



ANNUAL REPORT 2002-2003

TIDE WATER OIL CO. (INDIA) LTD.



Building on trust

reportjunction.com

Progress coupled with responsibility. Growth based on trust. That's our promise to the millions of our valued customers who place their faith in us.

We constantly push the frontiers of technology to produce high-performance lubricants that set the benchmark for others. We also follow a focussed marketing strategy involving consistent use of value-added distribution policies and integrated communication plans.

Indeed we are constantly advancing. Setting a hectic pace. Breaking barriers. All part of the same concerted effort to serve our valued customers better and simultaneously increase shareholder value.

Across the country we are focussed on these goals. Undeniably that's what keeps us growing!



R & D that keeps us in touch

We are proud to be the pioneer in automotive and industrial lubricants in India and manufacturers of high-performance lubricants since 1928. Keeping pace with developments in engine and machine design, our lubricants are constantly upgraded to deliver peak performance. Focussed and committed, we are constantly engaged in research and development activities at our R & D centres in Mumbai and Chennai to further improve our products. In fact, our state-of-the-art R & D facilities are deservedly recognised by the Ministry of Science & Technology, Govt. of India.

Report  junction.com

Products that match the best internationally

For us, nothing but the very best is acceptable. A principle that goads us on to better our products and bring them at par with, if not exceed the quality standards of lubricants internationally. It is also a matter of great pride for us that our Silvassa plant was the first lubricant plant in India to be awarded the ISO 14001 certification for environmental management. This plant already had the ISO 9001-2000 certification. Recently, our Chennai plant has also been awarded the ISO 9001 - 2000 certification.



TIDE WATER OIL CO. (INDIA), LTD.

Board of Directors

ARINDOM MUKHERJEE

S.K. CHATURVEDI

ASOK BASU

H.N. SENGUPTA

Secretary

S. BASU

Auditors

DELOITTE HASKINS & SELLS

Registered Office

'YULE HOUSE'

8, DR. RAJENDRA PRASAD SARANI

KOLKATA 700 001

MUMBAI OFFICE

CTS No. 90, Kachvadi
Govandi
Deonar
Mumbai 400 088

DELHI OFFICE

Bhardwaj Bhavan
1497, Wazir Nagar
Bhisma Pitamah Marg
New Delhi 110 003

CHENNAI OFFICE

JVL Plaza
501, Anna Salai
Teynampet
Chennai 600 018

TIDE WATER OIL CO. (INDIA), LTD.

NOTICE TO MEMBERS

Notice is hereby given that the Annual General Meeting of the members of Tide Water Oil Company (India) Limited will be held at the Williamson Magor Hall of the Bengal Chamber of Commerce & Industry, Royal Exchange, 6 Netaji Subhas Road, Kolkata 700 001 on Wednesday, the 30th day of July, 2003 at 11.00 a.m. to transact the following business :—

- (1) To consider and adopt the Profit & Loss Account for the year ended 31st March, 2003, the Balance Sheet as at that date and the Reports of the Board of Directors and the Auditors thereon.
- (2) To declare a dividend for the financial year ended 31st March, 2003.
- (3) To appoint a Director in place of Shri A. Basu who retires by rotation and being eligible offers himself for re-appointment.
- (4) To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution :

“RESOLVED that Messrs. Deloitte Haskins & Sells, Chartered Accountants who have offered their services and who are not disqualified under Section 224(1-B) of the Companies Act, 1956, be appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at a fee to be negotiated between the Company and the Auditors and that the Chairman be and is hereby authorised to conclude the matter with the Auditors on behalf of the Company.”

The Register of the Members and the Transfer Register of the Company will remain closed from 22nd to 29th July, 2003 both days inclusive.

Registered Office :
8 Dr. Rajendra Prasad Sarani,
Kolkata 700 001
Dated : 27th May, 2003

By Order of the Board
S. Basu
Secretary

- Notes : (1) A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company. Proxies, in order to be effective, must be received at the Company's Registered Office not less than fortyeight hours before the meeting.
- (2) Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- (3) Messrs. Deloitte Haskins & Sells, the retiring Auditors have offered themselves for re-appointment as auditors of the Company and accordingly, their name has been proposed for appointment. Section 224A of the Companies Act, 1956, is applicable to the Company and therefore it is necessary to pass a Special Resolution for appointment of the Auditors.
- (4) Dividend that may be declared by the Company will be paid to those members whose names will appear on the Register of Members of the Company on 29th July, 2003.
- (5) Messrs. AXC Computers Private Limited, National Council of Education Building, Jadavpur University Campus, Kolkata 700 032 has been appointed as Registrars and Share Transfer Agents for both physical and dematerialised shares of the Company.

