Celebrating 50 YEARS


LUBRICANTS


INDUSTRIAL EXPLOSIVES


MINING & INFRASTRUCTURE


PROPERTY DEVELOPMENT

Gulf Oil Corporation Limited

50th ANNUAL REPORT 2010 - 2011

HINDUJA GROUP

EVENTS OF THE YEAR

Typical Display at IPL 4 match

Brand Promotion at Airports

Campaigning Gulf Pride 4T Plus

Gulf branding in the Kissan Mela across Maharashtra

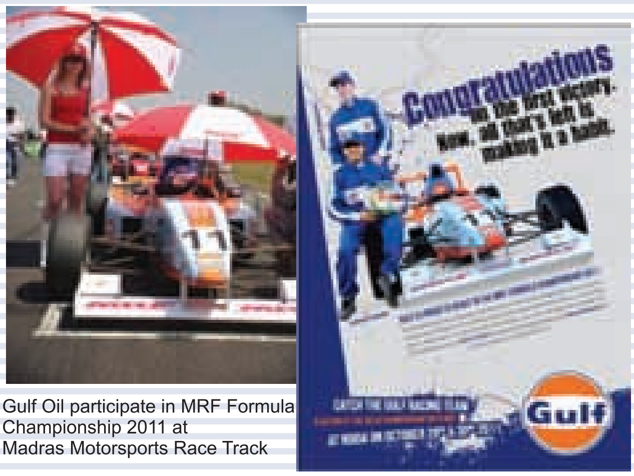
Contract signing for supply of Lubricants between Essar Group and Gulf Oil

Launch of Co-branded oil with Mahindra-Mahindra

Opening of a customer care center in Namakkal, Tamil Nadu

A Gulf retail outlet at Hyderabad

Gulf Dirt Track 2010 at Bhopal, Madhya Pradesh



Gulf Oil participate in MRF Formula Championship 2011 at Madras Motorsports Race Track

Gulf Oil Corporation Limited

FIFTIETH ANNUAL REPORT 2010 - 2011

Board of Directors

(as on 25th May, 2011)

S. G. Hinduja, *Chairman*
R.P. Hinduja, *Vice Chairman*
K.N. Venkatasubramanian
H.C. Asher
M.S. Ramachandran
Ashok Kini
Prakash Shah
Kanchan Chitale
Vinoo S.Hinduja
V. Ramesh Rao
Vinod K Dasari
S.Pramanik, *Managing Director*
A.V. Dujean, *Alternate to R.P. Hinduja*
K.C. Samdani, *Alternate to Vinoo S. Hinduja*

Committees of the Board:

Audit	Kanchan Chitale, Chairperson	H.C. Asher	Ashok Kini	
Share Transfer & Investors' Grievance	Ashok Kini, Chairman	S.Pramanik	Vinod K. Dasari	
Remuneration & Nomination	Prakash Shah, Chairman	H.C. Asher	M.S. Ramachandran	Vinoo S Hinduja
Safety Review	Vinod K. Dasari, Chairman	Ashok Kini	K.N. Venkatasubramanian	
Investment Appraisal & Project Review	M.S.Ramachandran, Chairman	Vinoo S Hinduja	Vinod K. Dasari	

Executive Team:

Corporate	S.Subramanian	*CFO& Company Secretary*	V. Satish Kumar	*Head (Internal Audit)*
Lubricants Division	Ravi Chawla	*President (Lubricants)*	Amrish Kathane	*Sr. GM (Supply Chain)*
	Dr. Y.P. Rao	*Sr. V.P. (Technical)*	Manish Gangwal	*CFO (Lubes Business)*
	R. Varadarajan	*Sr. V.P. (Sales & Business Development)*	Alok Mahajan	*CMO (Lubes Business)*
Explosives & Contracts Divisions	Raman Gopal	*President (IDL Divisions)*		
	T.T. Das	*General Manager - Consult*		

Company Secretary S. Subramanian
Deputy Company Secretary A. Satyanarayana

Bankers	State Bank of India	Andhra Bank
	State Bank of Hyderabad	IDBI Bank Ltd
	Oriental Bank of Commerce	Bank of Bahrain & Kuwait B.S.C
	ICICI Bank Limited	HSBC Bank

Auditors
Deloitte Haskins & Sells, Chartered Accountants, Secunderabad
Shah & Co., Chartered Accountants, Mumbai (Branch Auditors)

Registered/ Corporate Office
Kukatpally,
Hyderabad - 500 072
Andhra Pradesh

Registrar & Share Transfer Agents
Sathguru Management Consultants Pvt. Ltd.
Plot No. 15, Hindi Nagar, Behind Sai Baba Temple,
Panjagutta, Hyderabad - 500 034.

CONTENTS

A TEN YEAR REVIEW

(Rs. Lakhs)

Year	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
INCOME & DIVIDENDS										
Turnover	**100102.35**	106565.94	99588.84	83321.52	66865.64	50724.65	47340.47	41551.04	40534.71	25250.68
Profit Before Tax	**6702.03**	5430.23	3875.41	2970.6	3183.37	2543.43	2215.07	2798.39	1132.93	978.55
Profit After Tax	**5419.03**	4507.23	2904.38	2513.17	2300.59	2278.6	2003.07	2290.80	1531.52	769.55
Profit After Tax as a percentage of Sales	**5.41%**	4.23%	2.92%	3.02%	3.44%	4.49%	4.23%	5.51%	3.78%	3.05%
Earnings Per Share (Rs.)	**6.11 #**	6.06 #	3.91 #	3.42 #	16.58	16.43	14.44	16.51	11.04	8.12
Dividend per fully paid Equity Share (Rs.)	**2.00 #**	1.80 #	1.70 #	1.50 #	7.50	7.00	6.50	6.00	5.00	3.00
Dividend	**1982.90**	1338.46	1264.10	1115.38	1115.38	971.02	901.66	832.3	693.59	416.15

Year	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
CAPITAL EMPLOYED										
Net Fixed Assets	**43011.36**	58103.87	60676.59	200424.32	15647.14	11367.26	10560.95	8215.47	7943.98	8024.33
Net Working Capital	**10230.27**	11388.15	17835.12	22592.43	14451.81	9597.43	8130.11	9837.19	12593.26	17173.69
Other Assets	**8768.26**	3204.01	3595.94	6992.93	7980.24	5278.71	4839.49	2394.70	984.10	2211.82
Total Capital Employed	**62009.89**	72696.03	82107.65	230009.68	38079.19	26243.40	23530.55	20447.36	21521.34	27409.84

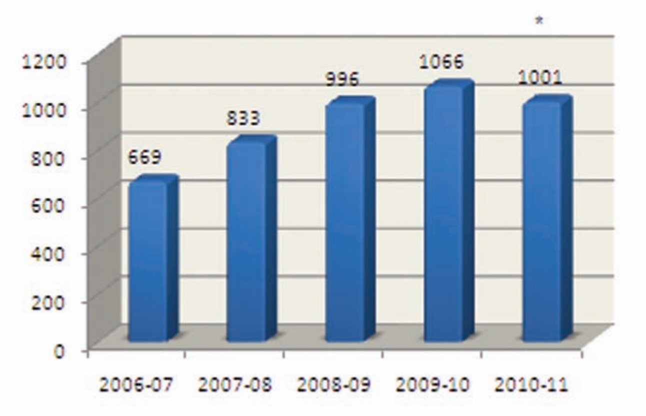
Year	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
NETWORTH & LOANS										
Shareholders' Funds:										
Capital	**1982.90**	1487.17	1487.17	1487.17	1387.17	1387.17	1387.17	1387.17	1387.17	1387.17
Reserves	**42297.79**	40789.77	39794.17	203901.39	14388.71	13393.06	12221.67	11246.72	10454.43	12943.00
Tangible Networth	**44280.69**	42276.94	41281.34	204717.18	15237.06	14284.78	12827.12	12045.21	11841.6	14330.17
Secured Loans	**10204.43**	17074.51	17122.63	13457.72	15547.27	8147.69	8243.71	6224.07	7593.02	11206.99
Unsecured Loans	**7524.77**	13344.58	23703.68	11163.40	6251.04	2810.48	1678.00	1589.40	2086.72	1872.68
Debt Equity	**0.40**	0.72	0.99	0.12	1.43	0.77	0.77	0.65	0.82	0.91
No. of Shareholders at year end	**66661**	61276	59476	56218	43790	43840	45893	47605	48945	46969

Note: Sales figure includes Excise Duty

 # Equity Shares of face value of Rs. 2 each. Previous years face value of Rs. 10 each

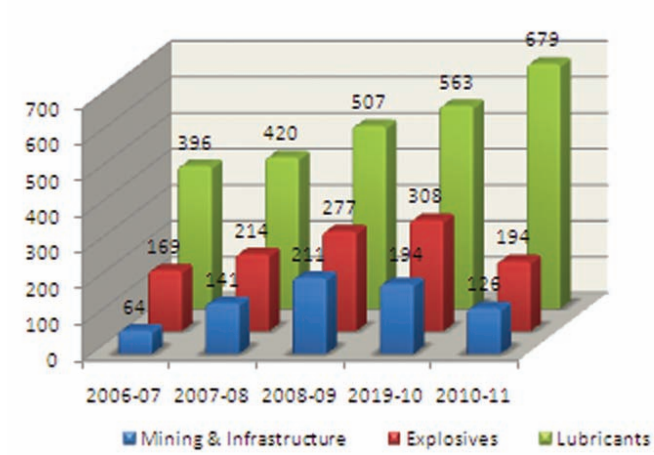
Turnover

(₹ Crores)



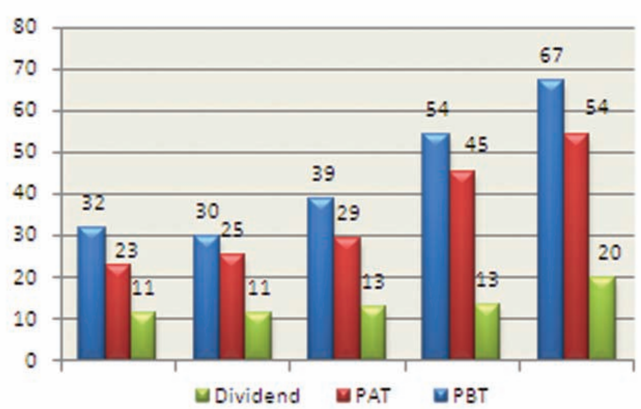
Segment-wise Turnover

(₹ Crores)



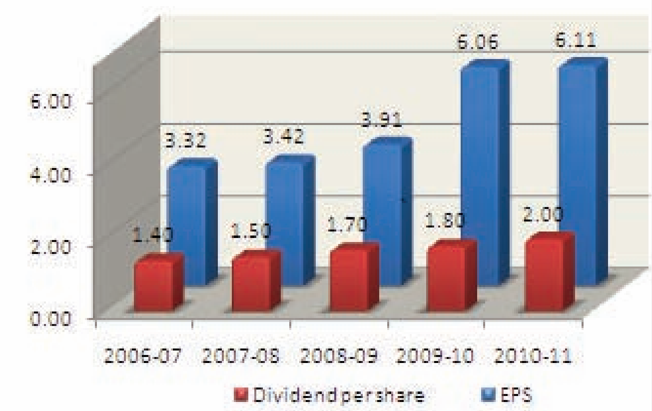
PAT, PBT and Dividend Payout

(₹ Crores)

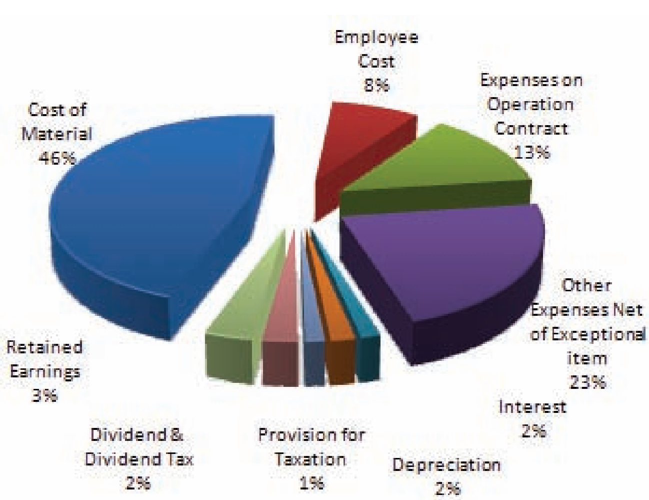


Dividend per share and EPS

(₹)



Disposal of Revenue - F2011



Number of Shareholders

* All charts considers only 6 month turnover / business of 'Explosives Undertaking' transferred to 100% subsidiary IDL Explosives Limited w.e.f. 01-10-2010

Chairman's Letter

Dear Shareholders,

Your Company has completed 50 years of successful operations. I am sure that you would be happy to note the steady growth of the Company over the years. From a single factory started in Kukatpally, Hyderabad in April 1961 the Company operations have become pan-Indian and expanded to Bangladesh, China and Indonesia, whilst domestic turnover has exceeded Rs. 1000 crores with exports to over 20 countries. While our achievements have been noteworthy over these 50 years, the journey into new business areas, new endeavours, meeting new challenges will continue to bring even more shareholder value in the years ahead.

BUSINESS OVERVIEW

The global economy has been severely affected by the recessionary trends visible in the US and European Union. The Indian economy, however, continues with the growth patterns established over the last few years. GDP in India for 2010-11 manifested a growth of 8.6% with 6 core industries comprising crude oil, petroleum, refining, coal, electricity, cement and finished steel recording significant growth. India, therefore, is currently rated as one of the most attractive investment destinations on the globe.

The main 2 areas of the economy which have a direct bearing on the operations of your Company are Automobiles and Mining sectors. In the Automobiles sector, there was a robust overall growth of 26%. All major segments of the industry viz. Commercial vehicles (+27%), Passenger (+29%) and 2 wheelers (+26%) grew at a significant pace on the back of the strong economic growth with more focus on rural areas and new model launches. Higher spending on infrastructure development, strong consumer confidence, and moderate price hike by auto makers also contributed to the consistent good growth in the industry over the last 6 quarters.

Our Lubricants Division achieved a turnover of Rs. 679 crores, a robust increase of 21% and recorded growth rates higher than competition. The focus on segment wise approach backed by channel expansion, promotions and very aggressive brand building initiatives was successfully executed by the team. The strong brand building exercises will be continued in the future supported by promotions for trade influencers and end users.

On the other hand, the sectors which have seen considerable erosion of growth momentum over the last one year are mining and quarrying, and manufacturing. Mining witnessed a fall in growth to 5.9% in 2010-11 from 10% from 2009-10. As a consequence, the growth in electricity generation also slowed down to 5.6% in 2010-11 from 6.0% in 2009-10. The moderation in the pace of expansion of the mining sector can be related to certain adverse developments relating to the mining sector. Most mining activities in the dominant mining states have been affected due to environment and forest issues. The MoE&F categorized 203 coal blocks as “no go” mining zones, and this has contributed to supply shortfalls. It is estimated that these 203 coal blocks could have generated 1.3 lakhs MW of power per year. Moreover, a considerable number of power projects were said to get delayed because of uncertainty of availability of supply of coal.

Against the above backdrop your Company’s Explosives Division’s consolidated revenue grew to Rs. 322 crores by 5% over the last financial year. However, due to spinning off of a major portion of the explosives business into a 100% subsidiary w.e.f. 1.10.2010, the turnover reported for your Company was Rs. 194 crores. The growth of this Division is directly linked to the growth of the mining and infrastructure segment in India.

As a fallout of the slow down noticed in the mining sector and market conditions in a mining services industry, the

Service Income reported by the Mining & Infrastructure Division reduced considerably to Rs. 126 crores from Rs. 194 crores in the previous year. In the Orissa sector where the Division is engaged in large scale iron ore mining, there has been a lull in operations in the last three quarters. It is expected that with the policy reviews being undertaken by the State and the Union Governments, the mining policy issues will be resolved over the next few months, and our full-fledged operations would resume. In the meantime, the Division has started work at a mining project for Uranium Corporation of India near Jamshedpur, and also undertaken work on a major irrigation project in Andhra Pradesh to deploy the available equipment.

NEW INITIATIVES

Lubricants

The Division was able to retain its overall No. 2 position across India in the key bazaar segement with the aggressive marketing of New Generation Diesel Engine Oils. Technological upgradation of product portfolio was done with the launch of an Advanced Engine Oil, Gulf Super Fleet Dura Max, with high extended life of 80,000 Kms from the existing 36000 kms. Along with this, new OEM tie-up was forged with Mahindra & Mahindra's Automotive Division with the launch of the co-branded lubricants. Several new initiative with fleet operators and infrastructure companies especially BOT participants were also concluded.

To cater to the growth in demand, an automated plant in the South is being planned with an investment of over Rs.100 crs.

Industrial Explosives

The separation of the cartridge and bulk explosives business into a 100% subsidiary namely IDL Explosives Limited was completed after obtaining the approval of the Andhra Pradesh High Court in March 2011. With this segregation we hope to achieve focus on a major portion of the explosives business which we have been operating since the early 1970s, so that strategic actions / partners can be inducted for the future revamp of the business. The subsidiary has started full fledged operations w.e.f. 24th May, 2011 with the completion of the formalities required for this purpose. Several plans are under consideration of your Board and will be announced as they are finalised.

Four years ago we had introduced electronic detonators, based on our R&D efforts. I am happy to announce that we have now been able to upgrade the product to a field programmable type whereby our users can set specific delay times based on the precise mine requirements at the site.

To enhance the Health and Environment Management System in the Explosives Division, the Division implemented Integrated Management System (IMS) which incorporates the Environmental Management System (ISO 14001) and Occupational Health & Safety Management System (OHSAS 18001).

Mining & Infrastructure Division

The Division also obtained the ISO 14001 and OHSAS 18001 Certificate covering Quality, Safety, Occupational Health and Environment. In view of the challenges, both in the mining and quarrying sectors, the management is relooking at the strategies to optimise the strengths and capabilities of the Division in other infrastructure areas.

PROPERTY DEVELOPMENT

Development of the Company's property at Yelahanka, Bangalore, where 5.05 mn. sq.ft. is planned to be constructed, a fresh market survey through Cushman Weikfield was completed to revalidate the revenue and construction phasing plans and the Developer has shortlisted a reputed main contractor, the project management consultant and the quality surveyor. In the meantime, all building plans have been revalidated and work on construction of the 1st phase comprising of 1.2 mn sq. ft. of built up area is being started after the monsoon this year.

The global economy is changing and we may see new structures emerging out of the current market turmoil. We will continue to remain flexible as the business climate shifts and demand fluctuates for our products and services. We know that our responsibility to you is to continue seeking new ways to improve everything we do.

Thank you for your continued support. I also wish to thank all members of Team Gulf and our business associates for their long association and contribution to our success.

S. G. Hinduja
CHAIRMAN

August 16, 2011

NOTICE OF THE FIFTIETH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fiftieth Annual General Meeting of the Company will be held at 2.30 p.m. on Friday, the 23rd day of September 2011 at Grand Ball Room, Hotel Taj Krishna, Hyderabad - 500034 to transact the following:

ORDINARY BUSINESS

1. To consider and adopt the Directors' Report, the Auditors' Report, the Balance Sheet as at 31st March 2011 and the Profit and Loss Account for the year ended 31st March 2011.

2. To declare dividend for the financial year ended 31st March 2011.

3. To appoint a Director in place of Mr.M.S.Ramachandran, who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment .

4. To appoint a Director in place of Mr.Sanjay G Hinduja, who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment.

5. To appoint a Director in place of Mr.Ramkrishan P Hinduja, who retires by rotation under Article 122 of the Articles of Association of the Company and is eligible for re-appointment.

6. To consider, and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

   "RESOLVED that M/s Deloitte Haskins & Sells, Chartered Accountants, Secunderabad (Registration No.008072S) be and are hereby appointed Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be negotiated and fixed by the Audit Committee/Board of Directors of the Company in addition to actual out-of-pocket expenses incurred by them for the purpose of audit."

7. To consider, and if thought fit, to pass, with or without modification, the following Resolution as an Ordinary Resolution:

   "RESOLVED that M/s. Shah & Co., Chartered Accountants, Mumbai (Registration No.109430W) be and are hereby appointed as Branch Auditors of the Company for its Lubricants Division at Mumbai from the conclusion of this meeting until the conclusion of the next Annual General Meeting on a remuneration to be negotiated and fixed by the Audit Committee/Board of Directors of the Company in addition to actual out-of-pocket expenses incurred by them for the purpose of audit."

SPECIAL BUSINESS

8. To consider, and if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Ms.Kanchan Chitale, who was appointed in the casual vacancy caused by the sad demise of Mr.P.N.Ghatalia and who, under Section 262 of the Companies Act, 1956 holds office only upto the date of this Annual General Meeting and being eligible, offers herself for appointment and in respect of whom the Company has received notice in writing from a Member, pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Ms.Kanchan Chitale for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

9. "To consider, and if thought fit, to pass, with or without modification, the following resolution as a **Special Resolution**:

   "**RESOLVED that** subject to the approval of the shareholders and pursuant to the provisions of Section 269,198,309,310 of the Companies Act, 1956 read with Schedule XIII to the said Act, as amended from time to time, and other applicable provisions if any, Mr.Subhas Pramanik be and is hereby reappointed as the Managing Director for a period of three years effective 8th July, 2011, on the terms and conditions set out in the Explanatory Statement annexed to the Notice of General Meeting under Section 173 of the Companies Act, 1956.

10. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

    "**RESOLVED that** in supersession of previous resolution passed by the Members of the Company at their Meeting held on 23rd September 2010 and pursuant to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, the Foreign Exchange Management Act, 1999 (including any statutory modification(s) or re-enactment thereof for the time being in force), and the applicable laws, Rules, Guidelines, Regulations, Notifications and Circulars, if any, issued by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI), the Government of India (GOI), the Foreign Investment Promotion Board (FIPB), and other concerned and relevant authorities, and other applicable Indian laws, rules and regulations, if any, and relevant provisions of Memorandum and Articles of Association of the Company and the Listing Agreement(s) entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and subject to such approval(s), consent(s) permission(s) and/ or sanctions(s) as may be required from GOI, FIPB, RBI, SEBI and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission or sanction which may be agreed by the Board of Directors of the Company ("the Board") (which term shall be deemed to include 'Offering Committee' or any other Committee constituted or hereafter be constituted for the time being exercising the powers conferred on the Board by this Resolution), which the Board be and is hereby authorized to accept, if it thinks fit in the interest of the Company, the consent and approval of the Company be and is hereby accorded to the Board to create, issue, offer and allot, from time to time, Securities (as defined below) in the form of Equity or other Shares, Warrants, Bonds or Debentures, Depository Receipts, (whether Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Indian Depositary Receipts (IDRs) or any other form of Depository Receipts), or any other debt instrument either convertible or nonconvertible into Equity or any other Shares whether optionally or otherwise, including Foreign Currency Convertible Bonds representing any type of securities (FCCBs), whether expressed in Foreign Currency or Indian Rupees (all or any of which are hereinafter referred to as "Securities") whether secured or unsecured, and further the Board be and is authorized, subject to applicable laws and regulations, to issue the Securities to investors (including but not limited to Foreign Banks, Financial Institutions, Foreign Institutional Investors, Qualified Institutional Buyers, Mutual Funds, Companies, other Corporate Bodies, Non-Resident Indians, Foreign Nationals and other eligible investors as may be decided by the Board (hereinafter referred to as "Investors") whether or not such Investors are members, promoters or directors of the company or their relatives or associates, by way of one or more private and/or public offerings (and whether in any domestic and/or international market(s), through a public issue(s), private placement(s), Qualified Institutional Placement(s), preferential issue(s) or a combination thereof in such manner and on such terms and conditions as the Board deems appropriate at its absolute discretion provided that the issue size shall not exceed US$100 million or Rs.450 crores inclusive of such premium as may be payable on the Equity Shares or any other Security, at such time or times and at such price or prices and in such tranche or tranches as the Board in its absolute discretion deem fit.

RESOLVED FURTHER THAT in the event the Company proposes to issue Securities through Qualified Institutional Placement, the **'Relevant Date'** in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009 shall be August 23, 2011, being the date 30 days prior to the date of this Annual General Meeting or such other date as may be prescribed.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issuance of the Securities shall be subject to such terms or conditions as are in accordance with prevalent market practices and applicable Laws and Regulations, including but not limited to, the terms and conditions relating to payment of interest, dividend, premium on redemption, the terms for issue of additional Shares or variations in the price or period of conversion of Securities into Equity Shares or terms pertaining to voting rights or options for redemption of Securities.

RESOLVED FURTHER that the Board be and is hereby authorised to seek, at its absolute discretion, listing of Securities issued and allotted in pursuance of this resolution, on any Stock Exchanges in India, and/or Luxembourg/London/Nasdaq/New York Stock Exchanges and/or any other Overseas Stock Exchanges.

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities referred above as may be necessary in accordance with the terms of offering, and that the Equity Shares so allotted shall rank in all respects pari passu with the existing Equity Shares of the Company.

RESOLVED FURTHER that subject to the approval(s), consent(s), permission(s) and/ or sanctions(s) stated above, the Company be and is hereby authorized to retain oversubscription/ green-shoe issue option up to 25% of the amount issued and the Board be authorised to decide the quantum of oversubscription to be retained as also any other matter relating to or arising therefrom.

RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purpose including, if necessary, creation of such mortgages and/or charges in respect of the Securities on the whole or any part of the undertaking of the Company under Section 293(1)(a) of the Companies Act, 1956 or otherwise and to execute such documents or writings as it may consider necessary or proper and incidental to this Resolution.

"**RESOLVED FURTHER that** the Board be and is hereby authorised to do all such acts, deeds, matters and things and to decide upon, as it may at its discretion deem necessary, expedient or desirable in relation to all or any of aforesaid purpose including without limitation to the utilization of issue proceeds, finalizing the pricing, terms and conditions relating to the issue of aforesaid Securities including amendments or modifications thereto as may be deemed fit by them, to sign, execute and issue consolidated receipt/s for the Securities, listing application, various agreements such as Subscription Agreement, Depository Agreement, Trustee Agreement, undertakings, deeds, declarations, Letters and all other documents or papers and to do all such acts, deeds, matters and things, and to comply with all formalities as may be required in connection with and incidental to the aforesaid offering of Securities or anything in relation thereto, including but not limited to the post issue formalities and with power on behalf of the Company to settle any question, difficulties or doubts that may arise in regard to any such creation, issuance, offer or allotment of the Securities as it may in its absolute discretion deem fit.

RESOLVED FURTHER that the Board be and is hereby authorized to enter into and execute all such arrangements/agreements as may be required for appointing Managers (including lead managers), merchant bankers, underwriters, financial and/or legal advisors, tax advisors, consultants, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees and/ or all such agencies as may be involved or concerned in such offerings of Securities, whether in India or abroad, and to remunerate all such agencies including the payment of commissions, brokerage, fees or the likes, and also to seek the listing of such Securities or Securities representing the same in one or more stock exchanges whether in India or outside India, as it may be deem fit."

11. To consider, and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications thereto or any re-enactment thereof for the time being in force (the "Act") the Articles of Association of the Company be and are hereby altered as under:

By replacing the existing Article 54 with the following new Article 54:

Article 54

"**Directors may refuse to register transfers**

Subject to the provisions of Section 111A of the Act and the rules and regulations made thereunder and provisions of Securities and Exchange Board of India and its rules and regulations, the Board of Directors may, at its own absolute discretion, decline by giving reasons to register or acknowledge any transfer or the transmission, by operation of law of the right to, any shares or interest of a Member in, or debentures of the Company, the Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be was delivered to the Company, send notice of the refusal to the transferee(s) and the transferor(s) or to the person given intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that registration of a transfer not be refused on the ground of the transferor(s) being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.

Nothing in Section 108,109 and 110 of the Act shall prejudice this power to refuse to register the transfer of, or the transmission by operation of law of the rights to, any shares or interest of a member in, or debentures of the Company."

By replacing the existing Article 170 with the following Article 170:

Article 170:

"Unclaimed Dividends

Where the Company has declared dividend but which has not been paid or claimed within 30 days from the date of declaration of the dividend, the Company shall within 7 days from the date of expiry of said period of 30 days, transfer the unpaid/unclaimed dividend amount to a special bank account to be opened by the Company in any Scheduled bank titled 'Gulf Oil Corporation Limited Unpaid Dividend Account'.

Any money transferred to the unpaid dividend account of the Company; which remains unpaid or unclaimed for a period of Seven years from the date of such transfer, shall be transferred by the Company to the fund established under sub section (1) of Section 205C of the Companies Act, 1956."

By inserting the following Article as 51A after the present Article 51 of the Articles of Association of the Company under the heading "Buy Back of Shares and Securities":

Article 51A:

"Buy Back of Shares and Securities

The Company and/ or the Board of Directors shall have power, subject to and in accordance with Sections 77A, 77AA, 77B and other applicable provisions of the Act or the corresponding provisions, rules, regulations, guidelines prescribed by the Government of India, the Securities and Exchange Board of India or any other authority to purchase any of its own fully paid up shares, securities or other specified securities, whether or not they are redeemable and make a payment out of its free reserves or securities premium account or proceeds of any shares or other specified securities, provided that no buy-back of any kind of shares or other securities shall be made out of the proceeds of the earlier issue of the same kind of shares or same kind of other specified securities or from such other sources as may be permitted by law on such terms and conditions and in such manner as may be prescribed by the law from time to time in respect of such shares."

By inserting the following Article as 139 C after the present Article 139 B of the Articles of Association of the Company

Article 139 C:

The Board shall be entitled to appoint any person who has rendered significant (distinguished) services to the Company or to the industry to which the Company's business relates or in the public field as the Chairman Emeritus of the Company.

The Chairman Emeritus shall hold office until he resigns his office or a special resolution to that effect is passed by shareholders in a general meeting.

The Chairman Emeritus may attend any meetings of the Board or Committee thereof but shall not have any right to vote and shall not be deemed to be a party to any decision of the Board or Committee thereof.

The Chairman Emeritus shall not be deemed to be a director for any purposes of the Act or any other statute or rules made thereunder or these Articles including for the purpose of determining the maximum number of Directors which the Company can appoint.

If at any time the Chairman Emeritus is appointed as a director of the Company, he may, at his discretion, retain the title of the Chairman Emeritus.

Nothing contained herein shall be deemed or prohibit or restrict power of the Company to make payment or provide facilities in any manner to the Chairman Emeritus for any services rendered by him to the Company but shall however not be entitled to any fee for attending any meeting of the Board of Directors or Committee thereof.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, usual or expedite to give effect to this Resolution.

By Order of the Board

Hyderabad
2nd August, 2011

S.Subramanian
Chief Financial Officer &
Company Secretary

Registered office:
Kukatpally, Post Bag No.1
Sanathnagar (IE) PO
Hyderabad-500018

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

   Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.

2. An Explanatory Statement pursuant to Section 173 of the Companies Act 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.

3. The Register of Members and Share Transfer Books will be closed from19th September, 2011 to 23rd September 2011 (both days inclusive) in connection with the ensuing Annual General Meeting and the payment of Dividend.

4. Dividend recommended by the Board and approved by the Members at the AGM, will be paid on or before 22nd October, 2011. In respect of shares held in physical form, the dividend will be payable to those members whose names appear on the Register of Members on 23rd September, 2011 and in respect of shares held in electronic form, dividend will be payable to beneficial owners of the shares as on 23rd September, 2011, as per details furnished by the Depositories for this purpose.

5. In terms of Sections 205A and 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account, is required to be transferred to the Investor Education and Protection Fund. Accordingly, in the year 2011-12, the Company would be transferring the unclaimed dividend for the year 2003-04 to the Investor Education and Protection Fund. Members who have not encashed their dividend warrant for the year ended March 31, 2004 or thereafter, are requested to write to the Company/Registrars and Share Transfer Agents.

6. Members holding shares in dematerialized mode are requested to instruct their respective Depository Participants regarding Bank Accounts in which they wish to receive the dividend. However, the Bank details as furnished by the respective Depositories to your Company will be used for the purpose of distribution of dividend through National Electronic Clearing Service (NECS) as directed by the Stock Exchanges. Your Company/Registrar and Share Transfer Agents will not act on any direct request from Members holding shares in dematerialized form for change/deletion of such Bank details.

