ANNUAL REPORT 2002-2003

Leadership through partnerships

Indian Oil Corporation Limited

At IndianOil, India's largest corporate, every customer, every shareholder, every employee and every stakeholder is a partner. It is a partnership that endures across geographical boundaries and cultural divides. And like most fruitful partnerships, we learn from each other, gain from each other's experiences and share our growth, prosperity and success. And as we grow together, every day we build a new partnership along the way in our continuous quest for global leadership.

Indian Oil Corporation Limited

Regd. Office: IndianOil Bhavan,
G-9, Ali Yavar Jung Marg, Bandra(East),Mumbai-400 051

NOTICE

NOTICE is hereby given that the **44th Annual General Meeting** of the Members of **INDIAN OIL CORPORATION LIMITED** will be held at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai-400 018 on **Monday, the 29th September 2003** at **1100 hrs** to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2003 and the Balance Sheet as on that date together with Reports of the Directors and the Auditors.

2. To declare final dividend.

3. To appoint a Director in place of Prof. S.K.Barua, who retires by rotation and being eligible, offers himself for reappointment.

4. To appoint a Director in place of Shri Vineet Nayyar, who retires by rotation and being eligible, offers himself for reappointment.

5. To appoint a Director in place of Shri P.Sugavanam, who retires by rotation and being eligible, offers himself for reappointment

6. To appoint a Director in place of Shri A.M.Uplenchwar, who retires by rotation and being eligible, offers himself for reappointment.

7. To appoint a Director in place of Shri P.K.Agarwal, who retires by rotation and being eligible, offers himself for reappointment.

B. SPECIAL BUSINESS

8. **Appointment of Shri N.K.Nayyar as a Director of the Corporation**

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

   "RESOLVED THAT Shri N.K.Nayyar, who was appointed as an Additional Director by the Board of Directors effective 10th October 2002, and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

9. **Appointment of Shri M.S.Srinivasan as a Director of the Corporation**

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

   "RESOLVED THAT Shri M.S.Srinivasan, who was appointed as an Additional Director by the Board of Directors effective 20th December 2002 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

10. **Appointment of Shri N.R.Raje as a Director of the Corporation**

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

"**RESOLVED THAT** Shri N.R.Raje, who was appointed as an Additional Director by the Board of Directors effective 1st January 2003, and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

11. **Appointment of Shri Jaspal Singh as a Director of the Corporation**

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

"**RESOLVED THAT** Shri Jaspal Singh, who was appointed as an Additional Director by the Board of Directors effective 1st April 2003, and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

12. **Appointment of Shri Prabh Das as a Director of the Corporation**

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

"**RESOLVED THAT** Shri Prabh Das, who was appointed as an Additional Director by the Board of Directors effective 24th April 2003 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

IndianOil

13. **Appointment of Shri V.Ranganathan as a Director of the Corporation**

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

"**RESOLVED THAT** Shri V.Ranganathan, who was appointed as an Additional Director by the Board of Directors effective 28th August, 2003 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

14. **Appointment of Shri V.K.Agarwal as a Director of the Corporation**

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

"**RESOLVED THAT** Shri V.K.Agarwal, who was appointed as an Additional Director by the Board of Directors effective 28th August 2003 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

15. **Appointment of Shri P.M.Sinha as a Director of the Corporation**

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

"**RESOLVED THAT** Shri P.M.Sinha, who was appointed as an Additional Director by the Board of Directors effective 28th August 2003 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

16. Delisting of IndianOil Shares from Delhi, Calcutta and Madras Stock Exchanges

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

"**RESOLVED THAT** subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted hereinafter), Securities Contracts (Regulations) Act, and the Rules framed thereunder, SEBI (Delisting of Securities) Guidelines 2003, Listing Agreements and all other applicable laws, rules, regulations and guidelines and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, the approval of the shareholders be and is hereby accorded to delist the equity shares of the Company from the Delhi Stock Exchange Association Ltd., The Calcutta Stock Exchange Association Ltd. and Madras Stock Exchange Ltd."

