



# Oil Country Tubular Ltd.

An ISO 9001:2000 Company



**Twenty-Third Annual Report: 2008 - 2009**



<b>BOARD OF DIRECTORS</b>	Shri K Suryanarayana	Chairman & Managing Director
	Shri K Sridhar	Joint Managing Director
	Dr T S Sethurathnam	
	Dr N S Datar	
	Shri K V Ravindra Reddy	
	Shri K G Joshi	Director (Technical)
	Dato' Dr. Abdul Halim Bin Harun	UMW India Ventures (L) Ltd

**COMPANY SECRETARY** Shri C S Rao

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

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

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

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

## NOTICE TO MEMBERS



Notice is hereby given that Twenty Third Annual General Meeting of Oil Country Tubular Limited will be held on Wednesday, the 27<sup>th</sup> day of May, 2009 at 10.00 A.M. at Taj Mahal Hotel, 2<sup>nd</sup> Floor, Akshaya Hall, 4-1-999, Abids Road, Hyderabad – 500 001 to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2009 and Balance Sheet as at that date together with Auditors' Report thereon.
2. To declare a Dividend on Equity Shares
3. To appoint a Director in place of Dato' Dr. Abdul Halim Bin Harun 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 of the following resolution, as a **Special Resolution**.

“Resolved that in partial modification of the Resolution passed at the 22<sup>nd</sup> Annual General Meeting held on 18<sup>th</sup> July, 2008 in respect of reappointment of Shri K Suryanarayana, as Managing Director and payment of remuneration to him pursuant to Articles of Association of the company and sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, is hereby entitled, in addition to the remuneration specified in the agreement entered into with Shri K Suryanarayana a commission on the net profits, subject to the total remuneration including Salary, Perquisites and Commission be within the overall limit of 5% of the Net Profit of the Company calculated in accordance with the provisions of the Companies Act, 1956 for a financial year for a period of 3 years with effect from financial year 2008-09.”

“RESOLVED FURTHER THAT notwithstanding anything contained herein above, where, in any financial year during the currency of his appointment, the Company has no profits or its profits are inadequate, the remuneration payable to the Managing Director as salary, perquisites and any other allowance shall be governed by the Resolution passed by the Shareholders in the Annual General Meeting held on 18.07.2008 or such other limit as may be prescribed by the Government from time to time as minimum remuneration.”



6. To consider and if thought fit, to pass with or without modification of the following resolution, as **Special Resolution.**

“Resolved that in partial modification of the Resolution passed at the 22<sup>nd</sup> Annual General Meeting held on 18<sup>th</sup> July, 2008 in respect of increase in remuneration of Shri K Sridhar, as Jt. Managing Director and payment of remuneration to him pursuant to Articles of Association of the company and sections 198, 269, 309,310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, is hereby entitled, in addition to the remuneration specified in the agreement entered into with Shri K Sridhar a commission on the net profits, subject to the total remuneration including Salary, Perquisites and Commission be within the overall limit of 4% of the Net Profit of the Company calculated in accordance with the provisions of the Companies Act, 1956 for a financial year for the remaining period of his tenure with effect from financial year 2008-09.”

“RESOLVED FURTHER THAT notwithstanding anything contained herein above, where, in any financial year during the currency of his appointment, the Company has no profits or its profits are inadequate, the remuneration payable to the Jt. Managing Director as salary, perquisites and any other allowance shall be governed by the Resolution passed by the Shareholders in the Annual General Meeting held on 18.07.2008 or such other limit as may be prescribed by the Government from time to time as minimum remuneration.

7. To consider and if thought fit, to pass with or without modification of the following resolution, as **Special Resolution.**

“Resolved that in partial modification of the Resolution passed at the 22<sup>nd</sup> Annual General Meeting held on 18<sup>th</sup> July, 2008 in respect of reappointment of Shri K G Joshi, as Whole time Director and payment of remuneration to him pursuant to Articles of Association of the company and sections 198, 269, 309,310 read with Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, is hereby entitled, in addition to the remuneration specified in the agreement entered into with Shri K G Joshi a commission on the net profits, subject to the total remuneration including Salary, Perquisites and Commission be within the overall limit of 1% of the Net Profit of the Company calculated in accordance with the provisions of the Companies Act, 1956 for a financial year for a period of 3 years with effect from financial year 2008-09.”

“RESOLVED FURTHER THAT notwithstanding anything contained herein above, where, in any financial year during the currency of his appointment, the Company has no profits or its profits are inadequate, the remuneration payable to the Wholetime Director as salary, perquisites and any other allowance shall be governed by the Resolution passed by the Shareholders in the Annual General Meeting held on 18.07.2008 or such other limit as may be prescribed by the Government from time to time as minimum remuneration.

Regd Office  
108, Kanchanjunga  
King Koti Road  
Hyderabad – 500 001  
Date: 24.04.2009

**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 18<sup>th</sup> May, 2009 to 25<sup>th</sup> May, 2009 (both days inclusive).
3. The Dividend, if declared at the Annual General Meeting, will be paid on or after 27<sup>th</sup> May, 2009 to those persons or their mandates:
  - (a) whose names appear as Beneficial Owners as at the end of the business hours on 18<sup>th</sup> May, 2009 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Ltd.
  - (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 18<sup>th</sup> May, 2009.
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) Ltd (CDSL) 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 branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 23<sup>rd</sup> May, 2009, to the Company at its Registered Office.
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.

## EXPLANATORY STATEMENT



### (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)

#### AGENDA ITEMS 5,6 & 7

The Shareholders at the 22<sup>nd</sup> Annual General Meeting held on 18<sup>th</sup> July, 2008 had approved the re-appointment and remuneration payable to Shri K Suryanarayana, Managing Director and Shri K G Joshi, Director (Technical) for a period of three years and also approved the increase in remuneration to Shri K Sridhar, Jt. Managing Director for two years. The agreements were signed by the company with all the three Wholetime Directors.

The contribution of their efforts in making the company debt free and profit making company for the last few years is well recognized. Further they have contributed to bring the company a leading manufacturer and a reliable source of supply of Drill Pipes in International market. In consideration of the contribution made by the Wholetime Directors in not only making the Company debt free but also substantially improved the net worth of the Company for its future operations and in building up the brand name both in the International and Domestic Market and resultant operating results, on the recommendation of the Remuneration Committee, the Board of Directors in their meeting held on 24<sup>th</sup> April, 2009 recommended to include the payment of commission on net profits to Shri K Suryanarayana, Shri K Sridhar and Shri K G Joshi subject to remuneration including Salary, Allowances, Perquisites and commission within the overall limits of 5% to Shri K Suryanarayana, 4% to Shri K Sridhar and 1% to Shri K G Joshi calculated in accordance with the provisions of Companies Act, 1956 for the financial year w.e.f. financial year 2008-09 and onwards till the remaining period of their respective appointments.

The aforesaid revised payment of remuneration of the Wholetime Directors requiring approval of the shareholders under sections 198, 269, 309, 310 and Schedule XIII of the Companies Act, 1956. The Board of Directors therefore recommends passing of the resolutions at items 5,6 and 7.

The Copies of the original agreements and Draft Supplementary Agreements as referred above are open for inspection during the business hours of any working day upto the date of Annual General Meeting.

Except Shri K Suryanarayana, Shri K Sridhar, and Shri K G Joshi none of the other Directors are interested in the said Resolutions.

#### **Regd Office**

108, Kanchanjunga  
King Koti Road

#### **Hyderabad**

Date:24<sup>th</sup> April, 2009

#### **By Order of the Board of Directors**

**C S RAO**  
COMPANY SECRETARY

**To the Members,**

The Directors have pleasure in presenting the Twenty Third Annual Report on the Business of the Company and the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2009 and Auditors report thereon.

**OPERATIONS:**

The Company had a successful year of operations during the year (2008-09), registering a growth of 23% in the sales. The Company has achieved highest turnover of Rs. 422 Crores during the year inclusive of Rs. 209 Crores of Exports. The Profitability has also improved significantly. The order book position as at the end of 31<sup>st</sup> March, 2009 is Rs.157 Crores for execution during 2009-10 including export orders to the tune of Rs.78 Crores.

**FINANCIAL RESULTS:**

	<b>2008-2009</b> <b>(Rs. in Lakhs)</b>	<b>2007-2008</b> <b>(Rs.in Lakhs)</b>
1. Gross Income	42209.11	34133.31
2. Profit before interest and Depreciation	10074.96	8940.71
3. Finance Charges	215.81	3755.25
4. Gross Profit	9858.15	5185.46
5. Provision for Depreciation	747.89	718.42
6. Net Profit before tax	9111.26	4467.04
7. Provisions for Tax	2617.47	1575.78
8. Net Profit after tax	6493.79	2891.26
9. Prior period adjustments	-	-
10. Surplus in P&L Account for the year	6493.79	2891.26
11. Balance of Profit brought forward	3004.07	112.81
12. Balance available for appropriation	9497.86	3004.07
13. Proposed Dividend on Equity Shares	664.34	0.00
14. Tax on proposed Dividend	112.90	0.00
15. Transfer to General Reserves	8500.00	0.00
16. Balance carried forward to next year	220.62	3004.07

**DIVIDEND:**

The Board of Directors of the Company are pleased to recommend dividend of Rs.1.50 for each Equity Share of Rs.10/- each on the Equity Share Capital of the Company for the Financial Year ended 31<sup>st</sup> March, 2009 subject to approval of the shareholders.

