



HINDUSTAN  
PETROLEUM  
CORPORATION

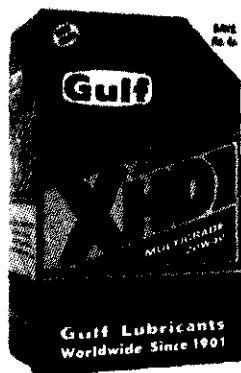


***annual report***

1999- 2000



**GULF OIL India Ltd.**



### Diesel oil to go the cosmetic route

Gulf continues its tradition of innovation with Rolapack, an innovative and user-oriented packaging that will give the humble engine oil a much needed revamp.

Users of Gulf Oil's most popular diesel engine oil XHD 20W40 will be the first to benefit.

Rolapack is a cardboard bag-in-box packaging. Extremely sturdy, it can withstand damages while handling or in transit, thus ensuring that customers won't have to worry about the pack getting dented or pierced. And unlike so many innovative packaging designs, engine oils packed in Rolapack will actually be cheaper by Rs. 4/-. With these tremendous benefits, Gulf Oil is all set to make a significant impact in the market and within the next few months, plans to launch a series of other products in Rolapack.

### e-KOOL - the convenient coolant

The current growth in the automobile industry has brought in a host of new-generation vehicles from manufacturers like Ford, Daewoo, Maruti, Honda and many others. It has also created a rapidly growing market for automobile engine coolants. Today, most motorists prefer a ready-to-use coolant, i.e. a coolant pre-mixed with water that they can pour directly into the radiator system. Unfortunately, the players so far have consisted of unorganized, local products with such a product not being offered as yet by reputed national brands.

With the introduction of e-Kool, motorists will get the

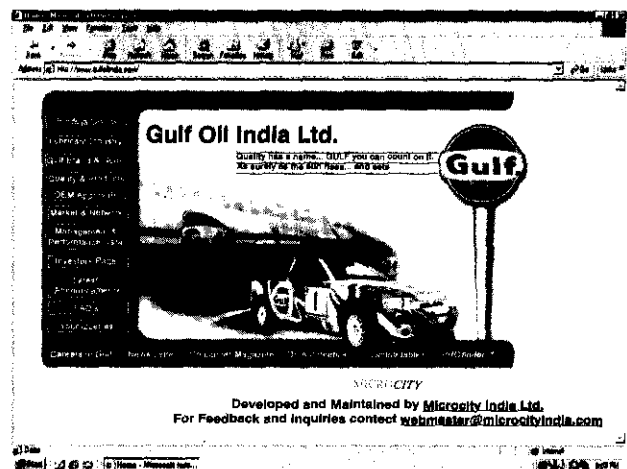


convenience of a ready-to-use coolant and the assurance that they are using a top-quality product.

### Gulf Oil India now on the net

Gulf Oil plans to put the reach and power of the Internet to good use and has launched its website on June 15, 2000.

Unlike other corporate sites, [www.gulfoilindia.com](http://www.gulfoilindia.com) promises to be an interactive experience.



In addition to the regular content like information about the company, its history, the owners - the Hinduja Group, the products on offer, financial information, a regular newsletter, etc, the site is also very visitor-friendly. You can email whatever queries you have on technical matters - this service is free. Of course, before asking a question it would be advisable to check out the FAQ section, which is quite comprehensive. There is also a section informing which Gulf product to use in differing situations entitled 'Gulf Recommends'. While for those interested in a job with Gulf Oil, there's the 'Jobs with Gulf Oil' page too. In the future, the company also plans to tie-up its website with its sister concern - Ashok Leyland Ltd.

But for the moment, this is undoubtedly a site that merits a visit to. Especially if you own a vehicle and want only the best for it.



