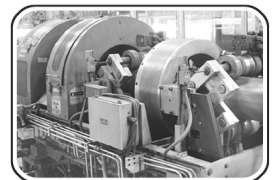
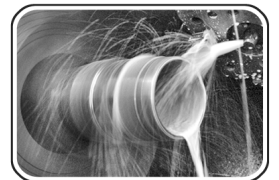




Oil Country Tubular Ltd.

An ISO 9001:2000 Company



Twenty First Annual Report 2006-2007

BOARD OF DIRECTORS	Dr T S Sethurathnam	Chairman
	Shri K Suryanarayana	Managing Director
	Shri K Sridhar	Joint Managing Director
	Dr N S Datar	
	Shri K V Ravindra Reddy	
	Shri K G Joshi	Director (Technical)
	Shri V Srinivasa Rao	Nominee of IDBI
	Shri T D Kalra	Nominee of IFCI
	Shri R Ramanujam	Nominee of ICICI
	Shri L. N. Janarthanan	Nominee of BOI

**GENERAL MANAGER (F) &
COMPANY SECRETARY** Shri P Prabhakara Rao

REGISTERED OFFICE 108, Kanchanjunga
King Koti Road
Hyderabad – 500 001(A.P)

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

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 Twenty First Annual General Meeting of Oil Country Tubular Limited will be held on 23rd August, 2007 at 10-00 AM at Taj Mahal Hotel, 2nd Floor, Akshaya Hall, 4-1-999, Abids Road, Hyderabad – 500 001 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, 2007 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.

By Order of the Board of Directors

Regd Office
108, Kanchanjunga
King Kothi Road
Hyderabad – 500 001

Report Junction.com

P. PRABHAKARA RAO
GENERAL MANAGER(FINANCE)
& COMPANY SECRETARY

Date: 28.06.2007

Notice To Members



SUPPLEMENTARY NOTICE to the Notice convening the Twenty First Annual General Meeting of Oil Country Tubular Limited, to be held on 23rd August, 2007 at Taj Mahal Hotel, 2nd Floor, Akshay Hall, 4-1-199, Abids Road, Hyderabad- 500 001 at 10:00a.m.

Ordinary Business:

Subsequent to the notice of Annual General Meeting approved on 28th June, 2007 to the members, a letter has been received from M/s.Raju & Prasad, Chartered Accountants, regarding their inability to accept reappointment. It is therefore proposed to move the following resolution in place of the resolution under Agenda Item No.4 of the Notice:

“Resolved that M/s. C K S Associates, Chartered Accountants, be and are hereby appointed as Auditors of the Company to hold office till the conclusion of the next Annual General Meeting on such remuneration as may be determined by the Board of Directors of the Company”.

A special notice has been received from one of its shareholders, signifying his intention to move, instead and in place of Resolution No.4 of the original notice, the above mentioned resolution.

Special Business:

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

“Resolved that Dato’ Dr.Abdul Halim bin Harun, who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office at conclusion of this Annual General Meeting and in respect of whom the Company has received a notice in writing along with a deposit of Rs.500/- (Rupees Five Hundred Only) under section 257 of 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 be determined by retirement of Directors by rotation”.

By Order of the Board of Directors.

P. PRABHAKARA RAO
General Manager (Finance) &
Company Secretary

Date: 27.07.2007



Explanatory Statement

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

Agenda Item No.5:

Dato' Dr.Abdul Halim bin Harun has been nominated by UMW India Ventures (L) Ltd., who are in the business of Oil and Gas. Dato' Dr.Abdul Halim bin Harun is Group Managing Director and Chief Executive Officer of UMW Holdings since April, 2001. A Malaysian, aged 56, he received his formal education from University Technology Mara and Emile Woolf College of Accountancy, UK. A fellow member of the Association of Chartered Certified Accountants (UK) and a member of the Malaysian Institute of Accountants, Dato' Dr.Abdul Halim was conferred a Doctorate of Philosophy in Management and Organisational Development by the Irish International University, European Union in September, 2001.

Dato' Dr.Abdul Halim bin Harun was appointed as Additional Director of the Company Pursuant to Section 260 of the Companies Act, 1956, at the meeting of Board of Directors of the Company held on 27.07.2007, in terms of applicable provisions of the Companies Act, 1956 and Articles of Association of the Company, his term of office as Additional Director expires at the conclusion of this meeting. The Company has received a notice from a member proposing his candidature for the office of Directors and also deposited Rs.500/- (Rupees Five Hundred Only).