Registered Office:

IndianOil Bhavan,
G-9, Ali Yavar Jung Marg,
Bandra (East),
Mumbai-400 051

By Order of the Board of Directors

RNay

(R. NARAYANAN)
Company Secretary

28th August 2003

NOTES

(a) Explanatory Statement prepared in pursuance of Section 173 of the Companies Act, 1956 in respect of Special Business is annexed.

(b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

(d) Members/Proxies should bring the attendance slip duly signed for attending the meeting. Members who hold shares in demateralised form are requested to bring their Client ID No. and DP ID No. for easy identification of attendance at the meeting.

(e) All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days except Saturdays & Holidays between 1030 hours to 1230 hours upto the date of Annual General Meeting.

(f) The register of Members and Share Transfer Books of the Company will remain closed from Monday, the 22nd September 2003 to Monday, the 29th September 2003 (both days inclusive) for the purpose of ascertaining the eligibility for payment of final dividend.

(g) The final dividend payable on Equity Shares, if approved by the members, will be paid to those members whose names appear on the Company's Register of members and as per beneficial owners position received from NSDL & CDSL as at the close of 21st September 2003.

IndianOil

(h) Pursuant to the provisions of section 205(A) of the Companies Act, 1956, dividend for the financial year 31st March 1996 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. **The Shareholders who have not encashed the dividend warrant so far for the financial year 1995-96 to 2001-2002 are requested to make their claims to the Registrar & Transfer Agent, M/s. Karvy Consultants Ltd., Hyderabad or at the registered office of the Company. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.**

(i) Members are requested to bring their copy of the Annual Report to the Meeting.

(j) Members are requested to advise about any change of address/Bank Account Number:-

- to the Company's Registrar in respect of their physical share folios and
- to their Depository Participants (DPs) in respect of their electronic Demat Accounts as the Company is obliged to print the Bank details on the dividend warrant as furnished by NSDL / CDSL.

(k) The shares of IndianOil are compulsorily traded in dematerialised form and therefore, the shareholders are requested to dematerialise their shares to facilitate trading in IndianOil shares.

(l) As per the provisions of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Nomination form can be obtained from the registered office of the Company or from its Registrar & Transfer Agent, M/s.Karvy Consultants Ltd.

Pursuant to the requirements of Corporate Governance, a brief resume of Directors, who are retiring and are eligible for reappointment, is given below:

Item Nos. 3 to 7

(3) Prof. S.K.Barua, aged 52 years, is an M.Tech in Industrial Engineering and Operations Research and also a Doctorate in Management. He joined the faculty in the Indian Institute of Management, Ahmedabad in 1980. His specific areas of interest include Capital Market, International Finance, Operations Research, Decision Support Systems, Management Information & Control System and Corporate Financial Management. He is a visiting professor to academic institutions in the USA, Netherlands, Singapore & Cyprus. He has authored a number of books and case studies in Management. He is a consultant to many public and private organisations in the manufacturing, banking and financial services sectors. He has handled various assignments as an advisor to the Reserve Bank of India, FICCI and the Mumbai and National Stock Exchanges.

Details of other Directorships:

Name of the Company	Position held
S.T.C.I.	Director
SBI Mutual Fund	Member, Board of Trustees
B.S.E.	Member, Governing Board

Membership/Chairmanship in the Committees of other Companies:

Name of the Committee	Position held
Audit Committee of S.T.C.I.	Member
Audit Committee of SBI Mutual Fund	Member

(4) Shri Vineet Nayyar, aged 65 years, is currently Director and Vice Chairman, HCL Technologies Ltd. In a career spanning 40 years, he has handled an array of vastly different and critical assignments. As a Member of the Indian Administrative Service (IAS), he has served the Government of India in various capacities. He has also served in the World Bank dealing with Oil & Gas, Energy operations, etc. and was also Chairman & Managing Director of Gas Authority of India Limited (GAIL).

