

Thirty First Annual Report 2016-2017



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
Dr. T S Sethurathnam	Director
Mr. K V Ravindra Reddy	Director
Mr. A P Vitthal	Director

COMPANY SECRETARY

Ms. Ramya Inala (Upto 31.03.2017)

REGISTERED OFFICE

"Kamineni",
3rd Floor, King Koti
Hyderabad - 500 001 (TG)
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 (T.G.)

WORKS

Sreepuram
Narketpally Mandalam
Nalgonda Dist - 508 254 (T.G.)

REGISTRARS & SHARE TRANSFER AGENTS

XL Softech Systems Limited
3, Sagar Society, Road No.2,
Banjara Hills,
Hyderabad - 500 034 (T.G.)
Phone No: 040 - 2354 5913
Email:xlfield@gmail.com

NOTICE TO MEMBERS



Notice is hereby given that the 31st Annual General Meeting of Oil Country Tubular Limited will be held on Thursday, the 10th day of August, 2017 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, 2017 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 K Indira (DIN:00332194), who retires by rotation and, being eligible, offers herself for re-appointment
- 3) To appoint Statutory Auditors and to fix their remuneration and in this regard to consider, and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s G Nagendra Sundaram & Co. Chartered Accountants (Firm's Regn. No. 05355S.), and Membership No.050283 having office at Flat No.B-502, Pasha Court, 6-3-680, Somajiguda, Hyderabad-500 082 be and hereby appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of 36th Annual General Meeting at such remuneration as may be determined by the Board of Directors."

SPECIAL BUSINESS :

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

"RESOLVED THAT pursuant to the Provisions of sections 196, 197 and 198, and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the said Act, including any statutory modification(s) or re-enactment thereof, for the time being in force, Mr. K. Suryanarayana be and is hereby reappointed as Executive Chairman of the Company for a period of three years with effect from 20.01.2017 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 V of the Companies Act, 2013, or any amendment there to or enactments thereof, with effect from such date as may be decided by it."

- 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 during the year 2017-18 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 2017-18, amounting to Rs.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

K SURYANARAYANA
Chairman

Place : Hyderabad

Date : 25.05.2017

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. 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.
3. The Register of Members and Transfer Books of the Company will be closed from **7th August, 2017 to 10th August, 2017 (both days inclusive)**.
4. Unclaimed dividend for the year(s) 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..

The Unclaimed Dividend Amount for the year 2009-10 is to be transferred to Investor Education and Protection Fund (IEPF) when it is determined in the month of July, 2017 on the completion of (7) Seven years. Members may please note that if dividend remains unpaid or unclaimed for a period of (7) 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 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 the 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 2016-17 of the Company is also available on the website of the Company www.octlindia.com

NOTICE TO MEMBERS



9. 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 electronic 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.
10. 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.
11. 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.
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 31st Annual General Meeting to be held on Thursday, the 10th August, 2017 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 2016-17. 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

K SURYANARAYANA
Chairman

Place : Hyderabad

Date : 25.05.2017

EXPLANATORY STATEMENT



(Pursuant to section 139(2)(b) of the Companies Act, 2013)

Item No. 3:

The Auditors M/s. C K S Associates, Chartered Accounts, Hyderabad will be completing their tenure of ten years upon conclusion of 31st Annual General Meeting. In accordance to Section 139 (2) (b) of the Companies Act, 2013, no listed company shall appoint or reappoint an audit firm as auditor for more than two terms of five consecutive years.

The Board of Directors in their 186th meeting held on 25th May, 2017 have approved the appointment of M/s. G. Nagendra Sundaram & Co., Firm Registration No. 005355S and Membership No. 050283 having office at Flat No. B-502, Pasha Court, 6-3-680, Somajiguda, Hyderabad-500 082 as Auditors for a period of five years subject to approval of the shareholders.

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

Item No. 4 :

Mr. K Suryanarayana, aged 80 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 Executive Chairman for a period of 3 years from 20th January, 2014 by the Board at the meeting held on 25th October, 2013 and approved by the Shareholders in the Annual General Meeting held on 5th June, 2014. His term expired on 19th January, 2017.

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 196, 197, 198 and schedule V and other applicable provisions of the Companies Act, 2013 subject to overall ceiling fixed under Schedule V - Part II, Section I & II of Companies Act, 2013 amended from time to time.

Salary: ₹ 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 198 of the Companies Act, 2013 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 Mrs. .K Indira, Director and Mr. Sridhar Kamineni, Managing Director who is related to Mr. K Suryanarayana are interested in the resolution.

Item No. 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, 2018, 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 the Cost Auditors for the year 2017-18 as set out in the Resolution for the aforesaid services to be rendered by them.

The Resolution is recommend for your approval.

