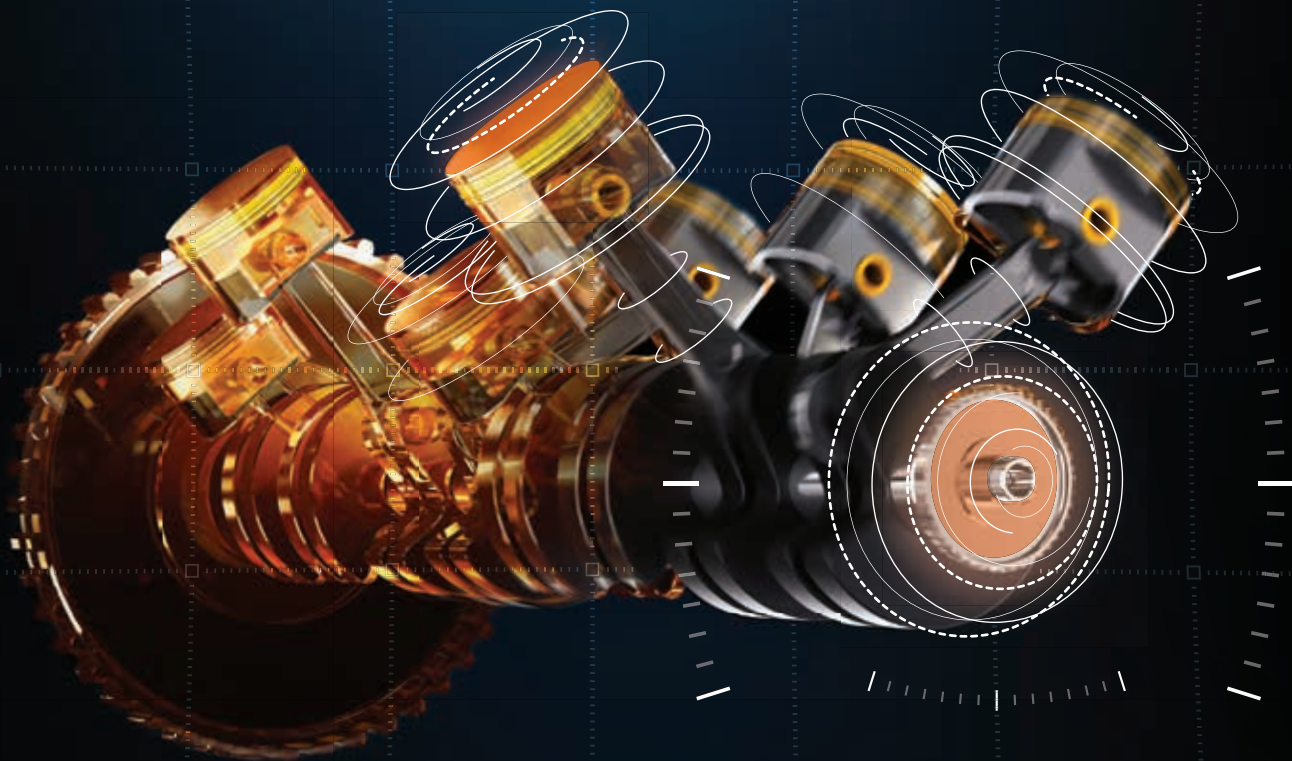




Quality Endurance Passion

Gulf Oil Lubricants India Limited

ANNUAL REPORT
2017-18



TOMORROW **DRIVEN**



HINDUJA GROUP

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FY 2017-18 Highlights



HIGHEST - EVER VOLUMES

95,000 KL



VOLUME GROWTH

14 % y-o-y



NET REVENUE

₹1,332 22.6% growth y-o-y
CRORE



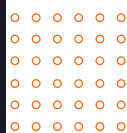
EBITDA

₹236 32.6% growth y-o-y
CRORE



PROFIT AFTER TAX

₹159 34.9% growth y-o-y
CRORE



INCLUSION IN PRESTIGIOUS
MSCI WORLD SMALL CAP
INDEX IN NOVEMBER 2017



TOMORROW *Driven*

In today's fast-evolving world, it is becoming increasingly important for companies to keep pace with changing consumer aspirations and to achieve sustainable and aggressive growth year after year. We, at Gulf Oil, have achieved more than 3x the lubricant industry growth rate for the last decade. We have fine-tuned our strategies and initiatives to ensure that we are well in touch with the ground realities of the economy, the automobile industry, and the needs of our target customer segments.

