

**ANNUAL REPORT**  
2006-2007



**Tide Water Oil Co. (India) Ltd.**

PROXY**TIDE WATER OIL CO. (INDIA), LTD.**

Regd. Office : 8, Dr. Rajendra Prasad Sarani, Kolkata 700 001

DP Id :

Client Id :

I/We, .....

of .....

..... being a Member/Members of Tide Water Oil Co. (India), Ltd.

hereby appoint ..... of .....

or failing him ..... of .....

or failing him ..... of .....

as my/our proxy in my/our absence to attend and vote for me/us, and on my/our behalf, at the Annual General Meeting of the Company to be held on Tuesday, the 28th day of August, 2007 and at any adjournment thereof.

As WITNESS my/our hand/hand(s) this ..... day  
of ..... 2007.

Signed by the said .....

15 Paise  
Revenue  
Stamp

Date :

**Note :** The Proxy must be deposited at the Registered Office of the Company at 8, Dr. Rajendra Prasad Sarani, Kolkata 700 001, not less than 48 hours before the time for holding the Meeting.



TIDE WATER OIL CO. (INDIA), LTD.

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**Board of Directors**

K. DATTA  
S. MURALIDHARAN  
I. SENGUPTA  
S. SIDDHARTH

**Secretary**

S. BASU

**Auditors**

DELOITTE HASKINS &amp; 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  
626, 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 Tuesday, the 28th day of August, 2007 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, 2007, 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, 2007.
- (3) To appoint a Director in place of CA. S. Muralidharan 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."

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without modification the following resolutions :  
As an Ordinary Resolution :

- (5) "Resolved that Shri S. Siddharth be and is hereby appointed a Director of the Company."
- (6) "Resolved that Shri I. Sengupta be and is hereby appointed a Director of the Company."

The Register of the Members and the Transfer Register of the Company will remain closed from 21st August, 2007 to 27th August, 2007, both days inclusive.

Registered Office :

8 Dr. Rajendra Prasad Sarani,  
Kolkata 700 001  
Dated : 20th June, 2007

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 forty-eight 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.

## TIDE WATER OIL CO. (INDIA), LTD.

- (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 27th August, 2007.
- (5) Messrs. MCS Limited, 77/2A Hazra Road, Kolkata 700 029, has been appointed as Registrars and Share Transfer Agents for both physical and dematerialised shares of the Company.
- (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 27th August, 2007.
- (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 the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1999, which remained unpaid or unclaimed have been 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, 2000 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.
- (9) CA. S. Muralidharan is a Director of the Company since 17th November, 2005. He is a member of the Institute of Chartered Accountants of India, the Institute of Cost and Works Accountants of India and the Institute of Company Secretaries of India. He has considerable experience in administrative and management function. He is Director (Finance) of Andrew Yule & Co. Ltd. and also part-time Director of the following Companies :

WEBFIL Limited

Hooghly Printing Co. Limited

The Bengal Coal Company Limited

The New Beerbhoom Coal Company Limited

Katras Jherriah Coal Company Limited

TIDE WATER OIL CO. (INDIA), LTD.

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**EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2)  
OF THE COMPANIES ACT, 1956**

**Item no. 5**

Shri S. Siddharth was appointed as Additional Director of the Company with effect from 28th July, 2006. Accordingly, he will hold office up to the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing the appointment of Shri Siddharth as Director of the Company at this Annual General Meeting and Shri Siddharth has consented to act as such, if appointed.

Shri S. Siddharth is an engineering and management graduate. He is also an IAS officer and Director in the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises. He has considerable experience in administrative and management functions.

The Board recommends appointment of Shri Siddharth as a Director.

No Director other than Shri Siddharth has any interest or concern in the proposed resolution.

**Item no. 6**

Shri I. Sengupta was appointed as Additional Director of the Company with effect from 15th February, 2007. Accordingly, he will hold office up to the date of this Annual General Meeting. The Company has received a notice in writing under Section 257 of the Companies Act, 1956, from a member proposing the appointment of Shri I. Sengupta as Director of the Company at this Annual General Meeting and Shri I. Sengupta has consented to act as such, if appointed.

Shri I. Sengupta is an engineering and management graduate. He has considerable experience in administrative and management functions.

The Board recommends appointment of Shri I. Sengupta as a Director.

No Director other than Shri I. Sengupta has any interest or concern in the proposed resolution.

TIDE WATER OIL CO. (INDIA), LTD.

**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, 2007.

	Amount (Rupees in lakhs)
The Accounts before charging depreciation show a profit of	1471.31
From which has been deducted : Depreciation (net)	176.46
Provision for Taxation	397.86
	<u>574.32</u>
	896.99
To which is added the balance brought forward from the last accounts of	3538.54
	<u>4435.53</u>
The Directors have transferred to General Reserve	89.70
Leaving a balance of	<u>4345.83</u>
And the Directors recommend a dividend @ 150% on the Ordinary Shares amounting to	130.68
Tax on Dividend	18.40
Leaving a balance to be carried forward of	<u>4196.75</u>

The performance of your Company during the year under review was commendable. The turnover recorded was the highest-ever in the history of the Company at Rs. 421 crores as compared to Rs. 305 crores in the previous year. The overall lubricant market continued to remain sluggish due to on-going advancement of engine design and introduction of long-drain lubes. However your Company managed to achieve a healthy growth through continuous focus on "bazaar" sales notwithstanding severe competition from all market players.

