



ANNUAL REPORT 2010-2011

OCL IRON & STEEL LIMITED

OCL IRON AND STEEL LIMITED

SIXTH ANNUAL REPORT – 2010-2011

BOARD OF DIRECTORS

Shri Yogesh Kapur	– Chairman
Shri Nand Kishore Taori	– Managing Director
Shri Aditya Malhotra	– Director
Shri K.T. James	– Director
Shri Sanjiv Bhasin	– Director

Company Secretary & Compliance Officer

Ms. Swati Ahuja

Auditors

M/s A.C. Gupta & Associates,
Chartered Accountants,
New Delhi

Bankers

State Bank of India
Axis Bank
Andhra Bank
United Bank of India

Registrar & Share Transfer Agent

CB Management Services Private Limited
P-22, Bondel Road, Kolkata – 700019
(West Bengal)
Tel No: +91 33 22806692-94/2280 2486
Fax No: +91 33 2287 0263
Email: cbmsl@cal2.vsnl.net.in

Registered Office:

VIII. Lamloi, PO. Garvana,
Rajgangpur-770 017.
Distt: Sundargarh, Orissa.

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OCL IRON AND STEEL LIMITED

NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of OCL Iron and Steel Limited will be held on Friday, the 30th day of September, 2011 at the registered office of the Company at Vill. Lamloi, PO. Garvana, Rajgangpur – 770 017 (Dist. Sundargarh, Orissa), at 10.00 a.m. to transact the following business:

Ordinary Business

1. To receive, consider & adopt the Audited Balance Sheet as at 31st March, 2011 and Audited Profit & Loss Account for the year ended on that date together with the Reports of the Directors and the Auditors thereon.
2. To declare dividend @ 2% on Redeemable Non Cumulative Preference Shares.
3. To appoint a Director in place of Shri K.T. James who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sanjeev Bhasin who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board
For OCL Iron and Steel Limited

Place : New Delhi
Date : September 3, 2011

Sd/-
(Swati Ahuja)
Company Secretary

Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Register of Members will remain closed from September 22, 2011 to September 30, 2011 (both days inclusive).
3. M/s CB Management Services (P) Limited, P-22, Bondel Road, Kolkata – 700 019 are the Registrars and Share Transfer Agents of the Company to handle transfers both in physical and electronic segments and other share related matters. Shareholders are requested to address all their correspondence to the Registrars at the above address.
4. Members who hold shares in electronic mode are requested to quote their Client Id and DP Id number and those who hold shares in physical form are requested to write their Folio numbers in all correspondence with the Company/Registrar for facilitating quick disposal of the matters.
5. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the AGM.
6. Consequent upon the introduction of section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in form No. 2B in duplicate (which will be made available on request) to the R&T Agents of the company.
7. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure members who have not registered their e-mail addresses so far are requested to register their e-mail addresses,

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in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register their e-mail address with M/s CB Management Services Private Limited, Registrar and Transfer Agent of the Company.

8. The members are requested to bring their copies of Annual Report to the Meeting, as the same will not be redistributed at the venue of Annual General Meeting.
9. The Members attending the General Meeting are requested to bring the enclosed attendance slip and deliver the same after filling in their folio number at the entrance of the meeting hall. Admission at the Annual General Meeting venue will be allowed only after verification of the signature in the attendance slip, Duplicate Attendance Slip will be issued at the Registered Office of the Company upto a day preceding the day of Annual General Meeting.

INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING APPOINTED/ RE-APPOINTED

Name of Director	Shri. K.T. James	Shri Sanjiv Bhasin
Date of birth	01.12.1956	31.08.1957
Qualification	M.Com	Chartered Accountant
Date of appointment.	31.08.2010	31.08.2010
Expertise in specific functional areas	Accounts and Financial Matters	Audit and Finance. Expertise in Infrastructure Project
List of other Companies in which Directorship held (excluding foreign companies, Private Companies and alternate directorship)	Adhbut Infrastructure Limited Amtek Railcar Limited Amtek India Limited ACL Industries Limited Amtek Heavy Engineering Industries Limited Fenace Auto Limited Oriental Iron Casting Limited Lotus Auto Engineering Limited Stride Autoparts Limited Kizen Spare Autoparts Limited Odisha Auto Limited Arrow Spareauto parts Limited Odisha Iron and Steel Limited Benson Auto Components Limited	Idma Laboratories Limited

**By order of the Board
For OCL Iron and Steel limited**

Place : New Delhi
Date : September 3, 2011

Sd/-
(Swati Ahuja)
Company Secretary

OCL IRON AND STEEL LIMITED

DIRECTORS' REPORT

To
The Members
OCL Iron and Steel Limited

Your directors take pleasure in presenting the Sixth Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

(Rupees in Lacs)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Sales and Operating Income	22360.13	19118.75
Other Income	2119.77	129.28
Total Expenditure	21849.60	17730.84
Profit before Interest, Depreciation and Tax	2630.30	1517.19
Depreciation	743.72	771.88
Interest	760.60	694.95
Profit / (loss) before tax	1125.98	50.36
Provision for taxation	(50.00)	30.13
Profit after Taxation	1175.98	20.23
Add balance brought forward from Previous Year	899.82	894.59
Surplus Available	2075.80	914.82
APPROPRIATION		
Dividend on Preference Shares	69.98	—
Tax on Dividend of Preference Shares	11.62	—
Transfer to Capital Redemption Reserve Account	530.05	—
Transfer to Debenture Redemption Reserve Account	203.75	15.00
Surplus carried to Balance Sheet	1260.40	899.82
	2075.80	914.82

Performance

During the year under review, the Company achieved Sales and Operating Income of Rs. 22360.13 lacs as compared to Rs. 19118.75 lacs in the previous year. Gross profit before interest, depreciation and taxes stood at Rs. 2630.30 lacs as against Rs. 1517.19 lacs in previous year. Profit after tax (PAT) stood at Rs. 1175.98 lacs as against Rs. 20.23 lacs in the previous year.

Dividend

The Board of Directors recommend dividend @ 2% on Redeemable Non Cumulative Preference Shares for the year ended 31st March, 2011 from the date of allotment on pro rata basis. However, no dividend is recommended on equity Shares of the Company. The total outgo on account of dividend will be Rs. 81.60 lacs (including dividend tax of Rs. 11.62 lacs).

Operations

During the year under review the Company produced :

- 92781 MT of sponge iron and sold 23687 Mt.
- 74510 Mt of MS billets and sold 75069 MT.

The Company has generated 881.62 lacs units of power during the year.

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Directors

Mr. K.T. James and Mr. Sanjeev Bhasin retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Brief resume of the Directors proposed to be reappointed, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under clause 49 of the Listing Agreements with the Stock Exchanges in India, are provided in notice forming part of the Annual Report.

Subsidiaries

The Company does not have any subsidiary.

Auditors

M/s A.C. Gupta & Associates vacate their office at the conclusion of ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept their appointment as statutory auditors of the Company, if appointed.

The Auditors' Report and Notes to Accounts as referred in the Auditors' report are self explanatory & therefore do not call for any further comments or explanations.

Fixed Deposits

During the period under review the Company has not accepted any public deposits within the meaning of Section 58A and 58AA of the Companies Act, 1956.

De-materialisation of shares

The Company's equity shares are available for de-materialization on both the depositories' viz., NSDL & CDSL. Shareholders may be aware that SEBI has made trading in your company's shares mandatorily, in de-materialized form. As on 31st March 2011, 129084422 equity shares representing 96.23% of your Company's Equity shares capital have been de-materialized.

Listing at Stock Exchange

The Shares of the Company are listed on The Bombay Stock Exchange Limited, Mumbai and The National Stock Exchange of India Limited, Mumbai. The Company has paid annual listing fee to the Stock exchanges for the year 2011 - 2012.

Statutory Information

- Particular of Employees under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 –NIL
- Statutory details of Energy Conservation and Technology Absorption R & D activities and Foreign Exchange Earning and Outgo, as required under Section 217(1) (e) of the Companies Act, 1956 and rules prescribed there under i.e. the Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 are given in the Annexure and form part of this Report.

Corporate Governance

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from Company's Managing Director and Auditors confirming compliance of Corporate Governance norms as stipulated in clause 49 of the Listing Agreement with the Indian Stock Exchanges is included in the Annual Report.

Management Discussion and Analysis

Management Discussion and Analysis of financial condition including the results of operations of the Company for the year under review, as required under clause 49 of the Listing Agreement with Stock Exchanges is presented in a separate section forming part of the Annual Report.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2008 with respect to Directors' Responsibility Statement, it is hereby confirmed:-

OCL IRON AND STEEL LIMITED

- That in the preparation of the annual accounts for the year ended 31st March, 2011, the applicable Accounting Standards have been followed;
- That the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year (31st March, 2011) and of the profit or loss of the Company for the period under review (2010-11);
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- That the Directors had prepared the annual accounts on a going concern basis.

Industrial Relations

During the year under review, the relations between the Management and the workmen were highly cordial.

Investor Relations

Your Company always endeavors to promptly respond to shareholders' requests / grievances. Each and every issue raised by the shareholders is taken up with utmost priority and every effort is made to resolve the same at the earliest. The Shareholders' and Investors' Grievances Committee of the Board periodically reviews the status of the redressal of investors' grievances.

Employee Welfare

Your Company demonstrated that it is a caring organization by constantly devising and implementing several welfare measures for the employees and their families. Employee welfare programmes and schemes were implemented with utmost zeal and they were constantly reviewed and improvements were made wherever necessary at the earliest.

Acknowledgement

Your Directors wish to place on record the sincere and dedicated efforts of all the members of the company's team which has made it possible to achieve excellent growth. Your Directors also take this opportunity to offer their sincere thanks to the Financial Institutions, Banks and other Government Agencies, our valued customers and the investors for their continued support, co-operation and assistance.

Your Directors also wish to acknowledge the contribution made by the employees at all levels and above all the trust and confidence reposed by the shareholders.

**By order of the Board
For OCL Iron and Steel limited**

Sd/-
(Yogesh Kapur)
Chairman

Place : New Delhi
Date : September 3, 2011

OCL IRON AND STEEL LIMITED

ANNEXURE-I TO THE DIRECTORS' REPORT 2010-11

STATEMENT CONTAINING PARTICULARS PURSUANT TO COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF DIRECTOR'S REPORT.

CONSERVATION OF ENERGY

DRI:

a) **Energy Conservation measures taken**

The following measures are continued to be taken for conservation of energy.

