



OCL INDIA LIMITED

Annual Report

2000-2001





OCL INDIA LIMITED

**REGISTERED OFFICE : RAJGANGPUR - 770 017
(DISTRICT SUNDARGARH, ORISSA STATE)**

NOTICE IS HEREBY GIVEN THAT FIFTY FIRST ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE COMPANY'S REST HOUSE AT RAJGANGPUR - 770 017 (DISTRICT SUNDARGARH, ORISSA STATE) ON MONDAY, THE 9th JULY, 2001 AT 11.30 A.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive and consider the audited Balance Sheet and Profit and Loss Account for the year ended 31st March, 2001 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director, in place of Shri H.V. Lodha, who is retiring by rotation and is eligible for re-appointment.
3. To appoint a Director, in place of Shri M.L.Chand, who is retiring by rotation and is eligible for re-appointment.
4. To appoint Auditors for the year 2001-2002 to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board
For **OCL INDIA LIMITED**
(AMITAV GANGULY)
Company Secretary

New Delhi
Dated : 8th May 2001

NOTES:

1. EVERY SHAREHOLDER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER AND SUCH PROXY NEED NOT BE A SHAREHOLDER. The proxies should, however, be deposited at Registered Office of the Company not less than 48 hours before the time of the meeting. (Proxy forms are available at the Registered Office, on request).
2. The Register of Members will remain closed from 27th JUNE 2001 to 4th JULY 2001 (both days inclusive).
3. The Company has appointed C. B. MANAGEMENT SERVICES LIMITED, P-22 BONDEL ROAD, KOLKATA-700 019 (West Bengal) as Registrars and Share Transfer Agents of the Company w.e.f. May 1, 2001 to render services for share transfers in both physical and electronic segments and other related matters. Henceforth shareholders are requested to correspond with the Registrars at the above address for any matters relating to their shares.
4. Consequent upon the amendment in Section 205-A of the Companies Act, 1956 and insertion of Section 205-C by the Companies (Amendment) Act 1999, effective from 31st October, 1998, the amount of dividend for the year 1994-95 and onwards which remains unpaid or unclaimed for 7 years from the date of transfer of these amounts to un-paid dividend a/cs of the Company shall be transferred to a fund called Investor Education and Protection Fund. Thereafter no claim shall lie against the Fund or the Company
5. You are requested to intimate change of address, if any, with PIN CODE. It may please be kept in view that your signature in the intimation should tally with your specimen lodged with the Company.
6. In case your mailing address, mentioned on the cover of the Annual Report, is without PIN CODE, you are requested to kindly intimate your PIN CODE immediately. You are requested to invariably quote your folio number for quicker disposal. Correspondence relating to different subjects should preferably be on separate letters, but posted in one envelope.
7. Please intimate change in your residential status, if any, without delay under your own signature.



8. In case your share certificates are lost/misplaced, please intimate without delay under your own signature.
9. Please note that as per Companies (Amendment) Act, 1999, nomination facility is available to the shareholders and depositors. Nomination forms can be obtained on request either from the Registrars or the company.
10. If you are holding shares/warrants in more than one Folio (in case of joint holders, if shares /warrants are held in the same order of names), please write to REGISTRARS to consolidate under one Folio and forward all relevant share/warrant certificates to them.
11. It will be in your interest not to create odd lot shares.
12. The following two businesses require your consent through postal ballot as per section 192A of the Companies Act 1956 and Companies (Passing of the Resolution by Postal Ballot) Rules, 2001. Please read the instructions given below and the notes in the enclosed postal ballot form very carefully.





BUSINESS REQUIRING VOTING BY POSTAL BALLOT

- I. To consider and if thought fit, to pass the following resolution as a special resolution through postal ballot:

"RESOLVED THAT in accordance with the provisions of Section 77A and other applicable provisions, if any, of the Companies Act, 1956 {herein after referred to as the "Act"} and SEBI (Buy-back of Securities) Regulations, 1998 { herein after referred to as the "Regulations"} [including any amendment to or re-enactment thereof] and Memorandum and Articles of Association of the Company, and subject to such other approval/s, consent/s, permission/s, or sanction/s, as may be necessary, the consent , authority and approval of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "Board" which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this resolution) with power to delegate such authority to such person/s as the Board may deem fit and substitute such authority, to buy-back from the existing shareholders fully paid up Equity shares of Rs. 10/- each of the Company, not exceeding 25% of the existing paid-up Equity share capital of the Company, at a price/s not exceeding Rs. 80/- per share and the total amount to be invested not exceeding Rs ten crores which is to be financed out of the free reserves and/or share premium account of the Company.

