

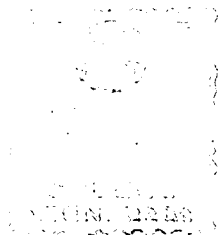
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Twelfth Annual Report 1997-98

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Oil Country Tubular Ltd.





OIL COUNTRY TUBULAR LIMITED**BOARD OF DIRECTORS**

DR. T.S. Sethurathnam	Chairman
Shri K. Suryanarayana	Managing Director
DR. N. Kondal Rao	
DR. N.S. Datar	
Shri K.V. George	Nominee of IDBI
Shri K.V. Ravindra Reddy	Nominee of APIDC
Shri P.R. Yagnik	Nominee of BOI
Shri. Gabriel Monti	Nominee of TAMSA, MEXICO
DR. Jayaram B. Naidu	
Shri K. Sridhar	Director (International Operations)
Shri K.G. Joshi	Director (Technical)

COMPANY SECRETARY

Shri C.S. Rao

REGISTERED OFFICE

108, Kanchanjunga,
King Koti Road,
Hyderabad - 500 001. (A.P.)

BANKERS

Bank of India
State Bank of India
Canara Bank
State Bank of Hyderabad

AUDITORS

Raju & Prasad
Chartered Accountants
G-15, Sapphire
Amrutha Hills, Panjagutta
Hyderabad - 500 482

WORKS

Shreepuram
Narketpally Mandalam
Nalgonda Dist - 508 254. (A.P.)

Notice to Members



Notice is hereby given that the Twelfth Annual General Meeting of the company will be held on Thursday, the 24th day of September, 1998 at 10.00 a.m. at Bharatiya Vidya Bhavan Auditorium, King Koti Road, Bashirbagh, Hyderabad - 500 029 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st March, 1998 and Balance Sheet as at that date together with Auditors' Report thereon.
2. To appoint a Director in place of Dr N.S.Datar, who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Shri K.V.Ravindra Reddy, who retires by rotation, and being eligible offers himself for reappointment.
4. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION:

"Resolved that, the retiring Auditors, M/s Raju & Prasad, Chartered Accountants be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors."

SPECIAL BUSINESS:

To consider and if thought fit, to pass with or without modifications, the following Resolution as Ordinary Resolution.

5. "Resolved that in partial modification of Resolution No:6 passed at the Eleventh Annual General Meeting held on 18th September, 1997 for the increase in remuneration payable to Shri K Suryanarayana, Managing Director and in accordance with the provisions of Section 198, 309, 310, read with Schedule XIII and other applicable provisions if any, of the Companies Act, 1956("the Act") and subject to such approvals as are necessary, the Company hereby approves the revised terms of remuneration and perquisites of the aforesaid Managing Director with effect from 1st October, 1998 to 19th January, 2002 as set out in the Explanatory Statement and subject to such modifications as may be required by the Central Government and Financial Institutions.

And Resolved further that the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the aforesaid resolution."

To consider and if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolution

6. Resolved that Mr Gabriel Monti who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office at this Annual General Meeting and in respect of whom the Company has received the notice in writing alongwith a deposit of Rs.500/- (Rupees Five Hundred only) under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of the director be and is hereby appointed as Director of the Company whose period of office shall be liable to determine by retirement of directors by rotation."

Registered Office :
108, Kanchanjunga
King Koti Road
Hyderabad - 500 001

Date: 24th July, 1998

By Order of the Board
for **OIL COUNTRY TUBULAR LIMITED**

C.S.RAO
COMPANY SECRETARY

Notice to Members (Contd.,)



Notes:

- a. Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 relating to special business for items 5 & 6 is annexed hereto.
- b. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself. A proxy need not be a member of the company. Instrument of Proxies in order to be effective must be received by the company not less than 48 hours before the time for holding the meeting.
- c. The Register of Members and Share Transfer Books of the Company will remain closed from 16th September, 1998 to 24th September, 1998 (both days inclusive).
- d. Members are requested to notify immediately any change of address to the Registered office of the Company.
- e. In order to service the shareholders effectively and for administrative convenience, members are requested to notify regarding multiple folios standing in their name for consolidation to the Shares Department of the company immediately.