**FINANCE:**

All the terms loans to the Institutions and Banks have been fully paid and your company is now debt free. All the term loan accounts with Institutions and Banks have been closed and Satisfaction of Charges filed with Registrar of Companies.

**PROSPECTS:**

Oil and Gas Exploration Activities have drastically reduced due to global meltdown and recession. The Rig Count has come down by almost 40% Considering the present market conditions the Company has planned a turnover of Rs.325 Crores during the next financial year (2009-10). Against this planned turnover the Company already has orders to the tune of Rs.157 Cores as at the end of March, 2009 and expects further orders to the tune of Rs.100 Crores, in addition to orders worth Rs.80 Cores in Pipeline. The Company's products have been well accepted in the International and Domestic Markets. The Company will however increase the turnover when the market conditions improve and Oil and Gas Exploration Activities increase. The company has planned expansion of Casing Manufacturing capacity to 1,50,000 MT per annum which will be ready during the current year.

**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 – I )

**LISTING WITH STOCK EXCHANGES :**

The Company confirms that it has paid the Annual Listing Fees for the year 2009 -10 to NSE and BSE, where the company's shares are listed.

**DEMATERIALISATION OF SHARES:**

79.82% of the Company's paid up Equity Share Capital is in dematerialized form as on March 31<sup>st</sup>, 2009. 18,00,000 Shares works out 4.06% of total shares were rematerialized on request from shareholders during the year.

The Company's Registrars are M/s Dakshin Consultants (P) Ltd, H No: 6-3-655/2/4, Civil Supplies Bhavan Lane, Somajiguda, Hyderabad – 500082.

**DIRECTORS:**

Dato' Dr. Abdul Halim Bin Harun, retires on rotation and being eligible offer himself for reappointment. The Directors recommended reappointment as proposed in the Notice for the Annual General Meeting.

**REMUNERATION:**

Based on the computation of Net Profit in accordance with Section 309 (5) of the Company's Act, the Whole time Directors were eligible to receive remuneration of Rs.460.93 Lakhs during the financial year 2007-08. However, the amount actually paid was only Rs.139.48 Lakhs.

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

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

1. That in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2009 the applicable Accounting Standards have been followed alongwith proper explanation relating to material departures, if any.
2. That such accounting policies as mentioned in Notes on Accounts have been selected and applied consistently and 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 end of the financial year 31<sup>st</sup> March, 2009 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 31<sup>st</sup> March, 2009 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 alongwith 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 4 persons who were in receipt of remuneration of not less than Rs.24,00,000 during the year ended 31<sup>st</sup> March, 2009 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

Hyderabad  
Date: 24.04.2009

**For and on behalf of the Board**  
**K. SURYANARAYANA**  
Chairman & Managing Director

**ANNEXURE I****Management Discussion and Analysis Report:****a) Industry Structure and Developments, Opportunities and Threats, Performance, Outlook Risks and Concerns:**

The Crude Oil prices in the year 2008-09 have touched the peak of USD 150 per barrel. Consequently, the Oil and Gas Exploration Activities as also the demand of your Company's products touched its peak during the year. The Company has achieved a record turnover of Rs.422.09 Crores in the current year (2008-09) as against Rs.341.33 Crores during the previous year. The exports during the year 2008-09 are to the tune of Rs. 209 Crores.

The Crude Oil prices have been falling drastically from the last quarter of the year 2008-09. The rig count has reduced by around 35%-40% clearly signaling the down trend in the Oil Exploration Activities globally. The Company's order book position as at the end of March, 2009 is Rs.157 Crores besides orders worth 80 Crores in pipeline. Considering the present market conditions, the Company has planned turnover of Rs.325 Crores during the current year 2009-10. The Company will however increase the turnover, when market conditions improve and Oil and Exploration activities increase during the year.

**b) Internal Control Systems and their Adequacy:**

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

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

The key elements of the system are as follows:

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

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 devolvment, future plans and projections are given to the Board of Directors. Internal Audit Reports are regularly circulated for perusal of Senior Management and 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:

	(Rs. in Lakhs)	
	2008-09	2007-08
1 Sales / Income from Operations	42037.27	33953.44
2 Other Income	171.84	179.87
3 Sub-total (1+2)	42209.11	34133.31
4 Total Expenditure (before interest)	32882.04	25911.02
5 Profit before interest, Tax and Exceptional Item	9327.07	8222.29
6 Operating Margin	22.19%	24.22%
7 Profit after Tax	6493.79	2891.26
8 Return on Average Capital Employed % (before Interest and Tax)	87.46	108.29
9 No. of Months Receivables (Receivables / Sales x 12)	0.78	1.54
10 Current Ratio (Current Assets / Current Liabilities)	1.36	1.80
11 Borrowings: Equity Ratio (TL/Equity)	0.00	0.17

**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. The Company continued with its Policy of Human Resources Development and retention. To enrich the skills of employees and enrich their experience, the Company arranges, Practical Training Courses by Internal and External Faculty.

Hyderabad  
24.04.2009

For and on behalf of the Board

**K. SURYANARAYANA**  
Chairman & Managing Director



**ANNEXURE II**

**Compliance 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, 2009 is as follows:

<b>Category</b>	<b>No.of Directors</b>	<b>%</b>
Executive Directors	3	42.86
Non Executive, Independent Directors	4	57.14
<b>Total</b>	<b>7</b>	<b>100</b>



## (ii) Particulars of Directorships of other Companies

Other Directorships		
Name of the Director	Name of the Company	Position
1. Shri K Suryanarayana Chairman & Managing Director	United Steel Allied Industries (P) Ltd United Seamless Tubulaar (P) Ltd USAI Forge (P) Ltd Kamineni Infrastructure Pvt Ltd Kamineni Steel and Power India (P) Ltd Kamineni Oncology Centre (P) Ltd	Director Chairman Director Director Director Director
2. Shri K Sridhar Joint Managing Director	United Steel Allied Industries (P) Ltd USAI Forge (P) Ltd Kamineni Health Services (P) Ltd Kamineni Land Marks (P) Ltd Kamineni Steel and Power India Ltd Kamineni Infrastructure Pvt Ltd	Director Director Director Director Director Director
3. Dr T S Sethurathnam Independent Director	Kamineni Hospitals Ltd Shriram Transport Finance Ltd Bright Brothers Ltd Shriram City Union Finance Ltd Meenakshi Power Ltd	Chairman Nominee Director Director Nominee Director Nominee Director
4. Dr N S Datar Independent Director	Uttam Galva Steels Ltd CMI -FPE Ltd	Director Director
5. Shri K V Ravindra Reddy Independent Director	Saptagiri Camphor Ltd Diana Hotels Ltd Raha Poly Products Ltd	Director Director Director
6. Shri K G Joshi Whole time Director	Nil	Nil
7. Dato' Dr. Abdul Halim Bin Harun Independent Director	United Seamless Tubulaar (P) Ltd Sathya Auto Private Ltd. Cast wel Auto Parts Private Ltd. Dongshin Motech Private Ltd. Jaybee Drilling Private Ltd.	Director Chairman Chairman Chairman Chairman



**(iii) Attendance of each Director at the Board Meetings and the last AGM During the year 2008-09**

Director	No.of Board Meetings Attended	Last AGM attendance (Yes/No)
Shri K Suryanarayana	4	Yes
Shri K Sridhar	4	Yes
Dr. T S Sethurathnam	4	Yes
Dr N S Datar	4	Yes
Shri K V Ravindra Reddy	4	Yes
Shri K G Joshi	4	Yes
Dato' Dr. Abdul Halim Bin Harun	3	Yes
Shri L N Janarthanan	1	No

**(iv) No. of other Board Committees they are members / Chairperson**

Share Transfer Committee and Grievance Committee	Audit Committee	Remuneration Committee
Dr T S Sethurathnam Chairman	Dr T S Sethurathnam Chairman	Dr T S Sethurathnam Chairman
Shri K V Ravindra Reddy Director	Dr N S Datar Director	Dr N S Datar Director
Shri K G Joshi Director	Shri K V Ravindra Reddy Director	Shri K V Ravindra Reddy Director

**(v) Number of Board Meetings held, dates on which held:**

Four Board meetings were held during the financial year from 1st April, 2008 to 31st March, 2009. The dates on which the meetings were held are as follows 13th June, 2008, 18th July, 2008, 16th October, 2008 and 22nd January, 2009.

**c) Audit Committee:**

In addition to Independent (non-executive) Directors mentioned above, the committee co-opted Shri K Sridhar Jt. Managing Director, Shri K.G Joshi, Director (Technical), and a representative from Statutory Auditors as permanent invitees to the Committee. Company Secretary is member and convener of the Committee.

During the year the Committee had Four Meetings i.e. on 13th June, 2008, 18th July, 2008, 16th October, 2008 and 22nd January, 2009. The Committee's powers and role are as stipulated by the Listing Agreement.


**Attendance of each Member at the Audit Committee Meetings:**

Director	No.of Meetings held	No. of Meetings Attended
Dr. T S Sethurathnam	4	4
Dr. N S Datar	4	4
Shri K V Ravindra Reddy	4	4

The Chairman of the Audit Committee was present at the last Annual General Meeting.

**d) Remuneration Committee:**

The Committee will meet as and when any remuneration is to be fixed for any Director / Managing Director.