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

ANNEXURE - I
**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 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 31.03.2017	Nil
Chairman/Member of the Committees of other Companies on which he/ she is a Member as on 31.03.2017	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 31st Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS :

The performance during the period ended 31st March, 2017 has been as under:

(₹ in lakhs)

S.No.	Particulars	2016-17	2015-16
1	Gross Income	1268.04	16412.03
2	Profit / (Loss) Before Interest and Depreciation	(5899.66)	2804.76
3	Finance Charges	1829.25	1731.00
4	Gross Profit / (Loss)	(7728.91)	1073.76
5	Provision for Depreciation	2239.67	2323.46
6	Net Loss Before Tax	(9968.58)	(1249.70)
7	Provision for Tax	(1572.69)	(589.93)
8	Net Loss After Tax	(8395.89)	(659.77)
9	Balance of Profit brought forward	-	-
10	Balance available for appropriation	(8395.89)	(659.77)
11	Transfer to General Reserve	8395.89	659.77

OPERATIONS :

The Company achieved a turnover of ₹ 12.68 Crores only as against ₹ 164.12 Crores during the previous year. The very low turnover was due to the lockout of the Works for a period of two quarters. The lockout declared on Feb 22, 2016 was lifted on August 29, 2016 with improvement in the workmen situation. The Company lost major orders for Drill Pipe, Casing and Tubing during the period for which the Tenders are floated in the previous year.

The Company was not able to effectively participate in the Tenders, as the delivery is critical and time bound with provision of liquidated damages for default on deliveries.

With the commencement of the Operations from September, 2016 the Company submitted its bids for the Tenders floated which normally take four to six months for the techno-commercial evaluation and placement of Orders. The Company expects placement of Orders against these Tenders during the year 2017-18.

PROSPECTS:

Considering the evaluation process of the Tenders submitted, the Company expects to receive Orders during the current year and is hopeful of achieving a turnover of ₹ 100 Crores in the remaining period and gradually increase its turnovers in the coming years.

Much of the Oil and Gas Industry has survived an especially tough few years with weak demand and low prices. The Worldwide Rig Count as of March 31, 2017 stood at 1985 as compared to 1551 as of March 31, 2016. Rig Count in the US is on the rise since the middle of 2016. With the increase in the deployment of Rigs for both Oil and Gas and the increase in the crude oil prices averaging at 50 USD/ barrel, the requirement of Drill Pipes, Casing and Tubing have started to gradually increase.

The Exploration and Drilling activities in India continue to remain at steady levels irrespective of the Crude Oil prices and the number of Rigs deployed is around 115. More drilling and exploration activities are expected with the rise in the Crude Oil prices, thereby leading to an increase in the requirement of the Tubulars.

The Government of India issued Notification No.7/2017-Customs (ADD) dated 17th February, 2017 imposing Anti-Dumping Duty on the tubular products originating from China. Minimum Import Prices have been imposed on the Casing, Tubing and Drill

DIRECTOR'S REPORT



Pipe and other tubular products to protect the Domestic Industry from injury. The ADD is applicable for five years, which will help the Domestic Industry in the International Competitive Bids floated by Oil And Natural Gas Corporation Limited and Oil India Limited.

Further Government of India under its Make in India Policy is formulating rules and procedures to give a push to the domestic industry. Government of India is expected to announce major policy changes involving compulsory value addition - mandating and incentivizing use of local components in every industry and every procurement area which includes Oil and Gas Sectors.

Both proposals viz., price preference and value addition are part of the larger plan of Government of India to boost production in India by Indian companies. These policy decisions are being taken by the Government to further accelerate 'Make in India' mission. The proposals will prepare the ground for bringing in an 'India First' or 'Buy Indian', thus giving a tremendous push to the domestic industry including Oil and Gas.

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 Reg. 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 2017-18 to NSE and BSE where the Company's Shares are listed.

DEMATERIALISATION OF SHARES:

91.09% of the company's paid up Equity Share Capital is in dematerialized form as on 31st March, 2017 and balance 8.91% 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 5 times during the financial year from 1st April, 2016 to 31st March, 2017. The dates on which the meetings were held are as follows: 26th May, 2016, 28th July, 2016, 1st September, 2016, 10th November, 2016 and 9th February, 2017.

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, has offered herself for re-appointment.

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.

DIRECTORS RESPONSIBILITY STATEMENT :

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

- in the preparation of the annual accounts for the year ended 31st March, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 / (Loss) of the company for the same period;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with

DIRECTOR'S REPORT



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.

AUDIT OBSERVATIONS :

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

AUDITORS:

i) Statutory Auditors :

The Auditors M/s.C K S Associates, Chartered Accountants, Hyderabad will be completing their tenure of ten years upon conclusion of 31st Annual General Meeting. In accordance to Section 139 (2) (b) of the Companies Act, 2013, no listed company shall appoint or reappoint an audit firm as auditor for more than two terms of five consecutive years.

The Board of Directors in their 186th meeting held on 25th May, 2017 have approved the appointment of M/s.G.Nagendra Sundaram & Co., Firm Registration No.005355S and Membership No.050283 having office at Flat No.B-502, Pasha Court, 6-3-680, Somajiguda, Hyderabad-500 082 as Auditors for a period of five years subject to approval of the shareholders.

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, 2017 by the Board of Directors. The Cost Audit Report for the year 2015-16 has been filed under XBRL mode within the due date of filing.

iii) Secretarial Audit :

Ms.Manjula Aleti, Practicing Company Secretary in practice was appointed as Secretarial Auditor to conduct the Secretarial Audit of the Company for the year 31st March, 2017 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, 2017 (in Form MR-3) submitted by Company Secretary in Practice is enclosed as a part of this report Annexure-A.

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. CSR Committee of the Board 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