TIDE WATER OIL CO. (INDIA), LTD.

- (6) Instructions regarding change of address and/or mandate should be sent so as to reach the Registrar or Registered Office of the Company latest by 29th July, 2003.
- (7) Members holding shares in more than one account are requested to intimate the Registrar or the Company the ledger folios to enable the Company to consolidate the same into one account.
- (8) Pursuant to Section 205A(5) of the Companies Act, 1956, all dividends upto the financial year ended 31st March, 1995 which remained unclaimed / unpaid have been transferred to the General Revenue Account of the Central Government. Members concerned are requested to claim such dividend from the Registrar of Companies, West Bengal, Nizam Palace, II MSO Building, 234/4, A.J.C. Bose Road, Kolkata 700 020.
- (9) Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrants so far for the financial year ended 31st March, 1996 or any subsequent financial years are requested to make their claim to the Registered Office of the Company. It may be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.



DIRECTORS' REPORT

Your Directors are pleased to present their Annual Report on the operations of the Company together with audited accounts for the year ended 31st March, 2003.

	Amount (Rupees in lacs)
The Accounts before charging depreciation show a profit of	1382.91
From which has been deducted : Depreciation (net)	193.24
Provision for Taxation	190.88
	<u>384.12</u>
	998.79
To which is added the balance brought forward from the last accounts of	<u>1046.52</u>
	2045.31
The Directors have transferred to General Reserve	99.88
Leaving a balance of	<u>1945.43</u>
And the Directors now recommend a dividend @ 100% (including interim dividend) on the Ordinary Shares amounting to	87.12
Tax on Dividend	2.79
	<u>84.33</u>
Leaving a balance to be carried forward of	<u>1855.52</u>

The performance of your Company during the year under review was commendable. The turnover had increased marginally to Rs. 189 crores compared to Rs. 187 crores in the previous year. The volume of sales also recorded modest rise despite continued slowdown in the economy, particularly in the agricultural segment, depressed market conditions and keen competition from the major oil companies and other numerous players in the industry. Notwithstanding the adverse factors the profit before tax achieved a healthy increase to Rs. 11.90 crores as against Rs. 10.96 crores in the preceding year primarily due to continued focus on premium segments, rationalisation of operations in tune with market condition and adoption of appropriate raw materials procurement strategies.

In view of commendable working results of the Company your Directors feel it appropriate to share the moment of happiness with the members in a befitting way and hence have the pleasure in

recommending a dividend at the rate of 100% (including the interim dividend of 75% already paid) on the Ordinary Shares.

The Royapuram Plant of the Company at Chennai has obtained accreditation of ISO 9001 : 2000 Quality Standards in addition to the Silvassa Plant, which is already accredited with ISO 9001 and 14001 standards.

The brand equity of the Company's products built up painstakingly over the years has been further strengthened with higher thrust on promotional activities in the face of growing competition. The effort of brand building has helped the Company create a 'niche' for its products even in a turbulent business environment.

The Company's products primarily marketed under the "VEEDOL" brand name are well accepted and acknowledged in the industry for their quality and range. The products manufactured and sold in accordance with the technology transferred from Nippon Oil Corporation, Japan (formerly Mitsubishi Oil Co. Ltd.) are being successfully marketed all over the country.

There were no Fixed Deposits from the public outstanding with the Company at the end of financial year. Deposits totalling Rs. 2.32 lacs due for repayment on or before 31st March, 2003 were not claimed by the depositors.

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, in respect of Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in preparation of the accounts for the financial year ended 31st March, 2003, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the

TIDE WATER OIL CO. (INDIA), LTD.

financial year and of the profit or loss of the Company for the year under review;

- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the Directors have prepared the Accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

Measures relating to conservation of energy and the benefits derived from R&D and other related details have been furnished in the statement annexed to this report pursuant to Section 217(1)(e) of the Companies Act, 1956.

A statement detailing significant Accounting Policies of the Company is annexed to the Accounts.

There were no employees drawing remuneration in excess of the limits specified under Section 217 (2A) of the Companies Act, 1956.

Shri A.K. Roy Chowdhury resigned from the Board of Directors on completion of his term at the conclusion of the last Annual General Meeting. The Board of Directors places on record the valued guidance received from him during his tenure of

directorship of the Company.

Shri Asok Basu retires from the Board by rotation and being eligible offers himself for re-appointment.

The retiring Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants have offered their services for appointment as Auditors.

The observations made in the Auditors' Report read with the Notes on the Accounts are self-explanatory and do not require any further clarification.

