



LUBRICANTS



INDUSTRIAL EXPLOSIVES



MINING & INFRASTRUCTURE



PROPERTY DEVELOPMENT

48th ANNUAL REPORT 2008 - 2009

Gulf Oil Corporation Limited



HINDUJA GROUP

EVENTS OF THE YEAR



Gulf Hoarding at Mumbai - Pune Express Way



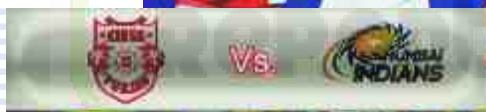
Gulf Overdrive Endurance Xtreme Challenge from Kanyakumari to Leh



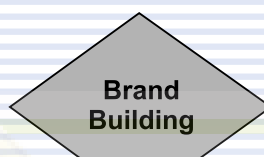
Aston Martin DBR9 Car in action at Bandra Reclamation, Mumbai



Gulf Monsoon Scooter Rally 2008



Kings XI Punjab - GULF Sponsored Team in IPL 2009



Gulf Dirt Track Event at Nashik



Iron Ore Mining at Langelota, Orissa



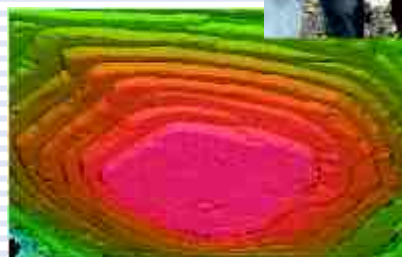
Drilling operation at Nigahi, Madhya Pradesh



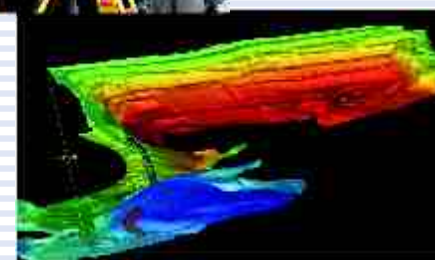
Piling Operation for Mining related infrastructure at Rayagada, Orissa



State-of-the-Art Laser 3D Scanner being used for Mine Planning, Monitoring, Design and Volume of Rock / Ore estimation



Kasia Iron Ore Mine by Laser Scanner



Mine Planning through scanner



Gulf Oil Corporation Limited
FORTY EIGHTH ANNUAL REPORT 2008-2009

Board of Directors
(As on 25th June, 2009)

S. G. Hinduja, *Chairman*
R. P. Hinduja, *Vice Chairman*
K. N. Venkatasubramanian
P. N. Ghatalia
H. C. Asher
M. S. Ramachandran
Ashok Kini
Prakash Shah (*Additional Director w.e.f. 25.09.2008*)
Vinoos Hinduja
V. Ramesh Rao
Vinod K Dasari
S. Pramanik, *Managing Director*
A. K. Das, *Alternate to S. G. Hinduja*
A. V. Dujean, *Alternate to R. P. Hinduja*
Prabal Banerjee, *Alternate to Vinos Hinduja*

Committees of the Board :

Audit	P N Ghatalia, Chairman	H C Asher	Ashok Kini
Share Transfer & Investors Grievance	Ashok Kini, Chairman	S Pramanik	Vinod K Dasari
Remuneration	P N Ghatalia, Chairman	H C Asher	M S. Ramachandran Vinoo S. Hinduja
Safety Review	Vinod K. Dasari, Chairman	K N Venkatasubramanian	Ashok Kini
Investment Appraisal & Project Review	M S Ramachandran, Chairman	Vinoos Hinduja	Vinod K Dasari

Company Secretary	S. Subramanian (& Chief Financial Officer)	Deputy Company Secretary	A. Satyanarayana
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Executive Team

