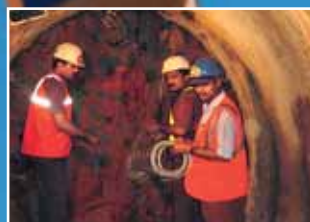




EXPLOSIVES



LUBRICANTS

MINING & INFRASTRUCTURE

SPECIALITY CHEMICALS

# GULF OIL Corporation Limited

45th Annual Report  
2005-2006



HINDUJA GROUP

[www.reportjunction.com](http://www.reportjunction.com)

## EVENTS OF THE YEAR



Tie up with Indian Oil for distribution of Car Care Products



Launch of co-branded Lubes with Ashok Leyland Limited



Inauguration of Lubricants Distributors' meet at Lonavala, Maharashtra



Operation of Mobile Iron ore crushing plant at Langalota mine, Barbil, Orissa



Iron ore screening operation at Juribahal mine, Barbil, Orissa



Our explosives & accessories selected for the High-tech open cast mine using In-pit Crushing & Conveying systems RGOC2, Singareni



Dump yard at Koyagudem. Adjudged as the "Best Mine" in Singareni Collieries, A.P. in 2005



Views of the Speciality Chemicals Plant at Pashamylaram, Andhra Pradesh





# GULF OIL Corporation Limited

## FORTY FIFTH ANNUAL REPORT 2005-2006

### Board of Directors

(As on 24<sup>th</sup> May, 2006)

S.G. Hinduja, *Chairman*  
R.P. Hinduja, *Vice Chairman*  
K.N. Venkatasubramanian  
H.C. Asher  
I.N. Chatterjee  
A.V. Dujean  
A.K.Das, *Alternate to S.G.Hinduja*  
P. N. Ghatalia  
Vinoos S. Hinduja  
V. Ramesh Rao  
*(Executive Director till 7<sup>th</sup> November, 2005)*  
M.S.Ramachandran  
*(Effective 25<sup>th</sup> October, 2005)*  
S. Pramanik, *Managing Director*

### Committees of the Board

<b>Audit:</b>	P.N.Ghatalia, Chairman	H.C.Asher	I.N.Chatterjee
<b>Remuneration:</b>	P.N.Ghatalia, Chairman	I.N.Chatterjee	
<b>Share Transfer &amp; Investor Grievance</b>	I.N.Chatterjee, Chairman	S.Pramanik	

### Executive Team

<b>Corporate:</b>	Nitin R Shah Dr. N.Sriram	<b>VP (Finance) GM (Agro)</b>	V.Satish Kumar	<b>GM (Internal Audit)</b>
<b>Lubricants Division:</b>	N.C.Sekharan Dr. Y.P.Rao R.Varadarajan Firdaus Tarachand S.Jambavdekar	<b>Head-Lubes VP (Technical) VP (Sales &amp; Marketing) GM (Finance) GM (Operations)</b>	N.Chandrasekaran S.Vishwanathan A.Kathane S.Das Sebin Jose	<b>VP (Finance&amp;Accounts) Sr.GM (Filters) Sr.GM (North) GM (South) GM (HR &amp; Administration)</b>
<b>Explosives Division:</b>	S. Chakrabarti B.Sudhakar	<b>Chief Operating Officer GM (Hyderabad Works)</b>	P. Divakaran A.D.Sao	<b>GM (Finance) GM (Marketing)</b>
<b>Speciality Chemicals Division:</b>	Dr.M.V.Rao M.V.Balakrishnan	<b>VP(Operations) Sr.GM (Commercial)</b>	A.N.Patwari S.V.Gandre	<b>GM( R&amp;D) Head (Marketing)</b>
<b>Contracts Division:</b>	T.T.Das	<b>Head-IDLconsult</b>		

<b>Deputy Company Secretary</b>	A. Satyanarayana
<b>Bankers</b>	State Bank of India State Bank of Hyderabad The Jammu & Kashmir Bank Limited Oriental Bank of Commerce ICICI Bank Limited Andhra Bank
<b>Auditors</b>	A F Ferguson & Co., Chartered Accountants, Secunderabad Shah & Co., Chartered Accountants, Mumbai (Branch Auditors)
<b>Registered/Corporate Office</b>	Kukatpally Hyderabad 500 072 Andhra Pradesh

### CONTENTS

Ten Year Review .....	2	Auditors' Report .....	26
Notice .....	3	Balance Sheet .....	30
Directors' Report .....	7	Profit and Loss Account .....	31
Corporate Governance Report .....	17	Consolidated Balance Sheet .....	56
Shareholders' Information .....	21	Consolidated Profit and Loss Accounts .....	57



