



**REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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.

**2. BOARD OF DIRECTORS**

(A) Composition: The Board of Directors of the company headed by a Non-Executive Chairman consists of the following Directors as on 31<sup>st</sup> March, 2008 categorised as indicated below :

- (i) **Chairman (Non-Executive)** Mr. Sanjay G Hinduja
- (ii) **Non-Executive Directors:**
  - (a) Promoter Group:
    - Mr. Sanjay G Hinduja
    - Mr. Ramkrishan P Hinduja
    - Ms. Vinoo S Hinduja
    - Mr. Alain V Dujean
    - Mr. V.Ramesh Rao
    - Mr. Vinod K Dasari
    - Mr. Abin K.Das,  
*Alternate Director to Mr. Sanjay G Hinduja*
    - Mr. Camille A Nehme,  
*Alternate Director to Mr. Alain V Dujean*
    - Mr. Prabal Banerjee\*,  
*Alternate Director to Ms. Vinoo S Hinduja*
  - (b) Independent:
    - Mr. K N Venkatasubramanian
    - Mr. Pravin N Ghatalia
    - Mr. H C Asher
    - Mr. M.S.Ramachandran
    - Mr. Ashok Kini
- (iii) **Managing Director:** Mr. Subhas Pramanik

(B) Attendance of each director at the Board Meetings and the last AGM and details of membership of Directors in other Boards and Board Committees:

Name of the Director	No. of Board Meetings Attended	Whether attended last AGM	No. of Memberships of other Boards as on 31/03/08 (includes private companies)	No. of Memberships of other Committees	No. of Chairmanship in other Committees
Sanjay G Hinduja	4	Yes	5	-	-
K N Venkatasubramanian	5	Yes	10	3	4
Hemraj C Asher	6	Yes	22	5	3
A K Das	3	No	26	4	-
Alain Vincent Dujean	5	Yes	-	-	-
Pravin N Ghatalia	7	Yes	9	4	4
Ramkrishan P Hinduja	2	Yes	8	2	-
S Pramanik	7	Yes	4	-	-
V Ramesh Rao	4	Yes	3	-	-
Vinoo S Hinduja	1	No	2	-	-
M.S.Ramachandran	5	Yes	2	-	-
Ashok Kini	5	Yes	3	2	1
Vinod K Dasari	5	Yes	3	-	-
Camille A Nehme	1	Yes	-	-	-
Prabal Banerjee*	3	Yes	4	-	-

\* effective 28<sup>th</sup> September, 2007



(C) Brief profiles of the Directors being appointed/reappointed have been given in the Directors' Report.

(D) **Details of Board Meetings held during the Year 2007 – 2008:**

Date of the Meeting	Board Strength	No. of Directors Present
25.05.2007	12	9
15.06.2007	12	4
24.07.2007	12	11
17.08.2007	12	4
28.09.2007	12	12
25.10.2007	12	11
30.01.2008	12	11

(E) **Code of Conduct**

The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The text of the Code of Conduct is uploaded on the website of the Company – [www.gulfoilcorp.com](http://www.gulfoilcorp.com). The Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended March 31, 2008. The Annual Report of the Company contains a Certificate duly signed by the Managing Director in this regard.

(F) **CEO & CFO Certification**

The Managing Director and the Chief Financial Officer have certified to the Board of Directors of the Company that:

- (a) They have reviewed the financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) These statements together present a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting; and that they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the Auditors and the Audit Committee:
  - (i) significant changes in internal control over financial reporting during the year;
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

(G) Shares held by non- executive Directors

Mr H C Asher held 3750 (of Rs. 2/- each) equity shares of the Company as on 31.03.2008 and none of the other non-executive Directors holds any shares in the Company.

### 3. AUDIT COMMITTEE

The Audit Committee was constituted in February 1987. The current terms of reference are in full conformity with the requirements of Section 292A of the Companies Act, 1956.

