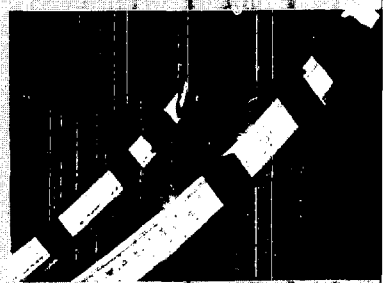




ANNUAL REPORT
2007-08



OCL IRON & STEEL LIMITED

BOARD OF DIRECTORS Dr. Sheoraj Jain - Chairman
Shri Raghu Hari Dalmia – Vice Chairman
Shri K M Poddar
Shri Surendra Kumar Dalmia
Shri Badalchand Parakh
Shri Sabyasachi Mishra – Managing Director & CEO
Shri Praveen Chand – Director (Marketing & Finance) & CFO

Company Secretary Sambit Kumar Sarangi

Auditors V Sankar Aiyar & Co.
Chartered Accountants, New Delhi

Bankers State Bank of India
UCO Bank
Axis Bank
HDFC Bank

Report  Junction.com

Registrar & Share Transfer Agent
CB Management Services Private Limited
P-22, Bondal Road, Kolkata – 700019 (West Bengal)
Tel No: +91 33 22806692-94/2280 2486
Fax No: +91 33 2287 0263
Email: cbmsl@cal2.vsnl.net.in

Registered Office & works:

Vill : Lamloi, P.O : Garvara
Rajgangpur - 770 017
Distt: Sundargarh, Orissa



Notice is hereby given that the Third Annual General Meeting of the Members of OCL Iron and Steel Limited will be held on Tuesday, the 9th day of September, 2008 at OCL Rest House, Rajgangpur – 770 017 (Dist. Sundargarh, Orissa), at 11.00 a.m. to transact the following business:

Ordinary Business

1. To receive consider, adopt and approve the Audited Profit & Loss Account for the year ended March 31, 2008, the Balance Sheet as at that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Surendra Kumar Dalmia, who is retires by rotation being eligible for re-appointment.
3. To appoint a Director in place of Shri Badalchand Parakh who is retires by rotation being eligible for re-appointment.
4. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an

Ordinary Resolution:

“RESOLVED THAT M/s V Sankar Aiyar & Co., Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

Special Business

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Praveen Chand, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as Director of the Company, not liable to retirement by rotation, under the provisions of Article 100 of the Articles of Association of the Company”.

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED that pursuant to provisions of sections 198, 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act as amended and subject to such permissions, approvals, and consents from various authorities as may be required and subject to such conditions, if any, that may be imposed by any authority while granting their permissions, consents and approvals and which Board of Directors is hereby authorized to accept, Shri Praveen Chand, Director, be and is hereby appointed as Whole-time Director - Marketing & Finance of the Company for a period of 5 (five) years with effect from 08.12.2007 with a liberty to either party to terminate the appointment on three months' notice in writing to other, at the remuneration and on terms and conditions set out below:



I. Remuneration:

- a. Basic Salary: Rs.80, 000/- (Rupees Eighty Thousand only) per month subject to such increments as may be recommended by Board of Directors from time to time.
- b. Allowances: Rs.55, 700/- (Rupees Fifty Five Thousand Seven Hundred only) per month.
- c. Perquisites:
 - i. Housing: No housing accommodation will be given.
 - ii. Medical Reimbursement: On actual basis for self and family
 - iii. Leave Travel Assistance: As per Rules of the Company.
 - iv. Personal Accident Policy: Premium Rs.3600/- per annum.
 - v. Mediclaim (Self & family): Coverage Rs.5.00 lacs per person.
 - vi. Provident Fund, and Superannuation Fund: Company's contribution towards Provident fund & Superannuation Fund shall be as per the Rules of the Company. Contribution to PF and Superannuation Fund will not be included in the computation of the ceiling on perquisites to the extent these, either singly or put together, are not taxable under the Income-Tax Act, 1961.
 - vii. Gratuity: Gratuity @ 8% of a month's salary, based on the rate of his salary last drawn, for each month of continues service or part thereof in excess of 15 days.
 - viii. Leave: As per Company Rules.