**A TEN YEAR REVIEW**

(Rs. in lakhs)

Year	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
<b>INCOME &amp; DIVIDENDS</b>										
Sales	13319.08	14682.85	14257.44	15191.43	19569.69	25250.68	40534.71	41551.04	47340.47	<b>50724.65</b>
Profit Before Tax	952.40	1203.77	557.48	568.29	6084.32	978.55	1132.93	2798.39	2215.07	<b>2543.43</b>
Profit After Tax	565.46	959.52	502.48	508.29	5464.32	769.55	1531.52	2290.80	2003.07	<b>2278.60</b>
Profit After Tax as Percentage of Sales	4.25%	6.53%	3.52%	3.35%	27.92%	3.05%	3.78%	5.51%	4.23%	<b>4.49%</b>
Dividend per fully paid Equity Share of Rs.10 (Rupees)	2.20	2.50	2.50	2.50	5.00	3.00	5.00	6.00	6.50	<b>7.00</b>
Dividend	169.36	192.45	192.47	200.04	400.09	416.15	693.59	832.30	901.66	<b>971.02</b>
<b>CAPITAL EMPLOYED</b>										
Net Fixed Assets	2329.33	2977.37	3986.85	4056.82	4196.39	8024.33	7943.98	8215.47	10560.95	<b>11367.26</b>
Net Working Capital	4418.05	5016.84	4946.58	5306.10	10046.86	17173.69	12593.26	9837.19	8130.11	<b>9597.43</b>
Other Assets	1080.72	1165.41	1126.05	1718.79	1404.98	2211.82	984.10	2394.70	4839.49	<b>5278.71</b>
Total Capital Employed	7828.10	9159.62	10059.48	11081.71	15648.23	27409.84	21521.34	20447.36	23530.55	<b>26243.40</b>
<b>NETWORTH &amp; LOANS</b>										
Share Capital	769.80	769.80	800.17	800.17	800.17	1387.17	1387.17	1387.17	1387.17	<b>1387.17</b>
Reserves	3270.97	4038.04	4007.68	4293.93	9317.35	12943.00	10454.43	11246.72	12221.67	<b>13393.06</b>
Tangible Networkth	4040.77	4807.84	4807.85	5094.10	10117.52	14330.17	11841.60	12045.21	12827.12	<b>14284.78</b>
Profit After Tax as a Percentage of Networkth	13.99%	19.96%	10.45%	9.97%	54.01%	5.37%	12.93%	19.02%	15.62%	<b>15.95%</b>
Earning Per Share of Rs.10 (Rupees)	7.35	12.46	6.28	6.35	68.29	8.12	11.04	16.51	14.44	<b>16.43</b>
Bank Loans	2135.95	2060.28	1889.47	2433.45	2482.68	8101.00	5781.66	5139.17	4347.97	<b>3960.81</b>
Secured Debentures	350.00	250.00	50.00	300.00	300.00	300.00	300.00	200.00	100.00	<b>—</b>
Other Loans	1301.38	2041.50	3312.16	3254.16	1182.69	2805.99	1511.36	884.90	3795.74	<b>4186.88</b>
Total Loans	3787.33	4351.78	5251.63	5987.61	3965.37	11206.99	7593.02	6224.07	8243.71	<b>8147.69</b>
No.of.Shareholders at year end	4045	4109	4125	48380	47393	46969	48945	47605	45893	<b>43480</b>

Notes: Sales figure includes Excise Duty

## NOTICE OF THE FORTY FIFTH ANNUAL GENERAL MEETING

**NOTICE** is hereby given that the **Forty Fifth Annual General Meeting** of the Company will be held at 2.30 p.m. on Wednesday, the **27th day of September, 2006** at 'Kohinoor', Hotel Taj Residency, Banjara Hills, Hyderabad - 500 034 to transact the following:

### ORDINARY BUSINESS

1. To consider and adopt the Directors' Report, the Auditors' Report, the Balance Sheet as at 31st March 2006 and the Profit and Loss Account for the year ended 31st March 2006.
2. To declare dividend for the financial year ended 31st March 2006.
3. To appoint a Director in place of Mr. P.N.Ghatalia, who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment.
4. To appoint a Director in place of Mr.S.G.Hinduja, who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment.
5. To appoint a Director in place of Mr. R.P.Hinduja, who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment.
6. To consider, and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

**"RESOLVED that** M/s. Deloitte Haskins & Sells (DHS), Chartered Accountants, Secunderabad be and are hereby appointed Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be negotiated and fixed by the Board of Directors of the Company in addition to actual out-of-pocket expenses incurred by them for the purpose of audit."

