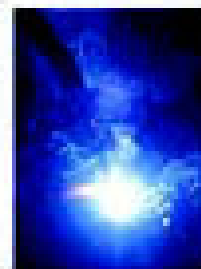
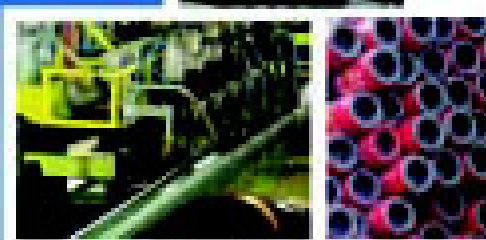
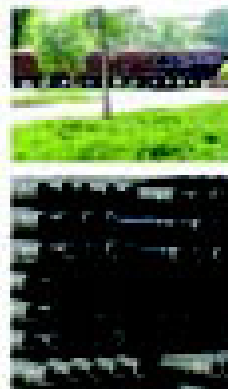


Twenty Sixth Annual Report 2011-2012



ISO 9001:2008 COMPANY



Oil Country Tubular Ltd.
INDIA

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 (upto 21.12.2011)
	Mr. K V Ravindra Reddy	Director
	Datuk Syed Hisham Bin Syed Wazir	Director
	Mr. AP Vitthal	Additional Director

COMPANY SECRETARY Mr.C S Rao

REGISTERED OFFICE "Kamineni", 3rd Floor
King Koti
Hyderabad - 500 001 (A.P)
Phone No: 040 - 24785555
Website : www.octlindia.com
Email : demat@octlindia.com

BANKERS Allahabad Bank
Bank of India
Bank of Bahrain & Kuwait B.S.C.
Canara Bank
Indian Overseas Bank
State Bank of Hyderabad
Standard Chartered 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 Sixth Annual General Meeting of Oil Country Tubular Limited will be held on Thursday, the 31st day of May 2012 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, 2012 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. T S Sethurathnam who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. K V Ravindra Reddy who retires by rotation and being eligible offers himself for reappointment
- 5) 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:

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

"Resolved that Mr. A P Vitthal 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 along with Deposit of ₹ 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".

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

"Resolved that Pursuant to Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and all other enabling provisions, if any, and in supersession of the Ordinary Resolution passed at the Extra Ordinary General Meeting of the Company held on 21st Day of November, 1991, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow such sum or sums of monies in any manner from time to time with or without security and upon such terms and conditions as they may think fit, notwithstanding that monies to be borrowed together with monies already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the Ordinary course of business) may exceed the aggregate of the Paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board of Directors and outstanding at any time shall not exceed the sum of ₹1000 Crores (Rupees One Thousand Crores only)."

Regd. Office :

"Kamineni", 3rd Floor
King Koti
Hyderabad - 500 001 (A.P)
April 26th 2012

By Order of the Board of Directors

C S Rao
Company Secretary

NOTICE TO MEMBERS



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 28th May, 2012 to 31st May, 2012 (both days inclusive).
- 3) The Dividend, if declared at the Annual General Meeting, will be paid on or after 31st May, 2012 to those persons or their mandates:
 - a) Whose names appear as Beneficial Owners as at the end of the business hours on 26th May, 2012 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 26th May, 2012.
- 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 26th May, 2012 to the Company or the Registrar and Transfer Agents.**
- 5) **In terms of Circular No. 17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs, under Green initiative in the Corporate Governance all the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents whose e-mail id is xlfield@rediffmail.com mentioning the Company's name i.e., OCTL, so as to enable the company to send the Annual Report and Accounts, Notices and other documents through Electronic Mode to their e-mail address in future.**
- 6) 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.
- 7) 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)

- 6) Mr. A.P.Vitthal is qualified Fellow Member of the institute of Chartered Accountants of India since 1973, and an Associate Member of the Institute of Company Secretaries of India since 1975. He is having more than 35 years experience in Finance & Accounts. He worked in several public sector and private sector enterprises. Presently he is practicing as Chartered Accountant extending Consultancy services to several corporates.