- i) Company is conducting regular energy audit to assess the energy losses.
- ii) LT Capacitors are being fixed at washery to reduce energy losses.
- iii) VFDs are being installed for higher capacity motors in Coal Washery.

b) **Additional investment and proposals**

- i) Installation of Variable speed drives for ID fan of ESP 1 & 2.

c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of grades.**

- i) All the above measures have resulted in reduction of energy losses.
- ii) Monitoring of energy wastages.

SMS:

a) **Energy Conservation measures taken**

The following measures are continued to be taken for conservation of energy.

- i) Power factor is being maintained close to unity.
- ii) Pressure setting of compressor has been reduced as per usage.
- iii) Optimized the operating voltage of transformers by changing the tap position.

b) **Additional investment and proposals**

- i) Lighting energy savers are to be installed to optimize the voltage of lighting feeders.

c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of grades.**

- i) All the above measures have resulted in saving of energy usage.

CPP:

a) **Energy Conservation measures taken**

The following measures are continued to be taken for conservation of energy.

- i) Energy efficient light sets are being installed around the plant side.
- ii) New high efficiency motor for boiler feed pump is being operated through VFD.
- iii) Flue gas analyzer in boiler inlet and VFD for ABC fan is being installed to increase the steam generation capacity.

b) **Additional investment and proposals**

- i) Company has a proposal to use only energy efficient equipments certified by BEE.
- ii) AFBC ID fan suction damper to be removed from position to avoid pressure drop and energy loss.

c) **Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of grades.**

- i) Increase in steam generation potential.
- ii) All the above measures have resulted in saving of electrical as well as thermal energy.

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FOREIGN EXCHANGE EARNINGS AND OUTGO

Total Foreign Exchange used and earned:

Used	:	3.52 Lacs
Earned	:	366.51 Lacs

Form-A

(Particulars of Total Energy Consumption And Energy Consumption Per Unit Of Production)

	2010-11	2009-10
A) POWER AND FUEL CONSUMPTION		
a) Electricity Purchased		
Units (in lacs)	—	—
Total Amount (Rs.in lacs)	—	—
Rate/Unit(Rs.)	—	—
b) Own generation through power Generators :		
Units (in lacs)	881.62	917.66
Units per Tonne of fuel	1,144	950
Cost/unit (Rs.)	1.15	1.50
B) CONSUMPTION PER UNIT OF PRODUCTION (PER MT)		
STEEL		
Electricity KWH)	830.29	833.00
Fuel Oil (Ltrs)	2.08	4.80
POWER		
Electricity KWH)	0.10	0.09
Fuel :		
- Oil (Rs. in lacs)	0.01	2.80
- Coal (Lacs Mt)	1.15	0.90

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CORPORATE GOVERNANCE

I. Philosophy on Code of Governance

The Company is committed to conduct its business in an efficient, fair, honest and ethical manner. Good corporate governance goes beyond compliances and requires companywide commitment. It starts with the Board of Directors and percolates down the order throughout the Organization, and seeks to raise the standards of corporate management, strengthens the Board systems, significantly increase its effectiveness and ultimately serve the objective of maximizing the shareholders' value. The philosophy of the Company is in consonance with the accepted principles of good governance.

II. Board of Directors

The Business of the Company is managed by the Board of Directors. The functions of the Board include formulation of strategic business plans, budgets, setting up goals and evaluation of performance, approving corporate philosophy and mission, monitoring corporate performance against strategic business plans, overseeing operations, recruitment of senior management personnel, review of material investment and fixed assets transactions, ensuring compliance with laws and regulations, keeping shareholders informed regarding plans, strategies and performance of the Company and other important matters.

A. Composition of Board of Directors

Your Company's Board has an optimum combination of Executive and Non-Executive Directors with considerable experience in their respective fields. The Chairman of the Board is a Non-Executive Independent Director. The Board as at March 31, 2011 had a combination of one Executive Director and four Non-Executive Directors. Out of these, three directors are Independent. The details of the Directors with regard to their outside directorships, Committee position as well as attendance at Board Meeting/AGM are as follows:

S. No.	Name of the Director	Status	Executive/ Non-Executive/ independent	No. of Board Meetings attended	Attendance at the last AGM held on 30.09.2010	No. of other Directorships as on 31.03.11*	No. of Committees Positions held in other Public Companies as on 31.03.11**	
							Membership**	Chairmanship
1.	Shri Yogesh Kapur	Chairman	Non-executive and Independent	17	P	1	Nil	Nil
2.	Shri NandKishore Taori	Managing Director	Executive	16	NP	Nil	Nil	Nil
3.	Shri Aditya Malhotra	Director	Non-Executive and Non Independent	15	NP	Nil	Nil	Nil
4.	K.T. James	Director	Non-executive and Independent	2	NP	14	4	1
5.	Shri. Sanjiv Bhasin	Director	Non-executive and Independent	2	P	1	Nil	Nil

Notes:

- Seventeen Board meetings were held during the Financial Year 2010-11 on 29.4.2010, 14.5.2010, 8.6.2010, 16.6.201, 14.7.2010, 24.7.2010, 30.7.2010, 13.8.2010, 17.8.2010, 23.8.2010, 31.8.2010, 5.10.2010, 13.11.2010, 23.11.2010, 30.11.2010, 14.2.2011 and 11.3.2011.
- The Non Executive Chairman has not desired an office at the Company's expense.
- * Excludes foreign companies, private companies and alternate directorship.
- ** Includes only membership in Audit Committee and Investor Grievance Committee.

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B) Board Procedure

The Board meets at regular intervals at least four times a year. During the year, seventeen meetings of the Board of Directors were held with maximum time gap of less than four months between any two meetings. All the members of the Board were provided requisite information as required as per listing Agreement well before the board meeting and the same was dealt with appropriately. None of the directors is disqualified for appointment as director under the Companies Act, 1956.

The Board of Directors of your Company plays a pivotal role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibility, and accountability are clearly defined. All relevant information (as mandated by the regulations) is placed before the Board. The Board reviews compliance reports of all laws applicable to the company, as well as steps taken by the Company to rectify instances of non-compliances.

C) Inter – se relationship – The Directors are not related inter- se.

III. Audit Committee

The Audit Committee, comprises of three directors. All the members of the committee viz. Shri Sanjiv Bhasin as its Chairman and Shri Yogesh Kapur and Shri Aditya Malhotra as its Members. The constitution of the Audit Committee meets the requirement of section 292A of the Companies Act, 1956. The power and role of the audit committee is as per the guidelines set out in the listing agreement and as prescribed under section 292A of the Companies Act, 1956.

During the period, the committee met 5 times and the attendance of members at the meetings was as follows:

Name of Member	Status	No. of Meetings attended
Shri Sanjiv Bhasin	Chairman	5
Yogesh Kapur	Director	5
Shri Aditya Malhotra	Director	5

IV. Remuneration of Directors

A) Non-Executive Directors

The remuneration of Non-Executive Directors (NEDs) is fixed by the Board of Directors subject to approval of shareholders and there is no separate Remuneration Committee.

The Non-Executive Directors are paid sitting fees for attending the Board/Committee Meetings besides reimbursement of out of pocket expenses.

(A) The details of the remuneration paid to the Executive Director provided as per accounts for the year ended March 31, 2011 are given below:-

Executive Director	Salary * (in Lacs)	Commission	Total (in Lacs)
Shri N.K. Taori	29.60	–	29.60

* Salary includes basic salary, perquisites and allowances, contribution to provident fund etc.

B. Details of sitting fees and Commission paid to the Directors during 2010-11 are mentioned below:

(Amount in Rs.)

S.No.	Name of the Director	Sitting fees
1	Shri Yogesh Kapur	1,70,000
2	Shri NandKishore Taori	–
3	Shri Aditya Malhotra	1,50,000
4	K.T. James	20,000
5	Shri. Sanjiv Bhasin	20,000

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V. Share Transfer and Investors' Grievance Committee

Presently the Share Transfer and Investors' Grievance Committee consists of two Directors i.e. Shri Yogesh Kapur and Shri Nand Kishore Taori. The Company Secretary acts as the Secretary of the Committee. During the year, four shareholder/investor complaints were received and the same were resolved appropriately. During the year 2010-11, eleven meetings of the Committee were held .

The Company has also adopted a Code of Internal procedure and conduct for prevention of insider trading in the shares of the Company, pursuant to the Securities and Exchange Board of India (Prohibitions of Insider Trading) Regulation, 1992, as amended. The Board has designated Company Secretary as the Compliance Officer for this purpose and has authorized this Committee to monitor the compliances as required under the aforesaid Regulation.

VI. COMPLIANCE OFFICER

The Board has designated Ms. Swati Ahuja, Company Secretary as Compliance Officer.

VII. GENERAL BODY MEETINGS

Location, time and place of Annual General Meetings held in last three years –

YEAR	DATE & TIME	LOCATION	WHETHER SPECIAL RESOLUTIONS WERE PASSED
2007-08	9th September 2008 at 11.00 A.M.	OCL Rest House, Rajganjpur- 770017 (Distt. Sundargarh, Orissa)	Special resolution was passed for payment of Commission @ 1% of the net profits to Directors other than MD & WTD.
2008-09	30th September 2009 at 11.00 A.M.	At the registered office at Rajganjpur – 770 017 (Orissa)	No Special resolution was passed.
2009-10	30th September, 2010 at 10.00 A.M.	At the registered office at Rajgangpur - 770017 (Orissa)	No Special resolution was passed.

The Last Annual General Meeting of the Company was held on 30th September, 2010 at 10.00 a.m. at the registered office at Rajgangpur- 770017 (Orissa). The meeting was Chaired by Shri Yogesh Kapur, Director of the Company. Shri Sanjiv Bhasin, Chairman of Audit Committee also attended the Annual General Meeting.

VIII. DISCLOSURES

(A) Basis of related Party Transaction

The details of all materially significant transactions with related parties are periodically placed before the audit committee. The Company has entered into related party transactions as set out in the notes to accounts, which are not likely to have conflict with the interest of the Company.

(B) Whistle Blower Policy

The company encourages an open door policy where employees have access to the Head of the business/ Function. In terms of Company's Code of Conduct, any instance of non adherence to the code/ any other observed unethical behavior are to be brought to the attention of the immediate reporting authority, who is required to report the same to the Head of Corporate Human Resources.

We hereby affirm that no personnel has been denied access to the audit committee.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years — Nil

The Company has complied with all mandatory requirements of the revised Clause 49 of the Listing Agreement. Further, the Company has also complied with the non-mandatory requirement relating to constitution of Shareholder Rights and establishing the Whistleblower Policy.