M/s A.F.Ferguson & Co., Chartered Accountants, now part of M/s. Deloitte Haskins & Sells, have informed the Company that they are not seeking reappointment as auditors of the Company for the year 2006-07. M/s Deloitte Haskins & Sells have conveyed their willingness to be appointed as auditors of the Company.

7. To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED that** M/s. Shah & Co., Chartered Accountants, Mumbai be and are hereby appointed as Branch Auditors of the Company for its Lubricants Division at Mumbai from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be negotiated and fixed by the Board of Directors of the Company in addition to actual out-of-pocket expenses incurred by them for the purpose of audit."

### SPECIAL BUSINESS:

8. To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED that** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr.M.S. Ramachandran, who was appointed as Additional Director of the Company and who, under Section 260 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and being eligible, offers himself for appointment and in respect of whom the Company has received notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. M.S.Ramachandran for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. To consider, and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

**"RESOLVED that** pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, the Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force), and the applicable laws, Rules, Guidelines, Regulations, Notifications and Circulars, if any, issued by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), the Government of India (GOI), the Foreign Investment Promotion Board (FIPB), and other concerned and relevant authorities, and other applicable Indian laws, rules and regulations, if any, and relevant provisions of Memorandum

and Articles of Association of the Company and the Listing Agreement entered into by the Company and the Stock Exchanges where the Shares of the Company are listed and subject to such approval(s), consent(s) permission(s) and sanctions(s) as may be required from GOI, FIPB, RBI, SEBI and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction which may be agreed by the Board of Directors of the Company ("the Board") (which term shall be deemed to include 'Offering Committee' or any other Committee constituted or hereafter be constituted for the time being exercising the powers conferred on the Board by this Resolution), which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent and approval of the Company be and is hereby accorded to the Board to issue Securities (as defined below) by way of a direct issuance and allotment of Shares in the form of Equities, Shares, Warrants, Bonds or Debentures, Depository Receipts, (whether Global Depository Receipts (GDRs), American Depository Receipts (ADRs) or any other form of Depository Receipts), or any other debt instrument either convertible or nonconvertible into Equity Shares whether optionally or otherwise, including Foreign Currency Convertible Bonds (FCCBs), whether expressed in Foreign Currency or Indian Rupees (all of which are hereinafter collectively referred to as "Securities") whether secured or unsecured, and further the Board of Directors be and are authorized, subject to applicable laws and regulations, to issue the Securities to investors (including but not limited to Foreign Banks, Financial Institutions, Foreign Institutional Investors, Qualified Institutional Buyers, Mutual Funds, Companies, other Corporate Bodies, Non- Resident Indians, Foreign Nationals and other eligible investors as may be decided by the Board (hereinafter referred to as "Investors") whether or not such Investors are members, promoters, directors or their relatives, of the Company by way of one or more private or public offerings (and whether in any domestic or international markets), through a public issue(s), private placement(s), Qualified Institutions Placement, preferential issue(s) or a combination thereof in such manner and on such terms and conditions as the Board deems appropriate at their absolute discretion. Provided that the issue size shall not exceed US\$ 100 million or Rs. 470 crores inclusive of such premium as may be payable on the Equity Shares, at such time or times and at such price or prices and in such tranche or tranches as the Board in its absolute discretion deems fit.

**RESOLVED also that** without prejudice to the generality of the above, the aforesaid issuance of the Securities may have to be subject to such terms or conditions as are in accordance with prevalent market practices and applicable Laws and Regulations, including but not limited to, the terms and conditions relating to payment of interest, dividend, premium on redemption, the terms for issue of additional Shares or variations in the price or period of conversion of Securities into Equity Shares or terms pertaining to voting rights or options for redemption of Securities.

**RESOLVED FURTHER that** the Board be and is hereby authorised to seek, at their absolute discretion, listing of Securities issued and allotted in pursuance of this resolution, listed on any Stock Exchanges in India, and/or Luxembourg/London/Nasdaq/New York Stock Exchanges and/or any other Overseas Stock Exchanges.

**RESOLVED FURTHER that** the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities referred above as may be necessary in accordance with the terms of offering, and that the Equity Shares so allotted shall rank in all respects pari passu with the existing Equity Shares of the Company.