Mr. A P Vitthal was appointed as Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 at the meeting of the Board of Directors of the Company held on 26th April, 2012 in terms of applicable provisions of the Companies Act, 1956 and Articles of Association of the Company. His term of appointment of office as Additional Director expire 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 ₹ 500/- (Rs. Five Hundred only).

The Resolution is recommended for approval.

None of the Directors is interested in this resolution.

- 7) The Shareholders had approved the Borrowing Power of ₹ 300 Crores for the Company in Extra Ordinary General Meeting held on 21st November, 1991. The Turnover has been in the range of around ₹ 300 Crores. The Company has achieved Turnover of ₹ 480 Crores during the year 2011-12. The Turnover is expected to increase year over year to over ₹ 1,000 Crores thereby necessitating increase in the Borrowing Power of the Company.

It is therefore proposed that the Borrowing Power of the Company be increased to ₹ 1,000 Crores to take care of the Company's Growth and Growing Operational Requirements of the Borrowings.

The Resolution is recommend for your approval.

None of the Directors is interested in the Resolution.

Regd. Office :

"Kamineni", 3rd Floor
King Koti
Hyderabad - 500 001 (A.P)
April 26th 2012

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 Sixth Annual Report on the Business of the Company and the Audited Statements of Accounts for the year ended 31st March, 2012 and Auditors report thereon.

OPERATIONS:

The Company has achieved a turnover of ₹ 480.00 Crores during the current year 2011-12, as against ₹ 328.15 Crores during the previous year. The exports during the year has also increased from ₹ 315.63 Crores during the previous year to ₹ 416.22 Crores during the year 2011-12 registering a growth of 31%. The order book position as on 31st March, 2012 is ₹ 268 Crores out of which export orders account for ₹ 200 Crores.

During the year 2011-12 the Company has successfully implemented the Expansion Project of New Heat Treatment and End Finishing Facility and the Commissioning will be completed by May, 2012, thereby increasing the manufacturing capacity by 150,000 MT and the overall capacity will be 250,000 MT.

FINANCIAL RESULTS:

S.No		2011-2012 (₹ In Lakhs)	2010-2011 (₹ In Lakhs)
1	Gross Income	47999.67	32815.32
2	Profit Before Interest and Depreciation	7838.55	6303.97
3	Finance Charges	1148.50	880.89
4	Gross Profit	6690.05	5423.08
5	Provision for Depreciation	1038.62	846.22
6	Net Profit before tax	5651.43	4576.86
7	Provisions For Tax	1823.93	1529.47
8	Net Profit after tax	3827.50	3047.39
9	Balance of Profit brought forward.	285.76	267.86
10	Balance available for appropriation	4113.26	3315.25
11	Proposed Dividend on Equity Shares	885.79	885.79
12	Tax on proposed Dividend	143.70	143.70
13	Transfer to General Reserves	2700.00	2000.00
14	Surplus carried to Balance Sheet	383.77	285.76

Dividend:

The Board of Directors of the Company are pleased to recommend dividend of ₹ 2/- for each Equity Share of ₹10/- each on the Equity Share Capital of the Company for the Financial Year ended 31st March, 2012 subject to approval of the Shareholders in the Annual General Meeting.

PROSPECTS:

With the growing demand of the Company's products due to increase in the Oil and Gas Exploration Activities, the Company has targeted a turnover of ₹ 600 Crores during the year 2012-13.

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 2012-2013 to NSE and BSE, where the Company's Shares are listed.

DEMATERIALISATION OF SHARES:

90.19 % of the company's paid up Equity Share Capital is in dematerialized form as on March 31st, 2012 and balance 9.81 % 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' REPORT



DIRECTORS:

Dr. T S Sethurathnam retires on rotation and being eligible offer himself for re - appointment.