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(C) Code of Business Conduct and Ethics for Directors and management personnel

The Board has prescribed a Code of Conduct ("Code") for all Board members and senior management of the Company. The Code has been posted on the website of the Company (www.oclsteel.in). All Board members and senior management personnel have confirmed compliance with the Code for the year 2010-11. A declaration to this effect signed by the Managing Director & CEO of the Company is provided elsewhere in the Annual Report.

(D) Disclosure of Accounting Treatment :

In the preparation of financial statements for the year ended on 31st March 2011; there was no treatment different from that prescribed in an accounting standard that had been followed.

(E) Board Disclosures – Risk Management :

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls risk through means of properly defined framework.

IX. MEANS OF COMMUNICATION

Results for quarter ended 30th June 2010, 30th September, 2010, 31st December, 2010 and 31st March, 2011 have been published in English (Business Standard) and also in a vernacular language newspaper (Utkal Mail).

The Company also uploads its financial results, shareholding pattern and other information on the website of the Company i.e. www.oclsteel.in

A management Discussion and Analysis report which forms part of the Annual Report is given by means of a separate annexure and is attached to the Directors' Report.

X. GENERAL SHAREHOLDERS' INFORMATION

A) General information

Registered Office	Vill. Lamloi, P.O. Garvana, Rajgangpur- 770 017, Distt: Sundargarh, Orissa.
Plant Location	Vill. Lamloi, P.O. Garvana, Rajgangpur- 770 017, Distt: Sundargarh, Orissa.
Last Annual General Meeting: Day / Date / Time / Venue	Thursday, the 30th September, 2010 at 10.00 AM Vill. Lamloi, P.O. Garvana, Rajgangpur - 770 017, Distt: Sundargarh, Orissa.
Financial Year	1st April to 31st March
Last Book Closure	27th September, 2010 to 30th September, 2010 (both days inclusive)
Dividend payment date	N/A
Listing on Stock Exchanges	1] BOMBAY STOCK EXCHANGE LTD. Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400 001. [Listed w.e.f. 01-08-2008] 2] NATIONAL STOCK EXCHANGE OF INDIA LTD. Exchange Plaza (5th Floor), Plot No. C/1, G. Block Bandra-Kurla Complex, Bandra (E), Mumbai – 400 051. [Listed w.e.f. 01-08-2008] The Company has paid the Listing fee for the year 2010-11 to BSE & NSE within the stipulated time.
ISIN CODE Stock Code - Equity Share: BSE NSE	INE196J01019 533008 OISL

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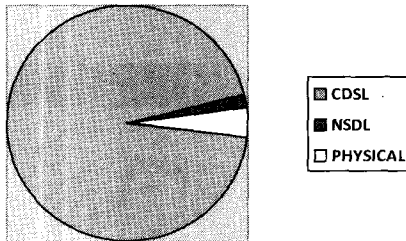
B) Financial Calendar:

FINANCIAL CALENDER: (Tentative & Subject to change)	
First Quarter Results	Mid of August, 2011
Second Quarter Results	End of October, 2011
Third Quarter Results	End of January, 2012
Fourth Quarter Results	End of April, 2012

The Company's quarterly un-audited results and half yearly un-audited results are subjected to limited review by Auditors and Annual results are subjected to Audit by the Statutory Auditors. Quarterly un-audited and annual audited results are published in newspapers and are also provided to the Stock Exchanges.

C) Dematerialization of Shares and Liquidity

The shares of the Company are in compulsory Demat Segment and are available for trading in both the Depositories, namely, NSDL and CDSL as on 31st March 2011, 129084422 equity shares constituting 96.23% of the total paid up equity capital of the Company have been dematerialized with NSDL and CDSL.



D) Share Transfer system and Share Transfer Agent

Pursuant to directions of SEBI, the facility to hold the Company's shares in electronic form is available to the shareholders as the Company has joined both Depositories namely NSDL & CDSL. Share Transfer documents for physical transfer and requests for dematerialization of shares may be sent to Company's Share Transfer Agents;

E) Registrar & Share Transfer Agent

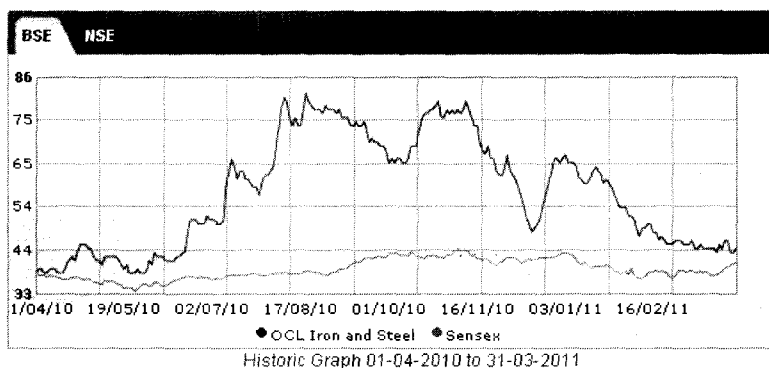
CB Management Services Private Limited
P -22, Bondel Road, Kolkata – 700019 (West Bengal)
Tel No: +91 33 22806692-94/2280 2486
Fax No: +91 33 2287 0263
Email: cbmsl@cal2.vsnl.net.in

OCL IRON AND STEEL LIMITED

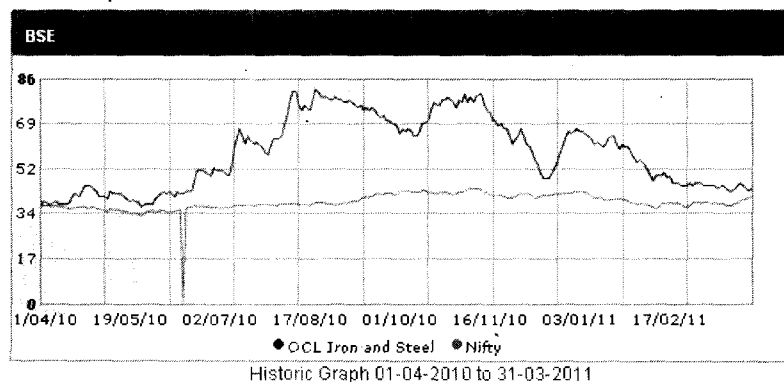
F) Market price data: Monthly High / Low prices per share during 2010-2011:

Months	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2010	46.30	36.30	46.00	35.75
May, 2010	44.45	35.00	44.00	36.55
June, 2010	52.80	37.10	53.00	38.00
July, 2010	68.95	48.45	68.95	48.35
August 2010	84.00	61.00	84.00	62.00
September 2010	79.95	66.05	80.00	66.10
October 2010	81.90	64.00	82.00	64.10
November 2010	82.30	58.50	82.90	58.30
December 2010	69.50	47.15	68.40	45.75
January 2011	68.90	54.45	68.35	54.90
February 2011	55.60	43.10	56.00	43.50
March 2011	49.40	42.05	49.00	42.10

BOMBAY STOCK EXCHANGE



NATIONAL STOCK EXCHANGE



OCL IRON AND STEEL LIMITED

G) Shareholding pattern as on 31st March, 2011:

Category	Number of Shares held	Percentage of Shareholding
Promoters	100607370	75
Mutual Funds/ UTI	57000	0.04
Financial Institutions / Banks	187500	0.14
Foreign Institutional Investors	3414250	2.55
Bodies Corporate	13581968	10.12
Resident Individuals	15613043	11.64
Non-Resident Individual	545758	0.41
Foreign National	54240	0.04
Clearing Member	82031	0.06
TOTAL	134143160	100

H) Distribution of Shareholding as on 31st March, 2011:

Range of Shares	No. of Holders	No. of Shares
Upto 5000	9798	7390213
5001-10000	405	2869093
10001-20000	199	2744454
20001-30000	50	1225487
30001-40000	29	1048345
40001-50000	7	318935
50001-100000	33	2281447
100001 and above	28	116265186
Total	10549	134143160

I) Information for Debenture Holders

Interest payment date	Frequency of interest payment	% interest	ISIN No.	Date of Redemption	Face value per Debenture (in Rs.)	Name and Address of Debenture Trustee
1 st Jan & 1 st July every year	Half yearly	9.20	INE196J07016	21 st Jan 2017	1 crore	AXIS Bank Ltd. 13 th Floor, Maker Tower-"F", Cuffe Parade, Colaba, Mumbai-400005

OCL IRON AND STEEL LIMITED

K. INVESTORS CORRESPONDENCE MAY BE ADDRESSED TO:-

Ms. Swati Ahuja
Vili. Lamloi, PO. Garvana,
Rajgangpur-770 017.
Distt: Sundargarh, Orissa.

**By order of the Board
For OCL Iron and Steel limited**

Sd/-
(Yogesh Kapur)
Chairman

Place : New Delhi
Date : September 3, 2011

OCL IRON AND STEEL LIMITED

AUDITORS' REPORT ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To
The Shareholders
OCL IRON AND STEEL LIMITED

We have examined the compliance of conditions of corporate governance by OCL Iron and Steel Limited for the Year ended on 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

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 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 in all material respects with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that the shareholders/ Investors Grievance Committee has maintained records to show the Investors Grievance and certify that as at 31.03.2011, there were no investors grievance remaining unattended/pending for more than 30 days.

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

For A.C. Gupta & Associates
Chartered Accountants

Place : New Delhi
Date : September 3, 2011

Sd/-
A.C. Gupta
Partner
Membership No. 008565

DECLARATION BY CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required under 49 of the Listing Agreement with Stock Exchange, it is hereby confirmed that for the year ended 31st March, 2011, the Directors of OCL Iron and Steel Limited have affirmed compliance with the Code of Conduct for Board Members as applicable to them and members of the senior management have affirmed compliance with Employee Code of Conduct, as applicable to them.

Place : New Delhi
Date : September 3, 2011

Sd/-
N. K. Taori
Managing Director

OCL IRON AND STEEL LIMITED

CEO AND CFO CERTIFICATION

We, N.K.Taori, Managing Director and T.K. Laskar, AVP (Finance & Accounts) responsible for the finance functions certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31.03.2011 and to the best of our knowledge and belief:-
 - I. These statements do not contain any materially untrue statements 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 31.03.2011 are fraudulent, illegal or violation 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 the internal control systems of the Company pertaining to the 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; and
 - 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.

Place : New Delhi
Date : September 3, 2011

Sd/-
T.K. Laskar
AVP (Finance & Accounts)

Sd/-
N.K. Taori
Managing Director

OCL IRON AND STEEL LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry structure and developments

Indian Economy

During the past fiscal year, India continued to recover strongly from the global economic slowdown caused by the financial crisis in 2007-09. The Indian economy, one of the fastest growing economies in the world, grew at an estimated 8.0% in 2009-10 and 8.6% in 2010-11¹. Strong growth in 2010-11 was driven by a rebound in the agriculture sector and continued momentum in manufacturing.