**RESOLVED FURTHER that** subject to the approvals stated above, the Company be also permitted to retain oversubscription upto 25% of the amount issued and the Board of Directors or Committee of Directors constituted for the purpose be authorised to decide the quantum of oversubscription to be retained.

**RESOLVED FURTHER that** the Board of Directors be and are hereby authorised to do all such acts, deeds, matters and changes as it may at its discretion deem necessary or desirable for such purpose including, if necessary, creation of such mortgages and/or charges in respect of the Securities on the whole or any part of the undertaking of the Company under Section 293(1)(a) of the Companies Act, 1956 and to execute such documents or writing as they may consider necessary or proper and incidental to this Resolution.

**RESOLVED FURTHER that** the Board of Directors or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things as it may at its discretion deem necessary, expedient or desirable for such purpose including without limitation to the utilization of issue proceeds, finalizing the pricing, terms and conditions relating to the issue of aforesaid Securities including amendments or modifications thereto as may be deemed fit by them, to sign, execute and issue consolidated receipt/s for the Securities, listing application, various agreements such as Subscription Agreement, Depository Agreement, Trustee Agreement, undertakings, deeds, declarations, Letters and all other documents and to do all such acts, deeds, matters and things, and to comply with all the formalities as may be required in connection with and incidental to the aforesaid offering of Securities, including but not limited to the post issue formalities and with power on behalf of the Company to settle any question, difficulties or doubts that may arise in regard to any such issue or allotment of the Securities as it may in its absolute discretion deem fit.



**RESOLVED FURTHER that** the Board of Directors or any Committee thereof be and are hereby authorized to enter into and execute all such arrangements/agreements as may be required for appointing Managers (including Lead Managers), Merchant Bankers, Underwriters, Financial and/or Legal Advisors, Tax Advisors, Consultants, Depositories, Custodians, Principal Paying/Transfer/Conversion agents, Listing Agents, Registrars, Trustees and all such agencies as may be involved or concerned in such offerings of Securities, whether in India or abroad, and to remunerate all such agencies including the payment of commissions, brokerage, fees or the likes, and also to seek the listing of such Securities or Securities representing the same in one or more stock exchanges whether in India or outside India, as may be required by applicable laws."

By Order of the Board

Mumbai  
24<sup>th</sup> May, 2006

A SATYANARAYANA  
DEPUTY COMPANY SECRETARY

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.  
Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books will be closed from 17<sup>th</sup> September, 2006 to 27<sup>th</sup> September, 2006 (both days inclusive ) in connection with the ensuing Annual General Meeting and the payment of Dividend.
4. Dividend recommended by the Board and approved by the Members at the AGM, will be paid on or before October 26, 2006. In respect of shares held in physical form, the dividend will be payable to those members whose names appear on the Register of Members on September 27, 2006. In respect of shares held in electronic form, dividend will be payable to the beneficiary owners of the shares as on September 27, 2006 as per details furnished by the Depositories for this purpose.
5. In terms of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund. Accordingly, in the year 2006-07, the Company would be transferring the unclaimed dividend for the year 1998-99 to the Investor Education and Protection Fund. Members who have not encashed their Dividend Warrant for the year ended March 31, 1999 or thereafter are requested to write to the Company / Registrars and Share Transfer Agents.
6. Members holding shares in dematerialized mode are requested to instruct their respective Depository Participants regarding Bank Accounts in which they wish to receive the dividend. However, the Bank details as furnished by the respective Depositories to your Company will be used for the purpose of distribution of dividend through Electronic Clearing Service (ECS) as directed by the Stock Exchanges. Your Company/Registrar and Share Transfer Agents will not act on any direct request from Members holding shares in dematerialized form for change/deletion of such Bank details.
7. Members holding shares in physical form are requested to inform the Company of any change in their addresses immediately for future communication at their correct addresses and Members holding shares in demat form are requested to notify to their Depository Participants.
8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Share Transfer Agents to enable them to consolidate their holdings into one folio.
9. As required under Clause 49 of the Listing Agreement, brief information of Directors, being appointed/reappointed, is given in the Directors' Report.



**ANNEXURE TO THE NOTICE**

**Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.**

**Item No.8**

The Board appointed Mr. M.S.Ramachandran as an Additional Director on the Board, on 25<sup>th</sup> October, 2005. Pursuant to Section 260 of the Companies Act, 1956, Mr.M.S.Ramachandran ceases to be a Director at this Annual General Meeting.

