

Annual Report
2010-11



growth

*Growth is never by chance;
it is the result of forces working together.*



Recently Commissioned Cross Country Belt Conveyor

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Corporate Information

PRESIDENTS

Shri M. H. Dalmia

Shri R. H. Dalmia

DIRECTORS

Shri Pradip Kumar Khaitan - Chairman

Shri Gaurav Dalmia - Managing Director

Shri D. N. Davar

Dr. S. R. Jain

Dr. Ramesh C. Vaish

Shri Puneet Yadu Dalmia

Shri V. P. Sood

Shri D. D. Atal - Whole Time Director & CEO

BANKERS/FINANCIAL INSTITUTIONS

United Bank of India

State Bank of India

Punjab National Bank

UCO Bank

AXIS Bank Ltd.

International Finance Corporation

Export-Import Bank of India

AUDITORS

V. Sankar Aiyar & Co.

Chartered Accountants

CEMENT AND REFRACTORY WORKS & REGD. OFFICE

Rajgangpur-770 017 (Odisha)

KAPILAS CEMENT WORKS

Cuttack-753 004 (Odisha)

DELHI OFFICE

17th, Floor, Narain Manzil,

23 Barakhamba Road,

New Delhi-110 001

Centre of Gravity OCL within the Industry

Every odyssey of inspiration has a beginning. OCL India Limited began with its incorporation as a cement manufacturing entity in 1949.

As Orissa Cement Limited, the company that had marked itself out distinctly from the competition from day one grew steadily - both in stature and span. Following a planned path of expansion and diversification it entered the field of refractory manufacture, where its chronicle of success continues, till date. Today, the Company boasts of one of the largest refractory plants in the country – one that produces a wide spectrum of high end quality products under the banner of OCL India Limited.

The Cement Division of OCL has posted a handsome growth in product range, productivity, output and profitability.

Moving in step with the times, OCL has traveled from milestone to milestone. Its adoption of state of the art technologies in its plant has resulted in smoother operations. Its in-house R and D facility – equipped with leading edge facilities and manned by the best talents is a hub of ideas, technology development and implementation.

Positioning the end-customer as driver, OCL differentiates from its competitors by a uniquely signature line of products, attitudes and services.



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From the Desk of the President



IN PURSUIT OF INSPIRATIONS DRAWN ON WISDOM, WORTHY AND WISE. IN PURSUIT OF ACHIEVEMENTS INCITE MEN, MEANS AND METHODS.

Transliteration – Shloka 18 – Chapter 18 – Shrimad Bhagwat Gita

In matters of change, we have been flexible. In matter of progress, we have been consistent. It gives me great pleasure to state that this is a matter of principle that has paid happy dividends at OCL. The good performance of 2009-10 has spilled over to 2010-11 and the robust saga of multi-tiered growth continues despite very challenging market scenario. Indeed, growth sans borders has been an inspiration for all of us here. It's a credo that is reflected in our turnover which has shown an increase year on year and which, we are certain, will help us conquer greater heights in the coming time.

Growth, of course, has to be inclusive, not exclusive, to touch hearts and mould lives. Some issues, like the environment, remain close to us. As our planet struggles to balance human progress with the steady erosion of its resources, it is for each and every one of us to stand up and be counted in this fight, and quest, for a greener, better, and more sustainable future. Your company has taken the leadership role in several environmental domains. Reducing (i.e., cutting down its misuse), recycling and reusing of resources takes top priority here. A related area is the threat from carbon emission, and here, OCL wears its concern on its sleeve by having recorded (during previous years) a Clinker Conversion Ratio of 2.6 – amongst the highest in the world, apart from having notched up significant international 'carbon-accreditations'. Several other carbon reduction projects are in the anvil : Upon implementation, they will contribute significantly towards reducing carbon emission, and cleansing our habitat. We have also put in place integrated sewage treatment plants, laying seeds for a community that is cleaner, greener and more in charge of its own future.

As a socially responsible corporate, it has always been the endeavor at OCL to prosper in tandem with the well being of the community at large. In a bid to ensure good health for all, your Company is running dispensaries and mobile healthcare units that reach deep into the interiors of our land, thus providing the healing touch to thousands hitherto starved of effective and timely health care. In the current year, these efforts will be continued and bolstered by many more.

It is said that, more important than where we stand, is the direction in which we are moving. As we take strong steps in bold new avenues designed to impact many at many levels, I thank each and every one of you for showing the faith in OCL. As we grow from strength to strength, let us raise our sights higher. And toast a future... without frontiers.



M.H. Dalmia
President

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From the Desk of the Managing Director

“Knocking on the doors of change.”

OCL journey over the last six decades has been one of discovery, sharing and enrichment, where vision and passion have interwoven to create seamless teamwork and ahead-of-the-curve innovation.

