



# GULF OIL Corporation Limited

FORTY FIRST ANNUAL REPORT 2001-2002

## Board of Directors

(As on 1st September, 2002)

K. N. Venkatasubramanian, Chairman  
H. C. Asher  
I. N. Chatterjee  
A. V. Dujean  
P. N. Ghatalia  
R. P. Hinduja  
S. G. Hinduja  
S. Pramanik, Managing Director  
B. D. Punjabi

### Audit Committee

P. N. Ghatalia, Chairman  
H. C. Asher  
I. N. Chatterjee  
B. D. Punjabi

### Remuneration Committee

B. D. Punjabi, Chairman  
I. N. Chatterjee  
P. N. Ghatalia

### Share Transfer & Investor Grievance Committee

I. N. Chatterjee  
S. Pramanik  
B. D. Punjabi

## Executive Team

V. Ramesh	COO (Lubricants Divn.)		
Dr. A. K. Mukerjee	VP (Production & Tech.)	E. S. Natarajan	GM (Finance & Accounts)
Dr. G. D. Prasad	VP (Marketing)	S. N. Raina	GM (Business & Planning)
R. Venkataraman	VP (Finance & Commercial)	S. Sinha	GM (Marketing)
A. Vasudevamurthy	GM Corporate Affairs)	Dr. N. Sriram	GM (Agro)
A. Kathane	GM (TSD)	A. K. Sumithran	Sr.GM (Personnel & Admn.)

### Company Secretary

Mr. A. Vasudevamurthy

### Bankers

State Bank of India  
State Bank of Hyderabad  
The Jammu & Kashmir Bank Limited  
Vysya Bank Limited  
State Bank of Mysore  
State Bank of Travancore  
Andhra Bank

### Auditors

A. F. Ferguson & Co., Chartered Accountants, Secunderabad  
Shah & Company, Chartered Accountants, Mumbai

### Registered Office/ Corporate Office

Kukatpally,  
Hyderabad - 500 072  
Andhra Pradesh.

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## Notice of the Forty First Annual General Meeting

NOTICE is hereby given that the Forty First Annual General Meeting of the Company will be held at 3.00 p.m. on Saturday, the 19th day of October, 2002 at the Registered Office at Kukatpally, Sanathnagar (IE) P.O., Hyderabad-500 018, Andhra Pradesh to transact the following:

### ORDINARY BUSINESS

1. To consider and adopt the Directors' Report, the Auditors' Report, the Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended 31st March 2002.
2. To declare dividend for the financial year ended 31st March, 2002.
3. To appoint a Director in place of Mr. B. D. Punjabi who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment.
4. To appoint a Director in place of Mr. K. N. Venkatasubramanian who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment.
5. To consider, and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:  
"RESOLVED that M/s. A. F. Ferguson & Co., Chartered Accountants, Mumbai be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be negotiated and fixed by the Board of Directors of the Company in addition to actual out-of-pocket expenses incurred by them for the purpose of audit."
6. To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:  
"RESOLVED that M/s. Shah & Co., Chartered Accountants, Mumbai be and are hereby appointed as Branch Auditors of the Company for its Lubricants Division at Mumbai from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be negotiated and fixed by the Board of Directors of the Company in addition to actual out-of-pocket expenses incurred by them for the purpose of audit."

### SPECIAL BUSINESS

7. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution for the appointment of Managing Director of the Company:  
"RESOLVED that subject to the approval of the shareholders and pursuant to the provisions of sections 269, 198, 309, 310 of the Companies Act

1956 read with Schedule XIII to the said Act, as amended from time to time, and other applicable provisions if any, Mr. Subhas S. Pramanik be and is hereby appointed as the Managing Director for a period of three years effective 8th July, 2002 under the terms and conditions as set out in the Explanatory Statement annexed to the Notice of General Meeting under section 173 of the Companies Act."

8. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 149 (2A) of the Companies Act, 1956 approval be and is hereby accorded to the Company to engage in the businesses of contracts, licenses, concessions, and to build construct, alter, maintain, enlarge, pull down, remove or replace and to work, manage and control roads, highways, expressways, waterways, ways, tramways, bridges, reservoirs and canals either through lease or directly by acquisition or through establishments of the Company, bid and to do all such things to run either directly or through, contractors, sub-contractors, agents or in partnership with individuals, partnership firms, companies and other association of persons and to join with any other person or company in doing any of these things and to enter into collaboration with the persons or bodies corporate or association of persons/Firms either in India or outside India."

9. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 149 (2A) of the Companies Act, 1956 approval be and is hereby accorded to the Company to engage in the businesses of manufacturing, producing, preparing, buying, selling, importing and exporting finished products of all kinds out of plastics material including, among others, extruded tubes and sections, moulded articles and fabricated articles, either through lease or directly by acquisition or through establishment of the Company, bid and to do all such things to run either directly or through, contractors, sub-contractors, agents or in partnership with individuals, partnership firms, companies and other association of persons and to enter into collaboration with the persons or bodies corporate or association of persons/Firms either in India or outside India."

10. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Section 257 and all other applicable provisions, if



any, of the Companies Act, 1956, Mr. Sanjay G. Hinduja who was appointed as an Additional Director of the Company and who, under Section 260 of the Companies Act, 1956 holds office only up to the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Sanjay G. Hinduja for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

11. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Ramkrishan P. Hinduja who was appointed as an Additional Director of the Company and who, under Section 260 of the Companies Act, 1956 holds office only up to the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Ramkrishan P. Hinduja for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

12. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Alain Vincent Dujean who was appointed as an Additional Director of the Company and who, under Section 260 of the Companies Act, 1956 holds office only up to the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Alain Vincent Dujean for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

13. To consider, and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

“**RESOLVED** that pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Hemraj Chaturbhuj Asher who was appointed as an

Additional Director of the Company and who, under Section 260 of the Companies Act, 1956 holds office only up to the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Hemraj Chaturbhuj Asher for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

14. To consider, and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

“**RESOLVED** that pursuant to Clause 47 of the Listing Agreement and other provisions, if any, as may be applicable, the Company be and is hereby authorised to make voluntary de-listing of the shares with the Bangalore Stock Exchange Limited, Bangalore and that the said Stock Exchange be and is hereby informed under the provisions of Listing Agreement and other applicable provisions, if any.”

By Order of the Board

Hyderabad  
August 31, 2002

**A. Vasudevamurthy**  
*Secretary*

**NOTES:**

1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books will be closed from 12th October, 2002 to 19th October, 2002 both days inclusive in connection with the ensuing Annual General Meeting and the payment of Dividend
4. The dividend for the year ended 31st March, 2002 as recommended by the Board, if sanctioned at the meeting, will be paid to the Members whose name appears on the Company's Register of Members on 12th October, 2002
5. With a view to providing protection against fraudulent encashment of Dividend warrants, the members were requested in the past to provide their Bank Account numbers, names of the banks and addresses of the branches and Electronic Clearing Service (ECS) numbers, if any, to enable the company to incorporate the said details in the dividend warrants and also remit dividends through ECS. Those Members who have not provided the information are



again requested to provide the details quoting the folio numbers to reach the company latest by 12th October, 2002, to enable the company to incorporate the information in the dividend warrants. Members will appreciate that the company will not be responsible for any loss arising out of such fraudulent encashment of the dividend warrants

6. Members are requested to inform the Company of any change in their addresses immediately for future communication at their correct addresses.

7. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Share Department enclosing their share certificates to enable the Company to consolidate their holdings in one folio.

By Order of the Board

Hyderabad  
Date: 31st August, 2002

**A. Vasudevamurthy**  
Secretary

## Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

### Item No. 7

The term of Mr. Subhas S. Pramanik as Managing Director of the Company expired on 7th July 2002. The Board of Directors, after reviewing the performance of the Managing Director, through a Circular Resolution dated 7th July 2002, re-appointed him as the Managing Director of the Company for a period of three (3) years effective from 8th July, 2002. The Remuneration Committee appointed by the Board through a Circular Resolution on 7th July, 2002 fixed the following remuneration, subject to the approval of the Shareholders at a General Meeting:

#### **Period**

Three Years from 8th July 2002

#### **Basic Salary**

Rs. 1,05,000 p.m. on a grade of Rs. 1,05,000 – 1,50,000.

The annual increment will be effective 1st April every year and will be decided by the Remuneration Committee, based on his performance.

