit being carried out by experienced engineers with implementation of corrective steps.
- ii) Continuation of practice of installation of capacitors along with all new Units and monitoring of power factors on regular basis with an attempt to maintain the same between 0.98 - 1.0.
- iii) Selection of energy efficient equipments and drives to minimise the energy consumption.
- iv) Installation of Soft Starters with 400 T Friction Screw Press to reduce energy consumption during low load operation. 9 Nos. 400 T Friction Screw Presses have been provided with Soft Starters during the period 1997-98.
- v) Two Nos. 150 HP Compressor motors have been provided with energy saving soft starters yielding of 4.5% saving in electrical energy.



- vi) Conversion of comperssor drives from V.belts to flat extra muletus belts.
- vii) Use of AC investor drives for 4 Nos. ID fans.
- viii) Reduction of wastage of Electricity by stopping equipments and switching off lights during Tea breaks.

THERMAL ENERGY

- a) i) Use of Furnace Oil/LSHS sludge generated from P.G. Sets with fuel oil in all B.T. Kilns.
- ii) Reduction of specific coal consumption per M.T. of silica output through reengineering and standardisation process.
- iii) Use of fuel additive in B.T. Kilns.
- b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : NIL
- c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :
 - i) The specific oil consumption per MT of burnt output has come down from 114.6 liters to 113 liters for normal firing of Basic Bricks.
 - ii) The specific coal consumption per MT of Silica Basic burnt output has come down from 0.53 to 0.49 per MT.

F O R M - A (PARTICULARS OF TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION)

	CURRENT PERIOD		PREVIOUS PERIOD	
	1997-98		1996-97	
	CEMENT	REFRACTORY	CEMENT	REFRACTORY
A) POWER AND FUEL CONSUMPTION				
1. Electricity				
a) Purchased Units (in lacs)	211.42	40.11	199.20	42.79
Total Amount (Rs. in lacs)	726.66	139.15	688.95	148.75
Rate / Unit (Rs.)	3.44	3.47	3.46	3.48
b) Own generation				
i) Through power Generators				
Units (in lacs)	676.58	98.32	581.74	95.00
Units per Ltr of fuel	3.73	3.73	3.79	3.79
Cost/Unit (Rs.)	2.13	2.13	2.00	2.00
ii) Through Steam Turbine/Generator				
Units	—	—	—	—
Units per ltr of fuel oil/gas	—	—	—	—
Cost/Unit	—	—	—	—
2. Coal (grades C to F and Coke breeze used in Kiln & Precalciner, calcination of raw materials, Gas producer for firing of refractory bricks)(Tonnes - lacs)	1.45	0.20	1.34	0.22
Total cost (Rs. in lacs)	1181.77	187.32	1043.42	186.15
Average rate (Rs. / MT)	814.40	959.55	779.22	859.24
3. Furnace Oil				
Quantity (K.ltr.)	12387.404	5100.265	6173.849	3143.938
Total amount (Rs. in lacs)	759.26	317.79	349.95	188.90
Average rate (Rs./K.Ltr.)	6129.31	6230.75	5668.26	6008.46
4. Others/Internal Generation				
a) Light Diesel Oil				
Quantity(K.ltr.)	62.193	371.638	207.28	301.305
Total Cost (Rs.in lacs)	5.23	31.08	16.13	22.92
Rate/Unit (Rs./K.Ltr.)	8410.49	8363.00	7780.27	7607.65



	CURRENT PERIOD 1997-98		PREVIOUS PERIOD 1996-97	
	CEMENT	REFRACTORY	CEMENT	REFRACTORY
b) Low Speed High Sulphur Oil				
Quantity (MT)	6433.671	1749.890	9451.304	2718.958
Total Cost (Rs. in lacs)	471.65	128.04	664.54	185.77
Rate/Unit (Rs./MT)	7330.99	7317.67	7031.15	6832.50
c) HSD Oil				
Quantity (K.Ltrs)	87.830	—	83.015	—
Total Cost (Rs. in lacs)	7.63	—	6.49	—
Rate per Unit (Rs./K.Ltr.)	8684.85	—	7819.20	—

	CURRENT PERIOD 1997-98		PREVIOUS PERIOD 1996-97	
	CEMENT	REFRACTORY	CEMENT	REFRACTORY
B. CONSUMPTION PER UNIT OF PRODUCTION (PER MT)				
a) Cement				
- Electricity (KWH)		98.00		106.00
- Furnace Oil (Litres)		0.393		0.419
- Coal (grades C to F & Coke breeze) (kgs.)		156.00		171.00
- Others - L.D. Oil (Litres)		0.089		0.220
- LSHS Oil (Litres)		0.448		—
- HSD Oil		0.098		0.119
b) Refractory				
- Electricity (KWH)		251.00		246.00
- Furnace Oil (K.Ltr)		0.167		0.109
- Steam coal & screened coke (MT)		0.873		0.923
- Others - L D Oil (K. Ltr)		0.018		0.015
- LSHS Oil (Tonnes)		0.044		0.058

REASONS FOR VARIATION IN THE CONSUMPTION OF POWER & FUEL FROM STANDARDS OR PREVIOUS YEAR.