7. Members holding shares in physical form, are requested to inform the Company/ Registrars and Share Transfer Agents of any change in their addresses immediately for future communication at their correct addresses and Members holding shares in demat form are requested to notify to their Depository Participants.

8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Share Transfer Agents to enable them to consolidate their holdings into one folio.

9. As required under Clause 49 of the Listing Agreement, brief information of Directors, being appointed/reappointed, is given in the Directors' Report.

10. Members requiring any clarification/information on any report/ statements, are requested to send their queries to the Registered Office of the Company, at least 10 days before the date of the AGM.

11. Members are requested to quote their folio numbers/ DP ID and Client ID numbers in all correspondence with the Company and the Registrar and the Share Transfer Agent.

ANNEXURE TO THE NOTICE

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

Item No.8

The Board had appointed Ms.Kanchan Chitale on 5th October 2009, in the casual vacancy caused by the sad demise of Mr.P.N.Ghatalia Pursuant to Section 262 of the Companies Act 1956, Ms.Chitale holds office upto the date of the ensuing AGM.

A notice has been received along with the requisite deposit from a Member signifying his intention to propose Ms.Kanchan Chitale as a Director of the Company. The Directors Report contains a brief profile of Ms.Chitale. No Director of the Company, except Ms.Kanchan Chitale, is interested in the resolution.

The Board recommends this resolution for your approval.

Item No.9

The earlier term of Mr. Subhas S Pramanik as Managing Director of the Company was upto 7th July 2011. On the recommendations of the Remunaration & Nomination Committee, the Board of Directors of the Company, reappointed him as the Managing Director of the Company for a period three (3) years effective from 8th July 2011, subject to the approval of the Shareholders at a General Meeting on the following terms and conditions:

PERIOD	Three Years from 8th July 2011.
BASIC SALARY	Rs. 3,31,000 p.m on a grade of Rs. 3,25,000 -4,00,000
PERQUISITES	Rs.29.74 Lakhs per year which will include housing either as a Company Lease or HRA not exceeding 60% of the Salary, furnishings, gas, electricity and water, Leave Travel concessions for self and family, Personal Accident Cover, Club Membership Fees and Special Allowance. The amount to be paid towards Leave Travel concession, Personal Accident Cover, Club Membership Fees and Special Allowance would be decided by the Committee within the overall ceiling of perquisites approved. The annual value of these perquisites shall be restricted to an amount not exceeding 75% of the annual basic salary of Mr. Pramanik each year.

Contribution to Provident Fund and Superannuation Fund would be as per the Scheme of the Company. Gratuity would be payable as per the Company policy applicable to Senior Management of the Company. Provision of (i) car for official duties with driver (ii) telephone at his residence for official purposes and (iii) Medical Benefits.

In addition to this, the Managing Director will be entitled to a maximum commission of 1% of net profits of the Company calculated under Section 349 & 350 of the Companies Act, 1956 as may be decided by the Board/Remuneration and Nomination Committee.

The annual increment to be decided by the Remuneration and Nomination Committee based on his performance on the aforsaid scale.

In the year of inadequate profits, the Managing Director would be entitled to all the above remuneration except the commission.

Mr. Subhas Pramanik shall be entitled to leave on full pay and allowances as per the Rules of the Company.

The above appointment will be terminable by 3 months notice from either side. The terms of his appointment as Managing Director would be non rotational.

Statement of Information as required under Part-II of Schedule XIII to the Companies Act 1956:

I. General Information

1)	Nature of Industry	Industrial Explosives, Lubricating Oils, Mining & Infrastructure Contracts and Property Development
(2)	Date or expected date of commencement of commencement of production.	N.A.
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	N.A.
(4)	Financial performance based on given indicators.	As per the financial statements forming part of this Annual Report
(5)	Export performance and net foreign exchange collaborations.	As per the financial statements forming part of this Annual Report
(6)	Foreign investments or collaborators, if any	As per the financial statements forming part of this Annual Report

II INFORMATION ABOUT THE APPOINTEE

(1)	Background Details, Past Remuneration and Recognition or Awards	Mr.Subhas Pramanik is a Bachelor of Chemical Engineering and obtained his Masters Degree in Financial Management. He is a Certified Associate of the Indian Institute of Bankers, a Fellow Member of the Institute of Company Secretaries of India and the Institute of Cost and Works Accountants of India. He worked as Group Vice President- Corporate Affairs in Universal Ferro and Allied Chemicals Limited and as Group Vice President (Finance) of Hinduja Group India Ltd.. He was also Executive Director (Commercial), Gulf Oil India Ltd and Deputy Managing Director of IDL Industries Ltd. Details of past remuneration have been furnished elsewhere in the Corporate Governance Report foriming part of this Report.
(2)	Job profile and his suitability	Mr.Subhas Pramanik has been the Managing Director of the Company for the last more than 12 years during which period, the turnover of the Company has grown from Rs. 142 crores (1998-99) to more than Rs. 1000 crores. The operations of the Company have been well diversified from a single line of business into multi lines.
(3)	Remuneration Proposed	Has been furnished in the Explanatory Statement to the Resolution for appointment of the Managing Director.
(4)	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	The company being a diversified company,there is no comparable / identical company
(5)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	N.A.

III. OTHER INFORMATION

(1)	Reasons of loss or inadequate profits.	
(2)	Steps taken or proposed to be taken for improvement.	N.A.
(3)	Expected increase in productivity and profits in measurable terms.	

Item No.10

The global economy has been undergoing weakness in many parts of the developed world, though the Indian economy appears to be promising. In this background, conditions for raising of financial resources from overseas markets have not been conducive. Hence, the Company could not raise any amounts based on the similar resolution approved by the shareholders at the last Annual General Meeting. The validity period of the shareholders resolution is one year and hence the need to pass the resolution once again.

With a view to augment long term financial resources of the Company and to meet costs in connection with the expansion, diversification projects and other permissible uses, it is proposed to raise an amount not exceeding US$ 100 millions or Rs.450crores through issue of Foreign Currency Convertible Bonds (FCCBs) and / or American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) and/or Qualified Institutions Placement and/or any other suitable financial instruments as contained in the Resolution.

The salient features are mentioned in the resolution and will be issued on such terms and conditions as may be appropriate at the time of issue.

The FCCBs/ADRs/GDRs/any other financial instruments including Qualified Institutions Placement, would be listed on the London and/or any other Stock Exchange within or outside India.

The Special Resolution gives adequate flexibility and discretion to the Board to finalise the terms of the issue in consultation with the lead managers, under writers, legal advisers and experts or such other authorities as need to be consulted including in relation to the pricing of the issue.

The consent of the shareholders, is therefore, sought to authorise the Board of Directors as set out in the Resolution to issue in one or more tranches, the securities referred to therein in the Indian market to eligible investors or international market to Foreign Financial Institutions, to Foreign Investors/Collaborators/Companies and/or to Foreign Investment Institutions operating in India, whether shareholders of the Company or not, through a public issue or private placement basis and/or preferential basis or Qualified Institutions Placement.

None of the Directors is as such concerned or interested in the resolution.

The Board recommends this Resolution for your approval.

Item No.11

It is proposed to alter the Articles of Association of the Company by deleting certain clauses which might not be viewed as in line with the current regulations and by inserting certain Articles which are deemed appropriate including the Article 167A after the existing Article 167 so as to include provision relating to appointment of any person who has rendered significant (distinguished) services to the Company or to the industry to which the Company's business relates or in the public field as Chairman Emeritus on the terms mentioned therein.

A copy of Memorandum of Association and Articles of Association of the Company along with altered Articles of Association will be open for inspection by Members at the Company's Registered Office between11.00 A.M and 1:00 P.M. on any working day of the Company upto the date previous to the date of the Annual General Meeting.

None of the Directors is concerned or interested in the Resolution

By Order of the Board

Hyderabad
August 2, 2011

S.Subramanian
Chief Financial Officer &
Company Secretary

Registered office:
Kukatpally, Post Bag No.1
Sanathnagar (IE) PO
Hyderabad-500018

REPORT OF THE BOARD OF DIRECTORS AND MANAGEMENT DISCUSSION AND ANALYSIS TO SHAREHOLDERS FOR THE YEAR ENDED 31ST MARCH, 2011

Your Directors have pleasure in presenting their Fiftieth Annual Report and Audited Accounts for the year ended 31st March 2011.

1. FINANCIAL RESULTS:

	2010-11 Rupees Lakhs	2009-10 Rupees Lakhs
Profit after providing for Depreciation of Rs.1605.22 lakhs (Rs. 1700.79 lakhs) and before extraordinary items and taxation	**4690.29**	3845.62
Exceptional Income	**2011.74**	1584.61
Profit Before Taxation	**6702.03**	5430.23
Taxation:		
Current	**866.00**	541.00
Deferred	**417.00**	382.00
Profit After Taxation	**5419.03**	4507.23
Balance brought forward from previous year	**8303.87**	5857.40
Balance available for appropriation	**13722.90**	10364.63
Appropriations:		
Proposed Dividend	**1982.90**	1338.46
Provision for tax on proposed dividend	**321.68**	222.30
Transfer to General Reserve	**550.00**	500.00
Balance carried to Balance Sheet	**10868.32**	8303.87
EPS	**6.11**	6.06

2. DIVIDEND

The Directors recommend the payment of Dividend of Rs.2.00 per share (Rs.1.80 per share) on the paid up capital of the Company. The dividend of Rs.19.83 crores (Rs.13.38 crores), if approved by the Shareholders at the Fiftieth Annual General Meeting, will be paid out of the profits for the current year to all Shareholders of the Company whose names appear on the Register of Members as on date of Book Closure.

3. OPERATIONS

The total turnover of the Company Rs.1001.02 crores (previous year - Rs.1065.66 crores). The profit before exceptional items and taxation was Rs.46.90 crores (Rs.38.46 crores). The profit before tax was Rs.67.02 crores (Rs.54.30 crores). The profit after provision for current tax of Rs. 8.66 crores and deferred tax of Rs.4.17 crores, was Rs.54.19 crores (Rs. 45.07 crores) resulting in an EPS of Rs.6.11 for the year (Rs.6.06).

4. SCHEME OF ARRANGEMENT

During the year it was decided to go through a Scheme of Arrangement (the Scheme) involving demerger of the Explosives Undertaking of the Company and merger of the same with IDL Explosives Limited (IDL), a 100% subsidiary of your Company. Under the Scheme, all facilities excluding the detonator manufacture facilities at Hyderabad in the Explosives Division will be a part of IDL from the effective date The Scheme was sanctioned by the Hon'ble High Court of Andhra Pradesh vide its Order dated March 15, 2011. The Scheme has become effective on 24th May 2011 on filing of the certified copy of the Order of the Hon'ble High Court with the Registrar of Companies, Andhra Pradesh, Hyderabad.

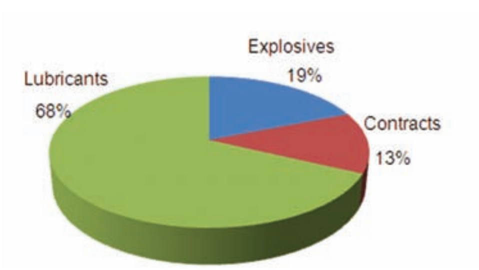
Under the Scheme, the Explosives Undertaking gets transferred, at book value, to IDL together with all the property, rights, powers, liabilities and duties with effect from 1st October 2010, excepting the pending legal proceedings. Your Company will receive as consideration 2,49,000 10% preference shares of face value Rs.100 each at a premium of Rs.900 per share from IDL. These preference shares will be automatically redeemed at a premium of Rs.900 per share in one or more tranches before 12 months from the date of allotment or within 45 days of fresh capital infusion in IDL, whichever is earlier.

With the coming into effect of the Scheme, the assets and liabilities including Deferred Tax asset / liabilities in the books of accounts of your Company stood reduced to that extent. The effect given to these actions are reflected in the audited financial statements for the year 2010-11.

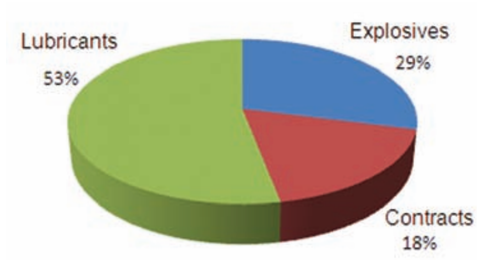
5. DIVISIONAL PERFORMANCE

5.1 Business Operations

2010-11 Total Revenue: Rs. 1001.02 crores

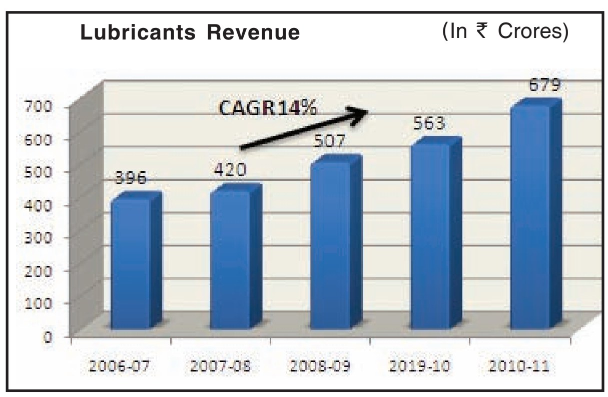


2009-10 Total Revenue: Rs. 1065.66 crores



5.2 Lubricants

The Lubricants Division has significantly improved performance during the Financial Year 2010-11, both in terms of value/volume growth as well as profitability. The gross turnover of the Division was at Rs. 679 crores as against Rs. 563 crores, an increase of 21% over previous year and segment margins nearly doubled. Prices of major raw materials like base oils started firming up in the 2nd half of the year and coupled with increase in prices of additives, packaging etc forced the Division to take price increases as a margin management strategy in line with other industry players.



The Lubricant Industry growth in overall volumes was at 3-4%. The positive aspect was that the bazaar market continued to grow at 7-8 % and the acceptance of 'long-drain' lubricants was significantly higher. The Automobile Industry witnessed positive growth throughout the year with Commercial Vehicles segment posting a growth of 27%. Passenger Car and Two Wheeler segments also growing at a fast pace of 29% and 26% respectively. The overall growth of the automobile industry was substantial at over 25% growth. Accordingly, demand conditions in the lube industry also remained buoyant for Automotive Lubricants. With industrial growth also positive all through the year, the Lubes Division has grown in volumes well ahead of the industry and achieved faster growth resulting in increased market share.

The objective of the Lubricants Division for achieving higher volume growth compared to the industry over the last couple of years was successfully continued also during the year. The key strategies, with a focus on a segment wise approach backed by channel expansion, promotions for trade, influencers and end-users, coupled with brand building initiatives, were successfully executed across core segments of New Generation Diesel Engine Oils, Motorcycle Oils (4T) and Passenger Car Motor Oils. The major highlight of the operations during the year has been substantial growth in the highly competitive 4T segment which has strengthened the position of the Division's brands in this fast growing market segment.

In spite of increased competition, the Division continued to protect and also grow its market share in the important New Generation Diesel Engine Oils segment to retain the overall No. 2 position across India, in the key bazaar segment.

In the motorcycle segment, the Division launched the Gulf Bikestops – a branded workshop concept and covered more than 125 locations across India.

The Division continued its technological up-gradation of product portfolio in commercial vehicles and launched an Advanced Engine Oil, Gulf Super Fleet Dura Max, with high extended life of 80,000 Kms for the next generation "U" trucks launched by Ashok Leyland.

By closely working with the OEM (vehicle manufacturers) a completely new range of products like Axle Oils, Transmission Oils and Greases were developed and launched with the USP of "extended service period". The Division has grown its business with key OEMs like Ashok Leyland and also forged tie-ups with leading OEM's like Mahindra (Automotive Division) by launching a co-branded range of lubricants with them in third quarter of the current year, contributing further to the Division's growth, which has also contributed to the overall growth.

In the Industrial segment, the direct customer base of fleets, industries and construction companies has been expanded and the Division has added leading 'Build, Operate & Transfer' (BOT) customers to its fold. The Division also increased sales and market share by breaking into new medium sized industries and OEMs.

A new business segment of "Adblue" with a tie up with Greenchem (Netherlands) for meeting the requirement of Euro IV vehicles with SCR, after treatment device.

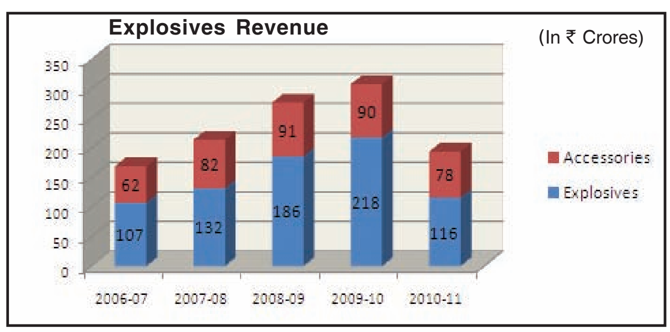
Brand Building

As part of increasing brand visibility and brand building, the Division invested in launching mass media campaigns on television and outdoor. In addition, the Division continued its signage and wall painting programs and the Gulf Cup covering the Dirt Track Championship for Motorbikes. The event is being held annually across India.

An innovative consumer scheme – Gulf King of the Road – was launched to energise Trade and attract consumers and drive tertiary sales. The scheme was promoted through TV advertisements in Hindi, Telugu and Tamil channels for an all India reach and supported by High visibility programs in the market through a Dealer Display scheme in key cities and towns. Rewards were also provided to key influencers – the garage mechanics. The Division continued its ground level initiatives in terms of retailer, mechanic loyalty programs as well as consumer promotions in key products.

5.3 Industrial Explosives

The Explosives Division, after the Scheme of Arrangement is implemented from 1st October, 2010, will consist of Blast Initiation Systems business which manufactures the full range of packaged bulk explosive products and blasting accessories, including cast boosters for the mining, civil infrastructure and oil exploration segments. Detonators include Plain, Electric, Non-electric & Electronic varieties and Detonating Cords of various grammages.



While the business from the national market accounted for 82 % of sales turnover, the rest came from exports in the international market. The business in the national market dropped by 2%, the business in international market grew by 2%.

The Division achieved an overall turnover of Rs. 194 crores during F-11, against previous year's turnover of Rs. 308 crores. The Division's turnover was affected to the extent of Rs. 11 crores, due to suspension of operations at Hyderabad for 45 days in September / October 2010 by the Petroleum & Explosives Safety Organization (PESO) due to alleged non-compliances of rules under the recently released Explosive Rules 2008. The suspension was withdraw after submission of our replies security audit by PESO.

Bulk Explosives business contributed to approximately 56% of turnover. This business achieved negative growth by 10% over previous year, due to lower demand arising out of stringent implementation of new PESO rules and consequent withdrawal of permission for outsourcing products of other manufacturers having spare capacity.

While all operations of the Explosives Division were previously covered under Quality Management System, the Division carried out diligent exercises for implementing the Integrated Management System (IMS) where Environmental Management System (ISO 14001-2004) and Occupational Health & Safety Management System (BS OHSAS 18001-2007) are integrated with the organization's systems and processes into one framework. TUV Rheinland audited and re-certified the "Quality Management System (QMS) against ISO 9001:2008 Standard during August 2010. The Adequacy and Stage I Audits for EMS & OHSAS were carried out during the year and the final certification audit was completed in April 2011.

Performance of User Industry

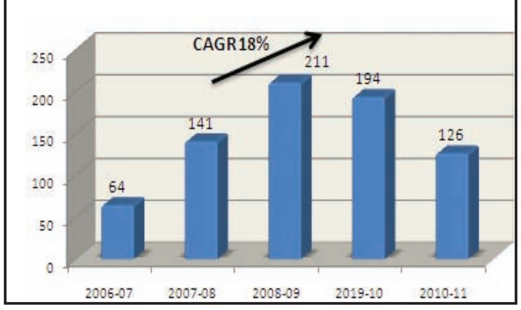
The Explosives Division products are consumed largely by Mining and Infrastructure industries. Amongst mining industries, the coal mining industry consumes more than 60 % of products. The production performance of Coal India Limited (CIL), a coal major is below par to the extent of 5% in F-11. Other mining industries like iron ore, lime stone mines (related to steel and cement) also did not fare well compared to previous year; and their production was less than the previous year. The mining industry on an overall basis, did not fare as expected due to stringent implementation of environmental laws in the year 2010-11. In fact, as per official GDP details issued by the Central Statistical Organisation, the revised estimates for 2010-11 indicate that Mining and Quarrying activity grew by only 5.9% in F-11 as against 9.9% F-10.

5.4 Mining and Infrastructure (IDLconsult)

The performance of Mining and Infrastructure Division (IDL Consult) during the year was lukewarm. The mining contracts in the Iron ore block of Orissa which was contributing to the business of the Division over the last four years was affected due to the statutory restrictions from the State and Central Governments on account of lease areas allowed for mining and environmental exigencies. As a result, the Division ended the year with the revenue of Rs.126 crores as against Rs.194 crores in the previous year. No new projects were undertaken during the year, but another large coal mining project at Nigahi under Northern Coalfields Limited, Singrauli was completed ahead of schedule. The activities of the Division were therefore reduced considerably during the year.

Mining & Infrastructure Service Revenue

(In ₹ Crores)



Uranium ore mining project for Uranium Corporation of India under the Department of Atomic Energy was fully operational with the installation of all equipments required for the project. The Uranium mine started from February 2010 but has been slowed down due to local issues. We expect this work to continue in full swing in the current year.

The Division had undertaken an ambitious project for implementing an Integrated Management System covering Quality, Safety, Occupation Health and Environment. The efforts of the Division in achieving ISO 14001 and OHSAS 18001 were completed.

The Division has now received certification under ISO 9001 (Quality Management System) from TUV Sud and the ISO 14001 and BS OHSAS 18001 from BSI.

5.5 Other Business Groups

The 4 Wind Mills (1 MW) located at Ramagiri in Andhra Pradesh generated 2,01,600 units (4,00,900 units). The Hyderabad factory received the benefit of the generation through the APTRANSCO grid.

5.6 Exports

Sales of explosives and blasting accessories dipped to Rs.315 million during F-11 as against Rs.458 million in the previous year. This was due to general economic slowdown in both Europe and Middle East; piracy on the high seas around the 'Horn of Africa'; shutdown of the Hyderabad Plant for 45 days; affected product availability; and strict imposition of maximum shipment of 500 MT gross weight by the Naval Armament Depot contributed to the negative growth.

Business focus was re-aligned to protect margins through price increase, optimizing product mix, improving aesthetics, maintaining world-class quality levels. Re-design and rationalization of packing of export products with an objective of optimizing unit weight – volume helped reduce shipping costs.

Actions initiated for penetrating the African and South American markets and first time shipments successfully executed. Special Products Group also exported for the first time.

CE marking was extended to the entire range of Explosives, Detonators and Detonating Cord products. Our Company is the only manufacturer in India to have such extensive coverage.

The exports of the Lubricants Division were at 1487 KL as compared to 3547 KL in 2009-10. Exports turnover of Lubricant products was Rs. 13.34 crores against Rs. 22.26 crores in 2009-10. The Division is exporting its products mainly to Africa, Bangladesh and highly competitive Middle-East markets and exploring other regions such as South East Asia for further growth in exports.

5.7 Property Development

During the year the layout design of the IT / ITES Park at Bangalore was modified to take into account further widening of the Highway and creation of the elevated metro rail along the highway. The land to be acquired by the Government for the purpose was finalised and the final layout confirmed. Construction activities are to start shortly.

At Hyderabad, town planning work on the property under development is being tuned to the final alignment of the 100 ft. road through the property as per the Hyderabad Master Plan being implemented by Greater Hyderabad Municipal Corporation (GHMC) and Hyderabad Metro Development Authority (HMDA). As a result of the widening of the road, the Company will be required to surrender land through the centre and along the periphery of the property under development. Road work by GHMC is currently under way at the Company's premises in Kukatpally.

6. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT

Internal Control System

The Company has an Internal Audit Department with an objective to provide to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance of the adequacy and effectiveness of the Organisation's risk management, control and governance processes. The function also assesses opportunities for improvement in business processes, systems and controls; provides recommendations, designed to add value to the organization. After consultation with Senior Management and review by the Audit Committee, follows up on corrective actions and improvements are monitored through Action Taken Reports.

The Internal Audit Department in consultation with the Statutory Auditors and the Audit Committee develops and documents the annual audit plan and coverage on significant areas of operations with a risk based approach. Based on the annual audit plan, the Internal Audit Department carries out process reviews for critical functions at all locations in an efficient and timely manner.

The Audit function in the process of monitoring the effectiveness of the internal controls also reviews and reports to the management and the Audit Committee about the compliance with internal controls and the efficiency and effectiveness of operations and the key process risks. The Audit Committee of the Board of Directors regularly reviews the significant audit findings, adequacy of internal controls, action taken reports as well as implementation of various comprehensive policies for compliance and governance including information security.

During the year, the Audit Committee met six times to review the reports submitted by the Internal Audit Department. The Audit Committee regularly meets the Company's Statutory Auditors to ascertain their views on the adequacy of business and control systems in the Company and their observations on financial reports. The Audit Committee's recommendations and suggestions were acted upon by the Management.

The mandate for audit is designed in a manner that the Audit Plan is focused on the following objectives:

- All business functions, processes and related activities are performed efficiently and effectively.
- Review for effectiveness of the Management Information Systems and Risk Management process in operation.
- Economic utilization of Resources and their efficiency and protection.
- Compliance with relevant statutes and regulations

Opportunities identified during audits, for improving management control, business targets, cost optimization, profitability and process efficiency are communicated to the appropriate levels of management.

7. FIXED DEPOSITS

Fixed Deposits from the public and the shareholders as on 31st March 2011 amounted to Rs.384.67 lakhs (Rs.510.69 lakhs). At the end of 31st March 2011, 44 deposits amounting to Rs.172.76 lakhs (Rs.7.71 lakhs), which had matured, remained unclaimed. Of these, 40 deposits amounting to Rs.166.52 lakhs had matured only on 31st March 2011, most of which have been renewed/repaid to the depositors in the month of April'11.

8. TAXATION

Orissa Sales Tax

The matter pertains to transfer of finished goods from the Rourkela factory situated in the State of Orissa to other States, in respect of 10 assessment years viz., 1976-77 to 1983-84, 1989-90 & 1990-91. Subsequent to the dismissal of the Review Petition in the Orissa High Court, the Company had filed a Special Leave Petition in the Supreme Court and in terms of the liberty granted by the Supreme Court, the Company had filed Tax Revision Petition and a Staty Petition against demand notices, before the Commissioner of Commercial Taxes, Orissa. The Stay Petition was dismissed and the Company has filed a Writ Petition before the Orissa High Court. The Tax Revision Petition is pending before the Orissa State Commercial Taxes Authorities.

9. RESEARCH AND DEVELOPMENT

The R&D Laboratory at Hyderabad contributed significantly to the Company's business during the year. The projects carried out and achievements include:

a) Development of implementation of new techniques and processes for the manufacture of emulsions with improved quality and shelf life and other products.

b) Development of high energetic materials for defence applications.

c) Development of new products for boostering applications and over-seas markets.

d) Production and Evaluation of indigenous 'Fully Field Programmable' Electronic Detonators.

Benefits were derived as a result of work carried out by R&D on cost optimization and improvements in the quality of products. Work will continue for developing new explosive systems for underground coal mines and other mining applications, new versions of e-DET electronic Detonator and processing techniques for improved quality, safety and shelf life.

The R&D Centre of the Lubricants Division at Silvassa developed formulations for high performance engine oils, gear and transmission oils, and motor cycle oil to meet current and future market requirements. High performance diesel engine oils were validated in commercial vehicles with different after treatment technologies meeting the latest BS IV emission norms. The Industrial portfolio was expanded by developing synthetic gear oil for wind turbine, metal working fluids and rust preventives. R&D activities also continued in developing alternate formulations to improve the flexibility in overall operations or to reduce / manage costs.

A major achievement for the year for your Company was to be first Oil Company to launch extended drain oils for engine, transmission and Axle for Ashok Leyland U trucks. The Division also established long drain capability for CNG vehicles through trial.

10. SUBSIDIARIES

Gulf Oil Bangladesh Limited reported a profit of Rs. 67.45 lakhs (Rs.97.51 lakhs).

PT. Gulf Oil Lubricants Indonesia reported a profit of Rs. 48.14 lakhs (Rs. 55.52 lakhs).

Gulf Oil (Yantai) Co. Ltd. reported a profit of Rs. 261.43 lakhs (Rs.84.58 lakhs).

Hinduja Infrastructure Limited reported a profit of Rs. 0.02 lakhs (Rs.0.07 lakhs).

IDL Buildware Limited incurred a loss of Rs. 144.47 lakhs (Rs.180.74 lakhs) after closure of the factory at Vizag.

Gulf Carosserie Limited reported a loss of Rs. 0.20 lakhs (Rs.0.24 lakhs).

IDL Explosives Limited, which was incorporated during the year, reported a profit of Rs.27.69 lakhs, on implementation of the Scheme of Arrangement.

11. HUMAN RESOURCES / INDUSTRIAL RELATIONS

During the year under review, as a part of competency development towards Integrated Management System, various internal and external training programmes were conducted for management personnel as well as workmen. The training programmes were related to areas of safety, competency development and understanding of business processes.

Apart from the competency, HR focus has been to facilitate and start a number of key initiatives that provide enabling environment to enrich employee experience and enhance performance. To this end, during the year, improvement in the performance management process through sharper KRA / goal setting with long term goals and key strategies have been achieved for monitoring performance.

Safety

The Explosives Division laid special emphasis on safety. Training on 'Emergency Preparedness and Response' has been imparted to employees and Mock Drills were carried out. Standard Operating Procedures (SOP) of the various operations and processes were revised and updated. At Hyderabad watch towers were erected, whilst magazines were provided with double locking system as part of the enhanced security measures planned.

Hyderabad plant achieved 1.77 million accident free man hours while Rourkela Plant achieved 0.804 million accident free man hours (April to September 2010) during the year under review.

Gulf Oil Corporation sponsored a 'Meet on Explosive Rules 2008' organized by the Office of Deputy Chief Controller of Explosives, PESO, Hyderabad in the Company's R&D Auditorium on 11-6-2010. The programme was chaired by Mr. P.B.Yedla, Chief Controller of Explosives, Nagpur.

12. RIGHTS ISSUE OF EQUITY SHARES

During the year 2,47,86,245 equity shares of the Company, of face value of Rs.2 each, were issued to the shareholders of the Company at a premium of Rs.30 per share, on rights basis. The Rights Issue was over subscribed by 1.53 times. Full share capital amount has been received and the shares have been allotted on 2nd September, 2010. The Issue proceeds have been fully utilized for the objects for which the shares were issued.

13. OUTLOOK FOR THE CURRENT YEAR, OPPORTUNITIES AND THREATS

13.1 Lubricants

The growth in the lube industry is expected to be similar to the previous year in terms of volume growths at 3-4 % growth. Demand conditions in the bazaar market are expected to be at 6-8%. The automotive industry growth which was over 25% last year, is expected to slow down to some extent due to rising interest rates, high fuel costs and constrained finance availability. Industrial growth is expected to remain at last year levels. Keeping this in mind and the division's strategies, the outlook is to achieve double the market growth rates in the segments the company operates and also to look at the industrial /B2B segment for additional opportunities. The Division is expecting to tie-up with new OEMs and also leverage the current tie-ups for volume growth.

The Division is planning to increase its presence with additional manpower and products to cater to this demand. The Lubricants Division will continue to strengthen its position with Ashok Leyland network and customers, with innovative programs and differentiated product offerings, which add value to the customers.

The key initiative was the Sponsorship of IPL-III winners Chennai Super Kings team for IPL –IV lead by the Indian Captain - M S Dhoni in addition to continuation of sponsorship relations with the Kings XI Punjab Cricket franchise for the Indian Premier League (IPL - 4). These associations helped to build brand awareness/recall amongst the cricket loving as well as to target youth audiences across India. The various related 'activation programs' have enabled the Division to increase brand awareness and recall.