#### **Perquisites**

Rs. 9.40 Lakhs per year which will include housing either as a Company Lease or HRA not exceeding 60% of the Salary, furnishings, gas, electricity and water, Medical Benefits, Leave Travel concessions for self and family, Personal Accident Cover, Club Membership Fees and Special Allowance. The amount to be paid towards Medical Benefits, Leave Travel concession, Personal Accident Cover, Club Membership Fees and Special Allowance would be decided by the Committee within the overall ceiling of perquisites approved. The annual value of these perquisites shall be restricted to an amount not exceeding 75% of the annual salary of Mr. Pramanik in subsequent years

Contribution to Provident Fund and Superannuation Fund would be as per the Scheme of the Company and Gratuity would be payable as per the norms prescribed by Schedule XIII and provision of car for official duties with a driver and telephone at his residence for official purposes.

In addition to this, the Managing Director will be entitled to a maximum commission of 1% net profits of the Company calculated under Section 349 & 350 of the Companies Act, 1956 as may be decided by the Board.

In the year of inadequate profits, the Managing Director would be entitled to all the above remuneration except the commission.

Mr. Subhas S. Pramanik shall be entitled to leave on full pay and allowances as per the Rules of the Company.

The above appointment and remuneration of Mr. Subhas S. Pramanik will be subject to the approval of the Shareholders of the Company and his appointment will be terminable by 6 months notice from either side.

The terms of his appointment as Managing Director would be non-rotational.

No Director except Mr. Subhas S. Pramanik is concerned or interested in the above terms of appointment.

Pursuant to Section 302 of the Companies Act, 1956, an abstract of the terms of re-appointment of Mr. Subhas S. Pramanik as Managing Director of the Company has already been circulated to all the shareholders within the prescribed time.

The Board recommends this resolution for your approval.

### Item No. 8

This resolution is an enabling provision under Section 149 (2A) of the Companies Act, 1956, for the Company to engage in the businesses of contracts, licenses, concessions, construction of roads, highways, expressways, waterways, and canals and other



businesses either through lease or directly by acquisition or through establishment of the Company, as stipulated in the resolution and provided in the clauses 10 and 20 of Memorandum of Association of the Company.

No Director is interested in the resolution.

The Board recommends this resolution for your approval.

#### **Item No. 9**

This resolution is an enabling provision under Section 149 (2A) of the Companies Act, 1956, to engage in the business of manufacturing, producing, preparing, buying, selling, importing and exporting finished products of all kinds out of plastics material including, among others, extruded tubes and sections, moulded articles and fabricated articles, as stipulated in this Resolution and as provided in the clause 3 of Memorandum of Association of the Company.

No Director is interested in the resolution.

The Board recommends this resolution for your approval.

#### **Item No. 10**

The Board appointed Mr. Sanjay G. Hinduja as an Additional Director on the Board on 19th August, 2002. Pursuant to Section 260 of the Companies Act, 1956, Mr. Sanjay G. Hinduja ceases to be a Director at this Annual General Meeting.

A Notice has been received along with a requisite deposit from a Member signifying his intention to propose Mr. Sanjay G. Hinduja for the Office of the Director of the Company.

He is a graduate in Business Administration from Richmond College, London. He has professional experience with the Credit Suisse First Boston – Syndication Department and Chase Manhattan Bank and has gained rich experience and knowledge of the Global Oil and Energy sector. Currently he is the Chairman of GULF OIL International Limited and Vice President of Hinduja Group of Companies.

Your Directors are of the opinion that the Company will greatly benefit from the association of Mr. Sanjay G. Hinduja on the Board and it would be in the interest of the Company to continue to have him on the Board and accordingly recommend the acceptance of the resolution set out in Item.10 of the Notice convening the meeting.

No Director of the Company except Mr. Sanjay G. Hinduja is interested in the resolution.

#### **Item No. 11**

The Board appointed Mr. Ramkrishan P. Hinduja as an Additional Director on the Board on 19th August 2002. Pursuant to Section 260 of the Companies Act, 1956, Mr. Ramkrishan P. Hinduja ceases to be a Director at this Annual General Meeting.