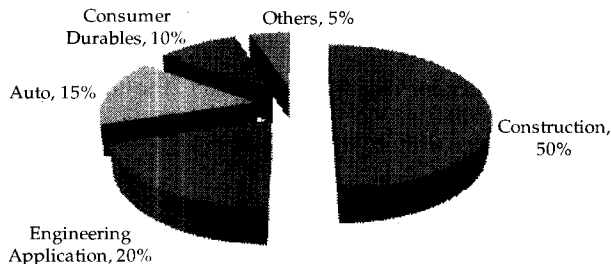
Steel Industry: Current Status

As a result of ongoing recovery in the global economic markets, global crude steel production continued to show strong growth in 2010-11, increasing to 1,428 million metric tonnes (MT) which was an annual growth of 11.3% over the previous year². Growth in steel production was significantly diverse across regions. Crude steel production in Asia during 2010-11 was 902 million MT, a growth of 8.9% compared to the prior year. During this period, India maintained its ranking as the 5th largest producer in the world, with production volume of 68.7 million MT, a 5.7% growth year-over-year. Over the five year period from 2005-06 to 2010-11, India's crude steel production grew at a compound annual growth rate (CAGR) of 11.4%. This growth has been primarily driven by capacity expansions and steady capacity utilization. Steel 'production capacity' in India grew from 51.2 million MT in 2005-06 to 73.0 million MT in 2009-10, while capacity utilization remained steady between 89 – 91% over the same period.

This strong performance in the Indian steel industry has been driven to a large extent by robust growth in production through the Electric Arc Furnace (EAF) route, which accounted for 24% of total crude production in India in 2009-10. The EAF method of manufacturing steel is becoming increasingly attractive due to its low capital costs, lower breakeven tonnage, and flexibility in locating plants closer to consumption points and significantly lower pollution levels than in blast furnace steel plants. In addition charging of hot DRI, using of hot metal up to 60% of the charge, scrap preheating, oxygen assisted melting, carbon injection are some of the improvements which have made the EAF route highly productive.

Growth in the steel industry in India has also been driven by strong demand. In particular, the largest consumers of steel, infrastructure/construction, engineering and automotive sectors, have seen significant growth over the past five years. This pace of growth has been consistent during 2010-11 with the domestic construction sector growing at 8.0% year-over-year and the manufacturing sector by 8.8% during the same period. The auto sector in India continued to lead growth in the manufacturing sector with total auto production volumes growing by 27.5% in 2010-11 compared to the prior year³.

Steel Consumption by Sector (%)



■ Construction ■ Engineering Application ■ Auto ■ Consumer Durables ■ Others

Total domestic iron ore production was 227 million MT in CY2010 out of which exports were 101 million MT.

¹Economic Survey 2010-11

²Worldsteel.org as of Aug 25, 2011

³SIAM

OCL IRON AND STEEL LIMITED

2. Opportunities and Threats

a) Opportunities:

The 11th Five-Year Plan (2007–12) has approved a total outlay of \$10 billion⁴ for the steel industry⁵. This spending is expected to be driven by a significant investment allocation of \$490 billion by this plan for the infrastructure sector, comprising power, roads, highways, railways, ports, airports, mining and irrigation⁶.

A key infrastructure initiative by the Government involves the creation of dedicated rail freight corridors. In the initial phase, two such corridors are being planned – from Delhi-to-Mumbai which has a Japanese collaboration and Delhi-to-Kolkata – which will span a total length of 3,300 km. The implementation of these plans over the coming years is expected to directly benefit the steel industry.

The Government is also focusing on key manufacturing sectors such as the automotive industry in order to boost economic growth. India's automobile industry is expected to grow from \$73 billion currently to \$145 billion by 2016. This sector has grown significantly over the last decade, with sales volumes more than tripling, from 4.7 million to 14.9 million units. Despite this growth, vehicle penetration remains low providing an attractive long term outlook for growth in this industry. Total passenger car production in India is expected to increase to 9 million units by 2020⁷. In particular, a number of global OEM's have announced investments in facilities in India, with a cumulative investment of \$30 billion announced during 2010-11.

Attracted by the growth prospects of the Indian steel industry, numerous global steel players have been planning to enter the market or have already announced expansion plans in India

b) Threats:

The cost of iron ore and coal constitute major cost of production. The availability of quality materials is another threat to the Company. Rise in transportation cost can contribute to increase in cost of finished goods and raw materials. Continuing decrease in price of steel and sponge iron and reduction in demand due to slump in construction and automobile sectors are major threats to the company's growth. Overall, a potential slow down could be a serious threat to the steel industry as a whole.

3. Segment-wise/Product-wise performance

Steel

The Company primarily produces steel billets used across a wide range of end consumer markets. The Company's total steel production capacity is currently 85,000 tonnes per annum (TPA). During FY2011, total production of steel was 74510 MT. Going forward the Company also expects to increase capacity utilizations across its current plants and significantly increase contribution from higher value-added steel products. The Company has been registered under Clean Development Mechanism (CDM) in terms of Article 12 of the Kyoto Protocol, with MoEF & UNFCCC.

Direct Reduced Iron / Sponge Iron (DRI)

The Company produces DRI primarily for captive consumption. The total DRI production capacity is currently 120,000 tonnes per annum (TPA). During FY2011, total production of DRI was 92781 MT, of which 74% was utilized internally, while the rest was sold to external customers.

Power

The other key input in the iron and steel manufacturing process is steady and reliable power supply. All of the Company's power requirements are met through its captive power plant located at the Rajgangpur facility. Power at

⁴ Assumes \$1 = Rs. 45

⁵ Indian Ministry of Steel Annual Report

⁶ IBEF

⁷ Automotive Component Manufacturers Association (ACMA)

OCL IRON AND STEEL LIMITED

the Rajgangpur facility is generated through WHRB⁸ and AFBC⁹ boilers. WHRB produces power using the waste gas from DRI manufacturing process and AFBC uses rejects from the coal washery to produce steam for power generation.

The company has generated 881.62 lacs units of power during the year.

4. Outlook

The domestic demand-supply scenario for power, DRI, iron ore and HRPL are favorable. The demand for sponge iron/ DRI is continuously increasing both in domestic as well as global market. Based on a GDP growth rate of 7-7.5%, the National Steel Policy 2005 had projected steel consumption to grow at 7% annually and steel production to reach 110 million MT by 2019-20. These estimates are highly likely to be exceeded as it has been assessed that, on a "most likely scenario" basis, crude steel production capacity in the country by the year 2012-13 will be close to 110 million MT¹⁰.

It is also expected that India will continue to maintain its position as the largest DRI producing nation in the world going forward. Growth in DRI production has been partially driven by its use in EAF as an alternative to scrap, which is becoming increasingly scarce.

Steel consumption growth in India has been consistently higher than production growth, resulting in the country becoming a net importer of crude steel since 2007-08. Exports have also declined during this period as a result of this increased domestic demand. This trend is expected to continue with a majority of the steel produced in India being consumed domestically.

The 11th Five-Year Plan (2007-12) has approved a total outlay of \$10 billion¹¹ for the steel industry¹². This spending is expected to be driven by a significant investment allocation of \$490 billion by this plan for the infrastructure sector, comprising power, roads, highways, railways, ports, airports, mining and irrigation¹³.

5. Risks and concerns

Ongoing sovereign debt issues in Europe, slower than expected growth in the US and sustained inflationary pressures in Indian and other Asian markets have resulted in a deceleration in steel sales volumes over the past few months. This is primarily due to a slowdown in key end consumer sectors including infrastructure and automotive. Despite this, capacity utilizations remain high in the industry, which have led to a moderation in steel prices. The price of sponge iron is also sensitive to the demand-supply position of steel scrap in the country.

Some of the major challenges for the steel industry in India are limited availability and quality of coking coal as well as significant logistical bottlenecks in infrastructure including roads and port facilities, power and water availability. Steel firms have also historically faced delays in acquiring mineral concessions and in physical possession of land.

Management does not perceive any major technological, environmental or financial risks for the Company in the near future.

6. Internal control systems and their adequacy

The Company has proper and adequate system of internal controls commensurate with its size and nature of operations to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported properly, applicable statutes, the Code of Conduct and corporate policies are duly complied with.

The Company has an Internal Audit Department which conducts audit in various functional areas as per Audit

⁸ Waste Heat Recovery Boiler

⁹ Atmospheric Fluidised Bed Combustion Boilers

¹⁰ Indian Ministry of Steel Annual Report

¹¹ Assumes \$1 = Rs. 45

¹² Indian Ministry of Steel Annual Report

¹³ IBEF

OCL IRON AND STEEL LIMITED

Programme approved by the Audit Committee of Directors. Audit planning and executions are oriented towards a review of internal controls in the functional areas of the Company. The Internal Audit Department reports its findings and observations to the Audit Committee, which meets at regular intervals to review the audit issues and to follow up implementation of corrective actions.

The Committee also seeks the views of statutory auditors on the adequacy of the internal control systems in the Company. The Audit Committee has majority of independent directors to maintain the objectivity.

7. Financial performance with respect to operational performance

During the year, your Company achieved Sales and Operating Income of Rs. 24,256.7 lacs compared to Rs. 19,248.0 lacs in the previous year. FY2011 gross profit before interest, depreciation and taxes stood at Rs. 2,499.3lacs compared to Rs. 1,517.2lacs in previous year.

During FY2011, total DRI production at all four kilns was 92,781 MT, compared to 96,003 MT in FY2010. During the year, Company produced 74,512 MT of MS billets compared to 76,074 MT in FY2010. The Company has taken plant shutdown for 11 days for installation and enhancement of pollution control equipment. The capacity utilization of steel plant was 88% as against 89% in the previous year.

Kiln	FY2011 (Days of Operation)	FY2011 Production (MT)
Kiln #1	310	24,294
Kiln #2	279	21,701
Kiln #3	303	23,161
Kiln #4	299	23,625

8. Human Resource and Industrial Relations

The company had -730 employees as on 31st March, 2011 which includes contractor, departmental, contractual, trainee & staff executives. Industrial relations remained cordial during the year. To meet ever growing competition in the market it is necessary to have efficient work-force. Therefore, employees need to be continuously trained to upgrade their knowledge and skills. The Company has started an empowerment programme for a section of employees as major step towards human resource development.

