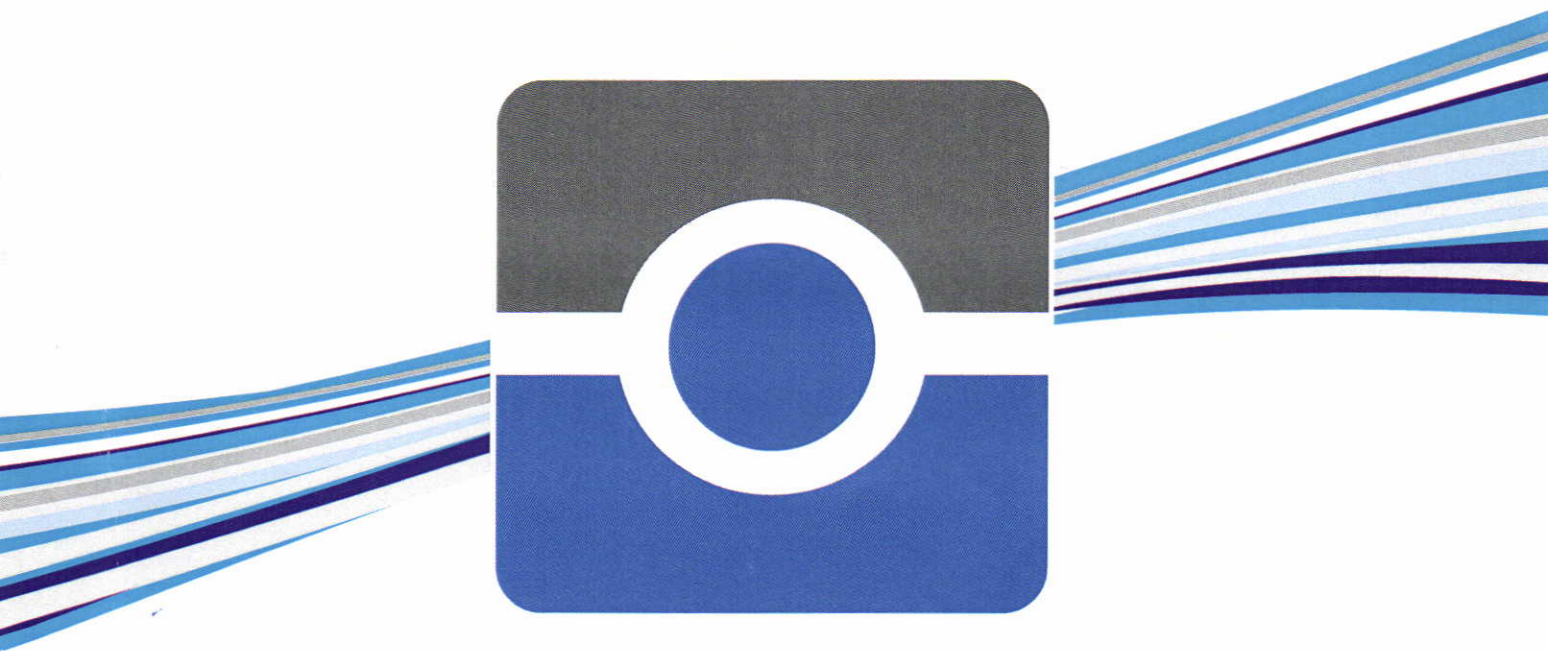


# OCL IRON & STEEL LIMITED



SEVENTH ANNUAL REPORT 2011-12



# OCL IRON & STEEL LIMITED

## SEVENTH ANNUAL REPORT - 2011-2012

### Board of Directors

Mr. Yogesh Kapur	<i>Chairman</i>
Mr. Nand Kishore Taori	<i>Managing Director</i>
Mr. Aditya Malhotra	<i>Director</i>
Mr. Sanjiv Bhasin	<i>Director</i>
Mr. Sanjay Tiku	<i>Director</i>
Mr. Chetan Vimalkumar Shah	<i>Director</i>
Mr. Vinod Kumar Uppal	<i>Director</i>