RESOLVED FURTHER THAT the aggregate consideration for the Equity shares to be bought back shall not exceed 25% of the total paid up share capital and free reserves of the Company and that buy back shall be completed within 12 months from the date of passing of this resolution {or such extended period/s as may be permitted under the Act and / or the Regulations and/ or by the appropriate authorities}.

RESOLVED FURTHER THAT for the proposed buy back, Board be and is hereby authorized to:

- (a) fix the appropriate time , the price, not being a price higher than the maximum price specified hereinabove, and decide buy back in one or more tranche/s;
- (b) adopt one or more of the following methods of buy back, namely :
 - (i) from the existing shareholders on a proportionate basis through a tender offer; or
 - (ii) from open market either through the book building process or through purchases in stock exchanges; or
 - (iii) any other method/s as may be permissible by the Act and/or Regulations .

RESOLVED FURTHER THAT the Board be and is hereby authorized to take all necessary step/s and/or action/s, as may be required to implement the buy-back proposal, accept any change/s or modification/s as may be suggested by the appropriate authorities, and settle all questions and difficulties and give such direction/s as are necessary and desirable.

RESOLVED FURTHER THAT nothing contained hereinabove shall confer any right on the part of any shareholder to offer and/or any obligation on the part of the Company or the Board to buy back , any shares, and/or impair any power of the Company or the Board to terminate any process in relation to buy back , if so permissible by law.

To consider and, if thought fit, to pass, the following resolution as a special resolution through postal ballot:

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act 1956, if any, the Memorandum and Articles of Association of the Company, terms of issue of Warrants, and subject to such approval/s, consent/s, permission/s or sanction/s as may be required, the Board Of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this resolution) and with power to delegate such authority to such person(s) as the Board may deem fit and substitute such authority, be and is hereby authorized to fix more than one specified date/s which shall not be later than 31st December 2005, to enable the warrant holders to exercise their right to apply for and seek allotment of Equity shares in one or more tranche/s, as the Board may think fit and proper.

FURTHER RESOLVED that the Board be and is hereby authorized to take all necessary step/s and/or action/s, as may be required in this regard."



**Explanatory Statement under Schedule I of SEBI (Buy back of Securities) Regulations 1998
and section 173 of the Companies Act, 1956**

ITEM NO I

The share capital of the Company as at 31st March 2001 is Rs. 7,20,00,000 divided into 72,00,000 Equity shares of Rs. 10/- each, fully paid up, and free reserves and share premium account, as at that date, aggregate to Rs. 136,93,83,000/-.

The Company has accumulated free reserves and satisfactory liquidity. At present there is no large project in hand which may need investment of funds. Therefore, it is proposed to buy back a part of the shares which will provide an opportunity to the Company to return the surplus funds to the shareholders and improve return on Equity. This would also enhance shareholders value .

Future generation of funds along with borrowings, if needed, will support the resources required for investments in the coming years.

Buy back is permitted pursuant to Section 77A of the Companies Act, 1956 and the SEBI (Buy-back of Securities) Regulations, 1998 (hereinafter referred as Regulations).

The article 9A of Articles of Association of the Company permits buy back of shares.

Keeping the above in view the Board of Directors of the Company, at their meeting held on 8th May 2001, seeks shareholders' approval authorizing the Board to buy-back Equity shares of the Company not exceeding 25% of the Equity share capital of the Company i.e. 18,00,000 shares, at a price not exceeding Rs. 80/- per Equity share and the total amount to be invested not exceeding Rs 10 crores. Therefore, the aggregate maximum consideration for the shares to be bought back does not exceed 25% of the total paid up share capital and free reserves of the Company as on 31st March, 2001. The maximum amount of Rs 10 crore required to be invested by the Company for buy-back of the Equity shares will be financed out of free reserves and/or share premium account of the Company.

The Board also seeks approval of shareholders authorizing it to adopt one or more of the methods referred to in sub regulation (1) of Regulation 4 of the Regulations and determine at the appropriate time the specified price/s at which the buy back may be made subject to the maximum price of Rs.80/- per share. The details are set out in the proposed special resolution .

The maximum price for the buy-back of shares has been arrived at based on the prices quoted on stock exchanges, earning per share and other relevant factors like return on net worth, price earning multiple of the industry and the perception of the performance of the Company. The post buy-back scenario has also been taken into account for this purpose.

The Equity shares of the Company are listed on Mumbai, Calcutta, Delhi and Bhubaneswar Stock exchanges.

Aggregate shareholdings of the Promoters, and persons who are in control of the Company (hereinafter referred to as Promoters) as on the date of notice of AGM viz 8th May 2001, is 39,84,743 shares constituting 55.34% of total paid up share capital. The aggregate no. of shares purchased and sold by the Promoters during six months preceding the date of Board meeting held on 8th May 2001, till the date of notice of AGM are 6,01,641/- shares and 4,29,946/- shares respectively which includes *inter-se* transfers amongst the Promoters.