9. Statutory Compliance

The Company Secretary, as Compliance Officer, ensures compliance of the SEBI regulations and provisions of the Listing Agreement. Compliance certificates are obtained from various departments of the Company and the Board is informed of the same at every Board meeting.

10. Cautionary Statement

Statements in the Management Discussion and Analysis report describing the company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

OCL IRON AND STEEL LIMITED

AUDITORS' REPORT

To,

The Members,
OCL Iron and Steel Limited

We have audited the attached Balance Sheet of OCL Iron and Steel Limited as at 31st March 2011, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India (Indian GAAP). Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors' Report) Order, 2003 (as amended) by the companies (Auditors' Report) (amended) order, 2004 (together the order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) 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;
- (ii) 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.
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement of the company, dealt with by this report are in agreement with the books of account.
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section(1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011 ;
 - (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For & on behalf of
A. C Gupta & Associates
Chartered Accountants

Sd/-
A.C. GUPTA
Partner

Place : New Delhi
Dated : 3rd September 2011

Membership No. 8565

OCL IRON AND STEEL LIMITED

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE OF OCL IRON AND STEEL LIMITED FOR THE YEAR ENDED 31st March 2011

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, fixed assets, according to the practice of the Company, have been physically verified by the management at reasonable intervals. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such physical verification.
- (c) During the year, the company has not disposed off any of the fixed assets and the going concern status of the company is not affected.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of physical verification is reasonable.
- (b) The procedure for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) In our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material & the same have been properly dealt with in the books of account.
- (iii) The Company, during the year under report, has not granted / taken any loans secured or unsecured to / from the companies and joint ventures, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (iv) 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 purchase of inventories, consumable stores, fixed assets and with regard to 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.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the act has been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information & 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 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The company has not accepted public deposits within the meaning and provisions of sec 58A and 58AA of the companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central government has prescribed maintenance of cost accounting records under section 209 (1) (d) of the Companies Act, 1956. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been properly maintained.
- (ix) (a) The company is 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, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) The disputed statutory dues aggregating to Rs. 644.57 lacs, which have not been deposited on account of matters pending before appropriate authorities are as under:

OCL IRON AND STEEL LIMITED

S.No	Name of the Statute	Nature of Dues	Period to which it relates	Forum where dispute is pending	Amount (in Lacs)
1.	Central Sales Tax	CST	2002-03	Orissa Sales Tax Tribunal	1.00
2.	Central Sales Tax	CST	2004-05	Orissa Sales Tax Tribunal	79.33
3.	Orissa VAT	VAT	2005-06	Addl. Commissioner of Sales Tax, Orissa, Cuttack	117.89
4.	Orissa VAT	VAT	2006-07	Addl. Commissioner of Sales Tax, Orissa, Cuttack	36.17
5.	Central Sales Tax	CST	2006-07	Addl. Commissioner of Sales Tax, Orissa, Cuttack	8.98
6.	Orissa Entry tax	State Entry tax	2002-03	Orissa Sales Tax Tribunal	0.08
7.	Orissa Entry tax	State Entry tax	2006-07	Addl. Commissioner of Sales Tax, Orissa, Cuttack	3.05
8.	Central Sales Tax	CST	2009-10	Addl. Commissioner of Sales Tax, Orissa, Cuttack	23.34
9.	Central service tax	Service Tax	2008-10	Commissioner, Commissionerate Office, Bhubaneswar	137.86
10.	Central Excise Tax	CENVAT	2005-2009	Dy. Commissioner, Division Office	4.96
11.	Central Excise Tax	CENVAT	2009-10	Dy. Commissioner, Division Office	4.76
12.	Central Excise Tax	CENVAT	2008-09	Addl. Commissioner, Commissionerate Office, Bhubaneswar	9.17
13.	Central Excise Tax	CENVAT	2008-09	Asst. Commissioner, Division Office	2.31
14.	Central Excise Tax	CENVAT	2005-06	Asst. Commissioner, Division Office	1.59
15.	Central Sales Tax	CST	2010-11	Dy. Commissioner Of Sales Tax	209.84
16.	CST/OET	CST/OET	2005-06	STO	4.24
Total					644.57

- (x) The company has not any accumulated losses at the end of the financial year 31st March, 2011. And it has not incurred any cash losses in current financial year and immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to banks or debenture holders.
- (xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society. Therefore, the provisions of clause of 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

OCL IRON AND STEEL LIMITED

- (xiv) 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 (Auditors' Report) Order, 2003 (as amended) are not applicable to the company.
- (xv) The company has not given guarantees for credit facilities taken by others from Banks or Financial Institutions, the terms and conditions whereof are not prejudicial to the interest of the company.
- (xvi) According to the information and explanation given to us, in our opinion, term loan availed by the company were, prima facie, applied by the company during the year under report for the purpose for which the term loans were obtained, other than temporary deployment pending applications.
- (xvii) According to the information and explanation 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 and no long term funds have been used to finance short term assets except permanent working capital.
- (xviii) During the year, the company has not made any preferential allotment to the parties and companies covered in the register maintained under section 301 of the Act.
- (xix) The company has not issued any debentures during the year and therefore the question of creating security / charge does not arise.
- (xx) According to information and explanation given to us and the records of the Company examined by us, the Company has issued and allotted 5,30,05,000 2% Non Cumulative Redeemable Preference Shares to be redeemed at premium.
- (xxi) 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 & on behalf of
A.C. Gupta & Associates
Chartered Accountants

Sd/-
A.C. GUPTA
Partner

Membership No. 8565

Place : New Delhi
Dated : 3rd September 2011

OCL IRON AND STEEL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2011

			Rs. in lacs	
Particulars	Schedule No.	As at 31.03.2011	As at 31.03.2010	
I. SOURCES OF FUNDS				
1. Shareholders' Funds				
a) Capital	1	6,641.93	1,341.43	
b) Reserves & Surplus	2	54,859.12	6,060.24	
		61,501.05	7,401.67	
2. Loan Funds				
a) Secured	3	34,094.45	6,333.81	
3. Deferred Tax				
	4	1,705.32	1,787.27	
Total		97,300.82	15,522.75	
II. APPLICATION OF FUNDS				
1. Fixed Assets				
a) Gross Block	5	14,221.29	12,536.27	
b) Less : Depreciation		3,563.34	2,767.88	
c) Net Block		10,657.95	9,768.39	
d) Capital Work-in-progress (at cost)		27,920.71	1,387.79	
		38,578.66	11,156.18	
2. Current Assets, Loans and Advances				
a) Inventories	6	2,817.85	2,250.79	
b) Sundry Debtors		1,328.81	1,440.40	
c) Cash and Bank Balances		54,115.25	642.24	
d) Other Current Assets		125.89	16.64	
e) Loans and Advances		2,918.72	1,968.49	
		61,306.52	6,318.56	
Less : Current Liabilities and Provisions				
a) Liabilities	7	2,467.28	1,887.08	
b) Provisions		117.08	64.91	
		2,584.36	1,951.99	
Net Current Assets		58,722.16	4,366.57	
Total		97,300.82	15,522.75	
Significant Accounting Policies				
Notes forming part of the Balance Sheet				
	14			
	15			

On behalf of the Board

Annexure to our Report of Date
for A.C. Gupta & Associates
Chartered Accountants

Sd/-
A.C. Gupta
Partner
Membership No.8565

Sd/-
N.K. Taori
Managing Director

Sd/-
Yogesh Kapur
Director

Place : Delhi
Date : 3rd September 2011

Sd/-
T.K. Laskar
AVP (Finance & Accounts)

Sd/-
Swati Ahuja
Company Secretary

OCL IRON AND STEEL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011

				Rs. in lacs
Particulars	Schedule No.	Year ended 31.03.2011	Year ended 31.03.2010	
INCOME				
Net Sales	8	22,360.13	19,118.75	
Increase / (-)Decrease in Stocks	9	265.92	235.54	
Other Receipts	10	2,119.77	129.28	
		<u>24,745.82</u>	<u>19,483.57</u>	
EXPENDITURE				
Raw Materials Consumed		18,482.53	15,052.22	
Salaries, Wages and Benefits to Employees	11	832.77	668.45	
Other Expenses	12	2,800.22	2,245.71	
Interest	13	760.60	694.95	
Depreciation		743.72	771.88	
		<u>23,619.84</u>	<u>19,433.21</u>	
PROFIT BEFORE TAXATION		1,125.98	50.36	
Provision for Taxation				
Current tax		224.41	57.17	
Deferred tax (credit) / charge		(81.95)	(27.04)	
Mat Credit Entitlement		(192.46)	-	
PROFIT AFTER TAXATION		1,175.98	20.23	
Balance brought forward from Previous Year				
		<u>899.82</u>	<u>894.59</u>	
		2,075.80	914.82	
APPROPRIATION				
Dividend on Preference shares		69.98	-	
Tax on Dividend of Preference shares		11.62	-	
Transfer to capital redemption reserve account		530.05	-	
Transfer to debenture redemption reserve account		203.75	15.00	
Surplus carried to Balance sheet		<u>1,260.40</u>	<u>899.82</u>	
		2,075.80	914.82	
EPS (Rs.) : Basic & Diluted (Face value of Rs. 1/-)		0.88	0.02	
Significant Accounting Policies	14			
Notes forming part of the Balance Sheet	15			

On behalf of the Board

Annexure to our Report of Date
for A.C. Gupta & Associates
Chartered Accountants

Sd/-
A.C. Gupta
Partner
Membership No.8565

Sd/-
N.K. Taori
Managing Director

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Yogesh Kapur
Director

Place : Delhi
Date : 3rd September 2011

Sd/-
T.K. Laskar
AVP (Finance & Accounts)

Sd/-
Swati Ahuja
Company Secretary

OCL IRON AND STEEL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2011

	Rs. in lacs	
Particulars	As at 31.03.2011	As at 31.03.2010
A. Cash Flow arising Operating Activities		
Net Profit before Taxes	1,125.98	50.36
Adjustment for		
Depreciation	795.46	833.27
Interest expense	760.60	694.95
	2,682.04	1,578.58
Operating Profit before Working Capital Changes		
Adjustment for Working Capital changes		
Inventories	(567.06)	1,544.04
Trade & Other receivables	111.59	(84.40)
Other Current assets	(109.25)	(6.55)
Loans & Advances	(757.14)	(242.49)
Current liabilities and provisions	550.77	199.40
	(771.09)	1,410.00
Net Cash from Working Capital changes		
Cash flow from Operating Activities	1,910.95	2,988.58
Income Tax (Paid) / refund	(225.04)	(57.17)
	1,685.91	2,931.41
Net Cash flow from Operating Activities		
B. Cash Flow on Investing Activities		
Purchase of fixed assets	(1,685.02)	(146.03)
Adjustment to capital work in progress	(26,532.92)	(539.33)
	(28,217.94)	(685.36)
Net Cash from Investing Activities		
C. Net cash flow on financing activities		
Secured loans	27,760.64	(1,452.94)
Share Capital & Share premium	53,005.00	-
Unsecured Loan	-	(11.62)
Interest Expense	(760.60)	(694.95)
	80,005.04	(2,159.51)
Net cash flow from financing activities		
Net decrease in cash or cash equivalents	53,473.01	86.54
Opening Cash and cash equivalents	642.24	555.70
Closing Cash and cash equivalents	54,115.25	642.24