A Notice has been received along with a requisite deposit from a Member signifying his intention to propose Mr. Ramkrishan P. Hinduja for the Office of the Director of the Company. Mr. Ramkrishan P. Hinduja is a graduate in Science in Economics from the University of Pennsylvania, Philadelphia, USA and has work experience as Analyst in Amas S.A, Geneva, Switzerland and as an Auditor with Arthur Andersen S.A, Geneva. He is the Chairman of IndusInd Communications Limited, Co-Chairman of Hinduja TMT Limited, Director of Hinduja Group India Limited, and other few companies and President of Hinduja Group of Media, Communications & IT etc.

Your Directors are of the opinion that the Company will greatly benefit from the association of Mr. Ramkrishan P. Hinduja on the Board and it would be in the interest of the Company to continue to have him on the Board and accordingly recommend the acceptance of the resolution set out in Item No. 11 of the Notice convening the meeting.

No Director of the Company except Mr. Ramkrishan P. Hinduja is interested in the resolution.

#### **Item No. 12**

The Board appointed Mr. Alain Vincent Dujean as an Additional Director on the Board on 19th August 2002. Pursuant to Section 260 of the Companies Act, 1956, Mr. Alain Vincent Dujean ceases to be a Director at this Annual General Meeting.

A Notice has been received along with a requisite deposit from a Member signifying his intention to propose Mr. Alain Vincent Dujean for the Office of the Director of the Company. Mr. Alain Vincent Dujean is a Ecole Superieure de Commerce et d' Administration, Des Enterprises (Business School) in Bordeaux; DEUG de Droit (Law Studies). He has vast experience and held various positions such as Vice President for Pacific and Indian Ocean in Elf Aquitaine Downstream Activities and as a Director, Marketing Resources, Director, Commercial, Logistics and Marketing in Elf Oil U K Limited, London, He also held the position of International Business Development Director-Downstream South America in Elf Aquitaine and CEO of Refining & Marketing in TotalFina Elf SE. Currently he is the Vice President (International) of GULF OIL International Limited.

Your Directors are of the opinion that the Company will greatly benefit from the association of Mr. Alain Vincent Dujean on the Board and it would be in the interest of the Company to continue to have him on the Board and accordingly recommend the acceptance of the resolution set out in Item No. 12 of the Notice convening the meeting.

No Director of the Company except Mr. Alain Vincent Dujean is interested in the resolution.



**Item No. 13**

The Board appointed Mr. Hemraj Chaturbhuj Asher as an Additional Director on the Board on 19th August 2002. Pursuant to Section 260 of the Companies Act, 1956, Mr. Hemraj Chaturbhuj Asher ceases to be a Director at this Annual General Meeting.

A Notice has been received along with a requisite deposit from a Member signifying his intention to propose Mr. Hemraj Chaturbhuj Asher for the Office of the Director of the Company. Mr. Hemraj Chaturbhuj Asher is a Leading Solicitor and Senior Partner of M/s. Crawford Bayley & Co., a firm of Solicitors and Advocates. He specializes in broad spectrum of Corporate Laws and is a Director in 24 companies including Indian Companies such as Ingersoll – Rand (India) Limited, Hinduja TMT Limited and Monsanto Chemicals of India Limited among others.

Your Directors are of the opinion that the Company will greatly benefit from the association of Mr. Hemraj Chaturbhuj Asher on the Board and it would be in the interest of the Company to continue to have him on the Board and accordingly recommend the acceptance of the resolution set out in Item No. 13 of the Notice convening the meeting.

No Director of the Company except Mr. Hemraj Chaturbhuj Asher is interested in the resolution.

**Item No. 14**

The Company's shares have been listed with three Stock Exchanges viz. the Hyderabad Stock Exchange Limited, (the Regional Stock Exchange), Stock Exchange, Mumbai, and the Bangalore Stock Exchange Limited. Based on the review of the trade volumes, it is found that there has been no transactions for the last few years in the Stock Exchange, Bangalore. In view of the decision taken by the shareholders at their 40th Annual General Meeting held on 27th August, 2001, the Board of Directors are of the opinion that the Company apply for de-listing from the Bangalore Stock Exchange Limited, subject to the statutory formalities prescribed by the Stock Exchange Regulations and other provisions, if any, as may be applicable. The Shareholders in Karnataka Region, in particular, and others all over the country are not likely to be affected by this as the Company is in process of Listing with National Stock Exchange Limited.