Lubricants Division :	Ravi Chawla	President	Sunil Jambavdekar	Sr. G.M. (Industrial Sales & Marketing)
	Y. P. Rao	V.P. (Technical)		
	R. Varadarajan	V.P. (Sales & Marketing)	Suhas M Pendarkar	G.M. (Credit Control)
	S. Vishwanathan	Sr. G.M. (Filters)	S. Das	G.M. (South)
	Amrish Kathane	Sr. G.M. (Supply Chain)	Manish Gangwal	G.M. (Finance & Accounts)
IDL Corporate :	Raman Gopal	President	Aalok Shrivastava	G.M. (HR)
	P. Divakaran	G.M. (Planning)		
Explosives Division :	S. Chakrabarti	Chief Operating Officer	A. D. Sao	Sr. G.M. (Marketing Area - I)
	Dr. Mohan Kidambi	Sr. G.M. (Operations)	A. M. Kazmi	G.M. (Marketing Area - II)
Contracts Division :	T. T. Das	G.M. - IDL Consult		
Bankers	State Bank of India	Andhra Bank		
	State Bank of Hyderabad	IDBI Bank Ltd.		
	Oriental Bank of Commerce	Bank of Bahrain & Kuwait B.S.C.		
	ICICI Bank Limited	HSBC Bank		
Auditors	Deloitte Haskins & Sells, Chartered Accountants, Secunderabad Shah & Co., Chartered Accountants, Mumbai (Branch Auditors)			
Registered / Corporate Office	Kukatpally, Hyderabad - 500 072 Andhra Pradesh			

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A TEN YEAR REVIEW

(Rs. Lakhs)

Year	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
INCOME & DIVIDENDS										
Sales	99588.04	83321.52	66865.64	50724.65	47340.47	41551.04	40534.71	25250.68	19569.69	15191.43
Profit Before Tax	3875.41	2970.60	3183.37	2543.43	2215.07	2798.39	1132.93	978.55	6084.32	568.29
Profit After Tax	2904.38	2513.17	2300.59	2278.6	2003.07	2290.80	1531.52	769.55	5464.32	508.29
Profit After Tax as Percentage of Sales	2.92%	3.02%	3.44%	4.49%	4.23%	5.51%	3.78%	3.05%	27.92%	3.35%
Earnings Per Share (Rs.)	3.91#	3.42#	16.58	16.43	14.44	16.51	11.04	8.12	68.29	6.35
Dividend per fully paid Equity Share (Rs.)	1.70#	1.50#	7.50	7.00	6.50	6.00	5.00	3.00	5.00	2.50
Dividend	1264.10	1115.38	1115.38	971.02	901.66	832.30	693.59	416.15	400.09	200.04

(Rs. Lakhs)

Year	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
CAPITAL EMPLOYED										
Net Fixed Assets	60676.59	200424.32	15647.14	11367.26	10560.95	8215.47	7943.98	8024.33	4196.39	4056.82
Net Working Capital	17875.73	22592.43	14451.81	9597.43	8130.11	9837.19	12593.26	17173.69	10046.86	5306.10
Other Assets	3595.94	6992.93	7980.24	5278.71	4839.49	2394.70	984.10	2211.82	1404.98	1718.79
Total Capital Employed	82148.26	230009.68	38079.19	26243.40	23530.55	20447.36	21521.34	27409.84	15648.23	11081.71

(Rs. Lakhs)

Year	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
NETWORTH & LOANS										
Shareholders' Funds:										
Capital	1487.17	1487.17	1387.17	1387.17	1387.17	1387.17	1387.17	1387.17	800.17	800.17
Reserves	39794.17	203901.39	14388.71	13393.06	12221.67	11246.72	10454.43	12943.00	9317.35	4293.93
Tangible Networth	41281.34	204717.18	15237.06	14284.78	12827.12	12045.21	11841.60	14330.17	10117.52	5094.10
Secured Loans	17122.63	13457.72	15547.27	8147.69	8243.71	6224.07	7593.02	11206.99	3965.37	5987.61
No. of Shareholders at year end	59476	56218	43790	43840	45893	47605	48945	46969	47393	48380

Note: Sales figure includes Excise Duty
Equity Shares of Rs.10/- each have been split into 5 equity shares of Rs.2/- each



