



**ANNUAL REPORT 2010-2011**

**OCL IRON & STEEL LIMITED**

# OCL IRON AND STEEL LIMITED

## SIXTH ANNUAL REPORT – 2010-2011

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### BOARD OF DIRECTORS

Shri Yogesh Kapur	– Chairman
Shri Nand Kishore Taori	– Managing Director
Shri Aditya Malhotra	– Director
Shri K.T. James	– Director
Shri Sanjiv Bhasin	– Director

### Company Secretary & Compliance Officer

Ms. Swati Ahuja

### Auditors

M/s A.C. Gupta & Associates,  
Chartered Accountants,  
New Delhi

### Bankers

State Bank of India  
Axis Bank  
Andhra Bank  
United Bank of India

### Registrar & Share Transfer Agent

CB Management Services Private Limited  
P-22, Bondel 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:

VIII. Lamloi, PO. Garvana,  
Rajgangpur-770 017.  
Distt: Sundargarh, Orissa.

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# OCL IRON AND STEEL LIMITED

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## NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of OCL Iron and Steel Limited will be held on Friday, the 30th day of September, 2011 at the registered office of the Company at Vill. Lamloi, PO. Garvana, Rajgangpur – 770 017 (Dist. Sundargarh, Orissa), at 10.00 a.m. to transact the following business:

### Ordinary Business

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March, 2011 and Audited Profit & Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend @ 2% on Redeemable Non Cumulative Preference Shares.
3. To appoint a Director in place of Shri K.T. James who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sanjeev Bhasin who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

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

Place : New Delhi  
Date : September 3, 2011

Sd/-  
**(Swati Ahuja)**  
Company Secretary

### Notes:

1. **A 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 Register of Members will remain closed from September 22, 2011 to September 30, 2011 (both days inclusive).
3. 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 in physical and electronic segments and other share related matters. Shareholders are requested to address all their correspondence to the Registrars at the above address.
4. 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/Registrar for facilitating quick disposal of the matters.
5. 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.
6. Consequent upon the introduction of section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in form No. 2B in duplicate (which will be made available on request) to the R&T Agents of the company.
7. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure members who have not registered their e-mail addresses so far are requested to register their e-mail addresses,

# OCL IRON AND STEEL LIMITED

in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with M/s CB Management Services Private Limited, Registrar and Transfer Agent of the Company.

8. The members are requested to bring their copies of Annual Report to the Meeting, as the same will not be redistributed at the venue of Annual General Meeting.
9. The Members attending the General Meeting are requested to bring the enclosed attendance slip and deliver the same after filling in their folio number at the entrance of the meeting hall. Admission at the Annual General Meeting venue will be allowed only after verification of the signature in the attendance slip, Duplicate Attendance Slip will be issued at the Registered Office of the Company upto a day preceding the day of Annual General Meeting.

## INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED/ RE-APPOINTED

Name of Director	Shri. K.T. James	Shri Sanjiv Bhasin
Date of birth	01.12.1956	31.08.1957
Qualification	M.Com	Chartered Accountant
Date of appointment	31.08.2010	31.08.2010
Expertise in specific functional areas	Accounts and Financial Matters	Audit and Finance. Expertise in Infrastructure Project
List of other Companies in which Directorship held (excluding foreign companies, Private Companies and alternate directorship)	Adhbut Infrastructure Limited Amtek Railcar Limited Amtek India Limited ACL Industries Limited Amtek Heavy Engineering Industries Limited Fenace Auto Limited Oriental Iron Casting Limited Lotus Auto Engineering Limited Stride Autoparts Limited Kizen Spare Autoparts Limited Odisha Auto Limited Arrow Spareauto parts Limited Odisha Iron and Steel Limited Benson Auto Components Limited	Idma Laboratories Limited

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

Place : New Delhi  
Date : September 3, 2011

Sd/-  
**(Swati Ahuja)**  
Company Secretary

# OCL IRON AND STEEL LIMITED

## DIRECTORS' REPORT

To  
The Members  
OCL Iron and Steel Limited

Your directors take pleasure in presenting the Sixth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2011.

### FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Sales and Operating Income	22360.13	19118.75
Other Income	2119.77	129.28
Total Expenditure	21849.60	17730.84
Profit before Interest, Depreciation and Tax	2630.30	1517.19
Depreciation	743.72	771.88
Interest	760.60	694.95
Profit / (loss) before tax	1125.98	50.36
Provision for taxation	(50.00)	30.13
Profit after Taxation	1175.98	20.23
Add balance brought forward from Previous Year	899.82	894.59
Surplus Available	<b>2075.80</b>	<b>914.82</b>
<b>APPROPRIATION</b>		
Dividend on Preference Shares	69.98	—
Tax on Dividend of Preference Shares	11.62	—
Transfer to Capital Redemption Reserve Account	530.05	—
Transfer to Debenture Redemption Reserve Account	203.75	15.00
Surplus carried to Balance Sheet	1260.40	899.82
	<b>2075.80</b>	<b>914.82</b>

### Performance

During the year under review, the Company achieved Sales and Operating Income of Rs. 22360.13 lacs as compared to Rs. 19118.75 lacs in the previous year. Gross profit before interest, depreciation and taxes stood at Rs. 2630.30 lacs as against Rs. 1517.19 lacs in previous year. Profit after tax (PAT) stood at Rs. 1175.98 lacs as against Rs. 20.23 lacs in the previous year.