CEMENT FACTORY

1. Monitoring of maximum demand regularly to control maximum KVA drawn from grid supply. Contract maximum demand from OSEB has been brought down from 16 MVA to 10 MVA.
2. Regular energy audit by experienced engineers.
3. Commissioning of Power efficient Vertical Roller Mill for Cement grinding.
4. Reduction of idle running of auxiliaries.
5. Use of high efficiency fan in place of existing PH fan in December, 1996.
6. Reengineering of the plant lay-out.
7. LSHS/Furnace oil consumption in D.G. sets was more because of increased generation from D.G. sets in place of power supply from OSEB.
8. HSD oil consumption was more because of use of pay loader and tipper to shift the raw material unloaded at different places due to acute space constraint caused by expansion project.

REFRACTORY

Increase in electricity consumption is mainly due to the increased production of concast refractories although the over all production of refractories was less compared to the previous years production. The reduced volume of over all production has also contributed to the increase in the specific energy consumption per MT as all common facilities had to run even for low volume production.



II. TECHNOLOGY ABSORPTION

1. Research & Development (R&D)

a) Specific areas in which R&D carried out by the Company :

CEMENT

- i) Optimisation of dose of slag in Portland Slag Cement with optimum Blain value
- ii) Development of non-shrinking grout.
- iii) Development of Sulphate Resistant cement.

REFRACTORY

- i) Anti-clogging Sub Entry Nozzle tried successfully at SMS-II Concast Bloom Caster of Bhilai Steel Plant.
- ii) Trial of Single piece Tap Hole Sleeve completed at Rourkela Steel Plant for increasing the average of life of heats.
- iii) CAN shroud successfully tried at Durgapur Steel Plant.
- iv) Developed Spinel Castable based Seating Block for VAD & AOD Ladles.
- v) Magnesite Carbon bricks achieved a record life of 1017 heats in BOF of Durgapur Steel Plant.
- vi) Magnesite Carbon bricks achieved 712 heats life at Bhilai Steel Plant with in 130 T with SAIL Specification.
- vii) Precast Seating Block successfully used at Durgapur Steel Plant and Alloy Steel Plant.
- viii) Grafipatch 15D4 used successfully for repair of 150T BOF Tap Hole at Rourkela Steel Plant.
- ix) Spinel Precast Seating Block tried successfully at Mukand LF Ladle - an import substitution and trial order received.
- x) Shroud with Argon Purging facility through Steel CAN developed for Rourkela Steel Plant.

b) Benefits derived as a result of the above R&D

CEMENT

- i) Use of alternative cheaper additive has become possible.
- ii) Use of higher percentage of slag in Portland slag cement has become possible.
- iii) Cement products viz. non-shrinking grout and silent demolition agent have been successfully developed.
- iv) Production cost reduced.

REFRACTORY

Regular orders for established products as mentioned in (a) are being received/are expected.

c) Future plan of action

CEMENT

— Efforts for further improvements will continue.

REFRACTORY

Development of –

- i) Directional Porosity porous plugs of Magnesite quality as an import substitution.
 - ii) Semi Silica bricks for Coke Oven battery.
 - iii) Fused Silica bricks for Glass Tank Furnace.
 - iv) Entry in Durgapur and Bokaro Steel Plants with Blast Furnace Through Castables.
 - v) Launching Magnesite - Alumina Spinel Precast Seating block for LF and AOD of Mini Steel Units.
 - vi) Anti clogging SEN.
 - vii) Magnesite Alumina Slide Plates.
 - viii) Use of low cost imported DBM material in Magnesite Carbon bricks.
 - ix) Single piece tap hole sleeves for BOF/EAF.
- d) Expenditure on R & D :
- | | | |
|---|---|-------------|
| i) Capital | : | 2.45 lakhs |
| ii) Recurring | : | 50.13 lakhs |
| iii) Total | : | 52.58 lakhs |
| iv) Total R&D expenditure as a percentage of total turnover | : | 0.18% |