NOTICE OF THE FORTY EIGHTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Forty Eighth Annual General Meeting of the Company will be held at 3.30 p.m. on Friday, the 31st July, 2009 at 'Kohinoor', Hotel Taj Deccan, 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 2009 and the Profit and Loss Account for the year ended 31st March 2009.
2. To declare dividend for the financial year ended 31st March 2009.
3. To appoint a Director in place of Mr. Sanjay G Hinduja, 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. Ramkrishan P 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. K. N. Venkatasubramanian, who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment.
6. To appoint a Director in place of Mr. H. C. Asher, who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment.
7. 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, 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 Audit Committee/Board of Directors of the Company in addition to actual out-of-pocket expenses incurred by them for the purpose of audit."
8. 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 Audit Committee/Board of Directors of the Company in addition to actual out-of-pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS:

9. 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. Prakash Shah, 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. Prakash Shah for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."
10. 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 with 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(s), 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.450 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 FURTHER 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 to 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."

11. To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a **Special Resolution**:

"RESOLVED THAT in accordance with the provisions of Section 81 and all other applicable provisions, if any, of the Companies Act, 1956, including any statutory modifications or re-enactments thereof, for the time being in force, and subject to any other applicable laws and enabling provisions of the Memorandum of Association and Articles of Association of the Company, the consent of the Company be and is hereby accorded for the issue on Rights basis and allotment of upto 2,47,86,245 Equity shares of Rs.2/- each at a premium of Rs.30/- per equity share aggregating to a



total sum of Rs.79.32 crores to the existing shareholders as on the Record Date to be announced by the Company, in the ratio as nearly as circumstances admit of 1 equity share for every 3 equity shares currently held.

“RESOLVED FURTHER THAT the Board of Directors or any Director(s) authorised by it be and are hereby authorized to allot the shortfall in the subscription or unsubscribed shares, if any, to other existing member(s) or any other person(s) / non-member(s), as the Board may decide in accordance with Section 81(1) (d) of the Act.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to seek listing of further shares issued and allotted in pursuance of this resolution, ranking pari passu with the existing equity shares, on the Stock Exchanges.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts, deeds and things including actions already taken, as it may deem necessary, proper or desirable and to settle any question/difficulty or doubt that may arise in this regard, to offer, issue and allotment and utilisation of the proceeds and further to do all acts, deeds and things, and to finalise all documents and writings as may be necessary, proper and desirable or expedient as it may deem fit and to delegate all or any of the powers required to be exercised in this regard to any Director(s) specifically authorised for this purpose.”

“RESOLVED FURTHER THAT the Board of Directors or any Director(s) authorized by the Board be and is/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, Registrars, Trustees and all such agencies as may be involved or concerned in such offerings of Equity Shares, whether in India or abroad, and to remunerate all such agencies including the payment of commissions, brokerage, fees or the likes.”

“RESOLVED FURTHER THAT the Board be and is hereby further empowered to lay down guidelines for deployment of the issue proceeds for augmenting working capital and to monitor the deployment of funds on a periodical basis.”

By Order of the Board

S. SUBRAMANIAN
Chief Financial Officer &
Company Secretary

Place : Mumbai
Date : June 25, 2009

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 25th July, 2009 to 31st July, 2009 (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 30th August, 2009. 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 31st July, 2009. In respect of shares held in electronic form, dividend will be payable to beneficial owners of the shares as on 31st July, 2009 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 2009-10, the Company would be transferring the unclaimed dividend for the year 2001-02 to the Investor Education and Protection Fund. Members who have not encashed their dividend warrant for the year ended March 31, 2002 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/Registrars and Share Transfer Agents 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 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.
10. Members requiring any clarification/information on any report/statements, are requested to send their queries to the Registered Office of the Company, at least 10 days before the date of the AGM.



ANNEXURE TO THE NOTICE
Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No.9

The Board appointed Mr. Prakash Shah as an Additional Director on the Board, on 25th September 2008. Pursuant to Section 260 of the Companies Act 1956, Mr.Prakash Shah 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. Prakash Shah as a Director of the Company. Mr. Prakash Shah was a Member of the Indian Foreign Service for over 35 years. In his distinguished career, Mr. Prakash Shah has served as India's ambassador to Japan and Venezuela, India's High Commissioner to Malaysia and Brunei and India's Permanent Representative to the United Nations Offices in Geneva and New York. He had also served as Under Secretary General, the UNO and Secretary General's Special Envoy for Iraq.

