

**Thirteenth  
Annual Report  
1998-99**

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**Oil Country Tubular Ltd.**

**Oil Country Tubular Ltd.****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 Kothi Road,  
Hyderabad - 500 001. (A.P.)

**BANKERS**

Bank of India  
State Bank of India  
State Bank of Hyderabad

**AUDITORS**

Raju & Prasad  
Chartered Accountants  
G-15, Sapphire  
Amrutha Hills, Panjagutta  
Hyderabad - 500 082

**WORKS**

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

## Notice to Members



Notice is hereby given that the Thirteenth Annual General Meeting of the company will be held on Thursday, the 22nd day of July, 1999 at 10.00 a.m. at Bharatiya Vidya Bhavan Auditorium, King Kothi 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, 1999 and Balance Sheet as at that date together with Auditors' Report thereon.
2. To appoint a Director in place of Dr. T.S. Sethurathnam who retires by rotation, and being eligible offers himself for reappointment.
3. To appoint a Director in place of Dr. Jayaram B. Naidu 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 :

#### AMENDMENTS OF OBJECTS CLAUSE :

To consider and if thought fit to pass with or without modification the following Resolution as a Special Resolution.

5. "Resolved that subject to the Provisions of Section 17 and other applicable Provisions of the Companies Act, 1956, Clause III (C) of the Memorandum of Association of the Company be and is hereby altered by the insertion of the following new Sub-Clauses after the existing Sub-Clause 6.

#### CLAUSE 7 :

To explore, mine, bore, extract, process, purchase or otherwise acquire, manufacture, refine, treat, reduce, distill, blend, purify and pump for market, distribute, exchange, supply, sell and otherwise dispose off, import and export and generally deal in all kinds of Petroleum Products, Petrochemicals, Natural Gases, and other hydrocarbon and mineral substances.

#### CLAUSE 8 :

To undertake, design and construct infrastructural projects in the Oil and Gas, Steel, Power and other Core sectors including laying of Oil and Gas distribution Lines, manufacture, erection and integrated commissioning of structurals, equipments etc., undertake high-way projects, tunnels, port development, Railways, Water supply schemes, irrigation schemes either by the Company or enter into joint ventures with any Indian/multinational Companies or with any Government or Governmental authority.

#### CLAUSE 9 :

To design, develop, improve, maintain, service, manufacture, import and export and otherwise deal in all kinds of computer software and Hardware, including the business of software networking, software consultancies, computer education and data processing of all kinds.

**Notice to Members (Contd.,)**

To Consider and if thought fit to pass with or without modification the following Resolution as Special Resolution :

6. "Resolved that pursuant to section 149 (2A) and other applicable provisions if any, of the Companies Act 1956, and subject to approvals and consents that may be required, approval is hereby accorded to the Company for commencement and undertaking of the business as enumerated in the newly introduced Sub-Clauses 7,8 & 9 under the other objects of the Object Clauses of the Memorandum of Association of the Company for carrying on the business of Oil exploration and drilling, infrastructural projects and information technology and upon the said sub-clauses becoming effective.

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

By Order of the Board  
for OIL COUNTRY TUBULAR LIMITED

Date : 27th May, 1999

**C.S. RAO**  
COMPANY SECRETARY

**Notes :**

- a. Explanatory Statement Pursuant to Section 173 (2) of the Companies Act, 1956 relating to special business for item 5 and 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 15th July 1999 to 22nd July 1999 (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)**

5. The Company is presently engaged in manufacturing of OCTG products used in Oil Exploration, Drilling and Production. Since the setting up of Company's facility for manufacturing of OCTG products, the opportunities for Oil Exploration and drilling of Petroleum products has increased tremendously. The Government of India is entrusting Oil exploration and drilling to Private Sector Companies - both Indian and Foreign. In view of these opportunities the Company feels desirable that the company should be able to start these business activities as and when opportunities arise. The Board is of the view that the new business, if carried on, can under the existing circumstances be combined with the business of the Company conveniently and advantageously.

With major investments by multinational companies in India, in the infrastructural projects in the Oil and Gas, Steel, Power, Building and Roads projects etc. the opportunities have grown multifold in these areas. There is a keen competition amongst the state governments to invite such investments not only from multinational companies but also from the world Bank/Asian Development Bank and other International Funding Institutions, thereby manifold increase in the opportunities in various parts of the countries. The magnitude of the infrastructural projects being large it may, at times become necessary for the company to enter into joint venture with Indian/Multinational Companies for such projects.