On behalf of the Board

Annexure to our Report of Date
for A.C. Gupta & Associates
Chartered Accountants

Sd/-
A.C. Gupta
Partner
Membership No.8565

Sd/-
N.K. Taori
Managing Director

Sd/-
Yogesh Kapur
Director

Place : Delhi
Date : 3rd September 2011

Sd/-
T.K. Laskar
AVP (Finance & Accounts)

Sd/-
Swati Ahuja
Company Secretary

OCL IRON AND STEEL LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Particulars	Rs. In lacs	
	As At 31.03.2011	As At 31.03.2010
1. SHARE CAPITAL		
Authorised		
34,00,00,000 (Prev. Year 14,00,00,000) Equity Shares of Rs.1/- each	3,400.00	1,400.00
7,00,00,000 (Prev. Year Nil) Preference Shares of Rs. 10/- each	7,000.00	—
	10,400.00	1,400.00
Issued & Subscribed		
13,41,43,160 (Prev. Year 13,41,43,160) Equity Shares of Rs.1/- each, fully paid up. Of the above, 13,36,43,160 Shares of Rs.1/- each were issued to the Shareholders of OCL India Ltd. during the year 2007-08. in terms of a scheme of arrangement	1,341.43	1,341.43
Preference Share Capital		
5,30,05,000 (Prev. Year Nil) 2% Non Cumulative Redeemable Preference Shares of Rs. 10/- each, fully paid	5,300.50	—
	6,641.93	1,341.43
2. RESERVES AND SURPLUS		
Capital Reserve		
Arising on merger of Steel Undertaking of OCL India Ltd as on 01.01.2007		
Balance as per last balance Sheet	4,617.29	4,817.29
Share Premium Account	47,704.50	—
Debenture Redemption Reserve Account		
Balance as per last Balance sheet	343.13	328.13
Transfer from Profit and Loss Account	203.75	15.00
	546.66	343.13
Capital Redemption Reserve Account	530.05	—
Profit and Loss Account	1,260.40	899.82
	54,859.12	6,060.24
3. SECURED LOANS		
1) From Banks		
a) Term Loan	27,495.00	—
b) Working Capital Facilities	3,099.45	2,833.81
2) Secured Redeemable Non-Convertible Debentures		
9.20% (Redeemable during 2014-15 to 2016-17)	3,500.00	3,500.00
	34,094.45	6,333.81

Notes :

- Working capital facilities are secured by hypothecation of raw material, semi-finished goods, stock-in-process, consumable stores and book debts of the Company.
- Term Loan and debentures are secured by equitable mortgage of all immovable properties of the Company and hypothecation of movable assets, save and except the prior charge in favour of Banks over inventories and book debts to secure working capital limits.

OCL IRON AND STEEL LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Rs. in lacs

Particulars	As At 31.03.2011	As At 31.03.2010
4. DEFERRED TAX		
Balance brought forward	1,787.27	1,814.31
Add : Provided during the year	(81.95)	(27.04)
	1,705.32	1,787.27
Break up of Deferred Tax		
Liabilities		
– Depreciation	A 1,708.29	1,844.86
Assets		
– Others (i.e allowed on payment basis)	(2.97)	(57.59)
Net Liability / (Assets)	A-B 1,705.32	1,787.27

5. FIXED ASSETS

Rs. in Lacs

Particulars	Gross Block				Depreciation				Net Block	
	As on 01.04.10	Additions	Deductions	As at 31.03.11	Upto 31.03.10	For the year	Written back	As at 31.03.11	As at 31.03.11	As at 31.03.10
Land (Freehold)	316.28	0.61	0.00	316.89	0.00	0.00	0.00	0.00	316.89	316.28
Building (on Freehold and Leasehold land)	1201.62	1592.83	0.00	2794.45	128.71	57.59	0.00	186.30	2608.15	1072.91
Plant and Machinery	10911.06	66.36	0.00	10977.42	2597.87	724.30	0.00	3322.17	7655.25	8313.19
Furniture and Fixtures	72.33	25.19	0.00	97.52	20.81	9.29	0.00	30.10	67.42	51.52
Vehicles	34.98	0.03	0.00	35.01	20.49	4.28	0.00	24.77	10.24	14.49
Total	12536.27	1685.02	0.00	14221.29	2767.88	795.46	0.00	3563.34	10657.95	9768.39
Previous Year	12390.24	146.03	0.00	12536.27	1934.61	833.27	0.00	2767.88	9768.39	
Capital Work in Progress									27920.71	1387.79

OCL IRON AND STEEL LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Rs. In lacs

Particulars	As At 31.03.2011	As At 31.03.2010
6. CURRENT ASSETS, LOANS AND ADVANCES		
a) Inventories (at lower of cost or net realisable value)		
Stores, Spares Parts and Packing Materials	472.96	483.18
Raw Materials	871.09	489.24
Others	133.65	204.14
Stock-in-Trade		
Finished	1,322.80	1,036.44
Partly Finished	17.35	37.79
	2,817.85	2,250.79
b) Sundry Debtors(Unsecured)		
Debts outstanding for a period exceeding six months		
Considered Good	564.33	20.33
Considered Doubtful	52.53	52.53
Other Debts		
Considered Good	764.48	1,420.07
	1,381.34	1,492.93
Less : Provision for Bad and Doubtful Debts	52.53	52.53
	1,328.81	1,440.40
c) Cash and Bank Balances		
Cash on Hand	1.33	1.72
Balance in Scheduled Banks		
– Current Accounts	6,662.51	563.68
– Fixed Deposits *	47,451.36	76.79
Post Office Savings Bank Account *	0.05	0.05
	54,115.25	642.24
* Deposited with Banks and others as security against contracts and other facilities.	76.84	76.84
d) Other Current Assets		
(Considered good)		
Interest accrued on deposits	125.89	16.64
	125.89	16.64

OCL IRON AND STEEL LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Rs. In lacs

Particulars	As At 31.03.2011	As At 31.03.2010
6. CURRENT ASSETS, LOANS AND ADVANCES (Contd...)		
e) Loans and Advances (Unsecured)		
Loans (Considered Good)		
Employees	12.60	12.53
Advances recoverable in cash or in kind or for value to be received (Considered Good)		
Others	1,891.98	1,315.06
Others (Doubtful)	12.61	12.61
Income Tax Payments (Net of Provisions)	72.52	77.66
MAT Credit Entitlement	228.07	35.61
Deposits with Railways, Excise and Others		
Unsecured - Considered Good	713.55	527.63
	2,931.33	1,981.10
Less : Provision for Bad and Doubtful Advances	12.61	12.61
	2,918.72	1,968.49
7. CURRENT LIABILITIES AND PROVISIONS		
a) Current Liabilities		
Sundry Creditors		
Micro and Small Enterprises (See Note - 3)	-	-
Others	1,581.17	1,110.16
Advance Payments	397.92	353.51
Security and Other Deposits	5.21	3.38
Due to Banks (Book Overdraft)	-	34.88
Other Liabilities	196.34	159.63
Expenses Payable	207.24	146.12
Interest Accrued but not due on Loans	79.40	79.40
	2,467.28	1,887.08
b) Provisions		
Leave Encashment	27.97	46.79
Dividend on Preference shares	69.98	-
Tax on Dividend of Preference shares	11.62	-
Gratuity	7.51	18.12
	117.08	64.91

OCL IRON AND STEEL LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

Rs. In lacs

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
8. SALES		
Sponge Iron	Mt 23,687 4,261.42	24,845 3,404.25
Steel Billets	Mt 75,070 20,110.56	75,488 16,928.29
Power	Kwh 82,51,440 264.05	94.25,490 263.61
	<u>24,636.03</u>	<u>20,596.15</u>
Less : Excise Duty	2,275.90	1,477.40
	<u>22,360.13</u>	<u>19,118.75</u>
9. INCREASE / (-) DECREASE IN STOCKS		
Stock at the end of the year		
Finished	1,322.80	1,036.44
Partly Finished	17.35	37.79
	<u>1,340.15</u>	<u>1,074.23</u>
Less : Stock at the beginning of the year		
Finished	1,036.44	760.01
Partly Finished	37.79	78.68
	<u>1,074.23</u>	<u>838.69</u>
	<u>265.92</u>	<u>235.54</u>
10. OTHER RECEIPTS		
Provisions no longer required	(2.37)	15.92
Export Benefits - Sale of DEPB	-	-
Sale of Carbon Credits	366.51	-
Miscellaneous Receipts	59.46	100.40
Profit on sale of Fixed Assets	-	-
Profit on Foreign exchange fluctuation (Net)	-	5.64
Interest from Banks*	1,696.17	7.32
Interest from Others	-	-
Excess provision of Commission to Directors written back	-	-
	<u>2,119.77</u>	<u>129.28</u>
* TDS on above	170.29	0.73
11. SALARIES, WAGES AND BENEFITS		
Salaries, Wages, Bonus and Gratuity	674.05	549.34
Contribution to Provident and Other Funds	86.44	85.66
Workmen and Staff Welfare Expenses	72.28	33.45
	<u>832.77</u>	<u>668.45</u>

OCL IRON AND STEEL LIMITED

SCHEDULES TO THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(Rs. In lacs)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
12. OTHER EXPENSES		
Consumption of Stores, Spare parts and Packing materials	1,131.56	989.50
Repairs and Maintenance		
Machinery	73.53	98.88
Buildings	2.02	4.48
Others	2.00	4.24
Payments to Contractors for Services	434.71	361.50
Payments to Outside Agencies	175.98	109.73
Rent	27.10	8.57
Rates and Taxes	145.67	25.74
Excise Duty on Stock and Others	27.52	40.96
Freight, Transportation and Handling	10.58	46.72
Commission to Selling Agents	93.56	86.89
Rebate & allowances	-	4.10
Insurance	21.84	15.30
Charity & Donations	4.81	3.23
Travelling & conveyance	101.18	49.97
Director's fee	3.60	3.50
Director's Travelling & Conveyance	0.74	1.33
Periphery Development	14.97	15.31
Transport charges	368.31	259.06
Advertisement and Publicity	10.67	6.24
Legal Charges	13.48	10.70
Bank Charges	49.69	37.31
Auditors Remuneration	6.63	6.83
Telephone, communication & postage charges	19.51	14.10
Recruitment & Training	9.65	4.72
Business Promotion Expenses	2.95	2.99
Printing & Stationery	10.61	7.83
Demurrage Charges & Indent Fee	5.19	3.10
Books & Periodicals	0.26	0.26
Membership & Subscription Charges	8.66	11.75
Miscellaneous Expenses	23.24	10.87
	2,800.22	2,245.71
13. INTEREST		
On Term Loan	-	73.09
On Debentures	322.00	322.00
To Banks and Others	438.60	299.86
	760.60	694.95

OCL IRON AND STEEL LIMITED

Schedule 14 Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared under historical cost convention, on a going concern basis and in accordance with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.