No Director is interested in the Resolution.

The Board recommends this resolution for your approval.

Hyderabad  
Date: 31st August, 2002

By Order of the Board

**A. Vasudevamurthy**  
*Secretary*



## Report of the Board of Directors and Management Discussion and Analysis to Shareholders for the year ended 31st March 2002

Your Directors have pleasure in presenting their Forty First Annual Report and Audited Accounts for the year ended 31st March 2002.

### FINANCIAL RESULTS

	2001-2002 Rupees Lakhs	2000-2001 Rupees Lakhs
Profits after providing for Depreciation of Rs. 511.57 Lakhs (Previous Year Rs. 312.94 lakhs) and before extra-ordinary Items and taxation	1085.45	(1423.95)
Extra ordinary items		
(a) Net profit on disinvestments of long term investments	—	7812.61
(b) Other write offs and provisions	3.06	(304.34)
(c) Additional Advisory Fee for sale of investment	(109.96)	—
	<u>978.55</u>	<u>6084.20</u>
Profit Before Taxation:		
Taxation:		
Current:	76.00	620.00
Deferred:	133.00	—
Profit after taxation	<u>769.55</u>	<u>5464.32</u>
Balance brought forward from previous year	859.17	535.75
Balance available for appropriation	1628.72	6000.07
Appropriations:		
Proposed dividend (Subject to tax)	416.15	400.09
Provision for additional tax on proposed dividend	—	40.81
Transfer to General Reserve	551.76	4700.00
Balance carried to Balance Sheet	660.81	859.17

### MERGER OF GULF OIL INDIA LIMITED

Gulf Oil India Limited (GOIL) merged with your Company with effect from 1st January 2002 after receipt of all approvals from the Hon'ble High Courts at Mumbai and Hyderabad and completion of all formalities on 20th August 2002. The audited accounts of your Company for the Financial Year ended 31st March 2002, therefore, also include the results of erstwhile Gulf Oil India Ltd for the 3 months period, January to March 2002.

Post merger, the domestic and export operations of the Company will be conducted through 2 major Divisions, namely:

- (a) IDL Division which will concentrate on mining/infrastructure, contracts, manufacturing and marketing of explosives and detonators and allied products.
- (b) Lubricants Division (erstwhile Gulf Oil India Ltd) will focus on sale of lubricants, greases and allied products.

The other Divisions, namely, Building Products, Floriculture, Windmills and the emerging Specialty Chemicals will continue to operate as hitherto.

### CHANGE IN THE NAME

As per the Scheme of Amalgamation approved by the shareholders on 20th April 2002, the name of your Company has been changed to Gulf Oil Corporation Limited after completion of all formalities, on 22nd August 2002.



## **DIVIDEND**

The Directors recommend the payment of Dividend of Rs. 3.00 per share on the paid up capital of the Company as on 12th October 2002. The dividend of Rs. 416.15 lakhs, if approved by the Shareholders at the forty-first Annual General Meeting will be paid out of the profits for the year to all Shareholders of the Company whose names appear on the Register of Members as on 12th October 2002.

## **OPERATIONS**

The turnover of the Company increased to Rs. 252.51 crores as compared to Rs. 195.70 crores in the previous year on account of increased activity in the IDL Divisions and the inclusion of 3 months sales of erstwhile Gulf Oil India Limited. The profit before extraordinary items and taxation improved from a loss of Rs. 14.24 crores to a profit of Rs. 10.85 crores. The profit before tax was Rs. 9.79 crores. After provision for tax of Rs. 0.76 crores and a deferred tax provision of Rs. 1.33 crores, the profit after tax was Rs. 7.70 crores resulting in an EPS of Rs. 8.12 after amalgamation.

## **DOMESTIC MARKET**

### **IDL Division**

Mineral production grew by 4.73%, from 538 to 564 million tonnes, during 2001-02. Of this, coal production contributed 328 against 315 million tonnes, respectively, achieving a growth of 4.17%. The performance of the core business, manufacture and marketing of detonators and explosives is intimately linked to the performance of the mining sector and the Division has achieved similar growth. Production during the year was 144.27 million detonators (159.8 million), 30.73 million metres of detonating fuse (23.27 million metres) and 51,811.69 tonnes of explosives (50,157.69). Metal Cladding Group maintained its progress, achieving a turnover of Rs. 377 lacs against Rs. 351 lacs during the previous year.