A Notice has been received along with the requisite deposit from a Member signifying his intention to propose Mr. M.S.Ramachandran as a Director of the Company. Mr.M.S.Ramachadran is a Bachelor in Mechanical Engineering. He has vast knowledge and experience of Oil and Gas industry. He was Chairman of Indian Oil Corporation Limited, Chennai Petroleum Corporation Limited, IBP Co. Ltd., Indian Oil Tanking Ltd., Indian Oil Petronas and Director of ONGC Ltd., Petronet LNG Ltd. Lubrizol India Pvt Ltd and India Oil Blending Ltd. He is also the recipient of the Chemtech-Pharma Bio Hall of Fame Award 2005 and many other such awards. His skills and know-how include Leadership in Complex Organization, Energy Policy, Mergers, Acquisitions, International Trade, Shipping and Retail Marketing.

No Director of the Company, except Mr.M.S.Ramachandran, is interested in the resolution.

The Board recommends this resolution for your approval.

**Item No.9**

With a view to augment long term financial resources of the Company and to meet costs in connection with the expansion and/or diversification projects, it is proposed to raise an amount not exceeding US\$ 100 millions or Rs.470 crores through issue of Foreign Currency Convertible Bonds (FCCBs) and / or American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs) and/or Qualified Institutions Placement and/or any other suitable financial instruments as contained in the Resolution.

The salient features are mentioned in the resolution and will be issued on such terms and conditions as may be appropriate at the time of issue.

The FCCBs/ADRs/GDRs/any other financial instruments including Qualified Institutions Placement, would be listed on the London and/or any other Stock Exchange within or outside India.

The Special Resolution gives adequate flexibility and discretion to the Board to finalise the terms of the issue in consultation with the lead managers, under writers, legal advisers and experts or such other authorities as need to be consulted including in relation to the pricing of the issue.

The consent of the shareholders is, therefore, sought to authorise the Board of Directors as set out in the Resolution to issue in one or more tranches the securities referred to therein in the international market to Foreign Financial Institutions, to Foreign Investors/Collaborators/Companies and/or to Foreign Investment Institutions operating in India, whether shareholders of the Company or not, through a public issue or private placement basis and/or preferential basis or Qualified Institutions Placement.

None of the Directors is as such concerned or interested in the resolution.

The Board recommends this resolution for your approval.

By Order of the Board

Mumbai  
24<sup>th</sup> May, 2006

A SATYANARAYANA  
DEPUTY COMPANY SECRETARY

## REPORT OF THE BOARD OF DIRECTORS AND MANAGEMENT DISCUSSION AND ANALYSIS TO SHAREHOLDERS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006

Your Directors have pleasure in presenting their Forty-Fifth Annual Report and Audited Accounts for the year ended 31st March 2006.

### 1. FINANCIAL RESULTS

	2005-06 Rupees lakhs	2004-05 Rupees lakhs
Profits after providing for Depreciation of Rs. 701.57 lakhs (Rs. 785.62 lakhs) and before extraordinary items and taxation	2887.78	2446.30
Extraordinary items		
Compensation under Voluntary Retirement Scheme	344.35	231.23
Profit Before taxation	2543.43	2215.07
Taxation		
Current	135.00	308.00
Deferred	20.00	(96.00)
FBT	109.83	-
Profit After taxation	2278.60	2003.07
Balance brought forward from previous year	2436.68	1761.73
Balance available for appropriation	4715.28	3764.80
Appropriations:		
Proposed Dividend	971.02	901.66
Provision for additional tax on proposed dividend	136.19	126.46
Transfer to General Reserve	500.00	300.00
Balance carried to Balance Sheet	3108.07	2436.68
EPS	16.43	14.44

### 2. DIVIDEND

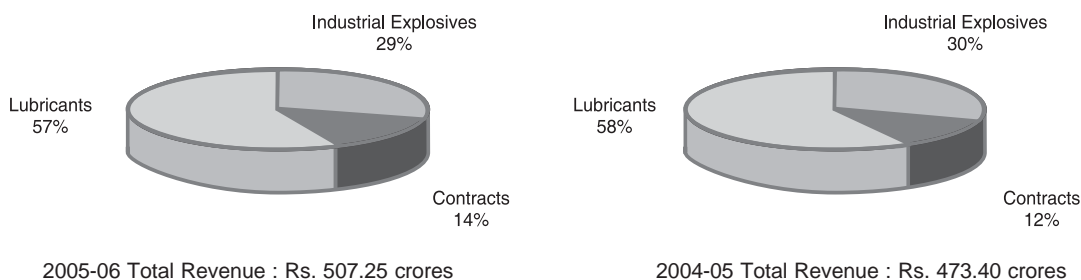
The Directors recommend the payment of Dividend of Rs. 7.00 Per share (Rs. 6.50 per share) on the paid up capital of the Company. The dividend of Rs. 9.71 crores (Rs. 9.02 crores), if approved by the Shareholders at the Forty-fifth Annual General Meeting, will be paid out of the profits for the current year to all Shareholders of the Company whose names appear on the Register of Members as on date of Book Closure.