EXPLANATORY STATEMENT (Pursuant to Section 173(2) of the Companies Act, 1956)

Agenda 5:

Shri K Suryanarayana was appointed as Managing Director for a period of 5 years from 20th January, 1997 in the Eleventh Annual General Meeting held on 18th September, 1997 on terms and conditions including remuneration as set out in the Agenda Item 6 in Explanatory Statement annexed to the notice of the Eleventh Annual General Meeting.

Board of Directors at the meeting held on 27th June, 1998 had approved payment of increased remuneration with effect from 1st October, 1998 to 19th January, 2002 subject to such approvals as are necessary.

The important conditions governing remuneration are set out below:

- a) **SALARY** — Rs.1,50,000 Per month
- b) **COMMISSION** — One percent commission on the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956, subject however to a Maximum of total annual salary.
- c) **PERQUISITES** — Perquisites are allowed in addition to salary.
 - 1) **HOUSING** — 60% of the salary towards House Rent Allowance, another 10% of the salary towards expenditure on gas, electricity, water and furnishings etc.
 - 2) **MEDICAL REIMBURSEMENT** — For self and family, not exceeding one month's salary in a year or 3 months salary in a period of 3 years.
 - 3) **LEAVE TRAVEL CONCESSION** — For self and family, once in a year to and from any place in India in accordance with the Rules of the Company.
 - 4) **CLUB FEES** — Club fees subject to maximum of 2 clubs, which will not include admission and life membership fees.
 - 5) **PERSONAL ACCIDENT INSURANCE** — Premium not exceeding Rs.4,000 per annum.
- d) **PROVIDENT FUND, SUPERANNUATION AND GRATUITY** — Provident Fund, Superannuation and Gratuity as per rules of the Company, subject to the ceiling as per the guidelines for managerial remuneration in force from time to time.
- e) **CAR** — Company's car for business of the Company.
- f) **TELEPHONE** — Provision of telephone at residence will not be considered as perquisite but personal long distance calls shall be billed by the Company.

Notice to Members (Contd.,)



- g) **ENTERTAINMENT/TRAVELLING** — Reimbursement of travelling, entertainment and other expenses as incurred by him for the business of the Company.
- h) **PRIVILEGE LEAVE** — One month's leave on full pay and allowance, for every eleven months of service.
- i) **COMPENSATION FOR LOSS OF OFFICE** — The Company shall pay compensation for loss of office under Sections 318, 319, 321 and other provisions of the Companies Act, 1956.
- j) In the event of loss or inadequacy of Profits in any financial year, the Managing Director shall be paid remuneration by way of salary and perquisites as specified above.
- k) The Managing Director shall not, during the tenure of his office as Managing Director becomes interested or otherwise concerned, directly or through his wife and/or minor children, any selling agency of the Company without the prior approval of the Company Law Board.

In compliance with Sections 198, 309, 310, Schedule XIII and other applicable provisions of the Companies Act, approval of the members is required and hence the Resolution governing the payment of remuneration of Managing Director is placed for members approval.

None of the Directors other than Shri K Suryanarayana and Shri K Sridhar is interested in the said resolution.

AGENDA 6:

Mr. Gabriel Monti was appointed as Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 at the Board Meeting held on 24th July 1998 with immediate effect. In terms of the applicable provisions of the Companies Act, 1956 and Article of Association of the Company, his term of office as Additional Director expires at the conclusion of this meeting and the Company has received a notice from a member proposing his candidature for the office of Director.

This Resolution is therefore recommended for your approval.

None of the Directors other than Mr. Gabriel Monti is interested in the said Resolution.

for **OIL COUNTRY TUBULAR LTD**

Place : Hyderabad

Date: 24th July, 1998

C.S.RAO

COMPANY SECRETARY

Directors' Report



To the Shareholders

The Directors have pleasure in presenting the Twelfth Annual report on the business of the Company and the audited Statement of Accounts of the Company for the year ended 31st March, 1998.