**Gulf Lubricants**  
**Worldwide Since 1901**



# GULF OIL India Limited

## ANNUAL REPORT 1999-2000

### Board of Directors

K. N. Venkatasubramanian (Chairman)  
 S. G. Hinduja (Co-Chairman)  
 K. Das Gupta (Managing Director)  
 R. P. Hinduja  
 B. D. Punjabi  
 H. C. Asher  
 E. G. Mahadevan (Dr.)  
 A. K. Das (Alternate to S. G. Hinduja)  
 S. S. Pramanik (Alternate to R. P. Hinduja)  
 S. K. Asher (Alternate to H. C. Asher)

### Company Secretary

S. B. Joshi

### Bankers

State Bank of India  
 IndusInd Bank Limited  
 Jammu & Kashmir Bank Limited  
 HDFC Bank Limited  
 Vysya Bank Limited

### Auditors

Shah & Company, Mumbai

### Internal Auditors

Sharp & Tannan Associates, Mumbai

### Solicitors

Crawford Bayley & Co., Mumbai

### Registered Office

Hinduja House,  
 171, Dr. A. B. Road,  
 Worli, Mumbai - 400 018.

### Share Department

IN Centre, 49/50, M.I.D.C.,  
 12th Road, Marol,  
 Andheri (East),  
 Mumbai - 400 093.

### Contents

Directors' Report .....	2
Auditors' Report .....	8
Balance Sheet .....	12
Profit and Loss Account .....	13
Schedules to the Accounts	14
Subsidiary Company .....	26
Shareholder's Information ...	40

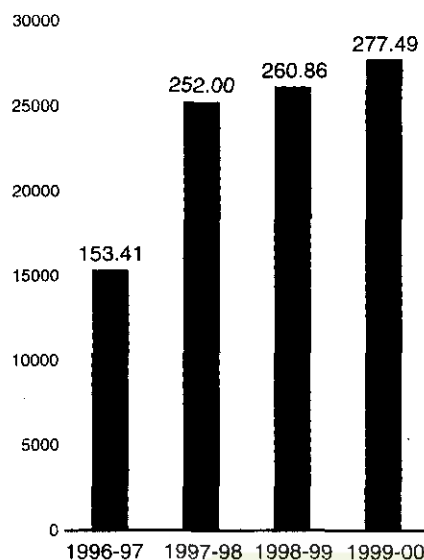


## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Nineteenth Annual Report and Audited Accounts for the year ended 31st March, 2000.

### Total Income

Rs. in Crores

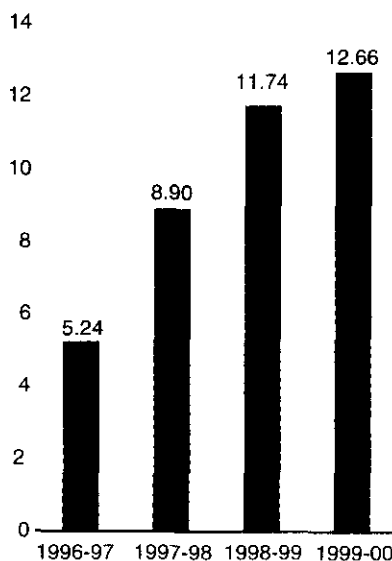


### FINANCIAL HIGHLIGHTS

	Year ended 31st March, 2000 (Rupees in lacs)	Year ended 31st March, 1999 (Rupees in lacs)
Sales	27664.59	26002.55
Miscellaneous Income	84.94	83.66
Total Income	27749.53	26086.21
Profit before Depreciation	1518.03	1408.64
Provision for Taxation ( Net )	0.45	18.00
Net Profit for the year	1266.41	1156.40
Prior Period Adjustments	(0.74)	(8.42)
Add: Surplus brought forward from Previous year	413.12	239.81
Profit available for appropriation	1678.79	1387.79
<b>Appropriations:</b>		
Interim Equity Dividend	469.60	—
Proposed Equity Dividend	—	415.60
Proposed CCPS Dividend	—	12.15
Tax on Dividend	51.66	47.05
Transfer to General Reserve	600.00	499.87
Surplus carried to Balance Sheet	557.53	413.12

### Profit Before Tax

Rs. in Crores



### DIVIDEND:

The Board has declared and paid an Interim dividend of 40% (Rs.4.00 per Equity share) for the year 1999-2000. Your Directors recommend that this Interim dividend be treated as final dividend for the year 1999-2000.