During the year no Meeting was held

**Details of Director proposed for Reappointment / Appointment**

Dato' Dr. Abdul Halim Bin Harun who retires by rotation and being eligible offers himself for Reappointment. Dato' Dr. Abdul Halim Bin Harun, a Technology Mara and Emile Woolf College of Accountancy, U.K. A Fellow Member of the Association of Chartered Accountants (UK) and a Member of the Malaysian Institute of Accountants. He was Confirmed a Doctorate of Physiology in Management and Organisational Management by the Irish International European Union in September, 2001. He is presently Group Managing Director and Chief Executive Officer of UMW Holdings since 2001.

**e) Shareholders Committee:**

The following Committee of Directors looks after the Investor Grievances:

Dr T S Sethurathnam  
Shri K V Ravindra Reddy  
Shri K G Joshi

During the year Four Investor Grievance Committee Meetings were held on 13.06.2008, 18.07.2008, 16.10.2008, and 22.01.2009. The attendance of the Members at the meeting was as under:

Director	Position	No.of Meetings held	No. of Meetings Attended
Dr. T S Sethurathnam	Chairman	4	4
Shri K V Ravindra Reddy	Member	4	4
Shri K G Joshi	Member	4	4

**Name and designation of Compliance Officer:**

Shri C S Rao, Company Secretary.

**Share holders' Services:**

Sl. No.	Nature of Complaints	2008-09		2007-08	
		Received	Answered	Received	Answered
1	Non receipt of Shares lodged for Demat	-	-	-	-
2	Non receipt of Dividend warrants	-	-	-	-
3	Others	2	2	1	1

**f) General body meetings:****Location and time for the last three AGMs**

Year	Date	Venue	Time	Special Resolution
2005-2006	06.07.2006	Taj Mahal Hotel 2nd Floor Akshaya Hall 4-1-999 Abids Road Hyderabad	10.00 A.M.	Nil
2006-2007	23.08.2007	Taj Mahal Hotel 2nd Floor Akshaya Hall 4-1-999 Abids Road, Hyderabad	10.00 A.M.	Nil
2007-2008	18.07.2008	Taj Mahal Hotel 2nd Floor Akshaya Hall 4-1-999 Abids RoadHyderabad	10.00 A.M.	Appointment of Shri K. Suryanarayana as Managing Director

Extraordinary General Meetings - Nil

Resolution put through Postal Ballot during the last year and details of voting pattern.

For the Financial Year ended 31st March, 2009 The following Special Resolutions were passed by the Company's Shareholders through Postal Ballot.

Postal Ballot Notice dated 13th June, 2008 in respect of the following Matters.

1. Amendments of Object Clause by insertion of Sub-Clause 10 to 14 after the existing Sub-Clause 9 of other Objects Clause III(C) of Memorandum of Association
2. Commencement of Business Specified in Sub-Clause 10 to 14 of Clause III (C) of Memorandum of Association.

M/s K Swamy & Co., Company Secretaries were appointed as the scrutinizer for conducting the Postal Ballot Process. Based on the report of the Scrutinizer dated 26.07.2008 the results of voting by Postal Ballot were declared on 31.07.2008. The same is summarized as under.

Number of valid Postal Ballot forms received	278
Votes in favour of Resolution No.(1) and (2)	21432232
Votes against the Resolution No.(1) and (2)	220
Number of invalid Postal Ballot forms received	18

The Resolution No.(1) and (2) have therefore been approved by the shareholders with the requisite majority.

The Board has recommended Three Special Resolution for approval of members at the ensuing 23rd Annual General Meeting.

## ANNEXURE TO DIRECTOR'S REPORT



### Disclosures:

#### (i) Related party transactions during the year:

(Rs in lakhs)

SL. NO.	PARTICULARS OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	AMOUNT	
				2008-2009	2007-2008
A	United Steel Allied Industries Pvt. Ltd.	Two of the Directors are interested	Maintenance of Plant & Machinery	76.20	63.63
			Material Loading and Un-Loading	223.64	0.00
B	V Max Studio & Advertising	Two of the Directors are related	Advertising, Printing, Web Designing, Maintenance of Software & Hardware and Supply of Stationery	49.52	0.00
C	Mrs. K. Indira	Two of the Directors are related	Rent for office premises	29.88	14.46
			Hire Charges for Tractors at Factory	1.44	1.44
D	Mrs. B. UshaSree	Two of the Directors are related	Rent for office premises	26.31	14.28

#### (ii) Remuneration paid or payable to Directors during the year 2008-2009

(Rs in lakhs)

Name of Director	Relationship With other Directors	Sitting fees	Salary & Allowance	Contribution of PF	Perquisites	Commission	Total
Shri K Suryanarayana	Related to Shri K Sridhar	-	39.46	-	6.00	460.30	505.76
Shri K Sridhar	Related to Shri K Suryanarayana	-	25.72	1.76	2.30	374.83	404.61
Dr T S Sethurathnam	None	0.60	-	-	-	-	0.60
Dr N S Datar	None	0.40	-	-	-	-	0.40
Shri K V Ravindra Reddy	None	0.60	-	-	-	-	0.60
Shri K G Joshi	None	-	22.41	1.55	2.00	75.19	101.15
Dato' Dr. Abdul Halim	None	0.15	-	-	-	-	0.15
Bin Harun							
Shri L N Janarthanan	None	-	-	-	-	-	-
							<b>1013.27</b>

There are no non-compliance of any statutes by the company. Neither penalties nor strictures were imposed by any stock exchange / SEBI or any other statutory authority on any matter related to capital markets during last 3 years.



**g) Means of Communication:**

Quarterly Results are published in Newspapers i.e., Financial Express, Economic Times (Hyderabad & Mumbai), Andhra Prabha (Regional newspaper). Displayed on Securities & Exchange Board of India website. No presentation made to institutional investors or to the analysts.

**h) General Shareholder's information**

- |    |   |  |
|----|---|--|
| 1. | AGM date, time and venue  | Wednesday, 27th May, 2009<br>AT 10.00 A.M.<br>Tajmahal Hotel<br>2nd Floor, Akshaya Hall<br>4-1-999, Abids Road<br>Hyderabad - 500 001                    |
| 2. | Financial Calendar  |  |
|    | 1st Quarter   | 1st April to 30th June   |
|    | 2nd Quarter   | 1st July to 30th September   |
|    | 3rd Quarter   | 1st October to 31st December   |
|    | 4th and Final Quarter   | 1st January to 31st March  |
| 3. | Date of Book Closure  | : 18/05/2009 to 25/05/2009<br>(both days inclusive)  |
| 4. | Dividend Payment date   | : On or after 27th May, 2009   |
| 5. | Listing on Stock Exchanges  | : The Company's Shares are currently listed at following Stock Exchanges:  |
|    | (i) Bombay Stock Exchange Ltd,<br>BSE's Corporate Relationship Dept<br>1ST Floor, New Trading Ring<br>Routunga Building, P J Towers<br>Dalal Street, Mumbai - 400 001 | (ii) National Stock Exchange of India Ltd<br>Exchange Plaza<br>5th Floor, Plot No: C/1<br>G-Block, Bandra Kurla Complex<br>Bandra East, Mumbai - 400 051 |
| 6. | Stock Exchange Security Code  |  |
|    | (i) 500313 - BSE  | ii) OILCOUNTUB - NSE   |
| 7. | Listing fees  | : Paid to Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd upto (including) 2009-2010  |



**8. Monthly High and Low quotations along with the volume of shares traded at National Stock Exchange of India Ltd., & Bombay Stock Exchange Ltd., during 2008 - 2009:**

Month & Year	NSE			BSE		
	High (Rs.)	Low(Rs.)	Volume (Nos)	High (Rs.)	Low(Rs.)	Volume (Nos)
April 2008	79.00	59.10	2582228	79.00	59.60	223673
May 2008	76.80	63.05	166722	75.80	63.45	243858
June 2008	73.90	55.20	390508	73.00	54.10	285702
July 2008	64.00	50.10	608646	63.85	51.00	104554
Aug. 2008	69.00	58.05	1094895	68.90	59.00	627920
Sept. 2008	69.80	37.00	203460	63.90	38.00	115436
Oct. 2008	49.75	33.00	24562	50.00	36.30	147345
Nov. 2008	42.50	32.75	54651	42.50	33.70	40049
Dec. 2008	43.90	32.05	113956	40.50	31.65	116604
Jan. 2009	43.50	30.05	1147222	45.00	32.00	988525
Feb. 2009	40.75	31.55	60596	40.50	35.00	41405
Mar. 2009	39.45	28.55	747248	38.50	30.15	886690
<b>TOTAL</b>			<b>7415794</b>	<b>TOTAL</b>		<b>3821761</b>

**9. The Company's Depository Registrar for Shares in Physical and Electronic Form:**

Dakshin Consultants (P) Ltd  
H No: 6-3-655/2/4,  
Civil Supplies Bhavan Lane  
Somajiguda  
Hyderabad – 500 082  
Telephone No: 040-30688443

**10. Share Transfer System**

The transactions of the shares held in Demat and Physical form are handled by the Company's Depository Registrar, Dakshin Consultants Pvt. Ltd.,

**The Shares transferred (in physical form) during 2008-2009.**

	2008-2009	2007-2008
Shares Transferred	191205	198091
Total No. of Shares as on 31st March	44289530	44289530
% on Share Capital	0.43	0.44