### **Lubricants Division**

The quarter January-March 2002 continued to be a difficult period for the Lubricants Industry. Intense competition from Public Sector oil companies dented sales of industrial lubricants by private companies. The Lubricants Division of the Company achieved sale of 11,968 KL against 16,793 KL during same period of previous year, recording a turnover of Rs. 5165 lacs.

### **Building Products Division**

The division achieved sales of Rs. 243.05 lacs against Rs. 213.24 lacs. High value contracts were received from construction projects due to aggressive marketing in the Southern Region. Sales in the Eastern and Northern Regions also picked up with appointment of new dealers and establishment of Customer Service Groups.

### **Floriculture Division**

Floriculture Division turnover was lower at Rs.137.00 lacs (Rs.193.85 lacs) due to refurbishing and replanting in 25% of the area under cultivation.

### **Wind Mill Division**

The division generated 1,077,461 Units (1,063,814 Units) of electricity which was supplied to the APSEB grid.

## **EXPORTS**

The export of explosives and accessories was lower at Rs. 15.86 crores (Rs.19.70 crores) mainly due to the restrictions imposed in certain customer countries post September 11, 2001 event. Export of lubricants amounted to Rs. 1.59 crores during the period January-March 2002. The Floriculture division exported roses worth Rs. 75.45 lacs (Rs. 67.88 lacs).

## **INTERNAL CONTROL SYSTEM**

With the growing complexity in the business environment, your Company remains committed to ensure an effective internal control environment that provides assurance on the efficiency of operations and security of its assets.

The Company developed and implemented customized software on Oracle platform. These packages for factory operations, distribution & sales activities and accounting/MIS would help our Company to function more effectively.



The internal audit process effectively and adequately covers the internal control environment across the Company. Planning and conduct of the internal audit is oriented towards a review of controls in the management of risks, along with the maintenance of proper accounting records and reliability of financial information used within the business. Special emphasis is laid out to the following:

- Operational efficiency
- Protection and conservation of resources
- Compliance with laws and regulations

The management committee consisting of Senior management discussed the issues brought out by the internal audit and took remedial actions

The Audit Committee of your Board met five times during the year to review the audit observations and monitored the implementation of audit recommendations. The statutory auditors also attend the meetings to convey their views to the Audit Committee on the adequacy of internal control systems in the Company.

### **FIXED DEPOSITS**

Fixed Deposits from the public and the shareholders as on 31st March 2002 amounted to Rs. 1513.85 Lakhs. At the end of 31st March 2002, 42 deposits amounting to Rs. 31.12 Lakhs, which had matured, remained unclaimed. The Company has given intimation to the deposit holders concerned about the maturity of their deposits.

Pursuant to the provisions of the Companies (Amendment) Act, 1998, the unclaimed Fixed Deposits and interest of Rs. 1,90,275 relating to period prior to 1995, had been transferred to the Central Government Account as stipulated under the said provisions.

### **DEBENTURES**

The quarterly interest on 3,00,000, 15% Secured Redeemable Non-convertible Debentures issued in 1999 is being paid regularly.

### **ORISSA SALES TAX**

The Company is continuing to follow up for the refund of the balance deposit amount of Rs. 178.40 lakhs.

### **RESEARCH & DEVELOPMENT**

Developmental work with regard to emulsion and special purpose explosives, boosters and detonating systems were carried out at Hyderabad. Development of high performance engine oils and gear oils for heavy vehicle manufacturers and environmental friendly coolant was completed at the Silvassa centre.

### **CONSERVATION OF ENERGY**

The Company has been conscious of the need to conserve energy and has been on the constant lookout for methods for reducing the consumption of energy.

### **SUBSIDIARIES**

The performance of IDL Agro Chemicals Limited, showed a turnaround. During the year, the Company made a profit of Rs. 1.66 Lakhs as against losses in earlier years.

