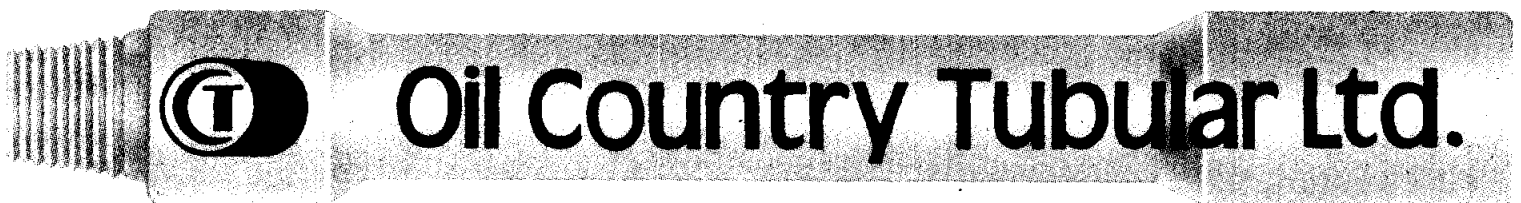


**Fifteenth  
Annual Report  
2000-2001**

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**Oil Country Tubular Limited****BOARD OF DIRECTORS**

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

**COMPANY SECRETARY**

Shri A P Vitthal

**REGISTERED OFFICE**

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

**BANKERS**

Bank of India  
State Bank of India  
State Bank of Hyderabad

**AUDITORS**

Raju & Prasad  
Chartered Accountants  
401, Diamond House  
Punjagutta  
Hyderabad - 500 082

**WORKS**

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

## Notice to Members



Notice is hereby given that the Fifteenth Annual General Meeting of Oil Country Tubular Limited will be held on 27th day of September, 2001 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, 2001 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 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:

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

"Resolved that subject to the Provisions 269, 309, 198, Schedule XIII and other applicable Provisions of the Companies Act, 1956, Shri K Sridhar be and is hereby appointed as Director of the Company for a period of Five years with effect from 27th June, 2001 at a remuneration and upon terms and conditions as set out in the agreement placed before this meeting and initialled by the Chairman for the purpose of identification and subject to such modifications as may be required by the Financial Institutions."

"Resolved further that the Board be and is hereby authorised to alter and vary the terms and conditions of the said agreement in such a manner as may be agreed to by the Board and Shri K Sridhar, but so as not to exceed the limits specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto or enactments thereof, with effect from such dates as may be decided by it."

6. To consider and if thought fit, to pass with or without modifications the following Resolution as an ordinary Resolution:

"Resolved that contribution of Rs.10 lakhs(Rupees Ten Lakhs only) paid by the Company for Gujarat Relief during the year 2000-01 be and is hereby approved and ratified.

Further Resolved that approval be and is hereby given as required under Section 293(e) of Companies Act, 1956 to contribute to charitable and other funds not directly relating to the business of the Company or welfare of its employees, an amount not exceeding Rs.25 lakhs (Rupees Twenty Five Lakhs only) in any financial year over and above the limits stipulated U/s 293(e) of Companies Act, 1956"

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

Date:27/6/2001

By Order of the Board

**A P VITTHAL**  
GENERAL MANAGER(F) &  
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 item 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 21/9/2001 to 27/9/2001 (both days inclusive).
- d. Members are requested to notify immediately any change of address to the Registered office of the Company.

### EXPLANATORY STATEMENT

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

#### Agenda Item 5:

Shri K Sridhar is a qualified Engineer and acquired special qualification MS(Engineering and Engineering Management) from USA and has undergone training in OCTG manufacturing facilities in USA. He is working in the Company since 1st April, 1992. He was appointed as Director(International Operations) for a period of 5 years with effect from 27/6/1997 at the 11th Annual General Meeting held on 18/9/1997. The Board of Directors at the meeting held on 27th June, 2001 reappointed Shri K Sridhar as Director for a further period of 5 years with effect from 27/6/2001 on a remuneration within the limits prescribed under Schedule XIII of the Companies Act 1956 and upon the terms and conditions as set out in the Agreement placed before the meeting and initialled by the Chairman for the purpose of identification.

