



Quality Endurance Passion

ANNUAL REPORT
2018-19



Gulf Oil Lubricants India Limited



HINDUJA GROUP

WHAT'S AHEAD

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GULF OIL INDIA ONLINE



@GulfOilIndia

www.gulfoilindia.com

Highlights of FY 2018-19



CORE VOLUME GROWTH

18%+

*significantly over 2-3x of
industry volume growth*

HIGHEST-EVER VOLUME

1,19,000 KL

▲ 25%*

PASSION TO OUTPERFORM

■ As much as an engine needs fuel to run, it needs oil to truly perform. An excellent engine, with the right mix of both, outperforms. We, at Gulf Oil Lubricants India Limited (Gulf Oil), make sure you have this right mix. The same way as we have the right mix of passion, endurance, and quality running through our veins. We are here to outperform. Consistently, relentlessly, and tirelessly.

It is this approach that has helped us outpace the industry volume growth by a huge margin during FY 2018-19. From growing at 2-3x of industry volume growth historically, we brought in higher volume growth this year – a feat that assumes a much greater significance given the challenging environment we faced.

Our passion to excel at everything we do drives us to become better every day. We are pumping up on innovation across our products, processes, and practices for higher efficiencies. We stay connected to the ground realities and emerging opportunities around us and respond to them swiftly.

This has enabled us to emerge as winners even through the most challenging of situations. Our undying passion and commitment to create value consistently has culminated into a highly resilient, scalable and strong business model.

We drove through the rough terrains of low industry growth resulting from the impact of higher specifications and longer drain lubricants, dotted with market challenges. We have revved up our passion to excel, and achieved double-digit growth year after year even though the industry volumes grew in low single digits. All-round growth across the segments and sub-segments of our focus, continued thrust on rural markets, customer centricity and growing exports have fuelled our outperformance.

Our strategies to provide innovative products, expand our reach, further fortify brand Gulf, nurture partnerships with original equipment manufacturers (OEMs) adding marquee B2B customers across industries and embrace best technology and digitalisation practices, lending us confidence for the road ahead.

We believe our passion to outperform will enable us to stay ahead of the curve in the future.

NET REVENUE

₹1,706 crore

▲ 28%*

EBITDA

₹283 crore

▲ 20%*

PROFIT AFTER TAX

₹178 crore

▲ 12%*

NET WORTH

₹587 crore

▲ growth

*Over FY 2017-18

GULF OIL AT A GLANCE

WHO WE ARE



■ Gulf Oil is the fastest-growing private lubricants company in India. Not only do we enjoy strong brand recall in the retail segment, we are the preferred lubricant partners to many leading global and Indian corporate groups. Our operations span three broader business segments namely automotive, industrial, and exports. Our parent company, Gulf Oil International, owns brand Gulf Oil globally (except USA, Spain and Portugal) and is part of the Hinduja Group.

Our state-of-the-art manufacturing facilities in Silvassa and Chennai deliver a diverse range of innovative products across different business

segments. We have pioneered the wave of 'Long Drain' products in India. Our focus is to continue to offer products that have distinct customer value propositions and are relevant to the evolving needs of the consumers.

A thriving distribution network plays a crucial role in our success and connects us to a wide gamut of consumers. Owing to our continued emphasis on creating superior value for our customers, we have been able to maintain time-tested and lasting associations with marquee clients such as Ashok Leyland, Mahindra, Swaraj, Daimler, Bajaj, Toshiba and Schwing Stetter, to name a few.

Values

Quality

- We produce quality products to meet market demands.
- Our products exceed the latest industry standards.
- All products are subjected to strict audit procedures to ensure consistent high quality.

Endurance

- Our products and services perform consistently for longer than the competition.

Passion

- Our brand exudes a winning mentality.
- We are truly flexible and our genuine commitment to go the extra mile sets our brand, our people and products apart.

Our parentage



Hinduja group motto

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

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

The prestigious Hinduja group is defined by its principles, strong value system and over a century of experience across diverse businesses, such as automotive, oil & specialty chemicals, power, banking & financial services, IT and ITeS, real estate, healthcare, media and entertainment. The Group was founded in 1914 by Shri. Parmanand Deepchand Hinduja, a visionary par excellence.

His motto for establishing the Hinduja group was – ‘My duty is to work, so that I can give’, which continues to inspire all of us to deliver

our best, not just to the organisation but also to the society. The Group also supports numerous charitable and philanthropic activities globally through the Hinduja Foundation in the fields of healthcare (P. D. Hinduja Hospital), education (K.P.B. Hinduja College of Commerce), arts & culture, social welfare and rural development, to name a few.

By adopting a holistic approach in all its businesses, the Group has always created sustainable value for all its stakeholders.



EMPLOYEES

1,50,000+



COUNTRIES

38



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

Work to give

Word is a bond

Act local, think global

Advance fearlessly

Partnership for growth

OUR PRESENCE

A THRIVING NETWORK

Channel network

70,000+

Touchpoints

300+

Auto distributors

30+

Depots

Exports

20+

Countries

B2B industrial network

200+

Direct industries

50+

Industrial distributors

Infrastructure, Mining and Fleet

750+

Customers

Urban focus: Independent Work Shops (IWS)

7,000+

Bike stops

1,300+

Car stops

Rural focus: Gulf Rural Stockist (GRS)

750+

Our OEM tie-ups in India





VOLVO
PENTA




Putzmeister

TOSHIBA

KOBELCO


FORCE
MOTORS

TATA MOTORS

CHAIRMAN'S MESSAGE

DELIVERING EXCELLENCE, CONSISTENTLY

■ Dear shareholders,

It is my pleasure to share with you our performance for FY 2018-19. Our customer-centric approach, future-ready strategies and adherence to the core values of Quality, Endurance and Passion led us to post our best performance so far.

