



REPORT ON CORPORATE GOVERNANCE

PHILOSOPHY

The Company will continue to be in the forefront of its diverse interests and sustain growth activities through emphasis on TQM, adoption of emerging technologies, innovation through research, good corporate governance, adherence to fair business practices and effective use of physical, technological, R & D, information and financial resources, thus fulfilling the aspirations of customers, shareholders, employees and financiers.

BOARD OF DIRECTORS

(a) **Composition:** The Board of Directors of the Company, headed by a Non-executive Chairman, consisted of the following Directors, as on March 31, 2002 categorised as indicated.

(i) Non-executive Directors:

(a) Promoter Group

Mr. B. D. Punjabi
Dr. E. G. Mahadevan *
Mr. I. N. Chatterjee@

(b) Independent

Mr. K. N. Venkatasubramanian (Chairman)
Mr. P. N. Ghatalia

* Resigned effective 19th July 2002.

@ Appointed effective 30th October 2001

(ii) Managing Director:

Mr. Subhas Pramanik

(b) Attendance at Board Meetings and last A.G.M and details of memberships of Directors in other Boards and Board Committees.

Details of Board Meetings held during the year 2001-02:

Date of Meeting	Board Strength	No. of Directors present
April 24, 2001	5	5
May 25, 2001	6	6
July 27, 2001	6	5
August 27, 2001	6	4
October 30, 2001	6	6
January 29, 2002	6	6
February 28, 2002	6	6
March 5, 2002	6	5
March 11, 2002	6	6

- The time gap between any two meetings did not exceed four months.
- The last Annual General Meeting was held on August 27, 2001.

Name of the director	No. of Board Meetings attended	Whether Attended the Last A.G.M.	Members hip in Other Boards as on 31.03.2002	In Other Board Committees (excluding GULF OIL Corporation Limited — formerly IDL Industries Limited) Note
Mr. K. N. Venkatasubramanian	9	Yes	8	—
Mr. S. Pramanik	8	Yes	4	—
Dr .E. G. Mahadevan	9	Yes	2	—
Mr. B. D. Punjabi	8	No	2	5
Mr. P. N. Ghatalia	8	Yes	1	—
Mr. I. N. Chatterjee*	4	No	1	—
Mr. J. B. Dadachanji@	2	No	N.A	—

* Appointed on the Board of the Company effective 30.10.2001

@ Resigned from the Board of the Company effective 1.9.2001

Note 1: Only Audit Committee, Remuneration Committee, Share Transfer Committee, Shareholders/Investors' Grievance Committee are reckoned for this purpose.

Note 2: None of the Directors is a member of more than 10 Board – level – committees, or a Chairman of more than five such committees, as required under Clause 49 of the Listing Agreement.



Secretarial Standards relating to Board Meetings:

The Secretarial and the Operating Practices of the Company are in full conformity with the standards recommended by the Institute of Company Secretaries of India (ICSI).

AUDIT COMMITTEE

(a) Constitution

The Audit Committee was constituted in February 1987. During the year the terms of reference were reviewed and the Committee was mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with the Stock Exchanges. The current terms of reference are also in full conformity with the requirements of Sec. 292A of the Companies Act, 1956

(b) Composition

Chairman
Members

Names of persons and Chairperson

Mr. K. N. Venkatasubramanian
Dr. E. G. Mahadevan* (Resigned on 19th July, 2002)
Mr. B. D. Punjabi
Mr. P. N. Ghatalia

(c) Meetings and Attendance:

Audit Committee Meetings held during the year 2001-02 and attendance details:

Attendance:

Date of Meeting	Committee Strength	No. of Directors Present
May 24, 2001	3	3
July 27, 2001	4	4
August 27, 2001	4	3
October 30, 2001	4	4
January 29, 2002	4	3

Mr. A. Vasudevamurthy, Company Secretary is the Secretary to the Committee.

Mr. S. Pramanik, Managing Director was the invitee for all the Audit Committee Meetings. Mr. Bastin Leo, Manager (Operational Audit) attended all the meetings except the meeting dated May 24, 2001.

The Statutory Auditors of the Company are invited to join the Audit Committee for considering the Final Audited Accounts before placing it to the Board of Directors. The Audit Committee held discussions with the Statutory Auditors on the yearly Audit Plan, matters relating to compliance of Accounting Standards, their observations arising from the annual audit of the Company's Accounts and other related matters.

Remuneration Policy of the Company

(1) For Managing Director

The total remuneration subject to shareholders approval consists of:

- a fixed component - consisting of salary and perquisites.
- a variable component by way of commission as determined by the Board within the limits approved by the shareholders.