### Dividend

The Board of Directors recommend dividend @ 2% on Redeemable Non Cumulative Preference Shares for the year ended 31st March, 2011 from the date of allotment on pro rata basis. However, no dividend is recommended on equity Shares of the Company. The total outgo on account of dividend will be Rs. 81.60 lacs (including dividend tax of Rs. 11.62 lacs).

### Operations

During the year under review the Company produced :

- 92781 MT of sponge iron and sold 23687 Mt.
- 74510 Mt of MS billets and sold 75069 MT.

The Company has generated 881.62 lacs units of power during the year.

# OCL IRON AND STEEL LIMITED

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## Directors

**Mr. K.T. James and Mr. Sanjeev Bhasin** retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under clause 49 of the Listing Agreements with the Stock Exchanges in India, are provided in notice forming part of the Annual Report.

## Subsidiaries

The Company does not have any subsidiary.

## Auditors

M/s A.C. Gupta & Associates vacate their office at the conclusion of ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept their appointment as statutory auditors of the Company, if appointed.

The Auditors' Report and Notes to Accounts as referred in the Auditors' report are self explanatory & therefore do not call for any further comments or explanations.

## Fixed Deposits

During the period under review the Company has not accepted any public deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956.

## De-materialisation of shares

The Company's equity shares are available for de-materialization on both the depositories' viz., NSDL & CDSL. Shareholders may be aware that SEBI has made trading in your company's shares mandatorily, in de-materialized form. As on 31<sup>st</sup> March 2011, 129084422 equity shares representing 96.23% of your Company's Equity shares capital have been de-materialized.

## Listing at Stock Exchange

The Shares of the Company are listed on The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai. The Company has paid annual listing fee to the Stock exchanges for the year 2011 - 2012.

## Statutory Information

- Particular of Employees under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 –NIL
- Statutory details of Energy Conservation and Technology Absorption R & D activities and Foreign Exchange Earning and Outgo, as required under Section 217(1) (e) of the Companies Act, 1956 and rules prescribed there under i.e. the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are given in the Annexure and form part of this Report.

## Corporate Governance

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from Company's Managing Director and Auditors confirming compliance of Corporate Governance norms as stipulated in clause 49 of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.

## Management Discussion and Analysis

Management Discussion and Analysis of financial condition including the results of operations of the Company for the year under review, as required under clause 49 of the Listing Agreement with Stock Exchanges is presented in a separate section forming part of the Annual Report.

## Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:-

# OCL IRON AND STEEL LIMITED

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- That in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2011, the applicable Accounting Standards have been followed;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that 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 (31<sup>st</sup> March, 2011) and of the profit or loss of the Company for the period under review (2010-11);
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the Directors had prepared the annual accounts on a going concern basis.

## **Industrial Relations**

During the year under review, the relations between the Management and the workmen were highly cordial.

## **Investor Relations**

Your Company always endeavors to promptly respond to shareholders' requests / grievances. Each and every issue raised by the shareholders is taken up with utmost priority and every effort is made to resolve the same at the earliest. The Shareholders' and Investors' Grievances Committee of the Board periodically reviews the status of the redressal of investors' grievances.

## **Employee Welfare**

Your Company demonstrated that it is a caring organization by constantly devising and implementing several welfare measures for the employees and their families. Employee welfare programmes and schemes were implemented with utmost zeal and they were constantly reviewed and improvements were made wherever necessary at the earliest.

## **Acknowledgement**

Your Directors wish to place on record the sincere and dedicated efforts of all the members of the company's team which has made it possible to achieve excellent growth. Your Directors also take this opportunity to offer their sincere thanks to the Financial Institutions, Banks and other Government Agencies, our valued customers and the investors for their continued support, co-operation and assistance.

Your Directors also wish to acknowledge the contribution made by the employees at all levels and above all the trust and confidence reposed by the shareholders.

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

Place : New Delhi  
Date : September 3, 2011

Sd/-  
**(Yogesh Kapur)**  
Chairman

# **OCL IRON AND STEEL LIMITED**

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## **ANNEXURE-I TO THE DIRECTORS' REPORT 2010-11**

**STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTOR'S REPORT.**

### **CONSERVATION OF ENERGY**

#### **DRI:**

a) **Energy Conservation measures taken**

The following measures are continued to be taken for conservation of energy.

- i) Company is conducting regular energy audit to assess the energy losses.
- ii) LT Capacitors are being fixed at washery to reduce energy losses.
- iii) VFDs are being installed for higher capacity motors in Coal Washery.

b) **Additional investment and proposals**

- i) Installation of Variable speed drives for ID fan of ESP 1 & 2.

c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of grades.**

- i) All the above measures have resulted in reduction of energy losses.
- ii) Monitoring of energy wastages.

#### **SMS:**

a) **Energy Conservation measures taken**

The following measures are continued to be taken for conservation of energy.