### Registered Office and Unit 1:

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

### Unit 2:

2. A-285, Chopanki Industrial Area,  
Chopanki, Bhiwadi, District - Alwar,  
Rajasthan - 301019

### Company Secretary & Compliance Officer

Ms. Jyoti Mishra

### 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

## Contents

Notice.....	2
Directors' Report.....	5
Auditor's Report .....	23
Balance Sheet .....	27
Profit & Loss Statement .....	28
Cash Flow Statement .....	29
Notes on Financial Statements .....	30
Consolidated Financial Statements .....	45
Financial Summary Relating to Subsidiary Companies .....	46
Auditors' Report on Consolidated Financial Statements .....	47

# NOTICE

Notice is hereby given that the Seventh Annual General Meeting of the Members of OCL Iron and Steel Limited will be held on Friday, the 28<sup>th</sup> day of September, 2012 at the registered office of the Company at Vill. Lamloi, P.O. Garvana, Rajgangpur – 770 017 (Dist. Sundargarh, Orissa), at 10.00 a.m. to transact the following business:

## Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 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 Mr. Aditya Malhotra who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Yogesh Kapur 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.

## Special Business

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 the provisions of Section 257 and all other applicable provisions, If any, of the Companies Act, 1956, (including any statutory modification(s) or enactment thereof for the time being in force), Mr. Sanjay Tiku, 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, liable to retire by rotation."
7. 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 enactment thereof for the time being in force), Mr. Chetan Vimalkumar Shah, 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, liable to retire by rotation."
8. 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 enactment thereof for the time being in force), Mr. Vinod Kumar Uppal, 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, liable to retire by rotation."

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

Place : New Delhi  
Date : 3rd September, 2012

Sd/-  
**(Jyoti Mishra)**  
Company Secretary

**Notes:**

- 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.**
- The Register of Members and Share transfer books of the Company will remain closed from September 24<sup>th</sup>, 2012 to September 28<sup>th</sup>, 2012 (both days inclusive).
- 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.
- 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.
- 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.
- 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.
- 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, 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.
- 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.
- 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**

<b>Name of Director</b>	<b>Mr. Aditya Malhotra</b>	<b>Mr. Yogesh Kapur</b>	<b>Mr. Sanjay Tikku</b>	<b>Mr. Chetan Vimal Kumar Shah</b>	<b>Mr. Vinod Kumar Uppal</b>
Date of birth	29.11.1982	31.05.1961	27.01.1970	14.08.1961	14.11.1962
Qualification	MBA (Finance)	B.Com	B. Com MBA (Finance)	B.E. (Mech), MBA (Finance)	MBA
Date of appointment	17.02.2010	16.05.2009	10.07.2012	10.07.2012	10.07.2012
Expertise in specific functional areas	Project implementation, monitoring and financial matters	Marketing & Procurement	Administration & Accounts	Setting Up of Foundaries	Finance & Operations

List of other Companies* in which Directorships held (excluding foreign companies, private companies and alternate directorship)	B S Ispat Limited Gondwana Ispat Limited Aron Auto Limited	B S Ispat Limited Gondwana Ispat Limited Aron Auto Limited	Symbios Personnel Advices and Services Limited Amtek Tekfor Automotive Limited Amtek Defence Technologies Limited Amtek Brake Systems Limited Lotus Auto Engineering Limited Aron Auto Limited Stride Autoparts Limited Rollatainers Limited	Amtek India Limited Fenance Auto Limited Aron Auto Limited	Amtek Crankshafts (India) Limited Rollatainers Limited R T Packaging Limited Fenace Auto Limited Oriental Iron Casting Limited Aron Auto Limited
Shareholding in the Company	Nil	Nil	Nil	Nil	Nil

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

### **Item No. 6**

Pursuant to the provisions of section 260 of the Companies Act, 1956 ("the Act") and Articles of Association of the Company, the Board of Directors of the Company ("The Board") had, at its meeting held on July 10, 2012, appointed, Mr. Sanjay Tikku, as an Additional Director of the Company. In terms of provisions of Section 260 of the Act, Mr. Sanjay Tikku will hold office up to the date of this Annual General Meeting.

