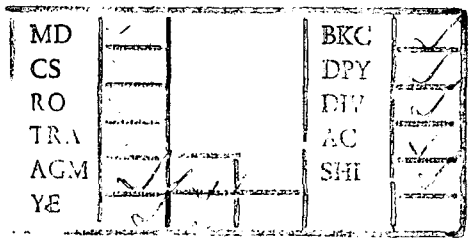
SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

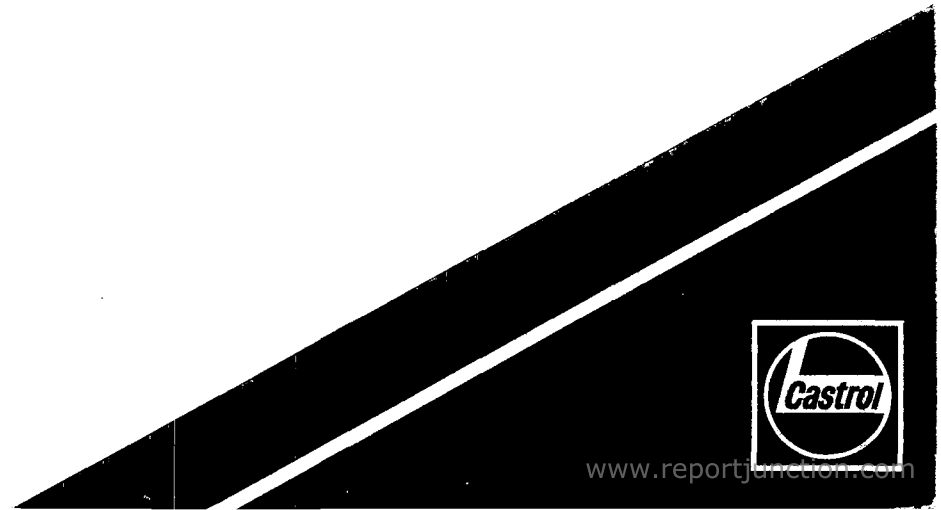




ReportJunction.com

Castrol India Limited

ANNUAL REPORT 1997



www.reportjunction.com

www.reportjunction.com

To the Limit and Beyond...

1997 was a Golden Year for Castrol in Motorsports, with seven world motor racing championships on both two wheels and four wheels and bringing home the fastest man on earth. The picture shown on the cover and on this page depicts the Thrust SSC - the world's fastest vehicle on land.

On 25th September, 1997, the Castrol-sponsored Thrust SSC set a new World Land Speed Record of 714.144 mph. But the Thrust SSC team was not willing to rest on its laurels and on 15th October, 1997, Thrust SSC set yet another world record, officially becoming the first vehicle to break the sound barrier on land, reaching a speed of 763.035 mph.



REPORT JUNCTION.COM

Mountains are meant to be climbed. Seas are meant to be crossed. Records are meant to be broken. Castrol India has risen to the challenges posed by an uncertain economy, competitive pressures and demanding consumers, breaking records of performance year after year. Whether it be on the racing track or in the market place, Castrol has always stretched itself to the limit. And then beyond. Because that's the stuff champions are made of !

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net



Contents

2	Financials
5	Directors' Report
8	Auditors' Report
10	Balance Sheet
11	Profit and Loss
12	Schedules

Board of Directors

S.M. Datta	*Chairman*
R.A. Savoor	*Chief Executive & Managing Director*
A.M. Doshi	*Finance Director*
J. Goswami	*Operations Director*
I.N. Pringle	
D.J.K. Moss	
D.S. Parekh	
N.U.T. Kenney	

Company Secretary & General Manager Legal

M.H. Thanawala

Bankers

The Hongkong & Shanghai Banking Corporation Ltd.
Citibank N.A.
Canara Bank
Bank of India
State Bank of India
Barclays Bank plc.

Solicitors & Advocates

Crawford Bayley & Co.
Dhru & Co.