### OPERATION REVIEW :

The Company achieved a turnover of Rs.276.65 crores (Previous year Rs.260.02 crores) representing an increase of 6.40% as compared to the previous year. During the year under review, sales volume increased by 15.35% from 53,905 kl to 62,183 kl.

In spite of continuing difficult market environment and steep increase in prices of Base Oil and other inputs, the Company maintained growth in profitability through efficiency in supply chain management, rationalisation of inventory and various costs reduction programmes.

The Company achieved a net profit of Rs.12.66 crores (Previous year Rs. 11.56 crores) registering an increase of 9.51%.

**MARKETING :**

The Company's efforts in increasing sales in the Industrial and Institutional segments have yielded desired results and the Company is now one of the leading suppliers in this segment. The introduction of Genuine Oils by the Company has been a success and more such launches are planned in the near future. The Company is also planning to launch a range of Speciality Oil and Greases apart from existing range of products, which will improve the company's competitive edge in the market.

**DISTRIBUTION :**

In the competitive scenario of the lubricant business today, distribution plays a vital role. The achievement of sales volume is possible with the existence of a good distribution network. The Company has strengthened its distribution network by rationalising stock points in different regions and by appointing efficient consignment stockists. The Company also plans to increase reach by appointment of Distributors in a phased manner.

**QUALITY :**

During the year, the Plant at Calcutta and Sales and Marketing Operations were certified for ISO 9002. With this, the entire operations of the Company are ISO 9002 certified and your Company is the only Company in this industry to have obtained ISO 9002 certification for Sales and Marketing.

The Company is now working towards QS 9000 certification for Silvassa and Calcutta Plants which is expected to be obtained before the year end.

**HRD INITIATIVES :**

There was continued emphasis on Organisation Development and, employees completed nearly 1500 training days. A number of new programmes including Channel Management, Key Accounts Management and Managerial Effectiveness were conducted. In addition, Senior Managers were nominated for external training programmes to leading institutions.

Your Company's focus in the last few years in the area of Human Resources Development has achieved desired results and the Company is implementing innovative HR practices in line with the fast changing business environment of today.

**EXPORTS :**

The Company has entered into an arrangement with Oil Bangladesh Ltd. on behalf of GULF OIL International for export of lubricants to Bangladesh. The first consignment of lubricants blended at Calcutta Plant has been exported in July 2000. The Company has also firmed up plans for export of lubricants to other neighbouring countries.

**PRODUCTION :**

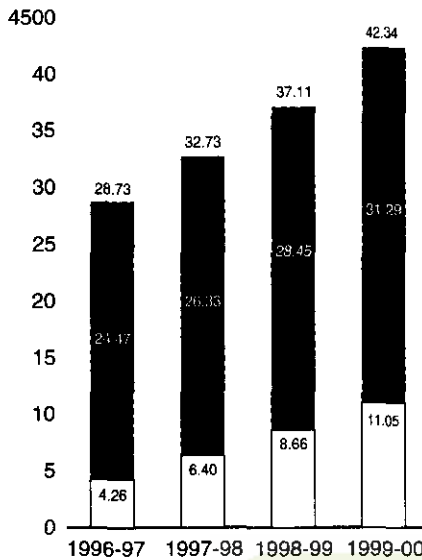
During the year under review, the Company has achieved production of 52,225 kl.(previous year: 51,383 kl.) of which the Silvassa Plant produced 47,835 kl.(Previous year: 47,710 kl.) and Calcutta plant produced 3,548 kl (Previous year : 3,673 kl)

**PERSONNEL AND ADMINISTRATION :**

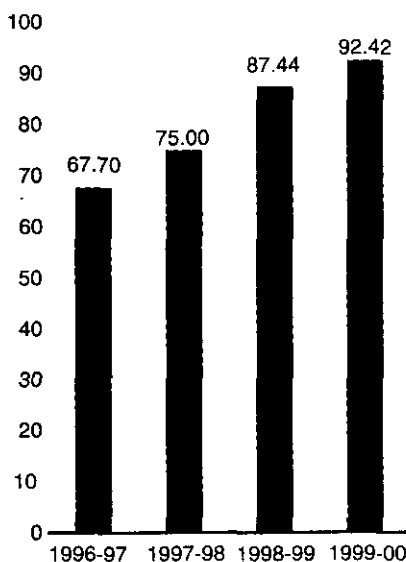
Industrial relations at all locations continue to be cordial.