No Director of the Company, except Mr. Prakash Shah, is interested in the resolution.

The Board recommends this resolution for your approval.

Item No.10

With a view to augment long term financial resources of the Company and to meet costs in connection with the expansion, diversification projects and other permissible uses, it is proposed to raise an amount not exceeding US\$ 100 millions or Rs.450 crores through issue of Foreign Currency Convertible Bonds (FCCBs) and / or American Depositary Receipts (ADRs) or Global Depositary Receipts (GDRs) and/or Qualified Institutional 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 Institutional 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 Indian market to eligible investors or 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 Institutional Placement.

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

The Board recommends this Resolution for your approval.

Item No.11

Over the last 3 years the business of the Company has increased significantly. The Company has been funding the increased requirements including working capital through debt financing apart from internal accruals. The proportion of short-term debt in the overall debt has increased. Tight liquidity conditions prevailing in the market, are affecting further growth of operations and taking advantage of business opportunities. The Board of Directors deemed it fit and expedient to issue further shares on rights basis to the shareholders of the Company to inject liquidity into the system, reduce borrowings for working capital requirements, fund non-project capital expenditure and repayment of high cost loans.

None of the Directors are interested in the resolution except Mr. H.C. Asher and Mr. S. Pramanik, to the extent of 3,750 shares and 3,475 shares held by them respectively, in the Company.

The Board recommends this Resolution for your approval.

By Order of the Board

S. SUBRAMANIAN
**Chief Financial Officer &
Company Secretary**

Place : Mumbai
Date : June 25, 2009



**REPORT OF THE BOARD OF DIRECTORS AND MANAGEMENT DISCUSSION
AND ANALYSIS TO SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2009**

Your Directors have pleasure in presenting their Forty Eighth Annual Report and Audited Accounts for the year ended 31st March 2009.

1. FINANCIAL RESULTS

	2008-09 Rupees Lakhs	2007-08 Rupees Lakhs
Profit after providing for Depreciation of Rs.1537.24 Lakhs (Rs.1602.27 Lakhs) and before extraordinary items and taxation	3875.41	3464.37
Extraordinary Items: Compensation under Voluntary Retirement Scheme	-	493.77
Profit Before Taxation	3875.41	2970.60
Taxation:		
Current	509.00	350.00
Deferred	387.01	(6.00)
FBT	116.02	113.43
MAT Credit	(41.00)	-
Profit After Taxation	2904.38	2513.17
Balance brought forward from pervious year	4801.95	3853.72
Balance available for appropriation	7706.33	6366.89
Appropriations:		
Proposed Dividend	1264.10	1115.38
Provision for additional tax on proposed dividend	214.83	189.56
Transfer to General Reserve	370.00	260.00
Balance carried to Balance Sheet	5857.40	4801.95
EPS	3.91	3.42

2. DIVIDEND

The Directors recommend the payment of Dividend of Rs. 1.70 per share (Rs. 1.50 per share) on the paid up capital of the Company. The dividend of Rs. 12.64 crores (Rs. 11.16 crores), if approved by the Shareholders at the Forty-Eighth 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.

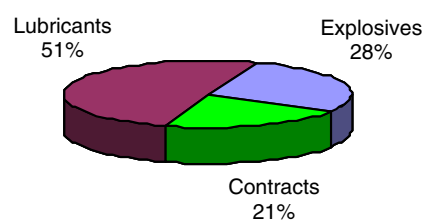
3. OPERATIONS

The total turnover of the Company increased to Rs.995.89 crores (Rs.833.22 crores). The profit before extraordinary items and taxation was Rs.38.75 crores (Rs.34.64 crores). The profit before tax was Rs.38.75 crores (Rs.29.71 crores). The profit after provision for tax of Rs.4.68 crores, Fringe Benefit Tax of Rs.1.16 crores and deferred tax of Rs.3.87 crores, was Rs.29.04 crores (Rs.25.13 crores) resulting in an EPS of Rs.3.91 for the year (Rs.3.42).

