

Thirtieth Annual Report 2015-2016



Oil Country Tubular Ltd.

India

Oil Country Tubular Ltd.



BOARD OF DIRECTORS	Mr. K Suryanarayana	Chairman
	Mr. Sridhar Kamineni	Managing Director
	Mrs. K Indira	Director
	Mr. K G Joshi	Director (upto 01.06.2016)
	Dr. T S Sethurathnam	Director
	Mr. K V Ravindra Reddy	Director
	Mr. A P Vitthal	Director
	Datuk Syed Hisham Bin Syed Wazir	Director (upto 10.12.2015)
COMPANY SECRETARY	D.Suresh Babu (Upto 15.03.2016)	
REGISTERED OFFICE	"Kamineni", 3rd Floor, King Koti Hyderabad - 500 001 Phone No:040 - 2478 5555 Website : www.octlindia.com Email : demat@octlindia.com	
BANKERS	State Bank of Hyderabad Allahabad Bank Bank of Bahrain & Kuwait B.S.C. Indian Overseas Bank	
AUDITORS	CKS Associates Chartered Accountants # 87 Nagarjuna, Road No.3 Gagan Mahal Colony, Hyderabad - 500 029	
WORKS	Sreepuram Narketpally Mandalam Nalgonda Dist - 508 254	
REGISTRARS & SHARE TRANSFER AGENTS	XL Softech Systems Limited 3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034 Phone No: 040 - 2354 5913 Email: xlfield@gmail.com	

NOTICE TO MEMBERS



Notice is hereby given that the 30th Annual General Meeting of **Oil Country Tubular Limited** will be held on **Thursday, the 1st day of September, 2016 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, 2016 and Balance Sheet as at that date together with Director's Report and Auditor's Report thereon.
- 2) To appoint a Director in place of Mrs. K Indira (DIN:00332194), who retires by rotation and being eligible, offers herself for reappointment as Director liable to retire by rotation.
- 3) To ratify the appointment of Statutory Auditors of the Company, and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**.

"**RESOLVED THAT** pursuant to the provisions of sections 139(9) and 142(1) and other applicable provisions, if any, of the Companies Act, 2013, read with rules made there under, the appointment of M/s. C K S Associates, Chartered Accountants (Firm Regn No:007390S) approved in the 28th Annual General Meeting until 31st Annual General Meeting is hereby ratified in this Annual General Meeting till conclusion of next Annual General Meeting, with remuneration as may be decided by the Board of Directors.

SPECIAL BUSINESS :

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

"**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable during the year 2015-16 to M/s. Sagar & Associates, Cost Accountants (Firm Registration No.000118) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2015-16, amounting to ₹ 1,20,000/- (Rupees One Lakh Twenty Thousand Only) plus service tax as applicable and reimbursement of conveyance on actual basis as incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

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

"**RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration payable for the year 2016-17 to M/s. Sagar & Associates, Cost Accountants (Firm Registration No.000118) appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year 2016-17, amounting to ₹ 1,20,000/- (Rupees One Lakh Twenty Thousand Only) plus service tax as applicable and reimbursement of conveyance on actual basis as incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

By Order of the Board of Directors
For **Oil Country Tubular Limited**

Place : Hyderabad
Date : May 26, 2016

K SURYANARAYANA
CHAIRMAN

NOTICE TO MEMBERS



NOTES:

- 1) An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business to be transacted at the Annual General Meeting is annexed hereto.
- 2) A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself/herself. 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 fixed for the meeting.
- 3) The Register of Members and Transfer Books of the Company will be closed from **Monday, the 29th August, 2016 to Wednesday, the 1st September, 2016** (both days inclusive) for the purpose of Annual General Meeting.
- 4) Unclaimed dividend for the year(s) 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14 are held in separate Bank accounts and shareholders who have not received the dividend / encashed the warrants are advised to write to the Company with complete details. During the year, the company has transferred unclaimed dividend amount of ₹ 47,60,382/- on 06-07-2016 out of dividend declared for the financial year 2008-09 to Investor Education and Protection Fund (IEPF) of the Central Government required under section 125 of the Companies Act, 2013. Members may please note that if dividend remains unpaid or unclaimed for a period of seven years from the date when it is transferred to unpaid dividend accounts it shall be transferred to the IEPF as stated above.
- 5) Non-Resident Indian Shareholders are requested to inform the Registrars, M/s.XL Softech Systems Limited immediately:
 - a) The change in the Residential status on return to India for permanent settlement.
 - b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
- 6) Corporate members intending to send their authorized representatives for this meeting, pursuant to section 113 of Companies Act, 2013, are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend and vote on their behalf at the meeting.
- 7) Pursuant to the Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, additional Information on Directors seeking appointment / reappointment at the meeting are annexed to this notice.
- 8) The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in demat form are, therefore, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company / M/s. XL Softech Systems Ltd.
- 9) Members are requested to bring their copies of Annual Report to the meeting, as the same will not be supplied again at the meeting as a measure of economy.
- 10) Pursuant to the prohibition imposed vide Secretarial Standard on General Meetings (SS-2) issued by the ICSI and the MCA circular, no gifts/coupons shall be distributed at the Meeting.
- 11) The Ministry of Corporate Affairs ("Ministry"), Government of India, has taken a "Green Initiative in Corporate Governance" by allowing paperless compliances by companies through electronic mode, as per 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@gmail.com mentioning the Company's name i.e., Oil Country Tubular Ltd (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.

