



REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF GULF OIL CORPORATION LIMITED

(Formerly IDL Industries Limited)

1. We have examined the attached consolidated balance sheet of GULF OIL Corporation Limited and its subsidiaries as at 31st March, 2002, the consolidated profit and loss account and the consolidated cash flow statement for the year then ended.
2. These financial statements are the responsibility of the management of GULF OIL Corporation Limited. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.
3. The financial statements of GULF OIL Corporation Limited incorporate the accounts of the erstwhile GULF OIL India limited for the period from 1st January, 2002 to 31st March, 2002 which has been audited by their auditors and whose report has been considered by us.
4. We did not audit the financial statements of subsidiaries whose financial statements reflect total assets of Rs. 102.77 Lakhs as at 31st March, 2002 and total revenues of Rs. 45.95 Lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.
5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of GULF OIL Corporation Limited and its subsidiaries included in the consolidated financial statements.
6. (i) **as stated in Note 10(a) Sundry Debtors "Debts outstanding for a period exceeding six months considered good" include an amount of Rs. 210.89 lakhs in respect of Parent Company and Rs. 12.11 lakhs in respect of a subsidiary due from an ex-consignment agent against whom the Parent Company and its subsidiary have initiated legal proceedings. We are unable to express an opinion on the eventual recovery thereof.**

(ii) subject to the foregoing and on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of GULF OIL Corporation Limited and its aforesaid subsidiaries, we are of the opinion that:
 - (a) the consolidated balance sheet gives a true and fair view of the consolidated state of affairs of GULF OIL Corporation Limited and its subsidiaries as at 31st March, 2002,
 - (b) the consolidated profit and loss account gives a true and fair view of the consolidated results of operations of GULF OIL Corporation Limited and its subsidiaries for the year then ended,

and

 - (c) the consolidated cash flow statement gives a true and fair view of the consolidated cash flows of GULF OIL Corporation Limited and its subsidiaries for the year then ended

in conformity with the accounting principles generally accepted in India.

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

Hyderabad
August 31, 2002

A. C. GUPTA
(Partner)



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2002

	Schedule	31.03.2002 (Rupees Lakhs)
I. SOURCES OF FUNDS		
1. Shareholders' Funds		
(a) Capital	1	800.17
(b) Share Capital Suspense	1A	587.00
(c) Reserves & Surplus	2	12,926.57
		<u>14,313.74</u>
2. Minority Interests		15.83
3. Loan Funds		
(a) Secured Loans	3	11,216.36
(b) Unsecured Loans	4	1,872.68
		<u>13,089.04</u>
TOTAL		<u><u>27,418.61</u></u>
II. APPLICATION OF FUNDS		
1. Fixed Assets		
(a) Gross Block		14,009.20
(b) Less : Depreciation		6,061.48
(c) Net Block	5	7,947.72
(d) Capital Work-in-Progress and advances on Capital Account		129.22
(e) Less: Lease Terminal Adjustment A/C		11.53
		<u>8,065.41</u>
2. Investments	6	401.27
3. Current Assets, Loans and Advances		
(a) Inventories	7	7,280.40
(b) Sundry Debtors	8	10,962.87
(c) Cash and Bank Balances	9	4,602.15
(d) Loans and Advances	10	5,157.93
		<u>28,003.35</u>
Less: Current Liabilities and Provisions		
(a) Current Liabilities	11	10,338.77
(b) Provisions	12	469.31
		<u>10,808.08</u>
Net Current Assets		17,195.27
4. Deferred Tax		
Deferred Tax Asset - Net [Note 9 (iii)]		242.63
5. Miscellaneous Expenditure	13	1,514.03
(to the extent not written off or adjusted)		
TOTAL		<u><u>27,418.61</u></u>
Notes on the Accounts	17	

Schedules 1 to 17 annexed hereto form part of these accounts.
Per our report attached