**Fixed Assets**  
Rs. in Crores

■ Gross Block  
□ Depreciation

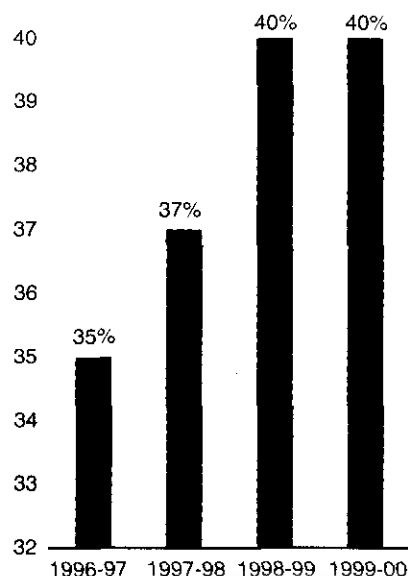
**Net Current Assets**

Rs. in Crores



**BUSINESS OUTLOOK :**

Due to cut back in production by OPEC, crude oil prices and consequently base oil prices continue to show an upward trend. The Company has therefore drawn up plans to improve realisation by improving product pack mix and introducing new products in niche segments. The Company is continuing efforts to ensure further efficiency in supply chain management with focus on company wide cost reduction programmes.

**Equity Dividend****DEMATERIALISATION OF SHARES :**

SEBI had made it compulsory for all investors to trade in the shares of the Company in dematerialised form w.e.f 26th June, 2000.

**DIRECTORS :**

Mr. Raman Pandya was appointed as Additional Director of the Company by the Board of Directors w.e.f. 21st January, 2000, pursuant to the provisions of Article 97 of the Articles of Association of the Company. Mr. Raman Pandya however resigned from the Board due to his present pre-occupation. The Directors wish to place on record the contribution made by Mr. Pandya during his tenure with the Company.

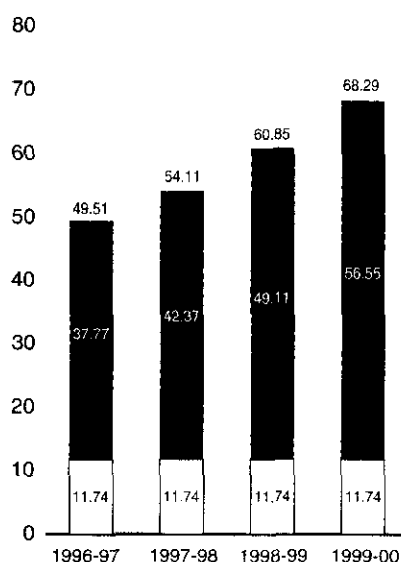
In terms of provision of Companies Act, 1956 and in accordance with the Articles of Association of the Company, Mr. B.D. Punjabi and Mr. K. N.Venkatasubramanian retire by rotation and being eligible offer themselves for re-appointment.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 the relevant data pertaining to Conversation of Energy, Technology Absorption are given in Annexure 'A' forming part of this Report. For the details of Foreign Exchange earnings and outgo, members are requested to refer to Note No. 11 to 14 of Schedule 14 forming part of the Balance Sheet and Profit and Loss Account for the year ended March 31, 2000.

**Net Worth**  
Rs. in Crores

■ Reserves  
□ Share Capital

**CORPORATE GOVERNANCE :**

Your Company has an Audit Committee and a Management Committee consisting of a Chairman and two Non Executive Directors in line with the requirement of Corporate Governance.