The Resolution is recommended for your approval.

By order of the Board of Directors.

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

P. PRABHAKARA RAO
General Manager (Finance) &
Company Secretary

Date: 27.07.2007

Notice To Members



Notes:

- a. 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.
- b. The Register of members and Share Transfer Books of the Company will remain closed from 22/08/2007 to 23/08/2007 (both days inclusive).
- c. Members are requested to notify immediately any change of address to the Registered Office of the Company.

By Order of the Board of Directors

Regd Office
108, Kanchanjunga
King Kothi Road
Hyderabad – 500 001

P. PRABHAKARA RAO
GENERAL MANAGER (FINANCE)
& COMPANY SECRETARY

Date: 28.06.2007

Report  junction.com

Directors' Report



To the Members,

The Directors have pleasure in presenting the Twenty First Annual Report on the Business of the Company and the Audited Statements of Accounts for the year ended 31st March, 2007 and Auditors report thereon.

OPERATIONS:

The Oil Exploration activities world over has substantially increased thereby increasing the demand of your Company's products. The order book position as at the end of 31.03.2007 is Rs.244 Crores for execution during 2007-08 including export orders to the tune of Rs.186 Crores.

FINANCIAL RESULTS:

	2006-2007 (Rs. in Lakhs)	2005-2006 (Rs.in Lakhs)
1. Gross Income	26476.46	16323.70
2. Profit before interest and Depreciation	3620.02	2624.17
3. Finance Charges	1851.77	1704.25
4. Gross Profit	1768.25	919.92
5. Provision for Depreciation	624.14	657.69
6. Net Profit before tax	1144.11	262.23
7. Provisions for Tax	191.00	30.87
8. Net Profit after tax	953.11	231.36
9. Prior period adjustments	(20.04)	14.63
10. Surplus in P&L Account for the year	933.07	245.99
11. Profit/(Loss) Carried to Balance Sheet	112.80	(820.27)

DIVIDEND:

In view of inadequacy of profits, no dividend is declared on the equity shares of the Company for the year 2006-07.

FINANCE:

Financial Institutions and Banks dues towards Principal and Interest were paid upto date as on 31.03.2007. In addition an amount of Rs.88.66 lakhs to IDBI and Rs.66.21 lakhs to IFCI towards principal which was due for payment on 01.04.2007, was paid before 31.03.2007. The Company will endeavor to make similar payments before the due date/(s), depending on cash flow, with a view to reduce interest burden.

PROSPECTS:

During the past few years the Crude Oil prices have almost doubled. Consequently, the Oil and Gas Exploration activities in the Domestic and International Market has also increased substantially, thereby increasing the demand of the Company's products, Drill Pipes in particular, in the global market. This has enabled the Company to achieve the turnover of Rs.261.51 Crores during the current year 2006-07 which includes Rs. 96.35 Crores of exports. The prospects for the year 2007-08 are also encouraging and the Company expects a turnover of around Rs.300 Crores including Rs.180 Crores of Exports during the year 2007-08. The profitability will also improve on account of the increased sales for Drill Pipes in the Domestic and International Market. The present scenario of the exploration activities in the Oil and Gas industries promises further impetus in the sale of the Company's products.

With the good order book position and increase in the sales of Drill Pipes in the International Market, the profitability of the Company has improved from Rs.262.23 Lakhs of the previous year (2005-06) to Rs.1144.11 Lakhs during the year 2006-07 and is expected to further improve in the year 2007-08.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required by Clause 49 of the Listing Agreements with Stock Exchanges, the Management discussion and Analysis Report is enclosed as a part of this report (Annexure-1)

LISTING WITH STOCK EXCHANGES :

The Company confirms that it has paid the Annual Listing Fees for the year 2007-08 to NSE and BSE, where the company's shares are listed.

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 Services India Ltd. The Company' Registrars, M/s Dakshin Consultants (P) Ltd, H No: 6-3-655/2/4, Civil Supplies Bhavan Lane, Somajiguda, Hyderabad- 500 082, is the authorised single Agency to deal in Shares in Electronic and Physical form and have established connectivity to both the Depositories viz. NSDL and CDSL to facilitate trading in electronic mode. As on 31/03/2007, 78.87% of Equity shares were dematerialised.

DIRECTORS:

Dr T S Sethurathnam, retires on rotation and being eligible offer himself for reappointment.

Shri K V Ravindra Reddy, retires on rotation and being eligible offer himself for reappointment.