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**Notice to Members (Contd.,)**

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The present thrust in the global and domestic market is that of the Information Technology and related Computer Hardware/Software projects for which there is a growing demand at home and abroad. The policies of the Government are highly conducive for developing software for Export Market. The Company has, after careful consideration, decided to diversify and has identified the following areas viz computer hardware, software, networking, information technology and related projects including consultancy, training and trade in the related fields in the domestic as well as global markets.

To enable the company to diversify and take up new activities as detailed above, the objects clause contained in the Memorandum of Association has to be altered/amended as detailed in the Resolution. The proposed activities will be in the best interest of the company and its members.

The Board of Directors commend the Resolution for your approval.

6. In the event of the proposed amendment to the objects clause of the Memorandum of Association of the Company being passed by the members at the meeting it would be necessary for the members under section 149 (2A) of the companies Act to accord their approval to the Company for commencing and undertaking the business as set out in the proposed new clauses 7,8 & 9. The directors recommend the Resolution for adoption.

None of the Directors are concerned/or interested in the Resolution in their individual capacity.

for **OIL COUNTRY TUBULAR LTD.**

Place : Hyderabad  
Date : 27th May, 1999

**C.S. RAO**  
COMPANY SECRETARY



## Directors' Report



To the Shareholders

The Directors have pleasure in presenting the Thirteenth Annual report on the business of the Company and the audited Statement of Accounts of the Company for the year ended 31st March, 1999.

### OPERATIONS :

During the year under review, Company sold 705.26 MT of Casing Pipes, 743.45 MT of Production Tubing and 9438.76 MT of Drill Pipes aggregating a turnover of Rs. 147.72 crores besides other income of Rs.1.89 crores. Net profit of the Company has increased by 65.25% over the previous year.

During the year the Company registered an increase in the exports. The exports during the year accounted for over 82% of the total sales as against 61% in the previous year.

### FINANCIAL RESULTS :

	1998-99 (Rs. in Lakhs)	1997-98 (Rs. in Lakhs)
1. Gross Income	14961.23	20546.53
2. Profit before interest and Depreciation	4101.24	4132.02
3. Interest	2276.62	2733.19
4. Gross Profit	1824.62	1398.83
5. Provision for Depreciation	787.14	771.54
6. Net Profit before Tax	1037.48	627.29
7. Provision for Tax	52.00	30.90
8. Profit after Tax	985.48	596.39
9. Prior period adjustments	(-) 46.42	(+) 372.17
10. Profit carried to Balance Sheet	939.06	968.56

### FINANCE :

During the year under review the Company has made payments of Rs. 2217.29 lakhs towards Term Loans to the Financial Institutions and Banks as per Repayment Schedule in terms of sanctions under Rehabilitation package. There are no overdue amounts payable as on 31st March, 1999.

### PROSPECTS :

The company has achieved exports of Rs. 120.45 crores in the year under review and every effort is being made to increase the exports in the current year 1999-2000.

### DIRECTORS :

Dr. T.S. Sethurathnam and Dr. Jayaram B. Naidu retire by rotation and being eligible offer themselves for reappointment.

Dr. N. Kondal Rao retire by rotation at this Annual General Meeting and does not offer himself for reappointment. The Board places on record its appreciation for his valuable contribution to the Company.

### AUDITORS :

The Auditors of the Company, M/s. Raju & 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 (l) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in Directors' Report) Rules 1988 is given in the Annexure forming part of this report.

## Directors' Report (Contd.,)



### PERSONNEL :

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

None of the employees of the Company are in receipt of remuneration requiring disclosure pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 hence particulars are not annexed.

### 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

for and on behalf of the Board

**Dr. T.S. SETHURATHNAM**  
Chairman

Date : 27th May, 1999

## Annexure to Directors' Report

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

### (A) CONSERVATION OF ENERGY :

The Company has taken all actions and will continue to make all efforts to conserve and optimise use of energy through improved operational techniques.

### (B) TECHNOLOGY ABSORPTION :

Efforts made in technology absorption as per Form B below :

#### FORM B

### Research and Development

Research and developmental activities by the company has resulted in improvements in the manufacturing processes, operational procedures and automation, besides indigenisation of toolings. These activities are given highest priority by the company with a view to optimise production.

### Expenditure on R & D

		(Rs. in Lakhs)	
		1998-99	1997-98
(a)	Capital	99.48	67.95
(b)	Recurring	27.57	22.27
(c)	Total	127.05	90.22
(d)	Total R & D expenditure as a percentage of total turnover	0.85%	0.44%