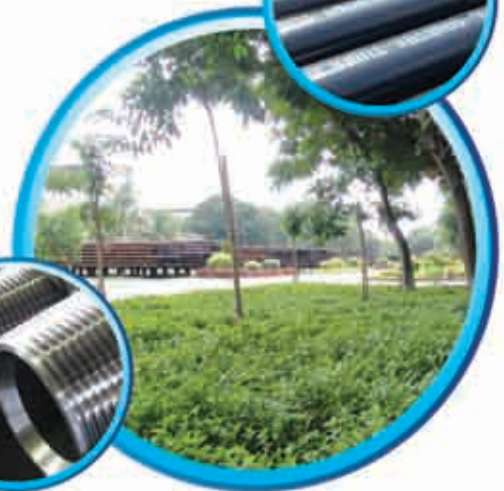




Oil Country Tubular Ltd.
INDIA



Twenty Fifth Annual Report 2010-2011

ISO 9001:2008 Company

BOARD OF DIRECTORS	Mr.K Suryanarayana	Chairman
	Mr.Sridhar Kamineni	Managing Director
	Mr. K G Joshi	Director (Technical)
	Dr T S Sethurathnam	Director
	Dr N S Datar	Director
	Mr.K V Ravindra Reddy	Director
	Datuk Syed Hisham Bin Syed Wazir	Additional Director

COMPANY SECRETARY Mr.C S Rao

REGISTERED OFFICE 108, Kanchanjunga
King Koti Road
Hyderabad - 500 001(A.P)
Phone No. 040 - 23231496 / 23231497

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

AUDITORS C K S Associates
Chartered Accountants
87 Nagarjuna, Road No: 3
Gagan Mahal Colony
Hyderabad - 500 029 (A.P)

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

**REGISTRARS & SHARE
TRANSFER AGENTS** XL Softech Systems Limited
3, Sagar Society, Road No. 2
Banjara Hills
Hyderabad - 500 034
Phone No : 040 - 23545913
Email: xlfield@rediffmail.com

NOTICE TO MEMBERS



Notice is hereby given that Twenty Fifth Annual General Meeting of Oil Country Tubular Limited will be held on Saturday, the 28th day of May 2011 at 10.00 A.M. 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 Audited Profit and Loss Account for the year ended 31st March, 2011 and Balance Sheet as at that date together with Directors' Report and Auditors' Report thereon.
- 2) To declare a Dividend on Equity Shares.
- 3) To appoint a Director in place of Dr.N.S.Datar 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 C K S Associates, Chartered Accountants, Hyderabad 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 Special Resolution.
"Resolved that subject to the Provision 269,309,198, read with sub clause (c) of Part - I Section I and II of Part - II of Schedule XIII and other applicable Provisions of the Companies Act, 1956, Mr. K. Suryanarayana be and is hereby appointed as Executive Chairman of the Company for a period of three years with effect from 20.01.2011 at a remuneration and upon terms and conditions as set out in the agreement placed before the meeting and initialed by the Chairman for the purpose of identification."

"Resolved further the Board be and is hereby authorized 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 Mr. K Suryanarayana but so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956, or any amendment there to or enactments thereof, with effect from such date as may be decided by it."

- 6) To consider and if thought fit, to pass with or without modification, the following Resolution as Special Resolution.
"Resolved that subject to the Provision 269,309,198, read with Sub Clause (c) of Part - I Section I and II of Part - II of Schedule XIII and other applicable provision of the Companies Act, 1956, Mr. K G Joshi be and is hereby appointed as Director(Technical) of the Company for a period of three years with effect from 01.10.2010 at a remuneration and upon terms and conditions as set out in the agreement placed before the meeting and initialed by the Chairman for the purpose of identification."

"Resolved further the Board be and is hereby authorized 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 Mr. K G Joshi but so as not to exceed the limits specified in schedule XIII of the Companies Act, 1956, or any amendment there to or enactments thereof, with effect from such date as may be decided by it."

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

"Resolved that Mr. Syed Hisham Bin Syed Wazir, 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 which the Company has received a notice in writing alongwith 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."