The maximum price at which the above purchases were made was Rs 59.91 on 9th February 2001 and the minimum price of purchase was Rs. 38.00 on 19th April 2001, and the maximum price at which above sale were made was Rs 49.00 on 3rd March 2001 and the minimum price of sale was Rs.45.00 on 24th March 2001.

Except in case of buy back from open market through stock exchanges the promoters and/or persons in control of the Company may tender shares for buy back.



The Board of Directors confirm that there are no defaults subsisting in repayment of deposits, term loans to any financial institution or bank and redemption of debentures.

Even after the buy-back, the Company will continue to have satisfactory Debt Equity Ratio conforming to the legal requirement.

The buy-back will be completed within the period of 12 months from the date of passing of the special resolution.

The Board of Directors, as per Regulations, confirm that they have made full enquiry into the affairs and prospects of the Company and they have formed the opinion :

- (i) that immediately following the date on which the AGM is convened there will be no grounds on which the Company could be found to be unable to pay its debts;
- (ii) as regards the prospects for the year immediately following that date, that having regard to their intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in their view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from that date; and
- (iii) in forming their opinion for the above purposes, the directors have taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities).

As required under the Regulations, the text of the report dated 8th May 2001 received from M/s. V. Sankar Aiyar & Co., Chartered Accountants, New Delhi, the Auditors of the Company, addressed to the Board of Directors of the Company, is reproduced below:

"In connection with the proposal of the Company to buy-back its equity shares and in pursuance of sections 77A and 77B of the Companies Act, 1956 and the SEBI (Buy back of Securities) Regulations, 1998, and explanations given to us, which to the best of our knowledge and belief were under the circumstances considered necessary, we confirm as under:

1. We have inquired into the state of affairs of the Company in relation to the audited accounts for the year ended 31st March, 2001 and the projections placed before the Board for the financial year 2001-02 and 2002-03;
2. The amount of Rs. 36.16 crore being the maximum permissible capital payments towards buy-back of equity shares (including premium) is 25% of the total paid up capital and free reserves of the Company, which has been properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956;
3. The Board of Directors, at their meeting held on 8th May, 2001, has formed its opinion as specified in Clause (x) of Schedule-I of SEBI (Buy-back of Securities) Regulations, 1998 on reasonable grounds and that the Company will not, having regard to its state of affairs, be rendered insolvent within a period of one year from the date immediately following the date of AGM of the Company proposed to be held on 9th July, 2001; and
4. Nothing contained in this Report should be construed to be a representation as to the future."

None of the directors is interested in the resolution except to the extent the shares held by them are tendered for buy back.

ITEM NO II

In 1996, the Company had issued on Rights basis, 18,00,000 Fully Convertible Debentures along with Detachable Warrants. As per the terms of the issue, each Debenture had one Detachable Warrant attached to it. The Warrant would entitle the holder, on a date to be specified by the Board in consultation with the Bhubaneswar Stock Exchange, with three months prior notice, not later than 31st December 2005, to apply for and seek allotment of one Equity share of Rs. 10/- each of the



Company for each such Warrant. As per the terms, price to be paid in cash for Equity shares would be at a 25% discount to the average closing market price of the shares on Mumbai Stock Exchange during three months preceding the record date subject to a maximum price of Rs. 105/- per share.

The Warrants are listed on Delhi, Mumbai, Calcutta and Bhubaneswar Stock Exchanges.

The Board, on 8th May 2001 has decided to place before shareholders and warrant holders a proposal as set out in the resolution.

No Director of the Company is concerned or interested in the resolution except to the extent they may hold Warrants, if any.

INSTRUCTIONS FOR VOTING BY POSTAL BALLOT

1. The postal ballot form is attached herewith. Please fill in your name, registered folio number (shares / warrants) / client ID No. (only for shares where they are held in demat form) and number of Equity shares and warrants held by you or number of Equity Shares held, as applicable. You are requested to vote in respect of the two resolutions nos. I and II, above, by putting a tick mark (✓) in the relevant box of FOR or AGAINST for each resolution signifying your vote FOR or AGAINST the resolutions, as the case may be. Thereafter, please sign in the space for signature. Kindly note that your signature in the postal ballot should tally with your specimen signature lodged with us. The postal ballot is not to be exercised by proxy holder. Incomplete, incorrectly filled postal ballot will be liable to be rejected.
2. The ballot duly completed and signed, aforesaid, should be detached and sent to the Registered Office of the Company at Orissa. For sending the postal ballot a self-addressed, postage pre-paid envelope is enclosed herewith. Kindly use the same.
3. In case of any doubt/need for any clarification, please contact : The Registrar, Share Deptt., OCL India Ltd. P.O. Rajgangpur -770017 Orissa.





