



Gulf Oil Corporation Limited

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Press Release

for Immediate Publication

Highlights

- For Q4 Turnover up 3% at 312 crores and Profit up by 6%.
- Operating Profit for the year up 17% at Rs. 75.54 crores.
- Net Profit for the year up by 10% at Rs. 58.34 crores.

Mumbai, May 8, 2014: Gulf Oil Corporation Ltd., a Hinduja Group Company, has reported a turnover of Rs. 1097 crores for the year (Rs. 1081 crores) and Net Profit of Rs. 58.34 crores an increase of 10% over previous year. Turnover for Q4 was Rs. 312 crores (Rs. 303 crores) and net profit of Rs. 18.35 crores.

The Company has in the month of April 2014 paid an Interim Dividend of Rs.2.50 per share, i.e., 125% (110% + special dividend of 15%), a payout of 50%. The Board has recommended that the Interim Dividend be treated as the Final Dividend for the financial year 2013-14.

Division wise performance and highlights are as under:

LUBRICANTS BUSINESS

Demand conditions for lubricants continued to be subdued in Q4 impacted by lower goods movement, slowdown in mining, infrastructure segments and poor industrial

growth factors. Despite these challenges, the Division grew its revenues in the 4th quarter of FY 2013-14. The net sales turnover increased to Rs. 255 crores as compared to Rs. 235 in the corresponding period last year, achieving a positive growth of 8 % QoQ basis.

Operational Profit before Interest and Tax for the quarter has also gone up by 8.4% to Rs. 28.63 crores compared to Rs. 26.41 crores in the corresponding quarter of the previous year mainly on account of improvement in the product mix and sales realisations by the Division. Special promotional initiatives to gain market share in the diesel engine segment with trade retailer meets and retailer promotions were executed across key markets. For the year as well, the division has been able to maintain its Operational Profit before Interest and Tax clocking Rs. 105.46 crores compared to Rs. 105.68 crores in the previous year, inspite of the prevailing economic environment, negative growths in the commercial vehicle segment and slowdown in car / 2 wheeler segments.

The Lubricant Division has overall grown market shares with positive volume growth in the motorcycle segment & acquisition of new B2B customers across direct industries, infrastructure, mining segments from competition. Increase in distribution reach was achieved during the year with focused expansion initiatives. Season 2 of Leader Talk – a Gulf Oil sponsored program on CNN-IBN was telecast and the association with MTV Roadies continued in Q4 to ensure visibility and strengthen the brand across target audiences.

EXPLOSIVES BUSINESS

During Q4, the Explosives Division at Hyderabad, which manufactures detonators and accessories, achieved sales of Rs.18.22 crores (as against Rs.21.73 crores last year) due to the shut down of the Detonating Fuse (DF) plant after an accident in April 2013. The DF plant has since restarted production in the month of February 2014.

Production and Sales of detonators decreased in Q4 due to sluggish demand in the mining sectors and subdued export demand on account of stringent rules introduced by the Government of India regarding usage of Ammonium Nitrate.

Considering that the Explosives Division is engaged mainly in manufacturing of pyrotechnic devices as well as special products for the defence, space and various R & D applications, it has been renamed as 'Energetics Division' effective from 1st April 2014.

The consolidated turnover of the explosives business (including the wholly owned subsidiary) has increased from Rs. 271 crores to Rs. 305 crores with significant improvement in the results. Consolidated EBIT is up from Rs. 9.43 crores to Rs. 20.58 crores in the year.

MINING AND INFRASTRUCTURE BUSINESS

Operations of the Mining and Infrastructure Division have been completely scaled down due to major projects being under temporary suspension for want of various government / regulatory clearances. Disposal / impairment of equipment at all sites amounting to Rs. 21.59 crores were done in the financial year. This action was taken considering outlook of the business vis-à-vis regulatory approvals for mining projects which are expected to take more time after the new Government completes reviewing of the industrial / economic situation in the country.

On account of the impairment, idling expenses of the Division will not have any significant impact on the results of the Company in the coming quarters.

PROPERTY DEVELOPMENT

In Stage 1 of the Rs.1800 crores 'Ecopolis' project at Yelahanka, Bengaluru, the building (G + 10 + 3 basements) of 10.46 lakh sft and a multi level car park of 74,000 sft in the SEZ sector is nearing completion. All 10 slabs of the building have been completed. These buildings with external façade, MEP services and related infrastructure will be completed by September 2014. And the revenue streams are expected to commence from Q3 of 2014-15.

For the Hyderabad property, where the Company has entered into a Development Agreement with Hinduja Estates Private Limited, the 100 feet road passing through and beside the Company's property has been completed. Traffic on these roads has increased substantially, increasing the visibility of the Company's properties. In the meantime, several residential projects along the wider roads have developed.

The Master Planning assignment for development of 10.5 million sq. ft of saleable space has been entrusted to DSA Architects International at Dubai.

Uncertainty about the restructuring of the State of Andhra Pradesh during major part of the last year resulted in delay in planning work relating to the Hyderabad project. In the meantime, with the announcement of bifurcation of the State of Andhra Pradesh the political environment has stabilized and the new Government is expected to take major initiatives for the economic development of the State which would also lead to the revival of the real estate sector.

RESTRUCTURING OF THE BUSINESSES

After the divestment of the three overseas subsidiaries at Bangladesh, China and Indonesia, the Company retains the UK subsidiary, which holds 10% stake in the Houghton International Inc., USA. The Company is in discussions on various proposals for maximizing its value.

The Scheme of Arrangement for demerger of the Lubricants Division of the Company and transfer of the same to Gulf Oil Lubricants India Limited (GOLIL) a wholly owned subsidiary has been sanctioned by the Hon'ble High Court of Andhra Pradesh. Shares of GOLIL will also be listed on BSE and NSE, after completion of the necessary legal formalities.

In terms of the approved Scheme, for every 2 fully paid up equity shares of face value Rs. 2 of Gulf Oil Corporation Limited (GOCL), all existing shareholders as on record date, to be announced shortly, will be allotted 1 share of GOCL (FV Rs. 2) and 1 share of GOLIL (FV Rs. 2).

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

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