During the year, IDL Finance Limited has been directed to change its nature of operations by the RBI from a non-banking finance company to other businesses as the company does not fulfil the requirements as laid down in the guidelines for grant of approval by the RBI. Suitable steps are being taken to comply with the directions. However in view of reduced activity the Company reported a loss of Rs. 2.73 Lakhs for the year.

During the year, IDL Arom International Limited a company promoted in 1988 became a subsidiary. The Company reported a profit of Rs. 4.42 lakhs (Rs. 3.88 lakhs) from trading operations and declared a dividend of 10%.

Gulf Carassorie Limited, a subsidiary through the merger of Gulf Oil India Ltd showed marginal activity and a loss of Rs. 4.46 lakhs. Action plans are being made for suitable trading activities in the current year.



## **PERSONNEL**

Industrial Relations in the major manufacturing locations viz at Hyderabad, Rourkela, Silvassa, Bhiwandi and bulk explosive units/ satellite units were cordial.

Reorganization at Hyderabad and Rourkela factories were carried out consequent to 101 non-management and 29 management staff opting for the Voluntary Retirement Schemes announced by the Company in the IDL Division. Reorganization and rationalization of manpower was also carried out in the Lubricants Division in line with market demands.

Organization development training programs were held in-house whilst management staff were deputed to specialized technical courses conducted by reputed institutes and organizations. Several HR interventions were also initiated to improve the market orientation of employees to face the fiercely competitive situation in the markets.

## **OUTLOOK FOR THE CURRENT YEAR**

There are positive pointers to economic recovery during current fiscal year and the July '02 numbers are encouraging. The Industrial sector, laggard last year, has grown by 6.4% in July and by 4.7% during April-July, year on year. Manufacturing & Electricity grew by 4.3% and Mining Sector by 8.4%, during April-July '02; growth in July was 12.5%. Transport Equipment has grown by 15.7% during July '02, maintaining the trend of robust growth seen since the beginning of 2002-03.

There has been a trend reversal in the Capital Goods sector that has grown by 5% during April-July '02 against contraction by 6.3% during same period last year. Growth in July was 9.7%, the strongest in more than two years and the third consecutive month of expansion. This is the most encouraging sign indicating that investment climate is improving.

The external sector is expanding with exports growing by 15.2% during April-July '02 and by 17.7% in July, year on year. This will partly cushion expected decelerated growth in Agriculture.

The Indian economy grew by 5.7 % during 2001-02, the second fastest in the world. Agriculture (5.7%) & Services (6.5%) were the main contributors with Industry still mired by lack of demand and investment. Growth in Mining & Quarrying decelerated from 3.7% to 1.4%. Medium & Heavy Commercial Vehicles production grew by a mere 2.5%. Housing & Road Construction continue to be the fast growth segments.

### **IDL Division**

The economy is expected to grow by 5 to 6% during the current year. The demand of coal for power generation is expected to increase further. The steel industry is slowly reviving and demand for ores is also expected to increase during the year. However, the cement industry is again stagnant.

In this background, the sales of explosives and detonators is expected to grow marginally during the year due to increased supply. On the price front, the position is expected to be neutral.

The major growth in this Division is expected to come from the Contracts Group, which is negotiating certain large projects. These contracts would not only help utilising the knowledge base of the Company but also help to move speciality explosives and detonators to projects and increase the competitive edge of the Company.

The Metal Cladding Group plans to introduce a new line of business in collaboration with some customers.

### **Lubricant Division**

After nearly 2 years of stagnancy, the automobile sector is showing signs of revival and growth. Over the last 3 months, there have been significant growth signals triggered by increase in commercial vehicles, passenger car and two-wheeler sales. This is reflected in higher consumption of diesel and petrol and therefore, lubes.

This trend is expected to continue. Growth in consumption is also expected due to increased use of diesel pumps in drought-hit areas, which is likely to translate to a reasonable growth in lubes in the agricultural sector. However, the introduction of new technology engines for commercial vehicles, passenger cars and two-wheelers (4 stroke engines) would lead to lower top ups.

The Division, therefore, is expected to grow and achieve reasonable growth, which would utilise the production capacities of the Silvassa plant much better. Base oil prices, which were low in the first quarter of this year, are expected to creep up due to international demand-supply situation. Therefore, proportionate increase in profits is not expected.