We have demonstrated our ability to stay ahead of the curve. Our growth strategies perfectly weave in the current and emerging trends and have empowered us to win in the market place. In an industry that has recorded low single digit growth due to the impact of higher specifications and longer drain lubricants, our Company has clocked-in double-digit growth consistently.

The key tenets of our strategies have been staying closer to the customer by offering the best quality products/ services, using advanced technology that is 'enduring', investing innovatively on branding, expanding our 'route to market initiatives' and distribution network, passion for execution and nurturing profitable partnerships with both our existing as well as new original equipment manufacturers (OEM) partners.

We have also been welcoming new partners like Manchester United to our world. Our long-standing association with Mahendra Singh Dhoni, The Chennai Super Kings team, and motorsports have yielded rich dividends and played a pivotal role in elevating brand 'Gulf Oil' to the Top 3 position (as per internal studies).

As we look ahead, the pace of change and technological evolution is increasing rapidly and we are becoming future-ready to fortify our organisation to stay in sync with these trends.

With the commissioning of our new, state-of-the-art plant at Ennore, Chennai with capacity of 50,000 KL per year, we are well-poised and ready to capture emerging growth opportunities efficiently. Gulf Oil International has set-up a 'best-in-class' R&D centre at the Chennai plant which will be the hub of all future innovations for Gulf Oil globally. This R&D centre will provide a platform to meet all our customer requirements, launch future-ready as well as tailor-made products delivering 'strong value propositions' and also meet the evolving emission norms in India. Our rapidly growing synthetic portfolio offers advanced technology for cars, superbikes, industries and will empower us to further establish ourselves as a premium brand.

We are building a tomorrow-driven organisation wherein communications will evolve using traditional and digital media to widen our outreach with all stakeholders. Our priority is to steadily enhance our technology focus through digitisation across the spectrum of operations and distribution. Leveraging our international and Indian sporting associations in cricket, football and motorsports will be another cornerstone to connect our brand to the consumers, especially the youth.

We are upskilling our people, rationalising our cost structure and focusing on brand premiumisation. At the same time, we are exploring opportunities in allied businesses and exports.

Our leadership is focusing on the future blueprint as we race ahead at full throttle to remain TOMORROW DRIVEN.

GULF OIL LUBRICANTS INDIA

At A Glance



Who we are

We, Gulf Oil Lubricants India Limited (Gulf Oil), are a leading player in the Indian lubricants industry with significant presence across automotive and industrial lubricants segments. Our parent company, Gulf Oil International, owns the Gulf brand globally (except USA, Spain and Portugal) and is part of the Hinduja Group. We have a robust global product portfolio and have been pioneers of the 'Long Drain' products in India. Brand 'Gulf' enjoys a high recall in the minds of customers.

Our strong distribution network, state-of-the-art manufacturing facilities at Silvassa and Chennai, and long-standing partnerships with OEMs and other B2B customers are pivotal to our growth. We take pride in our continued association with distinguished clients like Ashok Leyland, Mahindra, Swaraj, Daimler, Bajaj, Toshiba, Schwing Stetter and Whitmore, among others.

VALUES

Quality

The Gulf brand carries with it a long legacy of excellent customer service, reliability and technologically innovative products. Gulf has always had a commitment to ensuring that the quality of products and services remains high. There are strict quality controls and management processes put in place to ensure products that display the Gulf mark are consistently of the highest quality. However, quality is not only reflected in Gulf's products, it is also demonstrated in the high standard of service and care that is offered to our customers.

Endurance

Endurance and Gulf go hand in hand, more than any other brand in the industry. Gulf is proud to be one of the original 'seven sister' oil brands and its visual identity (logo), is so strong that it has remained the same over the past 50 years. This enduring value also transmits to its products and services, which are designed to perform consistently and longer than the competition. Extended drain interval products act as tangible endurance-focused benefit that customers receive from Gulf products.

Passion

Passion is at the heart of the Gulf brand and makes it what it is today. It is a quality that is conveyed by its employees, distributors, dealers and customers alike. It is the differentiating factor for the brand and symbolises the energy and vitality the brand exudes. Gulf people are passionate; they are dedicated and driven with a determination to do what it takes to get results. This winning mentality mixed with flexibility and a genuine commitment to go the extra mile, is what sets the brand, its people and its products apart.

Our Parentage



HINDUJA GROUP

The Hinduja Group was founded in 1914 by Shri Parmanand Deepchand Hinduja, who also created the Hinduja Foundation.