### 3. OPERATIONS

The total revenue of the Company increased to Rs. 507.25 crores (Rs. 473.40 crores). The profit before extraordinary items and taxation was Rs. 28.88 (Rs. 24.46 crores). The profit before tax was Rs. 25.43 crores (Rs. 22.15 crores) after making a higher provision for VRS spend in the current year. The profit after the provision of tax of Rs.1.35 crores, Fringe Benefit Tax of Rs. 1.10 crores and deferred tax of Rs 0.20 crores, was Rs. 22.79 crores (Rs. 20.03 crores) resulting in 14% higher EPS of Rs. 16.43 for the year.

## DIVISIONAL PERFORMANCE

### 3.1 Business Operations



### 3.2 Industrial Explosives

The Explosives Division is engaged in the manufacture of detonators, detonating fuse, industrial explosives such as cartridge, bulk, emulsion and ANFO, Boosters, single or double or multi-layer clad plates.

Coal India Limited (CIL), a major customer of the Company increased the prices of bulk and cartridge explosives to compensate the major input cost of petroleum derivatives for the year 2005-06. At the same time CIL has imposed several unilateral and arbitrary conditions, which were not in the purchase conditions. Your company took up the case legally with CIL. CIL has already taken steps to mitigate the problem. The turnover of the Division for the year was Rs. 147.87 crores (Rs. 137.90 crores) representing a growth of 7%.

The Division has completed restructuring of its products portfolio to achieve overall increase in margins. The Division also leveraged its knowledge bank by offering mining related services to large customers and bagged two new projects for drilling and blasting. Dependence on Coal India Limited for business is being consciously reduced, by aggressively venturing into non-coal business, including civil, infrastructure and defence sectors.

The Explosives Division along with R&D has launched two versions of the electronic detonator 'e-DET' products. Field trials for both have been successfully completed. These introductions would bring the detonator range at par with the latest international developments in the mining field. The products will be introduced shortly in PSU and non-PSU organizations.

Further release of 115 persons under VRS was accepted during the year from Hyderabad and Rourkela factories. However, production capacity was unaffected due to streamlining of manpower and processes. Production for some products were increased through outsourcing.

The increased activity in the Capital Goods market helped the demand for clad metal plates. The Metal Cladding Group finalized major export orders during the year and presently caters to 50% of the Indian market. The Group has posted a turnover of Rs.6.04 crores (Rs.5.51 crores) representing a growth of 10%.

The Special Products Group, catering to special requirements of Defence and Space departments, executed several prestigious orders meeting stringent six-sigma criteria. The Group has posted a turnover of Rs.2.75 crores (Rs.1.63 crores) representing a growth of 69%.

### 3.3 Contracts (IDLconsult)

The Division successfully completed the Koyagudem Project awarded by Singareni Collieries Company Limited (SCCL), within the stipulated time. Currently the Division's main activities are in the Iron Ore sector in Barbil, Orissa where work in 9 Iron Ore mines is progressing satisfactorily. The total turnover of this Division has increased to Rs. 72 Crores (Rs. 54.51 crores), recording a growth of 33% over last year.

The Division is growing in a dynamic way and has gained invaluable experience by working in various Mining Projects with large customers around the Country. It has gained accolades for excellent execution at Koyagudem mine in SCCL where excavation of 12 million cubic meters was entrusted to the Company. It was adjudged as the Best Mine in Singareni by a joint evaluation committee from Singareni Collieries and Director General of Mines Safety last year. In the Barbil region, the Division's work in Kasia iron ore mine was recognised when the mine was declared a Model Mine by the Director General of Mines Safety.

The thrust towards total mining services was undertaken in the year. The Division took up crushing and screening assignments on behalf of its clients to make available saleable material at the customer's pithead.

These operations have set the platform for sustainable development and growth of the Division in the fast growing mining sector.