Auditors

Price Waterhouse

Registered Office

White House,
91, Walkeshwar Road,
Mumbai 400 006.

Share Department

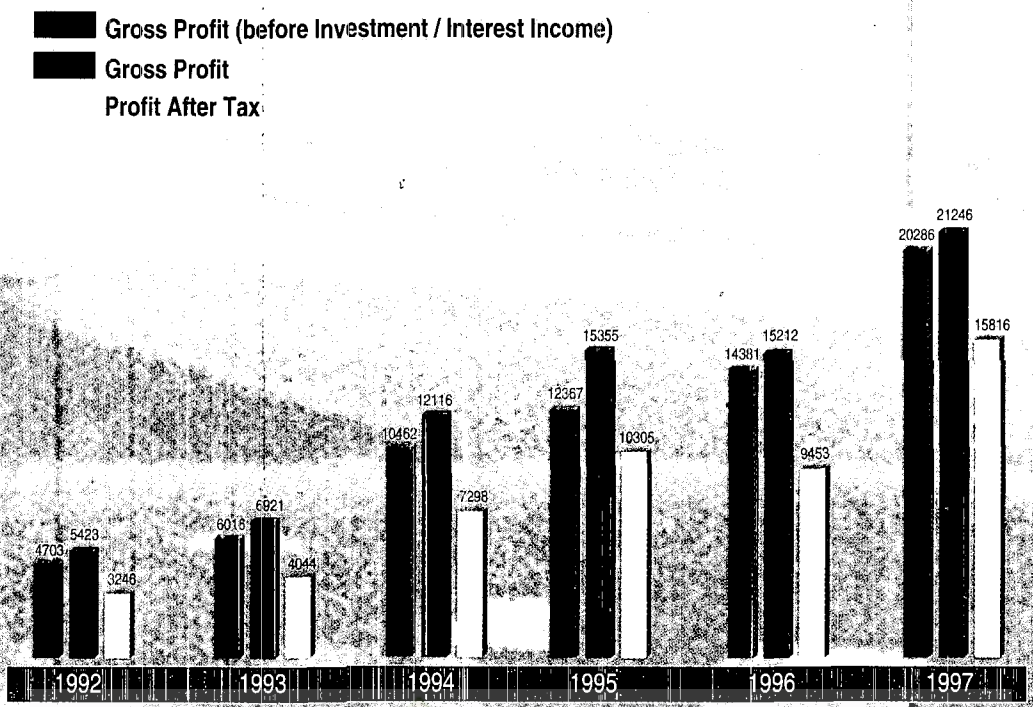
White House Annexe,
91, Walkeshwar Road,
Mumbai 400 006.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