For **A.F. FERGUSON & CO.**
Chartered Accountants

A.C. GUPTA
Partner
Hyderabad
August 31, 2002

A. VASUDEVAMURTHY
Secretary

For and on behalf of the Board of Directors

S. PRAMANIK
Managing Director

K.N. VENKATASUBRAMANIAN
Chairman



CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002

	Schedule	2001-02 (Rupees Lakhs)
INCOME		
Income from sales and other operations		25,310.77
Other Income	14	378.25
		<u>25,689.02</u>
EXPENDITURE		
Cost of Materials	15	11,302.48
Excise Duty		2,905.89
Expenses	16	9,871.92
Depreciation		517.97
		<u>24,598.26</u>
PROFIT/(LOSS) BEFORE EXTRA ORDINARY ITEMS AND TAXATION		1,090.76
Extra-ordinary items		
(a) Write-offs/provisions		1.18
(b) Additional Advisory fee for sale of investments		<u>(109.96)</u>
PROFIT BEFORE TAXATION		981.98
TAXATION		
Current Tax		77.75
Deferred Tax		132.07
Provision for Taxation for earlier years		<u>2.00</u>
PROFIT AFTER TAXATION		770.16
Less: Profit applicable to Minority Interest		<u>(0.47)</u>
		769.69
Balance Brought forward from Previous Year		821.61
Transfer from General Reserve		<u>3.97</u>
BALANCE AVAILABLE FOR APPROPRIATION		1,595.27
APPROPRIATIONS		
Proposed Dividend (subject to tax)		416.35
Transfer to General Reserve		<u>551.76</u>
Balance Carried to Balance Sheet		<u>627.16</u>
Earnings per share-basic and diluted (Note 11)		Rs. 8.13
Notes on the Accounts	17	

Schedules 1 to 17 annexed hereto form part of these accounts.
Per our report attached

For **A.F. FERGUSON & CO.**
Chartered Accountants

A.C. GUPTA
Partner
Hyderabad
August 31, 2002

A. VASUDEVAMURTHY
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For and on behalf of the Board of Directors

S. PRAMANIK
Managing Director

K.N. VENKATASUBRAMANIAN
Chairman



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	<u>(Rupees Lakhs)</u>	<u>31.03.2002</u> <u>(Rupees Lakhs)</u>
Schedule 1		
SHARE CAPITAL		
AUTHORISED		
1,50,00,000 Equity shares of Rs. 10 each		<u>1,500.00</u>
ISSUED AND SUBSCRIBED		
80,01,747 Equity shares of Rs. 10 each fully paid of the above		<u>800.17</u>
(a) 93,005 shares are allotted as fully paid up pursuant to a contract without payment being received in cash		
(b) 52,15,025 shares are allotted as fully paid up bonus shares by capitalisation of Reserves.		
(c) Pursuant to the merger scheme as approved by BIFR, 3,03,747 Equity shares have been allotted effective 31st March, 1999 to the shareholders of IDL Salzbau (India) Limited.		
 Schedule 1A		
SHARE CAPITAL SUSPENSE		
58,70,000 Equity shares of Rs. 10 each fully paid, to be issued pursuant to Scheme of Amalgamation of Gulf Oil India Limited with the Company		587.00
 Schedule 2		
RESERVES AND SURPLUS		
Capital Reserve on Consolidation		9.05
CAPITAL RESERVE		
At commencement of the year		8.25
SHARE PREMIUM		
At commencement of the year	489.63	
Add: On Amalgamation (Note 3)	2,748.00	
	<u> </u>	3,237.63
EXPORT ALLOWANCE RESERVE		
At commencement of the year		10.50
DEBENTURE REDEMPTION RESERVE		
At commencement of the year		233.31
GENERAL RESERVE		
At commencement of the year	7,731.25	
Less: Deferred tax adjustment on initial adoption [Note 9 (iii)]	1,091.24	
Transfer to Profit & Loss Account	3.97	
	<u> </u>	6,636.04
Add: On Amalgamation (Note 3)	1,612.87	
Add: Transfer from Profit & Loss Account	551.76	
	<u> </u>	8,800.67
Profit and Loss Account		<u> </u> <u>627.16</u> <u>12,926.57</u>



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	<u>(Rupees Lakhs)</u>	<u>31.03.2002</u> <u>(Rupees Lakhs)</u>
Schedule 3		
SECURED LOANS		
(A) Debentures		
15% Non-Convertible Debentures privately placed with Unit Trust of India		300.00
(B) From Banks		
(i) Cash Credit (includes Working Capital Demand Loan of Rs. 2378.98 Lakhs; 31.03.2001 - Rs. Nil)		3,700.48
(ii) Overdraft against term deposit receipts		2,967.49
(iii) Foreign Currency Loan		1,437.73
Others		
(iv) Term Loans		
(a) Centurion Bank		321.23
(b) State Bank of Hyderabad		1,570.11
(c) ICICI Ltd.		390.00
(d) Jammu & Kashmir Bank		240.00
(e) Andhra Bank		3.94
(C) Other Loans		
(i) National Horticulture Board		20.55
(ii) Indian Renewable Energy Development Authority Soft Loan		10.66
(D) Interest accrued and due on loans taken over from IDL Salzbau(India) Limited payable to Housing and Urban Development Corporation		211.81
(E) Interest accrued and due		42.36
		<u>11,216.36</u>
Schedule 4		
UNSECURED LOANS		
Fixed Deposits [See note 6(i)] (interest accrued and due Rs. 44.38 lakhs)		1,558.23
Deferred Hire Purchase Credits (Due within a year Rs. 35.34 lakhs)	58.28	
Less: Interest in respect of future instalments	<u>9.72</u>	
		48.56
Sales Tax deferment [see note 10(b)]		66.16
Deferred Credits (due within a year Rs. 29.84 lakhs)		44.76
Short term:		
Dealers' deposits		144.97
Others		10.00
		<u>1,872.68</u>