(2) For Non-Executive Directors

Sitting Fees as permitted under the Companies Act, 1956 (Rs. 5000 per meeting of the Board & Audit Committee, and Rs. 250 for the Share Transfer Committee) plus reimbursement of actual travel and incidental expenses not exceeding Rs. 1000/- per meeting of the Board or the Committee thereof.

The Details of Remuneration paid to all the Directors are as follows:

Non-Executive Directors (Sitting Fees only)	Rs.
Mr. K. N. Venkatasubramanian	70,000
Dr. E. G. Mahadevan	74,750
Mr. B. D. Punjabi	60,250
Mr. P. N. Ghatalia	60,000
Mr. I. N. Chatterjee	25,000
Mr. J. B. Dadachanji	10,000

1% Commission on the net profits of the Company will be paid to the non wholtime Directors based on the decision of the Board of Directors.



Executive Director – Managing Director (no sitting fees)

Fixed Component – Salary & Perquisites*	Rs. 16,13,000
Variable component – Commission	Rs. 8,41,000

- Perquisites valued as per the Income Tax Rules. Does not include contribution to Provident Fund @ 12% and Superannuation Fund @ 15% of the salary.

Managing Director is under contract of employment with the Company with 6 months' notice period from either side. There is no severance fees payable to the Managing Director. The Company does not have the stock option scheme.

SHARE TRANSFER/INVESTOR GRIEVANCES COMMITTEE:

Composition: 3 Directors

Names of the Members of the Committee of Directors:

Dr. E. G. Mahadevan, Director (Resigned on 19th July, 2002)

Mr. B. D. Punjabi, Director

Mr. S. Pramanik, Managing Director

Mr. I. N. Chatterjee, Director (Appointed as a Member on 19th August, 2002)

The Shareholder/Investor grievances committee specifically looks into redressing of Shareholders and Investors' complaints such as transfer of shares, non-receipt of declared dividends and to ensure expeditious share transfer process.

Share Transfer System:

The authority relating to Share Transfer has been delegated to the Share Transfer Committee, which consists of Dr. E. G. Mahadevan, Mr. B. D. Punjabi and Mr. Subhas Pramanik. The Committee met 19 times during the year for approving transfers, transmissions etc. In addition, the Board has authorised the Secretary to approve all routine transfers and transmission of shares up to a limit of 200 shares of Rs.10/- each. Such approvals are being obtained either from Share Transfer Committee or the Secretary of the Company as frequently as necessary. Operations with regard to dematerialization are being complied with in conformity of the regulations prescribed. Those who have not opted for electronic holding(s), the share certificates are being sent to the shareholders by the Registered Post.

As on March 31, 2002, there were no requests pending/overdue beyond the due dates.

Distribution of Shareholdings as on 31st March 2002:

Distribution	Total Holders	% of Holders	Total Shares	Nominal Value (in Rs.)	% to Total
1 — 5,000	46,957	99.92	8,04,123	8040770.00	10.05
5,001 — 10,000	13	0.03	86,210	862100.00	1.08
10,001 — 20,000	8	0.02	1,20,770	1207700.00	1.51
20,001 — 30,000	1	0.00	24,930	249300.00	0.31
30,001 — 40,000	1	0.00	33,900	339000.00	0.42
40,001 — 50,000	0	0.00	0	0.00	0.00
50,001 — 1,00,000	5	0.01	3,55,706	3557060.00	4.45
1,00,001 — 99,99,999	9	0.02	65,76,108	65761080.00	82.18
	46,994	100.00	*80,01,747	80017470.00	100.00

* Does not include the capital of erstwhile GULF OIL India Limited, pending allotment.

Directors with materially significant related party transactions, pecuniary or business with relationship with the Company: There are no material transactions.

Related Parties

Name	Nature of the Relationship
IDL Agro Chemicals Limited	100% Subsidiary of the Company
IDL Finance Limited	52.03% Subsidiary of the Company
IDL Arom International Limited	83% Subsidiary of the Company
GULF Carrosserie India Limited	94.99% Subsidiary of the Company
Mr. S. Pramanik	Managing Director



Monthly Share Prices for the Financial Year – High/ Low

Monthly	High	Low
April 01	36.00	31.00
May 01	46.00	27.00
June 01	49.00	41.00
July 01	50.00	41.50
August 01	40.00	40.00
September 01	36.85	27.00
October 01	30.00	28.00
November 01	32.00	30.00
December 01	41.15	32.00
January 02	32.00	25.00
February 02	38.85	27.00
March 02	62.00	35.00

Distribution of Shareholding by Ownership as on 31st March, 2002

Category	No. of Shares held	% of Share Holding
Promoters	39,25,980	49.06
Non-promoters' Holding : Institutional Investors, Mutual Funds & Others	890,875	11.13
Private Corporate Bodies	12,87,961	16.10
Indian Public	9,38,688	11.73
NRIs/ OCBs	9,58,243	11.98
GRAND TOTAL	*80,01,747	100.00

* Does not include the capital of erstwhile Gulf Oil India Limited, pending allotment.