The terms and conditions governing the appointment of Shri K Sridhar are set out below:

- a) **SALARY** Rs.40,000/- per month in the grade of Rs.40000-5000-60000
- b) **PERQUISITES:**
  - 1) **HOUSING:** Expenditure by Company on hiring furnished accommodation will be subject to a ceiling of 50% of the Salary.  
  
In case no accommodation is provided by the Company, the appointee shall be entitled to house rent allowance subject to the ceiling of 50% of the salary.  
  
The expenditure incurred by the Company on gas, electricity, water and furnishing shall be subject to a ceiling of 10% of the salary.
  - 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.2,000 per annum.



Apart from the above, he will also be entitled to the following:

- c) 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.
- d) CAR: Company's car for business of the Company.
- e) TELEPHONE: Provision of telephone at residence will not be considered as perquisite but personal long distance calls shall be billed by the Company.
- f) ENTERTAINMENT/TRAVELLING: Reimbursement of travelling, entertainment and other expenses as incurred by him for the business of the Company.
- g) PRIVILEGE LEAVE : One month's leave on full pay and allowance, for every eleven months of service.

Your Directors recommend this Resolution for your approval.

None of the Directors other than Shri K Suryanarayana and Shri K Sridhar are deemed to be interested in the said Resolution.

**AGENDA ITEM 6:**

During the year 2000-01, the Company has contributed Rs.10 Lakhs (Rupees Ten Lakhs only) for Gujarat relief. It is felt desirable for the Company to contribute for National Causes. Since Company has no profits, shareholders consent is required to make such contributions. To meet any such eventualities, in future, in addition to ratifying the payment made during 2000-01, a resolution is proposed fixing a limit of Rs.25 Lakhs (Rupees Twenty Five Lakhs only) for contribution to such funds in any year over and above the limits specified under Section 293(e) of Companies Act, 1956.

Your Directors recommended this resolution for approval.

None of the Directors are interested in the above Resolution.

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

Date:27/6/2001

By Order of the Board

**A P VITTHAL**  
GENERAL MANAGER(F) &  
COMPANY SECRETARY

## Directors' Report



To the Shareholders

The Directors have pleasure in presenting the Fifteenth Annual Report on the Business of the Company and the Audited Statements of Accounts of the Company for the year ended 31st March, 2001.

### OPERATIONS:

As indicated in the last report, the Oil and Gas industry has suffered a serious set back in the global market resulting in substantial reduction in the Oil and Gas Drilling and Exploration activities, thereby substantially reducing the demand for OCTG products during the period ended March 31, 2001. The Company's operations also got affected on this account. In spite of difficult market conditions however, your company could sell 6915.30 MT of Casing Pipes, 731.27 MT of Production Tubing and 1235.06 MT of Drill Pipes aggregating a turnover of Rs.58.24 Crores besides other income of Rs.0.50 Crores during this period (2001-2002).

According to the present indications, the situation is likely to improve from December, 2001 /January, 2002. The effect of this improvement will be reflected in the Company's operations during next year ie.2002-2003.

### FINANCIAL RESULTS:

	2000-2001 (Rs in Lakhs)	1999-2000 (Rs in Lakhs)
1. Gross Income	5874.94	8169.06
2. Profit before interest and Depreciation	384.43	2530.78
3. Interest	1455.99	1729.10
4. Gross Profit/(Loss)	(1071.56)	801.68
5. Provision for Depreciation	572.66	649.62
6. Net Profit/(Loss) before tax	(1644.22)	152.06
7. Provision for Tax	Nil	17.60
8. Profit/(Loss) after tax	(1644.22)	134.46
9. Prior period adjustments & Surplus in P&L Account	303.17	191.77
10. Profit/(Loss) carried to Balance Sheet	(1341.05)	326.23

### FINANCE:

During the year under review the Company has made repayments to the extent of Rs.736.91 Lakhs towards Term Loans to the Financial Institutions and Banks as per the Repayment schedule. However, in view of adverse market conditions and its effect on performance, at the request of the Company, the Financial Institutions have rescheduled the payment of Term Loans/ZCBs.