Composition

Chairman: Mr. Pravin N Ghatalia  
 Members: Mr. Hemraj C Asher  
 Mr Ashok Kini

**Meetings and Attendance:**

Audit Committee Meetings held during the year 2007 – 08 and attendance details:

Date of the Meeting	Committee Strength	No. of Directors present
24.05.2007	3	2
24.07.2007	3	3
25.10.2007	3	3
19.12.2007	3	3
30.01.2008	3	3
25.03.2008	3	3

Company Secretary / Deputy Company Secretary / Assistant Company Secretary of the Company is the Secretary to the Committee.

Mr. S Pramanik, Managing Director was invitee for all the Audit Committee Meetings. Chief Financial Officer / Vice President (Finance) and Senior General Manager (Internal Audit) attended all the meetings.

The Statutory Auditors of the Company were invited to join the Audit Committee in all the meetings for discussing the quarterly unaudited financial results and the Annual 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.

**4. SUBSIDIARIES**

There are no material non-listed Indian subsidiaries of the Company.

**5. REMUNERATION COMMITTEE**

The terms of reference are, review of the compensation policy for the Executive Directors. Accordingly, they are authorised to negotiate, finalise and approve the remuneration for Managing Director/ Whole-time Directors on behalf of the Company.

Composition

Chairman: Mr.Pravin N Ghatalia  
 Member: Mr.H C Asher  
 Ms.Vinoo S Hinduja  
 Mr. M. S. Ramachandran (*w.e.f. 24.05.2008*)

**Meetings and Attendance**

Date of the Meeting	Committee Strength	No. of Directors present
24.07.2007	2	2

**Remuneration policy****i) 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.

**ii) (a) For Non- Executive Directors**

An amount of Rs. 20,000/- for each Board Meeting, Audit Committee Meeting and Meeting of the Committee of Directors, and Rs.5,000/- for each Remuneration Committee and Rs. 2,000/- for each Share Transfer Committee Meeting and Rs.12,000/- for each meeting of the Organisational Development Committee plus reimbursement of actual travel and incidental expenditure not exceeding Rs.2,000/- is paid (as per the provisions of Section 309, 310 of the Companies Act, 1956).



Non-executive Directors (Sitting Fees only)	Rs. in lakhs
Mr. Sanjay G. Hinduja	1.20
Mr. Ramkrishan P. Hinduja	0.40
Mr. K N Venkatasubramanian	1.60
Mr. Pravin N. Ghatalia	3.25
Mr. H C Asher	3.85 #
Mr. Alain V. Dujean	1.00
Ms. Vinoo S Hinduja	0.20
Mr. Abin K. Das	0.80
Mr.M.S.Ramachandran	1.42
Mr.V.Ramesh Rao	0.80
Mr Ashok Kini	2.58
Mr Vinod K Dasari	1.08
Mr Camille A Nehme	0.00
Mr. Prabal Banerjee ##	1.00
<b>Total</b>	<b>19.18</b>

# out of Rs. 3.85 lakhs, an amount of Rs. 1.60 lakhs pertains to the meetings held in the previous financial year.

## appointed as Alternate Director effective 28<sup>th</sup> September, 2007

**(b) For Executive Directors**

(Rs. in lakhs)

	Managing Director
Salaries	34.53
Commission	2.62
Contribution to Provident Fund and Superannuation Fund	5.83
Benefits	2.28
<b>Total</b>	<b>45.26</b>

Having regard to the fact that there is a global contribution to Gratuity Fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to Gratuity Fund has not been considered in the above computation.

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

**6. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

Composition : 3 Directors

Chairman : Mr. Ashok Kini #  
M S Ramachandran ##

Members : Mr. S Pramanik  
Mr. Vinod K Dasari

# effective from 25.10.2007

## upto 25.10.2007

The Shareholders / Investors Grievance Committee specifically looks into redressing of shareholders/ investors complaints in matters such as transfer of shares, non-receipt of declared dividends and ensure expeditious share transfer process.