Over 100+ year-old-Group is renowned for its principles, value system and a rich legacy of experience spanning diverse businesses such as Automotive, Oil and Specialty Chemicals, Power, Banking and Financial Services, Information Technology, Real Estate, Healthcare and Media.

The Group has stayed true to the philosophy laid down by its founder, 'My dharma (duty) is to work, so that I can give'.

Through the Hinduja Foundation, the Group supports numerous social and charitable initiatives globally in the fields of Healthcare, Education, Rural Development and Art and Culture, among other sectors.

The Group has always embraced change in the operating environment and has made the most of unfolding opportunities. It has fostered long-lasting relationships with customers, partners and governments around the world and continues to create sustainable value across businesses.

The five principles of Hinduja Group serve as the cultural cornerstones of our business

- o *Work to give*
- o *Word is a bond*
- o *Act local, Think global*
- o *Advance fearlessly*
- o *Partnership for growth*

My dharma (duty) is to work, so that I can give

Shri. Parmanand Deepchand Hinduja (1901-1971), Founder, Hinduja Group

EMPLOYEES
1,50,000+

COUNTRIES
37+

Chairman's Communique *A Year of Stellar Performance*

Dear Shareholders,

I am delighted to share with you our annual performance for the fiscal 2017-18. Anchored by successful customer and market-driven strategies, commitment to realise our vision and guided by our core values of Quality, Endurance and Passion, we have delivered yet again an industry-leading performance.

It was a record-breaking year, as we achieved 14% volume increase on the back of healthy traction in both the automotive and industrial segments. We also accomplished robust growth across all our focus segments. Another gratifying factor for us is that the channel business notched up double-digit growth during FY 2017-18, which was single digit in the preceding few years. Our volume growth was over three-fold vis-à-vis the industry estimated growth, as we achieved sales volume of over 95,000 KL in FY 2017-18.

Our revenues grew ahead of volume at 22.6% over the previous year to ₹1,332 crores, with significant improvement in realisation due to better segment/product mix. This fuelled our EBITDA margins which expanded by 133 basis points to 17.7% during the year. Consequently, our net profit stood at ₹159 crore, registering record 34.9% growth over the previous year.

A fast-expanding distribution network across urban and rural areas, rich portfolio of technologically differentiated solutions and continued momentum in our existing and new partnerships with OEMs and B2B customers were the key catalysts for our performance during FY 2017-18. The team's commitment to 'go the extra mile' has been another instrumental factor that contributed to the overall stellar performance.

For the global economy, 2017 marked a year of optimism as most of the leading economies registered encouraging growth. At 3.8%, the global output grew at

the fastest pace since 2011. Emerging market economies were at the forefront of this growth yet again. This was accompanied by a significant improvement in the growth of developed economies of the US and eurozone, among others.

The Indian economy continued to be one of the fastest growing major economies of the world. Despite short-term headwinds due to implementation of Goods and Services Tax (GST) and lingering effect of demonetisation, the economy grew at 6.7% during the year. However, in the long run the implementation of GST was a major leap forward for the Indian economy, towards greater transparency and formalisation. During the year, the Indian automobile industry saw a strong revival with domestic sales growth doubling to 14.22% against 6.81% growth in the last fiscal. This augured well for the Indian lubricants industry as it grew at a faster pace than the preceding 3-4 years.

During the later part of the year, we commissioned our Chennai plant, which has total capacity of 50,000 KL. This plant will enable us to cater to the south Indian market more effectively and meet our growth aspirations.

Our time-tested brand associations with Mahendra Singh Dhoni (or 'Captain Gulf' for us) and Chennai Super Kings have been instrumental in reinforcing our brand position in India. Coupled with our global associations like Manchester United Football Club and with teams in the World Superbikes Championships, this strengthened our brand prowess further. During the year, we also roped in all-rounder Indian cricketer and youth icon Hardik Pandya as the face of our new business initiatives.

We engaged with our customers across these sporting platforms to further fortify our brand equity. As an extension of this strategy, we launched the unique

Building on our legacy of stellar performance, I am confident that the Company is fully geared to leverage future opportunities and take the next leap forward.

campaign 'Gulf Fan Academy' in September 2017 for Indian fans of the world's legendary football club Manchester United, which was highly successful on social media. We also continued to engage closely with our trade channels, OEMs, customers, influencers and dealers through our multiple branding and marketing initiatives.