**SUBSIDIARY COMPANY (GULF CARROSERIE INDIA LTD.):**

During the year under review, the Company has achieved sales of Rs. 548.14 lacs (previous year Rs.1183.48 lacs) and a profit of Rs 20.61 lacs (Previous year Rs. 33.16 lacs).

During the period under review, a reference was made to the Board of Industrial and Financial Reconstruction (BIFR), as required under Section 23 of the Sick Industrial Companies (Special Provisions) Act, 1985, since the accumulated losses of the Company exceeded 50% of the net worth.

Your Directors have assessed the situation and necessary steps with regard to financial / equity restructuring are being taken.





### PARTICULARS OF EMPLOYEES:

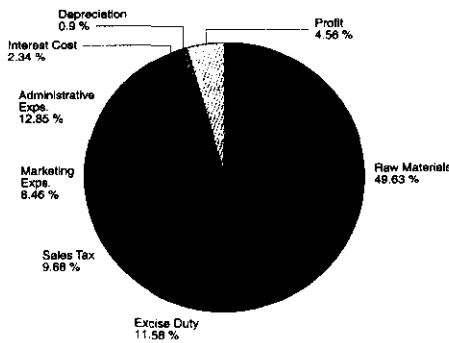
As required by the provisions of sub-section (2A) of Section 217 of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are set out in Annexure B forming part of this Report.

### AUDITORS:

M/s. Shah & Co., Chartered Accountants, Mumbai, the Auditors of the Company hold the office until the conclusion of the forthcoming Annual General Meeting being eligible offer themselves for re-appointment. The Company has received a letter from them to the effect that their appointment, if made, by the Company for the year 2000-2001 will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Board of Directors recommend their re-appointment.

Note to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

**Distribution of Income**



### ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the contribution made by employees at all levels whose commitment and dedication helped the Company to achieve better results.

The Directors also wish to thank the Customers, Dealers, Consignment Stockists, Bankers, Gulf Oil International (Mauritius) Inc., Financial Institutions, Central and State Governments and Administration of Union Territories of Dadra and Nagar Haveli, Daman and Diu for their continued support.

**For and on behalf of the Board,**

Mumbai,  
28th July, 2000

K. N. Venkatasubramanian  
**Chairman**



## ANNEXURE 'A' TO THE DIRECTORS' REPORT

Information 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, and forming part of the Directors' Report for the period ended on 31st March, 2000.

**A. (1) Energy Conservation measures taken :**

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

- (a) Overhauling of Thermic Fluid Heater (TF-10) to ensure operation at optimum efficiency.
- (b) Use of optimum thickness of insulation on pipelines, storage tanks and blending kettles to minimise heat losses.
- (c) Blending kettle has been provided with an air sparging facility to ensure speedy dehydration of base oil.
- (d) Measurement and analysis of stack outlet at regular intervals and monitoring of the exhaust of thermic fluid heaters continuously.
- (e) Installation of cut-off mechanism on packaged air conditioning units to ensure reduction in electrical load.

**(2) Additional investments and proposal being implemented for reduction of energy consumption:**

Replacement of insulation of additive storage tanks and pipelines and vessels.

**(3) Impact of measures taken:**

The above investments / measures will reduce fuel and electrical consumption as well as batch cycle time thereby reducing production cost.

**B. Research and Development and Technology Absorption:****(1) Research and Development (R & D):**

The Company's R&D efforts were focused on optimising and strengthening current formulations, development of new products required for Defence, Industrial and OEM customers. New products were introduced in the Automotive and the Industrial categories to increase the product portfolio and range.

**a) Specific areas in which R&D is carried on by the Company:**

The Company developed and tested high performance engine oils to cater to the requirements of new technology engines and emission norms. New low smoke 2T oils were developed and launched successfully, new products were developed for Defence and Industrial requirements.

**(b) Benefits derived as a result of above R&D:**

The Company has been able to field test and obtain approval of Ashok Leyland for new emission engines. New long drain oil was developed and tested for Mahindra & Mahindra Automotive Division. Certification from Indian Institute of Petroleum, Dehradun was obtained for the Engine Oils. Approval has been obtained from RDSO for Inhibited Transformer Oil. A range of Cutting Oils and Specialities have been developed for Industrial customers.