Number of Shareholders Complaints received so far : 108

Not solved to the satisfaction of the shareholders : NIL

**7. GENERAL BODY MEETINGS**

Location, time and venue where last three AGMs held

Financial Year	Location of AGM	Date & Time of AGM
2006 - 07	Emerald – 1, Hotel Taj Krishna, Banjara Hills, Hyderabad	28.09.2007, 2.30 p. m.
2005 - 06	'Kohinoor', Hotel Taj Residency, Banjara Hills, Hyderabad	27.09.2006, 2.30 p. m.
2004 - 05	Convention Centre, Hotel Viceroy, Tank Bund Road, Hyderabad	01.08.2005, 10.30 a. m.

**Special Resolutions**

Special resolutions were passed at the annual general meetings as under:

- i) AGM held on 1<sup>st</sup> August 2005 – 5 Special resolutions
- ii) AGM held on 27<sup>th</sup> September 2006 – 1 Special resolution
- iii) AGM held on 28<sup>th</sup> September 2007 – 5 Special resolutions

No Special resolution that requires approval through postal ballot was passed in the previous year. No Special resolution which requires approval through postal ballot is proposed to be conducted at the ensuing AGM.

**8. DISCLOSURES****Related Parties**

There were no materially significant related party transactions which may have potential conflict with the interests of the Company at large. Confirmation has been placed before the Audit Committee and the Board that all related party transactions during the year under reference were in the ordinary course of business and on arm's length basis. Transactions with related parties are disclosed in Note.19 of the Schedule 18 to the Accounts in the Annual Report.

**BOARD DISCLOSURES - Risk Management**

The Company has laid down procedures to inform the Board of the Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

**9. STRICTURES AND PENALTIES**

There were no strictures or penalties imposed on the Company by either Stock Exchanges or SEBI or any Statutory Authority for non-Compliance on any matter related to Capital Market during the last three years.

**10. MEANS OF COMMUNICATION**

The quarterly and half yearly reports, are normally published in the Economic Times / Business Standard in two centers – Mumbai and Hyderabad, in the local newspaper – Andhra Prabha / Andhra Bhoomi and are displayed on the Website of the Company [www.gulfoilcorp.com](http://www.gulfoilcorp.com). During the year no presentations were made to institutional investors or to the analysts.

The Management Discussion and Analysis Report forms part of the Directors' Report.

**11. GENERAL SHAREHOLDERS INFORMATION****Annual General Meeting :**

Date	-	25 <sup>th</sup> September, 2008
Venue	-	Hotel Taj Krishna, Banjara Hills, Hyderabad-34
Time	-	2.30 p.m.

**Financial Calendar :**

- Unaudited results for 1<sup>st</sup> quarter of next Financial Year – by 31.07.2008
- Unaudited results for 2<sup>nd</sup> quarter of next Financial Year – by 31.10.2008
- Unaudited results for 3<sup>rd</sup> quarter of next Financial Year – by 31.01.2009
- Audited results for next Financial Year – by 30.06.2009

Date of Book Closure – 16<sup>th</sup> September, 2008 to 25<sup>th</sup> September, 2008

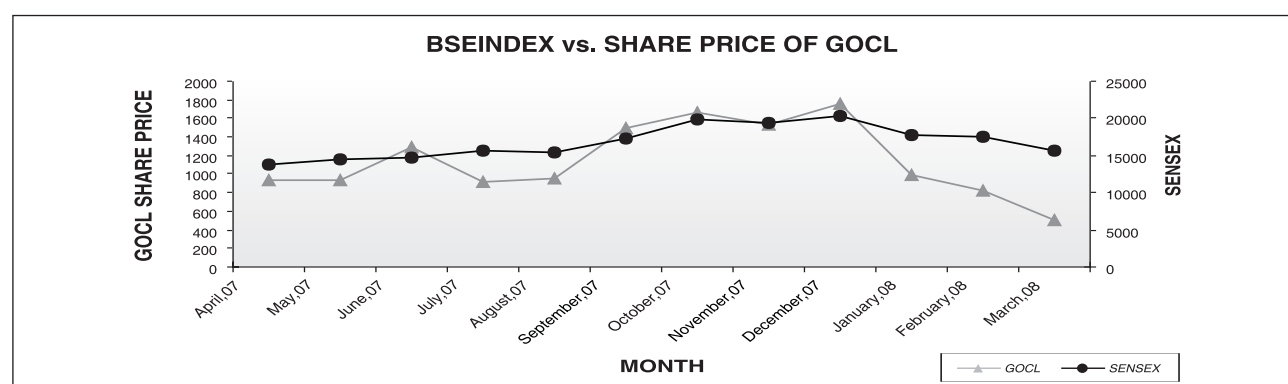
Date of Dividend Payment – 4<sup>th</sup> October, 2008