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

Schedule 5 FIXED ASSETS

(Rupees Lakhs)

	COST					DEPRECIATION					NET BOOK VALUE
	31.03.01	Additions on amalgamation of GOIL	Additions	Deductions	31.03.02	31.03.01	Additions on amalgamation of GOIL	For the Year	On deductions	31.03.02	31.03.02
Assets on Own Use											
Land-Freehold	138.21	109.62	14.47	—	262.30	—	—	—	—	—	262.30
Land-Leasehold	36.46	—	—	18.98	17.48	6.13	—	0.18	3.02	3.29	14.19
Buildings	1,224.52	809.08	181.60	31.56	2,183.64	480.93	152.24	36.50	9.73	659.94	1,523.70
Leasehold Improvements	6.80	—	—	—	6.80	6.80	—	—	—	6.80	—
Plant & Machinery	6,122.48	1,650.32	2,052.06	160.27	9,664.59	3,238.78	765.15	396.39	150.63	4,249.69	5,414.90
Furniture & Fixtures	298.95	452.59	79.36	0.94	829.96	196.31	234.53	40.65	16.81	454.68	375.28
Vehicles	348.65	203.49	140.78	62.27	630.65	204.56	92.30	35.25	24.51	307.60	323.05
Technical Knowhow	165.07	—	—	—	165.07	158.57	—	3.49	—	162.06	3.01
Live Stock	12.00	—	0.32	1.56	10.76	—	—	—	—	—	10.76
	8,353.14	3,225.10	2,468.59	275.58	13,771.25	4,292.08	1,244.22	512.46	204.70	5,844.06	7,927.19
Assets on Lease											
Vehicles	3.90	—	—	—	3.90	1.48	—	0.37	—	1.85	2.05
Furniture & Fixtures	33.60	—	—	—	33.60	9.98	—	5.14	—	15.12	18.48
Plant & Machinery	—	200.45	—	—	200.45	—	200.45	—	—	200.45	—
	8,390.64	3,425.55	2,468.59	275.58	14,009.20	4,303.54	1,444.67	517.97	204.70	6,061.48	7,947.72

- Notes:
- (1) Assets costing Rs. 91.11 lakhs have been acquired on hire purchase, the legal ownership of which will be transferred to the Company after the final payment.
 - (2) Freehold Land Rs. 25.14 lakhs acquired from ISIL is yet to be registered in the name of the Company.

31.03.2002
(Rupees Lakhs)

Schedule 6 INVESTMENTS - LONG TERM

At cost

UNQUOTED

TRADE INVESTMENTS

500 Shares of Rs. 10 each in IDL Chemicals Employees' Co-operative Credit Society Limited, Hyderabad	0.05
500 Shares of Rs. 10 each in IDL Chemicals Employees' Co-operative Credit Society Limited, Rourkela	0.05
10,00,000 Units of Rs. 10 each in Institutional Investors Special Fund Unit Scheme 1997 (IISFUS) of Unit Trust of India	100.00
27,978 units of Rs. 10 each in UTI Bond Fund of Unit Trust of India	2.97

OTHER INVESTMENTS

Pachora Peoples Co-operative Bank Limited 2 shares of Rs. 100 each fully paid up	—
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QUOTED

NON-TRADE INVESTMENTS

Hinduja TMT Limited	
4,51,292 Equity shares of Rs. 10 each (Market value 31.03.2002 Rs. 1037.97 lakhs)	295.67
Jammu & Kashmir Bank Ltd.	
2,400 Equity Shares of Rs. 10 each fully paid up (Market value 31.03.2002 Rs. 1.75 lakhs)	0.91
Indusind Bank Limited	
3,600 Equity Shares of Rs. 10 each fully paid (Market value 31.03.2002 Rs. 0.60 lakhs)	1.62
	401.27

Notes:

1. Aggregate Carrying cost of quoted investments	298.20
2. Aggregate Market Value of quoted investments	1,040.32
3. Aggregate cost of unquoted investments	103.07



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

31.03.2002
(Rupees Lakhs)

Schedule 7

INVENTORIES

At lower of cost and net realisable value

Stores & Spares	72.31
Packing Materials and Fuel	182.66
Raw Materials	3,764.78
Work-in-Process	406.54
Finished Goods	2,408.24
Excise Duty on Finished Goods	445.87
	7,280.40

Schedule 8

SUNDRY DEBTORS - UNSECURED

(a) Debts outstanding for a period exceeding six months:	
Considered good	3,179.60
Considered doubtful	818.05
(b) Other Debts:	
Considered good	7,783.27
	11,780.92
Less: Provision for doubtful debts	818.05
	10,962.87

Schedule 9

CASH AND BANK BALANCES

Cash/cheques on hand	235.60
Remittances in transit	15.21
With Scheduled Banks @:	
Current Account	881.49
Fixed Deposits/Margin account	3,469.85
	4,602.15

@ including Rs. 141.19 lakhs in Export Earner's Foreign currency account.