Dematerialization of shares and liquidity

Shares of the Company can be held and traded in Electronic Form. SEBI has stipulated the shares of the Company for compulsory delivery in dematerialization form only, by all investors from March 1, 2002. As on March 31, 2002, 2,92,878 shares representing 3.66% of the shareholdings have been dematerialized.

Shares of the Company are listed and traded in Mumbai, and listed on the Hyderabad and Bangalore Stock Exchanges.

LOCATION, TIME & DATE of the last three Annual General Meetings:

Location: Hyderabad

Financial Year	2000-01	1999-2000	1998-99
Date	27-8-2001	18-9-2000	20-12-1999
Time	3.00 P.M.	3.00 P.M.	2.30 P.M.

Postal Ballot:

No Resolutions either Ordinary or Special Resolutions which attracted the provisions of Section 192A of the Companies Act, 1956 were passed by the Company's shareholders through postal ballot.

DISCLOSURES

MEANS OF COMMUNICATIONS

The quarterly and half yearly reports, are normally published in the Economic Times in three centres, namely, Mumbai, Hyderabad and Bangalore where the Company's shares are listed with the stock exchanges. The Company has recently set its own website www.gulfoilcorp.com where the results and other information relating to the shareholders will be published in future.



INFORMATION FOR SHAREHOLDERS

1. Name of the Company	GULF OIL CORPORATION LIMITED
2. Registered Office	Kukatpally, P.B. No.1 Sanathnagar (IE) P.O Hyderabad – 500 018 (AP)
3. In-house Share Department	Kukatpally, P.B. No.1 Sanathnagar (IE) P.O Hyderabad – 500 018 (AP)
4. Annual General Meeting	19th October, 2002 at 3.00 p.m Venue: Registered Office Kukatpally, Hyderabad – 500 018 (AP)
5. Book Closure Dates for Dividend Payment	12th October, 2002 to 19th October, 2002
6. Listing	The Stock Exchange, Mumbai (BSE) Trading Code: 6480 The Stock Exchange, Hyderabad Trading Code: 2026 The Stock Exchange, Bangalore Trading Code: 7698
7. Dividend	2000-2001 : 50%, 1999-2000 : 25% 1998-1999 : 25%
8. Company's Demat ID No.	INE 077F01019
9. Demat Registrar's address	M/s. Satguru Management Consultants Pvt. Ltd., Plot No.15, Hindi Nagar, Behind Saibaba Temple Punjagutta, Hyderabad – 500 034 (AP) Phone : +91 40-3356507, 3356975, 3350586, 6662190, 6612352 Fax No. : +91 40 3354042 E-Mail : sta@sathguru.com .

Unclaimed Dividend

Some of the shareholders of the Company are yet to claim their dividend for the period of 1995-96 to 2000-01. As per amended provisions of the Companies Act, 1956, the Company has to retain the unpaid/ unclaimed dividend upto seven years of declaration. Shareholders whose dividend for any year of the above period has remained unpaid should communicate the same to the Company's Share Department for arranging the payment of such unclaimed/unpaid dividend.

Dematerialization of shares

The Company has registered with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system members are requested to avail of the facility of dematerialization of the Company's shares on either of the Depositories.

Nomination Facility

Pursuant to the amended provisions of the Companies Act, 1956, the Company can accept nomination in respect of holding of shares. The Members interested may send their nomination forms in duplicate, to the Share Department of the Company.

Investors' Assistance

Mr. K. Suryanarayana, Asst. Company Secretary
Telephone: 370 2830; Fax No : + 91 40 381 3860
E-Mail: secretarial@idlind.com



AUDITORS’ CERTIFICATE

TO THE MEMBERS OF GULF OIL CORPORATION LIMITED (formerly IDL Industries Limited)

We have examined the compliance of conditions of Corporate Governance by Gulf Oil Corporation Limited (formerly IDL Industries Limited), for the year ended 31st March 2002, 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 has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. 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, the representations made by the directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

As shareholders/Investor Grievance Committee has not maintained adequate records to show the Investor grievances pending for a period of one month against the Company, we are unable to state whether there were any Investor grievances remaining unattended/pending for more than 30 days as at 31st March 2002.

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

**For A. F. Ferguson & Co.,
Chartered Accountants**

**A. C. GUPTA
(Partner)**

Hyderabad
August 31, 2002