Looking ahead, India as the world's third largest consumer of finished lubricant products, is likely to witness continued growth momentum with strong demand in both automotive and industrial segments. Companies that can meet the evolving needs of customers with innovation and efficiency and have a wider and thriving distribution network will reap the benefits in the future. Your Company is well, poised to benefit from this trend.

Over the years, we have grown on the basis of our clear strategy and disciplined execution. We will continue to leverage our existing capabilities, and at the same time, expand our geographic footprint and offerings for customers.

Gulf Oil International will extend all relevant support to Gulf Oil India for its present and future endeavours. In this context, a 'best-in-class' R&D centre has been set up at the Chennai plant which will be the hub of all future innovations for Gulf Oil globally, and will help the business in India immensely.

Before I conclude, I must thank all members of our Gulf Oil family of employees, who have, under the leadership of Ravi Chawla, played

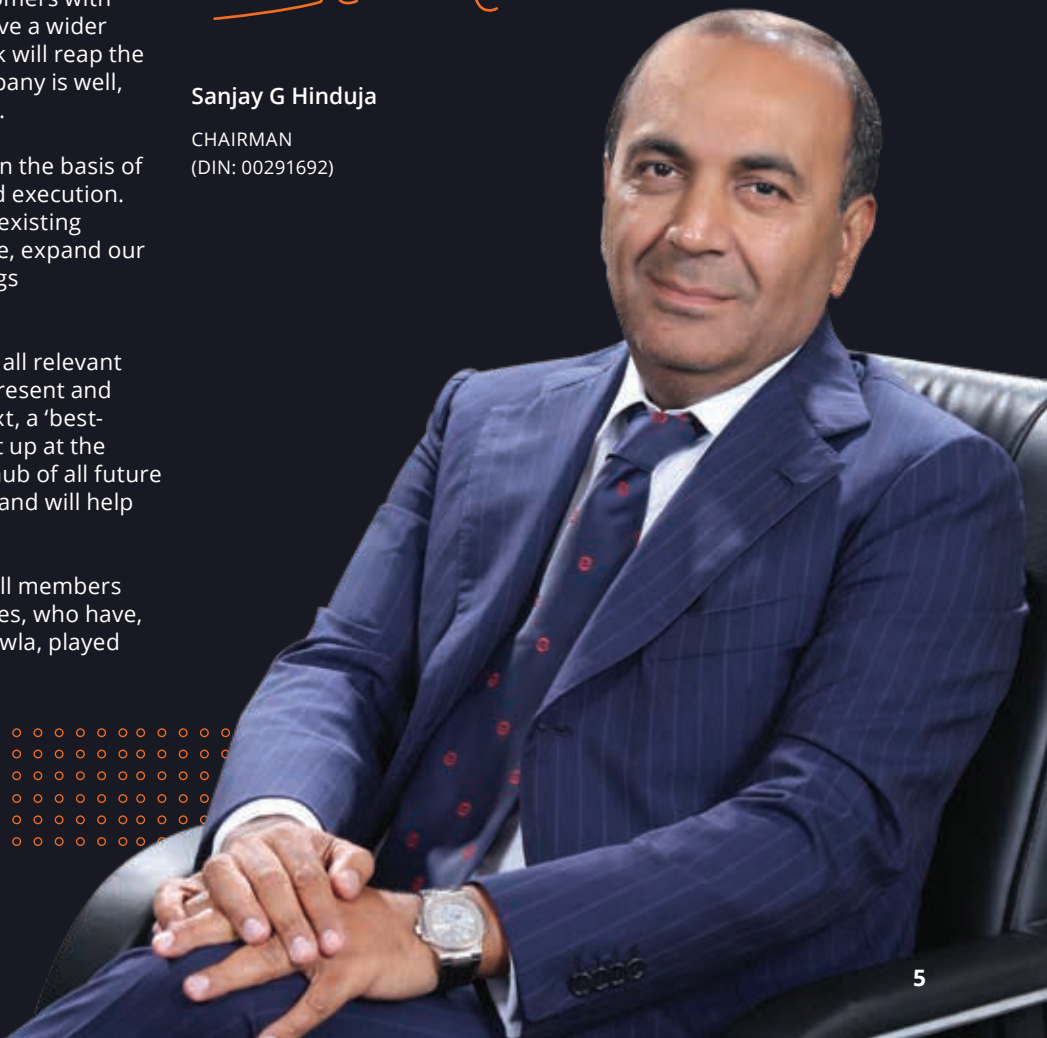
a great role in the Company's growth and sustainability. I also extend my gratitude to our OEM and B2B customers, distribution partners, suppliers, financial institutions and bankers, and our growing fraternity of shareholders for their continuous trust and support.