II. Overall Remuneration:

The aggregate salary, perquisites and other amenities in any one financial year shall not exceed the limits prescribed under section 198,269,309,310,311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act as may be for the time being in force.

III. Minimum Remuneration:

In the event of absence or inadequacy of profit during the tenure of service of the Director (Market & Finance) on whole-time employment basis, the payment of remuneration/salary, perquisites and other benefits shall be subject to the provisions of Part-II of Schedule XIII of the Companies Act, as may be for the time being in force.

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as Special Resolution:

"RESOLVED that in conformity of Article 76 of the Articles of Association of the Company and pursuant to provisions of section 309(4) of the Companies Act, 1956, the Directors other than Managing/Whole-time Director of the Company be paid commission equal to 1% (one percent) of the net profits for each financial year or part thereof with effect from 1st April, 2008 and such remuneration be divided among the Directors other than Managing/Whole-time Director of the Company in such manner as may be decided by the Board of Directors form time to time."

**By order of the Board
For OCL Iron and Steel Limited**

**Sabyasachi Mishra
Managing Director**

Place: Rajgangpur
Date: 19th July, 2008



Notes:

1. Every Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and the Proxy need not be a Member of the Company. The instrument appointing a Proxy should, however, be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the Meeting.
2. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the annual general meeting (AGM) is annexed hereto.
3. The Register of Members will remain closed from September 5, 2008 to September 9, 2008 (both days inclusive).
4. M/s CB Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019 are the Registrars and Share Transfer Agents of the Company to handle transfers both physical and electronic segments and other share related matters. Shareholders are requested to correspondence with the Registrars at the above address.
5. Members who hold shares in electronic mode are requested to quote their Client Id and DP Id number and those who hold shares in physical form are requested to write their Folio numbers in all correspondence with the Company/Registrars for facilitating quick disposal of the letters.
6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the AGM.
7. The Company has designated an exclusive e-mail ID namely, grievances@oclsteel.in for receiving and addressing investors' grievances.
8. Consequent upon insertion of section 109A in the Companies Act, 1956, nomination facility to shareholders and/or Fixed Deposit Holders, the members holding shares in demat mode are required to submit nomination forms with the Depository and members holding shares in physical mode required to submit their nomination forms to the registrars at Kolkata. Nomination forms are obtained from the Company or its Registrars at Kolkata.
9. As per the requirement of Clause 49 of the Listing Agreement on Corporate Governance following particulars of the new Director and retiring Directors, who are eligible to be reappointed, are given below:

Details of Directors seeking appointment/reappointment in Third Annual General Meeting (In pursuance of Clause 49 of Listing Agreement):

Name of Director	Shri Surendra Kumar Dalmia	Shri Badalchand Parakh	Shri Praveen Chand
Date of birth	02.07.1954	18.08.1941	18.03.1960
Qualification	I.Com	B.Com, FICWA	B.Com, ACA
Date of appointment	09.11.2006	11.07.2007	08.12.2007
Expertise in specific functional areas	Industrialist	Accounts	Finance
List of other Companies in which Directorship held (excluding in foreign companies)	1. Suryaa Sponge Iron Ltd. 2. Utkal Securities Pvt. Ltd. 3. Vikash Construction Pvt. Ltd. 4. Rampyari Properties Pvt. Ltd. 5. Dalmia Properties Pvt. Ltd.	NIL	1. Kiran Resources Ltd. 2. Shree Govind Metals Pvt. Ltd.
Chairman/Member of Committees the Board of Directors of other Companies in which he is a Director (excluding in foreign Chairman of companies)	NIL	NIL	NIL
Details of shareholding (both own or held by/ for other persons on a beneficial basis), if any,	NIL	NIL	95097 shares held in his name.



Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956

Item No. 5 & 6

The Board of Directors of the Company ("The Board") had, at its meeting held on December 8, 2007, appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") and Article 48 of the Articles of Association of the Company, Shri Praveen Chand, as Additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Shri Praveen Chand will hold the Office up to the date of this Annual General Meeting

The Company has received notices in writing from members along with deposit of Rs. 500 each proposing the candidatures of Praveen Chand for the office of Director of the Company under the provisions of Section 257 of the Act.

Shri Praveen Chand is a Graduate in Commerce from Kolkata University. He is also a member of the Institute of Chartered Accountants of India. Shri Praveen Chand has vast experience in various fields. His appointment as Director (Marketing & Finance) on the Board shall be of immense help for the Company. Accordingly, the Board of Directors has appointed Shri Praveen Chand as Whole-Time Director designated as Director (Marketing & Finance) for a period of five years with effect from 8th December, 2007 on the terms and conditions as approved by the Board of Directors and as set out in the Resolution in Item No. 6 of the convening Notice.

The above terms may be treated as abstract as per section 302 of the Companies Act 1956.

The Board recommends acceptance of the resolution set out in Item No.5 & 6 of the convening notice.

Except Shri Praveen Chand no other Director is in any way concerned or interested in the aforesaid Resolution.

Item No.7

It is permissible under the Companies Act, 1956 as also in terms of Articles of Association of the Company to pay remuneration to the Directors other than Managing/Whole-time Director of the Company by way of Commission of not exceeding 1% of the net profits of the Company in addition to sitting fee.

In the Board Meeting held on 8th December, 2007, it was decided that the Directors, other than Managing/Whole-time Director, of the Company be paid a commission of 1% of the net yearly profits with effect from 1st April, 2008. Members are requested to approve the payment of commission on the yearly profits to the Directors, other than Managing/Wholetime Director, of the Company as proposed in the resolution.

None of the Directors, except Dr. S R Jain, Shri R H Dalmia, Shri K M Poddar, Shri Surendra Kumar Dalmia and Shri Badalchand Parakh, are interested.



DIRECTORS' REPORT FOR THE YEAR ENDED 31.03.2008

The Directors of your Company are pleased to present their Third Annual Report together with the audited accounts of the Company for the year ended 31st March 2008.

1.0 WORKING RESULTS

	2007-08 (Rs. in Lakhs)	2006-07 (Rs. in Lakhs)
Operating Profit	2967.28	(11.58)
Less: Interest	925.79	-
Depreciation	806.57	-
Profit before Taxation	1234.92	(11.58)
Provision for Taxation		
Current tax	140.00	0.025
Deferred tax	421.61	(3.86)
Fringe Benefit Tax	3.00	-
Mat credit available or set off	140.00	-
Profit after taxation	810.31	(7.75)
Add: Brought forward from previous year	18.92	(3.63)
	829.23	(11.38)
Transfer to Debenture Redemption Reserve	218.75	-
Surplus carried to Balance Sheet	610.48	(11.38)
	829.23	(11.38)

1.1 DIVIDEND

The Directors do not recommend any dividend for the year under report keeping in view large upcoming expansion plans.

1.2 APPROPRIATIONS

It is proposed to transfer Rs. 218.75 Lakhs to the debenture Redemption Reserve while Rs. 610.48 Lakhs is proposed to be retained in the Profit and Loss Account and carried to the Balance Sheet.

2.0 OPERATIONS

During the year the company produced 89,961.300 MT of sponge iron.

During the year under review the Company has produced 71324.52 MT of MS billets and sold 74755.39 including 31943.31 MT as export sales. The selling price of MS billets remained favorable during the most part of the year, which significantly contributed to the profit before and after tax despite higher raw materials and operating costs.

The Company has generated 985.44 lac units of power during the year. The power generation plant commissioned in May 2006 has benefited the company in the reduction of power cost.



MOU with Govt. of Orissa

On November 27, 2004, an MOU was signed between OCL India Limited (Promoter Company) and Government of Orissa (GOO) for setting up facilities for the manufacture of 0.25 MTPA of finished value added steel in the district of Sundargarh, Orissa with an estimated investment of Rs.204.00 crores.