**Categories of shareholders as on 31<sup>st</sup> March, 2009**

Category	No. of shareholders	Voting Strength %	No. of Shares held
Individuals	35333	96.80	14997042
Companies	513	1.40	4038048
FII's	1	0.01	5400
OCBs and NRI's	601	1.65	10457936
Promoters	34	0.09	14718574
Mutual Funds, Banks, FIs	19	0.05	74530
<b>Total</b>	<b>36501</b>	<b>100%</b>	<b>44289530</b>

Investor's Correspondence may be addressed to:

Shri C S Rao

Company Secretary

Oil Country Tubular Limited,  
108, Kanchanjunga, King Koti Road,  
Hyderabad – 500 001

Tel: 040-23231496, 23231497

Fax: 040-23235617

E-mail : demat@octlindia.com

**11. Distribution of Share Holdings:**

No. of Equity Shares held	As on 31.03.2009				As on 31.03.2008			
	No. of Share holders	% of Share holders	No. of Shares	% of Share holding	No. of Share holders	% of Share holders	No. of Shares	% of Share holding
1 - 500	33858	92.76	4709716	10.63	34473	92.65	4826957	10.90
501-1000	1528	4.19	12440758	2.81	1568	4.22	1282386	2.89
1001 - 2000	527	1.45	791740	1.79	545	1.47	822014	1.85
2001 - 3000	138	0.46	426996	0.96	180	0.48	464770	1.05
3001 - 4000	71	0.19	255640	0.58	74	0.19	260018	0.59
4001 - 5000	82	0.22	396168	0.89	103	0.26	495402	1.12
5001 - 10000	88	0.24	642320	1.45	96	0.25	709894	1.60
10001 and above	179	0.49	35822875	80.89	171	0.46	35428089	80.00
<b>Total</b>	<b>36501</b>	<b>100%</b>	<b>44289530</b>	<b>100%</b>	<b>37210</b>	<b>100%</b>	<b>44289530</b>	<b>100%</b>



12. Dematerialisation of Shares: 35351096 Shares working out to over 79.82% of the total Shares have been dematerialized up to 31st March 2009.  
18,00,000 Shares works out 4.06% of total shares were rematerialized on request from shareholders during the year.
13. The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.
14. Plant Location : Shreepuram  
Narketpally Mandalam  
Nalgonda Dist – 508 254 (A.P.)
15. Address of Registered Office : 108, Kanchanjunga, King Koti Road  
Hyderabad – 500 001  
Tel No: 040-23231496, 23231497  
Fax No: 040 23235617

**For and on behalf of the Board**

**Hyderabad  
24.04.2009**

**K. SURYANARAYANA  
Chairman & Managing Director**



**AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

The Members of  
Oil Country Tubular Limited

We have examined the compliance of conditions of Corporate Governance by Oil Country Tubular Ltd., for the year ended March 31, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2009, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For C K S Associates  
Chartered Accountants**

**Hyderabad  
Date: 24.04.2009**

**P Ganapati Rao  
Partner  
M.No. 24113**



## ANNEXURE III

### Disclosure of Particulars pursuant to Companies (Disclosure of particulars in the report of the Board of Directors) Rules 1998

#### A. CONSERVATION OF ENERGY:

Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimise use of energy through continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques.

#### B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B below:

#### FORM B

##### Research and Development

The Company has embarked upon a systematic Research and Product Development programme for the last few years and has provided adequate resources for the same. The continuous Research and Development Activities have resulted in indigenisation of major toolings, updating of the manufacturing processes and operational procedures incorporating modern techniques. The Company has also been developing new products required in the Oil and Gas Industry for Exploration and Exploitation Activities. The Research and Development Activity is given highest priority and resources by the Company.

##### Expenditure on R&D

	(Rs in Lakhs) (2008-2009)	(Rs in Lakhs) (2007-2008)
a. Capital	2500.12	485.69
b. Recurring	231.46	360.05
c. Total	2731.58	845.74
d. Total R&D expenditure as a Percentage of total turnover	6.50%	2.49%

##### Technology absorption, adaptation and Innovation:

- Efforts, in brief, made towards technology Absorption, adaptation and company. Updation of Technology is a continuous process, absorbed, implemented and adapted by the Company for innovation. Efforts are continuously made to develop new products required in the Oil and Gas Industry. innovation
- Benefits derived as a result of the above efforts The Company has been able to successfully indigenise the toolings to a large extent and successfully developed new products by virtue of technology Absorption, adaptation and innovation
- In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year) the information may be furnished Not applicable since 5 years period is over

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Foreign exchange outgo and foreign exchange earned by the Company during the year are detailed in Note No.17 and 18 of Schedule P to the accounts.

Hyderabad  
Date: 24.04.2009

For and on behalf of the Board  
**K. SURYANARAYANA**  
Chairman & Managing Director



**To**

***The Members of OIL COUNTRY TUBULAR LIMITED***

1. We have audited the attached Balance Sheet of ***OIL COUNTRY TUBULAR LIMITED*** as at March 31, 2009 and also the Profit and Loss Account and Cash Flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies ( Auditors' Report) Order, 2003, ( as amended ) issued by the Central Government in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that.
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b. In our opinion, proper books of account, as required by law, have been kept by the Company, so far as appears from our examination of those books;
  - c. The Balance Sheet, Profit and Loss Account and Cash Flow statement dealt with by this report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet , Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;



- e. On the basis of written representations received from the directors as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
1. In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2009 and
  2. In the case of the Profit and Loss account, of the Profit of the Company for the year ended on that date.
  3. in the case of Cash Flow statement, of the cash flows for the year ended on that date.

**For C K S ASSOCIATES  
Chartered Accountants**

**P. GANAPATI RAO  
Partner  
M.No. 24113**

**HYDERABAD  
April 24, 2009**



### **ANNEXURE TO THE AUDITORS' REPORT:**

***( Referred to in Paragraph 3 of our report of even date)***

- 1.1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- 1.2. All the assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- 1.3. During the year, the company has not disposed off a substantial part of fixed assets.
- 2.1. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- 2.2. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- 2.3. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on such physical verification.
3. The company has neither granted nor taken any loan, secured or unsecured, to or from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. Accordingly,  
  
the sub-clauses (a), (b), (c), (d), (e), (f) and (g) of clause (iii) are not applicable to the company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- 5.1. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- 5.2. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.



6. The Company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India and the provisions of Sections 58A, 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under apply.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. As per the information given to us, the Central Government has not prescribed maintenance of Cost Records under section 209 (1)(d) of the Companies Act, 1956.
- 9.1. The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education & protection fund, employees state insurance, income tax, sales tax, wealth tax, customs duty, excise duty, cess, service tax and other material statutory dues applicable to it.
- 9.2. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at March 31, 2009, for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank.
12. In our opinion and according to the information and explanations given to us, the company has not granted any loans and advances, on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The company has not taken any long term loans during the year under review.



17. .According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, during the year under report.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**HYDERABAD**

**April 24, 2009**

87, Nagarjuna

Road No. -3, Gaganmahal Colony,

Hyderabad - 500 029.

**For C K S ASSOCIATES**

**Chartered Accountants**

**P. GANAPATI RAO**

**Partner**

**M.No. 24113**

# BALANCE SHEET



BALANCE SHEET AS AT 31.03.2009		[Rs. in Lakhs]			
	SCH	31.03.2009		31.03.2008	
<b>I SOURCES OF FUNDS</b>					
<b>1. SHARE HOLDERS' FUNDS</b>					
a) Share Capital	A	4428.95		4428.95	
b) Reserves and surplus	B	8802.09		3816.53	
			13231.04		8245.48
<b>2. LOAN FUNDS</b>					
Secured Loans	C	837.15			1070.49
<b>3. Deferred Tax Liability</b>		677.07			864.92
<b>TOTAL</b>		14745.26			10180.89
<b>II. APPLICATION OF FUNDS</b>					
<b>4. FIXED ASSETS</b>					
a) Gross Block		32551.96		29799.47	
b) Less : Depreciation		26210.64		24761.14	
c) Net Block			6341.32		5038.33
<b>5. INVESTMENTS</b>					
	E		2500.00		0.00
<b>6. CURRENT ASSETS, LOANS AND ADVANCES</b>					
a) Inventories	F	9279.12		3892.89	
b) Sundry Debtors	G	2747.44		4363.66	
c) Cash and Bank Balances	H	2721.46		1266.75	
d) Other Current Assets	I	70.56		41.07	
e) Loans and Advances	J	4462.58		1260.00	
		19281.16		10824.37	
<b>Less : CURRENT LIABILITIES AND PROVISIONS</b>					
a) Current Liabilities	K	8796.85		4683.98	
b) Provisions		4580.37		997.83	
<b>NET CURRENT ASSETS</b>			5903.94		5142.56
<b>TOTAL</b>			14745.26		10180.89
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>					
	Q				

Per our report attached  
for **C.K.S. ASSOCIATES**  
Chartered Accountants

**P. Ganapati Rao**  
Partner

M.No.24113

Place : Hyderabad  
Date : 24.04.2009

For and on behalf of the Board of Directors

**K.Suryanarayana**  
Chairman & Managing Director

**K.Sridhar**  
Joint Managing Director

**Dr.T.S.Sethurathnam**  
**Dr. N.S. Datar**  
**K.V. Ravindra Reddy**  
**K.G. Joshi**  
**Dato' Dr. Abdul Halim Bin Harun**  
Directors

**C.S. Rao**  
Company Secretary

# PROFIT AND LOSS ACCOUNT



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009				[Rs. in Lakhs]	
	SCH	31.03.2009		31.03.2008	
<b>INCOME</b>					
a) Sales and Services		<b>42579.86</b>		34815.53	
Less : Duties and Taxes		<b>542.59</b>	<b>42037.27</b>	862.09	33953.44
b) Other Income	<b>L</b>		<b>171.84</b>		179.87
<b>TOTAL</b>			<b>42209.11</b>		<b>34133.31</b>
<b>EXPENDITURE</b>					
a) Cost of Materials	<b>M</b>		<b>25771.18</b>		14152.55
b) Manufacturing, Administration Selling & Distribution Expenses	<b>N</b>		<b>9388.93</b>		10398.79
c) Finance Charges	<b>O</b>		<b>215.81</b>		3755.25
d) Depreciation		<b>1478.88</b>		1521.77	
Less: Depreciation on Revalued Assets		<b>730.99</b>	<b>747.89</b>	803.35	718.42
<b>TOTAL</b>			<b>36123.81</b>		<b>29025.01</b>
Adjustments of Stocks	<b>P</b>		<b>(3025.96)</b>		641.26
<b>PROFIT FOR THE YEAR</b>			<b>9111.26</b>		<b>4467.04</b>
Less : Provision for Current Year Tax		<b>2426.56</b>		698.86	
Provisoin for Fringe Benefit Tax		<b>16.00</b>		12.00	
Provision for Deferred Tax		<b>(187.85)</b>		864.92	
Prior Period Taxation		<b>362.76</b>	<b>2617.47</b>	0.00	1575.78
<b>PROFIT AFTER TAX</b>			<b>6493.79</b>		<b>2891.26</b>
<b>Profit from the Previous Year brought forward</b>			<b>3004.07</b>		112.81
			<b>9497.86</b>		3004.07
<b>AVAILABLE FOR APPROPRIATION</b>					
Proposed Dividend		<b>664.34</b>		0.00	
Tax on Proposed Dividend		<b>112.90</b>		0.00	
Transfer to General Reserve		<b>8500.00</b>		0.00	
			<b>9277.24</b>		0.00
<b>Surplus Carried to Balance Sheet</b>			<b>220.62</b>		<b>3004.07</b>
<b>EPS (Rs.) Basic / Diluted for the year</b>			<b>14.66</b>		<b>6.53</b>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>	<b>Q</b>				

Per our report attached  
for **C.K.S. ASSOCIATES**  
Chartered Accountants

**P. Ganapati Rao**  
Partner

M.No.24113

Place : Hyderabad  
Date : 24.04.2009

For and on behalf of the Board of Directors

**K.Suryanarayana**  
Chairman & Managing Director

**K.Sridhar**  
Joint Managing Director

**Dr.T.S.Sethurathnam**

**Dr. N.S. Datar**

**K.V. Ravindra Reddy**

**K.G. Joshi**

**Dato' Dr. Abdul Halim Bin Harun**  
Directors

**C.S. Rao**  
Company Secretary



	[Rs. in Lakhs]	
	31.03.2009	31.03.2008
<b>SCHEDULE A : SHARE CAPITAL</b>		
<b>AUTHORISED :</b>		
8,50,00,000 Equity Shares of Rs,10/- each	<b>8500.00</b>	8500.00
<b>ISSUED, SUBSCRIBED AND PAID UP:</b>	<b>4428.95</b>	4428.95
4,42,89,530 Equity Shares of Rs.10 each fully paid up in Cash	<b>4428.95</b>	<b>4428.95</b>
<b>SCHEDULE B: RESERVES AND SURPLUS</b>		
Revaluation Reserve		
Balance brought Forward	<b>811.81</b>	1615.16
Less : Depreciation on Revalued Assets	<b>730.99</b>	803.35
	<b>80.82</b>	811.81
Capital Reserve (Share Forfeiture)	<b>0.65</b>	0.65
General Reserve	<b>8500.00</b>	0.00
Surplus	<b>220.62</b>	3004.07
	<b>8802.09</b>	<b>3816.53</b>
<b>SCHEDULE C: SECURED LOANS</b>		
<b>(A) TERM LOANS</b>		
Industrial Development Bank of India Ltd.	<b>0.00</b>	743.82
	<b>0.00</b>	<b>743.82</b>
<b>(B) WORKING CAPITAL LOANS FROM BANKS</b>		
Cash Credit Facilities	<b>837.15</b>	326.67
	<b>837.15</b>	<b>1070.49</b>

## SCHEDULE :D: FIXED ASSETS

[Rs. in lakhs]

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST/ REVALUATION 01.04.2008	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	TOTAL COST AS ON 31.03.2009	UP TO 01.04.2008	FOR THE YEAR	DEDUCTIONS DURING THE YEAR	UP TO 31.03.2009	AS ON 31.03.2009	AS ON 31.03.2008
LAND	281.34	71.25	0.00	352.59	0.00	0.00	0.00	0.00	352.59	281.34
BUILDINGS	2252.40	37.86	0.00	2290.26	977.57	75.99	0.00	1053.56	1236.70	1274.83
PLANT & MACHINERY	26805.07	2630.08	0.00	29435.15	23441.15	1370.70	0.00	24811.85	4623.30	3363.92
OFFICE EQUIPMENT	120.24	18.61	1.05	137.80	76.26	7.60	0.46	83.40	54.40	43.98
DATA PROCESSING EQUIPMENT	157.00	14.36	0.00	171.36	144.17	9.04	0.00	153.21	18.15	12.83
VEHICLES	79.32	0.00	32.72	46.60	46.94	8.39	28.92	26.41	20.19	32.38
FURNITURE & FIXTURES	104.10	14.10	0.00	118.20	75.05	7.16	0.00	82.21	35.99	29.05
<b>T O T A L</b>	<b>29799.47</b>	<b>2786.26</b>	<b>33.77</b>	<b>32551.96</b>	<b>24761.14</b>	<b>1478.88</b>	<b>29.38</b>	<b>26210.64</b>	<b>6341.32</b>	<b>5038.33</b>
PREVIOUS YEAR	29134.92	1573.53	908.98	29799.47	23343.71	1521.77	104.34	24761.14	5038.33	5791.21

NOTE : 1. Cost includes Rs.15,913.70 lakhs being addition on revaluation of certain fixed assets. Viz., Land Rs.80.82 lakhs, Buildings Rs.638.26 lakhs and Plant and Machinery Rs.15,194.62 lakhs. Depreciation is provided on the asset values as revalued. Total depreciation provided on Fixed Assets amounts to Rs.1478.88 lakhs. Out of this Rs.747.89 lakhs being depreciation on the original cost of the assets is debited to profit and loss account and the balance depreciation of Rs.730.99 lakhs has been adjusted to Revaluation Reserve Account.





	[Rs. in Lakhs]	
	31.03.2009	31.03.2008
<b>SCHEDULE E : INVESTMENTS</b>		
<b>Unquoted Investments</b>		
2,00,00,000 Shares of @Rs.10/- each subscribed during the year (Including 1,90,00,000 of Bonus Shares @Rs.10/- each)	<b>2000.00</b>	0.00
Share Application Money	<b>500.00</b>	0.00
	<b>2500.00</b>	<b>0.00</b>
<b>SCHEDULE F: INVENTORIES</b> (As certified by the Management)		
Raw Materials	<b>1905.74</b>	959.39
Stores & Spare parts	<b>2024.91</b>	610.99
Work in progress	<b>2990.09</b>	1570.51
Finished Goods	<b>2354.36</b>	751.57
Scrap	<b>4.02</b>	0.43
	<b>9279.12</b>	<b>3892.89</b>
<b>SCHEDULE G: SUNDRY DEBTORS</b> (Unsecured, Considered good for which the company holds no security other than Debtors Personal Security)		
a) Outstanding for more than six months	<b>1300.67</b>	14.65
b) Other debts	<b>1446.77</b>	4349.01
	<b>2747.44</b>	<b>4363.66</b>
<b>SCHEDULE H: CASH AND BANK BALANCES</b>		
Cash on Hand	<b>1.31</b>	1.18
Balances with Scheduled Banks in :		
a) Current Account	<b>2018.09</b>	673.94
b) Margin Money Deposits Accounts	<b>702.06</b>	591.63
	<b>2721.46</b>	<b>1266.75</b>
<b>SCHEDULE I : OTHER CURRENT ASSETS</b>		
Interest Receivable	<b>70.56</b>	41.07
	<b>70.56</b>	<b>41.07</b>

# SCHEDULES



[Rs. in Lakhs]

	31.03.2009		31.03.2008	
<b>SCHEDULE J : LOANS AND ADVANCES</b> (Unsecured and Considered good Recoverable in cash or kind or for value to be received)				
a) Advances		487.72		250.39
b) Prepaid Taxes - Income Tax, FBT		3554.54		747.15
c) Balances with Central Excise Authorities		295.15		137.50
d) Deposits		125.17		124.96
		<b>4462.58</b>		<b>1260.00</b>
<b>SCHEDULE K : CURRENT LIABILITIES AND PROVISIONS</b>				
<b>A. CURRENT LIABILITIES</b>				
Sundry Creditors		7295.98		4258.14
Outstanding liabilities		1347.97		353.64
Interest Accrued but not due		0.00		22.93
Other Liabilities		152.90		49.27
		<b>8796.85</b>		<b>4683.98</b>
<b>B. PROVISIONS</b>				
Provision for Income Tax		3756.25		966.96
Provision for Fringe Benefit Tax		46.88		30.87
Provision for Proposed Dividend		664.34		0.00
Tax on Proposed Dividend		112.90		0.00
		<b>4580.37</b>		<b>997.83</b>
<b>SCHEDULE L: OTHER INCOME</b>				
Interest from banks and others (Tax Deduction at Source : Rs.9.17 Lakhs)		52.50		51.75
Scrap Sales		118.83		112.78
Central Subsidy Written Back		0.00		15.00
Miscellaneous Income		0.51		0.34
		<b>171.84</b>		<b>179.87</b>
<b>SCHEDULE M : COST OF MATERIAL</b>				
Opening Stocks	959.39		2272.51	
Add:Purchases	26717.53	27676.92	12839.43	15111.94
Less : Closing Stock		1905.74		959.39
Consumption of Raw Materials		<b>25771.18</b>		<b>14152.55</b>

# SCHEDULES



[Rs. in Lakhs]

	31.03.2009		31.03.2008	
<b>SCHEDULE N: MANUFACTURING, ADMINISTRATION SELLING AND DISTRIBUTION EXPENSES</b>				
Stores, Spares and Tools consumed		1237.51		3059.40
Power and Fuel		1315.41		1321.09
Expenses on Employees :				
a) Salaries and Wages	1332.02		807.92	
b) Contribution to P.F. and E.S.I.	85.66		52.64	
c) Gratuity, LTA and Medical expenses	310.60		114.61	
		1728.28		975.17
Rent		56.20		28.74
Rates and Taxes		243.56		93.22
Central Excise Duty		8.31		5.87
Insurance		72.05		37.58
Repairs & Maintenance				
a) Buildings	44.42		196.33	
b) Plant & Machinery	115.06		399.04	
		159.48		595.37
Packing, Forwarding and Handling		390.82		276.44
Telephone and Telex		30.47		19.21
Travelling Expenses - Directors		70.91		84.87
Travelling Expenses - Others		62.52		19.53
Directors Remuneration		1011.52		139.48
Sitting Fee to Directors		1.75		3.15
Product Development Expenditure		231.46		360.05
Selling and Distribution Expenses		1868.75		2689.36
Remuneration to Auditors				
a) Audit Fee	3.50		3.50	
b) Tax Audit Fee	0.35		0.35	
c) Tax Representation	0.65		1.13	
d) Certification & Others	0.62		3.41	
		5.12		8.39
Exchange rate fluctuation		157.78		19.88
Loss / (Profit) on sale of assets		(9.29)		(0.37)
Bank Charges		272.85		219.62
Administration Expenses		473.47		442.74
		9388.93		10398.79
<b>SCHEDULE O : FINANCE CHARGES</b>				
Interest :				
a) On Term Loans		2.07		595.14
b) On Working Capital Loans		213.74		208.70
Deferred Interest		0.00		2951.41
		215.81		3755.25
<b>SCHEDULE P : ADJUSTMENT OF STOCKS</b>				
Opening Stocks of WIP & Finished Goods		2322.51		2963.77
Less : Closing Stocks of WIP & Finished Goods		5348.47		2322.51
Decrease /(Increase) in Stocks		(3025.96)		641.26

**SCHEDULE Q:****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****1. HISTORY:**

Oil Country Tubular Limited (OCTL) is a unique integrated facility established in 1989 and is one of the leading Companies in the world, processing a wide range of Oil Country tubular Goods viz., Drill Pipes, Heavy Weight Drill Pipes, Tubing, Casing, Drill Collars and other Oil Field Accessories required for the Oil Drilling and Exploration. The facility was set up in the State of Andhra Pradesh, India with a capital outlay of Rs.500 Million.

**2. SIGNIFICANT ACCOUNTING POLICIES:****A) Basis of Preparation of Financial Statements:**

The Financial Statements are prepared on going concern assumption and under the historical cost convention, except for certain fixed assets which are revalued in accordance with generally accepted Accounting principles in India and the provisions of the Companies Act 1956.

**B) Use of Estimates:**

The preparation of financial statements requires estimates and assumption to be made that effect the report amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

**C) Fixed Assets:**

Fixed assets are stated at cost net of cenvat / value added tax and includes amounts added on revaluation, less accumulated depreciation, and impairment of loss, if any. All costs including financing costs till commencement of production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

**D) Investments :**

Investments in Un-Quoted Shares are stated at Cost.

**E) Depreciation:**

Depreciation on Buildings and Plant and Machinery is provided on straight-line method at the rates specified in schedule – XIV of the Companies Act 1956. Depreciation on other fixed assets is provided on written down value method at the rates specified in schedule – XIV of the Companies Act 1956. Depreciation on the revalued assets is calculated on the revalued costs and the Revaluation Reserve is adjusted with the difference between the depreciation calculated on such revalued costs and the historical cost.

**F) Impairment of Asset:**

The Carrying amount of asset is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the greater of the asset's net selling price and value in use, which is determined based on the estimated future cash flow discounted to their present values. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment loss is reversed if there has been change in the estimates used to determine the recoverable amount.

**G) Inventories:**

Items of inventories are valued at lower of cost or net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw material is determined on weighted average method where identification is not practical. Scrap is valued at estimated realisable value.

**H) Foreign Currency Transactions:**

Foreign Currency Transactions are recorded at the exchange rates prevailing at the transaction date. Current Assets and Current Liabilities relating to Foreign Currency Transactions remaining unsettled at the Balance Sheet date are translated at the year end rates. The result gain / loss, if any, is recognised in Profit & Loss Account.

**I) Turnover:**

Turnover includes sale of goods adjusted for discounts.

**J) Employee Benefits:****1. Gratuity:**

The Company contributes towards Group Gratuity Fund (defined benefit retirement plan) administered by the Life Insurance Corporation of India, for eligible employees. Under this scheme, the settlement obligation remains with the Company, while the Life Insurance Corporation of India administers the scheme and determines the premium to be contributed by the Company. The plan provides for a lump-sum payment to the vested employees on retirement or termination of employment, based on the respective employees' salary and the years of service with the Company. Liability with regard to gratuity fund is accrued, based on actuarial valuation conducted by an independent actuary, using the projected unit credit method as at March 31, every year.

**2. Provident Fund :**

Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged off to the Profit and Loss account of the year when the contributions to the fund are due. There are no other obligations other than the contributions to be remitted to the Provident Fund Authorities.

**3. Leave Encashment :**

Provision for Leave Encashment is recognised in the books as per the actuarial valuation.

**K) Borrowing Cost:**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

**L) Provision for Current and Deferred Tax:**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is not recognised in the books as matter of prudence.



**M) Research and Development:**

Capital expenditure incurred has been disclosed under their natural heads of account and revenue expenditure incurred is charged off as a distinct item in the Profit and Loss account.

**N) Claims:**

Claims by and against the company, including liquidated damages, are recognised on acceptance basis.

3. As per Accounting Standard 15 “Employee Benefits”, the disclosures of Employee benefits as defined in the Accounting Standard are given below:

**Defined Contribution Plan**

Contribution to Defined Contribution Plan recognised as expenses for the year as under:

	<b>(Rs. in lakhs)</b>	
	<b>2008-09</b>	2007-08
Employer’s Contribution to Provident Fund	<b>78.46</b>	46.00
Employer’s Contribution to ESI	<b>1.07</b>	0.87

**Defined Benefit Plan**

The employees’ gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognised each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit to build up the final obligation. The obligation for leave encashment is recognised in the books as per LIC actuarial valuation.

**I. Reconciliation of opening and closing balances of Defined Benefit obligation**

	<b>Gratuity (Funded) 2008-09</b>	<b>Gratuity (Funded) 2007-08</b>
Defined Benefit obligation at beginning of the year	<b>92.27</b>	81.97
Current Service Cost	<b>11.53</b>	7.11
Interest	<b>6.94</b>	6.56
Actuarial (gain) / loss	<b>44.37</b>	4.24
Benefits paid	<b>5.55</b>	7.61
Defined Benefit obligation at year end	<b>149.56</b>	92.27

**II. Reconciliation of opening and closing balances of fair value of plan assets**

	<b>Gratuity (Funded) 2008-09</b>	<b>Gratuity (Funded) 2007-08</b>
Fair value of plan assets at beginning of the year	<b>101.35</b>	91.59
Expected Net return on plan assets	<b>9.51</b>	8.50
Employer contribution	<b>20.63</b>	8.87
Benefits paid	<b>5.55</b>	7.61
Fair value of plan assets at year end	<b>125.94</b>	101.35

## SCHEDULES



### III. Reconciliation of fair value of assets and obligations.

	2008-09		2007-08	
	Gratuity (Funded)	Leave Encashment	Gratuity (Funded)	Leave Encashment
Fair value of plan assets	125.94	—	101.35	—
Present value of obligation	92.27	—	92.27	—
Amount recognised in Balance sheet	33.67	54.87	9.08	46.98