The Board of Directors would like to place on record their appreciation of the support and assistance received from the Government of India and the State Government. The Directors are thankful to the Company's Bankers/Shareholders/all other Stakeholders and the esteemed customers for their continued support.

The Board deeply appreciates the commitment and the invaluable contribution of all the employees towards the satisfactory performance of your Company.

Kolkata
27th May, 2003

On behalf of the Board

A. Mukherjee
Chairman

TIDE WATER OIL CO. (INDIA), LTD.

ANNEXURE TO DIRECTORS' REPORT

Particulars relating to Conservation of Energy, Technology Absorption and foreign exchange earnings and out-go pursuant to Section 217(1)(a) of the Companies Act, 1956 and Rules made thereunder.

A. Conservation of Energy :

- (a) The Company has installed Thermopac Liquid Heating System at its plants, which has resulted in substantial saving in the consumption of fuel oil. The heating system is free from explosion hazards and is fully automatic.
- (b) No additional investment was made during the year under review for reduction of consumption of energy.
- (c) Impact of measures taken for conservation of energy as well as reduction of cost of production cannot be accurately measured.

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

- (i) Government of India, Ministry of Science & Technology, Dept. of Scientific and Industrial Research has accorded recognition to the Company's in-house R&D Unit at Royapuram, Chennai and R&D Unit at Deonar, Mumbai. Both these units are equipped with modern testing facilities so essential for petroleum industry.
- (ii) The R&D Units have developed a number of new products which are required for high-tech industries and upgraded the formulations to suit the requirement of industry.
- (iii) The R&D Units have plans to develop new products in future.
- (iv) Expenditure on R&D :

a) Capital	Rs. Nil
b) Recurring	Rs. 60.14 lacs
c) Total	Rs. 60.14 lacs

d) Total R&D Expenditure as percentage of total turnover 0.32 %

B.2 Technology Absorption, Adaptation and Innovation :

- (i) The Company had entered into a technical collaboration agreement with Nippon Oil Corporation (formerly Mitsubishi Oil Co. Ltd.), Japan, for manufacture of hi-tech lubricants. The product formulations received from collaborator have been utilised for manufacture of such products.
- (ii) With the absorption and adoption of above technical know-how through collaboration, the Company has been able to produce quality products in India.
- (iii) Information regarding imported technology :
 - a) Technology imported from Nippon Oil Corporation (formerly Mitsubishi Oil Co. Ltd., Japan) for manufacture of hi-tech lubricants.
 - b) Year of import : 1993-94.
 - c) Technology has been partially absorbed.
 - d) Absorption of technology is continuing in respect of all grades of lubricants and is expected to be completed over the period of agreement.

C. Foreign Exchange earnings :

Foreign Exchange earnings during the year under review was Rs. Nil while Foreign exchange outgo was Rs. 569.33 lakhs.

On behalf of the Board

A. Mukherjee
Chairman

Kolkata
27th May, 2003

TIDE WATER OIL CO. (INDIA), LTD.

ANNEXURE TO DIRECTORS' REPORT MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure & Development

The growth of the lubricant industry depends on the agricultural, transport and the industrial sector. These are dependent on the performance of the economy. During the year under review there was a slowdown in the economy, increased competition from railroads, depressed farm prices and drought conditions in several states, which adversely affected the industry. According to various press reports the industry growth stagnated. This was primarily due to sluggishness in the transport and tractor segment where the Company has a good presence.

Opportunities & Threats

The Company has a wide range of quality products and a well-known brand 'VEEDOL' which has helped the Company perform creditably even in difficult times. This is supported by a countrywide network of distributors and dealers and consignment depots to effectively cater to the Company's customers.

While the industry is at present passing through a crisis, a shake-out is inevitable and signs of the same are visible as many companies including MNCs have rationalized or curtailed their operations over the years.

Segmentwise performance

The Company is a single segment Company as mentioned in Schedule 21 of the Accounts.

Outlook

With regard to the current year your Directors expect the Company to continue satisfactory performance as in the previous year. However, the hardening of crude oil prices and the consequent increase in price of raw materials could result in a pressure on margins of the Company. Also the general forecast for economic growth being gloomy, the scope of topline growth is limited.

Risk & concerns

Apart from normal risks applicable to an industrial undertaking, the Company does not foresee any serious area of concern.

Internal Control System

The Company has proper and adequate systems of internal control.

Financial performance

The details of financial performance of the Company are appearing in the Balance Sheet and the Profit & Loss Account for the year. During the year both sales volume and profits have increased.

Human Resources

During the year employer/employee relationships remained cordial. Settlements, wherever due were completed satisfactorily.