Regd. Office :

108, Kanchanjunga
King Koti Road
Hyderabad-500 001
Date: 28.04.2011

By Order of the Board of Directors

C S RAO
COMPANY SECRETARY



Notes:

- 1) 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.
- 2) The Register of Members and Transfer Books of the Company will be closed from 23rd May, 2011 to 28th May, 2011 (both days inclusive).
- 3) The Dividend, if declared at the Annual General Meeting, will be paid on or after 28th May, 2011 to those persons or their mandates.
 - a) Whose names appear as Beneficial Owners as at the end of the business hours on 21st May, 2011 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
 - b) Whose names appear as member in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Transfer Agents on or before 23rd May, 2011.
- 4) Payments of Dividend through ECS.
 - a) Members holding shares in electronic form may please note that bank details as furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL) to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Services (ECS) as directed by the Securities & Exchange Board of India. In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in electronic form must give instructions regarding bank account in which they wish to receive dividend, to their Depository Participants. The Company or the Registrar and Share Transfer Agents will not act on any direct request from these members for change / deletion in such bank details.
 - b) Members holding shares in Physical form are advised to submit particulars of their bank account, viz., Name and Address of the Bank Branch, 9 Digit MICR Code of the Branch, type of Account and Account Number latest by 23rd May, 2011 to the Company or the Registrar and Transfer Agents.
- 5) In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed /reappointed, Members are requested to kindly refer the chapter on Corporate Governance in the Annual Report.
- 6) An explanatory statement pursuant to Section 173(2) of the Act is attached hereto.

EXPLANATORY STATEMENT



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

- 5) Mr. K Suryanarayana, aged 74 years is a Metallurgical Engineer from Banaras Hindu University. He worked in Rourkela Steel Plant as Production Engineer. He was trained in Kaiser Steel Works, Fontana California, USA in the Technology of Steel Making.

Mr. K Suryanarayana was appointed as Chairman and Managing Director for a period of 3 years from 20th January, 2008 by the Board at the meeting held on 26th October, 2007 and approved by the Shareholders in the Annual General Meeting held on 18th July, 2008. Consequent to the appointment of Mr. Sridhar Kamineni as Managing Director of the Company with effect from 1st October, 2009 the designation of Mr. K Suryanarayana is changed as Executive Chairman with effect from 1st October, 2009. His term expired on 19.01.2011.

The Remuneration Committee has recommended the Appointment of Mr.K.Suryanarayana as Executive Chairman at the existing level, subject to the approval of the Shareholders in the next Annual General Meeting. He will be paid a remuneration and perquisites as recommended by the Remuneration Committee are detailed below within the limits prescribed under section 269,309,198 under schedule XIII and other applicable provisions of the Companies Act, 1956 subject to overall ceiling fixed under Section XIII - Part II, Section I & II of Companies Act, 1956 amended from time to time.

Salary	:	Rs.3,00,000/- Per Month
Commission	:	An amount equal to 5 (Five) percent of the Net Profit of the Company in each Financial Year computed in accordance with Section 349 of the Companies Act, 1956 including salary and perquisites.

PERQUISITES:

Contribution to Provident Fund, Superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. Gratuity payable at a rate not exceeding half month's salary for each completed year of service, and Encashment of leave at the end of the tenure.

If in any Financial Year, during the tenure of office of Mr. K Suryanarayana as Executive Chairman, the Company has inadequate Profits as computed under the applicable provisions of the Act, he shall be entitled to receive the aforementioned remuneration as the minimum remuneration as provided under the Act.

Your Directors recommend the Resolution for approval.

None of the Directors except Mr.Sridhar Kamineni, Managing Director who is related to Mr. K Suryanarayana was interested in the resolution.

- 6) Mr. K G Joshi is a qualified Engineer with Honours Degree with wide and varied experience. He worked in various senior positions in the Public Sector for over 29 years. He has been associated with the Company from inception. He was appointed as Director (Technical) from 27.06.1997 and continuing in the same position till now. He was last appointed as a Director in the 22nd Annual General Meeting held on 18.07.2008 for a period of 3 years w.e.f. 01.10.2007 which term expired on 30.09.2010.

The Remuneration Committee has recommended to the Board to approve Reappointment and Remuneration of Mr. K G Joshi, Director for a period of 3 years with effect from 1.10.2010 subject to the approval of the shareholders in the next Annual General Meeting. He will be paid a remuneration and perquisites as recommended by the Remuneration Committee as detailed below within the limits prescribed under Section 269,309,198 and Schedule XIII and other applicable provisions of the Companies Act, 1956 subject to overall ceiling fixed under Section XIII Part II Section I & II of the Companies Act, 1956 amended from time to time.

Salary	:	Rs. 1, 50,000/- in the Pay scale of Rs.1, 50,000/- Rs. 25,000/- - Rs. 2, 00,000/-
COMMISSION	:	The amount equal to 1(one) percent of the Net Profit of the Company in each Financial Year computed in accordance with Section 349 of the Companies Act, 1956 including Salary and Perquisites.