Our team is confident of delivering a winning performance again and taking the Company to the next level.

Yours Sincerely,

Sanjay G Hinduja

CHAIRMAN
(DIN: 00291692)



MD's Statement *Futuristic Mindset*

Dear Shareholders,

The year 2017-18 gave us a lot of satisfaction as we achieved many record highs and crossed new milestones.

Our consistent approach to business over the last decade, coupled with the support and guidance from our Chairman, our Board, the Hinduja Group and Gulf Oil International have been pivotal to our sustained performance. Our separate listing as a pure-play lubes player in the last 4 years inspired us further to drive teams to create more stakeholder value. Our customers, trade channel partners, Gulf team, investors and all other stakeholders have also motivated us to do more and strive for excellence. We thank all of them for guidance and support.

As we look towards the future, we will continue to strengthen our organisation and respond to shifting industry trends in an efficient and agile manner. We will strive to raise the bar of performance further to remain 'tomorrow driven'.

Customer centricity will continue to be our priority, as we race ahead towards the future. Our engines are revved up to elevate to a higher orbit of customer engagement and brand recall. We are deploying tracking initiatives using customer feedback, research and analytics. We are taking our customer service proposition to the next level by using data analytics extensively and providing innovative and value-added services to our customers across B2C and B2B platforms.

Our emphasis on digitisation, automation and data analytics will empower us to become an even more responsive organisation. Our Company will continue to invest extensively in capability building of our people and make our teams better attuned and prepared to make the most of emerging opportunities.

Another focus area will be to offer future-ready products to cater to the existing and emerging market needs, leveraging our brand salience and distribution capabilities. We are also exploring potential new business areas or segments, which can serve as additional growth engines for our Company.

The year ahead will certainly be more exciting and enriching, as we prepare to tap the latent potential of the lubricants landscape. Our teams stand fully committed to enhancing value for all stakeholders, while continuing with our environmental and corporate citizenship efforts.

We seek your continuous support and motivation in the year ahead, as always.

Yours sincerely



Ravi Chawla

MANAGING DIRECTOR

(DIN: 02808474)





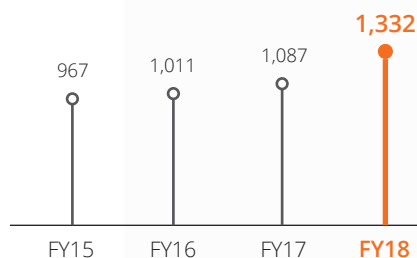
Proud Partners:



CONSISTENT Performance

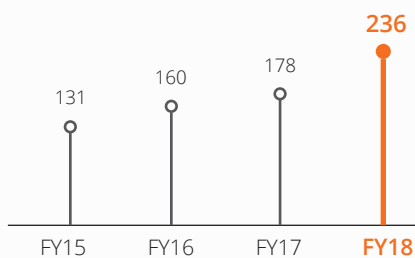
REVENUE

(₹ CRORE)



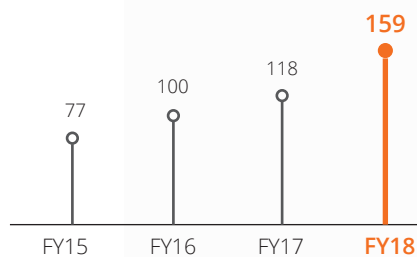
EBITDA

(₹ CRORE)



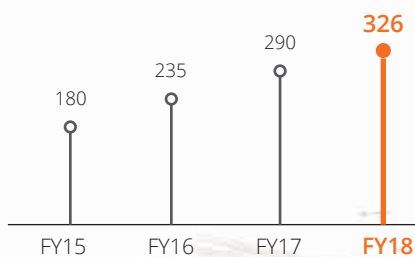
NET PROFIT

(₹ CRORE)



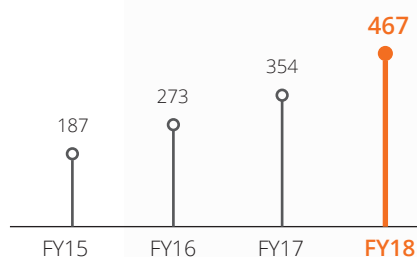
CASH AND BANK BALANCES

(₹ CRORE)



NET WORTH

(₹ CRORE)



The figures for FY17 and FY18 are as per IND AS