Notices/documents including the Annual Report are now being sent by electronic mode to the shareholders whose e-mail address has been registered with the Company. Members who have not registered their e-mail addresses so far or who would like to update their e-mail addresses already registered, are requested to register/update their e-mail addresses:

- In respect of electronic shareholding - through their respective Depository Participants;
- In respect of physical shareholding - by sending a request to the Company's Share Transfer Agent at xlfield@gmail.com, mentioning therein the Company's name i.e., Oil Country Tubular Ltd (OCTL), their folio number and e-mail address.

The Annual Report 2015-16 of the Company is also available on the website of the Company www.octlindia.com.

NOTICE TO MEMBERS



- 12) Pursuant to the provisions of section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the company is providing e-voting facility to enable shareholders to cast their vote electronically on all the resolutions set forth in the Notice of the 30th Annual General Meeting to be held on Thursday, the 1st September, 2016 at 10.00 a.m.. The Company has engaged the services of Central Depository Services (India) Limited to provide e-voting platform to the shareholders.

Please refer to the detailed instructions on e-voting at page no. 66-68 of the Annual Report 2015-16. Shareholders holding shares in demat form and shareholders who have registered their email id with the company will also receive the e-voting instructions by email.

By Order of the Board of Directors
For Oil Country Tubular Limited

Place : Hyderabad
Date : May 26, 2016

K SURYANARAYANA
CHAIRMAN

EXPLANATORY STATEMENT



(Pursuant to section 102 (1) of the Companies Act, 2013)

Item No.4 & 5:

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. Sagar & Associates, Cost Accountants, to conduct the audit of the cost records of the Company for the financial year ended March 31, 2016, and March 31, 2017 at a remuneration of ₹ 1,20,000/- plus service tax as applicable and reimbursement of conveyance at actuals, subject to ratification by shareholders.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to M/s. Sagar & Associates, Cost Auditor during the year 2015-16 and 2016-17 as set out in the Resolution for the aforesaid services to be rendered by them.

The Resolution is recommended for your approval.

None of the Directors and Key Managerial Personnel of the Company are interested in these resolutions.

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING

(Pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015, the brief profile of Directors eligible for re-appointment vide Item no. 2 and 4 is as follows:)

Name of the Director	Mrs. K. Indira
Date of Birth	01-07-1939
Date of Appointment	23-07-2014
Qualifications	Educationist and Philanthropist
Expertise in specific functional areas	She is the Vice President of Kamineni Education Society and has made significant contributions in the field of education and healthcare, besides other philanthropic activities for upliftment of backward and weaker sections of the Society. She is fully involved in the growth and development of various Educational and Healthcare Institutions.
List of Companies in which outside Directorship held as on 31.03.2016	Nil
Chairman/Member of the *Committees of other Companies on which she is a Member as on 31.03.2016	Nil
Number of equity shares held in the Company	2,10,000

DIRECTOR'S REPORT



To the Members,

The Directors have pleasure in presenting before you the 30th Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2016.

FINANCIAL RESULTS :

The performance during the period ended 31st March, 2016 has been as under:

(₹ In Lakhs)			
S.No.	Particulars	2015-16	2014-15
1	Gross Income	16412.03	26364.02
2	Profit Before Interest and Depreciation	2804.76	3440.41
3	Finance Charges	1731.00	1627.38
4	Gross Profit	1073.76	1813.03
5	Provision for Depreciation	2323.46	2185.06
6	Net Loss Before Tax	(1249.70)	(372.03)
7	Provision for Tax	(589.93)	(163.10)
8	Net Loss After Tax	(659.77)	(208.93)
9	Balance of Profit brought forward	-	153.33
10	Balance available for appropriation	(659.77)	(217.16)
11	Transfer to General Reserve	659.77	217.16

OPERATIONS:

The Company achieved a turnover of ₹ 164.12 Crores during the current year as against ₹ 263.64 Crores during the previous year. Exports during the year has been ₹ 127.71 Crores as compared to ₹ 192.74 Crores during the previous year.