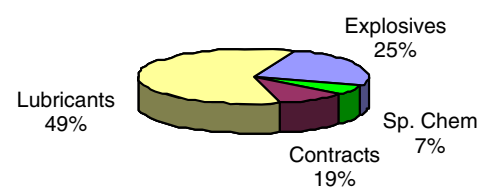


DIVISIONAL PERFORMANCE

3.1 Business Operations



2008-09 Total Revenue : Rs.995.89 crores



2007-08 Total Revenue : Rs.833.22 crores

3.2 Industrial Explosives

The Explosives Division manufactures a full range of products for mining, infrastructure, oil prospecting, defence, space and special applications. The range of commercial explosives and blasting accessories include general purpose small and large diameter slurry explosives, small diameter P1, P3 and P5 category permitted slurry explosives for underground coal mines, general purpose cartridge and pumpable emulsion explosives, plain detonators, general and permitted category instantaneous and delay electric detonators, non-electric delay detonators for in-hole and surface use, detonating relays, electronic detonators, detonating cords having PETN core of 4 to 80 grams per meter and cast boosters. The Division's Special Products Group designs and manufactures initiators and pyrotechnic devices for special applications by Defence, Space and other agencies. These products meet the stringent 'six-sigma' standards. The Division also produces explosively bonded metal composites used in chemical, space, nuclear and hydrocarbon industries.

The operations of commercial explosives, blasting accessories and metal cladding are covered under ISO 9001-2000 quality systems. Blasting accessories have been accredited with CE Certification Marking required by many countries importing our products.

The financial year saw the Explosives Division doing well in both coal and non-coal segments. Coal India Ltd and Singareni Collieries Company Limited mined 405 and 42 million tonnes of coal, respectively. The production of Iron Ore and Limestone during the year was 220 million tones and 240 million tones respectively. The Division secured confirmed orders from Coal India Ltd., valued at approx Rs.500 crores to be executed in the next 3 years. The Division also secured orders from Singareni Collieries Company Limited for supply of permitted explosives and detonators after several years gap. The Division further consolidated its position in the non-coal sectors and reduced the dependency on coal sector for its business turnover. The small diameter general purpose emulsion explosive has found good acceptance in the tunneling and trade sectors. The product is being used for blasting in tunnels in the North and North-East sectors of India, Sikkim and Bhutan.

The Division's indigenously designed electronic detonator e-DET was the choice of many surface coal mines for carrying out cautious blasts for abatement of ground vibrations. Blasting for earth excavation in the vicinity of human habitations for erecting a thermal plant in Madhya Pradesh is being carried out with e-DET. Trials were carried out in a limestone mine catering to cement plants. Trials with a new permitted explosive formulation have given very encouraging results and will be followed-up for commercialisation.

The Division achieved an overall turnover of Rs.277 crores as against last year's turnover of Rs.214 crores, representing a growth of 30%. Domestic sales recorded a growth of 28% while exports grew by 50%. The exports department developed new clients and the international business will see significant growth in the coming years. The metal cladding group also fared well registering a growth of 15%. Availability of Ammonium Nitrate a major ingredient used in the manufacture of explosives from the domestic sector continued to be critical, warranting import.

The Division continued its efforts in further streamlining its operations and introducing appropriate automation for optimum utilisation of manpower and available resources. Capacity enhancements through de-bottlenecking and rationalisation of operations was continued during the year including reducing the workforce through attractive voluntary retirement scheme.

Metal Cladding Group

The state-of-the-art technology is used for metallurgical bonding of dissimilar metals like Nickel and Nickel alloys, various grades of hastelloy, copper and copper alloys, titanium, stainless steel, niobium, aluminum on carbon steel / alloy steel and other ductile metals using explosives. Even such claddings that have been considered as impossible to join by conventional welding methods such as Aluminium-Steel have been made feasible.

In line with the consistent growth over the last 3 years the Metal Cladding Group has posted a turnover of Rs.918 lakhs (Rs.802 lakhs) representing a growth of 14% inspite of slowdown in the chemical industry.