2. Use of Estimates

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. Differences between actual results and estimates are recognized in the period in which they materialize.

3. Fixed Assets

(a) Fixed Assets are stated at cost (net of cenvat) less accumulated depreciation and impairment loss, if any. The cost of assets comprise of purchase price and directly attributable cost of bringing the assets to working condition for its intended use including borrowing cost and incidental expenditure during construction incurred upto the date of commissioning.

(b) Capital work in Progress

Capital work in progress includes cost of assets at sites, construction expenditure, advances made for acquisition of capital assets and interest on the funds deployed.

4. Depreciation/Amortisation

Depreciation on plant and machinery added in Steel & Power (other than sponge Iron Plant) is provided on straight line method and depreciation on all other assets is provided on reducing balance method. Rate of depreciation adopted are as specified in Schedule XIV OF THE Companies Act, 1956. Depreciation on additions is calculated prorata from the month of the addition. Assets costing upto Rs. 5000/- are depreciated fully in the year of purchase/ capitalization.

5. Inventories.

Stock of finished and partly finished products are valued at lower of cost or net realizable value and for this purpose, cost is determined on the absorption costing method. Cost of finished goods includes excise duty. Raw Material, other inputs, stores and spares are valued at lower of cost (net of Cenvat) or net realizable value. Cost is determined on FIFO/ Weighted average basis. Stock of iron ore fines have been valued at raw material cost or net realizable value, whichever is less.

6. Revenue Recognition and Accounting for Sales

(a) Revenue from sales is recognized at the point of dispatch to the customers when risk and reward stands transferred to the customers. Sales are net of trade discount and sales tax but inclusive of excise duty.

(b) Interest income is recognized on time proportion basis

7. Treatment of Employees Benefits

The company makes regular contributions to duly constituted funds set up for Provident Fund and Family Pension Fund, which are charged to revenue. Contribution to Gratuity Fund and provision for leave encashment are made on the basis of actuarial valuation.

8. Research and Development

Revenue expenses are charged off in the year in which it is incurred under the natural heads of accounts. Capital expenditure, when incurred is added to the cost of fixed assets.

OCL IRON AND STEEL LIMITED

9. Foreign Currency Transactions

- (a) Foreign Currency transactions are recorded at the exchange rate prevailing on the date of transaction/realization. Current assets/liabilities are restated at rates prevailing at the year end and resultant exchange difference are recognized in the profit and loss account.
- (b) Non Monetary items denominated in the foreign currency, (such as fixed assets) are valued at the exchange rate prevailing on the date of transaction.
- (c) Any gains or losses arising due to exchange differences arising on transaction or settlement are accounted for in the Profit and Loss Account.
- (d) In the case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortized as income or expense over the life of the contract as well as exchange difference on such contracts, i.e. difference between the exchange rate at the reporting/settlement date and the exchange rate on the date of inception/last reporting date, is recognized as income/expense for the period.

10. Tax on Income

- (a) Provision for taxation is made on the basis of the taxable profits computed for the current accounting period in accordance with Income Tax Act, 1961.
- (b) Provision is made for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted or substantially enacted tax rates.

Deferred tax assets are recognized, only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

11. Provisions, contingent Liabilities and Contingent assets

Provisions involving substantial degree of estimation in measurement are recognized, when there is a present obligation as a result of past events and it is possible that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the Notes to Accounts. Contingent assets are neither recognized nor disclosed in the financial statements.

12. Impairment of Assets.

An asset is treated as impaired, when the carrying cost of asset exceeds its recoverable value. An impairment loss, if any, is charged to Profit and Loss account, in the year in which an asset is identified as impaired.

Schedule 15

Notes on Accounts

1. Estimated amount of contracts remaining to be executed on Capital account (net of advances) and not provided for Rs. 32578.58 lacs (Previous year Rs. 607.21 lacs).

2. Contingent Liabilities not provided for in respect of :

Particulars	Rupees in Lacs	
	2010-11	2009-10
Disputed Sales tax/VAT/Entry tax demand (including interest & penalty)	483.92	267.69
Disputed Excise Demand	160.65	–
Bank Guarantees issued by Bank on company's behalf	6.12	64.85
Letter of credit issued on behalf of the company (outstanding amount)	199.00	430.70
TOTAL	849.69	763.24

OCL IRON AND STEEL LIMITED

Future cash flow of above is determinable only on receipt of the decision/judgment from the respective authorities. A civil case is pending against the company in the court of civil judge, Sr. Division, Sundargarh. The case has been stayed by the High court of Orissa on account of the revision petition preferred by the company. The financial impact of the liability that may arise is not ascertainable on the date of the Balance Sheet.

3. On the basis of information available, there are no outstanding dues to the suppliers or service providers covered under the "Micro, Small and Medium Enterprises (Development) Act, 2006 and no interest has been paid/payable to such suppliers or service providers.
4. Assets hypothecated with banks also stand as security for non-fund based limits.
5. The company has reimbursed all the amount to OCL India Limited for onward submission on account of cross subsidy and wheeling charges payable by the latter to WESCO. The matter is disputed by OCL in the court and under an arrangement between the two companies OCL India Limited will refund the amount in case of recovery of the amount on favourable judgement. As reported to us the company, on the basis of the legal advice obtained by them, is reasonably sure of the recovery of the amount and as such the amount has been booked under the head loans and advances instead of booking it as an expense.
6. In the opinion of the Board and to the best of their knowledge and belief, the valuation on realization of current assets, loans and advances in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.
7. The company has not accepted public deposits within the meaning and provisions of sec 58A and 58AA of the companies Act, 1956.
8. There is no impairment of any asset in terms of AS-28
9. **Following have been included in the cost of Raw Materials**

Particulars	Rupees in Lacs	
	31.03.2011	31.03.2010
Expenses		
Payment to Contractors	33.47	20.67
Repairs to Machinery-Outside Agency	Nil	Nil
Statutory Obligation	0.78	1.59
Transport charges	23.52	28.60
Power	2.27	14.93
Insurance	Nil	0.17
Rebate and allowance	Nil	Nil
Consumption of Stores & Spares parts	Nil	15.07
Depreciation	51.74	61.39
Income		
Sundry Sales	844.71	168.54

10. Remuneration to Managing and Whole-time Directors

Rs 29.60 Lacs was paid to Managing and whole time Directors during the year (Previous Year Rs. 1.78 Lacs)

11. Computation of Commission payable to Directors (Other than Managing and Whole-time Directors)

No Commission was payable to Directors (Other than Managing and whole time Directors) during the year (Previous year Rs Nil)

OCL IRON AND STEEL LIMITED

12. Foreign Currency exposure of the company		Rupees in Lacs				
		<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">2010-11</td> <td style="width: 50%; text-align: center;">2009-10</td> </tr> <tr> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> </table>	2010-11	2009-10		
2010-11	2009-10					
Hedged-Forward Contracts for Exports	Nil	Nil				
Unhedged- Debtors	Nil	Nil				
- Creditors	Nil	Nil				

13. Remuneration to Auditors		Rupees in lacs					
		<table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; text-align: center;">2010-11</td> <td style="width: 50%; text-align: center;">2009-10</td> </tr> <tr> <td style="border-top: 1px solid black;"></td> <td style="border-top: 1px solid black;"></td> </tr> </table>		2010-11	2009-10		
2010-11	2009-10						
Audit Fee	3.00	3.00					
Limited Review Fees	2.00	2.00					
Tax Audit Fee	1.00	1.00					
Fee For Certification	Nil	Nil					
<i>Reimbursement of Expenses</i>	0.63	0.83					
TOTAL	6.63	6.83					

14. Employee Benefits (AS – 15 revised)

The following data are based on the report of the Actuary.

The principal assumptions used in the actuarial valuation are as below :-

- Discount rate 8.35%
- Expected rate of future salary increase 10.00%

	Gratuity (Funded)		Rupees in Lacs Leave Encashment (Unfunded)	
Year	2010-11	2009-10	2010-11	2009-10
Change in present value of obligations				
Present value of obligations at beginning of period	45.26	28.57	46.79	53.69
- Interest cost	3.64	2.01	3.65	3.87
- Current service cost	15.74	8.64	3.03	3.16
- Benefits paid	(2.78)	(5.27)	(5.68)	(7.47)
- Actuarial loss on Obligations	(4.11)	(7.34)	(19.82)	(6.46)
- Plan amendments	-	18.65	-	-
Present Value of Obligations at the end of the period	57.75	45.26	27.97	46.79

Changes in Fair Value of Plan Assets

	2010-11	2009-10		Not Applicable
Present value of obligations at beginning of period	27.14	31.41		
- Expected return on plan assets	3.09	2.27		
- Actual Company contributions	23.03	1.06		
- Actuarial gain/(Loss)	(0.24)	(2.33)		
- Employees Contributions	0.00	0.00		
- Benefits Paid	(2.78)	(5.27)		
Plan assets at the end of the period	50.24	27.14		