The downward trend in the Oil and Gas Exploration activities continued during the year 2015-16 and is expected to continue during the current year 2016-17 also. World over, the drilling and exploration activities plummeted to low levels and the number of rigs deployed came down drastically. The Oil and Gas sector and the Steel sector are facing tough times in the present downward economic scenario. The Crude Oil prices hit the low levels of 27USD/ barrel which is not conducive for continuing the drilling and exploration activities. Many drilling projects got shelved on account of the low Crude Oil prices, thereby directly having an impact on the Casing, Tubing and Drilling products requirement. The Company is hopeful that the economic situation improves with the Crude Oil prices rising in the coming years.

The workers who struck work in a concerted manner from second half of 2014-15 without any notice or reasonable cause affecting the Company's Operations, continued their strike into the second half of 2015-16. The Managers, Engineers and Staff ran the Operations of the Company despite facing threats and were successful in executing the Orders. Many conciliation meetings took place with the Labour Department and only after the intervention of the State Government, the workers reported for duty in September, 2015. However, the workers continued to indulge in indiscipline and violent activities leading to an unfortunate incident on 18th February, 2016 which occurred in the work premises of the Company.

The workers in a preplanned and premeditated manner attacked the Senior Assistant General Manager (Operations) of the Company, who succumbed to grievous injuries on 20th February, 2016.

The Board of Directors in an emergency meeting held on 22nd February, 2016 reviewed the situation and the CCTV footage, which revealed the cold bloodedness and dastardly act of the Workmen. Under the circumstances, the Board of Directors decided to stop the Operations till the normalcy is restored. The Police took possession of the CCTV footage and arrested 29 workers. Further investigations by the Police are going on.

DIRECTOR'S REPORT



The Company has lost one of its top executives. To ensure the safety of the Managers, Engineers, Executives, Staff, and Company's properties, the Company had no other option but to stop the Operations with immediate effect. The Company requested the State Government to investigate the incident in detail and take appropriate measures in restoring normalcy.

During the year, the Company cleared the balance Term Loan and is debt free. The Company was prompt in repaying 100% Term Loan as per the repayment schedules and on time. The Company incurred losses and the Board of Directors have not recommended any dividend for the year 2015-16.

PROSPECTS:

The Company is hopeful of the Operations coming back to normalcy in the coming months. Over the past two decades, the Company has built up its reputation for the quality of the products being manufactured and has been successful in retaining its Customers and enhancing the Customer base. The Oil and Gas Industry is very cyclic in nature and unfortunately with the slowing economy, the downward trend has been too long for the industry. However, with the Crude Oil prices showing signs of rising, the Drilling and Exploration activities are expected to increase thereby increasing the requirement of the products. With the available inventory levels coming down, the Company expects the procurement of the Casing, Tubing and Drilling Products to return steadily.

Further, the Government of India, Ministry of Commerce and Industry, based on the domestic industry injury petitions filed by the Indian Manufacturers of seamless pipes, conducted the anti-dumping investigations and recommended anti-dumping duty to be imposed on the products originating from China. This will help the domestic industry in the International Competitive Bids. The notification is expected during the year.

The Exploration and Drilling activities in India continue to be at steady levels and is expected to increase every year. Once the Anti-dumping is imposed, the domestic industry will have the opportunity to compete for the Indian market which over the past many years was badly affected by the low pricing below the manufacturing costs from China.

The Company is considering in establishing facilities in strategic places having required infrastructure including logistics, water, power, gas and transmission network etc.,

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required under Regulations of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report is enclosed as a part of this report.

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

Your Company has taken adequate steps to adhere to all the stipulations laid down in 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. A report on Corporate Governance is included as a part of this Annual Report. Certificate from the Statutory Auditors of the Company M/s. C K S Associates, Chartered Accountants confirming the compliance with the conditions of Corporate Governance as stipulated under above regulation is included as a part of this report.

LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2016-17 to NSE and BSE where the Company's Shares are listed.

DEMATERIALISATION OF SHARES:

90.97% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2016 and balance 9.03% is in physical form. The Company's Registrars are M/s XL Softech Systems Ltd., having their registered office at 3 Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.

Number of Board Meetings held :

The Board of Directors duly met 6 times during the financial year from 1st April, 2015 to 31st March, 2016. The dates on which the meetings were held are 30th April, 2015, 4th June, 2015, 30th July, 2015, 29th October, 2015, 28th January, 2016 and 22nd February, 2016.

DIRECTOR'S REPORT



DIRECTORS:

Appointment by rotation :

In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company Mrs. K Indira, Director of the Company will retire by rotation at this meeting and being eligible and offer herself for reappointment.

Datuk Syed Hisham Bin Syed Wazir, Independent Director has tendered his resignation from the Board of the Company with effect from 10th December, 2015. The Board at its Meeting held on 28th January, 2016 took note of the same.

Your Board wishes to place on record the appreciation of the valuable contributions made by Datuk Syed Hisham Bin Syed Wazir, in furthering the objectives of your Company.

Mr. K G Joshi, Whole Time Director has tendered his resignation from the Board of the Company with effect from 1st June, 2016. The Board at its Meeting held on 26th May, 2016 took note of the same.

Your Board wishes to place on record the appreciation of the valuable contributions made by Mr. K G Joshi, in furthering the objectives of your Company.

AUDIT OBSERVATIONS :

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

AUDITORS:

i) Statutory Auditors :

M/s C K S Associates, Chartered Accountants, Hyderabad, Statutory Auditors, retire at this Annual General Meeting and being eligible, offer themselves for reappointment.

ii) Cost Auditors :

M/s. Sagar & Associates, Cost Accountants were appointed as Cost Auditors for auditing the cost accounts of your Company for the year ended 31st March, 2016 by the Board of Directors. The Cost Audit Report for the year 2014-15 has been filed under XBRL mode within the due date of filing.

iii) Secretarial Audit :

M/s. K Swamy & Co., Practicing Company Secretaries, were appointed as Secretarial Auditor to conduct the Secretarial Audit of the Company for the year ended 31st March, 2016 as per the section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Secretarial Audit Report for the year ended 31st March, 2016 (in Form MR-3) submitted by Company Secretary in Practice is enclosed as a part of this report Annexure-A.

DIRECTORS RESPONSIBILITY STATEMENT :

Pursuant to Section 134(5) of the Companies Act, 2013, Directors of your Company hereby state and confirm that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the same period;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the annual accounts on a going concern basis;
- e) they have laid down internal financial controls in the company that are adequate and were operating effectively.
- f) they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

DIRECTOR'S REPORT



INDEPENDENT DIRECTORS DECLARATION :

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

EVALUATION OF BOARD'S PERFORMANCE :

Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modifications or re-enactments for the time being in force), the process of evaluation of the annual performance of the Directors / Board / Committees was carried out. The criteria applied in the evaluation process are detailed in the Corporate Governance report which forms part of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is given in the Annexure-B to this report.

CORPORATE SOCIAL RESPONSIBILITY (CSR) :

In terms of section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors of your Company have constituted a CSR Committee. The Committee comprises of all Independent Directors. During the year, the Company has developed a CSR Policy under Health Care and Education activities which are enclosed as part of this report Annexure-C. Additionally, the CSR Policy has been uploaded on the website of the Company at www.octlindia.com under investors/ policy documents/CSR Policy link.

VIGIL MECHANISM :

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for directors and employees to report genuine concerns has been established. The Vigil Mechanism Policy has been uploaded on the website of the Company at www.octlindia.com under investors/policy documents/Vigil Mechanism Policy link.

RELATED PARTY TRANSACTIONS :

Related party transactions that were entered during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for its omnibus approval and the particulars of contracts entered during the year as per Form AOC-2 is enclosed as Annexure-D.

The Board of Directors of the Company has, on the recommendation of the Audit Committee, adopted a policy to regulate transactions between the Company and its Related Parties, in compliance with the applicable provisions of the Companies Act 2013, the Rules thereunder and the Listing Agreement. This Policy was considered and approved by the Board has been uploaded on the website of the Company at www.octlindia.com under investors/ policy documents/Related Party Policy link.

EXTRACT OF ANNUAL RETURN :

The details forming part of the extract of the Annual Return in Form MGT-9 is annexed herewith as Annexure-E.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The details of the loans made by Company are given in the notes to the financial statements. The company has not given any guarantees covered under the provision of section 186 of the Companies Act, 2013.