**(c) Future Action Plan:**

The Company would continue to interact with Original Equipment Manufacturers to develop new generation Engine Oils and Transmission Oils. The Company would be focusing its efforts to develop new generation Rust Preventives, Synthetic Cutting Oils and other Speciality Products. The optimisation of formulations and indigenisation of the product components would continue to keep cost under control.

**(d) Expenditure on R&D**

(i) Capital	Rs. 8.97 Lacs
(ii) Recurring	Rs. 3.82 Lacs
(iii) Total	Rs. 12.79 Lacs
(iv) Total R & D expenditure as a percentage to total turnover	4.62%

**(2) Technology Absorption, Adaptation and Innovation**

The Company utilised the expertise of the Parent Company to launch new generation oils with import substitution of components. Based on the know-how obtained from the Parent Company, Knitting Oils, Rolling Oils and Synthetic Oils were introduced.



## ANNEXURE 'B' TO THE DIRECTORS' REPORT

Statement under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2000.

Name	Age	Qualification	Commencement of Employment	Designation/ Nature of Duties	Gross Remuneration Rs.	Exp. Yrs.	Last Employment held, Designation and period for which held
(A) Employed throughout the financial year							
D. Rao	43	B.Tech. (Chem.) Dip. in Computer Prog.	01.02.1994	General Manager (Projects)	7,12,841	20	Deputy Manager - Projects Castrol India Ltd. (7 years)
K. Das Gupta	57	M.Sc., FGMS	26.06.1997	Managing Director	15,90,582	35	General Manager - (Spare Parts) Ashok Leyland Ltd. (19 years)
K. S. Phalak	44	B.Chem., DMM DMS, DFM	09.03.1995	Senior General Manager - Works (Silvassa Plant)	10,20,615	22	Production Manager Bayer India Ltd. (16 years)
M. P. Singh	42	B.E. (Mech.), MBA, Masters in International Trade	03.05.1993	General Manager (North)	6,99,725	21	Manager - Marketing Automobile Products of India (3 years)
R. Venkataraman	44	B.Com., LL.B., MFM, A.C.A., A.C.S., I.C.W.A.	19.08.1998	Vice President - Finance & Secretarial	7,21,881	19	Group Finance Manager GETCO Group of Companies (8 Months)
(B) Employed for a part of the financial year							
Lalit Bhojwani	43	B.Tech., PGDBM	08.09.1997	Vice President - Sales & Marketing	21,399	19	Vice President & Location Head DSS Mobile Communications Ltd. (2 years)
V. Ramesh	38	B.Tech. (Mech.), M.Tech., TRIB	01.11.1995	General Manager - Technical Services	3,02,609	16	Chief Product Manager Indian Additives Ltd. (2 years)

- Notes:
1. Gross remuneration includes salary, allowances, taxable value of perquisites and Company's contribution to Provident Fund and Superannuation.
  2. The nature of employment of Mr. K. Das Gupta, Managing Director is contractual for a period of one year with effect from 26th June, 2000.
  3. None of the Employee is related to any Director of the Company.



## AUDITORS' REPORT

To The Members of GULF OIL India Ltd.

We have audited the attached Balance Sheet of GULF OIL INDIA LIMITED as at 31st March, 2000 and also the Annexed Profit & Loss Account for the year ended 31st March, 2000 and report as under:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in Paragraph 1 above we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books.
  - (c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts and comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956.
  - (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to note No. 4 in Schedule 14 in respect of non provision for erosion in value of investments and loans and advances to the subsidiary company read together with the other notes in Schedule 14 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view.
    - (i) In the case of the Balance Sheet of the state of affairs of the Company as at March 31, 2000,
    - AND
    - (ii) In the case of the Profit and Loss Account of the "PROFIT" for the period ended on that date.

For **Shah & Company**  
Chartered Accountants

Place : Mumbai  
Dated : June 6, 2000

H. N. SHAH  
Partner