OCL IRON AND STEEL LIMITED

Liability recognized in the Balance Sheet	2010-11	2009-10	2010-11	2009-10
Present value of obligations at the end of period	57.75	45.26	27.97	46.79
– Fair Value of plan assets as at the year end	50.24	27.14	0.00	0.00
– Funded/Unfunded status	(7.51)	(18.12)	27.97	46.79
– Unrecognized Actuarial Gain/(Loss)	0.00	0.00	0.00	0.00
– Net (Assets) (Not recognized)/Liability recognized in the Balance sheet	7.51	18.12	27.97	46.79
Expenses recognized in Profit and Loss Account				
– Current service cost	15.74	8.64	3.03	3.16
– Past service cost	–	18.65	0.00	0.00
– Interest Cost	3.64	2.01	3.65	3.87
– Expected return on plan assets	(3.09)	(2.27)	0.00	0.00
Net Actuarial Gain/(Loss) recognized during the year	(3.87)	(5.01)	(19.82)	(6.46)
Total Expenses recognized in Profit and Loss Account	12.42	22.02	(13.14)	0.57
Contribution to Defined Contribution Plan, recognized as expense for the year as under:-				
– Employers contribution to Govt. Provident Fund			59.07	49.73
– Employers contribution to Superannuation fund			Nil	2.48

15. Segment Reporting (AS – 17)

Rupees in Lacs

Segmental Disclosure :	2010-11			2009-10		
	Sponge & Steel	Power	Total	Sponge & Steel	Power	Total
Segment Revenue						
External	24371.98	264.05	24636.03	20332.54	263.61	20596.15
Inter Segment		2692.15	2692.15		2773.96	2773.96
Segment Result						
Profit/(Loss) before Tax & Interest	(1016.10)	1221.72	205.62	(615.11)	1360.42	745.31
Less: Interest			760.60			694.95
Add Unallocable Income			1680.96			
Profit/(Loss)before Taxation			1125.98			50.36
Provision for Taxation – Current			224.41			57.17
Provision for Taxation – Deferred			(81.95)			(27.04)
MAT Credit available for Set Off			(192.46)			0.00
Profit & Loss after Taxation			1175.98			20.23

OCL IRON AND STEEL LIMITED

Other Information

Segment assets	18220.51	5704.66	23925.17	11986.07	4994.24	16980.31
Segment Liabilities	1914.92	114.22	2029.14	1222.97	120.31	1343.28
Unallocable Assets			75659.42			
Unallocable Liabilities			394.22			
Depreciation	498.48	296.98	795.46	538.52	294.75	833.27
Non Cash Expenses Other than depreciation						
Provision for Leave encashment	(13.14)	0.00	(13.14)	0.57	0.00	0.57

16. Related party Transactions (AS-18)

a) Related parties and their relationships

i. Key Managerial persons (KMP)

N.K Taori (Managing Director)

Aditya Malhotra (Director)

b. Transactions with the above in the ordinary course of business

	Rupees in Lacs	
	2010-11	2009-10
Key Management Personnel		
Remuneration	29.60	1.78
Director sitting Fee and Commission	3.60	0.60
Amount Receivable at year end	Nil	Nil
Enterprises over which KMP are able to exercise significant influence		
Purchase and Sale of Goods and Fixed Assets	Nil	235.11
Services Rendered and Received	Nil	185.45
Interest Expense	Nil	Nil
Charity & Donation	Nil	Nil
Loan Taken	Nil	Nil
Repayment of Loan Taken	Nil	Nil
Receivable at the year end	Nil	20.57
Payable at the year end	Nil	119.87

17. Earning per share (EPS) (AS – 20)

	Rupees in Lacs	
	2010-11	2009-10
Net Profit / (Loss) after current and deferred tax	1,175.98	20.23
Weighted average number of equity shares of Rs 1/- each	13,41,43,160	13,41,43,160
EPS (Rs.) - Basic and Diluted	0.88	0.02

OCL IRON AND STEEL LIMITED

18. Additional information as required under para 4 of part II to Schedule VI of the Companies Act, 1956

		<u>Sponge Iron</u>	<u>Steel Plant</u>	<u>Power Plant</u>
a) Licensed Capacity		Not Applicable	Not Applicable	Not Applicable
Installed Capacity (as certified by the management)	Lacs Tonnes / MW			
		1.20	0.85	14.00
		(1.20)	(0.85)	(14.00)
Actual Production	Lacs Tonnes / MW	0.93	0.74	881.62
		(0.96)	(0.76)	(917.66)
Opening Stock	Lacs Tonnes / KWH	0.01	0.03	
		(0.01)	(0.03)	
	Rs. In Lacs	210.36	826.07	
		(136.34)	(623.67)	
Closing Stock	Lacs Tonnes / MW	0.03	0.03	
		(0.01)	(0.03)	
	Rs. In Lacs	506.54	816.26	
		(210.36)	(826.07)	
		2010-11	2009-10	
b) Raw Material Consumed	Qty in Lacs Tonnes	Amount (Rs in Lacs)	Qty in Lacs Tonnes	Amount (Rs in Lacs)
Iron Ore	1.61	8,899.19	1.69	7,361.30
Coal	2.33	5,236.61	2.70	5,248.97
MS Scrap	0.14	2,676.67	0.12	1,889.59
Silico Manganese	0.01	542.81	0.01	485.11
Others		1,127.25		68.25
		18,482.53		15,052.22
				Rupees in Lacs
			2010-11	2009-10
c) Value of Imports on CIF basis				
Raw Material			Nil	Nil
Components and spare parts			3.52	11.63
Capital Goods			Nil	Nil

OCL IRON AND STEEL LIMITED

d)	Expenditure in Foreign Currency (on cash basis)		
	Foreign Travel	Nil	Nil
	Professional / Consultant / Technical Fees	Nil	17:76
	Others	Nil	Nil
e)	Earnings in Foreign Currency		
	Goods exported (F.O.B. value)	Nil	1,518.82
	Others	366.51	Nil
f)	Value of imported and indigenous Raw Material and Spare parts consumed		

	Rupees in Lacs			
	<u>2010-11</u>		<u>2009-10</u>	
	%	Amount	%	Amount
Raw Material				
Imported	Nil	Nil	Nil	Nil
Others	100	18,482.53	100	14,293.85
Spare Parts				
Imported	0.32	3.52	1.19	11.63
Others	99.68	1,106.49	98.81	965.22

19. During the year under review, Company Issued and allotted 53005000 2% Non cumulative Redeemable Preference Shares to be redeemed not before 10 years and not later than 12 years from the date of allotment at such premium or may be decided by the Board of directors in accordance with the provisions of Companies Act 1956, or any re-enactment thereof.
20. The company has claimed deduction under section 80IA of the income tax act, 1961 in respect of power generation in tax returns.
21. Previous year figures have been regrouped/rearranged wherever necessary, to correspond to current year figures.

**Signatures to Schedules 1 to 16
Annexure to our report of even date**

**For A.C. Gupta & Associates
Chartered Accountants**

Sd/-
(A.C. Gupta)
Partner
Membership No. 8565

Place : New Delhi
Date : 3rd September 2011

For and on behalf of the Board

Sd/-
(N.K. Taori)
Managing Director

Sd/-
(T.K. Laskar)
AVP (Finance & Accounts)

Sd/-
(Yogesh Kapur)
Director

Sd/-
(Swati Ahuja)
Company Secretary

OCL IRON AND STEEL LIMITED

ANNEXURE-A TO DIRECTORS' REPORT BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details			
Registration No. 99328		State Code	15
Balance Sheet Date		31	03
			2011
		Date	Month
			Year

II. Capital raised during the year (Amount in Rs. Lacs)			
Public Issue	NIL	Rights Issue	NIL
Private Placement	NIL	Share Premium	47,704.50
		Bonus Issue	NIL
		NCRPS	5300.50

III. Position of Mobilization and Deployment of Funds (Amount in Rs. Lacs)			
Total Liabilities	97,300.82	Total Assets	97,300.82
Sources of Funds			
Paid-Up Capital	6,641.93	Reserves & Surplus	54,859.12
Secured Loan	34,094.45	Unsecured Loans	NIL
		Deferred Tax Liability	1,705.32
Application of Funds			
Net Fixed Assets	38,578.66	Investments	NIL
Net Current Assets	58,722.16	Misc. Expenditure	NIL

IV. Performance of Company (Amount in Rs. Lacs)		
Turnover*	24745.82	Total Expenditure
Profit / Loss before tax	1125.98	23,619.84
Earnings per Share in Rs.	0.88	Profit/Loss after tax
		1175.98
		Dividend rate %
		NIL

*including other Income & Change in Stock

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)	
Product Description	Code
Steel	7224

Annexure to our report of even date

For A.C. Gupta & Associates

Chartered Accountants

Sd/-

(A.C. Gupta)

Partner

Membership No. 8565

Place : New Delhi

Date : 3rd September 2011

For and on behalf of the Board

Sd/-

(N.K. Taori)

Managing Director

Sd/-

(T.S. Laskar)

AVP (Finance & Accounts)

Sd/-

(Yogesh Kapur)

Director

Sd/-

(Swati Ahuja)

Company Secretary

OCL IRON AND STEEL LIMITED*Registered Office:* Vill - Lamloi, PO. - Garvana, Rajgangpur – 770 017 (Dist. Sundargarh, Orissa)

Name of the Shareholder / Proxy*

DP ID**

Folio No.

Client ID**

No. of Shares held

I/We hereby record my/our presence at the **6th Annual General Meeting** of the Company held at **OCL Iron and Steel Limited, Vill- Lamloi, P.O.-Garvana, Rajgangpur - 770 017 (Dist. Sundargarh, Orissa) on Friday, the 30th day of September, 2011 at 10.00 a.m.**

SIGNATURE OF THE SHAREHOLDER/PROXY*

* Strike out whichever is not applicable.

** Applicable for investors holding shares in electronic form.

Note : Please handover the slip at the entrance of the Meeting venue.

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PROXY FORM**OCL IRON AND STEEL LIMITED***Registered Office:* Vill - Lamloi, PO. - Garvana, Rajgangpur – 770 017 (Dist. Sundargarh, Orissa)

I/We of in the district of being a member/members of OCL IRON AND STEEL LIMITED hereby appoint of or failing him/her of as my/our proxy to attend for me/us on my/our behalf at the **6th Annual General Meeting** of the Company held at **OCL Iron and Steel Limited, Vill- Lamloi, P.O.-Garvana, Rajgangpur - 770 017 (Dist. Sundargarh, Orissa) on Friday, the 30th day of September, 2011 at 10.00 a.m.**

Signed at.....this.....day of.....2011.

Folio No.

DP ID*

No. of Shares held

Client ID No.:

Affix Re.1 Revenue Stamp

*Applicable for investors holding shares in electronic form.

Notes:

1. Proxy need not be a member.
2. The form of proxy, duly signed across Rs. 1 revenue stamp should reach the Company, not less than 48 hours before the time fixed for the Meeting.



OCL IRON & STEEL LIMITED

Registered Office:

Vill : Lamloi, P.O.: Garvana

Rajgangpur : 770 017

Distt : Sundargarh, Orissa