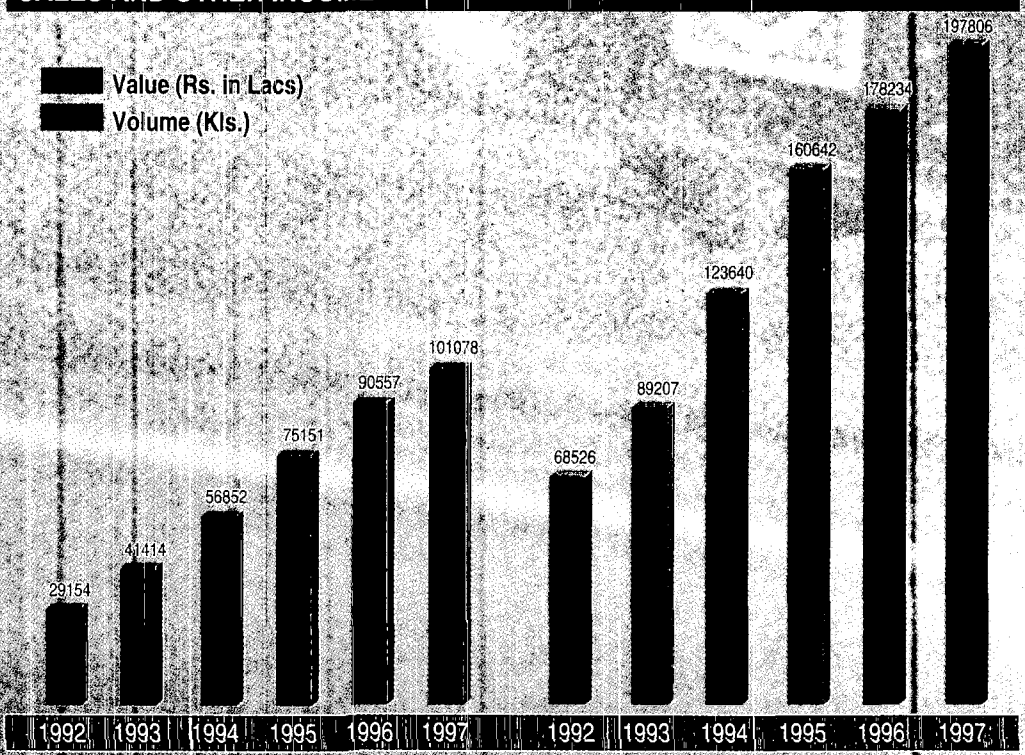
Financials

PROFITS (Rs. in Lacs)



ReportJunction.com

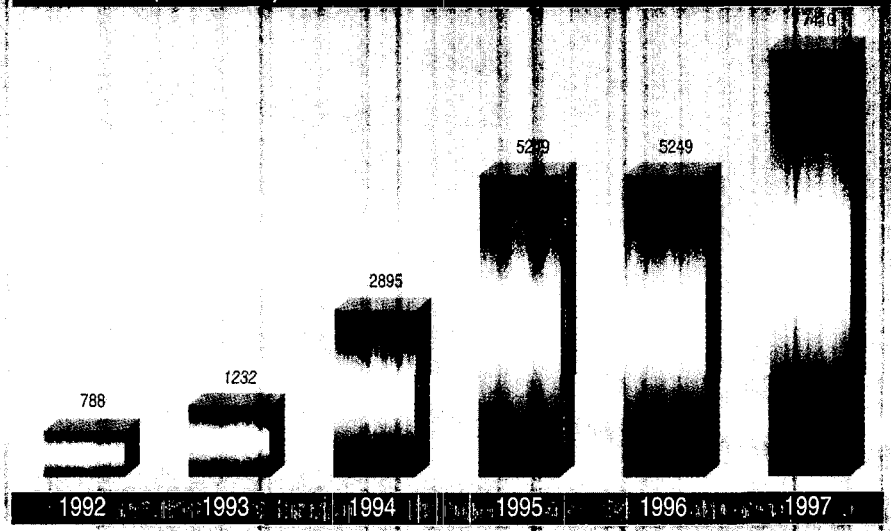
SALES AND OTHER INCOME



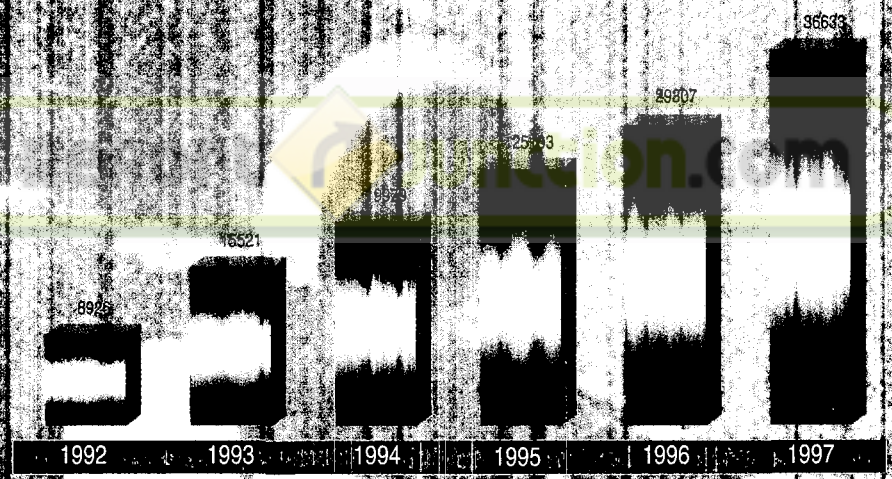
www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