EXPLANATORY STATEMENT



In addition he will be entitled to

PERQUISITES :

- i) **HOUSING** : The 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, he 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.
- ii) **MEDICAL REIMBURSEMENT**: For Self and family, not exceeding one month Salary in a year or 3 months salary in a period of 3 years.
- iii) **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.
- iv) **CLUB FEES**: Club Fees subject to maximum of 2 Clubs, which will not include admission and life membership fees.
- v) **PERSONAL ACCIDENT INSURANCE**: Premium not exceeding Rs.2000/- per annum.

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

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

If in any Financial Year, during the tenure of office of Mr. K G.Joshi as Director, the Company has inadequate Profits as computed under the applicable provisions of the Act, he shall be entitled to receive the aforementioned remuneration as the minimum remuneration as provided under the Act.

Your Directors recommend the Resolution for approval.

None of the Directors is interested in the resolution.

- 7) Datuk Syed Hisham Bin Syed Wazir is qualified Mechanical Engineer from Plymouth University, U.K. and MBA from Ohio State University, USA. Presently he is President and Chief Executive Officer of UMW Holdings Berhad Group, Malaysia. UMW Group has Oil and Gas Division dealing with Oil and Gas Exploration and Exploitation activities.

Datuk Syed Hisham Bin Syed Wazir 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 21.10.2010. In terms of applicable provisions of the Companies Act, 1956 and Articles of Associations 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 Director and also deposited Rs.500/- (Rupees Five Hundred only).

The Resolution is recommend for your approval.

None of the Directors is interested in the resolution.

Regd. Office :

108, Kanchanjunga
King Koti Road
Hyderabad-500 001
Date: 28.04.2011

By Order of the Board of Directors

C. S. Rao
COMPANY SECRETARY

DIRECTORS' REPORT



To the Members,

The Directors have pleasure in presenting the Twenty Fifth Annual Report on the Business of the Company and the Audited Statements of Accounts for the year ended 31st March, 2011 and Auditors report thereon.

OPERATIONS :

The Company achieved a turnover of Rs.328.15 Crores inclusive of Rs.222.18 Crores of Exports as against previous year turnover of Rs.334.73 Crores inclusive of Rs.226 Crores of Exports. The turnover has been less than that of the previous year due to subdued Oil exploration activities in the first half of 2010. The order Book position as on 31st March, 2011 is Rs.250 Crores out of which Export orders are to the tune of Rs. 80 Crores.

FINANCIAL RESULTS:

S.No		2010-2011 (Rs. In Lakhs)	2009-2010 (Rs. In Lakhs)
1	Gross Income	32815.32	33473.02
2	Profit Before Interest and Depreciation	6253.79	10608.66
3	Finance Charges	830.71	173.38
4	Gross Profit	5423.08	10435.27
5	Provision for Depreciation	846.22	698.63
6	Net Profit before tax	4576.86	9736.64
7	Provisions For Tax	1529.47	4153.07
8	Net Profit after tax	3047.39	5583.57
9	Balance of Profit brought forward.	267.86	220.62
10	Balance available for appropriation	3315.25	5804.19
11	Proposed Dividend on Equity Shares	885.79	885.79
12	Tax on proposed Dividend	143.70	150.54
13	Transfer to General Reserves	2000.00	4500.00
14	Surplus carried to Balance Sheet	285.76	267.86

Dividend:

The Board of Directors of the Company are pleased to recommend dividend of Rs.2/- for each Equity Share of Rs. 10/- each on the Equity Share Capital of the Company for the Financial Year ended 31st March,2011 subject to approval of the Shareholders in the Annual General Meeting.

PROSPECTS:

The Oil and Gas Exploration activities continued to remain subdued during the first half of the year 2010-11. During the second half of the year, the Oil and Gas exploration activities have shown signs of increase, especially in the North America market. The number of active Rigs has gone to the levels of 1700 in North America in addition to 1147 Rigs in the International Market. However, with the availability of stocks on ground there was not much purchasing done by the Drilling Contractors and Distributors. There was initially redeployment of the available material to carry the oil exploration and drilling activities which directly had an impact on the sales during the year 2010-11.