Brand Building efforts will continue and the tie-up with Chennai Super Kings will be supported by various activities to increase presence and market shares across India in the coming year.

The raw material prices and input costs are expected to increase. Base oils are showing a rapid increasing trend and this is expected to impact margins/profitability.

13.2 Explosives

Industrial Explosives & Blasting Accessories

The demand for explosives and blasting accessories primarily depends on growth in country's mineral, infrastructure and oil exploration sectors. Mineral and Infrastructure sectors are slated for multi-fold growth of approximately 400 % in the next 20 years and hence we envisage good demand for both explosives and accessories products in the coming years.

If the Indian government takes suitable policy measures, average growth of mineral industry is expected to be around 20% annually. The Division thus has an excellent potential for steady growth in the years to come.

13.3 Mining and Infrastructure (IDLconsult)

Besides, being an important sector of the Indian Economy, mining touches the life of every person in the country. As India grows and the standard of living improves, the consumption of coal and metals will increase. The down side however, is linked to degradation of the environment and forests. As the economy accelerates, valid concerns on environmental issues are to be addressed. Development and environmental sustainability are both extremely important for the country. The mining industry has been under detailed review over the past few years. Statistics from the Department of Mines shows that among the 9400 current mine leases, 192 leases cover an area of greater than 500 hectares each on an average. In effect, 2% of the mine leases occupy 41% of the area. Large mines require detailed mine planning and application of technology. The newer mines in India are designed for global scale of operation in terms of efficiencies and size.

The share of the private sector in mining is growing, encouraged by the government policies and allocation of coal blocks for captive use. However, many of the new coal mines have not started even after 7-8 years after allocation, due to various reasons including the delays in getting environment and forest clearances. As a result, import of coal was of the order of a 100 million tonnes in F11. This strongly indicates that the demand for coal has grown while the growth in supply of Indian coal has not kept pace with the growth in demand. Imported coal is more expensive in comparison to domestic coal. Replacement of 100 million tonnes of imported coal, with locally mined coal will generate a need to handle 400 million tonnes of over burden (valued at over Rs 5,000 crores). It is only a matter of time, before many new mines open up, affording new and greater opportunities for mining services.

Responding to the current situation, our focus has been to build capability to operate large mines, reinforce our position as a professional mining contractor with experience of handling a variety of minerals, operating with the best in class management systems and processes.

Our experience in Coal, Iron ore, Manganese, Bauxite, Uranium etc, with our track record of handling cumulatively 120 million Cum puts us on the top of the list among the Indian mining contractors. We are in the process of working with many potential mine owners discussing the opportunity as Mine Developer and Operator for their mines.

The Division has been in discussion with several infrastructure and mining projects for undertaking large scale assignments. Many of these are in final stages of negotiation and will impact the performance of the Division from F 2012 onwards.

14. RISKS AND CONCERNS

14.1 Environmental Risks

Regular safety audits are carried out by internal safety audit teams and at regular intervals by external teams. General Safety Directions (GSDs) are strictly enforced in all factories and plants within the factories to ensure minimisation of risk. During the year, a special safety audit has been carried out by a consultant specialising in Explosives at the Rourkela factory and some bulk explosives manufacturing units. All recommendations have been implemented and confirmed by the Consultants. In addition, strict compliance of the requirements of the Explosives Act and Rules are ensured to protect the exposure of adjacent neighbourhoods to the explosives and accessories factories from undue risk. Operations are carried out to comply with emission, waste water and waste disposal norms of the local authorities of the respective factories.

14.2 Operational Risk

Licensing

The Explosives Division operates in a highly regulated and licensed industry and amendment / revision in licenses are required based on expiry of the licenses and change in production capacity and process. Amended / revised licenses for increase in license capacity for any of the explosives products may get delayed temporarily or for long periods thereby limiting our ability to cater to any increase in demand for these products from our customers. Non availability of licenses / approvals for expansion of new products could affect our future growth and expansion plans. The Division, therefore, ensures that approvals are applied for well in advance to avoid launch dates / export of products.

Location Risks

Manufacturing facilities, for our Industrial Explosives Division, are spread across six states. The optimum locations for packed explosives unit is determined by the customer location and the source of raw material. The advantage of the location of bulk explosives units is optimized to be close to the customer location. With changes in sources of raw material our location may not continue to be optimal in comparison with the competition. Moreover, if there is a consolidation in the industry, and the size of each manufacturing units go up, we may be disadvantaged by being sub-optimal.

Further since the lubricants are manufactured at one location and distributed throughout India, the cost of transportation and storage are higher in comparison to some of our competitors operations.

Raw Materials

Many of the inputs of the three major Divisions are imported, availability of which is affected by global market situations. Also, prices of such items are volatile. Increases in Base Oils due to increases in crude oil rates. Timely availability of raw materials is critical for continuous plant operations. The Company seeks to mitigate the risk by entering into long-term relationship with global raw material suppliers, with suitable escalation clauses to ensure regular supplies.

As the World economy is currently facing a rising commodity price cycle, with Crude Oil prices also firming up, the raw material prices and input costs are expected to increase. Base oils are showing a rapidly increasing trend and this is expected to impact margins. The Company seeks to mitigate the risk by entering into long-term relationship with global raw material suppliers, with suitable escalation clauses to ensure regular supplies.

14.3 Market Risks:

Markets

All the Divisions of the Company operate in highly competitive markets where competition from all India players as well as regional players is high. Of which, two major divisions, namely Industrial Explosives and IDLconsult Divisions operate in tender-driven markets, sometimes with onerous and unreasonable performance clauses. In the Lubes Division, increased competition and entry level pricing by new entrants leading to price undercutting could affect revenues substantially. Therefore, there is a risk of cost increases, especially of petro product inputs, not possible to be passed on to ultimate consumers. The Company is in direct contact with the industry associations to ensure that there is a suitable consensus on pricing policies by the majority of the producers.

Any reversal in growth trend in the economy in general and weak monsoons in particular, could affect demand in the automobile industry and consequent deceleration in manufacturing industry.This is likely to have an adverse impact on the lube industry. In order to minimise such adverse impact, the Lubes Division is taking various product and marketing initiatives.

Since the Q4 of the previous year, the base oil prices have again seen significant increases on account of high international rates. Given this trend of increasing base oils cost, if the cost increases cannot be passed on fully or recovered from the consumer, we may see an erosion of margins across the industry. Increased competition levels from the market leader to retain volumes and new entrants may lead to aggressive pricing and discounts.

Concentration of Customers

The IDLconsult Division which currently undertakes mining services in coal, iron ore and limestone sectors, is exposed to business risks on account of non-availability of environmental clearances in time and lack of adequate infrastructure for dispatch of ores from the mine, especially during the rainy seasons. In view of this, detailed review of approvals and quality of infrastructure is carried out before undertaking mining service contracts. Both the Explosives and Contract Divisions are operating in the mining and infrastructure sectors, dominated by the PSUs, where the tendering system is in vogue, with the attendant risks. Missing L1 status in these tenders might result in loss of business opportunities for extended periods for the relevant tender(s).

14.4 Financial Risks

Currency Value and Interest Rate Fluctuations

Financial risk management is done by the Finance Department at the various business Divisions and at Corporate Office under policies approved by the Board of Directors. Policies for overall foreign exchange loss risks and liquidity are regularly reviewed based on emerging trends. Interests' risks arising out of financial debt, are normally done at fixed rates or linked to LIBOR and appropriate Bank lending rates. Adverse movement of Rupee from current levels may further impact base oil and ammonium nitrate rates.

Credit Risk

The Company sells its products through the customary trade channels, with the attendant risk of payment delays and defaults. To mitigate the risk, a credit risk policy is also in place to ensure that sale of products are made to customers after evaluation of their ability to meet financial commitments through allotment of specific credit limits to respective customers. Credit availability and Exposure (with the trade channels) is another area of risk.

Liquidity Risk

Liquidity conditions in the money market and the commercial interest rates may impact the capability of distribution channel of the Lubes Division to support growth in business. Steps are being taken up for tie–up with financing partners to support distributors.

All the three major Divisions operate in working capital intensive industries. The Company realizes that its ability to meet its obligations to its suppliers and others is linked to timely collection of receivables and maintaining a healthy credit rating. Review of working capital constituents like inventory of raw materials, finished goods and receivables are done regularly by the respective Divisions and Corporate Finance.

14.5 Legal and Statutory Risks:

Contractual Liability

All major contracts are reviewed / vetted by the in-house Legal department before the same are executed. In addition, the Company engages the services of reputed independent legal counsels, on need basis. In matters of tax law and other statutory obligations the outcome of litigation cannot always be predicted. Hence, appropriate financial provisions, insurance policies and credit lines are taken to limit the risk for the Company.

14.6 IT Risks

The Company is dependent on intra-office and inter-office networks, as well as several business software operated from the Corporate Office and the business Divisions. Failure of system networks and consequential loss of business is attempted to be minimised by critical systems being operated on secured servers with regular maintenance, regular back up and off-site storage of data, selection of suitable firewall and virus protection systems / software.

14.7 Other Risks

Various assets of the Company including plant and machinery, stocks, buildings, furniture, office equipment and computer systems could suffer damages / loss owing to occurrences like fire, accidental mishaps, etc. The Company has taken insurance covers to protect these assets from possible damage / loss.

While the Company undertakes regular review of remuneration structures, threat of poaching by competitors, especially, new entrants in the industry of key persons is possible. Such actions could lead to temporary drop in efficiency and performance in the specific areas.

15. DIRECTORS

In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company, Mr.M.S.Ramachandran, Mr.Sanjay G Hinduja and Mr.Ramkrishan P Hinduja retire by rotation at the 50th Annual General Meeting of the Company and are eligible for reappointment.

The Board had appointed Ms. Kanchan Chitale w.e.f. 5th October, 2009, in the casual vacancy caused by the said demise of Mr. P. N. Ghatalia. Ms. Kanchan Chitale was also appointed as the Chairperson of the Audit Committee. In accordance with the provisions of the Companies Act 1956 and the Articles of Association of the Company, Ms.Chitale holds office upto the date of the ensuing AGM.

Mr.S Pramanik, Managing Director was reappointed effective 8th July, 2011 for a period of 3 years, after completion of his earlier term of appointment.

Profile of members of the Board of Directors being appointed / reappointed :

M.S.Ramachandran

M.S.Ramachandran is a Bachelor in Mechanical Engineering. He has vast knowledge and experience of Oil and Gas industry. He was Chairman of Indian Oil Corporation Limited, Chennai Petroleum Corporation Limited, IBP Co. Ltd., Bongaigaon Refineries & Petrochemicals Ltd., Indian Oil Tanking Ltd., Indian Oil Petronas and Director, ONGC Ltd., Petronet LNG Ltd. He has received several awards including Chemtech Pharma Bio Hall of Fame Award in 2005 and National Institute of Industrial Engineers Lakshya Business Visionary Award in 2004.

Sanjay G Hinduja

Sanjay G.Hinduja is a Graduate in Business Administration from Richmond College, London. He has professional experience with Credit Suisse First Boston - Syndication Department and Chase Manhattan Bank and has rich experience and knowledge of the Global Oil and Energy Sector. He is the Chairman of Gulf Oil International Limited.

Ramkrishan P Hinduja

Ramkrishan P Hinduja is a Graduate in Science in Economics from the University of Pennsylvania, Philadelphia, USA and has work experience as Analyst in Amas S.A.Geneva, Switzerland and as Auditor with Arthur Andersen S.A.Geneva. He is the Chairman of Hinduja Global Solutions Limited.

Kanchan Chitale

Kanchan Chitale, is a Fellow Member of the Institute of Chartered Accountants of India (ICAI). She has experience of more than 20 years in internal and management audits of corporate enterprises and specialized / concurrent audits and other assignments of commercial banks and financial institutions. She has been a governing body member of IIM-Ahmedabad Alumni Association (1990-95), Ex-Vice President of Association of Women Industrialists of Maharashtra (1992-93) and is a member of Bombay Chartered Accountants Society and Institute of Internal Auditors.

S.Pramanik

S Pramanik is a Bachelor of Chemical Engineering from Jadavpur University, Kolkata. He obtained his Master Degree in Financial Management from Jamnalal Bajaj Institute of Management Studies, Mumbai. He is a Certified Associate, Indian Institute of Bankers, a Fellow Member of The Institute of Cost & Works Accountants of India and also a Fellow Member of Institute of Company Secretaries of India. He worked as Group Vice President, Corporate Affairs in Universal Ferro and Allied Chemicals Limited and as Group Vice President (Finance) of Hinduja Group India Limited. He was Executive Director (Commercial) Gulf Oil India Limited and Deputy Managing Director of IDL Industries Limited.

Names of companies in which the Directors, seeking appointed/reappointed at the ensuing AGM, hold positions of directorship and the membership/chairmanship of committees of the Board, are as per the Annexure to the Report on Corporate Governance.

16. STATUTORY INFORMATION

Information on Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and the Statement under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are annexed to this full Report. However, as per the provisions of Sec.219 (1) (b) (iv) of the Companies Act, 1956, the Report and Accounts are being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company.

17. INFORMATION ON STOCK EXCHANGES

The Equity shares of the Company are listed on Bombay Stock Exchange Limited and the National Stock Exchange of India Limited and the Listing Fees have been paid to them uptodate.

18. CORPORATE GOVERNANCE

A detailed report on the subject forms part of this report. The Statutory Auditors of the Company have examined the Company's compliance and have certified the same as required under the SEBI Guidelines. Such certificate is reproduced in this Annual Report.

19. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, on the basis of informative documents made available to them, confirm that:

a. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b. They have selected such accounting policies and applied them consistently and made judgments and estimates that are 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 that period.

c. They have taken proper and sufficient care for the maintenance of the 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.

d. They have prepared the annual accounts on a going concern basis.

20. SUBSIDIARY COMPANIES

In the context of mandatory requirement to present consolidated position of the Company including subsidiaries, at the first instance, members are being provided with the Report and Accounts of the Company treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members desirous of receiving the full Report and Accounts of the subsidiaries, which are available for inspection at the Registered Office of the Company, will be provided the same on receipt of a written request from them. In terms of MCA Circular dated 8th February, 2011, the Board has given consent for not attaching balance sheets and other financial statements of the subsidiary companies, by passing a resolution to this effect. However, specified information of each of the subsidiary company has been provided in this annual report.

21. AUDITORS

M/s Deloitte Haskins & Sells and M/s Shah and Co., Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received confirmation that their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

ACKNOWLEDGEMENTS

While celebrating 50 years of your Company's activities, your Directors place on record their sincere appreciation for the dedication and commitment of the employees and their contribution to the significant growth of your Company. Your Directors would also like to express their appreciation for the assistance and co-operation received from the financial institutions, banks, Government of India and various State Government authorities and agencies, customers, vendors and shareholders during the year under review. We look forward to their continued support in the years ahead.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 25, 2011

S. G. HINDUJA
Chairman

CAUTIONARY STATEMENT

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company will continue to be in the forefront of its diverse interests and sustain growth activities through emphasis on TQM, adoption of emerging technologies, innovation through research, good corporate governance, adherence to fair business practices and effective use of physical, technological, R & D, information and financial resources, thus fulfilling the aspirations of customers, shareholders, employees and financiers.

2. BOARD OF DIRECTORS

(A) Composition: The Board of Directors of the company headed by a Non-executive Chairman consists of the following Directors as on 31st March, 2011 categorised as indicated below :

(i) Chairman (Non-executive) Mr. Sanjay G Hinduja

(ii) Non-Executive Directors:

(a) Promoter Group:

Mr. Sanjay G Hinduja
Mr. Ramkrishan P Hinduja
Ms. Vinoo S Hinduja
Mr. V.Ramesh Rao
Mr. Vinod K Dasari
Mr. Abin K.Das,
Alternate Director to Mr. Sanjay G Hinduja
Mr. Alain V Dujean
Alternate Director to Mr. Ramkrishan P Hinduja
Mr.Prabal Banerjee*
Alternate Director to Ms.Vinoo S Hinduja

(b) Independent:

Mr. K N Venkatasubramanian
Mr. H C Asher
Mr. M.S.Ramachandran
Mr. Ashok Kini
Mr.Prakash Shah
Ms.Kanchan Chitale

(iii) Managing Director Mr. Subhas Pramanik

**upto 30th October 2010*

B) Attendance of each director at the Board Meetings and the last AGM and details of membership of Directors in other Board and Board Committees

Name of the Director	No. of Board Meetings Attended	Whether attended Last AGM	No. of Memberships of other Boards as on 31/03/11@	No. of Memberships of other Committees*	No. of Chairmanships in other Committees*
Sanjay G Hinduja	4	Yes	9	-	-
Ramkrishan P Hinduja	2	Yes	6	3	-
K N Venkatasubramanian	5	Yes	7	1	2
Hemraj C Asher	4	Yes	14	5	2
M.S.Ramachandran	5	Yes	5	3	-
Ashok Kini	5	Yes	4	4	1
Prakash Shah	4	Yes	4	-	1
Kanchan Chitale	5	Yes	2	-	-
Vinoo S Hinduja	2	No	5	-	-
Vinod K Dasari	3	No	7	-	-

Name of the Director	No. of Board Meetings Attended	Whether attended last AGM	No. of Memberships of other Boards as on 31/03/11@	No. of Memberships of other Committees*	No. of Chairmanships in other Committees*
V Ramesh Rao	4	Yes	10	1	1
S Pramanik	5	Yes	4	-	-
Abin K Das	1	NA	20	2	1
Alain Vincent Dujean	2	NA	11	-	-
Prabal Banerjee *(upto 30th October'10)*	2	Yes	NA	NA	NA

@ includes private limited companies and companies registered outside India.
* As per explanation to Clause 49.I(C), only Audit Committee and Shareholders' Grievance Committee have been considered for the purpose.

Board Agenda

Meetings are governed by a structured agenda. The Board members, in consultation with the Chairman, may bring up any matter for consideration of the Board. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions. Agenda papers are generally circulated seven days prior to the Board Meeting.

Information placed before the Board

Apart from the items that are required to be placed before the Board for its approval, the following are also tabled for the Board's periodic review / information:

- Quarterly performance against plan, including business-wise financials in respect of revenue, profits, cash flow, balance sheet, investments and capital expenditure.
- Periodic summary of all long term borrowings and applications thereof.
- Internal Audit findings (through the Audit Committee).
- Status of safety, security and legal compliance.
- Status of business risk exposures, its management and related action plans.
- Show Cause, demand and adjudication notices, if any, from revenue authorities, which are considered materially important.
- Information on strikes, lockouts, retrenchment, fatal accidents, etc., if any
- Write offs / disposals (fixed assets, inventories, receivables, advances, etc.)

(C) Brief profiles of the Directors being appointed/reappointed have been given in the Directors' Report.

(D) Details of Board Meetings held during the Year 2010-11

Date of the Meeting	Board Strength	No. of Directors Present
14.05.2010	12	9
02.08.2010	12	12
23.09.2010	12	11
30.10.2010	12	11
10&11.2.2011	12	10

(E) **Code of Conduct**

The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The text of the Code of Conduct is uploaded on the website of the Company – www.gulfoilcorp.com. The Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended March 31, 2011 The Annual Report of the Company contains a Certificate duly signed by the Managing Director in this regard.

F) **CEO & CFO Certification**

The Managing Director and the Chief Financial Officer have certified to the Board of Directors of the Company that:

(a) They have reviewed the financial statements and the cash flow statement for the year ended 31st March 2011 and that to the best of their knowledge and belief:

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(ii) These statements together present a true and fair view of the Company's affairs, and are in compliance with the existing accounting standards, applicable laws and regulations.

(b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting; and that they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

(d) They have indicated to the Auditors and the Audit Committee:

(i) significant changes in internal control over financial reporting during the year;

(ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements: and

(iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

G) Shares held by Non-Executive Directors

Mr H C Asher held 5095 (of Rs. 2/- each) equity shares of the Company as on 31.03.2011 and none of the other non-executive Directors holds any shares in the Company.

3. AUDIT COMMITTEE

The Audit Committee was constituted in February 1987. The current terms of reference are in full conformity with the requirements of Section 292A of the Companies Act, 1956.

Composition

Chairperson : Ms. Kanchan Chitale

Members : Mr. Hemraj C Asher

Mr Ashok Kini

Meetings and Attendance

Audit Committee Meetings held during the year 2010-11and attendance details

Date of the Meeting	Committee Strength	No. of Directors Present
13.05.2010	3	3
02.08.2010	3	3
25.08.2011	3	3
30.10.2011	3	3
11.02.2011	3	2
24.03.2011	3	2

Company Secretary / Deputy Company Secretary / Assistant Company Secretary of the Company is the Secretary to the Committee.

Mr. S Pramanik, Managing Director was invitee for all the Audit Committee Meetings. Chief Financial Officer and Head of Internal Audit attended all the meetings.

The Statutory Auditors of the Company were invited to join the Audit Committee in all the meetings for discussing the quarterly unaudited financial results and the Annual Audited Accounts before placing it to the Board of Directors. The Audit Committee held discussions with the Statutory Auditors on the yearly Audit Plan, matters relating to compliance of Accounting Standards, their observations arising from the annual audit of the Company's Accounts and other related matters.

4. SUBSIDIARIES

There are no material non-listed Indian subsidiaries of the Company.

5. REMUNERATION COMMITTEE

The terms of reference are review of the compensation policy for the Executive Directors. Accordingly, they are authorised to negotiate, finalise and approve the remuneration for Managing Director/ Whole-time Directors on behalf of the Company.

Composition-

Chairman : Mr.Prakash Shah

Member : Mr.H C Asher

Mr. M S Ramachandran

Ms.Vinoo S Hinduja

Meetings and Attendance

Date of the Meeting	Committee Strength	No. of Directors Present
02.08.2010	4	4

Remuneration policy -

i) For Managing Director

The total remuneration subject to shareholders approval consists of:

- a fixed component – consisting of salary and perquisites
- a variable component by way commission as determined by the Board within the limits approved by the shareholders.

ii) (a) For Non– executive Directors

An amount of Rs. 20,000/- for each Board Meeting, Audit Committee Meeting and Meeting of the Committee of Directors, Rs.5,000/- for each Remuneration Committee, Rs. 2,000/- for each Share Transfer Committee Meeting and Rs.12,000/- for each meeting of the Safety Review Committee and Investment Appraisal & Project Review Committee, Rights Issue Committee and Committee of Directors-Legal Issue, plus reimbursement of actual travel and incidental expenditure not exceeding Rs.1,500 for Share Transfer Committee Meetings and Rs.5,000/- for Meetings of the Board and other Committees, is paid (as per the provisions of Section 309, 310 of the Companies Act, 1956).

Non-executive Directors (Sitting Fees only)	Rs. in lakhs
Mr. Sanjay G. Hinduja	1.00
Mr. Ramkrishan P. Hinduja	0.40
Mr. K N Venkatasubramanian	1.00
Mr. H C Asher	2.01
Mr.M.S.Ramachandran	1.61
Mr Ashok Kini	2.60
Mr.Prakash Shah	0.85
Ms.Kanchan Chitale	2.20
Ms. Vinoo S Hinduja	0.45
Mr Vinod K Dasari	0.90
Mr.V.Ramesh Rao	0.80
Mr. Abin K. Das	0.56
Mr. Alain V. Dujean	0.40
Mr. Prabal Banerjee	0.84
Total	15.62

(b) For Executive Directors

(Rs. in Lakhs)

	Managing Director
Salaries	60.48
Commission	15.83
Contribution to Provident Fund and Superannuation Fund	10.21
Benefits	5.67
Total	**92.19**

Having regard to the fact that there is a global contribution to Gratuity Fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to Gratuity Fund has not been considered in the above computation.

Managing Director is under contract of employment with the company with 6 months' notice period from either side. There is no severance fee payable to the Executive Directors. The Company does not have any stock option scheme.

6. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

Composition : 3 Directors

Chairman : Mr. Ashok Kini

Members : Mr. S Pramanik

Mr. Vinod K Dasari

The Shareholders / Investors Grievance Committee specifically looks into redressing of shareholders/ investors complaints in matters such as transfer of shares, non-receipt of declared dividends and ensure expeditious share transfer process.

Number of Shareholders Complaints received so far: 86

Not solved to the satisfaction of the shareholders: NIL

7. GENERAL BODY MEETINGS

Location, time and venue where last three AGMs held :

Financial Year	Location of AGM	Date & Time of AGM
2009-10	Emerald-1, Hotel Taj Krishna, Banjara Hills, Hyderabad	23.9.2010, 2.30 p.m
2008-09	Kohinoor, Hotel Taj Krishna, Banjara Hills, Hyderabad	31.07.2009, 3.30 p.m.
2007-08	Grand Ball Room, Hotel Taj Krishna, Banjara Hills, Hyderabad	25.09.2008, 2.30 p.m.

Special Resolutions

Special resolutions were passed at the annual general meetings as under:

i) AGM held on 25th September 2008 – 2 Special resolutions

ii) AGM held on 31st July 2009 – 2 Special Resolutions

iii) AGM held on 23rd September 2010 - 1 Special Resolution

No Special resolution that requires approval through postal ballot was passed in the previous year. No Special resolution which requires approval through postal ballot is proposed to be conducted at the ensuing AGM.

8. DISCLOSURES

Related Parties

There were no materially significant related party transactions which may have potential conflict with the interests of the Company at large. Confirmation has been placed before the Audit Committee and the Board that all related party transactions during the year under reference were in the ordinary course of business and on arm's length basis. Transactions with related parties are disclosed in Note. 21 of the Schedule 18 to the Accounts in the Annual Report.

BOARD DISCLOSURES - Risk Management

The Company has laid down procedures to inform the Board of the Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

9. STRICTURES AND PENALTIES

There were no strictures or penalties imposed on the Company by either Stock Exchanges or SEBI or any Statutory Authority for non-Compliance on any matter related to Capital Market during the last three years.

10. MEANS OF COMMUNICATION

The quarterly and half yearly reports, are normally published in Business Standard and in the local newspaper – Andhra Prabha and are displayed on the Website of the Company www.gulfoilcorp.com. During the year no presentations were made to institutional investors or to the analysts.

The Management Discussion and Analysis Report forms part of the Directors' Report.

11. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting :

Date - 23rd September 2011

Venue - Grand Ball Room, Hotel Taj Krishna, Banjara Hills, Hyderabad

Time - 2.30 p.m.

Financial Calendar :

- Unaudited results for 1st quarter of next Financial Year – by 14.08.2011
- Unaudited results for 2nd quarter of next Financial Year – by 15.11.2011
- Unaudited results for 3rd quarter of next Financial Year – by 14.02.2012
- Audited results for next Financial Year – by 30.05.2012

Date of Book Closure – 19.9.2011 – 23.9.2011

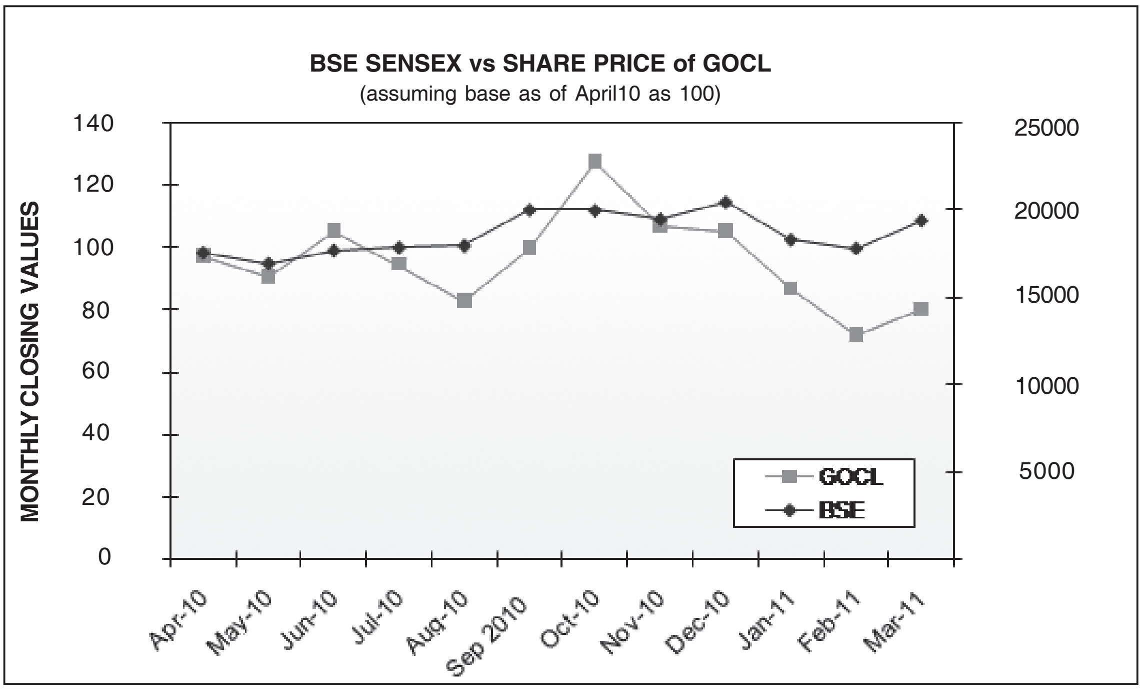
Date of Dividend Payment – On or around 10th October 2011

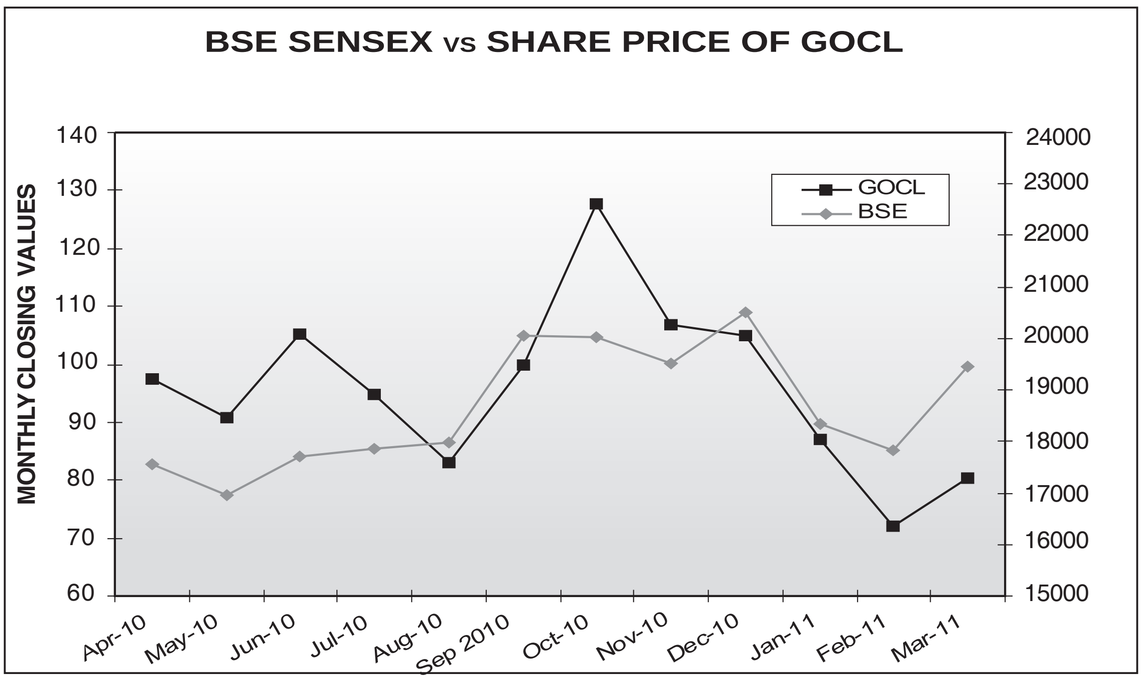
Listing of Equity Shares – Bombay Stock Exchange Limited – Code 506480

National Stock Exchange of India Ltd – Code GULFOILCOR

Market Price Data (in Rupees): in respect of the Company's shares on BSE, monthly high and low during the last Financial Year

Month & Year	High (Rs.)	Low (Rs.)
April, 2010	103.35	83.50
May, 2010	99.45	85.65
June, 2010	111.90	88.45
July, 2010	120.50	94.20
August, 2010	97.20	80.00
September, 2010	111.20	82.20
October, 2010	146.20	100.10
November, 2010	138.50	97.00
December, 2010	122.15	93.50
January, 2011	112.30	84.10
February, 2011	87.85	71.00
March, 2011	86.00	71.50





Distribution of Shareholding as on 31.03.2011

Paid up Share Capital	Shareholders		No. of Shares	
	No.	%	No.	%
Up to 5000	65515	98.28	9068947	9.15
5001 – 10000	596	0.89	2131395	2.15
10001 – 20000	251	0.38	1794318	1.80
20001 – 30000	89	0.14	1103681	1.12
30001 – 40000	36	0.06	614524	0.62
40001 – 50000	37	0.06	840398	0.85
50001 – 100000	66	0.09	2290970	2.31
100001 and above	71	0.10	81300747	82.00
Total	**66661**	**100.00**	**99144980**	**100.00**

Pattern of Shareholding as on 31.03.2011

Category	No. of Holders	No. of Shares	% of Share-holding
Promoters	1	49536335	49.96
Public : Institutional Investors: Mutual Funds & UTI, Banks, Financial Institutions & Others	8	5165572	5.21
Private Corporate Bodies	900	15419524	15.55
Indian Public	65439	24950741	25.17
NRIs/ OCBs	294	3145462	3.17
FIIs	19	927346	0.94
GRAND TOTAL	**66661**	**99144980**	**100.00**

Dematerialisation of shares and liquidity – 9,65,61,634 shares were dematerialized amounting to 97.39% of the total paid up capital. Shares of the Company are listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited and frequently traded on both the Exchanges.