Mixed macroeconomic trends

In 2018, most economies around the world witnessed a slowdown in growth. Global growth rate stood at 3.6% and was impacted by rising trade tensions between the US and China, macroeconomic stress in Argentina and Turkey, stringent credit policies in China, disruptions in the German auto sector, volatility in crude oil prices and financial tightening around the globe.

The Indian economy too witnessed a slower-than-expected growth of 6.8% for FY 2018-19. Liquidity crunch in the system, distress in agriculture sector and temporary policy uncertainty in the wake of general elections impacted the economic growth. On the other hand, improving private sector investments, continued traction in private consumption, healthy gross capital formation and stronger exports supported the economy. Overall, India continues to remain one of the fastest growing major economies of the world.

The Indian automobile industry witnessed a sharp dip in its growth from 14% in FY 2017-18 to 5.1% in FY 2018-19, particularly during the fourth quarter, owing to elections and limited availability of credit. This had a ripple effect on the domestic lubricant industry which grew by ~3%.

A watershed year for Gulf Oil

Notwithstanding these macro pressures, this year we took our performance a notch higher to surpass all our previous records. Our core volume growth stood at 18%+ which is significantly higher than our average CAGR growth of 12% over the past 10-11 years.

We raced past our history of growing two-three times ahead of the industry growth every year.

Continued momentum in both automotive and industrial segments became a precursor to our robust financial performance in the year. Most of our businesses in these segments clocked double digit growth in the year, reinstating our faith in our strategies and future potential.

In this scenario, our revenues soared 28% to ₹1,706 crore as compared to FY 2017-18. It is heartening to note that this growth was achieved via healthy improvement in both volumes as well as realisations. Our profit metrics, namely, EBITDA and Profit After Tax grew by 20% and 12% to ₹283 crore and ₹178 crore, respectively.

Enhanced reach, improved productivity of existing channels, addition of innovative products, strengthening of existing partnerships, and formation of new ones across OEMs and B2B clients were instrumental in driving our performance in the year under review.

Brand Gulf Oil champions ahead

Brand communications form an integral part of our strategy and we continue to leverage the potential of our brand associations. During the year, we joined hands with the Aprilia racing team in Moto GP to form a multi-year partnership. We are closely associated with the Manchester United Football Club. During the year, we launched the second season of Gulf Fan Academy which has seen great success.

Our association with leading players of India's favourite sport, cricket, is growing from strength to strength. While Mahendra Singh Dhoni was at the forefront of many of our prominent campaigns, Hardik Pandya promoted our newer businesses such as the two-wheeler batteries brand,

'Gulf Pride'. We continued to build on our association with Chennai Super Kings in India.

Progressing with passion

With multiple growth enablers firmly in place, the domestic lubricants industry is all set to witness continued growth. We are aware of all the emerging opportunities and have carefully crafted a strategy to take our Company to greater heights. We are looking to leverage our existing strengths on one hand, and enhance reach and product offerings on the other, to continue gaining market share and further consolidate our position as a leading player. Gulf Oil International remains steadfast in providing support to Gulf Oil India's growth journey.

To summarise, I want to thank all members of our Gulf Oil family, who have, under the leadership of Managing Director 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 staying ahead of the curve thanks to the undying passion to outperform within each one of us.

Yours sincerely,



Sanjay G Hinduja



“
We are looking to leverage our existing strengths on one hand, and enhance reach and product offerings on the other, to continue gaining market share and further consolidate our position as a leading player.
”

MD'S STATEMENT

QUALITY AND SPEED, WITH RESPONSIBILITY



Dear shareholders,

I am delighted to share with you our performance for FY 2018-19. It was an exceptional year for us where we outdid ourselves significantly in terms of performance record and expectations. During the year, we continued to provide quality products and services to our customers and grew at trailblazing speed.

Yet again, we demonstrated our strong execution capabilities and were able to fulfil our commitments to create value for all our stakeholders. This would not have been possible without the support and guidance from our Chairman, our Board, the Hinduja Group and Gulf Oil International who are constant sources of inspiration for us.

Our performance this year is special given that it was made possible amid three of the biggest challenges of market volatility, slowing automotive sales, and heightened competition. Beating our own track record of growing 2-3x more than standard market growth since the past few years, we grew our volume 5-6x as compared to market growth. Our customers, trade channel partners, investors and all other stakeholders inspire our quest for excellence

and are important partners in our journey of growth. We are grateful to them and seek their continued support.

Our people demonstrate a strong sense of ownership and loyalty towards Gulf Oil, and are the primary engines of this outperformance. Our customer-centric approach, adoption of digitalisation and future-ready strategies act as key enablers for growth. We seek to deliver greater customer delight and are confident of growing from strength to strength in the future.

We are looking to equip ourselves with deeper customer insight derived by deployment of data analytics to offer relevant, innovative products and value-added services to our esteemed patrons.

Our focus on automation and other technologies will enable us to become a more efficient organisation. We are leaving no stone unturned to identify and eliminate any bottlenecks, while fortifying our systems and processes.

Going forward, we will continue to empower our people and invest in helping them realise their highest potential. With our enhanced reach, brand recall and ability to offer differentiated products acting as catalysts, we will continue to build on our lead in a highly competitive market. We are also exploring potential new business areas or segments that may offer significant promise for the future.

Being a responsible corporate citizen, we are dedicated to racing ahead on our path of building communities that are responsible and aware. We operate with a high sense of responsibility towards all our stakeholder groups, including our people as well as customers. We are excited to continue on this journey and believe that the undying passion and zeal of team Gulf Oil will lead to consistent outperformance in the coming years.

Yours sincerely,


Ravi Chawla