

**Gulf Oil Corporation Limited****Corporate Office**

Kukatpally, Post Bag No. 1, Sanathnagar (IE) P O  
Hyderabad 500018 Andhra Pradesh, India.

T : +91 (40) 23810671-9  
F : +91 (40) 23813860, 23700747  
E : info@gulfoilcorp.com  
W : http://www.gulfoilcorp.com

27<sup>th</sup> January, 2014

**The Secretary  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai- 400 001  
Fax: 022-22723121/2027/2041/2061/3719**

**National Stock Exchange of India Limited  
Exchange Plaza  
Bandra Kurla Complex  
Bandra (E), Mumbai- 400 051.  
Fax: 022-2659 8237/38, 2659 8347/48**

Dear Sir/Madam,

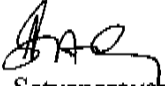
**Sub: Press Release  
Ref: BSE Scrip code-506480, NSE Scrip code- GULFOILCOR**

Please find enclosed herewith Press Release of the Company dated 27<sup>th</sup> January, 2014.

This is for your information and records.

Thanking You,

Yours Faithfully  
**For Gulf Oil Corporation Limited**

  
A. Satyanarayana  
**Company Secretary**

Encl: a/a



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

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**Press Release**

**for Immediate Publication**

**January 27, 2014**

**DEMERGER OF LUBRICANTS BUSINESS BY  
GULF OIL CORPORATION LIMITED : CLARIFICATIONS ON  
CERTAIN NEWS ITEMS**

The Company has announced a restructuring of its operations through a Scheme of Arrangement in accordance with Section 391 to 394 read with Section 78, 100 to 104 of the Companies Act 1956 on 7<sup>th</sup> August, 2013, in which the demerger of the Lubricants Division of Gulf Oil Corporation Limited ( GOCL ) to Gulf Oil Lubricants India Limited ( GOLIL ) a wholly owned subsidiary of the Company.

Other than the Lubricants business, the residual Company, namely, GOCL would continue to hold the other 3 Divisions namely Explosives, Mining Products & Services and Realty / Infrastructure.

This Scheme of Arrangement is planned to be made effective from 1<sup>st</sup> April 2014 after completion of all formalities by way of Court orders etc.

**Details of the two entities**

The value of shareholdings of all the shareholders of GOCL would remain unaffected by this Scheme of Arrangement mainly because they would have equal shareholding in both the entities ( GOCL and GOLIL ) as per the scheme i.e. for every existing 2 shares ( face value Rs. 2 ) held in GOCL they would receive 1 share of each of the two companies of the same face value Rs. 2 each.

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At the time of merger of Gulf Oil India Limited with IDL Industries Limited in 2002 w.e.f. 1.1.2002, the turnover of Lubricants business was Rs. 51.58 crores. After merger the business has been growing at a CAGR of 30% and for the Financial Year 2012 – 13 the turnover has reached Rs. 970.87 crores. Therefore, it was decided by the Board that the business be demerged to allow the Lubes business to grow further in a focused environment rather than as a Division of the diversified Company. Besides, the focus which would be available due to its single business of lubricants and greases, it would also get market valuations applicable to Lubricant companies thereby enhancing shareholder value.

The residual business which would continue in GOCL would consist of explosives, mining products and services and property development/realty / infrastructure. GOCL will be focussing significantly on its Property development business and the work at its Bangalore site is in full swing. The other businesses have been subdued over the last 3 years although growth has been steadily upwards but at a slower pace because of the lack of clarity in Government policies with regard to mining and infrastructure. Therefore, as far as GOCL is concerned, its assets will consist of explosives, mining services and products, and the realty assets.. The growth of this entity, however, will depend to a great extent on Government policies for mining, and the expansion of its realty businesses in Bangalore, Hyderabad and Bhiwandi ( Maharashtra ).

### **Technical Collaboration**

Since the Gulf lubricants business in India is dependent on technical collaboration cum brand licensing arrangement with Gulf International, this collaboration and brand license arrangement will continue with GOLIL. The Agreement is currently valid for 7 years and is renewable. The combined Royalty is being paid on arm's length basis, which effectively is around 1% of the turnover. There is no Royalty being paid for other businesses of the Company.

### **Acquisition of Houghton Inc.**

This acquisition was announced in November 2012 vide our announcement to the Stock Exchanges on 7<sup>th</sup> November 2012 and the change in position to a 10% holding on 7<sup>th</sup> August, 2013. Total clarity on the dilution of 90% stake in GHGL was announced on 7<sup>th</sup> August, 2013, in which it was also mentioned that out of USD 300 mn. loan availed for this purpose from SBI, USD 120 mn had already been repaid and Gulf Oil International Limited, Cayman "has agreed to take full responsibility of servicing and repayment of entire balance loan(s) outstandings."

As a result of this, Gulf Oil Corporation Limited having provided the security to Lenders for this loan would have to continue this item on its consolidated balance sheet till repayment and receive a commission for the same @ 0.5% p.a.

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Hence 10% of the holding in Houghton Inc. through its subsidiary HGHL Limited, UK would continue to be on the books of GOCL as an investment with no cash outflow from GOCL for servicing the debt.

#### **Disinvestment in Foreign Subsidiaries**

Since the main objective of this Scheme of Arrangement is to give specific focus to the lubes business in India it was also announced on 30<sup>th</sup> September, 2013 that the subsidiaries of GOCL in Bangladesh, Indonesia and China would be disinvested for an overall amount of Rs. 54.9 crores ( cost of investment Rs. 29.1 crores ). This transaction has already been completed and the Company has received Rs. 54.9 crores.

#### **AGM Enabling Resolution**

Further, the Company would like to clarify that currently no major equity dilution is planned in GOCL and the resolution passed at the last AGM held on 30<sup>th</sup> September, 2013 for USD 100 mn ( approx Rs. 600 crores ) is in the nature of an enabling resolution, which is passed every year to provide quick management action in case of any large business opportunity that may arise.

The Court convened meetings of shareholders and creditors are scheduled for 30<sup>th</sup> January, 2014, at Hyderabad.

**For further information please visit [www.gulfoilcorp.com](http://www.gulfoilcorp.com) or contact:**

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

**Mr. Ashish Kaul, Vice President (Corporate Communications), Hinduja Group at 022-28248359 – Extn. 232, Mobile : 9820279349**