Schedule 10

LOANS AND ADVANCES

(Unsecured, considered good unless otherwise specified)

Loan to Companies	2,000.00
Advance tax (net of provisions)	281.55
Advances recoverable in cash or in kind or for value to be received:	
Considered good	2,747.71
Considered doubtful	52.23
	2,799.94
Less: Provision for doubtful advances	52.23
	2,747.71
Balance with Excise Authorities on Current Account	128.67
	5,157.93

Schedule 11

CURRENT LIABILITIES

Acceptances	793.34
Sundry Creditors	9,446.62
Unpaid/Unclaimed Dividends	23.76
Interest accrued but not due	75.05
	10,338.77



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

31.03.2002
(Rupees Lakhs)

Schedule 12

PROVISIONS

Proposed dividend	416.35
Miscellaneous — Leave encashment	52.96
	<u>469.31</u>

Schedule 13

MISCELLANEOUS EXPENDITURE

(to the extent not written off or adjusted)

Payments under Voluntary Retirement Scheme	1,458.77
Deferred Revenue Expenses	26.32
Software Expenditure	8.66
Camp site Expenditure	6.52
Preliminary Expenses	0.33
Farm Development Expenditure	13.43
	<u>1,514.03</u>

Schedule 14

OTHER INCOME

2001-02
(Rupees Lakhs)

Dividend	
— Trade Investments	9.03
— Other Investments	15.14
Profit/(loss) on Sale/Scrap of Fixed Assets	175.57
Profit on sale of investments — Long term	113.54
Miscellaneous	64.97
	<u>378.25</u>

Schedule 15

COST OF MATERIALS

Raw Materials Consumed:

Opening Stock	821.09
Add : Purchase	10,025.83
Stocks taken over from M/s GULF OIL India Limited	3,257.27
	<u>14,104.19</u>
Less: Closing Stock	3,764.78
	<u>10,339.41</u>

Purchase of Finished Goods

106.28

(Increase)/Decrease in Finished Goods and Work-in-Process:

Closing Stock	
Finished Goods	2,408.24
Work-in-Process	406.54
	<u>2,814.78</u>

Opening Stock:

Finished Goods	1,390.81
Work-in-Process	336.45
Stocks taken over from M/s GULF OIL India Limited	1,321.14
	<u>3,048.40</u>

233.62

Packing Materials Consumed

766.38

11,445.69

Less: Scrap realisation

143.21

11,302.48



SCHEDULES TO THE CONSOLIDATED ACCOUNTS

	2001-02 (Rupees Lakhs)
Schedule 16	
EXPENSES	
Payments to and provisions for Employees:	
Salaries, Wages and Bonus	
Contribution to Provident Fund, Gratuity Fund and other Funds	2,949.78
Workmen and Staff Welfare Expenses	543.68
	368.89
	<u>3,862.35</u>
Interest Expense:	
On Debentures and Fixed Loans	572.02
Others	452.84
	<u>1,024.86</u>
Less: Interest Income (Gross): (Tax deducted at source Rs. 120.53 Lakhs)	
— On Investment	4.13
— On deposits, income-tax refunds, loans to employees	691.01
	<u>695.14</u>
	<u>329.72</u>
Stores, Spare Parts and Loose Tools consumed	133.19
Processing Charges	624.71
Power, Fuel and Water	509.76
Rent	64.93
Rates and Taxes	129.12
Expenses on Operation Contracts	776.98
Insurance	122.37
Advertising	105.90
Distribution Expenses	1,252.75
Commission on Sales	102.67
Discount on Sales	309.90
Repairs to Buildings	38.63
Repairs to Machinery	159.66
Travelling Expenses	200.54
Bank charges and other Financial charges	187.39
Directors' Fees	5.18
Postage, Telephone and Telex	123.97
Agriculture & Farm Maintenance	35.60
Diminution in value of investment	6.25
Legal & Professional charges	94.76
Bad Debts, advances, deposits written off	0.12
Miscellaneous expenditure written off	
Payments under Voluntary Retirement Scheme	177.99
Deferred Revenue expenses	28.01
Camp site Expenditure	2.50
Software expenditure	4.33
Development Expenses written Off	3.57
Preliminary Expenses	0.13
Miscellaneous	478.94
	<u>9,871.92</u>