Listing of Equity Shares – Bombay Stock Exchange Limited – Code 506480

National Stock Exchange of India Ltd – Code GULFOILCOR

Market Price Data (in Rupees) in respect of the Company's shares on BSE, monthly high and low during the last Financial Year

Month & Year	High (Rs.)	Low (Rs.)
April, 2007	1085.00	818.00
May, 2007	1025.00	877.20
June, 2007	1394.30	841.10
July, 2007	1318.40	900.00
August, 2007	1000.00	841.00
September, 2007	1567.00	976.00
October, 2007	1865.00	328.90*
November, 2007	349.95*	258.80
December, 2007	362.40	265.00
January, 2008	387.00	173.25
February, 2008	214.75	151.55
March, 2008	163.15	93.10



Note : Face value of 1 equity share of Rs. 10 each, was split into 5 shares of Rs. 2 each, from 2<sup>nd</sup> November, 2007. However, share price on the graph is consolidated into 5 shares, for uniform depiction.

Distribution of Shareholding as on 31.03.2008

Paid up Share Capital	Shareholders		No. of Shares	
	No.	%	No.	%
Up to 5000	55590	98.88	5557356	7.47
5001 – 10000	322	0.57	1195637	1.61
10001 – 20000	145	0.26	1042002	1.40
20001 – 30000	46	0.08	574728	0.77
30001 – 40000	21	0.04	374080	0.50
40001 – 50000	26	0.05	594539	0.80
50001 – 100000	17	0.03	688111	0.93
100001 and above	51	0.09	64332282	86.52
<b>Total</b>	<b>56218</b>	<b>100.00</b>	<b>74358735</b>	<b>100.00</b>

Pattern of Shareholding as on 31.03.2008

Category	No. of Holders	No. of Shares	% of Share Holding
Promoters	1	34004900	45.73
Public :			
Institutional Investors:			
Mutual Funds & UTI, Banks,			
Financial Institutions & Others	10	4863193	6.54
Private Corporate Bodies	868	16728013	22.50
Indian Public	55140	11140174	14.98
NRIs/ OCBs	192	4206813	5.66
FII's	7	3415642	4.59
<b>GRAND TOTAL</b>	<b>56218</b>	<b>74358735</b>	<b>100.00</b>



Dematerialisation of shares and liquidity – 71650640 shares were dematerialized amounting to 96.36% of the total paid up capital. Shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and frequently traded on both the Exchanges.

**Details of Share Transfer System:**

The authority relating to approval of share transfers has been delegated to the Share Transfer Committee consisting of Mr. Ashok Kini, Chairman (Mr. M S Ramachandran till 25.10.2007), Mr. S Pramanik and Mr. Vinod K Dasari. The Committee has met four times during the year for approving transfers, transmissions, etc. Operations with regard to dematerialization are being complied with, in conformity with the regulations prescribed.

The name and designation of Compliance Officer : Mr. S Subramanian, CFO & Company Secretary

The Registrar and Share Transfer Agents are handling all the share transfers and related transactions.

As on March 31, 2008, there were no requests pending for demats / overdue beyond the due dates.