Mr. K V Ravindra Reddy retires on rotation and being eligible offer himself for re - appointment.

Mr. A P Vitthal 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 ₹ 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, 2012 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, 2012 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, 2012 have 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 7 persons, who were in receipt of remuneration of not less than ₹ 24,00,000 during the year ended 31st March, 2012 or not less than ₹ 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 :

"Kamineni", 3rd Floor
King Koti
Hyderabad - 500 001 (A.P)
April 26th 2012

For and on behalf of the Board of 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 / Drilling Activities has increased during the year 2011-12 and the Company was able to achieve the turnover of ₹ 480.00 Crores during the current year of 2011-12 as against the turnover of ₹ 328.15 Crores during the year 2010-11. The exports during the year 2011-12 is ₹ 416.22 Crores, a growth of 31% as against ₹ 315.63 Crores of the previous year 2010-11.

During the year the Company has penetrated into Canada Market in addition to North America Market and has expanded its customer base to the Central Asia Region also. The Company's order book position as on 31st March, 2012 is ₹ 260 Crores out of which export orders are to the extent of ₹ 200 Crores.

The profitability will however continue to be under pressure due to rising prices of power, fuel and other inputs.

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.

The Audit Committee is regularly reviewing the Internal Audit Reports for the auditing carried out in all the key areas of the operations. Additionally the Audit Committee approves all the audit plans and reports for significant issues raised by the Internal and External Auditors. Regular reports on the business development, future plans and projections are given to the Board of Directors. Internal Audit Reports are regularly circulated for perusal of Senior Management for appropriate action as required.

Normal foreseeable risks of the Company's assets are adequately covered by comprehensive insurance. Risk assessments, inspections and safety audits are carried out periodically.

c) Financial and Operational Performance:

The Highlights of Financial Operational Performance are given below:

S.No.	Particulars	(₹ In Lakhs) 2011-12	(₹ In Lakhs) 2010-11
1	Sales / Income from Operations	47948.45	32714.05
2	Other Income	51.22	101.27
3	Sub - total	47999.67	32815.32
4	Total Expenditure (Before Interest)	41199.74	27357.57
5	Profit before interest, Tax and Exceptional Item	6799.93	5457.75
6	Operating Margin	14.18%	16.68%
7	Profit after Tax	3827.50	3047.39
8	Return on Average Capital Employed % (before interest and Tax)	21.36	22.90
9	No of Months Receivables (Receivables / Sales x 12)	1.85	0.60
10	Current Ratio (Current Assets / Current Liabilities)	1.01	1.72
11	Borrowings : Equity Ratio (TL / Equity)	2.53	2.31

d) Human Resources Development and Industrial Relations:

The Company is maintaining good employee relations and no man-days are lost during the year. The Company continued the welfare activities for the employees, which include Medical Care, Group Insurance, Canteen Facility and Transport Facility. To enrich the skills of employees and enrich their experience, the Company arranges, Practical Training Courses by Internal and External Faculty.

For and on behalf of the Board of Directors

HYDERABAD
April 26th 2012

K.SURYANARAYANA
Chairman

Report on Corporate Governance

In terms of Compliance to Clause No. 49 of the Listing Agreement on Corporate Governance, your Company is complying with the guidelines. The report for current year is as follows:

a) Company's Philosophy:

The Company's policies, practices and philosophy adopted since inception, are in line with the Corporate Governance. The composition of Board of Directors is well balanced with a view to manage the affairs of the Company efficiently and professionally. The Company's philosophy is to produce OCTGs of high quality conforming to the international standards and provide satisfaction to all stakeholders including customers, shareholders and employees.

b) Board of Directors:

(I) Composition and Category of Directors as of March 31, 2012 is as follows

Category	No.of Directors	%
Executive Directors	3	42.86
Non Executive, Independent Directors	4	57.14
Total	7	100.00