- i) Power factor is being maintained close to unity.
- ii) Pressure setting of compressor has been reduced as per usage.
- iii) Optimized the operating voltage of transformers by changing the tap position.

b) **Additional investment and proposals**

- i) Lighting energy savers are to be installed to optimize the voltage of lighting feeders.

c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of grades.**

- i) All the above measures have resulted in saving of energy usage.

#### **CPP:**

a) **Energy Conservation measures taken**

The following measures are continued to be taken for conservation of energy.

- i) Energy efficient light sets are being installed around the plant side.
- ii) New high efficiency motor for boiler feed pump is being operated through VFD.
- iii) Flue gas analyzer in boiler inlet and VFD for ABC fan is being installed to increase the steam generation capacity.

b) **Additional investment and proposals**

- i) Company has a proposal to use only energy efficient equipments certified by BEE.
- ii) AFBC ID fan suction damper to be removed from position to avoid pressure drop and energy loss.

c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of grades.**

- i) Increase in steam generation potential.
- ii) All the above measures have resulted in saving of electrical as well as thermal energy.



# OCL IRON AND STEEL LIMITED

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## FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used and earned:

Used : 3.52 Lacs  
 Earned : 366.51 Lacs

## Form-A

(Particulars of Total Energy Consumption And Energy Consumption Per Unit Of Production)

	2010-11	2009-10
<b>A) POWER AND FUEL CONSUMPTION</b>		
a) Electricity Purchased		
Units (in lacs)	—	—
Total Amount (Rs.in lacs)	—	—
Rate/Unit(Rs.)	—	—
b) Own generation through power Generators :		
Units (in lacs)	881.62	917.66
Units per Tonne of fuel	1,144	950
Cost/unit (Rs.)	1.15	1.50
<b>B) CONSUMPTION PER UNIT OF PRODUCTION (PER MT)</b>		
<b>STEEL</b>		
Electricity KWH)	830.29	833.00
Fuel Oil (Ltrs)	2.08	4.80
<b>POWER</b>		
Electricity KWH)	0.10	0.09
<b>Fuel :</b>		
— Oil (Rs. in lacs)	0.01	2.80
— Coal (Lacs Mt)	1.15	0.90

# OCL IRON AND STEEL LIMITED

## CORPORATE GOVERNANCE

### I. Philosophy on Code of Governance

The Company is committed to conduct its business in an efficient, fair, honest and ethical manner. Good corporate governance goes beyond compliances and requires companywide commitment. It starts with the Board of Directors and percolates down the order throughout the Organization, and seeks to raise the standards of corporate management, strengthens the Board systems, significantly increase its effectiveness and ultimately serve the objective of maximizing the shareholders' value. The philosophy of the Company is in consonance with the accepted principles of good governance.

### II. Board of Directors

The Business of the Company is managed by the Board of Directors. The functions of the Board include formulation of strategic business plans, budgets, setting up goals and evaluation of performance, approving corporate philosophy and mission, monitoring corporate performance against strategic business plans, overseeing operations, recruitment of senior management personnel, review of material investment and fixed assets transactions, ensuring compliance with laws and regulations, keeping shareholders informed regarding plans, strategies and performance of the Company and other important matters.

#### A. Composition of Board of Directors

Your Company's Board has an optimum combination of Executive and Non-Executive Directors with considerable experience in their respective fields. The Chairman of the Board is a Non-Executive Independent Director. The Board as at March 31, 2011 had a combination of one Executive Director and four Non-Executive Directors. Out of these, three directors are Independent. The details of the Directors with regard to their outside directorships, Committee position as well as attendance at Board Meeting/AGM are as follows:

S. No.	Name of the Director	Status	Executive/ Non-Executive/ Independent	No. of Board Meetings attended	Attendance at the last AGM held on 30.09.2010	No. of other Director ships as on 31.03.11*	No. of Committees Positions held in other Public Companies as on 31.03.11**	
							Member ship**	Chairman ship
1.	Shri Yogesh Kapur	Chairman	Non-executive and Independent	17	P	1	Nil	Nil
2.	Shri NandKishore Taori	Managing Director	Executive	16	NP	Nil	Nil	Nil
3.	Shri Aditya Malhotra	Director	Non-Executive and Non Independent	15	NP	Nil	Nil	Nil
4.	K.T. James	Director	Non-executive and Independent	2	NP	14	4	1
5.	Shri. Sanjiv Bhasin	Director	Non-executive and Independent	2	P	1	Nil	Nil

#### Notes:

- Seventeen Board meetings were held during the Financial Year 2010-11 on 29.4.2010, 14.5.2010, 8.6.2010, 16.6.201, 14.7.2010, 24.7.2010, 30.7.2010, 13.8.2010, 17.8.2010, 23.8.2010, 31.8.2010, 5.10.2010, 13.11.2010, 23.11.2010, 30.11.2010, 14.2.2011 and 11.3.2011.
- The Non Executive Chairman has not desired an office at the Company's expense.
- \* Excludes foreign companies, private companies and alternate directorship.
- \*\* Includes only membership in Audit Committee and Investor Grievance Committee.