The following are the salient features of the MOU:

1. Government of Orissa will hand over approximately 180 acres of land required for the purpose of setting up the steel plant and associated facilities free from all encumbrances;
2. Government of Orissa will recommend to the Government of India for allotment of suitable coal blocks for captive coal mining for the project;
3. Government of Orissa will assist the Company in making a firm arrangement with Orissa mining Corporation (OMC) and other private players in the state of Orissa to meet substantial requirement of iron ore. GOO will further explore the possibility of evolving a long-term arrangement with OMC for development of iron ore areas; assign appropriate priority in recommending application for iron ore mines.
4. Government of Orissa will permit the Company to withdraw water to meet the project and housing related water requirement;
5. Government of Orissa will assist the Company in obtaining the no objection from the state pollution control board and will further assist the Company during environment impact assessment.

Present Status of the MOU

In line with MOU, the company has already installed and commissioned following facilities:

Sponge Iron	1, 20,000 MTPA
Steel Billet	85,000 MTPA
Power Plant	14 MW

STATUS OF CAPTIVE MINES

COAL BLOCK : OCL India limited (Promoter Company) has been allotted Captive Coal Block at Radhikapur (West), of Mahanadi Coal Fields Limited Area in the State of Orissa jointly with other allottees. The proportionate allocation of your Company is 16.13 million tones pursuant to the Scheme of Arrangement sanctioned by the Hon'ble High Court of Orissa.

IRON ORE MINES: Your Company had made an application for grant of mining lease for iron ore over an area of 45.131 Hectares of land in Village Kundaposi under Barbil Tahsil in Koenjhar district, Orissa. This application is in the advance stage of recommendation by the State Government.

The Company is in process of evaluating modules to implement the remaining MOU projects.

The company has already secured financial closure for the entire MOU project including disbursement of sanctioned amount.

Your Company's future Expansions plans are underway which will create additional capacities for production of various steel products. In this connection your company has entered into a Memorandum of Understanding ("MOU") with Kuettner GmbH & Co KG (KKG), Germany on September 20, 2007 for engineering and supply of Iron & Steel making plant based on the "OXYCUP" technology to produce 2 lakh tonne per annum of quality steel.



3.0 APPROVAL OF SCHEME OF ARRANGEMENT

The Hon'ble High Court of Orissa vide its Order dated November 27, 2007 had approved the Scheme of Arrangement ("the Scheme") in pursuant to Section 391 to 394 of the Companies Act, 1956 for demerger of Steel Undertaking of OCL India Limited ("OCL") with the Company. The Scheme became effective from December 20, 2007 and the appointed date under the Scheme was January 1, 2007. In terms of the Scheme 13, 36, 43,160 Equity Shares of the Company were allotted during the period in the ratio of three equity share of the face value of Rs.1 each credited as fully paid-up for every one equity share of Rs.2 each fully paid-up held by members of OCL on the Record Date i.e. March 5, 2008. The Equity Shares of the Company so issued would be listed and admitted for trading with the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

4.0 SHARE CAPITAL

During the financial year 2007-08 the share capital of the Company has increased from Rs. 5, 00,000/- to Rs. 13, 41, 43,160/- due to allotment of 13, 36, 43,160 fully paid-up equity shares of Rs.1/- each to the shareholders of OCL India Limited in the ratio of 3:1 as a consideration for merger of Steel Undertaking of OCL India Limited with the Company. All the shares are to be listed and traded in both Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

5.0 DIRECTORS RESPONSIBILITY STATEMENT

In terms of provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm that:

- a) In the preparation of the Annual Accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures, wherever applicable.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company, as at the end of the financial year March 31, 2008 and of the Profit & Loss Account of the Company for that period.
- c) The Directors have taken proper and sufficient care for the 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 Directors have prepared the annual accounts on a going concern basis.

6.0 SUBSIDIARIES

The Company has no subsidiary Company.

7.0 LABOUR MANAGEMENT RELATIONS

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

8.0 DIRECTORS

During the period under review, Shri Praveen Chand was appointed as Additional Director in terms of Section 260 of the Companies Act, 1956. He shall hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing from