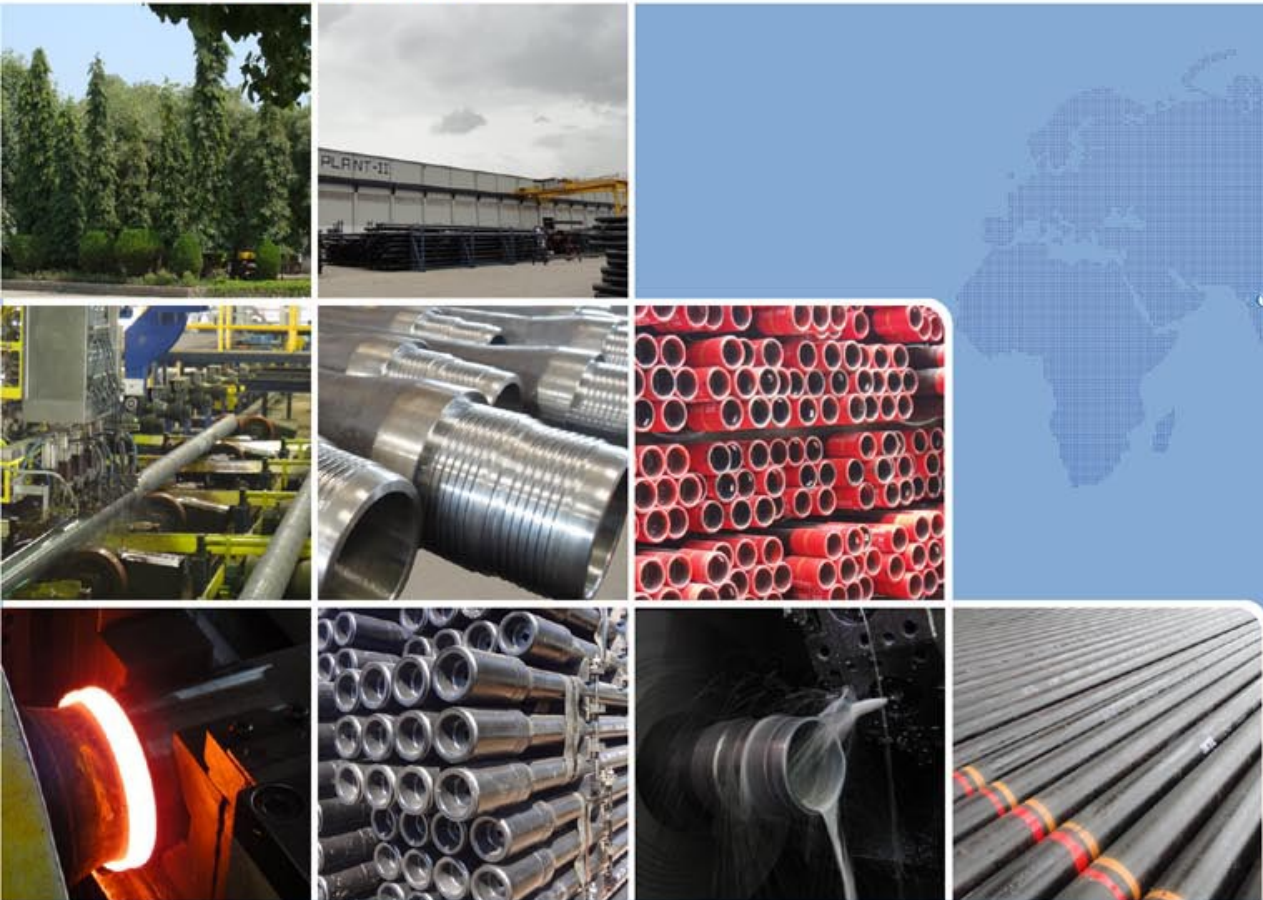




# Oil Country Tubular Ltd.

INDIA

ISO 9001:2008 COMPANY



Twenty Seventh Annual Report 2012-2013



<b>BOARD OF DIRECTORS</b>	Mr. K Suryanarayana	Chairman
	Mr. Sridhar Kamineni	Managing Director
	Mr. K G Joshi	Director (Technical)
	Dr. T S Sethurathnam	Director
	Mr. K V Ravindra Reddy	Director
	Mr. A P Vitthal	Director
	Datuk Syed Hisham Bin Syed Wazir	Director

**COMPANY SECRETARY** Mr.C S Rao

**REGISTERED OFFICE** "Kamineni", 3<sup>rd</sup> Floor  
King Koti  
Hyderabad - 500 001(A.P)  
Phone No: 040 - 24785555  
Website : [www.octlindia.com](http://www.octlindia.com)  
Email : [demat@octlindia.com](mailto:demat@octlindia.com)

**BANKERS** Allahabad Bank  
Bank of Bahrain & Kuwait B.S.C.  
Indian Overseas Bank  
State Bank of Hyderabad

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

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

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

## NOTICE TO MEMBERS



Notice is hereby given that Twenty Seventh Annual General Meeting of Oil Country Tubular Limited will be held on Thursday, the 30<sup>th</sup> day of May 2013 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 31<sup>st</sup> March, 2013 and Balance Sheet as at that date together with Directors' Report and Auditors' Report thereon.
- 2) To declare a Dividend on Equity Shares.
- 3) To appoint a Director in place of Datuk Syed Hisham Bin Syed Wazir who retires by rotation and being eligible offers himself for reappointment.
- 4) To appoint a Director in place of Mr. A P Vitthal who retires by rotation and being eligible offers himself for reappointment.
- 5) To consider and if thought fit, to pass with or without modifications, the following Resolution as an ORDINARY RESOLUTION:

"Resolved that, the retiring Auditors, M/s C K S Associates, Chartered Accountants, Hyderabad be and are hereby reappointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at such remuneration as may be determined by the Board of Directors".

**Regd. Office :**

"Kamineni", 3<sup>rd</sup> Floor  
King Koti  
Hyderabad - 500 001(A.P)  
Date: 25.04.2013

**By Order of the Board of Directors**

**C S Rao**  
**Company Secretary**

## NOTICE TO MEMBERS



### Notes:

- 1) A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself. A Proxy need not be a member of the Company. Instrument of proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.
- 2) The Register of Members and Transfer Books of the Company will be closed from 27<sup>th</sup> May, 2013 to 30<sup>th</sup> May, 2013 (both days inclusive).
- 3) The Dividend, if declared at the Annual General Meeting, will be paid on or after 30<sup>th</sup> May, 2013 to those persons or their mandates.
  - a) Whose names appear as Beneficial Owners as at the end of the business hours on 25<sup>th</sup> May, 2013 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
  - b) Whose names appear as member in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company / its Registrar and Transfer Agents on or before 25<sup>th</sup> May, 2013.
- 4) Payments of Dividend through ECS.
  - a) Members holding shares in electronic form may please note that bank details as furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSIL) to the Company will be used for the purpose of distribution of dividend through Electronic Clearing Services (ECS) as directed by the Securities & Exchange Board of India. In the absence of ECS facility, the bank account details, if available, will be printed on the dividend warrants. Members holding shares in electronic form must give instructions regarding bank account in which they wish to receive dividend, to their Depository Participants. The Company or the Registrar and Share Transfer Agents will not act on any direct request from these members for change / deletion in such bank details.
  - b) Members holding shares in Physical form are advised to submit particulars of their bank account, Viz., Name and Address of the Bank Branch, 9 Digit MICR Code of the Branch, type of Account and Account Number latest by 25<sup>th</sup> May, 2013 to the Company or the Registrar and Transfer Agents.**
- 5) **In terms of Circular No. 17/2011 dated 21.04.2011 and Circular No.18/2011 dated 29.04.2011 issued by the Ministry of Corporate Affairs, under Green initiative in the Corporate Governance all the members are requested to intimate their e-mail address to the Company's Registrar and Transfer Agents whose e-mail id is xlfield@rediffmail.com mentioning the Company's name i.e., OCTL, so as to enable the company to send the Annual Report and Accounts, Notices and other documents through Electronic Mode to their e-mail address in future.**
- 6) In respect of the information to be provided under Clause 49 of the Listing Agreement pertaining to the Directors being appointed/reappointed, Members are requested to kindly refer the chapter on Corporate Governance in the Annual Report.

### Regd. Office :

"Kamineni", 3<sup>rd</sup> Floor  
King Koti  
Hyderabad - 500 001(A.P)  
Date: 25.04.2013

**By Order of the Board of Directors**

**C S Rao**  
**Company Secretary**

**To the Members,**

The Directors have pleasure in presenting the Twenty Seventh Annual Report on the Business of the Company and the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2013 and Auditors report thereon.

**OPERATIONS:**

The Company has achieved a turnover of ₹. 504.60 Crores during the current year, as against ₹. 480 Crores during the previous year. The Exports during the year has been ₹. 454.51 Crores as against ₹. 416.22 Crores during the previous year 2011-12. The Order Book position as on 31<sup>st</sup> March, 2013 stood at ₹. 135.54 Crores, which includes Export Orders of ₹. 102.41 Crores.

The Exploration Activities had slowed down during the second half of the Year 2012-13 and the Market did not pickup as expected. The prices came under pressure due to the slowing down of the economy and the cautious purchasing of the distributors. The substantial increase in the cost of Power and Fuel had an impact on the profitability of the Company. The uncertainty in the Power availability effected the operations of the Company thereby affecting the top line and the margins. The Company had to purchase the Power from the Open Access to continue the Operations at a higher cost.

In September 2012, the Company commissioned 0.8 MW Wind Turbine Generator located in Roddam Mandal in Ananthapur District under Renewable Energy Certificate mechanism, as part of the Green initiative in reducing the Carbon emissions and towards meeting the Renewable Power Purchase Obligations for consuming Power through Open Access.

**FINANCIAL RESULTS:**

S.No.	Particulars	2012-2013 (₹. In Lakhs)	2011-2012 (₹. In Lakhs)
1	Gross Income	50460.24	47999.67
2	Profit Before Interest and Depreciation	9664.34	7838.55
3	Finance Charges	1742.56	1148.50
4	Gross Profit	7921.78	6690.05
5	Provision for Depreciation	1719.37	1038.62
6	Net Profit before tax	6202.41	5651.43
7	Provisions For Tax	2608.76	1823.93
8	Net Profit after tax	3593.65	3827.50
9	Balance of Profit brought forward	383.77	285.76
10	Balance available for appropriation	3977.42	4113.26
11	Proposed Dividend on Equity Shares	885.79	885.79
12	Tax on proposed Dividend	143.70	143.70
13	Transfer to General Reserves	2700.00	2700.00
14	Surplus carried to Balance Sheet	247.93	383.77

**Dividend:**

The Board of Directors of the Company are pleased to recommend dividend of ₹.2/- for each Equity Share of ₹.10/- each on the Equity Share Capital of the Company for the Financial Year ended 31<sup>st</sup> March, 2013 subject to approval of the Shareholders in the Annual General Meeting.

**PROSPECTS:**

The slow down in the Drilling Operations are expected to continue during the next year and the selling prices of the OCTG Products remain under pressure due to demand being on the lower side and supply on the higher side. Rig counts are at a low point and the energy prices are down. The current market conditions are not favorable and the turnover during the year 2013-14 is expected to be around ₹. 500 Crores. The profitability during the next year is likely to remain under stress due to the higher power and fuel costs and the pressure on the pricing due to the on ground inventories and lower demand fueled with economic uncertainty.

The Power situation in the State continues to be acute. There are Power holidays for nearly 12 days a month and peak load restrictions, thereby adversely affecting the manufacturing.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

As required by Clause 49 of the Listing Agreements with Stock Exchanges, the Management discussion and Analysis Report is enclosed as a part of this report (Annexure-1).

**LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2013-2014 to NSE and BSE, where the Company's Shares are listed.

**DEMATERIALISATION OF SHARES:**

**90.36 %** of the company's paid up Equity Share Capital is in dematerialized form as on March 31<sup>st</sup>, 2013 and balance **9.64 %** is in physical form.

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

**DIRECTORS:**

Datuk Syed Hisham Bin Syed Wazir retires on rotation and being eligible offer himself for re - appointment.

Mr. A P Vitthal retires on rotation and being eligible offer himself for re - appointment.

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

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

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

1. That in the preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2013 the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any.



2. That such accounting policies as mentioned in Notes on Accounts have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the State of affairs of the Company at the Financial year 31<sup>st</sup> March, 2013 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, 2013 have been prepared on a going concern basis.

**AUDITORS:**

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

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

**CORPORATE GOVERNANCE:**

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

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

Information required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in Directors' Report) Rules 1988 is given in the Annexure forming part of this report (Annexure-III).

**PERSONNEL:**

There are no employees as on date on the rolls of the Company who are in receipt of Remuneration which requires disclosures under Section 217 (2A) of Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975.

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

**ACKNOWLEDGEMENT:**

Directors take this opportunity to express their thanks to various departments of the Central and State Government, ONGC, Oil India Limited, Multinational Companies operating in India and Abroad for Oil and Gas Exploration Activities, Financial Institutions, Bankers, Material Suppliers, Customers and Shareholders for their continued support and guidance.

The Directors wish to place on record their appreciation for the dedicated efforts put in by the employees of the Company at all levels.

**Regd. Office :**

"Kamineni", 3<sup>rd</sup> Floor  
King Koti  
Hyderabad - 500 001(A.P)  
Date: 25.04.2013

**For and on behalf of the Board of Directors**

**K. SURYANARAYANA**  
Chairman

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

The slowing down of the economy and the existing market conditions had a downward effect on the Oil Exploration and Drilling Activities during the year 2012-13. However, the Company could record its highest turnover of ₹.504.60 Crores during the current year 2012-13 as against ₹. 480 Crores during the previous year 2011-12.

Despite the slowdown, the Company was able to achieve Exports to the extent of ₹. 454.51 Crores during the current year 2012-13.

The Company's Order Book position as on 31<sup>st</sup> March, 2013 stood at ₹. 135.54 Crores, which includes Export orders to the extent of ₹. 102.41 Crores.

The profitability is expected to be under stress due to the abnormal increase in the prices of Power, Fuel and other Inputs, in addition to the downward trend in the selling prices and the cautious approach of the Distributors and the end users.

Though the present market conditions are tough, the Company is confident to achieve sales of around ₹. 500 Crores during the year 2013-14.

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

Management has put in place effective Internal Control Systems 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.

**Key elements of the Internal Control Systems are as follows:**

- a) Existence of Authority Manuals and periodical updating of the same for all Functions.
- b) Existence of clearly defined organizational structure and authority.
- c) Existence of corporate policies for Financial Reporting and Accounting.
- d) Existence of Management information system updated from time to time as may be required.
- e) Existence of Annual Budgets and Long Term Business Plans.
- f) Existence of Internal Audit System.
- g) Periodical review of opportunities and risk factors depending on the Global / Domestic Scenario and to undertake measures as may be necessary.

The Company has appointed an Independent Auditor to ensure compliance and effectiveness of the Internal Control Systems in place.

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

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





**c) Financial and Operational Performance:**

The Highlights of Financial Operational Performance are given below:

S.No.	Particulars	(₹. In Lakhs) 2012 -13	(₹. In Lakhs) 2011 -12
1	Sales / Income from Operations	50283.78	47948.45
2	Other Income	176.46	51.22
3	Sub - total	50460.24	47999.67
4	Total Expenditure ( Before Interest )	42515.27	41199.74
5	Profit before interest, Tax and Exceptional Item	7944.97	6799.93
6	Operating Margin	15.80%	14.18%
7	Profit after Tax	3593.65	3827.50
8	Return on Average Capital Employed % ( before interest and Tax)	24.49	21.36
9	No of Months Receivables ( Receivables / Sales x 12 )	1.30	1.85
10	Current Ratio (Current Assets / Current Liabilities)	1.03	1.01
11	Borrowings : Equity Ratio ( TL / Equity )	4.33	2.53

**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. To enrich the skills of employees and enrich their experience, the Company arranges, Practical Training Courses by Internal and External Faculty.

**For and on behalf of the Board of Directors**

**HYDERABAD  
25.04.2013**

**K.SURYANARAYANA  
Chairman**

**Report on Corporate Governance**

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

**a) Company's Philosophy:**

The Company's policies, practices and philosophy adopted since inception are in line with Corporate Governance. These policies, practices are required periodically to ensure its effective compliance. 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, 2013 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>100.00</b>

## (ii) Particulars of Directorships of other Companies

OTHER DIRECTORSHIPS		
Name of the Director	Name of the Company	Position
1. Mr. K Suryanarayana Chairman	United Steel Allied Industries (P) Ltd United Seamless Tubulaar (P) Ltd USAI Forge (P) Ltd Kamineni Steel and Power India (P) Ltd Kamineni Oncology Centre (P) Ltd Kamineni Infrastructure Pvt Ltd Kamineni Hospitals (P) Ltd	Director Chairman & M.D Director Chairman Director Director Director
2. Mr. Sridhar Kamineni Managing Director	United Steel Allied Industries (P) Ltd USAI Forge (P) Ltd OMEGA SVISS Ventures Private Ltd Kamineni Steel and Power India (P) Ltd United Seamless Tubulaar (P) Ltd	Director Director Director Director Director
3. Mr. K G Joshi Whole time Director	Nil	Nil
4. Dr.T.S.Sethurathnam Independent Director	Bright Brothers Ltd Meenakshi Power Ltd	Director Director
5. Mr.K V Ravindra Reddy Independent Director	Saptagiri Camphor Ltd Green Park Hotels & Resorts Ltd World Globe.Com (India) Ltd	Director Director Director
6. Datuk Syed Hisham Bin Syed Wazir Independent Director	UMW Dongshin Motech Pvt., Ltd Sathya Auto Private Limited Castwel Auto Parts Private Limited Jaybee Drilling Private Limited	Director Director Director Director
7. Mr.A.P.Vitthal Independent Director	Nil	Nil



**(III) Attendance of each Director at the Board Meetings and the last AGM During the year 2012-13**

Director	No.of Board Meetings Attended	Last AGM attendance (Yes/No)
Mr. K Suryanarayana	5	Yes
Mr.Sridhar Kamineni	5	Yes
Mr. K G Joshi	5	Yes
Dr. T S Sethurathnam	5	Yes
Mr. K V Ravindra Reddy	4	Yes
Datuk Syed Hisham Bin Syed Wazir	2	No
Mr. A P Vitthal	4	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
Mr. K V Ravindra Reddy Director	Mr. K V Ravindra Reddy Director	Mr. K V Ravindra Reddy Director
Mr. K G Joshi Director	Mr. A P Vitthal Director	Mr. A P Vitthal Director

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

5 Board meetings were held during the financial year from 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013. The dates on which the meetings were held are as follows:

26<sup>th</sup> April, 2012, 31<sup>st</sup> May, 2012, 26<sup>th</sup> July, 2012, 25<sup>th</sup> October, 2012 and 24<sup>th</sup> January, 2013.

**c) Audit Committee:**

The Audit Committee of the Company consists of 3 Independent Directors and 1 Executive Director as Special Invitee. The Chairman of the Audit Committee is financially literate and majority of them having accounting or related financial management experience. Representative of Statutory Auditor is permanent invitee. Company Secretary acts as Secretary to the Committee.

During the year the Committee had 4 Meetings i.e. on 26<sup>th</sup> April, 2012, 26<sup>th</sup> July, 2012, 25<sup>th</sup> October, 2012 and 24<sup>th</sup> January, 2013. 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
Mr. K V Ravindra Reddy	4	3
Mr. A P Vitthal	4	3

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

**d) Remuneration Committee:**

The following Directors are the members of Remuneration Committee.

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

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

During the year no committee meeting was held.

**e) Shareholders Committee:**

The following Committee of Directors looks after the Investor Grievances :

Dr T S Sethurathnam  
Mr. K G Joshi  
Mr. K V Ravindra Reddy

During the year 4 Investor Grievance Committee Meetings were held on 26<sup>th</sup> April, 2012, 26<sup>th</sup> July 2012, 25<sup>th</sup> October, 2012 and 24<sup>th</sup> January, 2013. 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
Mr. K G Joshi	Member	4	4
Mr. K V Ravindra Reddy	Member	4	3

**Name and Designation of Compliance Officer :**

**Mr. C S Rao**, Company Secretary.

**ANNEXURE II****Share holders' Services:**

Sl. No.	Nature of Complaints	2012-2013		2011-2012	
		Received	Answered	Received	Answered
1	Non receipt of Shares lodged for Demat	-	-	-	-
2	Non receipt of Dividend Warrants	52	52	44	44
3	Others	17	17	9	9

**f) General Body Meetings:****Location and time for the last three AGMs**

Year	Date	Venue	Time	Special Resolution
2009 - 2010	27.05.2010	Taj Mahal Hotel 2 <sup>nd</sup> Floor Akshaya Hall 4-1-999 Abids Road, Hyderabad - 500 001	10.00 A.M.	NIL
2010 - 2011	28.05.2011	Taj Mahal Hotel 2 <sup>nd</sup> Floor Akshaya Hall 4-1-999 Abids Road, Hyderabad - 500 001	10.00 A.M.	Reappointment of Executive Chairman, Wholetime Director and appointment of Director
2011 - 2012	31.05.2012	Taj Mahal Hotel 2 <sup>nd</sup> Floor Akshaya Hall 4-1-999 Abids Road, Hyderabad - 500 001	10.00 A.M.	NIL

No Postal Ballot was conducted during the Year.

Extraordinary General Meetings - Nil

## ANNEXURE II



### Disclosures:

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

(₹. in lakhs)

SL. No.	PARTICULARS OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	AMOUNT	
				2012-13	2011-12
1	United Steel Allied Industries Pvt. Ltd.	Two of the Directors are interested	Loading & Unloading of Pipes	626.97	721.81
			Office Rent	434.83	297.81
			Civil, Erection and Fabrication Works	0.00	4274.85
2	V Max Studio & Advertising	One Director is interested	Advertising & Publishing	43.84	65.59
3	USAI Forge Private Limited	Two of the Directors are interested	Material Purchase	1344.51	1018.48
			Sales	0.00	10.01
4	United Seamless Tubulaar Pvt., Ltd	Two of the Directors are interested	Raw Material Purchase	8316.84	6433.72
			Processing jobs on Casing Pipes	4007.06	5708.04

#### (ii) Remuneration paid or payable to Directors during the year 2012-2013

Name of the Director	Relationship With other Directors	Sitting fees (₹)	Salary & Allowance (₹)	Contribution of PF (₹)	Perquisites (₹)	Commission (₹)	Total (₹)
Mr. K Suryanarayana	Related to Mr. Sridhar Kamineni	-	39.12	-	6.00	299.67	344.79
Mr. Sridhar Kamineni	Related to Mr. K Suryanarayana	-	39.12	4.32	6.00	226.39	275.83
Mr. K G Joshi	None	-	38.08	2.70	4.00	24.18	68.96
Dr. T S Sethurathnam	None	1.40	-	-	-	-	1.40
Mr.K V Ravindra Reddy	None	1.10	-	-	-	-	1.10
Datuk Syed Hisham Bin Syed Wazir	None	0.40	-	-	-	-	0.40
Mr. A P Vitthal	None	0.95	-	-	-	-	0.95
<b>Grand Total</b>							<b>693.43</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                                                                                                                                                                         | : | Thursday, 30 <sup>th</sup> May, 2013<br>AT 10.00 A.M.<br>Tajmahal Hotel<br>2 <sup>nd</sup> Floor, Akshaya Hall<br>4-1-999, Abids Road<br>Hyderabad - 500 001                                                                         |
| 2. Financial Calendar                                                                                                                                                                               | : | 1 <sup>st</sup> Quarter<br>2 <sup>nd</sup> Quarter<br>3 <sup>rd</sup> Quarter<br>4 <sup>th</sup> and Final Quarter                                                                                                                   |
| 3. Date of Book Closure                                                                                                                                                                             | : | 1 <sup>st</sup> April to 30 <sup>th</sup> June<br>1 <sup>st</sup> July to 30 <sup>th</sup> September<br>1 <sup>st</sup> October to 31 <sup>st</sup> December<br>1 <sup>st</sup> January to 31 <sup>st</sup> March                    |
| 4. Dividend Payment date                                                                                                                                                                            | : | 27/05/2013 to 30/05/2013<br>(Both days inclusive)                                                                                                                                                                                    |
| 5. Listing on Stock Exchanges                                                                                                                                                                       | : | on or after 30 <sup>th</sup> May, 2013                                                                                                                                                                                               |
| (i) Bombay Stock Exchange Ltd,<br>BSE's Corporate Relationship Dept<br>Exchange Plaza<br>1 <sup>st</sup> Floor, New Trading Ring<br>Routunga Building, P J Towers<br>Dalal Street, MUMBAI - 400 001 | : | The Company's Shares are currently listed at following Stock Exchanges:<br><br>(ii) National Stock Exchange of India Ltd,<br>5 <sup>th</sup> Floor, Plot No. C/1<br>G-Block, Bandra Kurla Complex<br>Bandra East<br>MUMBAI - 400 051 |
| 6. Stock Exchange Security Code                                                                                                                                                                     | : | (i) 500313 - BSE<br><br>(ii) OILCOUNTUB - NSE                                                                                                                                                                                        |
| 7. Listing fees                                                                                                                                                                                     | : | Paid to Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd up to (including) 2013-2014.                                                                                                                              |





**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 2012 - 2013:**

Month & Year	NSE			BSE		
	High (₹.)	Low(₹.)	Volume (Nos)	High (₹.)	Low(₹.)	Volume (Nos)
April, 2012	58.00	51.15	104258	56.00	51.00	60296
May, 2012	54.15	47.30	77517	54.10	47.40	29264
June, 2012	51.80	47.15	277321	52.00	47.00	34668
July , 2012	55.00	48.95	146632	55.70	49.00	53447
August, 2012	55.85	47.75	70775	53.45	48.50	30066
September, 2012	58.50	47.05	448734	58.90	47.25	225722
October, 2012	62.00	52.05	396911	61.95	52.00	220102
November, 2012	55.50	50.70	109221	54.50	51.00	50349
December, 2012	57.50	50.05	134654	53.80	50.00	53687
January, 2013	66.30	48.65	1773529	59.70	48.70	824208
February, 2013	53.00	40.00	205763	50.50	40.20	72756
March, 2013	44.95	37.00	378637	43.65	35.00	85300
<b>TOTAL</b>			<b>4123952</b>			<b>1739865</b>

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

XL Softech Systems Limited  
 3 Sagar Society  
 Road No.2  
 Banjara Hills  
 Hyderabad-500 034  
 Phone No: 040 - 23545913 / 23545914.

**10. Share Transfer System**

The transactions of the shares held in Demat and Physical form are handled by the Company's Depository Registrar, XL Softech Systems. Limited.

**The Shares transferred (in physical form) during 2012-2013.**

Particulars	2012-2013	2011-2012
Shares Transferred	19150	26150
Total No. of Shares as on 31st March,2013	44289530	44289530
<b>% on Share Capital</b>	<b>0.04</b>	<b>0.06</b>

Categories of shareholders as on 31<sup>st</sup> March, 2013

Category	No. of Share Holders	Voting Strength %	No. of Shares Held	% of Share Holding
Individuals	33764	96.81	11068375	24.99
Companies	500	1.43	1321060	2.98
FIIS	1	0.00	5400	0.01
OCBs and NRIs	578	1.66	10305239	23.27
Promoters	19	0.05	21528726	48.61
Mutual Funds, Banks, FIs	18	0.05	60730	0.14
<b>Total</b>	<b>34880</b>	<b>100.00</b>	<b>44289530</b>	<b>100.00</b>

## Investor's Correspondence may be addressed to:

XL Softech Systems Limited  
 3 Sagar Society  
 Road No.2  
 Banjara Hills  
 Hyderabad-500 034  
 Phone No: 040 - 23545913 / 23545914.

## 11. Distribution of Share Holdings:

No. of Equity Shares held	As on 31.03.2013				As on 31.03.2012			
	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	32332	92.70	4387241	9.91	32625	93.15	4409153	9.95
501 - 1000	1480	4.24	1201974	2.71	1414	4.04	1150191	2.60
1001 - 2000	538	1.54	815756	1.84	504	1.44	760707	1.72
2001 - 3000	194	0.56	496366	1.12	165	0.47	419949	0.95
3001 - 4000	80	0.23	286233	0.65	63	0.18	223385	0.50
4001 - 5000	64	0.18	302853	0.68	59	0.17	279835	0.63
5001 - 10000	71	0.20	504385	1.14	88	0.25	635851	1.44
10001 and above	121	0.35	36294722	81.95	104	0.30	36410459	82.21
<b>Total</b>	<b>34880</b>	<b>100.00</b>	<b>44289530</b>	<b>100.00</b>	<b>35022</b>	<b>100.00</b>	<b>44289530</b>	<b>100.00</b>



12. Dematerialization of Shares: 40020998 Shares working out to 90.36 of the total Shares have been dematerialized up to 31<sup>st</sup> March 2013.and balance 4268532 shares working out to 9.64 are in physical form.
13. The Company has not issued any GDRs / ADRs / Warrants or any convertible Instruments.
14. Plant Locations : Sreepuram  
Narketpally Mandalam  
Nalgonda Dist - 508 254 (A.P.)
15. Address of Registered Office : "Kamineni" 3<sup>rd</sup> Floor, King Koti  
Hyderabad - 500 001  
Tel. No. : 040 - 2478 5555  
Fax No. : 040 - 2475 9299
16. CEO/ CFO Certification: As required by Clause 49 of the Listing Agreement, the CEO/CFO Certification is provided in the Annual Report.(Annexure II)

**17. Details of Directors proposed for Reappointment / Appointment:**

- a) Datuk Syed Hisham Bin Syed Wazir aged about 58 years is a qualified Mechanical Engineer from Plymouth University, U.K. And MBA from Ohio State University, USA. He is a Fellow Member of the Institute of Motor Industry, U.K. Beta Gamma Sigma of OHIO State University, as well as a Member of the OHIO State University Alumni Society in Malaysia. Presently he is Director in UMW Dongshin Motech Pvt., Ltd and several other companies.
- b) Mr. A P Vitthal aged about 63 years is a qualified Chartered Accountant and Company Secretary. He worked in various senior positions in Hindustan Steel, Dredging Corporation and other Public Sector Companies, He was worked as Executive Director of Dharti Dredging Corporation a private sector company. At present he is working as Consultant in Finance and Accounts to several private sector companies.

**For and on behalf of the Board of Directors**

**HYDERABAD  
April 25, 2013**

**K.SURYNARAYANA  
Chairman**

**CEO AND CFO CERTIFICATION**

We, Sridhar Kamineni Managing Director and C S Rao Chief Financial Officer & Company Secretary responsible for the finance function certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended March 31, 2013 and to the best of our Knowledge and belief :
  - i) These Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:
  - ii) These Statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) To the best of our Knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2013 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference.
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements.
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

**SRIDHAR KAMINENI**  
Managing Director

**C.S.RAO**  
Chief Financial Officer  
& Company Secretary

**HYDERABAD**  
**April 25, 2013**



## **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, 2013 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 31<sup>st</sup> March, 2013, 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  
FRN 007390S**

**HYDERABAD  
April 25, 2013**

**N V S SRIKRISHNA  
Partner  
M.No. 25139**

## 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 optimize use of energy continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques.

The Company during the year commissioned 0.8 MW Wind Turbine Generator as part of the Green initiative in reducing the Carbon emissions.

#### B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form B below:

##### FORM B

##### Research and Development

The major achievement by the Company due to their continuous Research and Development activities is indigenization of toolings and improvements in the manufacturing processes and operational procedures. The Research and Development activity is given the highest priority by the Company.

#### Expenditure on R&D

	(₹ in Lakhs) (2012-2013)	(₹ in Lakhs) (2011-2012)
a. Capital	Nil	Nil
b. Recurring	40.20	35.25
c. Total	40.20	35.25
d. Total R&D expenditure as a percentage of total turnover	0.08%	0.07%

#### Technology absorption, adaptation and Innovation:

Efforts, in brief, made towards technology absorption, adaptation and innovation. : Updation of Technology is a continuous process, absorption implemented and adapted by the Company for innovation. Efforts are continuously made to develop new products required in the Oil and Gas Industry.

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.

The Company is also exploring the use of Non Conventional Energy sources viz., Wind Mill and Solar Power.

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

The Foreign Exchange outgo and foreign exchange earned by the Company during the year are detailed in Note No.33,36 and 37 of other Notes to the Financial Statements.

For and on behalf of the Board of Directors

HYDERABAD  
April 25, 2013

K. SURYANARAYANA  
Chairman



To

**The Members of OIL COUNTRY TUBULAR LIMITED**

**Report on the financial statements.**

We have audited the accompanying financial statements of **OIL COUNTRY TUBULAR LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the Directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For C K S ASSOCIATES  
Chartered Accountants  
FRN 007390S**

**HYDERABAD  
April 25, 2013**

**N.V.S SRIKRISHNA  
Partner  
M.No. 25139**

**ANNEXURE TO THE AUDITORS' REPORT :**

**(Referred to in Paragraph 1 under section 'Report on Other Legal and Regulatory Requirements' 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. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules prescribed by the Central Government for maintenance of Cost Records u/s 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.





- 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, 2013, 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 in 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 or 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. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion the term loans were used for the purpose for which they were raised
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.

**For C K S ASSOCIATES  
Chartered Accountants  
FRN 007390S**

**HYDERABAD  
April 25, 2013**

**N.V.S. SRIKRISHNA  
Partner  
M.No. 25139**

# BALANCE SHEET



BALANCE SHEET AS AT MARCH 31, 2013		(₹. in Lakhs)	
Particulars	Note No.	31.03.2013	31.03.2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) SHAREHOLDERS' FUNDS</b>			
a) Share Capital	1	4428.95	4428.95
b) Reserves and surplus	2	20729.40	18165.24
		<b>25158.35</b>	22594.19
<b>(2) NON-CURRENT LIABILITIES</b>			
a) Long Term Borrowings	3	5432.47	8100.29
b) Deferred Tax liabilities (Net)	4	4117.13	2540.33
c) Long Term Provisions	5	53.72	56.91
		<b>9603.32</b>	10697.53
<b>(3) CURRENT LIABILITIES</b>			
a) Short Term Borrowings	6	13738.42	13604.89
b) Trade payables	7	3739.56	5337.86
c) Other current liabilities	8	3669.76	7345.30
d) Short Term Provisions	9	1463.60	1299.93
		<b>22611.34</b>	27587.98
<b>TOTAL</b>		<b>57373.01</b>	60879.70
<b>II. ASSETS</b>			
<b>(1) NON-CURRENT ASSETS</b>			
(a) Fixed Assets	10		
i. Tangible Assets		27745.83	16043.58
ii. Intangible Assets		8.40	0.00
iii. Capital Work in Progress		1455.26	10765.33
(b) Non-Current Investments	11	5220.40	5220.40
(c) Long Term Loans and Advances	12	763.92	850.24
(d) Other Non Current Assets	13	17.83	11.70
		<b>35211.64</b>	32891.25
<b>(2) CURRENT ASSETS</b>			
(a) Inventories	14	12826.42	18360.66
(b) Trade receivables	15	5453.80	7393.84
(c) Cash and Bank Balances	16	2258.49	1085.44
(d) Short term Loans and advances	17	1583.86	1118.17
(e) Other Current Assets	18	38.80	30.34
		<b>22161.37</b>	27988.45
<b>TOTAL</b>		<b>57373.01</b>	60879.70
<b>Refer Accompanying Notes to Financial Statements</b>			

Per our report attached  
for **C K S ASSOCIATES**  
Chartered Accountants  
(FRN 007390S)

**N.V.S.SRIKRISHNA**  
Partner  
M.No.25139

**HYDERABAD**  
April 25, 2013

For and on behalf of the Board of Directors

**K.SURYANARAYANA**  
Chairman

**SRIDHAR KAMINENI**  
Managing Director

**K. G. JOSHI**  
**Dr. T.S. SETHURATHNAM**  
**K. V. RAVINDRA REDDY**  
**A. P. VITTHAL**  
Directors

**C.S. RAO**  
Company Secretary

# PROFIT AND LOSS ACCOUNT



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013 (₹. in lakhs)			
Particulars	Note No.	31.03.2013	31.03.2012
<b>I REVENUE</b>			
Revenue from Operations	19	50283.78	47948.45
Other Income	20	176.46	51.22
<b>Total Revenue</b>		<b>50460.24</b>	47999.67
<b>II EXPENSES</b>			
Cost of Materials Consumed	21	18880.05	31514.26
Changes in Inventories of Finished Goods and Work-in-Progress	22	6886.53	(4270.04)
Employee Benefits Expense	23	2948.38	2908.29
Finance Costs	24	1742.56	1148.50
Depreciation and Amortization Expenses	10	1719.37	1038.62
Other Expenses	25	12080.94	10008.61
<b>Total Expenses</b>		<b>44257.83</b>	42348.24
<b>III Profit Before Tax</b>		<b>6202.41</b>	5651.43
<b>IV Tax Expense:</b>			
1 Current Tax		1244.87	1402.00
Less: MAT Credit Entitlement		212.91	0.00
Net Current Tax		1031.96	1402.00
2 Deferred Tax		1576.80	421.93
<b>V Profit After Tax for the Year</b>		<b>2608.76</b>	1823.93
		<b>3593.65</b>	3827.50
<b>VI Earnings Per Share:</b>			
Par Value per Share ₹ 10/-			
a) Basic		8.11	8.64
b) Diluted		8.11	8.64
<b>Refer Accompanying Notes to Financial Statements</b>			

Per our report attached  
for **C K S ASSOCIATES**  
Chartered Accountants  
(FRN 007390S)

**N.V.S.SRIKRISHNA**  
Partner  
M.No.25139

**HYDERABAD**  
April 25, 2013

For and on behalf of the Board of Directors

**K.SURYANARAYANA**  
Chairman

**SRIDHAR KAMINENI**  
Managing Director

**K. G. JOSHI**  
**Dr. T.S. SETHURATHNAM**  
**K. V. RAVINDRA REDDY**  
**A. P. VITTHAL**  
Directors

**C.S. RAO**  
Company Secretary

**OILCOUNTRY TUBULAR LIMITED****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS****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 setup in the State of Andhra Pradesh, India. The Company also commissioned End Finishing and Second Heat Treatment Plant, Wind Energy System with a capacity of 0.8 MW. With the addition of these facilities, the total capital outlay is `2511 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 certain estimates and assumption to be made that effect the reported amount of assets and liabilities as 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 changes 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.

**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 is 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. 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. As per the Notification issued by MCA, the Exchange Fluctuation arising on reporting of Long Term Foreign Currency Monetary items which is related to Depreciable Assets is capitalised.

**I) Revenue Recognition:**

Sales are recognised on the basis of despatch of goods. In respect of Export Sales, the revenue is recognised on the basis of Bill of Lading. Miscellaneous sales are recognised on the basis of despatch of goods. Other income such as interest etc., are recognised on accrual basis.

**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 and applicability of Minimum Alternate Tax 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 mater 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.

<b>1. SHARE CAPITAL</b>		(₹. in Lakhs)	
		31.03.2013	31.03.2012
<b>Authorised :</b> 8,50,00,000 Equity Shares of par value of ₹.10/- each		<b>8500.00</b>	8500.00
<b>Issued, Subscribed and Paid up:</b> At the beginning and at the end of the year 44,289,530 Equity Shares of ₹.10 each fully paid up in Cash		<b>4428.95</b>	4428.95
		<b>4428.95</b>	4428.95

*Disclosure:*

1. All the equity shares carry equal rights and obligations including for dividend and with respect to voting
2. Details of Shareholders holding more than 5% Shares:

Name	2012-13		2011-12	
	No. of Shares	%	No. of Shares	%
United Steel Allied Industries Private Limited	<b>14,387,026</b>	<b>32.48</b>	14,387,026	32.48
UMW India Ventures (I) Limited	<b>6,599,100</b>	<b>14.90</b>	6,599,100	14.90
Mr. K.Suryanarayana	<b>2,400,600</b>	<b>5.42</b>	2,400,600	5.42

**2. RESERVES AND SURPLUS**

	31.03.2013	31.03.2012
<b>Capital Reserve:</b>		
Share Forfeiture	<b>0.65</b>	0.65
<b>Revaluation Reserve on Land</b>	<b>80.82</b>	80.82
<b>General Reserve:</b>		
Balance at the beginning of the year	<b>17700.00</b>	15000.00
Add: Transfer from Statement of Profit & Loss	<b>2700.00</b>	2700.00
Balance at the closing of the year	<b>20400.00</b>	17700.00
<b>Surplus</b>		
Balance brought forward from previous year	<b>383.77</b>	285.76
Add: Transfer from Statement of Profit and Loss for the year	<b>3593.65</b>	3827.50
<b>Balance Available for Appropriations</b>	<b>3977.42</b>	4113.26
<b>Appropriations:</b>		
Less: Provision for Dividend	<b>885.79</b>	885.79
Provision for Tax on Dividend	<b>143.70</b>	143.70
Transfer to General Reserve	<b>2700.00</b>	2700.00
<b>Balance carried forward to next year</b>	<b>247.93</b>	383.77
	<b>20729.40</b>	18165.24

<b>3. LONG TERM BORROWINGS</b>		(₹. in Lakhs)	
		<b>31.03.2013</b>	31.03.2012
<b>Secured:</b>			
Term Loans from Allahabad Bank			
ECB Loan		<b>5118.66</b>	7222.59
Buyers' Credit		<b>313.81</b>	877.70
		<b>5432.47</b>	8100.29

Disclosure: Terms & Conditions of the above loans are as follows:

Particulars	ECB Loan	Buyers Credit-1	Buyers Credit-2	Buyers Credit-3	Buyers Credit-4	Buyers Credit-5
Period of maturity with reference to Balance Sheet date	36 Months	7 Months	9 Months	11 Months	13 Months	31 Months
Number of Instalments outstanding	12	2	2	2	3	5
Outstanding Amount of Instalments	₹ 7678.40 USD 14,117,300 (₹9630.12) (USD 18,823,529)	₹ 184.06 USD 338,400 (₹346.25) (USD 676,800)	₹ 72.45 USD 133,200 (₹136.29) (USD 266,400)	₹ 110.08 USD 202,400 (₹207.10) (USD 404,800)	₹ 566.53 USD 1,041,600 (₹888.14 ) (USD 1,736,000)	₹ 208.28 USD 382,942.40 ( - ) ( - )
Rate of Interest	LIBOR plus 300 bps and 100 bps in INR	LIBOR plus 200 bps	LIBOR plus 200 bps	LIBOR plus 200 bps	LIBOR plus 200 bps	LIBOR plus 200 bps
Overdue amount and period	Nil	Nil	Nil	Nil	Nil	Nil

Security:

The above Term Loans are sanctioned for the Second Heat Treatment Plant and End Finishing facility which are secured by exclusive charge on the assets created out of the facility.

#### 4. DEFERRED TAX LIABILITIES (NET)

	<b>31.03.2013</b>	31.03.2012
<b>Deferred Tax Liability</b>		
On Timing differences on Depreciation on Fixed Assets	<b>12744.56</b>	7887.77
<b>Deferred Tax Asset</b>		
Gratuity / Leave Encashment	<b>55.00</b>	58.12
	<b>12689.56</b>	7829.65
Deferred Tax thereon	<b>4117.13</b>	2540.33
Less: Provided for in the Previous Years	<b>2540.33</b>	2118.40
<b>Deferred Tax Provided</b>	<b>1576.80</b>	421.93

Disclosures:

The Company has provided for Deferred Tax in accordance with the 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 given above.

**NOTES**

<b>5. LONG TERM PROVISIONS</b>		(₹. in Lakhs)	
	<b>31.03.2013</b>	31.03.2012	
Provision for Employee benefits			
Provision for Leave Encashment (Non-Funded)	<b>53.72</b>	56.91	
	<b>53.72</b>	56.91	

**6. SHORT TERM BORROWINGS**

	<b>31.03.2013</b>	31.03.2012	
<b>Secured:</b>			
Working Capital Loans from Banks	<b>13738.42</b>	13604.89	
	<b>13738.42</b>	13604.89	

*Disclosure:*

Working Capital Loans given above includes loans taken from various banks the details of which are as follows:

Particulars	Period of maturity with reference to Balance Sheet date	Number of Instalments outstanding	Outstanding amount	Rate of Interest	Overdue amount and period
1. State Bank of Hyderabad Cash Credit	Renewable every year	-	₹.968.49	Base Rate plus 2.75%	Nil
Buyers' Credit 1	61 Days	1	₹.288.49 (USD530,414.57)	LIBOR plus 65 bps	Nil
Buyers' Credit 2	64 Days	1	₹.998.94 (USD1,836,630.96)	LIBOR plus 65 bps	Nil
2. Allahabad Bank Cash Credit	Renewable every year	-	₹.3488.00	Base Rate plus 2.75%	Nil
Buyers' Credit 1	15 Days	1	₹.858.32 (USD1,578,089.88)	LIBOR plus 75 bps	Nil
Buyers' Credit 2	152 Days	1	₹.816.31 (USD1,500,842.59)	LIBOR plus 75 bps	Nil
3. Indian Overseas Bank Cash Credit	Renewable every year	-	₹.1920.75	Base Rate plus 2.75%	Nil
Buyers' Credit	52 Days	1	₹.1071.34 (USD1,969,728.88)	LIBOR plus 100 bps	Nil
4. Bank of Bahrain & Kuwait B S C Packing Credit	Renewable	-	₹.3327.77 (USD6,118,351.98)	LIBOR plus 350 bps	Nil

*Security:*

Working Capital 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 charge on the existing immovable properties.



<b>7. TRADE PAYABLES</b>		(₹. in Lakhs)
	<b>31.03.2013</b>	31.03.2012
Trade Payables for Materials and Services	<b>3739.56</b>	5337.86
	<b>3739.56</b>	5337.86

*Disclosures*

The Company has no information as to whether any of its vendors constitute a "Supplier" within the meaning of Section 2 (n) of the Micro, Small and Medium Enterprises Development Act, 2006 as no declarations were received under the said Act from them.

<b>8. OTHER CURRENT LIABILITIES</b>		
	<b>31.03.2013</b>	31.03.2012
Current Maturities of Long Term Debt	<b>3387.33</b>	3107.61
Unclaimed Dividends	<b>194.71</b>	132.54
Interest Accrued but not due	<b>37.56</b>	53.07
Income Received in Advance	<b>4.70</b>	3999.88
Other Payables	<b>45.46</b>	52.20
	<b>3669.76</b>	7345.30

<b>9. SHORT TERM PROVISIONS</b>		
	<b>31.03.2013</b>	31.03.2012
Provision for Employee benefits	<b>168.75</b>	270.44
Provision for Income Tax (Net)	<b>265.36</b>	0.00
Provision for Proposed Dividend	<b>885.79</b>	885.79
Tax on Proposed Dividend	<b>143.70</b>	143.70
	<b>1463.60</b>	1299.93

## 10. FIXED ASSETS

(₹. in lakhs)

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	COST AS ON 01.04.2012	ADDITIONS DURING THE YEAR	DEDUCTIONS DURING THE YEAR	TOTAL COST AS ON 31.03.2013	UP TO 01.04.2012	FOR THE YEAR	DEDUCTIONS DURING THE YEAR	UP TO 31.03.2013	AS ON 31.03.2013	AS ON 31.03.2012
<b>1. TANGIBLE ASSETS:</b>										
Land	352.59	0.00	0.00	352.59	0.00	0.00	0.00	0.00	352.59	352.59
Buildings	6137.32	0.00	0.00	6137.32	1344.56	93.61	0.00	1438.17	4699.15	4792.76
Plant & Machinery	37649.65	13355.51	0.00	51005.16	26967.85	1565.98	0.00	28533.83	22471.33	10681.80
Furniture & Fixtures	171.71	5.51	0.00	177.22	112.94	12.44	0.00	125.38	51.84	58.78
Vehicles	75.54	4.57	0.00	80.11	43.72	8.68	0.00	52.40	27.71	31.82
Office Equipment	211.73	19.39	0.52	230.60	119.82	14.44	0.30	133.96	96.64	91.91
Data Processing Equipment	227.59	34.35	0.00	261.94	193.67	21.70	0.00	215.37	46.57	33.92
<b>T O T A L</b>	<b>44826.13</b>	<b>13419.33</b>	<b>0.52</b>	<b>58244.94</b>	<b>28782.56</b>	<b>1716.85</b>	<b>0.30</b>	<b>30499.11</b>	<b>27745.83</b>	<b>16043.58</b>
<b>2. INTANGIBLE ASSETS:</b>										
Computer Software	0.00	10.92	0.00	10.92	0.00	2.52	0.00	2.52	8.40	0.00
<b>3. CAPITAL WORKS IN PROGRESS</b>										
	10765.33	3192.84	12502.91	1455.26	0.00	0.00	0.00	0.00	1455.26	10765.33
<b>T O T A L</b>	<b>55591.46</b>	<b>16623.09</b>	<b>12503.43</b>	<b>59711.12</b>	<b>28782.56</b>	<b>1719.37</b>	<b>0.30</b>	<b>30501.63</b>	<b>29209.49</b>	<b>26808.91</b>
PREVIOUS YEAR	40876.48	22713.65	7998.66	55591.47	27748.42	1038.62	4.48	28782.56	26808.91	13128.06

<b>11. NON CURRENT INVESTMENTS</b>		(₹. in Lakhs)	
	<b>31.03.2013</b>	31.03.2012	
<b>Trade Investments (Unquoted, at cost)</b>			
<b>Investments in Equity Instruments of Associate Company</b>	<b>5220.40</b>	3220.40	
23,220,400 (Previous year 21,220,400) Equity Shares of ₹10/- each in United Seamless Tubulaar Private Limited (Including 1,90,00,000 of Bonus Shares ₹10/- each)			
Share Application Money in United Seamles Tubulaar Private Limited	<b>0.00</b>	2000.00	
	<b>5220.40</b>	<b>5220.40</b>	

Disclosure:

	<b>31.03.2013</b>		31.03.2012	
	<b>No. of Shares</b>	%	No. of Shares	%
Equity Shares in United Seamless Tubulaar Private Limited	<b>23,220,400</b>	<b>20</b>	21,220,400	20

<b>12. LONG TERM LOANS AND ADVANCES</b>		
	<b>31.03.2013</b>	31.03.2012
Capital Advances	<b>132.65</b>	316.13
Security Deposits	<b>581.37</b>	500.48
Prepaid Expenses	<b>2.50</b>	0.00
Other Advances	<b>47.40</b>	33.63
	<b>763.92</b>	850.24

<b>13. OTHER NON CURRENT ASSETS</b>		
	<b>31.03.2013</b>	31.03.2012
Deposits with Banks - Margin Money	<b>17.14</b>	11.51
Interest receivable	<b>0.69</b>	0.19
	<b>17.83</b>	11.70

<b>14. INVENTORIES</b>		(₹. in Lakhs)
	<b>31.03.2013</b>	31.03.2012
<i>Valued at lower of cost or net realisable value except scrap which is valued at estimated realisable value.</i>		
Raw Materials	<b>6223.96</b>	5201.49
Work in Progress	<b>3495.34</b>	6707.65
Finished Goods	<b>1155.78</b>	4843.68
Stores and Spare parts	<b>1936.69</b>	1606.86
Scrap	<b>14.65</b>	0.98
	<b>12826.42</b>	18360.66

<b>15. TRADE RECEIVABLES</b>		
	<b>31.03.2013</b>	31.03.2012
<i>Unsecured, considered good</i>		
(a) Outstanding for more than six months	<b>44.43</b>	41.28
(b) Other debts	<b>5409.37</b>	7352.56
	<b>5453.80</b>	7393.84

## Disclosures:

The Trade Receivables includes an amount of Rs.1538.40 (Previous year Rs.3083.72) due from Companies in which Directors are interested.

<b>16. CASH AND BANK BALANCES</b>		
	<b>31.03.2013</b>	31.03.2012
<b>Cash and Cash Equivalents</b>		
Cash on Hand	<b>2.54</b>	1.48
Balances with Banks in Current Accounts	<b>1801.47</b>	459.72
<b>Other Bank Balances</b>		
Margin Money Deposits Account	<b>259.77</b>	491.70
Unclaimed Dividend Accounts	<b>194.71</b>	132.54
	<b>2258.49</b>	1085.44

<b>17. SHORT TERM LOANS AND ADVANCES</b>		
	<b>31.03.2013</b>	31.03.2012
Prepaid Taxes - Income Tax (Net)	<b>0.00</b>	46.58
MAT Credit Entitlement	<b>212.91</b>	0.00
Balances with Revenue Authorities	<b>892.53</b>	774.02
Prepaid Expenses	<b>52.48</b>	44.34
Other Advances	<b>425.94</b>	253.23
	<b>1583.86</b>	1118.17

## Disclosures:

The company has made current tax provision for Minimum Alternate Tax (MAT) u/s 115 JB of the Income Tax Act, 1961. As per the provisions of Section 115JAA, MAT Credit receivable has been recognised in the books of account as an asset to the extent there is convincing evidence that the company will pay normal income tax during the specified period. MAT credit is recognised as an asset in accordance with the guidance note issued by the Institute of Chartered Accountants of India. The said asset is created by way of a credit to Statement of Profit And loss and shown as MAT Credit Entitlement. The company will review the same at each balance sheet date and write down the carrying amount of MAT Credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income tax during the specified period.

## NOTES



<b>18. OTHER CURRENT ASSETS</b>		(₹. in Lakhs)	
	<b>31.03.2013</b>	31.03.2012	
Interest receivable	<b>38.80</b>	30.34	
	<b>38.80</b>	30.34	

<b>19. REVENUE FROM OPERATIONS</b>			
	<b>31.03.2013</b>	31.03.2012	
Sale of Products	<b>46224.38</b>	42194.87	
Other Operating Revenues			
a) Job works	<b>3964.38</b>	5736.42	
b) Inspection Charges	<b>50.04</b>	0.00	
c) Sale of Scrap	<b>115.79</b>	115.72	
	<b>50354.59</b>	48047.01	
Less: Excise Duty	<b>70.81</b>	98.56	
	<b>50283.78</b>	47948.45	

<b>20. OTHER INCOME</b>			
	<b>31.03.2013</b>	31.03.2012	
Interest from Banks and Others			
a) On Long Term Investments	<b>12.92</b>	6.31	
b) On Current Investments	<b>25.48</b>	39.96	
Sale of Power	<b>6.63</b>	0.00	
Excess Provisions Written back	<b>131.27</b>	0.00	
Miscellaneous Income	<b>0.16</b>	4.95	
	<b>176.46</b>	51.22	

<b>21. COST OF MATERIALS CONSUMED</b>			
	<b>31.03.2013</b>	31.03.2012	
Opening Stocks	<b>5201.49</b>	4041.34	
Add : Purchases	<b>19902.52</b>	32674.41	
	<b>25104.01</b>	36715.75	
Less : Closing Stock	<b>6223.96</b>	5201.49	
	<b>18880.05</b>	31514.26	

<b>22. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS</b>			
	<b>31.03.2013</b>	31.03.2012	
Opening Finished Goods	<b>4843.68</b>	837.18	
Closing Finished Goods	<b>1155.78</b>	4843.68	
	<b>3687.90</b>	(4006.50)	
Opening Work-in-Progress	<b>6708.63</b>	6445.09	
Closing Work-in-Progress	<b>3510.00</b>	6708.63	
	<b>3198.63</b>	(263.54)	
<b>Net (Increase) / Decrease</b>	<b>6886.53</b>	(4270.04)	

<b>23. EMPLOYEE BENEFITS EXPENSES</b>		(₹. in Lakhs)
	<b>31.03.2013</b>	31.03.2012
Salaries and Wages	<b>2766.31</b>	2708.89
Contribution to Provident and Other Funds	<b>120.96</b>	120.24
Staff Welfare	<b>61.11</b>	79.16
	<b>2948.38</b>	2908.29

<b>24. FINANCE COST</b>		
	<b>31.03.2013</b>	31.03.2012
Interest Expenses	<b>1524.21</b>	621.56
Interest on Income Tax	<b>21.68</b>	0.00
Other Borrowing Costs	<b>196.67</b>	526.94
	<b>1742.56</b>	1148.50

<b>25. OTHER EXPENSES</b>		
	<b>31.03.2013</b>	31.03.2012
Consumption of Stores and Spares	<b>2366.07</b>	2202.12
Power & Fuel	<b>3306.20</b>	2153.73
Rent	<b>387.00</b>	270.00
Repairs to Buildings	<b>44.62</b>	31.47
Repairs to Machinery	<b>260.65</b>	225.49
Insurance	<b>72.74</b>	64.32
Rates and Taxes	<b>61.20</b>	21.07
Selling and Distribution Expenses	<b>3768.83</b>	2971.30
Net Loss/(Gain) on Foreign Currency Transaction & Translation	<b>733.87</b>	359.20
Miscellaneous Expenditure	<b>1079.76</b>	1709.91
	<b>12080.94</b>	10008.61

## OTHER NOTES TO THE FINANCIAL STATEMENTS

## 26. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for):

## Contingent Liabilities

## a) Claims against the company not acknowledged as debts

(₹. In Lakhs)

	As at 31.03.2013	As at 31.03.2012
Income Tax - The revenue has appealed before Hon'ble High Court of Andhra Pradesh against the order of Hon'ble Income Tax appellate Tribunal, Hyderabad which was in favour of the Company in respect of deduction claimed u/s 80 HHC.	544.27	512.81
Central Excise - Demand raised by the Central Excise Department in respect of process amounting to 'manufacture' and applicability of duty thereon in respect of certain products against which an appeal has been made before CESTAT, Bangalore.	677.46	-
<b>b) Guarantees</b>		
1) Bank guarantees	3442.87	4705.28
2) Letters of credit	4033.40	4889.85
3) Bills discounted	648.92	1079.83

## 27. Un-hedged foreign currency exposure at the year end:

1) Trade receivables	3827.27	4036.84
2) Trade payables	265.52	2201.31
3) Secured loans	8819.80	17007.37

## 28. The Company proposes to declare ₹.2/- (₹. 2/- only) per share as dividend to the equity shareholders, total dividend amounting to ₹.885.79 lakhs (₹.885.79 lakhs)

## 29. 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:

	(₹. In Lakhs)	
	2012-13	2011-12
Employer's Contribution to Provident Fund	106.29	106.03
Employer's Contribution to ESI	1.92	1.69

## 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 Actuarial Valuation.

**I. Reconciliation of opening and closing balances of Defined Benefit obligation** (₹. in Lakhs)

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Non funded)</b>	Gratuity (Funded)	Leave Encashment (Non funded)
	<b>2012-13</b>	<b>2012-13</b>	2011-12	2011-12
Defined Benefit obligation				
At beginning of the year	<b>281.76</b>	<b>58.12</b>	213.38	44.68
Current Service Cost	<b>33.00</b>	<b>38.18</b>	31.00	35.21
Past Service Cost	---	---	---	---
Interest	<b>21.59</b>	<b>3.38</b>	15.64	1.99
Actuarial gain / (loss)	(7.32)	(13.07)	57.60	15.93
Benefits paid	(23.63)	(31.62)	(35.86)	(39.69)
Defined Benefit obligation at year end	<b>305.40</b>	<b>54.99</b>	281.76	58.12

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

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Non funded)</b>	Gratuity (Funded)	Leave Encashment (Non funded)
	<b>2012-13</b>	<b>2012-13</b>	2011-12	2011-12
Fair value of plan assets				
At beginning of the year	<b>315.39</b>	---	234.95	---
Expected Net return on plan assets	<b>29.57</b>	---	24.44	---
Employer contribution	<b>32.27</b>	<b>31.62</b>	94.57	39.69
Benefits paid	(23.63)	(31.62)	(35.86)	(39.69)
Actuarial gain / (loss)	(0.80)	---	(2.71)	---
Fair value of plan assets at year end	<b>352.79</b>	---	315.39	---

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

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Non funded)</b>	Gratuity (Funded)	Leave Encashment (Non funded)
	<b>2012-13</b>	<b>2012-13</b>	2011-12	2011-12
Fair value of plan assets	<b>352.79</b>	---	315.39	---
Present value of obligation	<b>305.40</b>	<b>54.99</b>	281.76	58.12
Amount recognised in Balance sheet	<b>47.39</b>	<b>54.99</b>	33.63	58.12



## IV. Expenses recognised during the year

(₹. in Lakhs)

	Gratuity (Funded)	Leave Encashment (Non funded)	Gratuity (Funded)	Leave Encashment (Non funded)
	2012-13	2012-13	2011-12	2011-12
Current Service Cost	33.00	38.18	31.00	35.21
Past Service Cost	---	---	---	---
Interest Cost	21.59	3.38	15.64	1.99
Expected return on plan assets	(29.57)	---	(24.44)	---
Actuarial gain / (loss)	(6.51)	(13.07)	60.31	15.93
Net Cost	18.51	28.49	82.51	53.13

## V. Investment Details:

Particulars	% Invested As at 31 <sup>st</sup> March 2013	% Invested As at 31 <sup>st</sup> March 2012
L.I.C.	100.00	100.00

## VI. Actuarial assumptions

	Gratuity (Funded)	Leave Encashment (Non funded)	Gratuity (Funded)	Leave Encashment (Non funded)
	2012-13	2012-13	2011-12	2011-12
Mortality Table (LIC)				
Discount rate (per annum)	8%	8%	8%	8%
Expected rate of return on plan assets (Per annum)	9.25%	---	9.25%	---
Rate of escalation in salary (per annum)	4%	4%	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.

## 30. Earning Per Share:

	2012-13	2011-12
Total No. of Shares (in lakhs)	442.89	442.89
Profit after Taxes and exceptional items (₹. in Lakhs)	3593.65	3827.50
Earning per share Basic & Diluted (₹. per share)	8.11	8.64

## NOTES



### 31. Segment Reporting:

The Company is predominantly engaged in the manufacture and sale of Oil Country Tubular Goods/services where the risks and returns associated with the products / services are uniform. Hence, the Company has identified geographical segments as its primary segment for reporting.

(₹. In Lakhs)

Particulars	Canada	Azerbaijan Republic	USA	UAE	Domestic	Others	Total
<b>Segment Revenue</b>							
External Sales	1399.04 (2564.24)	2763.49 (0.00)	14982.50 (7639.26)	2954.54 (0.00)	24836.08 (31083.03)	3348.14 (6661.92)	<b>50283.79</b> <b>(47948.45)</b>
<b>Segment Results</b>							
Segment Expenses directly attributable	815.02 (1260.59)	1718.73 (0.00)	10674.25 (5091.65)	1838.70 (0.00)	14884.89 (20203.97)	1509.98 (3185.43)	<b>31441.57</b> <b>(29741.64)</b>
Segment Expenses allocated	282.98 (566.38)	558.96 (0.00)	3030.46 (1687.34)	597.60 (0.00)	4989.96 (6865.55)	677.22 (1471.46)	<b>10137.18</b> <b>(10590.75)</b>
Unallocable Expenses							<b>936.53</b> <b>(867.35)</b>
Operating Profit Before Interest & Tax	301.04 (737.27)	485.80 (0.00)	1277.80 (860.26)	518.24 (0.00)	4961.23 (4013.51)	1160.93 (2005.00)	<b>7768.51</b> <b>(6748.71)</b>
<b>Less: Interest Expense</b>							<b>1742.56</b> <b>(1148.50)</b>
<b>Add: Unallocable Income</b>							<b>176.45</b> <b>(51.22)</b>
<b>Profit Before Tax</b>							<b>6202.41</b> <b>(5651.43)</b>
Tax							<b>2608.75</b> <b>(5651.43)</b>

## NOTES



Net Profit							3593.65 (3827.50)
<b>Segment Assets</b>			2475.63 (1119.51)	286.95	2690.09 (5200.97)	1.13 (1073.36)	5453.80 (7393.84)
Unallocated Assets							51919.21 (56819.62)
Total Assets							57373.01 (64213.46)
<b>Segment Liabilities</b>			40.69 (69.94)		2659.13 (0.00)	4.61 (0.00)	2704.43 (69.94)
Unallocated Liabilities							54668.58 (64143.52)
<b>Total Liabilities</b>							57373.01 (64213.46)

### Secondary Segments:

	OCTG Sales	OCTG Job Works & Services	Total
<b>i) Segment Revenue</b>			
Sales	46269.37 (42212.02)	4014.42 (5736.43)	50283.79 (47948.45)
<b>ii) Segment Assets</b>			
Carrying amount of segment assets	3915.40 (4310.11)	1538.40 (3083.73)	5453.80 (7393.84)
Unallocable assets			51919.21 (56819.62)
<b>iii) Additions to Fixed Assets</b>			
Unallocable Fixed Assets			13430.25 (8213.75)

### Notes for segment reporting:

- Segment assets / liabilities comprise trade receivables / trade payables from the respective segments
- All other assets/liabilities are taken as Unallocable Assets / Liabilities
- Previous year figures are given in the brackets

**NOTES**
**32. (A) In accordance with the Accounting Standard No.18, the details of Related Party Transactions are as follows:**

(₹. in Lakhs)