The relentless rise in crude oil prices experienced during the previous year continued unabated thereby resulting in sharp escalation of raw material prices and consequent severe pressure on margins. Your Company, however, continued its policy of judicious procurement of its raw material at opportune moments from both the domestic and international sources thereby managing to keep cost pressures

within manageable limits. Despite the above, your Company achieved a Profit before Tax of Rs. 12.95 crores as compared to Rs. 10.09 crores in the previous year primarily due to focus on niche segments and efficiency in procurement of raw material.

Your Directors have the pleasure in recommending a dividend at the rate of 150% on the Ordinary Shares including the interim dividend of 100%.

The Company's plants at Silvassa, Royapuram and Ramkristapur continue to be accredited under ISO9001:2000 quality standards. The Silvassa Plant has also obtained accreditation under ISO 14001 for environmental standards.

In order to enhance its brand equity, the Company unveiled a new campaign in the electronic media for new-generation trucks and tractors in the Diesel Engine Oil segment in addition to consolidating its presence in the petrol engine oil segment. This was supplemented with elaborate field-level activity. The ENEOS brand of Nippon Oil Corporation, Japan was also promoted extensively through an extensive campaign.

The Company's products primarily marketed under the "VEEDOL" brand name are well established and accepted in the industry for their quality and variety. The products manufactured under the technical collaboration agreement with Nippon Oil Corporation (formerly Mitsubishi Oil Co. Ltd.) and marketed under the "ENEOS" brand name have carved out a niche for themselves in select markets.

There were no Fixed Deposits from the public outstanding with the Company at the end of the financial year. Deposits totaling Rs. 1.68 lacs due for repayment on or before 31st March, 2007 were not claimed by the depositors.

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

## TIDE WATER OIL CO. (INDIA), LTD.

- (i) In preparation of the accounts for the financial year ended 31st March, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) 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 financial year and of the profit or loss of the Company for the year under review;
- (iii) 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) the Directors have prepared the Accounts for the financial year ended 31st March, 2007 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.

CA. S. Muralidharan retires from the Board by rotation and being eligible offers himself for re-appointment.

During the year under review, Shri S. Siddharth and Shri I. Sengupta had been appointed as additional directors with effect from 28th July, 2006 and 15th February, 2007 respectively. They will hold office upto the date of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received notices under Section 257 of the Companies Act, 1956 proposing their appointment as Director.

Shri M. Kumar and Shri A. Mukherjee resigned from the Board of Directors of the Company with effect from 5th July, 2006 and 31st March, 2007. The Board of Directors place on record the valued guidance received from them during their tenure of directorship of the Company.

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  
20th June, 2007

On behalf of the Board  
**CA. S. Muralidharan**  
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. 65.15 lakhs
c) Total	Rs. 65.15 lakhs

d) Total R&D Expenditure as percentage of total turnover 0.15%

**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 Mitsubishi Oil Co. Ltd., Japan for manufacture of hi-tech lubricants.
  - b) Year of import : 1993-94 (agreement renewed in 2003-04 for 3 years).
  - 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. 49.36 lakhs while Foreign exchange outgo was Rs. 2555.54 lakhs.

Kolkata  
20th June, 2007

On behalf of the Board  
**CA. S. Muralidharan**  
Chairman

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## ANNEXURE TO DIRECTORS' REPORT MANAGEMENT DISCUSSION & ANALYSIS

### Industry Structure & Development

The country has been witnessing the entry of various global OEM (Original Equipment manufacturer)s. This has led to improvement in engine design and the introduction of efficient engines. This has resulted in longer drain intervals for lubricants and lower sump capacity. As a result the industry growth rate has stagnated as reported in various sections of the press.

### Opportunities & Threats

The Indian economy has been growing at a fast pace. This in turn is likely to result in new areas of growth. The Company has a wide range of excellent products and a well-known brand "VEEDOL" which places the Company at an advantage to avail of the emerging opportunity. The countrywide network of dedicated distributors and dealers and consignment depots provide effective support to the marketing efforts of the Company.

The advent of technological changes is likely to continue to put pressure on the top line of the Company. Simultaneously, the rise in input costs is likely to weigh down on the margins.

### 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 continuous rise in crude oil prices and the expected increase in price of raw materials could result in a pressure on margins of the Company.

### 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 although sales volume has increased by 10%, profits have risen by 30%.

### Human Resources

During the year employer/employee relationship remained cordial. With regard to the only pending settlement at Silvassa plant, discussions were in progress.