### PROSPECTS:

The Global activity in the Oil and Gas industry relating to the Drilling and Exploration is expected to increase and the demand for OCTG products is likely to go up around December, 2001/ January 2002. On the Domestic front, there are positive indications of the improvement in the Drilling and Exploration activities. Recently the Government of India has allotted 26 Blocks for Development and Exploration to various companies. This will further increase the demand for your company's products in the Domestic Market, in the coming years.

### STOCK EXCHANGE LISTINGS:

The Equity Shares of the Company are listed on the Stock Exchanges at - Ahmedabad, Bombay, Calcutta, Delhi, Hyderabad, Madras and the National Stock Exchange. The Company confirms that it has paid the Annual Listing Fees due to all the above Stock Exchanges.

### DEMATERIALISATION OF SHARES:

Sebi has notified that the Company's Shares shall be traded in the Stock Exchanges only in Demat form with effect from 28/8/2000. The Company has executed Tripartite agreement with both the Depositories viz National Security Depository Ltd(NSDL) and Central Depository Systems Ltd. (CDSL). The Company's Depository Registrars M/s Aarthi Consultants (P) Ltd, Hyderabad have established connectivity to both the Depositories to facilitate trading in the electronic mode.



**Directors' Report (Contd.,)****DIRECTORS:**

During the year Bank of India has withdrawn the nomination of Shri T Satyanarayana and in his place nominated Shri S Bhaskaran. The Board wished to place on record its appreciation for the valuable services rendered by Shri T Satyanarayana during his tenure as Director of the Company.

Dr T S Sethurathnam and Shri K V Ravindra Reddy retire by rotation and being eligible offer themselves for reappointment. Shri K Sridhar wholetime Director was reappointed by the Board with effect from 27/6/2001 for a period of 5 years subject to the approval by Shareholders in the Annual General Meeting.

**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(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in Directors' Report) Rules 1988 is given in the Annexure forming part of this report.

**PERSONNEL:**

Particulars of employee of the Company whose remuneration is beyond the limits specified under Provisions of Section 217(2A) of the Companies Act, 1956 read with Company's (particulars of Employees) Rules, 1975 are given in the Annexure forming part of the Report.

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

**THE DIRECTORS' RESPONSIBILITY STATEMENT (UNDER SECTION 217(2AA) OF COMPANIES ACT, 1956)**

The financial statements are prepared in conformity with the accounting standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956, to the extent applicable to the Company, on the historical cost convention; as a going concern and on the accrual basis. There are no material departures from prescribed accounting standards in the adoption of the accounting standards. The accounting policies used in the preparation of the financial statements have been consistently applied, except where otherwise stated in the notes on accounts.

The Board of Directors and the management of OCTL accept responsibility for the integrity and objectivity of these financial statements. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs and loss for the year. To ensure this, the Company has taken proper and sufficient care in installing a system of internal control and accounting records; for safeguarding assets, and for preventing and detecting frauds as well as other irregularities; which is reviewed, evaluated and updated on an ongoing basis. Our internal auditor has conducted periodic audits to provide reasonable assurance that the established policies and procedures of the Company have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls and accounts.

The Financial statements have been audited by M/s Raju & Prasad, Chartered Accountants.

**CORPORATE GOVERNANCE:**

Clause 49 of Listing Agreement with Stock Exchanges regarding Corporate Governance is applicable to your Company with effect from April 1, 2001. In terms of this agreement and in Compliance with Section 292 A of the Companies Act, 1956 the existing Audit Committee was reconstituted by the Board. The Audit Committee consists of 4 Directors including Chairman and all of them are independent non Wholetime Directors. The Board has also decided that the existing Share Transfer Committee of Directors shall also attend to the functions stipulated for Shareholders Committee specified under Clause 49 of the Listing Agreement. The Board also decided that remuneration of Directors will be decided by the Board itself and no remuneration committee needs to be created. Other matters specified in the said Clause in the Listing Agreement will be attended to during the course of 2001-02.