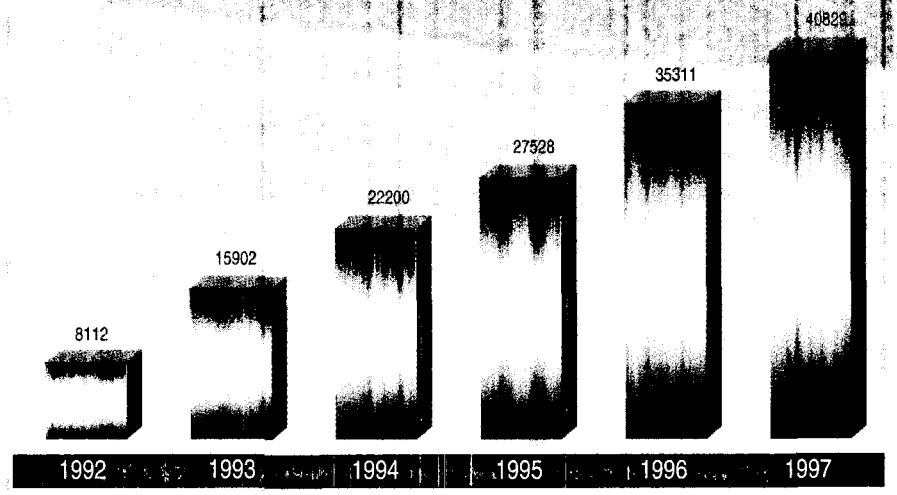
DIVIDEND (Rs. in Lacs)



NET WORTH (Rs. in Lacs)



CONTRIBUTION TO EXCHEQUER (Rs. in Lacs)



www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Financials

A — FINANCIAL HIGHLIGHTS

Year	1997	1996	1995	1994	1993	1992	1991 (Apr.-Dec.)	1990-91	1989-90 (July-Mar.)	1988-89
						Rupees in Lacs				
Sales and Other Income	**101078**	90557	75151	56852	41414	29154	16885	18825	11890	15714
Raw Materials Consumed	**48933**	50792	41583	31613	28161	19791	11013	12481	9014	11886
Excise Duty	**13186**	9795	6804	4612	519	260	356	328	194	273
Expenses	**17104**	13060	10272	7618	4752	2935	1897	2200	1491	1982
Interest	**609**	1698	1137	893	1061	745	377	416	408	397
Gross Profit (Before Investment/ Interest Income)	**20286**	14381	12367	10462	6016	4703	3063	3270	761	1127
Gross Profit	**21246**	15212	15355	12116	6921	5423	3242	3400	783	1176
Depreciation	**680**	449	258	258	201	137	95	142	117	139
Profit Before Extraordinary Item and Taxation	**20566**	14763	15097	11858	6720	5286	3147	3258	666	1037
Depreciation for earlier year charge/(write back)	**—**	—	(608)	—	61	—	—	—	—	—
Profit Before Taxation	**20566**	14763	15705	11858	6659	5286	3147	3258	666	1037
Taxation	**4750**	5310	5400	4560	2615	2040	1360	1150	215	310
Profit After Taxation	**15816**	9453	10305	7298	4044	3246	1787	2108	451	727
Debenture Redemption Reserve	**—**	—	—	45	32	—	56	56	56	56
Dividend‡	**7410**	5249	5249	2895	1232	788	443	443	166	190
Retained Earnings†	**7325**	4204	5056	4358	2780	2458	1288	1609	229	481
Gross Fixed Assets*	**17331**	14499	8541	5175	3848	2900	2310	2108	2024	1938
Net Fixed Assets*	**15021**	12849	7321	3469	2380	1584	1178	1074	1141	1173
Investments	**8051**	6250	11743	14934	9901	4007	2203	1646	111	326
Net Current Assets	**14307**	15273	10741	6568	8002	7725	5791	5692	4745	5504
Miscellaneous Expenses	**—**	—	—	—	—	11	—	—	—	—
Share Capital	**6175**	6175	6175	3859	1930	1576	985	985	616	616
Reserves & Surplus*	**30458**	23132	18928	16120	13591	7350	5532	4197	2914	2626
Net Worth	**36633**	29307	25103	19979	15521	8926	6517	5182	3530	3242
Borrowings	**747**	5065	4703	4992	4763	4401	2655	3230	2467	3761
	Rupees									
Earnings per Share**	**25.61**	15.31	16.69	18.91	20.96	20.60	18.14§	21.40	7.32§	11.81
Dividend per Share	**12.00**	8.50	8.50	7.50	7.50‡	5.00	4.50	4.50	2.70	3.60‡
Book Value per Share**	**59.32**	47.46	40.65	51.77	80.43	56.64	66.16	52.61	57.33	52.66
Debt Equity Ratio	**0.1:1**	0.2:1	0.2:1	0.3:1	0.3:1	0.5:1	0.4:1	0.6:1	0.7:1	1.2:1