The Directors recommend reappointment as proposed in the notice for the Annual General Meeting.

Mr. Ricardo Antonio Capria, retires on rotation. The Board placed on record its appreciation for the valuable service rendered by Mr. Ricardo Antonio Capria during his tenure as Director on the Board of your Company.

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

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following Statement in terms of Section 217(2AA) of the Companies Act, 1956.

- 1) That in the preparation of the Annual Accounts for the year ended 31st March, 2007 the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures, if any.
- 2) That such accounting policies as mentioned in Notes on Accounts have been selected and applied consistently and judgements and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2007 and of the Profit of the Company for that year.
- 3) That proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- 4) That the Annual Accounts for the year ended 31st March, 2007 have been prepared on a going concern basis.

Directors' Report



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.

CORPORATE GOVERNANCE:

Your Company continues to strive to incorporate appropriate standards for good Corporate Governance. It has taken adequate steps to ensure that all mandatory provisions of Corporate Governance, prescribed under the amended Listing Agreement with Stock Exchanges with which the Company is listed, are complied with.

A separate report on Corporate Governance is furnished as a part of the Annual Report alongwith the Auditors Certificate on its Compliance (Annexure II).

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

Information required under 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 (Annexure III)

PERSONNEL:

There are no employees 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 as amended. During the year under review, relationship with the employees was cordial.

ACKNOWLEDGEMENT:

Directors take this opportunity to express their thanks to various departments of the Central and State Government, ONGC, Oil India Limited, Multinational Companies operating in India and Abroad for Oil and Gas Exploration Activities, Financial Institutions, Bankers, Material Suppliers, Customers and Shareholders for their continued support and guidance.

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

For and on behalf of the Board

Regd. Office:

108, Kanchanjunga
King Koti Road
Hyderabad- 500 001

Dr. T. S. SETHURATHNAM

Chairman

Date: 28.06.2007

Annexure I

Management Discussion and Analysis Report

a) Industry Structure and Developments, Opportunities and Threats, Performance, Outlook, Risks and Concerns:

The Oil and Gas Exploration activities in the Domestic and International Market continue to increase with the rising Crude Oil prices during the past few years. Consequently, the demand of the Company's products, Drill Pipes in particular, has substantially gone up in the Global Market. The Company has taken full advantage of the growing demand in the International Market for Drill Pipes and achieved a turnover of Rs.261.51 Crores during the year 2006-07, which includes an export turnover of Rs.103.90 Crores as against a turnover of Rs.161.87 Crores, which includes Rs.18.62 Crores of Exports during the previous year(2005-2006). The prospects for the year 2007-08 continue to be encouraging and the Company expects a further growth of 20%-25% in the turnover and is targeting to double the export turnover, thereby further improving the Profitability and Cash Flows.

However, the Company is unable to take any advantage of the increased demand for the other two products viz., Production Tubing and Casings due to non-availability of Green Pipes of required quality at competitive prices on account of which, the Company could not participate in a Global Tender for a value of approx. over 175 Million USD for Casings. As a result of this, the Company is unable to utilise their processing capacity for Casings and Tubings. This has resulted in the under utilization of the installed capacity of the plant. It is therefore imperative that the Company establishes its own source for Manufacturing of Green Pipes, so that the Company does not lose next opportunity to participate in future tenders of such magnitude at competitive rates.

The implementation period for such a Project would be around Two Years but on implementation, the Company would get Long Term Benefits and Stability in its Operations, in addition to substantial improvement in the profitability/ cash flow besides enhancing the product range.

The demand for the Company's products is expected to be on raise in view of the Oil and Gas Exploration Activities going up continuously in the International Market. These Exploration Activities are not expected to face any threats so long the global environment does not change in the region as had happened in the past in Iraq and Kuwait few years back. However, the Domestic Market continues to remain unaffected on account of any untoward happenings in the region.

B) Internal Control Systems and their Adequacy:

The Internal Control System comprises of exercising controls at various stages and are established in order to provide reasonable assurance for –

- (i) Safeguarding Assets and their Usage,
- (ii) Maintenance of Proper Accounting Records and
- (iii) Adequacy and Reliability of the Information used for carrying on Business Operations.

The key elements of the system are as follows:

- (a) Existence of Authority Manuals and periodical updating of the same for all Functions.
- (b) Existence of Clearly Defined Organisational Structure and Authority.
- (c) Existence of Corporate Policies for Financial Reporting and Accounting.
- (d) Existence of Management Information System updated from time to time as may be required.