Details of other Directorships:

Name of the Company	Position held
HCL Technologies Limited, India	Director & Vice Chairman
HCL Technologies (Bermuda) Limited, Bermuda	Director
HCL Perot Systems N.V., The Netherlands	Director & CEO
HPS America Inc., Delaware, USA	Director
HPS Europe Limited, England	Director
HCL Perot Systems, GmbH, Switzerland	Director
HCL Global Systems (Malaysia) SDN.BHD	Director
HCL Perot Systems Limited, India	Director
HPS Global Systems (Bermuda) Limited	Director
HPS Global Systems Pte.Ltd., Singapore	Director
HPS Global Systems (Germany) GmbH	Director
Aircom HPS Wireless Services Pvt.Ltd.	Director

Membership/Chairmanship in the Committees of other Companies: NIL

(5) Shri P.Sugavanam, Director (Finance), aged 58 years, is a Chartered Accountant. During his three decade service in IndianOil, he has handled the Finance function in different capacities, including Head of Finance in the Pipelines, Refineries and Marketing Divisions. Shri Sugavanam has participated in several professional training programmes and seminars in India and abroad. He combines his deep knowledge of the core finance function with an innovative and holistic approach that has enthused fresh life into the finance stream of IndianOil. Recognising his expertise, the Government of India also appointed him as the Member of the Expert Technical Group for review of Pipelines and Marketing infrastructure.

Details of other Directorships:

Name of the Company	**Position held**
Petronet CI Limited	Chairman
Indian Oiltanking Limited	Director
Lubrizol India Pvt.Ltd.	Director
IndianOil TCG Petrochem Limited	Director

Membership/Chairmanship in the Committees of other Companies : NIL

(6) Shri A.M.Uplenchwar, Director (Pipelines), aged 56 years, is a Mechanical Engineer and also holds a First Class Marine Engineer Certificate issued by the Ministry of Transport. He has over 25 years of experience in IndianOil during which he has handled various functions in different capacities in the Pipelines Division, including a two year tenure in the Research & Development Centre of the Corporation. Prior to joining IndianOil, Shri Uplenchwar had experience of the Shipping Industry for about 11 years.

Details of other Directorships:

Name of the Company	**Position held**
Petronet CCK Limited	Chairman
Petronet India Limited	Director
Petronet VK Limited	Chairman
Indian Oiltanking Limited	Director

Membership/Chairmanship in the Committees of other companies: Nil

(7) Shri P.K.Agarwal, Director (Marketing), aged 58 years, is a Mechanical Engineer from the University of Roorkee and an MBA from IMI. He has also studied Industrial and Production Engineering at IIT, Delhi. Prior to his elevation as Director(M), Shri Agarwal was Executive Director of Oil Coordination Committee (OCC) under the Ministry of Petroleum & Natural Gas and was involved in preparation of the blue print for dismantling of the APM in the Oil Industry. Shri Agarwal has over three decades of rich and varied experience in the Oil Industry covering areas of Marketing Operations, Sales, Lubes-Marketing, Planning, Corporate Finance, etc. Shri Agarwal has participated in several national and international conferences.

Details of other Directorships:

Name of the Company	**Position held**
Indian Oiltanking Limited	Director
IndianOil Petronas Pvt. Limited	Chairman
IndianOil Mauritius Limited	Chairman
IBP Co. Limited	Director

Membership/Chairmanship in the Committees of other companies: Nil

EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 173 OF THE COMPANIES ACT, 1956

Item No. 8

Shri N.K.Nayyar, Director (Planning & Business Development), was appointed as an Additional Director on 10th October, 2002 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri N.K.Nayyar, aged 51 years, is a Chartered Accountant and is an alumnus of the Indian Institute of Management, Ahmedabad and has also completed Advanced Financial Management Programme in Oil & Gas from the University of Texas, Dallas, USA. In a career spanning 28 years in IndianOil, he has handled assignments in Finance, Treasury and International Trade. Prior to his elevation as Director (Planning & Business Development), Shri Nayyar was Executive Director (International Trade & Treasury) and was responsible for planning and monitoring crude oil imports for the Indian public sector refineries, besides overseeing Foreign Exchange Management plan for oil imports. Mr. Nayyar has travelled widely both in India and abroad and has participated in several National and International conferences.