### IV. Expenses recognised during the year

	2008-09 Gratuity (Funded)	2007-08 Gratuity (Funded)
Current Service Cost	11.53	7.11
Interest Cost	6.94	6.56
Expected return on plan assets.	9.51	8.50
Actuarial (Gain / Loss)	44.37	4.24
<b>Net Cost</b>	<b>53.33</b>	<b>9.41</b>

### V. Investment Details:

	% Invested As at 31 <sup>st</sup> March 2009	% Invested As at 31 <sup>st</sup> March 2008
L.I.C.	100.00	100.00

### VI. Actuarial assumptions

	Gratuity (Funded)	Gratuity (Funded)
Mortality Table (LIC)		
Discount rate (per annum)	8%	8%
Expected rate of return on plan assets (per annum)	8%	8%
Rate of escalation in salary (per annum)	4%	4%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

	(Rs. in Lakhs)	
	As at 31.03.2009	As at 31.03.2008
4. Contingent liabilities not provided for		
a) Bank guarantees	3270.77	2003.40
b) Letters of credit	1649.65	3144.44
c) Bills discounted	2158.56	501.66

## SCHEDULES



5. Claims against the company not acknowledged as debts  
Income Tax

**418.40**

386.41

(The revenue has appealed before Hon'ble High Court of Andhra Pradesh against the order of Hon'ble Andhra Pradesh Income Tax appellate Tribunal, Hyderabad which was in favour of the Company)

6. Working Capital Loans from banks and interest accrued on these loans are secured by hypothecation of present and future raw materials, work in progress, finished goods, stores and spares and book debts of the company and a second charge on the immovable properties and are guaranteed by the Managing Director and Joint Managing Director.
7. The Company has provided for Deferred Tax in accordance with Accounting Standard on 'Accounting for Taxes on Income' (AS-22) issued by the Institute of Chartered Accountants of India. The details of deferred tax assets and liabilities of the Company as on the date of Balance Sheet are as follows:

	<b>As on 31.03.2009</b>
<b>Deferred Tax Liability</b>	
- on Fixed assets	<b>20,49,03,436</b>
<b>Deferred Tax Asset</b>	
- on Gratuity	<b>57,07,132</b>
<b>NET DEFERRED TAX LIABILITY</b>	
Net Deferred Tax charge to Profit & Loss Account for the year	<b>19,91,96,303</b>
Deferred Tax	<b>6,77,06,824</b>
LESS : Already Provided	<b>8,64,91,715</b>
<b>Net Deferred Tax</b>	<b>(1,87,84,891)</b>

(Rs. in Lakhs)

	<b>2008-09</b>	2007-08
<b>8. a. Managerial Remuneration</b>		
Salary paid/payable	<b>87.59</b>	133.32
Contribution to provident and other funds	<b>3.31</b>	2.66
Perquisites	<b>10.30</b>	3.50
Commission	<b>910.32</b>	0.00
	<b>1011.52</b>	139.48

## SCHEDULES



### b. Computation of Net Profit in Accordance with Section 309 (5)

	2008-09	(Rs.in lakhs) 2007-08
Profit before tax as per Profit & Loss Account	<b>9111.26</b>	4467.04
Add: Depreciation charged in the accounts	<b>747.89</b>	718.42
Directors emoluments (Directors Remuneration & Sitting fees)	<b>1013.27</b>	142.63
Less: Depreciation charged in the accounts	<b>747.89</b>	718.42
Profit on sale of fixed assets	<b>9.29</b>	0.37
	<b>10115.24</b>	4609.30
Maximum Remuneration eligible to Whole Time Directors @ 10% of Net Profit for the Year:	<b>1011.52</b>	460.93

### 9. Earning per Share:

	2008-09 Rs.	2007-08 Rs.
Total No. of Shares	<b>4,42,89,530</b>	4,42,89,530
Profit after Taxes and exceptional items	<b>64,93,79,722</b>	28,91,26,373
Earning per share	<b>14.66</b>	6.53

### 10. Segment Reporting:

The Company is predominantly engaged in the manufacture and sale of Oil Country Tubular Goods where the risks and returns associated with the product are uniform. Hence, the Company has identified the geographic segments as its primary segment for reporting. The geographic segments of the Company are America, Europe, India and Other Asian Countries.

(Rs.in Lakhs)

Geographic Segment						
Particulars	America	African	Europe	India	Other Asian	Total
	6.00%	1.00%	2.00%	50.00%	41.00%	100.00%
Revenue	2533.07	375.00	805.89	21123.57	17199.74	42037.27
Operating Expenses	1779.98	296.66	593.33	14833.13	12163.17	29666.27
Unallocated Expenses						0.00
Operating Income				171.84		171.84
Non-Operating Income						0.00
Profit Before Tax	753.09	78.34	212.56	6462.28	5036.57	12542.84
Tax	157.05	26.17	52.35	1308.74	1073.16	2617.47
Net Profit	596.05	52.16	160.22	5153.54	3963.41	9925.37
Fixed Assets						6341.32
Current Assets						19260.53
Total Assets						25601.85
Segment Liabilities						0.00
Unallocated Liabilities						25601.85
Total Liabilities						25601.85

## SCHEDULES



11. (A) In accordance with the Accounting Standard No.18, the details of related party transactions are as follows:

(Rs.in Lakhs)

SL. NO.	PARTICULARS OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	31.03.09	31.03.08
A	United Steel Allied Industries Pvt. Ltd.	Two of the Directors are interested	Maintenance of Plant & Machinery	76.20	63.63
			Material Loading and Un-Loading	223.64	0.00
B	V Max Studio & Advertising	Two of the Directors are related	Advertising, Printing, Web Designing, Maintenance of Software & Hardware and Supply of Stationery	49.52	0.00
C	Mrs. K. Indira	Two of the Directors are related	Rent for office premises	29.88	14.46
			Hire Charges for Tractors at Factory	1.44	1.44
D	Mrs. B. UshaSree	Two of the Directors are related	Rent for office premises	26.31	14.28

- (B) Remuneration to Directors is as follows:

(Rs.in Lakhs)

SL. NO.	PARTICULARS OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	31.03.09	31.03.08
A	Sri K.Suryanarayana	Chairman & Managing Director - Related to Sri K.Sridhar – Jt. Managing Director	Remuneration as Chairman & Managing Director	505.76	81.00
B	Sri K.Sridhar	Joint Managing Director - Related to Chairman & Managing Director	Remuneration as Joint Managing Director	404.61	31.46
C	Sri K.G.Joshi	Director	Remuneration as Director	101.15	27.02

12. There are no due to any creditors constituting "Suppliers" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006.

## SCHEDULES



### 13. QUANTITATIVE INFORMATION REGARDING CAPACITIES AND PRODUCTION:

SL. NO.	CLASS OF GOODS	UNIT	ANNUAL LICENCED* CAPACITY QTY.	ANNUAL INSTALLED CAPACITY QTY.	PRODUCTION DURING THE YEAR QTY.
A	Casing Pipes Upto 20"OD	M.T.	50000 (50000)	50000 (50000)	15459.09 (3449.41)
B	Production Tubing (Coated / Uncoated) upto 4-1/2"OD	M.T.	15000 (15000)	15000 (15000)	2201.93 (1482.63)
C	Drill Pipes (Coated/ Uncoated) upto 5-1/2"OD	M.T.	10000 (10000)	10000 (10000)	7407.31 (11214.21)
	TOTAL .....	M.T.	75000 (75000)	75000 (75000)	25068.33 (16146.25)

(Previous year figures are given in brackets)

□ Delicensed with effect from 25.07.1991

### TURNOVER AND STOCKS:

SL. NO.	CLASS OF GOODS	OPENING STOCK AS AT 01.04.2008		CLOSING STOCK AS AT 31.03.2009		TURNOVER AS AT 31.03.2009	
		QTY. IN M.T.	VALUE Rs. IN LAKHS	QTY. IN M.T.	VALUE Rs. IN LAKHS	QTY. IN M.T.	VALUE Rs. IN LAKHS
A	Casing Pipes	384.25 (977.50)	187.89 (575.30)	2224.79 (384.25)	1333.08 (187.89)	13618.55 (4042.66)	15620.68 (3992.52)
B	Production Tubing	220.34 (-)	115.87 (-)	132.00 (220.34)	66.90 (115.87)	2290.27 (1262.29)	3002.42 (1394.13)
C	Drill Pipes	993.43 (566.26)	447.81 (710.91)	705.26 (993.43)	813.36 (447.81)	7695.48 (10787.04)	22452.37 (26835.15)
D	Reconditioning Jobs and Services	- (-)	- (-)	- (-)	- (-)	- (-)	1504.39 (2593.74)
	TOTAL.....	1598.02 (1543.76)	751.57 (1286.21)	3062.05 (1598.02)	2213.34 (751.57)	23604.30 (16091.99)	42579.86 (34815.53)

TDS on Reconditioning Jobs and Services Rs.0.19 lakhs.  
(Previous year figures are given in brackets)

