



Gulf Oil Corporation Limited

Corporate Office
Kukatpally, Post Bag No.1
Sanathnagar (IE) P.O.
Hyderabad-500 018
Andhra Pradesh, India

T: +91 (40) 23810671-9

F: +91 (40) 23813860,
23700747

E: info@gulfoilcorp.com

W: <http://www.gulfoilcorp.com>

Press Release

for Immediate Publication

Gulf Oil Q3 Turnover Up 22%

Highlights

- PAT of Rs. 41.17 crores (against Rs. 35.30 crores) YTD December 2011.
- Q3 PAT Rs. 13.09 crores.

Mumbai, February 6, 2012: Gulf Oil Corporation Ltd., a Hinduja Group Company, has reported a 22% increase in income in Q3. Profit from operations more than doubled to Rs. 11.41 crores. Profit after tax for Q3 was Rs. 13.09 crores (Rs.13.68 crores) due to exchange fluctuation of Rs. 1.74 crores. However, cumulative profit was Rs. 41.17 crores (+16.6%).

Pursuant to the Scheme of Arrangement, the Explosives Business of the Company excluding detonators and explosive accessories in Hyderabad was demerged and transferred to a wholly owned subsidiary, IDL Explosives Limited, during the previous financial year. Hence the results of the Explosives Division excluding the Explosives Business pertain only to Detonators and Accessories business at Hyderabad.

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Division wise performance and highlights are as under:

LUBRICANTS DIVISION:

The Lubricants Division continued to record growth in revenues and volumes in Q3 of 2011-12. The Gross turnover for the quarter increased to Rs. 239 crores as compared to Rs. 172 crores in the corresponding quarter of the previous year i.e. a growth of 39% on QoQ basis. Profit Before Interest and Tax for the quarter has also gone up by 36% to Rs. 23.05 crores compared to Rs. 17.29 crores in the corresponding quarter of the previous year mainly on account of higher volumes achieved by the division.

Inspite of the continued slower market collections from retailers, overall market slowdown and demand conditions for lubes slackening, the Division continued to outperform industry growth rates by increasing sales particularly in the motorcycle oils segment. A new TV campaign for Gulf Pride 4T Plus - Long Drain Motorcycle Oils that last for 10,000 kms was launched featuring Chennai Super Kings and India Captain Mahendra Singh Dhoni, Suresh Raina and Albie Morkel. The growth in volumes for this quarter and till date in FY 12 is estimated to be one of the highest in the industry amongst the major players.

Industry Outlook - The overall economic and automobile industry slow down impacted October and November as lube demand was low. The growth in the bazaar market is estimated to have reduced to 4-6 % as compared to 6-8% of last year.

EXPLOSIVES DIVISION AT HYDERABAD

During the quarter ended December 2011, the Explosives Division achieved sales of Rs 18.41 crores. (as against Rs. 11.40 crores last year).

Production of detonators was 83 million as against 74 million in the previous year. Production of detonating cords and accessories / chemicals were also higher than the previous year.

MINING AND INFRASTRUCTURE DIVISION

Mining and Infrastructure Division reported an income of Rs 12 crores in Q3 (previous year Rs 37 crores), based on activity in long term contracts for service in coal, metal and infra sectors.

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Temporary closure of the Iron ore mines in Orissa and Karnataka, due to regulatory issues faced by the clients, was the main cause of low turn turnover in this Quarter. Our clients from the iron and manganese ore sectors are continuing to represent to the State and Central Government to get their forest and environment, as well as mining clearances validated from the concerned Governments. Positive response from the Government of India is expected as growth of the industrial sectors is being affected due to unavailability of coal and metal ores. Work at Pranahita Irrigation Project in Andhra Pradesh is progressing well.

The Division is in discussions on long term projects in mining and infrastructure sector and new orders are expected in the next two quarters to augment the current order book of Rs 208 crores.

PROPERTY DEVELOPMENT

In Bangalore, all construction related agencies for the immediate start of the project are in place. However, the formal notification for the SEZ is awaited from the Ministry of Commerce. It was considered prudent to wait for this notification prior to start of construction at site, since substantial tax benefits would accrue to the project. Incidentally, this is currently the only SEZ development in the North Bangalore Corridor.

In Hyderabad, the Company is in final discussions with Hinduja Realty Ventures Limited, for entering into a Joint Development Agreement. In the meantime, work by GHMC on the 100 ft road through the property is progressing rapidly.

DIVESTMENT OF SHARES IN SUBSIDIARY

The Industrial Explosives Undertaking of the Company was demerged into a wholly owned subsidiary of the Company, IDL Explosives Limited (IDL), during the last financial year, as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Andhra Pradesh.

In the Scheme, one of the 'Rationale' was indicated as follows :

"Keeping in view of the future prospects of the Explosives business and risks associated with it, Gulf Oil ultimately propose to divest either fully or partially or induct either Strategic Partner or Equity partner in this business to grow the business independently."

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Accordingly, the Board of Directors at its meeting held today decided to disinvest and sell the entire equity of IDL comprising of 50,000 shares of Rs. 10 each fully paid at Rs. 2000/- per share, to the highest bidder through the process of competitive bidding. In addition, the Company holds 2,49,000 Preference Shares of Rs. 24.90 crores, which was allotted by IDL, as per the terms of the Scheme.

With this, all, assets, loans and liabilities of IDL will also stand divested.

The necessary legal process for giving effect to the above will be completed in due course.

For further information please visit www.gulfoilcorp.com or contact:

Mr. R. Varadarajan, Vice President, Lubricants Division, GULF OIL Corporation Ltd., at 022-28248240, 56989900, Mobile : 9819338850

Mrs. R. Chaudhry, Deputy Manager – MD's Secretariat, Gulf Oil Corporation Limited, Hyderabad at 040-23700750, Mobile : 9849052064

Mr. Thomas Abraham, Senior Vice President (Corporate Communications & PR), Hinduja Group at 022-28248359 – Extn. 232, Mobile : 9820279349