Details of Share Transfer System:

The authority relating to approval of share transfers has been delegated to the Share Transfer Committee consisting of Mr. Ashok Kini, Chairman, Mr. S Pramanik and Mr. Vinod K Dasari. The Committee has met four times during the year for approving transfers, transmissions, etc. Operations with regard to dematerialization are being complied with, in conformity with the regulations prescribed.

The name and designation of Compliance Officer : Mr. S Subramanian, CFO & Company Secretary

The Registrar and Share Transfer Agents are handling all the share transfers and related transactions.

As on March 31, 2011, there were no requests pending for demats / overdue beyond the due dates.

Plant Locations:

A. Explosives : Explosives Division, Hyderabad, AP.

B. Lubricants : Lubes Division, Silvassa

Details of addresses for Correspondence:

Registered Office : Gulf Oil Corporation Limited
Kukatpally, Sanathnagar (IE) PO
Hyderabad 500 018
Ph – 91 40 2381 0671 – 79
Fax – 91 40 2381 3860
E-mail : secretarial@gulfoilcorp.com
www.gulfoilcorp.com

Registrar and Share Transfer Agents : Sathguru Management Consultants Private Limited
Plot No. 15, Hindi Nagar, Behind Saibaba Temple
Panjagutta, Hyderabad 500 034
Ph – 91 40 30160333
Fax – 91 40 2335 4042 / 40040554
sta@sathguru.com

ISIN for the Equity Shares : IN E 077F01027

Dividend for the last three years : 2010-11: 100%
2009-10: 90%
2008-09: 85%

12. **NON MANDATORY REQUIREMENTS**

The Board has constituted a Remuneration Committee and the terms of reference of this Committee are given in para 5 above.

Whistle Blower Policy

The Company is in the process of establishing a structured mechanism for employees to report to the management, concerns about unethical behaviour or violation of the Code of Conduct

ANNEXURE

DIRECTORSHIPS IN OTHER COMPANIES

List of outside Company Directorships:

M S Ramachandran	Sanjay G Hinduja	Ramkrishan P Hinduja	Kanchan Chitale	S Pramanik
1. ICICI Bank Limited 2. Bharat Electronics Limited 3. Supreme Petro Chemicals Limited 4. Concord Energy (India) Pvt. Limited 5. Ester Industries Limited	1. Hinduja Group India Limited 2. Gulf Oil International Limited 3. Gulf Oil Middle East Limited 4. Gulf Oil International Middle East Limited (Cayman) 5. Gulf Oil Lubricants Limited(Cayman) 6. Gulf Oil Philippines Limited 7. Gulf Oil Yantai Limited 8. Sangam Limited 9. Gulf Oil Persia Limited	1. Hinduja Global Solutions Limited 2. Hinduja Ventures Limited 3. Hinduja Group India Limited 4. Hinduja Global Solutions Inc 5. Pacific Horizon Limited 6. Hinduja National Power Corporation Limited	1. Harkan Management Consultancy Services Pvt. Limited 2. PT Gulf Oil Lubricants Indonesia	1. IDL Buildware Limited 2. IDL Explosives Limited 3. Gulf Caressorie India Limited 4. Hinduja Infrastructure Limited

Chairman of the Board of Directors of other Indian Companies

Concord Energy (India) Pvt. Limited	--	1. Hinduja Global Solutions Limited 2. Hinduja National Power Corporation Limited	---	---

Chairman/Member of the Committees of Directors of other Companies in which he / she is a Director*

1. ICICI Bank Ltd. – Member of Audit Committee 2. Bharat Electronics Limited – Member of Audit Committee 3. Ester Industries Limited - Member of Audit and Remuneration Committees	---	1. Hinduja Ventures Limited. – Member of Audit and Investor Grievances Committees 2. Hinduja Global Solutions Limited - Member of Audit Committee	--	--

**As per explanation to Clause 49.I(C), only Audit Committee and Shareholders' Grievance Committee have been considered for the purpose.*

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board has laid down a Code of Conduct for all Board Members and senior management personnel of the Company. The code of conduct has also been posted on the website of the Company. It is further confirmed that all Directors and Senior Management personnel of the company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on March 31, 2011 as envisaged in Clause 49 of the Listing agreement with stock exchanges.

S.PRAMANIK
Managing Director

Place: Hyderabad
Date: May 25, 2011

AUDITORS' CERTIFICATE

To the Members of Gulf Oil Corporation Limited

1. We have examined the compliance of conditions of Corporate Governance by Gulf Oil Corporation Limited for the year ended on 31st March 2011 as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

4. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

K.Rajasekhar
Partner
(Membership No.23341)

Place: Hyderabad
Date: May 25, 2011

AUDITORS' REPORT

To The Members of Gulf Oil Corporation Limited

1. We have audited the attached Balance Sheet of **GULF OIL Corporation Limited** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto, in which are incorporated the Returns from the Lubricants Branch audited by other auditors. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
   (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Lubricants Branch audited by other auditors;
   (iii) the reports on the accounts of the Lubricants Branch audited by other auditors have been forwarded to us and have been dealt with by us in preparing this report;
   (iv) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account and the audited Branch Returns;
   (v) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
   (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
      (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
      (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

K.Rajasekhar
Partner
(Membership No.23341)

Place: Hyderabad
Date : May 25, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

(i) Having regard to the nature of Company's business/activities/result, clauses (x), (xii), (xiii), (xiv), (xviii) and (xix) of CARO are not applicable.

(ii) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. In respect of assets physically verified no material discrepancies were noted.

(c) As explained in Note 2 of Schedule 18 to the Financial Statements, during the year, the Company has transferred a substantial part of its fixed assets in accordance with a Scheme of Arrangement. Such transfer, has in an opinion not affected the going concern status of the Company.

(iii) In respect of its inventories:

(a) As explained to us, inventories were physically verified during the year by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iv) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

(v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(vi) As explained to us and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956. Accordingly clause 4(v)(b) of the CARO is not applicable.

(vii) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(viii) In our opinion the Company has an adequate internal audit system commensurate with the size and nature of its business.

(ix) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of manufacture of lubricants and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete. To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records for any other product of the Company.

(x) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2011 on account of disputes are given below:

Name of the Statute	Nature of dues	Period to which the amount relates	Amount (Rs. Lakhs)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	1980-87	6.12	Asst. Commissioner Central Excise & Customs
		1992-96	1.11	Commissioner Appeals, Central Excise & Customs
		2003-04	4.61	High Court
		2006-07	631.44	Central Excise and Service Tax Appellate Tribunal
Sales Tax Act	Sales Tax	1992-93, 1994-95, 1995-96, 1998-99 & 2003-04	1375.78	Sales Tax Tribunal, Orissa
		1977-78 to 1983-84, 1984-85, 1985-86, 1986-87, 1987-88, 1989-90 & 1990-91	1458.16	High Court, Orissa
		1976-77 to 1983-84	927.37	Additional Commissioner Commercial Taxes
		1976-77 to 1983-84, 1997-98 & 2008-09	234.29	Commissioner Commercial Taxes
		2001-02,2003-04&2004-05	9.26	Assistant Commissioner Commercial Taxes
		2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08 & 2008-09	300.98	Joint Commissioner
		2005-06, 2006-07 & 2007-08	54.21	Deputy Commissioner
Service Tax Act, 1994	Service Tax	2004-06	2.25	Central Excise and Service Tax Appellate Tribunal
		2006-07 to 2007-08	1348.71	Central Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income-Tax	2001-02	10.27	Income tax Appellate Tribunal
		2003-04	437.33	Commissioner of Income Tax (Appeals)
		2004-05	552.52	Commissioner of Income Tax (Appeals)
Wealth Tax, 1957	Wealth Tax	2002-03	51.97	Commissioner of Income Tax (Appeals)
		2003-04	86.82	Commissioner of Wealth Tax (Appeals)
Lubricants				
Central Excise Act,1944	Excise Duty	2007-08	16.04	Central Excise and Service Tax Appellate Tribunal , Mumbai
		2009-10	96.11	Joint Commissioner Central Excise & Customs
Sales Tax Act	Sales Tax	1994-95 & 1999-2000	6.54	Hon'ble High Court
		1999-2000, 2001-02 & 2003-04	111.86	Deputy Commissioner Sales Tax
		2003-04	816.52	Joint Commissioner Sales Tax Appeals II
		2004-05	1186.84	Joint Commissioner Sales Tax Appeals II
Income Tax Act,1961	Income Tax	1999-2000 & 2000-01	12.75	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Customs Duty	2006-07	15.41	Central Excise and Service Tax Appellate Tribunal, Mumbai

(xi) In our opinion and according to the information and explanations given to us having regard to roll over of buyer's credit by bank, the Company has not defaulted in repayment of its dues to banks or financial institutions during the year.

(xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not prima facie prejudicial to the interests of the Company.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.

(xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.

(xv) The management has disclosed the end use of money raised by public issue and we have verified the same.

(xvi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

K.Rajasekhar
Partner
(Membership No.23341)

Place: Hyderabad
Date: May 25, 2011

BALANCE SHEET AS AT 31ST MARCH, 2011

		Schedule	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
I.	**SOURCES OF FUNDS**			
	1. Shareholders' Funds			
	(a) Capital	1	1982.90	1487.17
	(b) Reserves & Surplus	2	42297.79	40789.77
			44280.69	42276.94
	2. Loan Funds			
	(a) Secured Loans	3	10204.43	17074.51
	(b) Unsecured Loans	4	7524.77	13344.58
			17729.20	30419.09
	3. Deferred Tax Liability (Net)		118.21	-
	TOTAL		62128.10	72696.03
II.	**APPLICATION OF FUNDS**			
	1. Fixed Assets			
	(a) Gross Block		51766.00	68689.33
	(b) Less : Depreciation		9949.63	11818.98
	(c) Net Block	5	41816.37	56870.35
	(d) Capital Work-in-Progress and advances on Capital Account		1194.99	1233.52
			43011.36	58103.87
	2. Investments	6	8886.47	3057.74
	3. Deferred Tax Asset (Net)		-	146.27
	4. Current Assets, Loans and Advances			
	(a) Inventories	7	16155.24	12130.34
	(b) Sundry Debtors	8	9768.38	11808.41
	(c) Cash and Bank Balances	9	7578.42	8181.69
	(d) Loans and Advances	10	4798.39	6428.88
			38300.43	38549.32
	Less: Current Liabilities and Provisions			
	(a) Current Liabilities	11	15565.46	14560.45
	(b) Provisions	12	12504.70	12600.72
			28070.16	27161.17
	Net Current Assets		10230.27	11388.15
	TOTAL		62128.10	72696.03
	Notes	18		

Schedules 1 to18 annexed hereto form part of these financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and behalf of the Board of Directors

K Rajasekhar
Partner

S. Subramanian
Chief Financial Officer & Company Secretary

S. Pramanik
Managing Director

S. G. Hinduja
Chairman

Place : Hyderabad
Date : May 25, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

	Schedule		Year ended 31st March 2011 Rupees Lakhs		Year ended 31st March 2010 Rupees Lakhs
INCOME					
Income from sales and other operations		**100102.35**		106565.94	
Less: Excise duty		**9975.22**		8959.69	
			90127.13		97606.25
Other Income	**13**		**2769.60**		2649.30
			92896.73		100255.55
EXPENDITURE					
Cost of Materials	**14**		**42928.12**		47049.18
Other Operating Expenses	**15**		**42351.45**		45108.89
Interest Expenses	**16**		**1321.65**		2551.07
Depreciation			**1605.22**		1700.79
			88206.44		96409.93
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION			**4690.29**		3845.62
Exceptional Item (Net) (Refer Note 24 of Schedule 18)			**(2011.74)**		(1584.61)
PROFIT BEFORE TAXATION			**6702.03**		5430.23
Provision for Taxation					
Current Tax			**866.00**		541.00
Deferred Tax			**417.00**		382.00
PROFIT AFTER TAXATION			**5419.03**		4507.23
Balance Brought forward from Previous Year			**8303.87**		5857.40
BALANCE AVAILABLE FOR APPROPRIATION			**13722.90**		10364.63
APPROPRIATIONS					
Proposed Dividend			**1982.90**		1338.46
Dividend Tax			**321.68**		222.30
Transfer to General Reserve			**550.00**		500.00
Balance Carried to Balance Sheet			**10868.32**		8303.87
Earnings per share in Rs. (Note 20 of Schedule 18)					
-Basic			**Rs. 6.11**		Rs. 6.06
-Diluted			**Rs. 6.11**		Rs. 6.06
Notes on Accounts	**18**				

Schedules 1 to18 annexed hereto form part of these financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and behalf of the Board of Directors

K Rajasekhar
Partner

S. Subramanian
Chief Financial Officer & Company Secretary

S. Pramanik
Managing Director

S. G. Hinduja
Chairman

Place : Hyderabad
Date : May 25, 2011

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011		2009-2010	
	Rupees Lakhs	**Rupees Lakhs**	Rupees Lakhs	Rupees Lakhs
(A) CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax and after exceptional items		**6702.03**		5430.23
Adjustments for:				
Depreciation	**1605.22**		1700.79	
Dividend received	**(2.04)**		(1.42)	
Profit on sale of Fixed Assets	**(2451.57)**		(2246.65)	
Surplus on transfer of Explosives undertaking (Refer Note 2 of Schedule 18)	**(234.64)**		–	
Amount received against advances adjusted to Revaluation Reserve in earlier year	**(917.10)**		(1973.25)	
Amount received towards redemption of Preference Shares	**(700.00)**		–	
Profit on sale of long term Investments	**(160.00)**		(46.92)	
Interest Income	**(529.29)**		(200.28)	
Unrealised (Gain)/Loss on Exchange - Net	**(167.64)**		(197.29)	
Interest expense	**1850.94**	**(1706.12)**	2751.35	(213.67)
Operating Profit before working Capital changes		**4995.91**		5216.56
Adjustments for:				
Trade and other Receivables - (Increase)/ Decrease	**(1211.26)**		5531.28	
Inventories - (Increase)/ Decrease	**(6191.17)**		4176.78	
Trade Payables - Increase/(Decrease)	**2948.04**	**(4454.39)**	(3493.42)	6214.64
Cash generated from Operations		**541.52**		11431.20
Direct Taxes paid (net of refunds)		**(1186.21)**		(773.12)
NET CASH (USED IN)/FROM OPERATING ACTIVITIES		**(644.69)**		10658.08
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	**(704.55)**		(1182.70)	
Sale of Fixed Assets (including land)	**2544.87**		2405.43	
Purchase of Investments - Long Term	**(3332.53)**		-	
Purchase of Investments in Subsidiary Company	**(5.00)**		-	
Sale of Investments in Subsidiary	**-**		50.00	
Sale of Long Term Investment	**160.00**		6.85	
Proceeds from redemption of Preference Shares	**700.00**		-	
Advance from Subsidiary Companies	**(0.66)**		(0.09)	
Advances to Subsidiary company realised	-		1973.25	
Advance to Companies realised	**917.10**		-	
Interest Received	**527.08**		312.88	
Dividend received	**2.04**		1.42	
NET CASH FROM INVESTING ACTIVITIES		**808.35**		3567.04

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	2010-2011		2009-2010	
	Rupees Lakhs	**Rupees Lakhs**	Rupees Lakhs	Rupees Lakhs
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings & Hire Purchase Liabilities	**399.99**		4943.68	
Net decrease in Cash Credit and other Short Term Loans	**(1735.27)**		(10256.29)	
Proceeds from Fixed Deposits	**4.10**		13.86	
Repayment of Fixed Deposits	**(250.88)**		(172.82)	
Repayment of Long Term Borrowings & Hire Purchase Liabilities	**(2805.16)**		(3258.30)	
Proceeds from issue of Capital	**7782.80**		-	
Loans from Companies	**-**		11506.39	
Repayment of Loans to Companies	**(625.29)**		(13248.46)	
Interest paid	**(1846.01)**		(2683.02)	
Dividend paid	**(1327.74)**		(1254.25)	
Dividend tax paid	**(222.30)**		(214.83)	
NET CASH (USED IN) FINANCIAL ACTIVITIES		**(625.76)**		(14624.04)
Net increase/(decrease) in cash and cash equivalents		**(462.10)**		(398.92)
Cash and Cash Equivalents as at the commencement of the year - Cash and Bank Balances		**8181.69**		8580.61
Less: Cash and Cash Equivalents transferred to IDL Explosives Limited (Note 2 of Schedule 18)		**141.17**		-
		8040.52		8580.61
Cash and Cash Equivalents as at the end of the year - Cash and Bank Balances		**7578.42**		8181.69

Notes:

1 Transaction arising out of demerger as per Note 2 of Schedule 18 is a non-cash transaction and not considered in above cash flow workings.

2 Cash and Bank balances as at year end include:-

(a) Rs. 54.45 Lakhs (31.03.2010 Rs. 79.94 Lakhs) being the deposit made under Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.

(b) Rs. 6.76 lakhs (31.03.2010 Rs. Nil) for which the refund orders issued by the Company have not been encashed by Rights Issue Applicants.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and behalf of the Board of Directors

K Rajasekhar
Partner

S. Subramanian
Chief Financial Officer & Company Secretary

S. Pramanik
Managing Director

S. G. Hinduja
Chairman

Place : Hyderabad
Date : May 25, 2011

SCHEDULES TO THE FINANCIAL STATEMENTS

		As at 31st March 2011 Rupees Lakhs		As at 31st March 2010 Rupees Lakhs
Schedule 1				
SHARE CAPITAL				
AUTHORISED				
12,50,00,000 Equity shares of Rs.2 each		**2500.00**		2500.00
ISSUED AND SUBSCRIBED				
9,91,44,980 Equity shares of Rs.2 each fully paid (Previous year 7,43,58,735 Equity shares of Rs.2 each fully paid up)		**1982.90**		1487.17

Of the above

(a) 4,65,025 shares represent 93,005 shares after sub-division of shares of Rs.10 to Rs.2 each allotted as fully paid pursuant to contract without payment being received in cash

(b) 2,60,75,125 shares represent 52,15,025 shares after sub-division of shares of Rs.10 to Rs.2 each allotted as fully paid up bonus shares by capitalisation of Reserves.

(c) Pursuant to the merger scheme as approved by Board for Industrial and Financial Reconstruction, 15,18,735 shares represent 3,03,747 shares after sub-division of shares from Rs.10 to Rs.2 each, allotted effective 31st March, 1999 to the shareholders of erstwhile IDL Salzbau (India) Limited.

(d) 2,93,50,000 shares represent 58,70,000 shares after sub-division of shares from Rs.10 to Rs.2 each, allotted effective 1st January, 2002, consequent to the amalgamation of erstwhile Gulf Oil India Limited, to the shareholders of erstwhile Gulf Oil India Limited

Schedule 2				
RESERVES AND SURPLUS				
a) SECURITIES PREMIUM ACCOUNT				
Per last Balance Sheet	**4852.45**		4852.45	
Add : Received during the year	**7435.88**		-	
	12288.33		4852.45	
Less : Share issue expenses (net of Deferred tax asset Rs. Nil)	**148.81**	**12139.52**	-	4852.45
b) CAPITAL RESERVE		**0.75**		0.75
c) EXPORT ALLOWANCE RESERVE		**10.50**		10.50
d) REVALUATION RESERVE				
Per last Balance Sheet	**16478.19**		18429.06	
Less : Withdrawal of Reserve [Refer Note 26(b) of Schedule 18]	**8893.50**	**7584.69**	1950.87	16478.19
e) GENERAL RESERVE				
Per last Balance Sheet	**11144.01**		10644.01	
Add : Transfer from Profit & Loss Account	**550.00**	**11694.01**	500.00	11144.01
f) PROFIT & LOSS ACCOUNT				
Per Account Annexed		**10868.32**		8303.87
		42297.79		40789.77

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
Schedule 3		
SECURED LOANS		
A. From Banks		
(i) Cash Credit (includes Working Capital Demand Loan)	**5297.93**	6926.88
(ii) Foreign Currency Working Capital Loan [USD 0.50 million (31.03.2010 USD 2.25 million)]	**223.25**	1015.65
(iii) Term Loans		
(a) State Bank of India	**440.34**	769.14
(b) State Bank of Hyderabad	**2447.41**	4754.49
(c) ABN Amro Bank	-	215.46
(d) Oriental Bank of Commerce	**8.37**	35.58
(e) Andhra Bank	**6.25**	103.63
(f) Kotak Mahindra Bank Limited	**101.76**	264.27
(g) State Bank of Mauritius Limited	**1469.33**	1960.00
B. From Others		
SREI Infrastructure Finance Limited	**209.79**	404.12
Hinduja Ventures Limited	**-**	625.29
	10204.43	17074.51

	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
Schedule 4		
UNSECURED LOANS		
Fixed Deposits [See note 14(f) of Schedule 18]	**384.67**	510.69
Deferred Hire Purchase Credits	**181.18**	422.47
Short Term Loan from IDBI Bank Limited	**-**	2000.00
SREI Infrastructure Finance Limited	**51.36**	104.48
Buyers Credit	**6907.56**	10306.94
	7524.77	13344.58

SCHEDULES TO THE FINANCIAL STATEMENTS

Schedule 5

Fixed Assets

Rupees Lakhs

ASSETS	Gross Block					Depreciation					Net Book Value	
	Cost/ Revaluation on 31.03.2010	Additions	Deductions	Transfer to IDL Explosives Ltd (Refer Note 2 of Schedule 18)	Cost/ Revaluation on 31.03.2011	31.03.2010	For the Year	On Deductions	Transfer to IDL Explosives Ltd (Refer Note 2 of Schedule 18)	31.03.2011	Cost/ Revaluation on 31.03.2011	Cost/ Revaluation on 31.03.2010
Land-Freehold	45446.94	-	12221.09	18.58	**33207.27**	-	-	-	-	-	**33207.27**	45446.94
Land-Leasehold	19.10	-	-	19.10	-	5.00	0.11	-	5.11	-	-	14.10
Buildings	2227.65	4.66	7.59	465.18	**1759.54**	930.71	52.24	1.20	227.31	**754.44**	**1005.10**	1296.94
Leasehold Improvements	6.80	-	-	-	**6.80**	6.80	-	-	-	**6.80**	-	-
Plant & Machinery Equipments etc.	18657.59	704.15	1394.95	3286.60	**14680.19**	9511.77	1370.10	1378.19	1563.90	**7939.78**	**6740.41**	9145.82
Furniture, Fixtures & Office appliances	1492.83	263.36	100.90	184.84	**1,470.45**	907.89	127.52	92.37	101.30	**841.74**	**628.71**	584.94
Vehicles	838.42	20.47	69.08	148.06	**641.75**	456.81	55.25	40.64	64.55	**406.87**	**234.88**	381.61
	68689.33	**992.64**	**13793.61**	**4122.36**	**51766.00**	**11818.98**	**1605.22**	**1512.40**	**1962.17**	**9949.63**	**41816.37**	-
31.03.2010	4.59	1396.28	2211.54	-	**68689.33**	10312.36	1700.79	194.17	-	**11818.98**	-	**56870.35**

Notes:-

1) Assets costing Rs. 450.28 lakhs (previous year Rs.948.57 lakhs) have been acquired on hire purchase, the legal ownership of which will be transferred to the Company after the final payment.

2) Additions to Plant & Machinery include Rs.NIL (previous year Rs. 52.24 Lakhs) being differences of foreign exchange currency loan obtained for acquisition of fixed assets.

3) Deductions under land includes Rs. 8893.50 Lakhs withdrawn from Revaluation Reserve and Rs. 3294.41 Lakhs transferred to Stock in Trade (Refer Note 26 (b) of Schedule 18)

		As at 31st March 2011 Rupees Lakhs		As at 31st March 2010 Rupees Lakhs
Schedule 6				
INVESTMENTS				
At cost, unless otherwise stated				
UNQUOTED- LONG TERM				
TRADE				
Shares in subsidiary companies				
IDL Buildware Limited	**203.41**		203.41	
1970000 Equity shares of Rs. 10 each				
Less: Diminution in value	**203.41**	**-**	203.41	-
200000 8% Redeemable Cumulative				
Preference Shares of Rs. 100 each	**200.00**		200.00	
Less: Diminution in value	**200.00**	**-**	200.00	-
Gulf Oil Bangladesh Limited		**71.91**		71.91
177939 Equity Shares of Bangladesh Taka 50 each fully paid				
PT Gulf Oil Lubricants Indonesia		**680.70**		680.70
15000 shares of Indonesia Rp.861900 each fully paid equivalent to US $ 1500,000				
Gulf Carosserie India Limited				
380001 Equity shares of Rs. 10 each fully paid	**38.00**		38.00	
Less: Diminution in value	**38.00**	**-**	38.00	**-**
Hinduja Infrastucture Limited				
50,000 Equity shares of Rs. 10 each fully paid		**5.00**		5.00

SCHEDULES TO THE FINANCIAL STATEMENTS

		As at 31st March 2011 Rupees Lakhs		As at 31st March 2010 Rupees Lakhs
Schedule 6 (Contd..)				
INVESTMENTS				
Gulf Oil (Yantai) Co., Limited 41,32,540 Equity shares of US $ 1 each fully paid		**2157.86**		2157.86
IDL Explosives Limited 50,000 Equity shares of Rs.10/- each fully paid		**5.00**		-
2,49,000 10% Series-A Redeemable Preference shares of Rs. 100/- each (to be alloted) (Refer Note 2 of Schedule 18)		**2490.00**		-
OTHERS				
IDL Chemicals Employees' Co-operative Credit Society Limited, Hyderabad 500 Shares of Rs.10 each		**0.05**		0.05
IDL Chemicals Employees' Co-operative Credit Society Limited, Rourkela 500 Shares of Rs.10 each (Transferred to IDL Explosives Limited in terms of Scheme of Arrangement. Refer Note No.2 of Schedule 18)		**-**		0.05
UTI Bond Fund of Unit Trust of India 27,978 Units of Rs.10 each		**2.97**		2.97
Pachora Peoples Co-operative Bank Limited 2 shares of Rs. 100 each		-		-
Gulf Ashley Motors Limited 1,14,000 Equity Shares of Rs 100 each		**114.00**		114.00
APDL Estates Limited 23,62,000 10% Redeemable Cumulative Preference Shares of Rs. 100 each	**2362.00**		2362.00	
Less: Redeemed during the year (7,00,0000 10% Redeemable Cumulative Preference Shares of Rs.100 each)	**700.00**		-	
	1662.00		2,362.00	
Less: Diminution in value	**1662.00**	**-**	2362.00	-
Mangalam Retail Services Limited 12490 Equity shares of Rs. 10 each		**1.25**		-
QUOTED-LONG TERM				
OTHERS				
Ashok Leyland Limited 1,00,000 Equity Shares of Rs. 1 each		**24.23**		24.23
Hinduja Global Solutions Ltd. 48 Equity shares of Rs. 10 each		**0.03**		0.03
Hinduja Ventures Limited 48 Equity shares of Rs. 10 each		**0.03**		0.03
Jammu & Kashmir Bank Ltd. 2,400 Equity shares of Rs. 10 each		**0.91**		0.91
Indusind Bank Limited 13,00,000 Equity Shares of Rs. 10 each fully paid (Purchase during year)		**3332.53**		-
		8886.47		3057.74
Notes:				
1. Aggregate cost of quoted investments		**3357.73**		25.20
2. Aggregate Market Value of quoted investments		**3512.05**		55.56
3. Aggregate cost of unquoted investments		**5528.74**		3032.54

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
Schedule 7		
INVENTORIES		
(At lower of cost and net realisable value)		
Land / Building for Property development, at cost	**3652.53**	25.63
Contract work - in - progress	**393.39**	-
Stores & Spares	**418.04**	499.70
Packing Materials and Fuel	**365.90**	504.04
Raw Materials	**5849.44**	6456.45
Work-in-Process	**661.36**	914.75
Finished Goods	**4814.58**	3729.77
	16155.24	12130.34
Schedule 8		
SUNDRY DEBTORS - UNSECURED		
a) Debts outstanding for a period exceeding six months:		
Considered good	**1459.98**	1204.70
Considered doubtful	**2811.89**	3595.70
b) Other Debts :		
Considered good *	**8308.40**	10603.71
	12580.27	15404.11
Less : Provision for doubtful debts	**2811.89**	3595.70
	9768.38	11808.41

* Includes dues from subsidiaries - Rs. 12.80 Lakhs (31.03.2010 - Rs. 43.75 Lakhs)

	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
Schedule 9		
CASH AND BANK BALANCES		
Cash / Cheques on hand #	**630.56**	1281.56
With Scheduled Banks :		
Current Account @	**1532.60**	1294.76
Fixed Deposits/Margin account *	**5415.26**	5605.37
	7578.42	8181.69

\# includes cheques on hand Rs. 617.92 lakhs (31.03.2010 Rs.1254.40 lakhs).

@ includes Rs. 6.76 lakhs (31.03.2010 Rs. Nil) for which the refund orders issued by the Company have not been encashed by Rights Issue Applicants.

* includes Rs.54.45 Lakhs (31.03.2010 Rs. 79.94 Lakhs) being the deposit made under Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.