## SCHEDULES



	31.03.2009		31.03.2008	
		Rs .in Lakhs		Rs .in Lakhs
<b>14. CIF VALUE OF IMPORTS</b>				
Raw Materials		19183.70		4881.89
Stores, Spares and Tools		955.77		595.85
<b>15. RAW MATERIAL CONSUMPTION</b>	<b>Qty in M.T.</b>		Qty in M.T.	
Casing Pipes	<b>15310.026</b>	<b>13710.05</b>	3732.178	2348.13
Production Tubing	<b>2640.784</b>	<b>1447.65</b>	1465.548	758.74
Drill Pipes	<b>5962.882</b>	<b>10500.37</b>	8036.826	11045.68
<b>RAW MATERIAL CONSUMPTION</b>	<b>Percent</b>		Percent	
Imported	<b>75.99</b>	<b>19496.95</b>	40.07	5671.49
Indigenous	<b>24.01</b>	<b>6161.12</b>	59.93	8481.06
	<b>100.00</b>	<b>25658.07</b>	<b>100.00</b>	<b>14152.55</b>
<b>16. STORES, SPARES &amp; TOOLS CONSUMPTION</b>	<b>Percent</b>			
Imported	<b>55.66</b>	<b>688.79</b>	22.30	682.31
Indigenous	<b>44.34</b>	<b>548.72</b>	77.70	2377.09
	<b>100.00</b>	<b>1237.51</b>	<b>100.00</b>	<b>3059.40</b>
<b>17. EXPENDITURE IN FOREIGN CURRENCY</b>				
Travelling		<b>70.56</b>		35.81
Others		<b>138.74</b>		219.86
		<b>209.30</b>		<b>255.67</b>
<b>18. EARNINGS IN FOREIGN CURRENCY</b>				
FOB value of Exports		<b>20913.71</b>		25414.31
Domestic Sales		<b>20175.55</b>		7070.52

**19.** Previous year figures have been regrouped wherever necessary.

Per our report attached  
for **C.K.S. ASSOCIATES**  
Chartered Accountants

**P. Ganapati Rao**  
Partner

M.No.24113

For and on behalf of the Board of Directors  
**K.Suryanarayana**  
Chairman & Managing Director

**K.Sridhar**  
Joint Managing Director

**Dr.T.S.Sethurathnam**  
**Dr. N.S. Datar**  
**K.V. Ravindra Reddy**  
**K.G. Joshi**  
**Dato' Dr. Abdul Halim Bin Harun**  
Directors

Place : Hyderabad  
Date : 24.04.2009

**C.S. Rao**  
Company Secretary

# CASH FLOW STATEMENT



[Rs. in Lakhs]

	Year Ended 31.03.2009	Year Ended 31.03.2008
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	9111.26	4467.04
Adjustments for :		
Depreciation	747.89	718.42
Miscellaneous Expenditure Written Off	0.00	2951.41
Interest from Banks and Others	(52.50)	(51.75)
Central Subsidy Trasfered to P&L	0.00	(15.00)
(Profit)/Loss on Sale of Assets	(9.29)	(0.37)
Interest on Working Capital Loans	213.74	208.70
Exchange rate fluctuation	157.78	19.88
<b>Operating Profit before Working Capital Charges</b>	<b>10168.88</b>	<b>8298.33</b>
Adjustments for :		
(Increase)/Decrease in Inventories	(5386.23)	2068.00
(Increase)/Decrease in Sundry Debtors	1616.22	(2438.05)
(Increase)/Decrease in Other Current Assets	(29.49)	135.55
(Increase)/Decrease in Loans and Advances	(3202.58)	(59.51)
Increase/(Decrease) in Current Liabilities	4135.80	(1685.91)
Increase/(Decrease) in Cash Credit Loans	510.48	(430.80)
Increase/(Decrease) in Other Loans	0.00	0.00
Increase/(Decrease) in interest accrued	(22.93)	(90.02)
<b>Cash Generated from Operations</b>	<b>7790.15</b>	<b>5797.59</b>
Adjustments for :		
Interest on Working Capital Loans	(213.74)	(208.70)
Prior Period Adjustments	0.00	0.00
Direct Taxes Paid	(0.03)	0.03
<b>Total : (A)</b>	<b>7576.38</b>	<b>5588.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(2786.26)	(770.23)
Sale of Fixed Assets	13.69	1.71
Interest Received	52.50	51.75
<b>Total : (B)</b>	<b>(2720.07)</b>	<b>(716.77)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Share Capital	0.00	0.00
Increase/(Decrease) in Term Loans	(743.82)	(4545.86)
(Increase)/Decrease in Investments	(2500.00)	0.00
<b>Total : (C)</b>	<b>(3243.82)</b>	<b>(4545.86)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents ( Total A + B + C )	1612.49	326.29
Exchange rate fluctuation	(157.78)	(19.88)
Opening Balance of Cash and Cash Equivalents	1266.75	960.34
Closing Balance of Cash and Cash Equivalents	2721.46	1266.75

For C K S Associates  
Chartered Accountants

P.Ganapati Rao  
Partner  
M.No.24113

Place : Hyderabad  
Date : 24th April, 2009

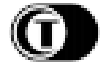
For and On Behalf of the Board

K.Suryanarayana  
Chairman & Managing Director



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1	Registration No	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> 5 3 2 9	State Code	<input type="text"/> 0 1
	Balance Sheet Date	<input type="text"/> 3 1 <input type="text"/> 0 3 <input type="text"/> 2 0 0 9		
II	Capital raised during the year (Amounting Rs. Thousands)			
	Public issue	<input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> -	Rights issue	<input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> -
	Bonus issue	<input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> -	Private Placement	<input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> -
III	Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousands)			
	Total Liabilities	<input type="text"/> <input type="text"/> <input type="text"/> 1 4 7 4 5 2 6	Total Assets	<input type="text"/> <input type="text"/> <input type="text"/> 1 4 7 4 5 2 6
	Sources of Funds		Reserves & Surplus	<input type="text"/> <input type="text"/> <input type="text"/> 8 8 0 2 0 9
	Paid - up Capital	<input type="text"/> <input type="text"/> <input type="text"/> 4 4 2 8 9 5	Unsecured Loans	<input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> -
	Secured Loans	<input type="text"/> <input type="text"/> <input type="text"/> 8 3 7 1 5	Investments	<input type="text"/> - <input type="text"/> - <input type="text"/> - 2 5 0 0 0 0
	Application of Funds		Misc. Expenditure	<input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> -
	Net fixed Assets	<input type="text"/> <input type="text"/> <input type="text"/> 6 3 4 1 3 2		
	Net Current Assets	<input type="text"/> <input type="text"/> <input type="text"/> 5 9 0 3 9 4		
	Accumulated Losses	<input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> - <input type="text"/> -		
IV	Performance of Company (Amount in Rs. Thousands)			
	Turnover	<input type="text"/> <input type="text"/> <input type="text"/> 4 2 0 3 7 2 7	Total Expenditure	<input type="text"/> <input type="text"/> <input type="text"/> 3 2 9 2 6 0 1
	+ - Profit before Tax	<input type="text"/> + <input type="text"/> <input type="text"/> <input type="text"/> 9 1 1 1 2 6 <input type="text"/> + <input type="text"/> -	Profit / Loss after tax	<input type="text"/> <input type="text"/> <input type="text"/> 6 4 9 3 7 9
	(Please tick Appropriate box + for Profit, - for loss)			
	Earning per Share in Rs.	<input type="text"/> <input type="text"/> <input type="text"/> 1 4 . 1 6	Dividend %	<input type="text"/> 1 5
V	Generic Names of Three Principal Products/Services of Company (as per monetary terms)			
	Item Code No. (ITC Code)	<input type="text"/> 7 3 0 4 3 1 9 9 0		
	Product Description	<input type="text"/> C A S I N G <input type="text"/> P I P E S		
		<input type="text"/> P R O D U C T I O N <input type="text"/> T U B I N G		
		<input type="text"/> D R I L L <input type="text"/> P I P E S		





# OIL COUNTRY TUBULAR Ltd.

Registered Office: 108, Kanchanjunga Complex, King Koti Road, Hyderabad-500001

## PROXY FORM

I/We.....of.....being a member of the above named Company, hereby appoint the following as my/our Proxy to attend and vote for me/us and on my/our behalf at the Twenty Third Annual General Meeting of the Company, at Tajmahal Hotel, Akshaya Hall, Abids, Hyderabad – 500 001 to be held on Wednesday, the 27<sup>th</sup> May, 2009 at 10.00 a.m. and at any adjournment thereof:

1. Mr/Ms .....(Signature), or falling him
2. Mr/Ms .....(Signature), or falling him
3. Mr./Ms .....(Signature)

Number of Shares held ..... Signed this .....day of .....2009

Reference Folio No./ DP ID & Client ID ..... Signature(s) of Member(s)

- (1).....
- (2). .....
- (3) .....

Affix Revenue Stamp

**NOTES:** Please see overleaf

# OIL COUNTRY TUBULAR Ltd.

Registered Office: 108, Kanchanjunga Complex, King Koti Road, Hyderabad-500001

## ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Full name of the member attending .....

Member's Folio No / Client ID :.....No. of Shares held .....

Name of Proxy.....

(To be filled in, if the Proxy attends instead of the Member)

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting of the Oil Country Tubular Limited, at Taj Mahal Hotel, 2<sup>nd</sup> Floor, Akshaya Hall, 4-1-999, Abids Road, Hyderabad – 500 001 on Wednesday, 27<sup>th</sup> May, 2009 at 10.00 a.m.

.....  
**Member's/Proxy's Signature**



**Note:**

1. Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
2. The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the Meeting.
3. A Proxy need not be a member of the Company.
4. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
5. This form of proxy confers authority to demand or join in demanding a poll.
6. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.