The Company has received notice in writing from a member proposing the candidature of Mr. Sanjay Tikku for the office of Director of the Company under the provisions of section 257 of the Act. None of the Directors except Mr. Sanjay Tikku is concerned or interested in the said resolution.

### **Item No. 7**

Pursuant to the provisions of section 260 of the Companies Act, 1956 ("the Act") and Articles of Association of the Company, the Board of Directors of the Company ("The Board") had, at its meeting held on July 10, 2012, appointed, Mr. Chetan VimalKumar Shah, as an Additional Director of the Company. In terms of provisions of Section 260 of the Act, Mr. Chetan VimalKumar Shah will hold office up to the date of this Annual General Meeting.

The Company has received notice in writing from a member proposing the candidature of Mr. Chetan VimalKumar Shah for the office of Director of the Company under the provisions of section 257 of the Act. None of the Directors except Mr. Chetan VimalKumar is concerned or interested in the said resolution.

### **Item No. 8**

Pursuant to the provisions of section 260 of the Companies Act, 1956 ("the Act") and Articles of Association of the Company, the Board of Directors of the Company ("The Board") had, at its meeting held on July 10, 2012, appointed, Mr. Vinod Kumar Uppal, as an Additional Director of the Company. In terms of provisions of Section 260 of the Act, Mr. Vinod Kumar Uppal will hold office up to the date of this Annual General Meeting.

The Company has received notice in writing from a member proposing the candidature of Mr. Vinod Kumar Uppal for the office of Director of the Company under the provisions of section 257 of the Act. None of the Directors except Mr. Vinod Kumar Uppal is concerned or interested in the said resolution.

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

Place : New Delhi  
Date : 3rd September, 2012

Sd/-  
**(Jyoti Mishra)**  
Company Secretary

## DIRECTORS' REPORT

To  
The Members,  
**OCL Iron and Steel Limited**

Your directors take pleasure in presenting the Seventh Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2012.

### Financial Results

(Rupees in Lacs)

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March, 2011
Revenue from Operations	31304.81	23630.81
Other Income	3219.30	1693.80
Total Revenue	34524.11	25324.61
Total Expenses	30339.56	22642.57
Profit before Interest, Depreciation and Tax	4184.55	2682.04
Interest	934.76	760.60
Depreciation	944.10	795.46
Profit/(loss) before tax	2305.69	1125.98
Tax Expenses	566.68	(50.00)
Profit after Taxation	1739.01	1175.98
Add balance brought forward from Previous Year	1260.40	899.82
Surplus Available	<b>2999.41</b>	<b>2075.80</b>
<b>APPROPRIATION</b>		
Transfer to Debenture Redemption Reserve Account	109.38	203.75
Transfer to Capital Redemption Reserve Account	530.05	530.05
Dividend on Preference Shares	106.01	69.98
Tax on Dividend of Preference Shares	17.20	11.62
Surplus carried to Balance Sheet	<b>2236.77</b>	<b>1260.40</b>

### Performance

During the year under review, the Company achieved Revenue from Operations of Rs. 31304.81 lacs as compared to Rs. 23,630.81 lacs in the previous year. Profit before interest, depreciation and taxes stood at Rs. 4184.55 lacs as against Rs. 2682.04 lacs in previous year. Profit after Tax (PAT) stood at Rs. 1739.01 Lacs as against Rs. 1175.98 Lacs in the previous year.