This has also been a journey where people have played a central role - be it our shareholders, customers, employees, suppliers or the community at large. For our shareholders, we have meant growth in the toughest of times. For our employees, OCL has been an inspired rendezvous, where work and play have come together to sustain a culture of all-round performance and creative fulfillment. For the community, we have gone the green mile with zeal, with development activities, free medical treatments, livelihood enhancement programs and various environmental drives.

The cement industry went through the challenging times in financial year 2011 which made the industry grapple with rising input costs and declining selling prices alongside heightened competition which led to an overall decline in profitability. Government's continued thrust on infrastructure development and an optimistic outlook for overall GDP growth, I have no doubt, will work as a catalyst to boost the demand for cement and your company will be benefited by optimizing capacity utilization. We expect this situation to turn in our favour in the next two years.

The captive power plants and a new grinding unit reaffirm our forward focus and blue-print for greater growth. Capacity enhancement and utilization is steadily on the rise, and will reach its full fruition in the coming two years, a time that will see your company at its peak. Our investments today are being made with that bigger picture and milestone in mind.

I believe that financial performance of a company should not be measured merely by the dividend payouts but by the overall wealth generation to all the stakeholders. In addition to the continuously incremental dividend payouts, your company has been deploying its retained earnings in the expansion projects for long term revenue generation and to cater the

increased need of working capital. Average return on capital employed and return on equity for the last 5 years of your company has been 15.6% and 18.6% respectively, which is quite healthy.

In order to move up in scale and increase market presence, your company is in the process of creating new capacities in cement over a period of 2-3 years with an approximately Rs. 500 crores of capital outlay which will significantly add to the profitability of your company in long term. Additionally, it will generate direct as well as indirect employment and also improve the social and economic conditions of the surroundings.

Driven by urbanization and the multi-dimensional, pan-national thrust on infrastructure, Cement is a mature and moderately fast growing industry in India which has seen capacity addition from 166 MT to 305 MT during 2006 to 2011. The long term outlook of the Industry continues to be bright given the high trajectory of the Indian Economy and the growing demand for the infrastructure sector where the planned spend during 2010-17 is over US\$ 1 Trillion.

Growth momentum witnessed in refractory division in the previous years has slowed down due to deferment of projects by user industries. Many of them are in commissioning stage and coming years are going to provide better opportunity apart from benefits from the new products introduced which are likely to continue in coming years.

We are utilizing capital more rationally, enhancing production, building competencies across-the-board, nurturing talent with an eye on the future and reaching out to new customers and markets with balance and aggression for inclusive growth. As we gear up for more action in the new financial year, these are also the buzzwords that will see us walk the golden mile tomorrow, together.



Gaurav Dalmia
Managing Director



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Cement

Growth.... In Cement, and beyond.

India is on the fast-track to growth and is taking everyone along with her. With the national budget allocation of approximately 48.5% of its total plan outlay for the year 2011-12 (a staggering Rs 2.14 Lakh Crores) on infrastructure, the demand for cement understandably continues to be positive. Keeping pace with the rising demand, OCL has plans to grow by adding capacity by putting up more grinding units and utilize fully its new clinkering plant at Rajgangpur and contribute its share in growth of the Country. To have energy security, 2X27 MW Coal based Captive Power Plants are being set-up, which are nearing completion and a coal block is co-owned to fully meet our future needs.



OCL has plans to grow by adding capacity by putting up more grinding units and utilize fully its new clinkering plant at Rajgangpur and contribute its share in growth of the Country.



Refractories

Growth.... In refractories, and more.

OCL set the national benchmark way back in 1994, when it became the first refractory company in India to be certified under ISO:9001 by TUVNORD, Germany. The journey of excellence continues to the present day. OCL's refractory plants delivered 83,000 MT of premium class refractories that serves a wide range of industries (both Ferrous & Non-Ferrous), making it one of the world's leading names in refractory manufacturing. New milestones achieved in R&D and new standards realized via its ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2001 endorsements make OCL a name one can spot... even in the dark.



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Technology and R&D

Growth.... A journey from invention, to innovation.



At OCL, growth at the front-end is synchronized by equal growth at the back-end. Realizing that R&D is the key to holistic growth, we set up an in-house R&D centre way back in 1983. The move proved historic, because today, it is R&D that fuels success on the world stage. Complementing it is our production infrastructure, which employs only the most advanced technology, and is manned by experts. 15 mega projects have been successfully completed till date, and more are in the pipeline. Some of the milestones reached so far are:

Boost in research aimed at green house gas reduction, with an allotment of over Rs 2 crore.
Intelligent use of water.
Waste utilization in both fuels and minerals.

Development of masonry cement using fly ash and other mine wastes.
Fly ash based concrete masonry blocks.
*By setting up of the **Dalmia Institute of Scientific and Industrial Research** that spearheads Application-Centric Research Projects in the field of cement and refractory manufacturing and has to its credit several patents and intellectual property rights.*
Development of new age Lime Refractories for Secondary Steel Making.

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