With the number of rigs deployment increasing and depletion of the available stock materials, the active purchasing of the products showed signs of improvement in the last quarter of the year. This was much supported by the high Crude Oil prices of 115 USD / barrel, though the Natural Gas prices still remain to be below 5 USD / mmbtu. The political situation in the Middle East had a bearing on the price of the crude oil. With the price of 115 USD/barrel, the drilling activities are expected to be on the rise. The Company expects to increase the turnover to Rs. 400 Crores during the year 2011-12. The profitability is expected to marginally improve over the previous year as majority of the sales would be Casing.

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 2011-2012 to NSE and BSE, where the Company's Shares are listed.

DEMATERIALISATION OF SHARES:

85.87 % of the company's paid up Equity Share Capital is in dematerialized form as on March 31st, 2011. and balance 14.13 % is in physical form.

The Company's Registrars are M/s XL Softech Systems Ltd., 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.

DIRECTORS:

Dr. N S Datar retire on rotation and being eligible offer himself for re-appointment.

During the year Dato Dr. Abdul Halim Bin Harun has resigned as Director from the Board with effect from 21.10.2010. The Board placed on record its appreciation for the valuable services rendered by Dato Dr. Abdul Halim Bin Harun during his tenure as Director on the Board of your Company.

Datuk Syed Hisham Bin Syed Wazir, Additional Director, appointed by the Board ceases to be a director at this Annual General Meeting. A notice was received from a shareholder for his appointment as director along with a deposit of Rs.500/- as required U/s 257 of the Companies act, 1956.

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

THE DIRECTOR'S 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, 2011 the applicable Accounting Standards have been followed along with 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 judgments 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 Financial year 31st March, 2011 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, 2011 has been prepared on a going concern basis.

AUDITORS:

The Auditors of the Company, M/s C K S Associates, Chartered Accountants, Hyderabad retire at the ensuing Annual General Meeting and are eligible for reappointment.

Auditors' observations are suitably explained in notes to the Accounts and are self-explanatory.

CORPORATE GOVERNANCE :

Your Company is committed to maintain standards of good corporate governance and has taken adequate steps to adhere to all the stipulations laid down in Clause 49 of the Listing Agreement. Report on Corporate Governance along with the Certificate of the Auditors M/s C K S Associates confirming compliance of conditions of Corporate Governance form part of the Annual Report. (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:

The Company had 3 persons who were in receipt of remuneration of not less than Rs.24,00,000 during the year ended 31st March, 2011 or not less than Rs.2,00,000 per month during any part of the said year.

However, as per the provision of Section 219 (1) (b) (IV) of the Companies Act, 1956, the Director's Report and Accounts are being sent to all the Shareholders excluding the statement of particulars of employees. Any shareholder interested in obtaining a copy of the statement may write to the Company Secretary of the Company.

During the year under review, relationship with the employees is 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.

Regd. Office:

108, Kanchanjunga
King Koti Road
Hyderabad-500 001
Date: 28.04.2011

For and on behalf of the Board Directors

K.SURYANARAYANA
Chairman

Management Discussions and Analysis report :**a) Industry Structure and Developments, Opportunities and Threats, Performance, Outlook Risks and Concerns:**

The Oil and Gas exploration activities in the first half of the year 2010-11 were subdued and the stocks on ground were still available which had an impact on the sales of the Company. Even under these conditions, the Company was able to achieve a turnover of Rs. 328.15 Crores as against Rs.334.73 Crores during the previous year 2009-10. The Exports during the year 2010-11 are to the tune of Rs. 222.18. Crores as against Rs. 226 Crores of the previous year.

During the year, the Company was able to penetrate the North America market. To meet the demands of high grade material, the Company embarked upon setting up a new Heat Treatment Facility within its existing premises. The Plant Building has been completed and all the equipment's have been ordered and are expected to be received during the third quarter of the year. The new Heat Treatment Facility is expected to be commissioned by December, 2011, which will enable the Company to increase its supplies of high grade materials in the international market. Effectively, the benefits of the new Heat Treatment facility would be visible during the financial year 2012-13.

The Company's order book position as on 31st March, 2011 is Rs.250 Crores out of which Export Orders are to the tune of Rs.80 Crores.

Considering the market conditions the Company has targeted a turnover of Rs.400 Crores during the financial year 2011-12.

b) Internal Control Systems and their Adequacy :

The Internal Control Systems 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 organizational 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.
- e) Existence of Annual Budgets and Long Term Business Plans.
- f) Existence of Internal Audit System.
- g) Periodical review of opportunities and risk factors depending on the Global / Domestic Scenario and to undertake measures as may be necessary.

In view of the expected increase in the Company's turnover and activities, year over year, the Company has appointed an independent Internal Auditors.