SCHEDULES TO THE FINANCIAL STATEMENTS

		As at 31st March 2011 Rupees Lakhs		As at 31st March 2010 Rupees Lakhs
Schedule 10				
LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise specified)				
Advances to Subsidiary Companies (interest free) *				
Gulf Carosserie India Limited	**6.02**		5.38	
Less : Provision for doubtful advances	**5.29**	**0.73**	5.29	0.09
IDL Buildware Limited	**440.89**		440.89	
Less : Provision for doubtful advances	**440.89**	**-**	440.89	-
Hinduja infrasture Limited		**0.02**		-
Advances to Other Companies				
IDL Speciality Chemicals Ltd	**219.99**		1137.09	
Less : Provision for doubtful advances	**219.99**	**-**	1137.09	-
Advance tax (net of provision)		**877.38**		557.17
Advances recoverable in cash or in kind or for value to be received:				
Considered good	**3427.66**		4391.36	
Considered doubtful	**95.62**		174.76	
	3523.28		4566.12	
Less : Provision for doubtful advances	**95.62**		174.76	
		3427.66		4391.36
Balance with Excise Authorities		**492.60**		1480.26
		4798.39		6428.88

* Maximum amount outstanding during the year
IDL Speciality Chemicals Limited - Rs. 1137.09 lakhs (31.03.2010 Rs.3103.97 lakhs)
Gulf Carosserie India Limited-Rs. 6.02 lakhs (31.03.2010 Rs.5.38 lakhs)
IDL Buildware Limited- Rs. 440.89 lakhs (31.03.2010 Rs. 447.26 lakhs)

	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
Schedule 11		
CURRENT LIABILITIES		
Acceptances	**-**	404.21
Sundry Creditors:		
Due to Micro and Small Enterprises (Refer note 18 (d) of Schedule 18)	**-**	-
Others	**13001.14**	12982.50
Due to Subsidiary	**1306.47**	-
Advance from Customers	**822.56**	917.21
Interest accrued but not due on Loans	**106.00**	104.49
Dealers' deposits	**66.37**	68.25
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956		
Due		
(i) Unpaid Dividends	**-**	-
(ii) Unclaimed Matured Deposits	**-**	-
(iii) Interest accrued on (ii) above	**-**	-
Not due		
(i) Unpaid Dividends	**86.01**	75.29
(ii) Unclaimed Matured Deposits	**172.76**	7.77
(iii) Interest accrued on (ii) above	**4.15**	0.73
	15565.46	14560.45

SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
Schedule 12		
PROVISIONS		
Employee benefits - Gratuity	**606.31**	1400.10
- Compensated Absence	**258.05**	304.10
Indirect Taxes	**8394.10**	8394.10
Others	**893.55**	893.55
Fringe Benefit Tax	**48.11**	48.11
Proposed dividend	**1982.90**	1338.46
Tax on dividend	**321.68**	222.30
	12504.70	12600.72

		Year Ended 31st March 2011 Rupees Lakhs		Year Ended 31st March 2010 Rupees Lakhs
Schedule 13				
OTHER INCOME				
Dividend from Long Term Investment		**2.04**		1.42
Profit on Sale of Property / Fixed Assets		**2451.57**		2246.65
Insurance Claims		**30.00**		10.57
Export Incentives (DEPB)		**70.62**		174.60
Miscellaneous		**215.37**		216.06
		2769.60		2649.30
Schedule 14				
COST OF MATERIALS				
Raw Materials Consumed :				
Opening Stock	**6456.45**		9035.97	
Add : Purchase	**41634.50**		36209.66	
	48090.95		45245.63	
Less: Stock transferred to IDL Explosives Limited in terms of Scheme of Arrangement (Refer note 2 of Schedule 18)	**4012.57**		-	
Closing Stock	**5849.44**		6456.45	
		38228.94		38789.18
Purchase of Finished Goods		**3486.00**		3143.03
(Increase)/Decrease in Finished Goods, Work-in-Process and Contracts-in-Progress:				
Closing Stock:				
Finished Goods	**4814.58**		3729.77	
Work-in-Process	**661.36**		914.75	
Contracts-in-Progress	**393.39**		-	
	5869.33		4644.52	
Opening Stock :				
Finished Goods	**3729.77**		5161.84	
Work-in-Process	**914.75**		828.14	
Contracts-in-Progress	**-**		382.17	
Less: Stocks transferred to IDL Explosives Ltd in terms of Scheme of Arrangement (Refer Note 2 of Schedule 18)	**1369.90**		-	
	3274.62		6372.15	
		(2594.71)		1727.63
Packing Materials Consumed		**4037.05**		3612.16
		43157.28		47272.00
Scrap realisation		**(233.61)**		(211.77)
		42923.67		47060.23
Excise duties etc. on Increase/(Decrease) in Finished Goods		**4.45**		(11.05)
		42928.12		47049.18

SCHEDULES TO THE FINANCIAL STATEMENTS

		Year Ended 31st March 2011 Rupees Lakhs		Year Ended 31st March 2010 Rupees Lakhs
Schedule 15				
OTHER OPERATING EXPENSES*				
Payments to and provisions for Employees :				
Salaries, Wages and Bonus	**6251.70**		6560.02	
Contribution to Provident Fund, Gratuity Fund and other Funds	**662.42**		1007.41	
Workmen and Staff Welfare Expenses	**576.33**		641.02	
		7490.45		8208.45
Stores, Spare Parts and Loose Tools consumed		**232.42**		299.92
Processing Charges		**949.06**		1192.35
Power, Fuel and Water		**650.93**		762.73
Rent		**1530.21**		1514.04
Rates and Taxes		**185.08**		410.35
Expenses on Operation Contracts		**12112.56**		15515.58
Insurance		**267.12**		284.09
Advertising		**3439.29**		2344.39
Distribution Expenses		**2997.16**		4029.12
Commission on sales		**262.12**		285.04
Discount on sales		**7993.05**		6154.56
Repairs to Buildings		**51.18**		88.14
Repairs to Machinery		**337.24**		372.82
Travelling and Conveyance		**732.64**		687.21
Bank charges and other Financial charges		**341.00**		496.42
Directors' Fees		**15.62**		21.82
Commission to non-wholetime Directors		**15.83**		9.84
Postage, Telephone and Telex		**163.46**		204.14
Legal & Professional charges		**392.71**		474.71
Provision for doubtful debts/advances		**422.70**		474.03
Bad Debts written off	**1186.51**		743.15	
Less: Provision for doubtful debts written-back	**1186.51**	**-**	743.15	-
Royalty		**810.97**		498.91
(Gain) / Loss on Exchange Fluctuation		**92.93**		(168.42)
Miscellaneous **		**865.72**		948.65
		42351.45		45108.89

* Refer Note 18 (e) of Schedule 18

** Miscellaneous includes Rs. 25.63 lakhs (Previous Year : Nil) on account of impairment of current assets

		Year Ended 31st March 2011 Rupees Lakhs		Year Ended 31st March 2010 Rupees Lakhs
Schedule 16				
INTEREST EXPENSES				
Interest				
On term Loans	**1381.25**		1700.90	
Others	**469.69**		1050.45	
		1850.94		2751.35
Less: Interest on deposits with banks etc. (Tax deducted at source Rs.58.32 Lakhs; Previous year Rs. 41.05 Lakhs)	**529.29**		193.56	
Interest on advance payment of taxes	**-**		6.72	
		529.29		200.28
		1321.65		2551.07

SCHEDULES TO THE FINANCIAL STATEMENTS

Schedule 17

CAPACITY, PRODUCTION, STOCKS, SALES AND CONSUMPTION:

(a) Quantitative information in respect of goods produced / purchased:

item	Unit	CAPACITY PER ANNUM					
		Licensed		Installed**		Production	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
Detonators	Million Nos	**192.00**	192.00	**192.00**	192.00	**103.29**	115.81
Detonating Fuse	Million Metres	**45.00**	45.00	**22.50**	22.50	**22.91**	25.51
Safety Fuse	Million Metres	**87.78 #**	87.78 #	-	-	-	-
Industrial Explosives-Cartridged, Bulk, Emulsion and ANFO *	Tonnes	**6000.00 ***	138000.00	**6000.00 ***	138000.00	**42639.41**	73727.34
Boosters	Tonnes	**190.00**	190.00	**125.00**	125.00	**22.99**	42.25
Penta Erythritol Tetra Nitrate (PETN) @	Tonnes	**1440.00**	1440.00	-	-	-	-
Exploders	Numbers	**500.00**	500.00	-	-	-	-
Single or double or Multilayer clad plates $	Sq.Metres Corresponding to Tonnes	!	!	!!	!!	**1452.14** **77.39**	1122.11 70.96
Lubricating Oils	KL	NA	NA	**75000.00**	75000.00	**51031.00**	47298.00

** Installed Capacity is as certified by the Managing Director and not verified by the auditors, being a technical matter

Notes:

1. Licenced capacity includes letter of intent issued by Government of India and includes application for renewals

As given in the licence, 12 million coils per annum which is equivalent to 87.78 million metres

@ Only Bhiwandi Plant for which a separate licence has been obtained, however, the plant has since been closed.

! 1,00,000 Sq. metres corresponding to maximum tonnage of 25,000 tonnes of cladding plates

!! Installed Capacity is not estimatable as production can be increased substantially with the facilities available merely by increasing the size/weight of clad plates

$ Excludes product meant for development production of intermediate products captively consumed and products for which no separate licence was required, has not been included above.

* Pursuant to the Scheme of Demerger of Explosives undertaking of the Company, the related licence and installed capacity of 132000 MT is transferred to IDL Explosives Limited.

SCHEDULES TO THE FINANCIAL STATEMENTS

(b) Stock of Finished Goods / Sales, including income from other Operations:

Item	Unit	Stock of Finished Goods						Sales			
		31.03.2011		31.03.2010		31.03.2009		2010-11		2009-10	
		Qty	Rupees Lakhs	Qty	Rupees Lakhs	Qty	Rupees Lakhs	Qty	Rupees Lakhs	Qty	Rupees Lakhs
Detonators	Million Nos	**8.71**	**564.79**	12.60	855.25	13.13	1076.05	**100.02**	**6068.21**	113.83	7398.51
Detonating Fuse	Million Metres	**0.29**	**18.61**	1.70	64.49	1.62	65.44	**25.79**	**1460.06**	26.46	1384.07
Safety Fuse - Purchased	Million Metres	**-**	**0.06**	0.02	0.07	0.13	0.06	**3.10**	**144.56**	0.79	32.42
Cartriged ANFO & NCN (High Explosives)	Tonnes	**18.52**	**5.91**	1144.62	403.29	1465.59	402.85	**42620.43**	**10771.34**	73736.54	20968.96
Boosters	Tonnes	**13.65**	**24.58**	19.17	44.41	29.24	66.23	**22.18**	**65.08**	52.16	137.50
Single or double or	Sq.Metres	**-**	**-**	-	-	-	-	**-**	**183.52**	1122.11	565.57
Multilayer clad plates	Corresponding to Tonnes	**-**	**-**	-	-	-	-	**-**	**-**	70.96	-
Lubricating Oils	KL	**4856.00**	**4019.69**	4140.00	2311.82	3793.00	3379.05	**52767.00**	**67474.16**	49306.00	55685.75
Filters	Nos	**255958.00**	**141.01**	72972.00	50.44	191593.00	91.71	**770044.00**	**443.57**	932471.00	508.24
Car Care Products	KL	**-**	**-**	-	-	54885.00	66.59	**-**	**-**	15888.00	31.70
GRACO	N0'S	**-**	**-**	-	-	122.00	13.86	**-**	**-**	307.00	25.12
Bulk Drugs	Tonnes	**-**	**-**	-	-	-	-	**-**	**-**	0.30	29.81
Income from Operation/ Construction Contracts		**-**	**-**	-	-	-	-	**-**	**12644.11**	**-**	19368.96
Income from Property -Rent		**-**	**-**	-	-	-	-	**-**	**147.68**	-	102.06
Others		**-**	**39.93**	-	-	-	-	**-**	**700.06**	-	327.27
			4814.58		3729.77		5161.84		**100102.35**		106565.94

(c) Purchase of Finished Goods:

Item	Unit	2010-11 Qty	2010-11 Rupees Lakhs	2009-10 Qty	2009-10 Rupees Lakhs
Safety Fuse	M.Metres	**3.08**	**92.52**	0.48	14.34
Grease/Unprocessed Oils	MT	**2484.00**	**2945.27**	2587.00	2702.01
Filters	Nos	**955111.00**	**344.98**	929046.00	342.70
Car Care Products	KL	**-**	**-**	3594.00	6.30
GRACO	Nos	**-**	**-**	185.00	15.76
D Cord	M.Metres	**2.21**	**63.26**	1.12	32.90
Formulations	KG's	**-**	**-**	300.00	29.02
Battery	Nos	**14850.00**	**39.97**	-	-
			3486.00		3143.03

(d) Raw Material Consumed:

Item	Unit	2010-11 Qty	2010-11 Rupees Lakhs	2009-10 Qty	2009-10 Rupees Lakhs
Coating Materials	Tonnes	**854.61**	**527.03**	825.83	553.18
Chemicals	Tonnes	**35896.06**	**6539.55**	59523.93	10375.69
Metals	Tonnes	**794.74**	**1226.50**	1223.86	1699.20
Yarn & Paper	Tonnes	**80.08**	**99.83**	91.74	103.98
Base Oil	Tonnes	**41751.00**	**22721.34**	39352.27	20160.43
Additives	Tonnes	**3764.00**	**6101.07**	3060.61	4630.65
Miscellaneous		**-**	**1013.62**	-	1266.05
			38228.94		38789.18

SCHEDULES TO THE FINANCIAL STATEMENTS

18. NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

1. ACCOUNTING POLICIES

The accounts have been prepared primarily on the historical cost convention and in accordance with the relevant provisions of the Companies Act, 1956 and the accounting standards notified by the Companies (Accounting Standards) Rules, 2006. The significant accounting policies followed by the company are stated below:

I. USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported year.

Accounting estimates could change from period to period. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. The effects of changes in accounting estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

II. FIXED ASSETS

Fixed assets are shown at cost / revalued amount less depreciation. Cost comprises the purchase price and other attributable expenses.

III. DEPRECIATION ON FIXED ASSETS

(i) The Company follows the straight-line method of charging depreciation on all its fixed assets. The Depreciation has been provided in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956 on all the assets except certain equipments which are depreciated over their estimated useful life.

(ii) Leasehold land is being amortized in equal installments over the lease period.

(iii) Technical Know-how is amortised over a period of five to seven years.

IV. IMPAIRMENT OF ASSETS

To provide for impairment loss, if any, to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an assets net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life

V. INVESTMENTS

Current Investments are valued at lower of cost and fair value. Long Term Investments are valued at cost. Where applicable, provision is made if there is a permanent decline, in valuation of long term Investments.

VI. INVENTORIES

Inventories are valued at lower of cost and net realizable value. The method of arriving at cost of various categories of inventories is as below:

(a)	Stores and Spares, Raw and Packing material	Weighted Average method
(b)	Finished goods and Work-in-process	Weighted average cost of production, which comprises direct material costs, and appropriate overheads.
(c)	Contracts-in-progress	Represents expenses incurred on execution of contracts till balance sheet date

VII. FOREIGN CURRENCY TRANSACTIONS

Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transaction. Assets and Liabilities related to foreign currency transactions remaining unsettled at the year end are translated at the contract rates when covered by forward cover contracts and at year-end rates in other cases. Realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognised in the profit and loss account except gain/loss on transaction of long term liabilities incurred to acquire fixed assets is treated as an adjustment to the carrying cost of fixed assets.

SCHEDULES TO THE FINANCIAL STATEMENTS

VIII. **REVENUE RECOGNITION**

a) Sale of goods is recognized at the point of dispatch of finished goods to customers. Sales include amount recovered towards excise duty but exclude sales tax. Export incentive under the Duty Entitlement Pass Book scheme has been recognized on the basis of credits afforded in the passbook.

b) Income from services is recognized at the time of rendering the services.

c) Income from Property Development is recognized as soon as contract is entered with the Party and the consideration is received.

d) Contract revenue is recognised on percentage completion method as required under revised Accounting Standard -7 - Construction Contracts. The stage of completion is determined as a proportion that contract costs bear to the estimated total costs. When it is probable that at any stage of the contract, that the total cost will exceed the total contract revenue, the expected loss is recognised immediately.

IX. RESEARCH AND DEVELOPMENT EXPENSES

Research and Development expenditure of revenue nature is written off in the year in which it is incurred and expenditure of a capital nature is added to fixed assets.

X. EMPLOYEE RETIREMENT BENEFITS

Retirement benefits to employees are provided for by means of gratuity, superannuation and provident fund.

The gratuity liability is determined based on the actuarial valuation as at the year end.

Payments in respect of superannuation are made to the fund administered by LIC.

Provision in respect of compensated absences is made based on actuarial valuation as at year end.

Contribution to Provident fund is based on defined contribution and expensed as incurred.

XI. PROVISIONS AND CONTINGENCIES

The company creates a provision if there is a present obligation as a result of past events, the settlement of which results in an outflow economic benefits and a reliable estimate can be made of the amount of obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligations cannot be made.

XII. TAXES ON INCOME

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognized subject to the consideration of prudence in respect of deferred tax assets on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.

XIII. SEGMENT REPORTING

The accounting policy adopted for Segment Reporting is in line with the accounting policy of the Company with the following additional policy for Segment Reporting:-

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to the segments on a reasonable basis, have been included under “Unallocated Expenses”. Inter Segment transfers are at cost.

2. Demerger of Explosives Undertaking of the Company

(a) Pursuant to Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between the Company and IDL Explosives Limited (a wholly owned subsidiary) and their respective shareholders, which was sanctioned by the Honourable High Court of Andhra Pradesh by its Order dated 05th May, 2011, the assets and liabilities of the Explosives Undertaking excluding those relating to manufacturing operations at Kukatpally, Hyderabad and certain assets located at Maharastra and assets and liabilities pertaining to litigations on taxes and duties in favour or against Explosives Undertaking of the Company were transferred to and vested with IDL Explosives Ltd., with effect from 1st October, 2010, the appointed date. The Scheme has accordingly been given effect to in these financial statements in accordance with the Sanctioned High Court Order.

SCHEDULES TO THE FINANCIAL STATEMENTS

(b) In terms of the Scheme, 2,49,000 Series - A 10% redeemable Preference Shares of Rs. 100 each at a premium of Rs. 900 per share of IDL Explosives Ltd., aggregating to Rs. 2490 Lakhs, were issued to the Company towards Rs. 2255.36 Lakhs representing the excess of assets over liabilities of the Explosives Undertaking transferred to IDL Explosives Limited. Pending allotment, an amount of Rs. 2490 Lakhs has been included in Investments, Schedule 6 as "Shares in IDL Explosives Ltd., pending allotment". The resultant surplus on transfer of the aforesaid Explosives undertaking amounting to Rs. 234.64 Lakhs has been shown under "Exceptional item" in Profit and Loss Account.

(c) Consequent to the vesting of the Explosives undertaking of the Company in terms of the Scheme, the financial statements of the Company for the year ended 31st March 2011, do not include the operations of Explosives undertaking for the period of six months i.e., from 1st October 2010 to 31st March 2011, and are therefore strictly not comparable with figures of previous year ended 31st March 2010.

3. Managerial Remuneration under Section 198 of the Companies Act, 1956

	2010-11 Rupees Lakhs	2009-10 Rupees Lakhs
Salaries	**60.48**	56.63
Commission	**15.83**	9.84
Contribution to Provident Fund and Super- annuation Fund	**10.21**	9.56
Benefits	**5.67**	3.47
Commission to non-whole time Directors	**15.83**	9.84
	108.02	89.34

Note:

Having regard to the fact that there is a global contribution to Gratuity Fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to Gratuity Fund has not been considered in the above computation

4. Computation of Net Profit and Directors' Commission

	2010-11 Rupees Lakhs		2009-10 Rupees Lakhs	
Profit before Taxation		**6702.03**		5430.23
Add:				
Depreciation	**1605.22**		1700.79	
Directors Remuneration	**108.02**		89.34	
Provision for doubtful debts	**422.70**		474.03	
		2135.94		2264.16
		8837.97		7694.39
Less:				
Depreciation under Section 350 of the Companies Act , 1956	**1605.22**		1700.79	
Write off of Bad debts	**1186.51**		743.15	
Profit on sale of Fixed Assets	**2451.57**		2246.65	
Amounts received towards advance made and provided against Revaluation Reserve	**917.10**		1973.25	
Net Profit on sale of investment (long term)	**160.00**		46.92	
Amount received towards redemption of redeemable Cumulative Preference Shares of APDL Estates Limited; provision for diminution in value of Investments adjusted to Revaluation Reserve.	**700.00**		-	
Surplus on transfer of Explosives Undertaking (Refer Note 2 of Schedule 18)	**234.64**		-	
		7255.04		6710.76
		1582.93		983.63
Commission				
(a) Managing Director @ 1%		**15.83**		9.84
(b) Non-Wholetime Directors @1%		**15.83**		9.84

Note:

The Company had been legally advised that the adjustments made to Revaluation Reserve in 2008-09, in accordance with the Scheme of Arrangement approved by the Honourable High Court of Andhra Pradesh, at Hyderabad, will not have any effect on the profits as determined under Section 349 of the Companies Act, 1956.

SCHEDULES TO THE FINANCIAL STATEMENTS

		2010-11 Rupees Lakhs	2009-10 Rupees Lakhs
5.	**Payment to Auditors (Excluding Service Tax)**		
	Audit Fees	**17.50**	14.50
	Tax Audit	**3.00**	3.00
	Other Services @	**10.25**	9.20
	Other attest services	**3.00**	-
	Reimbursement of Expenses	**0.52**	1.89
	@ The above excludes Rs. 15.00 Lakhs paid in connection with Rights Issue, adjusted to Securities Premium.		
6.	**Payments to Branch Auditors (Excluding Service Tax)**		
	Audit Fees	**7.50**	7.50
	Tax Audit	**2.50**	2.50
	Other Services	**4.00**	5.25
	Reimbursement of Expenses	**1.41**	1.60
7.	**Expenditure in Foreign Currency**		
	Interest	**195.95**	475.60
	Commission on Exports	**14.76**	86.84
	Export other expenses	**10.95**	-
	Export freight	**253.59**	-
	Other- travelling expenses, books & periodicals etc.,	**31.47**	112.76
	Royalty (inclusive of Tax Deducted at source)	**810.97**	498.91
8.	**Earnings in Foreign Exchange**		
	Export on F O B Basis	**4161.27**	6029.34
9.	**Amount remitted during the year in foreign Currency on account of dividend**		
	Number of non-resident Shareholders	**1**	1
	Number of Shares held	**49536335**	36460415
	Dividend remitted (Rupees Lakhs)	**656.29**	619.83
	Dividend on account of year	**2009-10**	2008-09
10.	**Value of Imports of C I F Basis**		
	Raw Materials	**16052.35**	11005.90
	Capital Goods	**36.67**	36.85
	Stores and Spares	**22.30**	-
	Traded Goods	**117.32**	147.98
11.	**Capital Commitments**		
	Estimated amount of contracts remaining to be executed on capital account	**168.52**	29.57

12. Consumption of raw materials

(a) Raw material

	2010-11 Rupees Lakhs	2010-11 Percentage	2009-10 Rupees Lakhs	2009-10 Percentage
Imported	**16084.39**	**42.07**	16587.26	42.76
Indigenous	**22144.55**	**57.93**	22201.92	57.24
	38228.94	**100.00**	38789.18	100.00

(b) Components and Spare Parts –

Note: Components and Spare Parts referred to in para 4 D (c) of Part II to of Schedule VI to the Companies Act, 1956 are assumed to be those incorporated in goods produced and not those used for maintenance of Plant and Machinery.

SCHEDULES TO THE FINANCIAL STATEMENTS

13. Contingent liabilities

		As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
(a)	Corporate Guarantees *	**644.70**	397.80
(b)	Claims against the Company not acknowledged as debts		
	(i) Income Tax Demands	**1758.36**	923.10
	(ii) Wealth Tax	**196.66**	51.97
	(iii) Sales Tax Demands	**2279.11**	2115.53
	(iv) Excise Demands	**763.62**	1305.65
	(v) Service Tax	**4.49**	4.49
	(vi) Additional Demands towards cost of land	**3.81**	3.81
	(vii) Claims of workmen/ex-employees	**76.04**	75.50
	(viii) Other Matters	**93.26**	108.67
	(ix) Performance and Other Guarantees	**178.62**	178.02

(c) In terms of the agreement between IDL Speciality Chemicals Limited, Biocon Limited, and the Company for the sale of Active Pharma Ingredients (API) business to Biocon Limited, the Company would be responsible for guaranteeing to Biocon Limited claims upto a period of one year after the closing date i.e., 30th November, 2009 to the extent of purchase price of Rs.2200 Lakhs. The Company has not received any claims.

* The Company has given a Corporate Guarantee of 100 Million Taka to South East Bank Ltd., on behalf of Gulf Oil Bangladesh Ltd., a subsidiary of Gulf Oil Corporation Ltd. The amount outstanding as on 31st March 2011 is 4.67 Million Taka - Rs. 29.71 Lakhs (31st March 2010, 21.51 Million Taka - Rs. 80.92 Lakhs)

14. Secured Loans

(a) Cash Credit facilities including foreign currency demand loan from Bank of Bahrain & Kuwait B.S.C and working capital loan & corporate loan from consortium banks is secured by hypothecation of all current assets of the Company including raw materials, finished goods, stocks-in-process, stores and spares (not relating to plant & machinery) and present and future book debts of the Company ranking pari-passu and collateral security by (i) first pari passu charge by way of equitable mortgage on land owned by the Company admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders.

(b) (i) Term loan for Capital Expenditure from State Bank of India is secured by first charge on the fixed assets created out of the loan, ranking pari-passu with other term lenders and collateral security by first pari passu charge by way of equitable mortgage on land owned by the Company admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders.

(ii) Term Loan for Overseas Investment from State Bank of India is secured by collateral security (i) pari passu first charge by way of equitable mortgage on land owned by the Company admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders.

(c) (i) Term loan for Capital Expenditure from State Bank of Hyderabad is secured by first charge on the fixed assets created out of the loan, ranking pari-passu with the other term lenders and collateral security by (i) first pari passu charge by way of equitable mortgage on land owned by the Company admeasuring Acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders.

(ii) Term Loan for Overseas Investment from State Bank of Hyderabad is secured by collateral security (i) pari passu first charge by way of equitable mortgage on land owned by the Company admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders.

(d) The Term loan for Capital Expenditure from Oriental Bank of Commerce is secured by first charge on the fixed assets created out of the term loan, ranking pari-passu with the other term lenders and collateral security by (i) first pari passu charge by way of Equitable Mortgage on land owned by the Company admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to the other term lenders.

SCHEDULES TO THE FINANCIAL STATEMENTS

(e) The Term loan for Capital Expenditure from Andhra Bank is secured by first charge on the fixed assets created out of the loan, ranking pari-passu with other term lenders and collateral security by (i) first pari passu charge by way of Equitable Mortgage on land owned by the Company admeasuring acres 115.25 acres situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to the other term lenders.

(f) Fixed Deposits to the extent of Rs 375.86 Lakhs were secured by a residual charge on all tangible movable property and fixed assets including all movable machinery and plant & machinery, spares and stores, tools and accessories and other movables both present and future as approved by the Controller of Capital Issues vide his letter dated 1st November,1980.

(g) Term Loans from SREI Infrastructure Finance Limited, Kotak Mahindra Bank Limited are secured by way of first charge on specific mining equipment of the Company.

(h) Loan received from Hinduja Ventures Limited is secured by an exclusive charge on the Company's land at Yelahanka, Bengaluru.

15. Fixed Assets

Buildings include:

(i) Rs. 7.09 Lakhs, which represents the cost of ownership flats Rs. 7.08 Lakhs and Rs. 0.01 Lakhs being the value of Share money in Sett Minar Co-operative Housing Society Limited.

(ii) Rs. 4.70 Lakhs, which represents the cost of ownership flats Rs. 4.43 Lakhs and Rs. 0.27 Lakhs being the value of 270 ordinary shares of Rs. 100 each, fully paid up in Shree Nirmal Commercial Limited.

16. Taxation

(i) Deferred tax

	31st March 2011 Rupees Lakhs	31st March 2010 Rupees Lakhs
(a) Deferred tax assets arising on account of timing differences:		
Provision for doubtful debts/advances	**423.89**	687.17
Other timing differences	**242.48**	575.15
	666.37	1262.32
(b) Deferred tax liabilities arising on account of timing differences:		
Depreciation	**(538.58)**	(1116.05)
On surplus arising on transfer of Explosives Undertaking	**(246.00)**	-
	(784.58)	(1116.05)
Net Deferred tax (liability) / asset	**(118.21)**	146.27

(ii) Management has been advised Rs. 917.10 Lakhs (Previous year Rs. 1973.25 Lakhs) received against advances and Rs. 700.00 Lakhs (Previous Year Rs. Nil) towards redemption of Preference shares adjusted to Revaluation Reserve in an earlier year, is not required to be considered in computing Minimum Alternate Tax (MAT).

(iii) By way of abundant caution, no deferred tax asset has been created in respect of the adjustments made in earlier year to Revaluation Reserve.

SCHEDULES TO THE FINANCIAL STATEMENTS

17. Disclosure in respect of Gratuity as required under Accounting Standard 15 –Employee Benefits:

Rupees Lakhs

	31st March 2011	31st March 2010
Projected benefit obligation at the beginning of the year	**1594.57**	1418.86
Current service cost	**137.38**	124.20
Interest cost	**118.75**	101.40
Actuarial (Gain) / Loss	**(88.79)**	252.82
Benefits paid	**(220.33)**	(302.71)
Past service cost	**38.22**	-
Transferred liability (on demerger of Explosives undertaking)	**(547.97)**	-
Projected benefit obligation at the end of the year	**1031.83**	1594.57
Fair value of plan Assets Beginning of the period	**194.47**	291.96
Expected Return on plan assets	**24.80**	19.46
Contributions	**412.25**	201.48
Benefits Paid	**(220.32)**	(302.71)
Actuarial gain / (Loss) Plan Assets	**14.31**	(15.71)
Fair value of plan Assets at the end of the period	**425.51**	194.47
Total Actuarial gain / (loss) to be recognized	**103.10**	(268.53)
Amounts recognised in the balance sheet		
Projected benefit obligation at the end of the year	**1031.83**	1594.57
Fair value on plan assets at the end of the year	**(425.51)**	(194.47)
Liability recognised in the balance sheet	**606.31**	1400.10
Cost of the Retirement and Other Benefits for the year		
Current service cost	**137.38**	124.20
Interest cost	**118.75**	101.40
Expected return on plan assets	**(24.80)**	(19.46)
Net actuarial (Gain) / Loss recognised in the year	**(103.10)**	268.53
Past service cost	**38.22**	-
Net cost recognised in the Profit and Loss Account	**166.45**	474.68
Assumptions		
Discount Rate (%)	**8%**	8%
Long term rate of compensation increase (%)	**4%**	4%
Mortality table	**L.I.C 1994-96 Ultimate**	L.I.C 1994-96 Ultimate
Attrition rate	**3%**	3%
The major categories of plan assets as a percentage of total plan - funded with LIC	**100%**	100%

18. Miscellaneous

(a) The net exchange gain / (loss), (i.e., difference between the spot rate on the dates of the transactions and the actual rate at which the transactions are settled/appropriate rates applicable at the year end) debited to Profit & Loss Account is Rs. 92.93 Lakhs (Previous year credit of Rs.168.42 Lakhs).

(b) Exchange difference in respect of forward exchange contracts to be recognised in the Profit and Loss Account in the subsequent accounting period is Rs. Nil (Previous year credit of Rs. 35.39 Lakhs)

(c) (i) The Company has entered into the following derivative instruments:

The following are the outstanding Forward Exchange Contracts entered into by the company as on 31st March, 2011:

As on 31st March, 2011				As on 31st March, 2010			
Currency	**Amount**	**Buy / Sell**	**Cross Currency**	Currency	Amount	Buy / Sell	Cross Currency
US Dollar	**14076106**	**Buy Rupees**	**Indian**	US Dollar	16688970	Buy Rupees	Indian
-	-	-	-	US Dollar	310206	Sell Rupees	Indian

SCHEDULES TO THE FINANCIAL STATEMENTS

ii) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Amounts receivable/ (payable) in foreign currency on account of the following:

	Amount in Rupees Lakhs		**Currency**	Amount in Foreign Currency	
	31st March 2011	31st March 2010		**31st March 2011**	31st March 2010
Export of Goods	**1689.04**	1614.12	USD	**3773884**	3575792
Export of Goods	**3.70**	162.19	Euro	**5005**	267820
Import of Goods	**40.68**	2754.82	USD	**91117**	6185200
Import of Goods	**-**	33.52	Euro	**-**	55345
FCNRB Loan	**223.25**	1015.65	USD	**500000**	2250000

(d) Sundry creditors (Schedule 11- Current Liabilities) includes Rs. Nil due to Micro Enterprises and Small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006(MSMED Act 2006). The Company has not received any memorandum (as required to be filed by the supplier with the notified authority under the MSMED Act 2006) claiming their status as Micro or Small or Medium Enterprises.

(e) Operating Expenses **-** Schedule 15 includes expenditure incurred by IDL Explosives Limited on marketing staff salaries, rent, distribution etc aggregating to Rs. 308.40 lakhs and allocated to the Company.