Details of other Directorships:

Name of the Company	**Position held**
IndianOil Panipat Power Consortium Limited	Chairman
Lanka IOC Pvt. Limited	Chairman
Petronet LNG Limited	Director
IBP Co. Limited	Director
Oil & Natural Gas Corporation Limited	Director

Membership/Chairmanship in the Committees of other companies:

Name of the Committee	**Position held**
Audit Committee of IBP Co. Limited	Member

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri N.K.Nayyar as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri N.K.Nayyar is interested or concerned in the resolution.

Item No.9

Shri M.S.Srinivasan was appointed as an Additional Director on 20th December 2002 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri Srinivasan, aged 55 years, is a Nominee Director of the Government of India. He is a B.Tech and MPA (Harvard University). Shri Srinivasan is an IAS officer of 1971 batch from Tamil Nadu and has handled various positions in the State, including Secretary to Government in the Department of Industries, Tamil Nadu. He has also worked as Joint Secretary in the Ministry of Urban Development and Ministry of Commerce and Industry, Department of Industrial Policy & Promotion, Government of India, before joining as Additional Secretary in the Ministry of Petroleum & Natural Gas.

Details of other Directorships:

Name of the Company	**Position held**
Hindustan Petroleum Corporation Limited	Director
Bharat Petroleum Corporation Limited	Director
Membership/Chairmanship in the Committees of other companies:	Nil

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri M.S.Srinivasan as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri M.S.Srinivasan is interested or concerned in the resolution.

Item No. 10

Shri N.R.Raje, Director (Research & Development), was appointed as an Additional Director on 1st January 2003 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri Raje, aged 58, is a Graduate in Mechanical Engineering from the University of Mumbai and Post Graduate in Mechanical Engineering from the University of Leeds, U.K. Prior to his joining IndianOil in the year 1972, he worked with British Petroleum in the Research & Development Centre at U.K. He has over three decades of rich and varied experience in the field of lubricants, fuel quality and emissions. Presently, Shri Raje possesses unique expertise in the field of vehicular emissions, evolution of standards and the adoption of new environment friendly and cost effective formulations for fuels and lubricants. He has published over 50 research papers in journals of international repute and has14 patents to his credit. He is a member of the Society of Automotive Engineers, USA.

Shri N.R.Raje is not a Director in any other Company and does not hold Membership / Chairmanship in the Committees of any other Company.

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri N.R.Raje as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri N.R.Raje is interested or concerned in the resolution.

Item No. 11

IndianOil

Shri Jaspal Singh, Director (Refineries), was appointed as an Additional Director effective 1st April 2003 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri Jaspal Singh, aged 57 years, is a graduate in Chemical Engineering from IIT, Delhi and has over 33 years of rich and varied experience in refinery operations, technical services and projects. Shri Jaspal Singh played a key role in the development and implementation of plans for modernisation of various IndianOil refineries. Prior to his elevation as Director(R), Shri Jaspal Singh was Executive Director of Panipat Refinery and was responsible for ensuring major improvements in the operations of the refinery. Shri Jaspal Singh has participated and chaired several international conferences in India and abroad.

Details of other Directorships:

Name of the Company	**Position held**
Chennai Petroleum Corporation Limited	Director
Membership/Chairmanship in the Committees of other companies:	Nil

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri Jaspal Singh as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri Jaspal Singh is interested or concerned in the resolution.

Item No. 12

Shri Prabh Das was appointed as an Additional Director effective 24th April 2003 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri Prabh Das, Director, aged 46 years, is a nominee Director of the Government of India. Shri Prabh Das is a B.Tech (Hons), IIT, Kharagpur and has done his MBA from Southern Cross University, Australia. Shri Prabh Das is an IAS officer of 1981 batch from West Bengal cadre and has held various positions in the State Government, including Special Secretary (Transport), Government of West Bengal and CEO, Calcutta Metropolitan Development Authority before joining as Joint Secretary, Ministry of Petroleum & Natural Gas.