OCL INDIA LIMITED

Incorporated in India - Members' Liability Limited

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

BANKERS State Bank of India
 United Bank of India
 Punjab National Bank
 UCO Bank

**REFRACTORY, CEMENT
 WORKS & REGD. OFFICE** Rajgangpur-770 017
 (Orissa)

DELHI OFFICE B-47, Connaught Place
 New Delhi-110 001

AUDITORS V. Sankar Aiyar & Co.
 Chartered Accountants



DIRECTORS' REPORT

For the year ended 31.03.2001

The Directors present their Fifty first Annual Report of the Company for the year ended 31st March, 2001, together with the statement of accounts for that year.

WORKING RESULTS

1.1 Working results for the year are as under:

	2000-2001	1999-2000
	'000 Rs.	'000 Rs.
Operating Profit	33,96,52	38,42,34
Less : Interest	14,20,98	18,73,42
: Depreciation	13,00,89	13,09,99
Profit before taxation	6,74,65	6,58,93
Less : Provision for taxation	60,00	80,00
Profit after taxation	6,14,65	5,78,93
Add : Brought forward from previous year	18,94,55	16,04,79
	25,09,20	21,83,72
General Reserve	85,00	60,00
Transfer to Reserve for bad & doubtful debts	60,00	30,00
Interim Dividend	1,79,44	1,79,43
Tax on dividend	19,74	19,74
Surplus carried to Balance Sheet	21,65,02	18,94,55
	25,09,20	21,83,72

1.2 The interim dividend of Rs 2.50 per Equity Shares was paid in May, 2000. The Directors have decided that no final dividend be recommended for the year 2000-2001.

CEMENT DIVISION

2.1 Clinker production, cement production & cement sales during the year under report are given below along with comparative figures for previous year.

	2000-2001	1999-2000
	(Tones in '000s)	(Tones in '000s)
Clinker Production	611	582
Cement Production	966	913
Cement Sales (including self consumption)	966	901

The value of cement and clinker sales for the year 2000-01 and 1999-2000 (inclusive of excise duty) are Rs. 202.13 crore and Rs.168.65 crore respectively.

2.2 The cement production & sales have touched all time high record. This could be achieved because of utilization of Vertical Roller Mill for Cement grinding.



- 2.3 During the year value of cement exported to Bangladesh was Rs. 4.98 crore as against Rs. 8.47 crore, for the preceding year.
- 2.4 The growth rate, during the year under review, in cement consumption in the Eastern Region was better as compared to previous year. However, price realization has not improved much due to severe competition from cement manufacturers in neighboring states.
- 2.5 The outlook for future appears to be positive due to policy announced by the Government in the Union Budget giving more thrust on housing, infrastructure sectors, highways & expressways projects. But severe competition is expected.

REFRACTORY DIVISION

- 3.1 During the year 2000-2001, your Company has recorded total sales of Rs. 128.02 crore as against Rs.150.22 crore for the year 1999-2000. Though the Company had more orders on hand, the off-takes by major steel plants, particularly SAIL plants have been low. There has also been deferment of some projects at some SAIL plants due to funds crunch. As such, there was no generation of fresh demands for silica and some other refractories required for these projects. These coupled with cuts in production at several other smaller units accounted for the lower sales. However, due to improved performance of refractories and strict inventory control during the year, your Company's products like magnesia carbon bricks, ladle refractories, rinsing lances etc. have given record performance in terms of campaign lives / heats at several major plants namely BSL, JVSL, TISCO DSP (VAD Ladle) etc.
- 3.2 Export sales during the year amounted to Rs. 3.7 crore as compared with Rs.11.63 crore for last fiscal year. Recessionary conditions in the international markets and stiff price competition particularly from new players in countries like China, have affected the export of the Company. Appropriate measures are being taken and your Company expects to improve its exports in the years to come.
- 3.3 Your Company holds ISO certification for the widest range of refractories in the Country. After successful surveillance audit, the ISO certification has been renewed up to July 2003 by TUV, India.
- 3.4. The Company is making steady progress in increasing its market share for its high-tech products namely purging element etc.

DIRECTORS' RESPONSIBILITY STATEMENT

4. Pursuant to section 217(2AA) of the Companies Act 1956 the Directors confirm that:
 - a) in the preparation of the annual accounts, the applicable accounting standards have been followed;
 - b) such accounting policies have been selected and applied consistently and such judgments and estimates have been made which are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
 - c) proper and sufficient care had been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - d) the annual accounts have been prepared on a going concern basis.

SUBSIDIARIES

5. Copies of Accounts and the Directors' Reports, relating to the year ended 31.03.2001 of subsidiaries, Konark Minerals Limited, Kashmissa Industries Limited, Hari Fertilizers Limited and Telecom Services India Limited are annexed to your Company's accounts.