19. Revenue Recognition

Disclosures required to be made under the Accounting Standard (AS-7) Construction Contracts:

Rupees Lakhs

		2010-11	2009-10
a.	Contract revenue recognized as revenue during the year	**601.54**	870.86
b.	Aggregate amount of contract costs incurred in respect of on going contracts net of recognized profits (less recognized losses) up to the 31st March 2011	**1865.79**	1174.67
c.	Advance payments received (net of recoveries from progressive bills)	**454.78**	572.22
d.	Retention Amount	**215.61**	76.74
c.	Gross amount due from customers for contract work	**85.13**	447.10
e.	For the Method used to determine the contract revenue and the stage of completion of contract in progress, Refer Note: 1 (viii) (d) above	**-**	-

20. Earnings per Share

		Year ended 31st March, 2011	Year ended 31st March, 2010
a.	Profit after Tax (Rs. Lakhs)	**5419.03**	4507.23
b.	Weighted average number of Equity Shares outstanding during the year	**88687134**	74358735
c.	Weighted Average number of equity shares in computing diluted earnings per share	**88687134**	74358735
d.	Face value of each Equity Share (Rs.)	**2**	2
e.	Earnings per Share		
	- Basic (Rs.)	**6.11**	6.06
	- Diluted (Rs.)	**6.11**	6.06

21. Related party disclosures

(A) Information relating to Related Party transactions as per " Accounting Standard 18" notified by the Companies (Accounting Standards) Rules, 2006.

Name of the Related Party	**Relationship**
IDL Buildware Limited Gulf Carosserie India Limited Gulf Oil Bangladesh Limited PT Gulf Oil Lubricants Indonesia Gulf Oil (Yantai) Co. Limited, China Hinduja Infrastructure Limited	Subsidiary
IDL Explosives Limited	Subsidiary from 22nd September, 2010
IDL Speciality Chemicals Limited	Subsidiary up to 28th March, 2010
Gulf Oil International (Mauritius) Inc	Entity holding more than 20% of the shareholding in the Company
Mr. S.Pramanik, Managing Director	Key Management Personnel

SCHEDULES TO THE FINANCIAL STATEMENTS

(B) Details of transactions between the Company and Related Parties and the status of Outstanding balances at the year end:

Rupees Lakhs

Particulars	Subsidiaries		Entity holding more than 20% of the shareholding in the Company		Key Management Personnel	
	2010-11	2009-10	**2010-11**	2009-10	**2010-11**	2009-10
Sales						
PT Gulf Oil Lubricants Indonesia	**0.21**	17.06	-	-	-	-
Gulf Oil (Yantai) Co. Limited, China	-	0.57	-	-	-	-
Gulf Oil Bangladesh Limited	**74.58**	-	-	-	-	-
Royalty						
Gulf Oil International (Mauritius) Inc.	-	-	**810.97**	498.91	-	-
Purchase & Other Services						
IDL Speciality Chemicals Limited (formerly IDL Agro Chemicals Ltd.)	-	41.66	-	-	-	-
IDL Buildware Limited	**3.15**	-	-	-	-	-
Expenses Reimbursed						
IDL Explosives Limited	**308.40**	-	-	-	-	-
Advances given /(Received)						
IDL Speciality Chemicals Limited (formerly IDL Agro Chemicals Limited)	-	(1966.88)	-	-	-	-
IDL Buildware Limited	-	(6.37)	-	-	-	-
Gulf Carosserie India Limited	**0.64**	-	0.09	-	-	-
Advances received towards sale of Land						
IDL Speciality Chemicals Limited	-	160.00	-	-	-	-
Investment in Equity Shares						
IDL Explosives Limited	**5.00**	-	-	-	-	-
Dividend paid						
Gulf Oil International (Mauritius) Inc.	-	-	**656.29**	619.83	-	-
S.Pramanik	-	-	-	-	**0.06**	0.06
Directors' Remuneration	-	-	-	-	**92.19**	79.50
Outstanding balances:						
(a) Receivables						
Hinduja Infrastructure Limited	**0.02**	-	-	-	-	-
PT Gulf Oil Lubricants Indonesia	**0.22**	43.75	-	-	-	-
Gulf Carosserie India Limited	**0.73**	0.09	-	-	-	-
Gulf Oil Bangladesh Limited	**12.58**	-	-	-	-	-
(b) Payables						
Gulf Oil International (Mauritius) Inc.	-	-	**810.97**	424.07	-	-
IDL Explosives Limited	**1306.47**	-	-	-	-	-
(c) Corporate Guarantee (given)						
Gulf Oil Bangladesh Limited	**644.70**	397.80	-	-	-	-

SCHEDULES TO THE FINANCIAL STATEMENTS

22. Disclosure as required by Accounting Standard 19, "Leases" notified by the Companies (Accounting Standards) Rules, 2006 are given below:

(a) Operating Lease

(i) Where the Company is a Lessee

The Company's significant leasing arrangements are in respect of operating leases for premises (residences, office, storage godowns for finished goods etc.). The leasing arrangements, which are not non-cancellable range generally between 11 months to 5 years and are usually renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Profit and Loss Account.

The Company has taken certain Plant and Machinery under non-cancellable leases

Rupees Lakhs

	As on 31st March, 2011			As on 31st March, 2010		
	Total	**Payments not later than one year**	**Payments later than one year but not later than five years**	Total	Payments not later than one year	Payments later than one year but not later than five years
Total of future minimum payments at the balance sheet date	**1801.47**	**1109.24**	**692.22**	3056.01	1225.53	1830.48

Lease Rent on the aforesaid plant and machinery amounting to Rs. 1214.11 Lakhs. (Previous year Rs.1229.53 Lakhs) has been charged to Profit and Loss Account under rent.

(ii) Where the Company is Lessor

Details in respect of assets given on operating lease:

Rupees Lakhs

	Gross Block		**Accumulated Depreciation as on**		**Depreciation for the Year**	
	31st March 2011	31st March 2010	**31st March 2011**	31st March 2010	**2010-11**	2009-10
Building	**71.09**	71.09	**8.42**	7.14	**1.28**	1.28
Plant & Machinery	**80.32**	80.32	**58.28**	54.46	**3.82**	3.82

The assets given on lease are not non-cancellable and range generally between 11 months to 5 years and are usually renewable by mutual consent, on agreeable terms. The aggregate lease rentals are recognized as income from property in the Profit & Loss account.

Initial direct costs are recognized as an expense in the year in which these are incurred.

b) Hire Purchase

(i) The Company has taken plant and machinery, motor vehicles under hire purchase arrangements for which the ownership will be transferred to the Company at the end of the hire purchase term.

Reconciliation between the total of minimum hire purchase payments at the balance sheet date and the present value:

Rupees Lakhs

	As on 31st March, 2011			As on 31st March, 2010		
	Total	**Payments not later than one year**	**Payments later than one year but not later than five years**	Total	Payments not later than one year	Payments later than one year but not later than five years
Total of minimum hire purchase payments at the balance sheet date	**193.52**	**166.27**	**27.25**	468.33	259.29	209.04
Less: Future Finance Charges	**12.34**	**11.98**	**0.36**	45.86	32.60	13.26
Present value of minimum hire purchase payments at the balance sheet date	**181.18**	**154.29**	**26.89**	422.47	226.69	195.78

SCHEDULES TO THE FINANCIAL STATEMENTS

23. Segment Information for the year ended 31st March, 2011

(i) Primary Business Segments

Rupees Lakhs

	Explosives		Mining & Infrastructure Contracts		Property Development		Lubricating Oils		Others		Unallocated		Eliminations		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
REVENUE																
External	**17838.58**	28739.14	**12889.74**	19565.12	**-**	-	**59631.43**	49569.19	**-**	29.82	**2536.98**	2352.28	**-**	-	**92896.73**	100255.55
Inter-segment	**-**	-	**-**	-	-	-	**150.41**	140.56	**-**	-	**-**	-	**(150.41)**	(140.56)	**-**	-
Total Revenue	**17838.58**	28739.14	**12889.74**	19565.12	**-**	-	**59781.84**	49709.75	**-**	29.82	**2536.98**	2352.28	**(150.41)**	(140.56)	**92896.73**	100255.55
RESULT																
Segment result	**1494.39**	2676.51	**(3893.61)**	(1042.07)	**-**	-	**6855.56**	3606.55	**-**	0.80	**-**	-	-	-	**4456.34**	5241.79
Unallocated Corporate Income net of unallocated Expenses															**1553.56**	1153.48
Interest Expense															**(1850.94)**	(2751.35)
Interest Income															**529.29**	200.28
Dividend Income															**2.04**	1.42
Profit before Taxation & Exceptional Expenditure															**4690.29**	3845.62
Exceptional Item															**(2011.74)**	(1584.61)
Net Profit															**6702.03**	5430.23
OTHER INFORMATION																
Segment Assets	**6150.74**	15646.64	**10086.76**	11672.55	**37919.62@**	46840.14	**24768.00**	19600.60	**8.40**	8.40	**11264.74**	6088.87			**90198.26**	99857.20
Segment Liabilities	**2790.91**	9212.86	**3145.62**	3966.19	-	-	**15464.62**	12301.63	**6.01**	6.01	**24510.41**	32093.57			**45917.57**	57580.26
Capital Expenditure	**313.57**	507.49	**15.26**	471.96	**-**	**-**	**344.23**	167.57	**-**	-	**31.49**	11.40			**704.55**	1158.42
Depreciation	**193.54**	271.16	**1154.56**	1161.72	-	-	**200.65**	202.59	**-**	-	**56.47**	65.32			**1605.22**	1700.79
Non- cash expenses other than Depreciation															**-**	-

@ includes Rs.32955.45 Lakhs(31.03.2010 Rs. 41848.95 Lakhs) arising on revaluation of fixed assets (refer note 26 (b) of Schedule 18).

(ii) Information about Secondary Business Segments

Rupees Lakhs

	India		Outside India		Total	
	2011	2010	**2011**	2010	**2011**	2010
Revenue by Geographical market on FOB basis	**88735.46**	94226.21	**4161.27**	6029.34	**92896.73**	100255.55
Inter Segment	**-**	-	**-**	-	**-**	-
Total	**88735.46**	94226.21	**4161.27**	6029.34	**92896.73**	100255.55
Carrying amount of segment assets	**88505.52**	97940.86	**1692.74**	1916.34	**90198.26**	99857.20
Additions to Fixed Assets	**704.55**	1158.42	**-**	-	**704.55**	1158.42

(iii) Notes:

(a) Business Segment:

The Company has considered business segment as the primary segment for disclosure

Segments have identified and reported taking into account the Organisation structure, the nature of products and services, the deferring risks and returns of the segments

The business segments of the Company are (i) Explosives, (ii) Consult dealing in Mining & Infrastructure Contracts, (iii) Property Development (iv) Lubricating Oils, (v) Others.

(b) Geographical Segment:

The Geographical segments considered for disclosure are as follows:

- Revenue within India includes sales to customers located within India and earnings in India
- Revenue outside India includes sales to customers located outside India and earnings outside India

SCHEDULES TO THE FINANCIAL STATEMENTS

24. Exceptional items comprise

Rupees Lakhs

	Particulars	2010-11	2009-10
(a)	Compensation under Voluntary Retirement Scheme	-	(435.56)
(b)	Amounts received against advances made and adjusted to Revaluation Reserve in pursuance of Scheme of Arrangement approved by the Honourable High Court of Andhra Pradesh, Hyderabad in 2008-09	917.10	1973.25
(c)	Amount received towards redemption of 700000 10% Redeemable Cumulative Preference Shares of Rs.100 each of APDL Estates Limited; provision for diminution in value of Investment adjusted to Revaluation Reserve in pursuance of Scheme of Arrangement approved by the Honourable High Court of Andhra Pradesh	700.00	-
(d)	Profit on sale of long term investment (Net)	-	46.92
(e)	Additional consideration received in respect of sale of Investment	160.00	-
(f)	Surplus on transfer of Explosives Undertaking (Refer Note.2)	234.64	-
	Total	**2011.74**	1584.61

25. The Honourable Supreme Court vide its order dated 16.11.2007, held that the stock transfers constituted inter sale in respect of 10 years assessment year viz. 1976-77 to 1983-84, 1989-90 & 1990-91 and also directed the authorities to examine the factual aspects and assess tax on the supplies made by the Company to the subsidiaries of Coal India Limited as inter state sale.

The Company has filed writ petitions in the High Court of Orissa in August 2009 impleading other State Governments, CIL and its subsidiary Companies seeking directions for issue of C forms and pass over of local sales tax to the State of Orissa. The High Court has held it and permitted the Company to approach appropriate forum to take the matter.

The Company has been legally advised that as per the settled cases, the Company is entitled for concessional sales tax rates as per Central Sales Tax and interest should be charged from recomputation order. However, necessary provision has been made and is included as Provision – Indirect Taxes and no further liability is expected on this account.

26. Income from Property Development

(a) Land meant for property development situated at Bengaluru and Hyderabad had been revalued as at 31st March, 2008, based on a valuation by an approved valuer. The resultant surplus on such revaluation amounting to Rs. 183,896.69 Lakhs had been credited to Revaluation Reserve in the earlier years. In view of steep recession in the realty sector, management reassessed the valuation of the aforesaid properties as on 31st March, 2009 and based on the guidelines issued by the Registration and Stamps Department of Karnataka & Andhra Pradesh, the value of the subject lands has been reassessed and, the resultant surplus on revaluation amounted to Rs. 43799.82 Lakhs. The resultant write down aggregating to Rs. 140096.87 Lakhs has, in accordance with the requirement of Accounting Standard-10 “Accounting for Fixed assets” been debited to Revaluation Reserve. During the previous year, the Company has entered into “Agreement to Sell” 4.75 acres of land to IDL Speciality Chemicals Limited. Since the aforesaid parcel of land is no longer meant for Property development, an amount of Rs. 1950.87 Lakhs has been withdrawn from Revaluation Reserve in the previous year.

(b) Land at Bengaluru (cost Rs. 3294.41 Lakhs) meant for Property Development has been transferred to Inventory as approvals necessary for development of land has been obtained. Accordingly, Revaluation Surplus amounting Rs. 8893.50 Lakhs on the aforesaid parcel of land has been withdrawn from Revaluation Reserve.

27. During the year the Company issued on rights basis 2,47,86,245 shares of Rs. 2/- each at Premium of Rs. 30/-. The utilization of the proceeds from the aforesaid issue is as under: -

Rupees Lakhs

Particulars	As per Letter of Offer	Amount utilized till 31st March 2011
Repayment of Existing Debt	736.50	736.50
Meeting the Long term incremental working capital requirement	5946.37	5946.37
General Corporate purpose *	1123.73	1123.73
Issue Related Expenses	125.00	125.00
TOTAL	**7931.60**	**7931.60**

* Rs 23.81 Lakhs utilized for Issue Related Expenses.

SCHEDULES TO THE FINANCIAL STATEMENTS

28. In the earlier years the company had availed CENVAT Credit of Rs. 555.52 lakhs in respect of tippers. The availment of such credit was a matter of dispute at Central Excise & Service Tax Appellate Tribunal. During the year based on the notification issued by the Ministry of Finance, Department of Revenue in June 2010, that cenvat on tippers can be availed and utilized prospectively. The Company has capitalized Rs. 555.52 lakhs and accordingly provided depreciation. For ascertaining provision for tax, the Company has not claimed depreciation under the Income Tax Act, 1961 on the aforesaid amount pending settlement of legal dispute.

29. Previous years figures have been regrouped / recast wherever necessary.

For and behalf of the Board of Directors

	S. Subramanian	S. Pramanik	S. G. Hinduja
Place : Hyderabad	**Chief Financial Officer &**	**Managing Director**	**Chairman**
Date : May 25, 2011	**Company Secretary**		

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956

Rupees Lakhs

Name of the Subsidiary	Financial Year ending of the Subsidiary	Number of shares	Extent of Holding	Net aggregate amount of profit/ (loss) of the Subsidiary so far as they concern the members of Gulf Oil Corporation Ltd.		Net aggregate amount of profit/(loss) for the previous financial years of the Subsidiary since it became a Subsidiary so far as they concern the members of Gulf Oil Corporation Ltd.	
				Not dealt with in the accounts of Gulf Oil Corporation Limited for the year ended 31.3.2011	Dealt with in the accounts of Gulf Oil Corporation Limited for the year ended 31.3.2011	Not dealt with in the accounts of Gulf Oil Corporation Limited for the year ended 31.3.2011	Dealt with in the accounts of Gulf Oil Corporation Limited for the year ended 31.3.2011
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
IDL EXPLOSIVES LIMITED@	31.03.211	50000	100%	27.69	Nil	N.A.	N.A.
IDL BUILDWARE LIMITED	31.03.211	1970000	100%	(144.47)	Nil	(529.60)	Nil
GULF CARROSSERIE INDIA LIMITED	31.03.211	380001	95%	(0.19)	Nil	(109.53)	Nil
GULF OIL BANGLADESH LIMITED	31.03.211	177939	51%	34.40	Nil	(20.18)	Nil
PT GULF OIL LUBRICANTS INDONESIA	31.03.211	15000	75%	36.11	Nil	(191.00)	Nil
GULF OIL (YANTAI) COMPANY LTD.	31.03.211	4132540	51%	133.38	Nil	21.69	Nil
HINDUJA INFRASTRUCTURE LIMITED	31.03.211	50000	100%	0.02	Nil	(0.47)	Nil

@ Effective from 22.9.2010.

For and behalf of the Board of Directors

	S. Subramanian	S. Pramanik	S. G. Hinduja
Place : Mumbai	**Chief Financial Officer &**	**Managing Director**	**Chairman**
Date : May 25, 2011	**Company Secretary**		

Statement Pursuant to exemption granted under Section 212(8) of the Companies Act, 1956, related to Subsidiary Companies:

Sl No.	Details	IDL Buildiware	IDL Explosives	PT Gulf Oil Indonesia		Gulf Oil (Yantai) Co Ltd		Gulf Carosserie India Ltd	Gulf Oil Bangladesh Ltd		Hinduja Infra-structure Ltd
	Financial year ending on	**31.03.2011**	**31.03.2011**	**31.03.2011**		**31.03.2011**		**31.03.2011**	**31.03.2011**		**31.03.2011**
	Currency	Rupees Lakhs	Rupees Lakhs	Rupees Lakhs	Rupaih Lakhs	Rupees Lakhs	RMB Lakhs	Rupees Lakhs	Rupees Lakhs	Taka Lakhs	Rupees Lakhs
1	Share Capital (including share application money pending allotment)	397.00	2495.00	896.38	172380.00	4590.09	662.27	40.00	111.02	174.45	5.00
2	Reserves	(668.08)	27.69	(182.58)	(35110.31)	(922.83)	(133.15)	(115.57)	93.80	147.40	(0.45)
3	Total Liabilities	240.04	11307.10	1480.52	284714.59	4715.81	680.42	88.59	632.22	993.42	0.30
4	Total Assets	240.04	11307.16	1480.52	284714.59	4715.81	680.42	13.02	837.04	1315.27	4.85
5	Investments	0.18	0.05	0.00	0.00	0.00	0.00	0.00	0	0	0
6	Turnover	40.15	11764.83	2605.19	513630.26	3843.61	561.00	0.18	1982.82	2973.37	0.30
7	Profit Before Taxation	(144.47)	41.69	103.36	18237.97	323.68	39.76	(0.14)	111.74	197.08	0.03
8	Provision for Taxation	0.00	14.00	55.22	10764.30	62.25	9.08	0.06	44.29	66.42	0.01
9	Profit after Taxation	(144.47)	27.69	48.14	7473.67	261.43	30.68	(0.20)	67.45	130.66	0.02
10	Proposed Dividend								34.90	52.34	

SCHEDULE – 1

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.	876	State Code	01
Balance Sheet Date	31.03.2011		

II. Capital raised during the year: (Amount in Rs. thousands)

Public Issue	NIL	Rights Issue	793161
Bonus Issue	NIL	Private placement	NIL

III. Position of Mobilization and Deployment of Funds: (Amount in Rs. thousands)

Total Liabilities	9019826	Total Assets	9019826
Sources of funds			
Paid up Capital	198290	Reserves & Surplus	4229779
Deferred Tax Liability (Net)	11821	Unsecured Loans	752477
Secured Loans	1020443	Current Liabilities	2807016
Application of Funds			
Fixed Assets	4301136	Investments	888647
Current Assets	3830043	Deferred Tax Asset (Net)	NIL
Accumulated Losses	NIL	Mis. Expenditure	NIL

IV. Performance of Company: (Amount in Rs. thousands)

Turnover	10488369	Total Expenditure	9818166
Profit / Loss before tax	670203	Profit / Loss after tax	541903
Earning per Share (Rs.)	6.11	Dividend Rate %	100

V. General Name of principal products/services of Company (As per monetary terms)

LUBRICANTS DIVISION	
1. Lubricating Oils	2710.95
2. Brake Fluids	3811.00
3. Coolant	3819.00
4. 2T Oils	3824.90
IDL DIVISIONS:	
5. Industrial Explosives Permitted Type	360200.01
6. Other	360200.09
7. Detonating Fuse	360300.01
8. Detonators Containing Explosives Electrically Ignited, Not-ordinance	360300.11
9. Detonators, Plain Not-ordinance	360300.12

For and behalf of the Board of Directors

Place : Mumbai Date : May 25, 2011	S. Subramanian **Chief Financial Officer & Company Secretary**	S. Pramanik **Managing Director**	S. G. Hinduja **Chairman**

AUDITORS' REPORT

To the Board of Directors of Gulf Oil Corporation Limited

1. We have audited the attached Consolidated Balance Sheet of **GULF OIL CORPORATION LIMITED** ("the Company") and its subsidiaries (the Company and its subsidiaries constitute "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries whose financial statements reflect total assets of Rs.7289.58 lakhs as at 31st March, 2011, total revenues of Rs. 8472.25 lakhs and net cash flows amounting to Rs. 213.81 lakhs for the year ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on individual financial statements of the Company and its aforesaid subsidiaries and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2011;

   (ii) in the case of the Consolidated Profit and Loss Account, of the Profit of the Group for the year ended on that date and

   (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 008072S)

K.Rajasekhar
Partner
(Membership No.23341)

Place: Hyderabad
Date: May 25, 2011

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
I. SOURCES OF FUNDS			
1. Shareholders' Funds			
(a) Capital	1	1982.90	1487.17
(b) Reserves & Surplus	2	42508.70	40899.20
		44491.60	42386.37
2. Minority Interests		2092.14	1852.50
3. Loan Funds			
(a) Secured Loans	3	10952.96	17217.17
(b) Unsecured Loans	4	11596.73	13389.24
		22549.69	30606.41
TOTAL		69133.43	74845.28
II. APPLICATION OF FUNDS			
1. Goodwill on Consolidation		390.56	473.28
2. Fixed Assets			
(a) Gross Block		59888.80	72469.05
(b) Less : Depreciation		13994.60	13630.98
(c) Net Block	5	45894.20	58838.07
(d) Capital Work-in-Progress and advances on Capital Account		1683.58	1233.04
		47577.78	60071.11
2. Investments	6	3476.23	142.45
3. Deferred Tax Asset (Net)		31.86	211.57
4. Current Assets, Loans and Advances			
(a) Inventories	7	21020.75	13513.27
(b) Sundry Debtors	8	14159.19	12877.27
(c) Cash and Bank Balances	9	9274.38	9474.25
(d) Loans and Advances	10	6125.86	6553.27
		50580.18	42418.06
Less: Current Liabilities and Provisions			
(a) Current Liabilities	11	19691.21	15861.03
(b) Provisions	12	13231.97	12610.16
		32923.18	28471.19
Net Current Assets		17657.00	13946.87
TOTAL		69133.43	74845.28
Notes to Accounts	17		

Schedules 1 to 17 annexed hereto form part of these financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and behalf of the Board of Directors

K Rajasekhar
Partner

S. Subramanian
Chief Financial Officer & Company Secretary

S. Pramanik
Managing Director

S. G. Hinduja
Chairman

Place : Hyderabad
Date : May 25, 2011

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011

		Schedule		Year ended 31st March 2011 Rupees Lakhs		Year ended 31st March 2010 Rupees Lakhs
1	**INCOME**					
	Income from sales and other operations		**121394.67**		113302.57	
	Less: Excise Duty		**11141.20**		9032.56	
	Net Income from sales and other operations			**110253.47**		104270.01
	Other Income	13		**2802.40**		2669.53
				113055.87		106939.54
2	**EXPENDITURE**					
	Cost of Materials	14		**58036.28**		52939.33
	Other Operating Expenses	15		**46434.52**		47021.03
	Interest Expenses	15A		**1558.21**		2625.94
	Depreciation			**1888.97**		1983.29
				107917.98		104569.59
3	**PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION**			**5137.89**		2369.95
4	**PROFIT FROM CONTINUING OPERATIONS BEFORE EXCEPTIONAL ITEMS AND TAXATION**			**5137.89**		3988.36
	Less: Exceptional items	16		**(1777.10)**		573.23
	Less: Taxation	16A		**1212.83**		1009.04
	PROFIT FROM CONTINUING OPERATIONS AFTER TAXATION			**5702.16**		2406.09
5	**LOSS FROM DISCOUNTINED OPERATIONS BEFORE LOSS ON SALE OF API UNDERTAKING AND TAXATION**			-		(1618.41)
	Less: Loss on sale of API undertaking			**-**		2047.00
	Less: Taxation	16B		**-**		562.32
	LOSS FROM DISCONTINUED OPERATIONS AFTER TAXATION			**-**		(4227.73)
6	**PROFIT/(LOSS) AFTER TAXATION BEFORE MINORITY INTEREST**			**5702.16**		(1821.64)
	Share of Minority Interest			**(173.13)**		(103.09)
7	**PROFIT/(LOSS) FOR THE YEAR**			**5529.03**		(1924.73)
	Balance Profit / (Loss) brought forward from previous year			**(892.80)**		3092.69
8	**BALANCE AVAILABLE FOR APPROPRIATION**			**4636.23**		1167.96
	Proposed Dividend			**1982.90**		1338.46
	Dividend Tax			**321.68**		222.30
	Transfer to General Reserve			**550.00**		500.00
	Balance Carried to Balance Sheet			**1781.65**		(892.80)
	Earnings per share (Note 12)					
	-Basic			**Rs. 6.23**		(Rs. 2.45)
	-Diluted			**Rs. 6.23**		(Rs. 2.45)
Notes on the Accounts		17				

Schedules 1 to 17 annexed hereto form part of these accounts.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and behalf of the Board of Directors

K Rajasekhar	S. Subramanian	S. Pramanik	S. G. Hinduja
Partner	**Chief Financial Officer & Company Secretary**	**Managing Director**	**Chairman**

Place : Hyderabad
Date : May 25, 2011

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

		2010-2011 Rupees Lakhs		2009-2010 Rupees Lakhs	
(A)	**CASH FLOW FROM OPERATING ACTIVITIES**				
	Net Profit/(Loss) before tax and after exceptional Items		**6914.99**		(250.28)
	Adjustments for:				
	Depreciation	**1888.97**		1983.29	
	Dividend received	**(2.04)**		(1.42)	
	Interest income	**(553.97)**		(231.03)	
	Profit on sale of Fixed Assets	**(2459.84)**		(2190.94)	
	Loss on sale of Active Pharma Ingredients undertaking	**-**		2047.00	
	Amount received against advances adjusted to Revaluation Reserve in earlier year	**(917.10)**		-	
	Amount received towards redemption of Preference Shares	**(700.00)**		-	
	Loss on disposal of subsidiary company	**-**		134.59	
	(Profit)/Loss on sale of long term investment	**(160.00)**		3.08	
	Interest expenses	**2112.18**		2856.97	
	Unrealised (Gain)/Loss on Exchange - Net	**(312.42)**	**(1104.22)**	(197.29)	4404.25
	Operating Profit before Working Capital changes		**5810.77**		4153.97
	Adjustments for:				
	Trade and other Receivables - (Increase)/ Decrease	**(1392.30)**		5943.27	
	Inventories - (Increase)/ Decrease	**(3854.96)**		4702.45	
	Trade Payables - Increase/(Decrease)	**3769.04**		(3313.42)	
			(1478.22)		7332.30
	Cash generated from/(used in) Operations		**4332.55**		11486.27
	Direct Taxes paid (net of refunds)		**(1349.97)**		(838.38)
	NET CASH FROM OPERATING ACTIVITIES		**2982.58**		10647.89
(B)	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of Fixed Assets	**(1055.21)**		(1259.18)	
	Sale of Fixed Assets (including land)	**2568.03**		2433.42	
	Advance to Companies realised	**917.10**		-	
	Purchase of Investments - Long Term	**(3332.53)**		-	
	Proceeds from sale of Active Pharma Ingredients Undertaking	**-**		2,200.00	
	Sale proceeds on disposal of investment in subsidiary	**-**		50.00	
	Sale of Long Term Investments	**160.00**		6.85	
	Proceeds from redemption of Preference Shares	**700.00**		-	
	Interest Received	**551.76**		343.63	
	Dividend Received	**2.04**		1.42	
	NET CASH FROM INVESTING ACTIVITIES		**511.19**		3776.14

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

		2010-2011 Rupees Lakhs		2009-2010 Rupees Lakhs
(C) CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings & Hire Purchase Liabilities	**401.29**		5005.42	
Net decrease in Cash Credit and other Short Term Loans	**(4116.73)**		(10214.39)	
Proceeds from Fixed Deposits	**4.10**		13.86	
Repayment of Fixed Deposits	**(250.88)**		(172.81)	
Repayment of Long Term Borrowings & Hire Purchase Liabilities	**(3238.41)**		(3300.54)	
Proceeds from issue of Capital	**7782.80**		-	
Loans from Companies	**-**		11506.39	
Repayment of Loans to Companies	**(662.76)**		(13252.79)	
Interest paid	**(2063.01)**		(2788.64)	
Dividend paid	**(1327.74)**		(1254.25)	
Dividend tax paid	**(222.30)**		(214.83)	
NET CASH USED IN FINANCING ACTIVITIES		**(3693.64)**		(14672.58)
Net increase/(decrease) in cash and cash equivalents		**(199.87)**		(248.55)
Cash and Cash Equivalents as at the commencement of the year- Cash and Bank Balances		**9474.25**		10144.74
Cash and Bank balances on disposal of subsidiary		-		(421.94)
		9474.25		9722.80
Cash and Cash Equivalents as at the end of the year - Cash and Bank Balances		**9274.38**		9474.25

Notes:

1 Cash and Bank balances as at year end include:

(a) Rs. 54.45 Lakhs (31.03.2010 Rs. 79.94 Lakhs) being the deposit made under Rule 3A of the Companies (Acceptance & Deposits) Rules, 1975

(b) Rs. 6.76 lakhs (31.03.2010 Rs. Nil) for which the refund orders issued by the Company have not been encashed by Rights Issue Applicants.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and behalf of the Board of Directors