† Excluding write back of provision for Income-tax/Investment Allowance Reserve of earlier years.
* Figures for the year 1988-89 to 1992 for Gross Fixed Assets, Net Fixed Assets and Reserves and Surplus are after considering the effects of revaluation of certain Fixed Assets.
** Arrived at after considering number of Shares as at the end of the period including Right Shares/Bonus Shares issued in the relevant period.
§ Earnings per share on annualised basis Rs. 9.76 for 9 months ended 31-3-1990 and Rs. 24.19 for 9 months ended 31-12-1991.
‡ Includes Re. 0.50 in 1988-89 special for Tenth Anniversary, in respect of 1993 Rs. 2.50 special for 75th year and Re. 1.00 special for 1995.

B — CONTRIBUTION TO EXCHEQUER

	1997	1996	1995	1994	1993	1992	1991 (Apr.-Dec.)	1990-91	1989-90 (July-Mar.)	1988-89
						Rupees in Lacs				
Duty & Tax Payments	**40829**	35311	27528	22200	15902	8112	3979	4284	2026	2351

Total for 10 Financial Years Rs. 162522 Lacs.

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST DECEMBER, 1997

The Directors have pleasure in presenting their Report and Statement of Accounts for the year ended 31st December, 1997.

FINANCIAL RESULTS	For the year ended 31st December, 1997 (Rupees in Lacs)	For the year ended 31st December, 1996 (Rupees in Lacs)
Gross Profit after Interest but before Investment/Interest Income	**20285.51**	14380.77
Add: Investment/Interest Income	**960.47**	831.15
Gross Profit before Depreciation & Taxation	**21245.98**	15211.92
Deducting therefrom:		
Depreciation	**680.04**	448.74
Provision for Taxation	**4750.00**	5310.00
	15815.94	9453.18
Adding thereto:		
Balance as per last Balance Sheet brought forward	**8113.94**	5909.66
Excess provision for wealth tax for an earlier year written back	**0.58**	—
	23930.46	15362.84
The appropriations are:		
Dividend		
Interim	**2470.07**	1852.55
Proposed Final	**4940.14**	3396.35
Tax on Final Dividend 96	**339.64**	—
Tax on Interim Dividend	**247.01**	—
Tax on proposed Final Dividend	**494.01**	—
Transfer to General Reserve	**2000.00**	2000.00
Balance carried forward	**13439.59**	8113.94
	23930.46	15362.84

Report Junction.com

PERFORMANCE

Sales turnover of Rs.99303.74 Lacs was higher by 12% and sales volume of 197806 Kls. was higher by 11% as compared to the previous year. Gross profit before investment/interest income was recorded at Rs.20285.51 Lacs during the year compared to Rs.14380.77 Lacs for the previous year showing an increase of 41%. Profit after tax amounted to Rs.15815.94 Lacs compared to Rs.9453.18 Lacs of the previous year showing an increase of 67%. The increased sales volume and turnover even in the face of economic slowdown and increased competitive activity has been achieved through a judicious mix of cost control, better product mix, operational efficiency and optimum use of resources.