OPERATIONS:

During the year under review, Company sold 10963.06 MT of Casing Pipes, 671.69 MT of Production Tubing and 12727.16 MT of Drill Pipes. The Company achieved a record turnover of Rs.203.29 crores during the year as against Rs.191.16 crores for the preceding year. During the year the Company exported tubular goods and services for a value of Rs 123.67 crores.

FINANCIAL RESULTS

	1997-98 (Rs.in Lakhs)	1996-97 (Rs.in Lakhs)
1. Gross Income	20546.53	19413.01
2. Profit before interest and Depreciation	4403.24	4208.23
3. Interest	3004.41	3224.50
4. Gross Profit	1398.83	383.73
5. Provision for Depreciation	771.54	739.21
6. Net Profit	627.29	244.52
7. Provision for Tax	30.90	31.25
8. Profit after tax	596.39	213.27
9. Prior Period Adjustments	(+)372.17	(-) 90.23
10. Profit carried to Balance Sheet	968.56	123.04

FINANCE:

During the year under review the Company has made payments to the tune of Rs.1875.15 lakhs towards Term Loans to the Financial Institutions and Banks. The payments were made as per Repayment schedule in terms of sanctions under Rehabilitation package.

There are no overdue amounts payable as on 31st March, 98.

PROSPECTS:

The Company has achieved exports of Rs.123.67 Crores and has attained the status of TRADING HOUSE during the year under review and has targetted an increase of about 25% in the year 1998-99.

DIRECTORS:

Dr N S Datar and Shri K V Ravindra Reddy retire by rotation and being eligible offer themselves for re-appointment..

Mr Guillermo F Vogel has resigned from Board of Directors of the Company and in his place Mr Gabriel Monti has been co-opted as Additional Director who holds office as Director upto the date of ensuing Annual General Meeting and he is eligible for reappointment. Board of Directors wish to place on record their appreciation for the valuable contribution made by Mr Guillermo F Vogel during his tenure as a Director of the Company.

AUDITORS:

The Auditors of the Company, M/s Raju and Prasad, Chartered Accountants, Hyderabad retire at the ensuing meeting and are eligible for reappointment.

Auditors observations are suitably explained in notes to the accounts and are self explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

Information required as per Section 217(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in Directors' Report) Rules 1988 is given in Annexure I forming part of this report.

Directors' Report (Contd.,)



PERSONNEL:

During the year under Review, relationship with the employees was cordial.

Statement of particulars of the employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are given in Annexure-II forming part of the Report.

ACKNOWLEDGEMENT:

Directors take this opportunity to express their thanks to M/s Grant Prideco, various Departments of the Central and State Government, ONGC, Oil India Ltd, Financial Institutions, Bankers, Raw Material suppliers, customers and shareholders for their continued support and guidance.

The Directors wish to place on record their appreciation of the dedication and efforts put in by the employees of the Company at all levels.

Registered Office:

108, Kanchanjunga
King Kothi Road
Hyderabad - 500 001.

for and on behalf of the Board

Dr. T.S.SETHURATHNAM
Chairman

Date : 24th July, 1998

Annexure to Directors' Report

ANNEXURE - I

Disclosure of particulars with regard to Conservation of energy, Technology absorption, Foreign Exchange earning and outflow.

(A) CONSERVATION OF ENERGY:

Energy being a scarce resource in the Country, the Company has taken all efforts to conserve and optimise the use of energy through improved operational techniques which is an ongoing activity.

Total energy consumption and energy consumption per unit of production. - Not Applicable

(B) TECHNOLOGY ABSORPTION:

e. Efforts made in technology absorption as per Form B below:

FORM B

Research and Development

Indigenisation and improvement in operational processes and procedures with a view to optimise production through Research and Development activities is given highest priority by the Company.

Expenditure on R & D

	(Rs.in Lakhs)	
	1997-98	1996-97
(a) Capital	67.95	51.07
(b) Recurring	22.27	18.73
(c) Total	90.22	69.80
(d) Total R&D expenditure as a percentage of total turnover	0.44%	0.36%