K Rajasekhar
Partner

S. Subramanian
Chief Financial Officer & Company Secretary

S. Pramanik
Managing Director

S. G. Hinduja
Chairman

Place : Hyderabad
Date : May 25, 2011

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		As at 31st March 2011 Rupees Lakhs		As at 31st March 2010 Rupees Lakhs
1. SHARE CAPITAL				
AUTHORISED				
12,50,00,000 Equity shares of Rs.2 each		**2500.00**		2500.00
ISSUED AND SUBSCRIBED				
9,91,44,980 Equity shares of Rs.2 each fully paid (31.03.2010: 7,43,58,735 Equity shares of Rs.2 each fully paid)		**1982.90**		1487.17
Of the above				
(a) 4,65,025 shares represent 93,005 shares after sub-division of shares from Rs.10 to Rs.2 each are allotted as fully paid pursuant to a contract without payment being received in cash				
(b) 2,60,75,125 shares represent 52,15,025 shares after sub-division of shares from Rs.10 to Rs.2 each are allotted as fully paid up bonus shares by capitalisation of Reserves.				
(c) Pursuant to the merger scheme as approved by Board for Industrial and Financial Reconstruction, 15,18,735 shares represent 3,03,747 shares after sub-division of shares from Rs.10 to Rs.2 each, allotted effective 31st March, 1999 to the shareholders of erstwhile IDL Salzbau (India) Limited.				
(d) 2,93,50,000 shares represent 58,70,000 shares after sub-division of shares from Rs.10 to Rs.2 each allotted effective 1st January, 2002, consequent to the amalgamation of erstwhile Gulf Oil India Limited, to the shareholders of erstwhile Gulf Oil India Limited				
2. RESERVES AND SURPLUS				
CAPITAL RESERVE ON CONSOLIDATION		**0.03**		0.03
RESERVE ON CONSOLIDATION				
(Refer Note 3 of Schedule 17)	**855.96**		10358.07	
Less: transfer to General Reserve on sale of Investment in Subsidiary (Refer note 15(a) of Schedule 17)	**-**		8365.02	
Less: transfer to provision for doubtful advances (Schedule 10)	**-**	**855.96**	1137.09	855.96
CAPITAL RESERVE		**0.75**		0.75
SECURITIES PREMIUM ACCOUNT				
Per last Balance Sheet	**4852.45**		4852.45	
Add: Received during the year	**7435.88**		-	
	12288.33		4852.45	
Less: Expenses (net of Deferred tax asset Rs. Nil)	**148.81**	**12139.52**	-	4852.45
EXPORT ALLOWANCE RESERVE		**10.50**		10.50
REVALUATION RESERVE				
Per last Balance Sheet	**16478.19**		18429.06	
Less: Withdrawal from Revaluation Reserve	**8893.50**	**7584.69**	1950.87	16478.19
GENERAL RESERVE				
At commencement of the year	**19509.50**		10644.48	
Add: Transfer from Profit and Loss Account	**550.00**		500.00	
Add: Transfer from Reserve on consolidation on disposal of subsidiary (Refer note 15(a) of Schedule 17)	**-**	**20059.50**	8365.02	19509.50
FOREIGN CURRENCY TRANSACTION RESERVE		**76.10**		84.62
PROFIT AND LOSS ACCOUNT		**1781.65**		(892.80)
As Per Account Annexed				
		42508.70		40899.20

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
3. SECURED LOANS		
A. From Banks		
(i) Cash Credit (includes Working Capital Demand Loan)	**4994.18**	6926.88
(ii) Bank Overdraft	**29.71**	80.92
(iii) Foreign Currency Working Capital Loan [USD 0.50 million (31.03.2010 USD 2.25 million)]	**223.25**	1015.65
(iv) Term Loans		
(a) State Bank India	**440.34**	769.14
(b) State Bank of Hyderabad	**3447.37**	4754.49
(c) Oriental Bank of Commerce	**8.37**	35.58
(d) ABN Amro Bank	**-**	215.46
(e) Andhra Bank	**20.54**	103.63
(f) Kotak Mahindra Bank Limited	**110.08**	264.27
(g) Southeast Bank Limited	**-**	61.74
(h) State Bank of Mauritius Limited	**1469.33**	1960.00
B. From Others		
SREI Infrastructure Finance Limited	**209.79**	404.12
Hinduja Ventures Limited	**-**	625.29
	10952.96	17217.17

	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
4. UNSECURED LOANS		
Fixed Deposits [See note 8(f) of Schedule 17]	**384.67**	510.69
Deferred Hire Purchase Credits	**508.28**	429.66
Short Term Loan from IDBI Bank Limited	**-**	2000.00
SREI Infrastructure Finance Limited	**51.36**	104.48
Buyers Credit	**10652.42**	10306.94
Inter Corporate Loans - Short Term	**-**	37.47
	11596.73	13389.24

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Rupees Lakhs

	Gross Block					Depreciation					Net Book Value	
	31.03.2010	Additions	Deductions	Currency Realignment	31.03.2011	31.03.2010	For the Year	On-Deduction	Currency Realignment	31.03.2011	31.03.2011	31.03.2010
Assets on Own Use:												
Land-Freehold	45479.87	-	12221.09	-	33258.78	-	-	-	-	-	33258.78	45479.87
Land-Leasehold	463.32	-	-	22.81	486.13	27.78	18.30	-	1.33	47.41	438.72	435.54
Buildings	3216.54	4.66	7.59	38.31	3251.92	1180.50	101.93	1.20	6.90	1288.13	1963.79	2036.04
Leasehold Improvements	6.80	-	-	-	6.80	6.80	-	-	-	6.80	-	-
Plant & Machinery Equipments etc.	20477.47	783.03	1409.77	39.90	19890.63	10682.21	1542.21	1392.06	12.97	10845.33	9045.30	9795.26
Furniture, Fixtures & Office appliances	1723.35	276.52	111.76	6.76	1894.87	1060.78	150.14	103.15	6.00	1113.77	781.10	662.57
Vehicles	911.09	77.42	99.64	2.24	891.11	492.06	73.13	57.21	1.25	509.23	381.88	419.03
Technical Knowhow	143.39	7.65		0.28	151.32	141.61	0.78	-	0.06	142.45	8.87	1.78
	72421.83	1149.28	13849.85	110.30	59831.56	13591.74	1886.49	1553.62	28.51	13953.12	45878.44	58830.09
Assets given on Lease												
Vehicles	13.62	10.91	-	(0.89)	23.64	6.83	2.35	-	(0.24)	8.94	14.70	6.79
Furniture & Fixtures	33.60	-	-	-	33.60	32.41	0.13	-	-	32.54	1.06	1.19
	47.22	10.91	-	(0.89)	57.24	39.24	2.48	-	(0.24)	41.48	15.76	7.98
	72469.05	1160.19	13849.85	109.41	59888.80	13630.98	1888.97	1553.62	28.27	13994.60	45894.20	-
31-03-2010	78934.11	1471.44	7610.26	(326.24)	72469.05	12970.00	1983.29	1254.57	(67.74)	13630.98	-	58838.07

Notes:-

(1) Assets costing Rs. 756.27 lakhs (previous year Rs.948.57 lakhs) have been acquired on hire purchase, the legal ownership of which will be transferred to the Company after the final payment. (Refer Note 15 (c) of Schedule 17)

(2) Additions to Plant & Machinery include Rs.NIL Lakhs (previous year Rs. 52.24 Lakhs) being differences of foreign exchange currency loan obtained for acquisition of fixed assets

(3) Deductions under land includes Rs. 8893.50 Lakhs withdrawn from Revaluation Reserve and Rs. 3294.41 Lakhs transferred to Stock in Trade (Refer Note 18 (b) of Schedule 17)

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		As at 31st March 2011 Rupees Lakhs		As at 31st March 2010 Rupees Lakhs
6. INVESTMENTS				
At cost, unless otherwise stated				
LONG TERM				
QUOTED				
OTHERS				
Ashok Leyland Limited 1,00,000 Equity Shares of Re.1 each		**24.23**		24.23
Hinduja Ventures Ltd 48 Equity shares of Rs. 10 each		**0.03**		0.03
Hinduja Global Solutions Limited 48 Equity shares of Rs. 10 each		**0.03**		0.03
Jammu & Kashmir Bank Ltd 2,400 Equity Shares of Rs.10 each.		**0.91**		0.91
Indusind Bank Limited 13,00,400 (31.03.2010: 400 shares) Equity Shares of Rs. 10 each fully paid		**3332.71**		0.18
UNQUOTED				
OTHERS				
IDL Chemicals Employees' Co-operative Credit Society Limited, Hyderabad 500 Shares of Rs.10 each		**0.05**		0.05
IDL Chemicals Employees' Co-operative Credit Society Limited, Rourkela 500 Shares of Rs.10 each		**0.05**		0.05
UTI Bond Fund of Unit Trust of India 27,978 units of Rs.10 each		**2.97**		2.97
Pachora Peoples co-operative Bank Limited 2 shares of Rs. 100 each		**-**		-
APDL Estate Limited 23,62,000 10% Redeemable Cumulative Preference Shares of Rs. 100 each	**2362.00**		2362.00	
Less: Redeemed during the year (7,00,0000 10% Redeemable Cumulative Preference Shares of Rs.100 each)	**700.00**		-	
	1662.00		2362.00	
Less: Diminution in value	**1662.00**	**-**	2362.00	-
Gulf Ashley Motors Limited 1,14,000 Equity Shares of Rs.100 each		**114.00**		114.00
Mangalam Retail Services Limited 12,490 Equity Shares of 10 each		**1.25**		-
		3476.23		142.45

Notes:

1. Aggregate Carrying cost of quoted investments	**3357.91**	25.38
2. Aggregate Market Value of quoted investments	**3513.10**	56.24
3. Aggregate cost of unquoted investments	**118.32**	117.07

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		As at 31st March 2011 Rupees Lakhs		As at 31st March 2010 Rupees Lakhs
7. INVENTORIES				
(At lower of cost and net realisable value)				
Land / Building for property development, at cost		**3652.53**		25.63
Contract Work-in-progress		**393.39**		-
Stores & Spares		**527.33**		524.88
Packing Materials and Fuel		**711.46**		564.00
Raw Materials		**8429.38**		7113.98
Work-in-Process		**968.51**		1005.78
Finished Goods		**6338.15**		4279.00
		21020.75		13513.27
8. SUNDRY DEBTORS - UNSECURED				
(a) Debts outstanding for a period exceeding six months:				
Considered good		**1822.78**		1420.24
Considered doubtful		**3206.25**		3731.77
(b) Other Debts :				
Considered good		**12184.33**		11457.03
		17213.36		16609.04
Less : Provision for doubtful debts		**3054.17**		3731.77
		14159.19		12877.27
9. CASH AND BANK BALANCES				
Cash / Cheques on hand #		**644.05**		1283.00
With Scheduled Banks :				
Current Account @		**2521.07**		1814.40
Fixed Deposits/Margin account *		**6109.26**		6376.85
		9274.38		9474.25

\# includes cheques on hand Rs. 617.92 lakhs (31.03.2010 Rs.1254.40 lakhs).
@ includes Rs. 6.76 lakhs (31.03.2010: Rs. Nil) for which the refund orders issued. by the Company have not been encashed by Rights Issue Applicants.
* includes Rs. 54.45 lakhs (31.03.2010: Rs.79.94 lakhs) being the deposit made under Rule 3A of the Companies (Acceptance of Deposits) Rules, 1975.

		As at 31st March 2011 Rupees Lakhs		As at 31st March 2010 Rupees Lakhs
10. LOANS AND ADVANCES				
(Unsecured, considered good unless otherwise specified)				
Advances to Companies				
IDL Speciality Chemicals Limited	**219.99**		1137.09	
Less: Provision for Doubtul advances	**219.99**	**-**	1137.09	-
Advance Tax (net of Provisions)		**876.88**		560.03
Advances recoverable in cash or in kind or for value to be received:				
Considered good	**4470.38**		4512.85	
Considered doubtful	**216.84**		176.84	
	4687.22		4689.69	
Less : Provision for doubtful advances	**216.84**		176.84	
		4470.38		4512.85
Balance with Excise Authorities		**778.60**		1480.39
		6125.86		6553.27

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
11. CURRENT LIABILITIES		
Acceptances	-	404.21
Sundry Creditors		
Due to Micro and Small Enterprises	-	-
Others	17700.81	13969.69
Advance from Customers	1502.92	1222.40
Interest accrued but not due on Loans	150.24	104.49
Dealers' deposits	74.32	76.45
Liability towards Investors Education and Protection Fund under Section 205C of the Companies Act, 1956		
Due		
(i) Unpaid Dividends	-	-
(ii) Unclaimed Matured Deposits	-	-
(iii) Interest accured on (ii) above	-	-
Not due		
(i) Unpaid Dividends	86.01	75.29
(ii) Unclaimed Matured Deposits	172.76	7.77
(iii) Interest accured on (ii) above	4.15	0.73
	19691.21	15861.03
12. PROVISIONS		
Employee benefits - Gratuity	1274.47	1400.10
- Compensated Absences	317.16	313.54
Indirect Taxes	8394.10	8394.10
Others	893.55	893.55
Fringe Benefit Tax	48.11	48.11
Proposed dividend	1982.90	1338.46
Tax on dividend	321.68	222.30
	13231.97	12610.16

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Year ended 31st March 2011 Rupees Lakhs		Year ended 31st March 2010 Rupees Lakhs
13. OTHER INCOME				
Dividend from Long Term Investment		**2.04**		1.42
Profit on Sale of Property / Fixed Assets		**2459.84**		2246.84
Insurance Claims		**32.14**		10.57
Export Incentives (DEPB)		**70.62**		174.60
Miscellaneous		**237.76**		236.10
		2802.40		2669.53
14. COST OF MATERIALS				
Raw Materials Consumed :				
Opening Stock	**7113.98**		9645.53	
Add : Purchase	**49206.50**		38715.81	
	56320.48		48361.34	
Less : Closing Stock	**8429.38**		7113.98	
Less : Stock transfer to Biocon Limited	**-**		0.70	
		47891.10		41246.66
Purchase of Finished Goods		**7719.22**		6054.56
(Increase)/Decrease in Finished Goods, Work-in-Process and Contract Work-in-Progress:				
Closing Stock :				
Finished Goods	**6338.15**		4279.00	
Work-in-Process	**968.51**		1005.78	
Contract Work-in-Progress	**393.39**		-	
	7700.05		5284.78	
Opening Stock :				
Finished Goods	**4279.00**		6159.51	
Work-in-Process	**1005.78**		1040.24	
Contract Work-in-Progress	-		382.17	
	5284.78		7581.92	
Less: (i) Stock transfer to Biocon Limited (refer note 15(b) of Schedule 17)	-		77.24	
	5284.78	**(2415.27)**	7659.16	2219.90
Packing Materials Consumed		**5151.91**		3674.32
		58346.96		53195.44
Less: Scrap realisation		**256.20**		211.77
		58090.76		52983.67
Excise duties etc. on Increase/(Decrease) of Finished Goods		**(54.48)**		(44.34)
		58036.28		52939.33

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

		Year ended 31st March 2011 Rupees Lakhs		Year ended 31st March 2010 Rupees Lakhs
15. EXPENSES				
Payments to and provisions for Employees :				
Salaries, Wages and Bonus	**7175.30**		7045.05	
Contribution to Provident Fund, Gratuity Fund and other Funds	**851.14**		1048.66	
Workmen and Staff Welfare Expenses	**610.03**		649.68	
		8636.47		8743.39
Stores, Spare Parts and Loose Tools consumed		**281.09**		319.50
Processing Charges		**1219.97**		1192.35
Power, Fuel and Water		**874.12**		815.82
Rent		**1618.47**		1578.35
Rates and Taxes		**244.94**		473.75
Expenses on Operation Contracts		**12143.27**		15532.41
Insurance		**317.22**		298.57
Advertising		**3504.25**		2430.64
Distribution Expenses		**3814.11**		4253.00
Commission on Sales		**362.02**		300.09
Discount on Sales		**7993.05**		6154.56
Repairs to Buildings		**96.48**		91.87
Repairs to Machinery		**382.41**		382.12
Travelling & Conveyance		**843.02**		742.24
Bank charges and other Financial charges		**558.96**		512.14
Directors' Fees		**18.96**		21.95
Commission to Non-Wholetime Directors		**15.83**		9.84
Postage, Telephone and Telex		**205.75**		227.78
Legal & Professional charges		**495.94**		508.19
Loss on sale of fixed assets		**-**		55.90
Provision for doubtful debts/advances		**554.27**		672.51
Bad Debts, advances etc written off	**1207.37**		812.16	
Less: Provision for Doubtful debts written-back	**1191.73**	**15.64**	743.15	69.01
Royalty		**929.93**		593.66
(Gain) / Loss on Exchange Fluctuation		**11.13**		(193.59)
Miscellaneous *		**1297.22**		1234.98
		46434.52		47021.03

* Miscellaneous includes Rs. 25.63 lakhs (Previous Year : Nil) on account of impairment of current assets

15A. INTEREST EXPENSES				
Interest				
On term Loans	**1526.69**		1712.20	
Others	**585.49**		1144.77	
		2112.18		2856.97
Less: Interest on deposits with banks etc. (Tax deducted at source Rs. 58.32 Lakhs; Previous year Rs. 41.21 Lakhs)	**553.97**		224.31	
Interest on advance payment of taxes	**-**	**553.97**	6.72	231.03
		1558.21		2625.94

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Year ended 31st March 2011 Rupees Lakhs	Year ended 31st March 2010 Rupees Lakhs
16. EXCEPTIONAL ITEMS		
Compensation under Voluntary Retirement Scheme	-	(435.56)
Amounts received against advances made and adjusted to Revaluation Reserve in pursuance of Scheme of Arrangement approved by the Hon'ble High Court of Andhra Pradesh, Hyderabad in 2008-09	917.10	-
Amount received towards redemption of 7,00,000 10% RedeemableCumulative Preference Shares of Rs.100 each of APDL Estates Limited and adjusted to Revaluation Reserve in pursuance of Scheme of Arrangement approved by the Honourable High Court of Andhra Pradesh in 2008-09	700.00	-
Profit on sale of long term investment (Net)	-	(3.08)
Additional consideration received in respect of sale of Investment	160.00	-
Loss on sale of investment in subsidiary	-	(134.59)
	1777.10	(573.23)
16A. TAXATION		
Current Tax	1033.12	594.15
Deferred Tax	179.71	414.89
	1212.83	1009.04
16B. TAXATION IN RESPECT OF DISCONTINUED OPERATIONS		
Deferred Tax	-	562.32
	-	562.32

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2011

1 (a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 (AS 21) - "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006. The Consolidated financial statements have been prepared under historical cost convention and in an accrual basis. The accounting policies have been consistently applied by the Company and are in consistent with those used in the previous year.

(b) The subsidiaries (which along with Gulf Oil Corporation Limited, the Parent, constitute the Group) considered in the preparation of these consolidated financial statements are:

Name	**Country of Incorporation**	**Percentage of ownership interest as at 31st March, 2011**	Percentage of ownership interest as at 31st March, 2010
IDL Buildware Limited	India	100.00	100.00
IDL Speciality Chemicals Limited (formerly IDL Agro Chemicals Ltd.,)	India	-	100.00 (Upto 28th March, 2010)
Gulf Carosserie India Limited	India	95.00	95.00
Hinduja Infrastructure Limited	India	100.00	100.00
Gulf Oil Bangladesh Limited	Bangladesh	51.00	51.00
PT Gulf Oil Lubricants Indonesia	Indonesia	75.00	75.00
Gulf Oil (Yantai) Co. Limited	China	51.02	51.02
IDL Explosives Limited	India	100.00 (From 22nd September, 2010)	-

The financial statements of all the subsidiaries considered in the consolidated accounts are drawn up to 31st March, 2011.

2. ACCOUNTING POLICIES

I. USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reported year.

Accounting estimates could change from period to period. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. The effects of changes in accounting estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

II. FIXED ASSETS:

Fixed assets are shown at cost / revalued amount less depreciation. Cost comprises the purchase price and other attributable expenses.

III. DEPRECIATION ON FIXED ASSETS:

(i) The Group, except Gulf Oil Bangladesh Limited, PT Gulf Oil Lubricants, Indonesia and Gulf Oil (Yantai) Co. Limited follows the straight line method of charging depreciation on all its fixed assets. Depreciation has been provided in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956 on all the assets except certain equipments which are depreciated over their estimated useful life.

In respect of Gulf Oil Bangladesh Limited, depreciation on other than leased assets has been provided using straight line method over the estimated useful lives of the assets as summarized below:

Office equipment	20%
Computer/Computer software	25%
Vehicles	20%
Furniture and Fixtures	10%

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In respect of leased assets:

Office equipment	20%
Vehicles	50%
Furniture and Fixtures	20%

In respect of P.T.Gulf Oil Lubricants, Indonesia, depreciation on furniture and equipment have been computed on a straight-line method, based on the estimated useful life of the related assets, for 4 years or at the rates of 25% p.a.

In respect of Gulf Oil (Yantai) Co., Limited, depreciation of fixed assets is calculated to write off the cost of fixed assets less 10% residual values on a straight-line basis over their anticipated useful lives. The respective anticipated useful lives of fixed assets are as follows:

Building	20 Years
Machinery and equipment	10 years
Office and other equipment	5 years
Motor vehicles	5 years

(ii) Leasehold land is being amortized in equal installments over the lease period.

(iii) Technical Know-how is being amortized over a period of five to seven years.

IV. INVESTMENTS:

Current Investments are valued at lower of cost and fair value. Long Term Investments are valued at cost. Where applicable, provision is made if there is a permanent decline, in valuation of long term Investments.

V. INVENTORIES:

Inventories are valued at lower of cost and net realizable value. The method of arriving at cost of various categories of inventories is as below:

(a)	Stores and Spares, Raw and Packing material	First-in-First-out method/weighted average method
(b)	Finished goods and work- In-process - Manufactured - Traded	 Weighted average cost of production, which comprises direct material costs, direct wages and appropriate overheads. First-in-First-out method/weighted average method
(c)	Contracts-in-progress	Represents expenses incurred on execution of contracts till balance sheet date

VI. FOREIGN CURRENCY TRANSACTIONS:

Transactions made during the year in foreign currency are recorded at the exchange rate prevailing at the time of transaction. Assets and Liabilities related to foreign currency transactions remaining unsettled at the year end are translated at the contract rates when covered by forward cover contracts and at year-end rate in other cases. Realised gains and losses on foreign exchange transactions other than those relating to fixed assets are recognised in the profit and loss account. Gain/loss on transaction of long term liabilities incurred to acquire fixed assets is treated as an adjustment to the carrying cost of fixed assets.

Exchange differences arising on account of the assets or liabilities and income or expenditure of non-integral foreign operations are recorded in foreign currency translation reserve.

VII. REVENUE RECOGNITION:

(a) Sale of goods is recognised at the point of dispatch of finished goods to customers. Sales include amount recovered towards excise duty but exclude sales tax. Export incentive under the Duty Entitlement Pass Book scheme has been recognized on the basis of credits afforded in the passbook.

(b) Income from services is recognised at the time of rendering the services.

(c) Dividend income from investment is recognised when the owner's right to receive payment is established.

(d) Income from property development is recognised as soon as the contract is entered with the party and the consideration is received.

(e) Contract revenue is recognised on percentage completion method as required under revised Accounting Standard -7 - Construction Contracts. The stage of completion is determined as a proportion that contract costs been to the

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

estimated total costs. When it is probable that any stage of the contract that the total cost will exceed the total contract revenue, the expected loss is recognised immediately.

VIII RESEARCH AND DEVELOPMENT EXPENSES:

Research and Development expenditure of revenue nature is written off in the year in which it is incurred and expenditure of a capital nature is added to fixed assets.

IX. EMPLOYEE RETIREMENT BENEFITS:

Retirement benefits to employees are provided for by means of gratuity, superannuation and provident fund.

The gratuity liability is determined based on the actuarial valuation as at the year end.

Payments in respect of superannuation are made to the fund administered by LIC.

Provision in respect of compensated absences is made based on actuarial valuation as at year end.

Contribution to Provident fund is based on defined contribution and expensed as incurred.

X. PROVISIONS AND CONTINGENCIES

The company creates a provision if there is a present obligation as a result of past events, the settlement of which results in an outflow economic benefits and a reliable estimate can be made of the amount of obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligations cannot be made.

XI. TAXES ON INCOME:

Current tax is determined as the amount of tax payable in respect of taxable income for the year.

Deferred tax is recognised subject to the consideration of prudence in respect of deferred tax assets on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or subsequent periods.

XII. SEGMENT REPORTING:

The accounting policy adopted for Segment Reporting is in line with the accounting policy of the group with the following additional policy for Segment Reporting:-

Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to the segments on a reasonable basis, have been included under "Unallocated Expenses". Inter Segment transfers are at cost.

3. The excess of the net asset value over carrying cost of investment in the subsidiary companies viz., IDL Buildware Ltd., and Gulf Oil Carosserie India Ltd., amounting to Rs. 850.67 Lakhs and Rs. 5.29 Lakhs respectively has been treated as Reserve on Consolidation.

4. Pursuant to Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 and sanctioned by the Honourable High Court of Andhra Pradesh by its Order dated 05th May, 2011, the assets and liabilities of the Explosives Undertaking were transferred to and vested with its wholly owned Subsidiary IDL Explosives Limited with effect from 1st October, 2010, the appointed date.

   As a result of this transfer, there is no material impact of the same on the Consolidated Financials of the Company.

5. Managerial Remuneration under Section 198 of the Companies Act, 1956

	2010-11 Rupees Lakhs	2009-10 Rupees Lakhs
Salaries	60.48	56.63
Commission	15.83	9.84
Contribution to Provident Fund and Super- annuation Fund	10.21	9.56
Benefits	5.67	3.47
Commission to Non-Whole time Directors	15.83	9.84
	108.02	**89.34**

Note:

Having regard to the fact that there is a global contribution to Gratuity Fund, the amount applicable to an individual employee is not ascertainable and accordingly, contribution to Gratuity Fund has not been considered in the above computation

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Contingent liabilities

		As at 31st March 2011 Rupees Lakhs	As at 31st March 2010 Rupees Lakhs
(a)	Corporate Guarantees *	**644.70**	397.80
(b)	Claims against the Company not acknowledged as debts		
	(i) Income Tax Demands	**1758.36**	923.10
	(ii) Wealth Tax	**196.66**	51.97
	(iii) Sales Tax Demands	**2283.43**	2119.85
	(iv) Excise Demands	**763.62**	1305.65
	(v) Service Tax	**4.49**	4.49
	(vi) Additional Demands towards cost of land	**3.81**	3.81
	(vii) Claims of workmen/ex-employees	**76.04**	75.50
	(viii) Other Matters	**182.99**	190.39
	(ix) Performance and Other Guarantees	**178.62**	178.02

(c) In terms of the agreement between IDL Speciality Chemicals Limited, Biocon Limited, and the Parent Company for the sale of Active Pharma Ingredients (API) business to Biocon Limited, the Parent Company would be responsible for guaranteeing to Biocon Limited claims upto a period of one year after the closing date i.e., 30th November, 2009 to the extent of purchase price of Rs.2200 Lakhs. The Parent Company has not received any claims.

* The Parent Company has given Corporate Guarantee of 100 Million Taka to South East Bank Ltd., on behalf of Gulf Oil Bangladesh Ltd. The amount outstanding as on 31st March 2011 is 4.67 Million Taka - Rs. 29.71 Lakhs(31st March 2010 21.51 Million Taka - Rs. 80.92 Lakhs)

7. Capital Commitments

	2010-11 Rupees Lakhs	2009-10 Rupees Lakhs
Estimated amount of contracts remaining to be executed on capital account	**209.21**	29.57

8. Secured Loans

(a) Cash Credit facilities including foreign currency demand loan from Bank of Bahrain & Kuwait B.S.C and working capital loan & corporate loan from consortium banks is secured by hypothecation of all current assets of the Parent Company including raw materials, finished goods, stocks-in-process, stores and spares (not relating to plant & machinery) and present and future book debts of the Parent Company ranking pari-passu and collateral security by (i) first pari passu charge by way of equitable mortgage on land owned by the Parent Company admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders.

(b) (i) Term loan for Capital Expenditure from State Bank of India is secured by first charge on the fixed assets created out of the loan, ranking pari-passu with other term lenders and collateral security by (i) first pari passu charge by way of equitable mortgage on land owned by the Parent Company admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders.

(ii) Term Loan for Overseas Investment from State Bank of India is secured by collateral security (i) pari passu first charge by way of equitable mortgage on land owned by the Parent Company admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders..

(c) (i) Term loan for Capital Expenditure from State Bank of Hyderabad is secured by first charge on the fixed assets created out of the loan, ranking pari-passu with the other term lenders and collateral security by (i) first pari passu charge by way of equitable mortgage on land owned by the Parent Company admeasuring Acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Term Loan for Overseas Investment from State Bank of Hyderabad is secured by collateral security (i) pari passu first charge by way of equitable mortgage on land owned by the Parent Company admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to other term lenders.

(d) The Term loan for Capital Expenditure from Oriental Bank of Commerce is secured by first charge on the fixed assets created out of the term loan, ranking pari-passu with the other term lenders and collateral security by (i) first pari passu charge by way of Equitable Mortgage on land owned by the Parent Company, admeasuring acres 115.25 situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to the other term lenders.

(e) The Term loan for Capital Expenditure from Andhra Bank is secured by first charge on the fixed assets created out of the loan, ranking pari-passu with other term lenders and collateral security by (i) first pari passu charge by way of Equitable Mortgage on land owned by the Parent Company admeasuring acres 115.25 acres situated at Kukatpally, Hyderabad and (ii) second pari passu charge on manufacturing buildings, plant and machinery charged to the other term lenders.

(f) Fixed Deposits to the extent of Rs. 375.86 Lakhs were secured by a residual charge on all tangible movable property and fixed assets including all movable machinery and plant & machinery, spares and stores, tools and accessories and other movables both present and future as approved by the Controller of Capital Issues vide his letter dated1st November,1980.

(g) Term Loans from SREI Infrastructure Finance Limited, Kotak Mahindra Bank Limited are secured by way of first charge on specific mining equipment of the Parent Company.

(h) The short term loan taken by Gulf Oil Bangladesh Limited represents the letter of trust facility received from Southeast Bank Limited against the following securities:

(i) Primary Security:

Hypothecation of imported goods and stocks of finished lube oil/grease/related products.

(ii) Collateral Security:

First charge on fixed and floating assets of the company

Lien on duly discharged fixed deposit receipt of Rs. 114.93 Lakhs

(iii) Additional Comfort:

Insurance coverage on stock for fire, flood, theft and pilferage

9. Fixed Assets

Buildings include:

(i) Rs.7.09 Lakhs, which represents the cost of ownership flats Rs.7.08 Lakhs and Rs.0.01 Lakhs being the value of Share money in Sett Minar Co-operative Housing Society Limited.

(ii) Rs.4.70 Lakhs, which represents the cost of ownership flats Rs. 4.43 Lakhs and Rs.0.27 Lakhs being the value of 270 ordinary shares of Rs.100 each, fully paid up in Shree Nirmal Commercial Limited.

10. Taxation

(i) Deferred tax:

		31st March 2011 Rupees Lakhs	31st March 2010 Rupees Lakhs
(a)	Deferred tax assets arising on account of timing differences:		
	Unabsorted business loss/depreciation	-	55.89
	Provision for doubtful debts/advances	**426.18**	690.11
	Other timing differences	**485.77**	576.70
		911.95	1322.70
(b)	Deferred tax liabilities arising on account of timing differences:		
	Depreciation	**(880.09)**	(1116.05)
	Other timing differences	**-**	4.92
		(880.09)	(1111.13)
	Deferred tax asset - (Net)	**31.86**	211.57

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Management has been advised Rs. 917.10 Lakhs (Previous year Rs. 1973.25 Lakhs) received against advances and Rs. 700.00 Lakhs (Previous Year Rs. Nil) towards redemption of Preference shares adjusted to Revaluation Reserve in an earlier year, is not required to be considered in computing Minimum Alternate Tax (MAT).

(iii) By way of abundant caution, no deferred tax asset has been created in respect of the adjustments made to Revaluation Reserve in an earlier year.

11 Disclosure in respect of Gratuity as required under Accounting Standard 15 - Employee Benefits:

Particulars	31st March, 2011	31st March, 2010
Projected benefit obligation at the beginning of the year	**2142.54**	1418.86
Current Service Cost	**183.30**	124.20
Interest Cost	**118.75**	101.40
Actuarial (Gain)/Loss	**(44.94)**	252.82
Benefits Paid	**(189.92)**	(302.71)
Past service Cost	**38.22**	-
Demerger	**(547.97)**	-
Projected benefit obligation at the end of the year	**1699.98**	1594.57
Fair value of plan Assets Beginning of the Period	**194.47**	291.96
Expected Return On plan assets	**24.80**	19.46
Contributions	**412.25**	201.48
Benefits Paid	**(220.32)**	(302.71)
Actuarial gain (Loss) Plan Assets	**14.31**	(15.71)
Fair value of plan Assets End of the Period	**425.51**	194.49
Total Actuarial gain (loss) to be recognised	**72.63**	(268.53)
Amounts recognized in the balance sheet		
Projected benefit obligation at the end of the year	**1699.98**	1594.57
Fair value of the plan assets at the end of the year	**(425.51)**	(194.47)
Liability recognized in the Balance Sheet	**1274.47**	1400.10
Cost of the Retirement and Other Benefits for the year		
Current Service Cost	**183.31**	124.20
Interest Cost	**162.59**	101.40
Expected return on plan assets	**(24.80)**	(19.46)
Net actuarial (Gain)/Loss recognized in the year	**(72.68)**	268.53
Past service Cost	**38.22**	-
Net Cost recognized in the Profit and Loss Account	**286.64**	474.67
Assumptions		
Discount Rate (%)	**0.08**	-
Long term rate of compensation increase (%)	**0.04**	-

12. Miscellaneous

(a) Loans and Advances of IDL Buildware Limited one of the subsidiaries include Rs. 12.09 lakhs (Previous year Rs. 30.79 lakhs) due from certain parties, which are outstanding from earlier years. The aforesaid Company is hopeful of recovering the dues in full and no provision has been considered necessary for this amount.