DIVIDEND

Interim Dividend in respect of the year ended 31st December, 1997 of Rs.4.00 per Share on 6,17,51,728 Equity Shares was paid to the shareholders of the Company whose names appeared in the Register of Members on 29th August, 1997.

The Directors recommend payment of Final Dividend of Rs.8.00 per share on 6,17,51,728 Equity Shares.

DEMATERIALISATION OF SHARES

Consequent upon the Securities and Exchange Board of India (SEBI) making dematerialisation of shares compulsory for Foreign Institutional Investors (FIIs), Financial Institutions (FIs) etc. with effect from

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

15th January, 1998, the Company was required to sign an Agreement with the National Securities Depository Limited (NSDL) as it had shareholders who were compulsorily required to dematerialise their shareholdings in the Company.

In view of the above, any member of the Company who is also desirous of dematerialising the shares held in the Company can do so by complying with the necessary formalities and for the said purpose such shareholder has to approach a SEBI registered Depository Participant.

The Company has appointed Sharepro Services to act as an agent for interface with NSDL.

FIXED DEPOSITS

The number of Depositors as at 31st December, 1997 who have not claimed their deposits and accordingly have not been paid by the Company after the due date for repayment were 95 and the amount due to them aggregated to Rs.7.03 Lacs of which deposits amounting to Rs.0.15 Lac has been repaid after the end of the financial period till the date of this Report.

DIRECTORS

Mr. R. Pandya, Marketing Director who had been associated with the Company as a member of the Board since 1994 resigned from the Board with effect from 1st January, 1998. Your Directors wish to place on record their appreciation of Mr. Pandya's contribution to the Company during his employment with the Company.

Mr. L. Smith, Director of the Company resigned from the Board on 6th February, 1998. Your Directors wish to place on record their appreciation for the guidance and advice received from Mr. Smith in the deliberations of the Board during his tenure as a Director.

Mr. N.U.T. Kenney was appointed as a Director of the Company on 6th February, 1998 in the casual vacancy caused by the resignation of Mr. L. Smith. In terms of Section 262 (2) of the Companies Act, 1956 (the Act) Mr. Kenney holds office upto the date of the ensuing Annual General Meeting. In terms of Section 257 of the Act, the Company has received a notice from a shareholder along with the requisite deposit signifying his intention to propose Mr. Kenney as a candidate for the office of Director.

Mr. A. M. Doshi and Mr. J. Goswami retire by rotation and are eligible for re-appointment.

CONSERVATION OF ENERGY

(a) Energy Conservation measures taken :

Energy conservation during the financial period has accrued as a result of :

(i) Installation of capacitor banks to improve power factor and hence reduce power consumption

(ii) Installation of jet mixers to reduce batch cycle time and heat load

(iii) Filling operations carried out using gravity head instead of pumps

(iv) Installation of translucent sheets for natural light during day time thereby reducing electricity consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :

(i) Installation of high efficiency thermic fluid heater instead of steam boiler

(ii) Installation of transformer and renovation of electrical distribution to reduce power losses.

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

These investments have led to some savings in fuel and electricity as well as improvement in productivity.

TECHNOLOGY ABSORPTION

1. The Company's R & D activities at its Technical Centre located at Wadala were integrated closely with the development in other Centres of Excellence in Castrol, particularly in the U.K., Japan, Australia and other chosen countries of relevance to the future market in India.

2. The Company's local technical development was progressed with several projects with leading Original Equipment Manufacturers such as Tata Cummins, Larsen & Toubro and Maruti Suzuki to name a few.