### Dividend

The Board of Directors recommends dividend @ 2% on Redeemable Non Cumulative Preference Shares for the year ended 31<sup>st</sup> March, 2012. However, in view of the ongoing expansion project of the Company no dividend is recommended on equity shares of the company. The total outgo on account of dividend will be Rs. 123.21 lacs (including dividend tax of Rs. 17.20 lacs)

### Operations

During the year under review the Company produced 105840.00 MT of sponge iron and sold 28754.08 MT and 81888 MT of MS billets and sold 83961 MT.

The Company has generated 885.98 lac units of power during the year.

The Company's plant located at A-285, Chopanki Industrial Area, Chopanki, Bhiwadi, District Alwar, Rajasthan - 301019, having cold Rolling Facility, has become operational.

### Directors

During the period under review, Mr. Sanjay Tikku, Mr. Chetan Vimal Kumar Shah and Mr. Vinod Kumar Uppal were appointed as Additional Director(s) in the Board of the Company. Pursuant to Section 260 of the Companies Act, 1956 their tenure as directors expires on the date of the present Annual



General Meeting. Notice(s) signifying the intention to appoint them as directors have been received from the members of the Company and accordingly respective resolutions to that effect have been provided in the notice of the Annual General Meeting as special business.

Mr. K.T. James, has resigned from the Directorship w.e.f. 10th July, 2012.

**Mr. Aditya Malhotra and Mr. Yogesh Kapur** retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Brief resume of the Directors proposed to be appointed/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**

In accordance with the general circular dated 08/02/2011 read with circular dated 21/02/2011, issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the Subsidiary Companies are not being attached with the Balance Sheet of the Company. However the financial information of the Subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

The Company's Subsidiaries are Aron Auto Limited and Oriental Iron Castings Limited.

### **Auditors Report**

The Auditors Report is self explanatory and therefore, does not call for any further comments.

### **Auditors**

M/s A.C. Gupta & Associates, Auditors of the Company 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.

### **Cost Auditors**

Pursuant to the Companies (Cost Accounting Records) Rules, 2011 issued by the Ministry of Corporate Affairs and Mr. Yash Pal Sardana (membership No. 17996) practising Cost Accountant, was appointed to Conduct audit of cost records of steel plant for the year ended 31 March, 2012. Cost Auditor Reports would be submitted within prescribed time.

### **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 mandatory, in de-materialized form. As on 31<sup>st</sup> March 2012, 129317294 equity shares representing 96.40% of your Company's Equity share capital have been de-materialized.

### **Listing at Stock Exchange**

The Shares of 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 2012 - 2013.

### **Statutory Information**

- Particulars 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 Earnings 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 the 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 :-

- That in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2012, the applicable Accounting Standards have been followed;
- That the Directors had selected such accounting policies and applied them consistently and made judgements 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, 2012) and of the profit or loss of the Company for the period under review (2011-12);
- 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 their appreciation to all the stakeholders including all the employees of the Company for their dedicated support, which has enabled the Company to continue to grow during the year under review. Your Directors also take this opportunity to offer their sincere thanks for the assistance from the Financial Institutions, Banks and other Government Authorities for their continued support.

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

Place : New Delhi  
Date : 3rd September, 2012

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



## ANNEXURE-I TO THE DIRECTORS' REPORT 2011-12

### 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) Potential increase in steam generation.
- ii) All the above measures have resulted in saving of electrical as well as thermal energy.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used and earned:

Used : 1625.17 Lacs

Earned : Nil

**Form-A**

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

	2011 - 12	2010 - 11
<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)	885.98	881.62
Units per Tonne of fuel	1,115.57	1,144.00
Cost/unit (Rs.)	1.32	1.15
<b>B) CONSUMPTION PER UNIT OF PRODUCTION (PER MT)</b>		
<b>STEEL</b>		
Electricity (KWH)	839.92	830.29
Fuel Oil (Ltrs)	2.38	2.08
<b>POWER</b>		
Electricity (KWH)	0.11	0.10
<b>Fuel</b>		
Oil (Rs. in lacs)	0.00	0.01
Coal (Lacs Mt)	1.32	1.15