SL. NO.	PARTICULARS OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	31.03.13	31.03.12
A	United Steel Allied Industries Pvt., Ltd.	Two of the Directors are interested	Material Loading and Un-Loading	<b>626.97</b>	721.81
			Office Rent (incl. Service Tax)	<b>434.83</b>	297.81
			Civil Work, Erection and Fabrication Works of Plant & Machinery including Advance Payments	---	4274.85
B	V Max Studio & Advertising	Two of the Directors are related	Advertising, Printing, Web Designing, Maintenance of Software & Hardware and Supply of Stationery	<b>43.84</b>	65.59
C	Usai Forge Pvt., Ltd.	Two of the Directors are interested	Material Purchase	<b>1344.51</b>	1018.48
			Sales	---	<b>10.01</b>
D	United Seamless Tubulaar Pvt., Ltd.	Two of the Directors are interested	Raw Material Purchases	<b>8316.84</b>	6433.72
			Sales / Job Works	<b>4007.06</b>	5708.04

**B) Remuneration to Directors is as follows:**

(₹. in Lakhs)

SL. No.	PARTICULARS OF THE PARTY	RELATIONSHIP	NATURE OF TRANSACTIONS	31.03.13	31.03.12
A	Mr. K.Suryanarayana	Key Management Personnel-Chairman	Remuneration	<b>344.79</b>	<b>314.25</b>
B	Mr. Sridhar Kamineni	Key Management Personnel -Managing Director	Remuneration as Director	<b>275.83</b>	<b>251.40</b>
C	Mr. K.G.Joshi	Key Management Personnel-Director	Remuneration as Director	<b>68.96</b>	<b>62.85</b>

**33. Additional information pursuant to Note 5 of Part II of the Revised Schedule VI of the Companies Act, 1956:**

**A) TURNOVER:**

SL. NO.	CLASS OF GOODS	OPENING STOCK AS AT 01.04.2012	CLOSING STOCK AS AT 31.03.2013	TURNOVER AS AT 31.03.2013
		₹. IN LAKHS	₹. IN LAKHS	₹. IN LAKHS
A	Casing and Production Tubing	<b>4505.86</b> (251.28)	<b>1137.97</b> (4505.86)	<b>34302.31</b> (30884.12)
B	Drill Pipes	<b>337.82</b> (585.90)	<b>17.81</b> (337.82)	<b>9939.80</b> (10484.94)
C	Others including Drill Collars / Oil Field Accessories and Job Work Charges	---	---	<b>6112.48</b> (6677.95)
	<b>TOTAL</b>	<b>4843.68</b> (837.18)	<b>1155.78</b> (4843.68)	<b>50354.59</b> (48047.01)

(Previous year figures are given in brackets)

**B) WORK IN PROGRESS:**

SL. NO.	CLASS OF GOODS	OPENING STOCK AS AT 01.04.2012	CLOSING STOCK AS AT 31.03.2013
		₹. IN LAKHS	₹. IN LAKHS
A	Casing and Production Tubing	<b>3688.80</b> (1698.98)	<b>2113.00</b> (3688.80)
B	Drill Pipes	<b>3012.53</b> (4738.68)	<b>1382.35</b> (3012.53)
C	Others including Drill Collars / Oil Field Accessories and Job Work Charges	<b>7.30</b> (7.43)	<b>14.65</b> (7.30)
	<b>TOTAL</b>	<b>6708.63</b> (6445.09)	<b>3510.00</b> (6708.63)

(Previous year figures are given in brackets)

## NOTES



	31.03.2013		31.03.2012	
		₹. in Lakhs		₹. in Lakhs
<b>34. CIF VALUE OF IMPORTS</b>				
Raw Materials		10051.28		24008.77
Stores, Spares and Tools		565.49		538.14
<b>35. RAW MATERIAL CONSUMPTION</b>				
Casing and Production Tubing		14522.69		27748.83
Drill Pipes		4357.36		3765.43
<b>RAW MATERIAL CONSUMPTION</b>				
Imported	%		%	
	54.44	10278.16	78.07	24603.13
Indigenous	45.56	8601.89	21.93	6911.13
	100.00	18880.05	100.00	31514.26
<b>36. STORES, SPARES &amp; TOOLS CONSUMPTION</b>				
Imported	%		%	
	21.17	500.87	28.31	623.49
Indigenous	78.83	1865.20	71.69	1578.63
	100.00	2366.07	100.00	2202.12
<b>37. EXPENDITURE IN FOREIGN CURRENCY</b>				
Travelling		53.90		37.32
Royalty, Agency Commission		1169.80		697.35
Interest		543.19		429.40
Others		1087.95		227.23
		2854.83		1391.30
<b>38. EARNINGS IN FOREIGN CURRENCY</b>				
FOB value of Exports		25447.71		16865.42
Domestic Sales (Deemed Exports)		20003.80		24756.80

### 39. Remuneration to Auditor (excluding service tax):

	(₹. In Lakhs)	
As:	2012-13	2011-12
i) Auditor	4.00	3.50
ii) For Taxation Matters	0.35	0.80
iii) For Other Services	0.80	1.07

40. Previous year figures have been regrouped / re arranged / reclassified wherever considered necessary to conform to the classification of the current year.

Per our report attached  
for **C K S ASSOCIATES**  
Chartered Accountants  
(FRN 007390S)

**N.V.S. SRIKRISHNA**  
Partner  
M.No.25139

**HYDERABAD**  
April 25, 2013

For and on behalf of the Board of Directors

**K.SURYANARAYANA**  
Chairman

**SRIDHAR KAMINENI**  
Managing Director

**K. G. JOSHI**  
**Dr. T.S. SETHURATHNAM**  
**K. V. RAVINDRA REDDY**  
**A. P. VITTHAL**  
Directors

**C.S. RAO**  
Company Secretary

# CASH FLOW STATEMENT



(₹. in Lakhs)

	Year Ended 31.03.2013	Year Ended 31.03.2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary Items	6202.41	5651.43
Adjustments for :		
Depreciation	1719.37	1038.62
Interest Expenses	(38.40)	(46.27)
(Profit)/Loss on Sale of Assets	(0.06)	0.48
Interest on Working Capital Loans	1742.56	1148.50
Exchange rate fluctuation	733.87	359.20
<b>Operating Profit before Working Capital Charges</b>	<b>10359.75</b>	<b>8151.96</b>
Adjustments for :		
(Increase)/Decrease in Inventories	5534.24	(5557.92)
(Increase)/Decrease in Trade Receivables	1940.04	(5752.10)
(Increase)/Decrease in Other Current Assets	(14.59)	(18.70)
(Increase)/Decrease in Loans and Advances	(425.95)	5120.20
Increase/(Decrease) in Current Liabilities	(5363.20)	8035.98
Increase/(Decrease) in Cash Credit Loans	133.53	9173.66
Increase/(Decrease) in interest accrued	(15.51)	38.49
<b>Cash Generated from Operations</b>	<b>12148.31</b>	<b>19191.57</b>
Adjustments for :		
Interest on Working Capital Loans	(1742.56)	(1148.50)
Direct Taxes Paid	(720.02)	(2565.35)
<b>Total : (A)</b>	<b>9685.73</b>	<b>15477.72</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(927.34)	(220.64)
Capital Work in Progress	(3192.84)	(14499.90)
Sale of Fixed Assets	0.28	0.60
(Increase)/Decrease in Investments	0.00	(2000.00)
Interest Received	38.40	46.27
<b>Total : (B)</b>	<b>(4081.50)</b>	<b>(16673.67)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Term Loans	(2667.82)	(915.56)
Equity Dividend	(885.79)	(885.79)
Corporate Dividend Tax	(143.70)	(143.70)
<b>Total : (C)</b>	<b>(3697.31)</b>	<b>(1945.05)</b>
Net Increase/(Decrease) in Cash and Cash Equivalents ( Total A + B + C )	1906.92	(3141.00)
Exchange rate fluctuation	(733.87)	(359.20)
Opening Balance of Cash and Cash Equivalents	1085.44	4585.64
Closing Balance of Cash and Cash Equivalents	2258.49	1085.44

**FOR C K S ASSOCIATES**  
Chartered Accountants  
(FRN 007390 S)

**N.V.S.SRIKRISHNA**  
Partner  
M.No.25139

**HYDERABAD**  
April 25, 2013

For and On Behalf of the Board of Directors

**SRIDHAR KAMINENI**  
Managing Director



**OIL COUNTRY TUBULAR LIMITED**

Registered Office: "Kamineni" 3<sup>rd</sup> Floor, King Koti , 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 Seventh Annual General Meeting of the Company, at Taj Mahal Hotel, Akshaya Hall, Abids, Hyderabad - 500001 to be held on Thursday, the 30<sup>th</sup> May, 2013 at 10.00 a.m. and at any adjournment thereof:

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

Number of Shares held.....

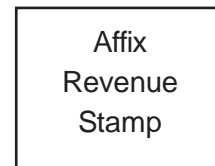
Reference Folio No./

Signed this ..... day of .....2013

DP ID & Client ID .....

Signature(s) of Member(s)

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



**NOTES :** Please see overleaf



**OIL COUNTRY TUBULAR LIMITED**

Registered Office: "Kamineni" 3<sup>rd</sup> Floor, King Koti , 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 27<sup>th</sup> Annual General Meeting of the Oil Country Tubular Limited, at Taj Mahal Hotel, 2nd Floor, Akshaya Hall, 4-1-999, Abids Road, Hyderabad - 500 001 on Thursday, 30<sup>th</sup> May, 2013 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.

**BOOK-POST**  
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To



if undelivered, please return to:



**Oil Country Tubular Ltd.**

Registered Office: 'KAMINENI', 3<sup>rd</sup> Floor,  
King Koti, Hyderabad - 500 001, A.P.