3. The development of cost effective and high performance products was intensified to cover a number of items in the area of engine oils, gear oils, two stroke oils and commercial engine oils. Also developed were high performance metal working fluids, rust preventives and general industrial fluids for specific customer needs.

4. Intensive technical support was provided to Company's marketing and operations activities through lab check facility as well as other types of support.

5. Development of quality systems culminated in the award of QS 9000 Certificate including ISO 9001

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

for the Technical Centre. This will enable even greater focus on product quality and continuous improvement in operations leading to better customer satisfaction.

FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Export

(a) We have exported greases to Asian Countries and earned foreign exchange of approximately US$ 50,000.

(b) Initiatives taken to export engine oils and speciality products.

(c) Exploring opportunities for supply of speciality products like Metal Working Oils to ASPAC countries.

2. Earnings and Outgo

Members are requested to refer to Note Nos. 10, 11, 12 and 13 of Schedule M forming part of the Balance Sheet and Profit and Loss Account for the year ended 31st December, 1997.

PARTICULARS OF EMPLOYEES

The information required to be published under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is given in the Annexure to this Report.

AUDITORS

Shareholders are requested to appoint Auditors and fix their remuneration. Messrs Price Waterhouse, the retiring Auditors having furnished the required Certificate under Section 224(1B) of the Companies Act, 1956 are eligible for re-appointment.

PERSONNEL

The Board wishes to place on record its sincere appreciation of the efforts put in by the Company's workers, staff and executives for achieving excellent results under tough conditions.

INVESTORS, FINANCIAL INSTITUTIONS AND BANKS

Your Directors wish to thank the Investors, Financial Institutions and the Company's Bankers for the consistent support received from them throughout the year.

On behalf of the Board of Directors
S.M. Datta
Chairman

Mumbai
Dated : 10th February, 1998

ReportJunction.com

www.reportjunction.com

SANSCO SERVICES - Annual Reports Library Services - www.sansco.net

Auditors' Report

To the Members of Castrol India Limited

1. We report that we have audited the Balance Sheet of Castrol India Limited as at December 31, 1997 and the relative Profit and Loss Account for the year ended on that date both of which we have signed under reference to this report.

2. In our opinion, and to the best of our information and according to the explanations given to us, the Balance Sheet and the Profit and Loss Account together with the notes thereon and attached thereto give in the prescribed manner, the information required by the Companies Act, 1956 and also give respectively, a true and fair view of the state of the Company's affairs as at December 31, 1997 and its profit for the year ended on that date.

3. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned accounts are in agreement therewith.

4. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 dated September 7, 1988 issued by the Central Government and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that :

   (i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.

   (b) The fixed assets of the Company have been physically verified according to a phased program designed to cover all the items over a period of two years. Pursuant to the program a physical verification was carried out during the year by the Management and no material discrepancies between the book records and the physical inventory have been noticed.

   (ii) The fixed assets of the Company have not been revalued during the year.

   (iii) The stocks of finished products, packages and raw materials of the Company at all its locations have been physically verified by the Management during the year.

   (iv) In our opinion, the procedures of physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

   (v) The discrepancies between the physical stocks and the book stocks which have been properly dealt with in the books of account were not material.

   (vi) In our opinion, valuation of stocks of finished products, packages and raw materials have been fair and proper in accordance with the normally accepted accounting principles except as indicated in Note 5 of Schedule M of the accounts regarding valuation of stocks and is on the same basis as in the previous year.

   (vii) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from the companies under the same management as defined under subsection (1B) of Section 370 of the Companies Act, 1956.

   (viii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or to the companies under the same management as defined under subsection (1B) of Section 370 of the Companies Act, 1956.

   (ix) The parties (including employees) to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amount as stipulated and are also regular in payment of interest, where applicable.

   (x) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for purchase of raw materials, packages, traded items, plant and machinery, equipment and other similar assets, and for the sale of goods.

   (xi) In our opinion, purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, and aggregating during the year to Rs. 50,000/- or more in value in

www.reportjunction.com