**Plant Locations:**

- A. Explosives** : Explosives Division, Hyderabad, AP  
Explosives Division, Rourkela, Orissa
- B. Lubricants** : Lubes Division, Silvassa
- C. Speciality Chemicals** : Pashamylaram, Hyderabad

**Details of Addresses for Correspondence:**

**Registered Office**

GULF OIL Corporation Limited  
Kukatpally, Sanathnagar (IE) PO  
HYDERABAD 500 018  
Ph – 91 40 2381 0671 – 79  
Fax – 91 40 2381 3860  
E-mail : [secretarial@gulfoilcorp.com](mailto:secretarial@gulfoilcorp.com)  
[www.gulfoilcorp.com](http://www.gulfoilcorp.com)

**Registrar and Share Transfer Agents**

M/s. Sathguru Management Consultants  
Private Limited  
Plot No. 15, Hindi Nagar  
Behind Saibaba Temple  
Panjagutta  
Hyderabad 500 034  
Ph – 91 40 2335 6507/ 6975  
Fax – 91 40 4004 0554  
[sta@sathguru.com](mailto:sta@sathguru.com)

**ISIN for the Equity Shares**

IN E 077F01027

**Dividend for the last three years**

2007 – 08: 75%  
2006 – 07: 75%  
2005 – 06: 70%

**12. NON MANDATORY REQUIREMENTS**

The Board has constituted a Remuneration Committee and the terms of reference of this Committee are given in para 5 above.

**Whistle Blower Policy**

The Company is in the process of establishing a structured mechanism for employees to report to the management, concerns about unethical behaviour or violation of the Code of Conduct.

**DIRECTORSHIPS IN OTHER COMPANIES**

**List of outside Company Directorships:**

<b>Pravin N Ghatalia</b>	<b>V Ramesh Rao</b>	<b>Vinoo S Hinduja</b>	<b>Mr. M.S. Ramachandran</b>
1. Ashok Leyland Ltd 2. Ennore Foundries Ltd 3. Star Paper Mills Ltd 4. Reliance Infratel Ltd 5. Kamat Hotels (India) Ltd 6. SI Group India Ltd 7. Cinemax India Ltd 8. Foseco India Ltd 9. Vista Entertainment Pvt Ltd	1. Jaykamal Coco Care Pvt Ltd 2. Jaykamal Consultancy Services Pvt Ltd 3. GULF Ashley Motors Ltd	1. Hinduja Ventures Ltd (formerly Hinduja TMT Limited) 2. Hinduja Group India Ltd	1. Supreme Petro Chemicals Ltd.

**Chairman of the Board of Directors of other Companies**

-	-	-	1. Cals Ltd.
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**Chairman/Member of the Committees of Directors of other Companies in which he/she is a Director**

<b>a) Audit Committee</b>	-	-	-
1. Ashok Leyland Ltd			
2. Ennore Foundries Ltd			
3. Kamat Hotels ( India) Ltd			
4. SI Group India Ltd			
5. Cinemax India Ltd			
6. Foseco India Ltd			
7. Reliance Infratel Ltd			
<b>b) Investors/ Shareholders Grievance Committee</b>	-	-	-
1. Reliance Infratel Ltd			
<b>c) Other Committee</b>			



## **DECLARATION ON CODE OF CONDUCT**

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2008, as envisaged in Clause 49 of the Listing Agreement with stock exchanges.

Place: Hyderabad  
Date : May 19, 2008

**S. PRAMANIK**  
**Managing Director**

## **AUDITORS' CERTIFICATE**

To the Members of GULF OIL Corporation Limited

1. We have examined the compliance of conditions of Corporate Governance by GULF OIL Corporation Limited for the year ended 31<sup>st</sup> March, 2008 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of 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.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with conditions of the Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
4. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells,**  
Chartered Accountants

Place: Mumbai  
Date : May 24, 2008

**K. RAJASEKHAR**  
**Partner**  
**M.No. 23341**