## Other Divisions

The Building Products Division has already received orders of large projects. It is, therefore expected to improve its performance further. Floriculture Division has completed refurbishing and replanting of the one hectare with fresh plants, which are expected to give better yields. The losses in the Division are expected to be reduced to a great extent this year.

## DIRECTORS

Mr. B. D. Punjabi and Mr. K. N. Venkatasubramanian, in accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company retire by rotation at the 41st Annual General Meeting and are eligible for reappointment. During the year under review, Mr. J. B. Dadachanji resigned and Mr. I. N. Chatterjee was appointed in the vacancy. Dr. E. G. Mahadevan resigned from the Board in July 2002. The Company places on record the valuable guidance and advice given by these Directors during their tenure.

Mr. S. Pramanik, Managing Director was reappointed effective 8th July 2002 for a period of three years on completion of his earlier term of appointment.

Mr. S. G. Hinduja, Mr. R. P. Hinduja, Mr. Hemraj C. Asher, Mr. Alain V. Dujean were appointed as Additional Directors of the Company, consequent on the amalgamation, whose term is valid till the Annual General Meeting. They are eligible for appointment.

## STATUTORY INFORMATION

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo under Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed to full Report. The Statement under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, is annexed to this Report.

## INFORMATION ON STOCK EXCHANGES:

The Company has listed its shares on the Stock Exchanges of Hyderabad, Mumbai and Bangalore and will be listing on the National Stock Exchange, Mumbai.

## CORPORATE GOVERNANCE

Your Directors are happy to report that your Company is complying from March 31, 2002 with SEBI Guidelines on Corporate Governance, which has been incorporated in Clause 49 of the Listing Agreement with the Stock Exchanges.

A detailed report on the subject form Annexure "A" to this report.

The Statutory Auditors of the Company have examined the Company's compliance and have certified the same as required under the SEBI Guidelines. Such certificate is reproduced as Annexure "B" to this report.

## DIRECTORS RESPONSIBILITY STATEMENT

The Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- (c) they have taken proper and sufficient care for the maintenance of the adequate Accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (d) they have prepared the annual accounts on a going concern basis



## SUBSIDIARY COMPANIES

The Report and Accounts of the Subsidiary companies are annexed to this Report along with the statement pursuant to Section 212 of the Companies Act, 1956. However, in the context of mandatory requirement to present consolidated position of the Company including subsidiaries, at the first instance, members are being provided with the Report and Accounts of the Company treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members desirous of receiving the full Report and Accounts of the subsidiaries will be provided the same on receipt of a written request from them.

## COMMENTS OF AUDITORS' REPORT

With regard to para 4(f) of the Auditors' Report, in respect of debt, the Company has initiated appropriate legal proceedings. No provision has been made as the matter is pending for finalisation by the Hon'ble High Court of Madras and hence no provision has been made for the dues from an ex-consignment agent.

## AUDITORS

The shareholders are requested to appoint Auditors and fix their remuneration.

## ACKNOWLEDGEMENTS

Your Board takes this opportunity to thank the customers, vendors, business partners, shareholders and bankers for the faith reposed in the Company. It also wishes to thank the Union & State Governments of India, various regulatory authorities and agencies for their support and look forward to their continued encouragement. Your Directors place on record their sincere appreciation of the contribution of its employees, who through their competence, hard work and co-operation have enabled the company to achieve consistent growth.

Hyderabad  
31st August, 2002

For and on behalf of the Board of Directors  
**K. N. Venkatasubramanian**  
Chairman

## Statement of particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 and forming part of Director's Report for the financial year ended 31st March, 2002

### EMPLOYED THROUGHOUT THE YEAR

Name of the Employee	Age (years)	Designation/ Nature of duties	Qualification	Experience (years) of Employment	Date of Commencement	Remuneration Rs.	Last Employment Position Held
S. Pramanik	53	Managing Director	B.Ch.E.(Hons), MFM,CAIIB, FICWA,FCS	27	2.11.1998	28,42,104	Executive Director (Commercial), Gulf Oil India Ltd.

1. Gross remuneration includes Commission, Company's contribution to Provident Fund, Superannuation Fund and value of perquisites, if any, evaluated under the Income-tax Act wherever applicable but does not include company's payment to Group Gratuity Scheme.
2. The employment is contractual.