(b) The net exchange gain / (loss), (i.e., difference between the spot rate on the dates of the transactions and the actual rate at which the transactions are settled/appropriate rates applicable at the year end) debited to Profit & Loss Account is Rs. 11.13 lakhs (Previous year exchange gain of Rs. 193.59 lakhs)

(c) Exchange difference in respect of forward exchange contracts to be recognized in the Profit and Loss Account in the subsequent accounting period is Rs. 26.91 lakhs [Previous year Rs. 35.39 lakhs(credit)].

(d) Gulf Carosserie India Limited one of the subsidiaries had entered into collaboration agreement with SIPAL, Arexons Spa, Italy, in terms of which it was agreed by the said collaborator to subscribe to 20% of the Capital of the Company for which a sum of Rs.10, 00,000 had been received as share application money pending the final approval of the Reserve Bank of India. As the final approval of the Reserve Bank of India has not been forthcoming, the Company has decided to repay/remit the said amount with required approvals and till that time to consider the said share application money as current liability.

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(e) The financial statements of IDL Buildware Ltd., one of the subsidiaries have been prepared on a going concern basis notwithstanding substantial erosion in the net worth of the Company.

13. Revenue Recognition

Disclosures required to be made under the Accounting Standard (AS-7) Construction Contracts:

Rupees Lakhs

	2010-11	2009-10
Contract revenue recognized as revenue during the year	**601.54**	870.86
Aggregate amount of contract costs incurred in respect of on going contracts net of recognized profits (less recognized losses) up to the 31st March 2010	**1865.79**	1174.67
Advance payments received (net of recoveries from progressive bills)	**454.78**	572.22
Retention Amount	**215.61**	76.74
Gross amount due from customers for contract work	**85.13**	447.10
For the Method used to determine the contract revenue and the stage of completion of contract in progress, Refer Note: 2 (vii) (e) above	**-**	-

14. Earnings per Share

		Year ended 31st March, 2011	Year ended 31st March, 2010
a.	Profit after Tax (Rs. Lakhs)	**5529.03**	(1924.73)
b.	Weighted average number of Equity Shares outstanding during the year	**88687134**	74358735
c.	Weighted Average number of equity shares in computing diluted earnings per share	**88687134**	74358735
d.	Face value of each Equity Share (Rs.)	**2**	2
e.	Earnings per Share		
	- Basic (Rs.)	**6.23**	(2.45)
	- Diluted (Rs.)	**6.23**	(2.45)

15. Related party disclosures

(a) Information relating to Related Party transactions as per " Accounting Standard 18" notified by the Companies (Accounting Standards) Rules, 2006.

Name of the Related Party	**Relationship**
Gulf Oil International (Mauritius) Inc.	Entity holding more than 20% shareholding in the Company

(b) Details of transactions between the Company and Related Parties and the status of outstanding balances at the year end:

Rupees Lakhs

Particulars	**Entity holding more than 20% of the shareholding in the Company**		**Key Management Personnel**	
	2010-11	2009-10	**2010-11**	2009-10
Royalty				
Gulf Oil Mauritius Limited	**810.97**	498.91	**-**	-
Dividend paid				
Gulf Oil Mauritius Limited	**656.29**	619.83	**-**	-
Mr. S. Pramanik	**-**	-	**0.06**	0.06
Directors' Remuneration	**-**	-	**92.19**	79.50
Outstanding balances:				
Payables				
Gulf Oil Mauritius Limited	**811.29**	424.07	**-**	-

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Disclosure as required by accounting standard 19, "leases" notified by the companies (accounting standards) rules, 2006 are given below:

a) Operating Lease:

i) Where the Company is a Lessee:

The Parent Company's significant leasing arrangements are in respect of operating leases for premises (residences, office, storage godowns for finished goods etc.). The leasing arrangements, which are not non-cancellable range generally between 11 months to 5 years and are usually renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Profit and Loss Account.

The Parent Company has taken certain Plant and Machinery under non-cancellable leases

Rupees Lakhs

	As on 31st March, 2011			As on 31st March, 2010		
	Total	**Payments not later than one year**	**Payments later than one year but not later than five years**	Total	Payments not later than one year	Payments later than one year but not later than five years
Total of future minimum payments at the balance sheet date	**1801.47**	**1109.24**	**692.22**	3056.01	1225.53	1830.48

Lease Rent on the aforesaid properties amounting to Rs. 1214.11 lakhs. (Previous year Rs.1229.53 lakhs) has been charged to Profit and Loss Account under rent.

ii) Where the Parent Company is Lessor:

Details in respect of assets given on operating lease:

Rupees Lakhs

	Gross Block		**Accumulated Depreciation as on**		**Depreciation for the Year**	
	31st March 2011	31st March 2010	**31st March 2011**	31st March 2010	**2010-11**	2009-10
Building	**71.09**	71.09	**8.42**	7.14	**1.28**	1.28
Plant & Machinery	**80.32**	80.32	**58.28**	54.46	**3.82**	3.82

The assets given on lease are not non-cancellable and range between 11 months to 5 years generally and are usually renewable by mutual consent, on mutually agreeable terms. The aggregate lease rentals are recognized as income from property in the Profit & Loss account.

Initial direct costs are recognised as an expense in the year in which these are incurred.

b) Hire Purchase:

(i) The Company has taken plant and machinery, motor vehicles under hire purchase arrangements for which the ownership will be transferred to the Company at the end of the hire purchase term.

(ii) Reconciliation between the total of minimum hire purchase payments at the balance sheet date and the present value:

Rupees Lakhs

	31st March, 2011			31st March, 2010		
	Total	**Payments not later than one year**	**Payments later than one year but not later than five years**	Total	Payments not later than one year	Payments later than one year but not later than five years
Total of minimum hire purchase payments at the balance sheet date	**559.24**	**343.89**	**215.35**	477.36	262.67	214.69
Less: Future Finance Charges	**50.96**	**37.72**	**13.24**	47.70	33.66	14.04
Present value of minimum hire purchase payments at the balance sheet date	**508.28**	**306.17**	**202.11**	429.66	229.01	200.65

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. The Honourable Supreme Court vide its order dated 16.11.2007, held that the stock transfers constituted inter sale in respect of 10 years assessment year viz. 1976-77 to 1983-84, 1989-90 & 1990-91 and also directed the authorities to examine the factual aspects and assess tax on the supplies made by the Parent Company to the subsidiaries of Coal India Limited (CIL) as inter state sale.

The Parent Company has filed writ petitions in the High Court of Orissa in August 2009 impleading other State Governments, CIL and its subsidiary Companies seeking directions for issue of C forms and transfer of local sales tax to the State of Orissa. The Parent Company has been directed by the Honourable High Court to approach appropriate forum for redressal.

The Parent Company has been legally advised that as per the settled cases, the Parent Company is entitled for concessional sales tax rates as per Central Sales Tax and interest should be charged from recomputation order. However, necessary provision has been made and is included as Provision – Indirect Taxes and no further liability is expected on this account.

18. (a) In 2008-09 in pursuance of Scheme of Arrangement sanctioned by the Honourable High Court of Andhra Pradesh, the diminution in value of investment in IDL Speciality Chemicals Ltd (IDL SC) amounting to Rs.6398.14 Lakhs and advance given to IDL SC amounting to Rs. 3103.97 Lakhs was adjusted to Revaluation Reserve in the financial statements of the Parent Company. However in the consolidated financial statements for the year 31st March, 2009 the said adjustments were reflected as "Reserve on Consolidation" (refer Schedule 2). In the previous year an amount of Rs. 1966.88 Lakhs has been realized against the aforesaid advance.

On 29th March 2010, the Parent Company sold entire investment in IDL SC. Accordingly Rs. 9502.11 lLakhs has been withdrawn from Reserve on Consolidation. The cost of investment in IDL SC and the advances realized aggregating to Rs. 8365.02 lakhs has been transferred to General Reserve being the excess of net asset value over carrying cost of investment and the unrealized advance amounting to Rs. 1137.09 lakh has been adjusted against advance given to IDL SC (refer Schedule10).

The loss on disposal of investment in IDL SC amounting to Rs. 134.59 lakhs being the difference between the proceeds from disposal of investment in IDL SC and the carrying amount of its assets over liabilities as on date of disposal, has been recognised in the Profit and Loss account and does not include in the amount of Rs. 9502.11 lakhs adjusted to Revaluation Reserve.

(b) Effective 30th November, 2009, IDL Speciality Chemicals Limited, one of the subsidiaries, sold its Active Pharmaceuticals Ingredients (API) business including fixed assets, current assets and current liabilities to Biocon Limited (Biocon) on a going concern, slump sale basis for a consideration of Rs. 2200.00 Lakhs. In terms of the agreement in addition to the aforesaid consideration Biocon would pay the amount realised out of current assets after adjusting for the current liabilities within the agreed period. The Company has incurred a loss of Rs.2047.00 lakhs on selling the API Undertaking.

(c) Disclosures as required under Accounting Standard 24 "Discontinuing Operations" are given as under:

(i) revenue, expenses, pre-tax profit/ (Loss) and Income tax expenses attributable to Continuing and Discontinued Operations :

(Rupees Lakhs)

Particulars	Continuing Operations		Discontinued Operation in respect of IDL SC		Total	
	2011	2010	**2011**	2010	**2011**	2010
Total Income	-	106636.81	-	302.73	-	106939.54
Less: Operating Expenses	-	100679.52	-	1837.36	-	102516.88
Loss on sale of API Undertaking	-	-	-	2047.00	-	2047.00
Pre-tax profit from operating activities	-	5957.29	-	(3581.63)	-	2375.66
Less: Interest expense	-	2542.16	-	83.78	-	2625.94
Profit /(Loss) before Tax	-	3415.13	-	(3665.41)	-	(250.28)
Less : Taxation	-	1009.04	-	562.32	-	1571.36
Profit /(loss) from operating activities	-	2406.09	-	(4227.73)	-	(1821.64)

ii) Cash flow attributable to Discontinued Operations i.e. IDL Specialty Chemicals Limited.

(Rupees Lakhs)

Particulars	Discontinued Operations	
	2011	2010
Cash used in Operating activities	-	(125.81)
Cash from/(used in) Investing Activities	-	2184.19
Cash (used in)/from Financing Activities	-	(1969.97)

CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. Segment information for the year ended 31st March, 2011

(i) Primary Business Segment

Rupees Lakhs

	Explosives		Consult		Speciality Chemicals		Building Products		Lubricating Oils		Others		Property		Unallocated		Eliminations		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
REVENUE																				
External	**29603.41**	28739.14	**12889.74**	19565.12	-	288.90	**37.00**	20.23	**67988.26**	55942.40	**0.48**	31.47	-	-	**2536.98**	2352.28	-	-	**113055.87**	106939.54
Inter-segment							**3.15**		**225.20**	46.65		12.64	-	-			**(228.35)**	(59.29)	-	-
Total Revenue	**29603.41**	28739.14	**12889.74**	19565.12	-	288.90	**40.15**	20.23	**68213.46**	55989.05	**0.48**	44.11	-		**2536.98**	2352.28	**(228.35)**	(59.29)	**113055.87**	106939.54
RESULT														-	-	-	-	-	-	-
Segment result	**1785.35**	2676.51	**(3893.61)**	(1042.07)	-	(3576.07)	**(145.62)**	(182.08)	**7394.51**	3922.54	**(0.11)**	(4.83)	-	-	-	-	-	-	**5140.52**	1794.00
Unallocated Corporate Income net of unallocated Expenses																			**1553.54**	1153.47
Interest Expense																			**(2112.18)**	(2856.97)
Interest Income																			**553.97**	231.03
Dividend Income																			**2.04**	1.42
Profit before Taxation & Exceptional Items																			**5137.89**	322.95
Exceptional Item																			**(1777.10)**	573.23
Net Profit																			**6914.99**	(250.28)
OTHER INFORMATION																				
Segment Assets	**15733.29**	15646.64	**10086.76**	11672.55	-	-	**240.03**	397.23	**31789.27**	25067.48	**26.27**	26.06	**37919.62@**	46840.14	**6261.37**	3666.37	-	-	**102056.61**	103316.47
Segment Liabilities	**11575.38**	9212.86	**3145.62**	3966.19	-	-	**70.23**	82.95	**17899.31**	13688.42	**33.65**	33.61	-	-	**22748.67**	32093.57	-	-	**55472.87**	59077.60
Capital Expenditure	**636.76**	507.49	**15.26**	471.96	-	46.31	-	1.33	**371.71**	196.42	-	-	-	-	**31.48**	11.40	-	-	**1055.21**	1234.91
Depreciation	**291.62**	271.16	**1154.56**	1161.72	-	93.44	**58.15**	58.37	**328.17**	333.28	-	-	-	-	**56.47**	65.32	-	-	**1888.97**	1983.29
Non-cash expenses other than depreciation																			-	-

@ includes Rs.32955.45 Lakhs(31.03.2010 Rs. 41848.95 Lakhs) arising on revaluation of fixed assets (refer note 20 of Schedule 17).

(ii) Information about Secondary Business Segments

Rupees Lakhs

	India		Outside India		Total	
	2011	2010	**2011**	2010	**2011**	2010
Revenue by Geographical market on FOB basis	99902.19	94490.35	13153.68	12449.19	113055.87	106939.54
Inter Segment	-	-	-	-	-	-
Total	**99902.19**	94490.35	**13153.68**	12449.19	**113055.87**	106939.54
Carrying amount of segment assets	93035.44	95933.26	9021.16	7383.21	102056.59	103316.47
Additions to Fixed Assets	1026.03	1205.69	29.18	29.22	1055.21	1234.91

(iii) NOTES:

(a) Business Segment:

The Company has considered business segment as the primary segment for disclosure

Segments have identified and reported taking into account the organisation structure, the nature of products and services, the deferring risks and returns of the segments

The business segments of the Company are (i) Explosives, (ii) Consult dealing in Mining & Infrastructure Contracts (iii) Speciality Chemicals dealing in Bulk Drugs & Pharma, (iv) Building Products (v) Property Development, (vi) Lubricating Oils, (vii) Others

(b) Geographical Segment:

The Geographical segments considered for disclousure are as follows:

- Revenue within India includes sales to customers located within India and earnings in India
- Revenue outside India includes sales to customers located outside India and earnings outside India

SCHEDULES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Income from Property Development

(a) Land meant for property development situated at Bengaluru and Hyderabad had been revalued as at 31st March, 2008, based on a valuation by an approved valuer. The resultant surplus on such revaluation amounting to Rs. 183,896.69 Lakhs had been credited to Revaluation Reserve in the previous years. In view of steep recession in the realty sector, management has reassessed the valuation of the aforesaid properties as on 31st March, 2009 and based on the guidelines issued by the Registration and Stamps Department of Karnataka & Andhra Pradesh, the value of the subject lands has been reassessed and, the resultant surplus on revaluation amounted to Rs. 43799.82 Lakhs. The resultant write down aggregating to Rs. 140096.87 Lakhs has, in accordance with the requirement of Accounting Standard-10 “Accounting for Fixed assets” been debited to Revaluation Reserve in the previous year. During the previous year, the Company has entered into “Agreement to Sell” 4.75 acres of land to IDL Speciality Chemicals Limited. Since the aforesaid parcel of land is no longer meant for Property development, an amount of Rs. 1950.87 Lakhs has been withdrawn from Revaluation Reserve.

(b) Land at Bengaluru meant for Property Development, Cost Rs.3294.41 Lakhs has been transferred to Inventory as approvals necessary for development of land has been obtained. Accordingly, Revaluation Surplus amounting to Rs.8893.50 Lakhs on the aforesaid parcel of land has been withdrawn from Revaluation Reserve.

21. During the year the Parent Company issued on rights basis 2,47,86,245 shares of Rs. 2/- each at Premium of Rs. 30. The utilization of the proceeds from the aforesaid issue is as under: -

Rupees Lakhs

Particulars	As per Letter of Offer	Amount utilized till 31st March 2011
Repayment of Existing Debt	736.50	736.50
Meeting the Long term incremental working capital requirement	5946.37	5946.37
General Corporate purpose *	1123.73	1123.73
Issue Related Expenses	125.00	125.00
TOTAL	**7931.60**	**7931.60**

* Rs. 23.81 Lakhs utilized for Issue Related Expenses

22. In the earlier years the company had availed CENVAT Credit of Rs. 555.52 lakhs in respect of tippers. The availment of such credit was a matter of dispute at Central Excise & Service Tax Appellate Tribunal. During the year based on the notification issued by the Ministry of Finance, Department of Revenue in June 2010, that cenvat on tippers can be availed and utilized prospectively. The Company has capitalized Rs. 555.52 lakhs and accordingly provided depreciation. For ascertaining provision for tax, the Company has not claimed depreciation under the Income Tax Act, 1961 on the aforesaid amount pending settlement of legal dispute.

23. Previous years figures have been regrouped / recast wherever necessary.

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

For and behalf of the Board of Directors

K Rajasekhar
Partner

S. Subramanian
Chief Financial Officer & Company Secretary

S. Pramanik
Managing Director

S. G. Hinduja
Chairman

Place : Hyderabad
Date : May 25, 2011

NATIONAL ELECTRONIC CLEARING SERVICES (NECS) MANDATE FORM

(For Shares held in physical form)

From : Date :

To:
Sathguru Management Consultants Pvt. Ltd.
(Unit : Gulf Oil Corporation Limited)
Plot No. 15, Hindi Nagar, Behind Sai Baba Temple,
Panjagutta, Hyderabad - 500 034.

Dear Sir,

Please fill-in the information in CAPITAL LETTERS in ENGLISH ONLY. Please TICK wherever is appliable.

Folio No.										

I/we ____do hereby authorise you/ Gulf Oil Corporation Limited to -

* Print the following details on my/our Dividend Warrant
*Credit my dividend amount directely to my Bank Account by NECS
(*strike out whichever is not applicable)

Name of First Holder

____

Bank Name

____

Branch Name
(Address with pincode)

____

Bank & Branch Code : (9Digits Code Number appearing on the MICR Band of the Cheque supplied by the Bank. Please attach a Xerox copy of a cheque of your bank duly cancelled for ensuring accuracy of the Bank name, branch name and code number)

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, the Company/Registrar will not be held responsible. I agree to avail NECS facility provided by Reserve Bank of India as and when implemented by the Company

I further undertake to inform the Company / Registrar any changes in Bank/Branch and Account number.

Signature of the first holder

In case your are holding Shares in demat form, please advise your DP to take note of your Bank Account particulars / NECS mandate.

IMPORTANT NOTICE

As you are aware, the Ministry of Corporate Affairs (MCA), Government of India, vide Circular No.17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011 has introduced a 'Green Initiative in the Corporate Governance" by allowing paperless compliances by companies for service of documents to its Members through electronic mode, which will be in compliance with Section 53 of the Companies Act 1956.

Your Company, encourages this Green Initiative of the MCA and proposes to send all documents and communication as required to be sent to its Members, e.g., notices, postal ballots, annual reports, abstracts under Section 302 of the Companies Act, 1956 etc. in electronic mode to your registered email address. Accordingly, we would request you to register your email ID as under:

If you are holding equity shares in the Company in physical form:

Register your email address with the Company at its Registered Office or with its Registrar and Share Transfer Agents, Sathguru Management Consultants Pvt. Ltd., Plot No.15, Hindi Nagar Colony, Behind Saibaba Temple, Punjagutta, Hyderabad-500034, by either of the following means:

- Returning the attached registration form duly filled in and signed, to the RTA by hand delivery/by post/through courier, or
- Returning a scanned copy of the said form duly filled and signed through email to the Company at secretarial@gulfoilcorp.com or to the RTA at sta@sathguru.com

If you are holding equity shares in the Company in electronic form:

Register your email address with your Depository Participant, with a request to intimate the same to the Company and /or the RTA.

We would also request you to intimate change(s), if any, in your email address in future, to enable us to communicate to your new email ID.

We would like to inform you that the document(s) and/or communication(s) to be sent to the Members of the Company in electronic mode, would also be available on the Company's website, www.gulfoilcorp.com, as and when issued. We will also provide a hard copy of the said document(s) and/or communication(s) free of cost, upon receipt of requisition from you for the same.

We look forward to your cooperation in the endeavour of the Company to support the 'Green Initiative in Corporate Governance' undertaken by MCA

(Please fill in, sign, tear the following intimation and forward to the RTA of the Company)

Sathguru Management Consultants Pvt. Ltd.,
(Unit : Gulf Oil Corporation Limited)
Plot No.15, Hindi Nagar,
Behind Saibaba Temple, Punjagutta,
Hyderabad-500034

In view of the **"Green Initiatives in the Corporate Governance"**, introduced by the Ministry of Corporate Affairs (MCA) vide Circular No.17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011:

I/We..son/daughter/wife of Mr..holding..........................equity shares of Gulf Oil Corporation Limited under Folio No./Client ID & DP ID..do hereby agree to receive the documents/ communication required to be sent to me/us, in electronic mode at my/our following email address:

My/our Email address is ....

and my contact telephone number:..

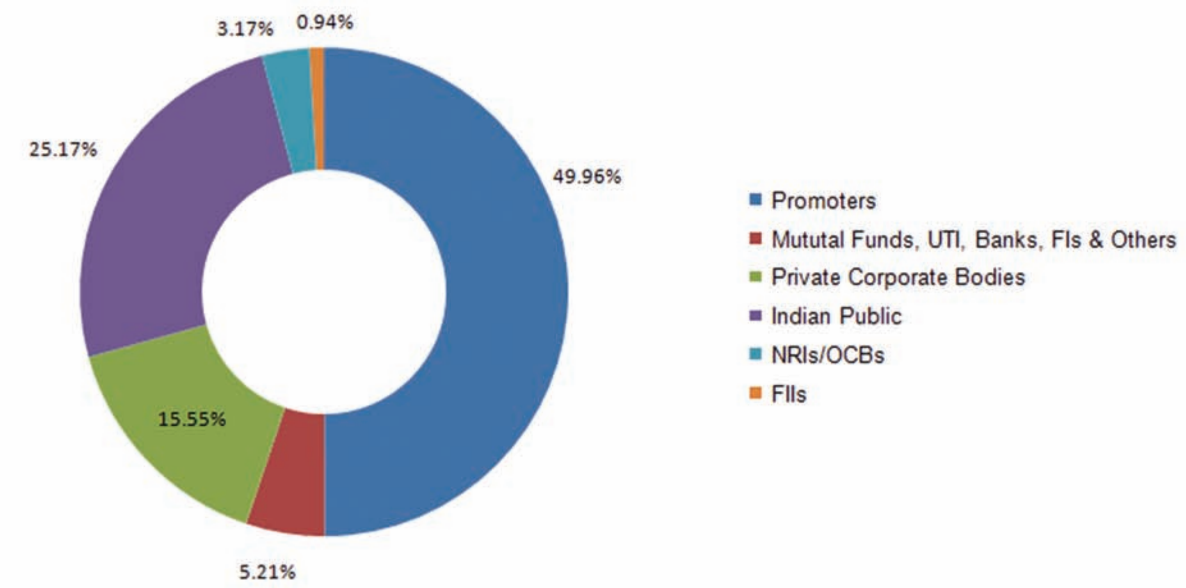
Thanking you,
Yours faithfully

Signature (1st/sole holder)	Signature (2nd holder)	Signature (3rd holder)
Name (in block letters)	Name (in block letters)	Name (in block letters)

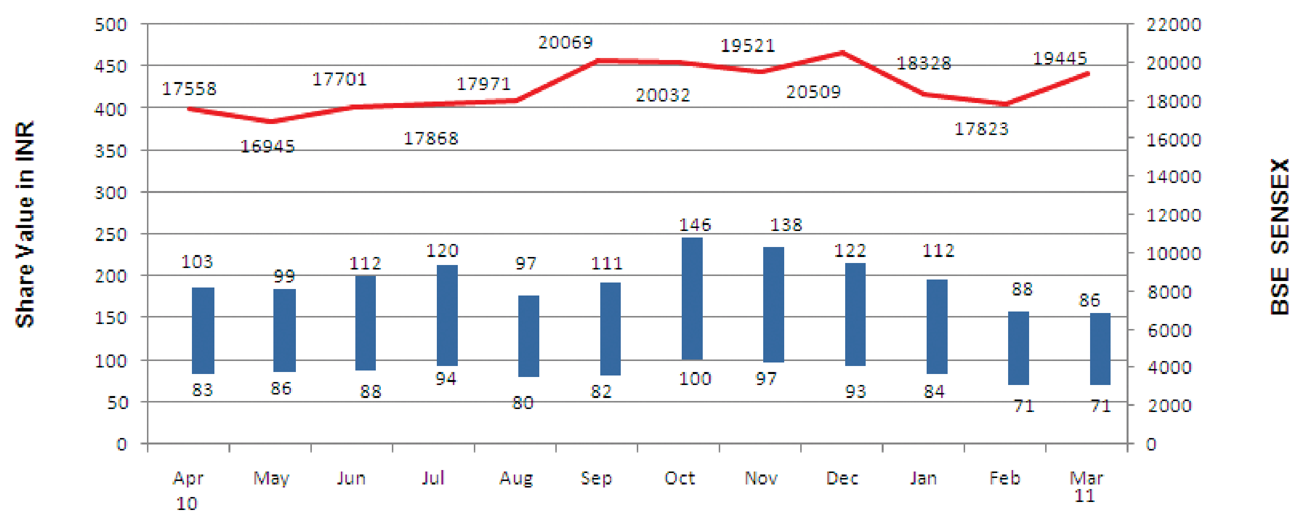
Place:
Date:

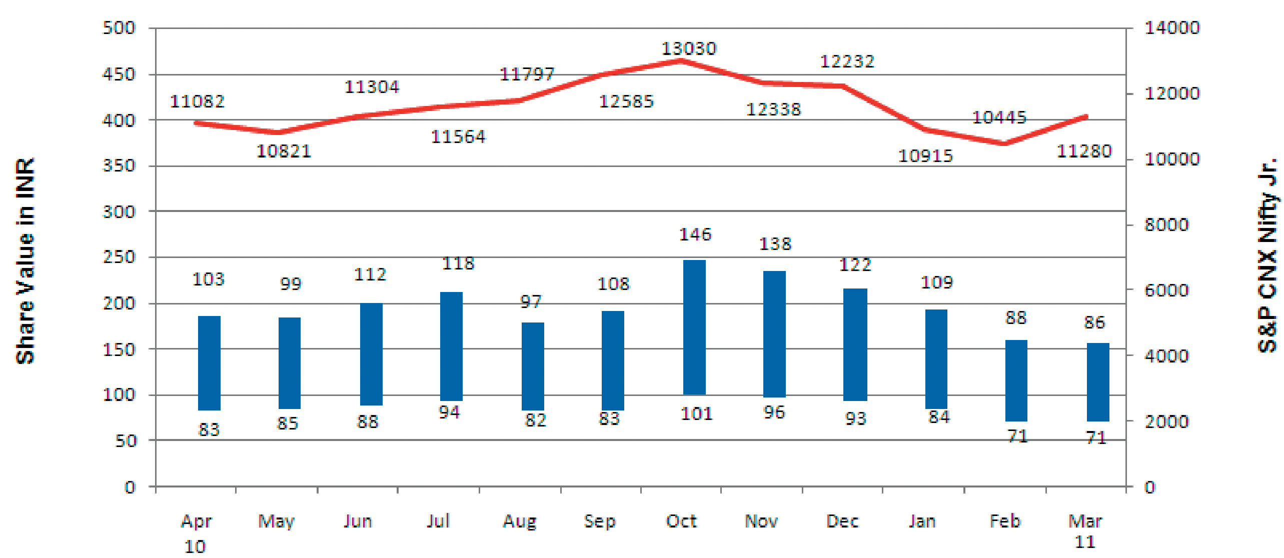
Notes:
1. Not to Scale
2. Boundary representation is not necessarily authoritative
3. Excludes Andaman & Nicobar Islands and Lakshdweep Islands

Shareholding Pattern



Share Price Movement





Gulf Oil Corporation Limited

Regd. Office : Kukatpally, Sanathnagar (IE), PO, Hyderabad - 500 018.

ATTENDANCE SLIP

Folio No. : .... DP ID : .... Client ID : ....

Shareholders Names : Mr./Mrs./ Miss ....

(in Block Letters)

E-mail *: ....

IN CASE OF PROXY

Name of the Proxy: Mr./Mrs./Miss ....

(in Block Letters)

No. of Shares held ....

I Certify that Iam a registered Sharholder/proxy for the registered Shareholder of the Company.

I hereby record my presence at the 50th Annual General Meeting of the Company held at 2.30 P.M. on Friday, the 23rd day of September, 2011

Signature of the Shareholder/Proxy

Notes: 1. Please bring this Attendance slip when coming to the Meeting

2. Please do not bring with you any person who is not a member of the Company.

*For the purpose of updates by the Company, if any,

Gulf Oil Corporation Limited

Regd. Office : Kukatpally, Sanathnagar (IE), PO, Hyderabad - 500 018.

PROXY

I/We..

of..in the district of ....

being a member(s) of Gulf Oil Corporation Limited hereyby appoint ....

of .... in the district of ....or failing him ....of...in

the district of .... as my/our Proxy to vote for me/us on my/our behalf at the Fifieth Annual General Meeting of the Company to be held at 2.30 P.M. on Friday, the 23rd day of September 2011 at Grand Ball Room, Hotel Taj Krishna, Hyderabad - 500034 and at any adjournment thereof.

As witness my/our hand(s), this ....day of 2011

Affix
Revenue
Stamp

Signature of the Shareholder(s)

Folio No. ....

DP ID .... Client ID : ....

Note : Proxies, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company not less than 48 hours before the meeting.

Blank

EVENTS OF THE YEAR


Raytube New Extruder section at Hyderabad


Safety Day celebrations at Hyderabad factory


IMS certification consisting of ISO 14001 (EMS), BS OHSAS 18001 (OHS) & earlier ISO 9001 (QMS) awarded to Explosives Division & Contracts Division at Hyderabad


Safety Day celebrations at Rourkela factory


Interactive workshop on Blasting Efficiency - Mining Cost


Iron Ore Minining at Langalota, Orissa


Box culvert on Utkal Alumina India Ltd Tikri Project, Orissa


Mining related Infrastructure Project at Utkal Alumina India Ltd,Tikri, Orissa


Mining activity at Uranium Corporation India Ltd near Jamshedpur


Company supported IDEAL Primary School, Annual Function at Sonaparbat, Rourkela


Children from Orphanges in Gulf Foster a Child car drive at Mumbai


Coal mining at Northern Coal fields, Nigahi

LUBRICANTS

INDUSTRIAL EXPLOSIVES

MINING & INFRASTRUCTURE

PROPERTY DEVELOPMENT

Gulf Oil Corporation Limited
Registered & Corporate Office
Kukatpally, Post Bag No. 1
Sanathnagar (IE) P.O.
Hyderabad 500018

www.gulfoilcorp.com

Manufacturing Facilities
Hyderabad | Silvassa

Regional Offices
Bangalore | Delhi | Hyderabad
Kolkata | Lucknow | Mumbai

Mining / Infra Sites
Barbil, Orissa | Rayagada, Orissa
Patmunda (Koira), Orissa
Sirpur Kagaznagar, Andhra Pradesh
Banduhurang, Jharkhand