Details of other Directorships:

Name of the Company	**Position held**
Chennai Petroleum Corporation Limited	Director
IBP Co. Limited	Director
Engineers India Limited	Director

Membership/Chairmanship in the Committees of other companies:

Name of the Committee	**Position held**
Audit Committee of IBP Co. Limited	Chairman
Shareholders'/Investors Grievance Committee of EIL	Chairman

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri Prabh Das as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri Prabh Das is interested or concerned in the resolution.

Item No. 13

Shri V.Ranganathan was appointed as an Additional Director effective 28th August 2003 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri Ranganathan, Director, aged 61 years, is a Part-time Non-Official Director. Shri Ranganathan, IAS from Maharashtra cadre has handled various critical assignments in the State, including Commissioner of Municipal Corporation of Greater Mumbai and Chief Secretary to Government of Maharashtra. He has also worked as Joint Secretary to Government of India, Department of Atomic Energy and was also Managing Director of Maharashtra State Seeds Corporation Ltd.

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri V.Ranganathan as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri V.Ranganathan is interested or concerned in the resolution.

Item No. 14

Shri V.K.Agarwal was appointed as an Additional Director effective 28th August 2003 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri Agarwal, Director, aged 63 years is a Part-time Non-Official Director. He is a B.Sc. (Engg.) with Honours - Civil Engineering and a University Gold Medalist. Shri Agarwal retired as Chairman, Railway Board & Ex-Officio Principal Secretary, Government of India and has held senior positions in Railways from time to time, including Chairman of Konkan Railway Corporation and Chairman of Mumbai Rail Vikas Corporation. Shri Agarwal is a Member of reputed professional bodies and associations and has also published a number of reports and papers from time to time on issues connected with Railways.

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri V.K.Agarwal as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri V.K.Agarwal is interested or concerned in the resolution.

Item No. 15

Shri P.M.Sinha was appointed as an Additional Director effective 28th August 2003 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds the office upto the date of this Annual General Meeting.

Shri P.M.Sinha, Director, aged 63 years, is a Part-time Non-Official Director. He is an alumnus of Sloan School of Management, MIT, Boston, USA. Shri Sinha has rich and varied experience in Sales and Marketing functions and has held senior positions in Hindustan Lever Ltd., Lintas India and Brooke Bond India Ltd.

Shri Sinha has also been the President of PepsiCo Beverage International, South Asia Chairman, PepsiCo India Holdings and President of Pepsi Foods Ltd. He was the Chairman of Reckitt and Coleman India Ltd. and is currently on the Board of ICICI Bank, Wipro Ltd., Lafarge India Ltd. and Quadra Advisory Pvt.Ltd.

Shri Sinha is also on the Steering Committee and the Executive Committee of the Federation of Indian Chambers of Commerce and Industry (FICCI).

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri P.M. Sinha as a candidate for the office of the Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri P.M. Sinha is interested or concerned in the resolution.

Item No. 16

Presently, the shares of the Company are listed on the Stock Exchanges of Mumbai, Delhi, Calcutta, Madras and National Stock Exchange. It has been observed that there is almost nil trading of the Company's shares on Delhi, Calcutta and Madras Stock Exchanges. However, the Company is required to pay listing fees every year. Pursuant to the development of extensive networking by the Stock Exchange of Mumbai and National Stock Exchange by setting up terminalling facilities across the country, the bulk of trading in equity shares of the Company is taking place through these facilities. Keeping in view almost nil trading of the Company's shares on the Stock Exchange of Delhi, Calcutta and Madras and with the objective of reducing the cost incurred in paying the listing fees, it is proposed to delist the IndianOil shares from the aforesaid three Stock Exchanges.

The shares of the Company would continue to be listed on the Stock Exchange of Mumbai (Regional Stock Exchange of the Company) and on the National Stock Exchange, which would enable investors all over the country to trade in the shares of the Company.

As per the SEBI (Delisting of Securities) Guidelines, 2003, a Company may delist from Stock Exchanges on a voluntary basis, if the shares are continued to be listed on the Stock Exchange having nationwide trading terminal like Stock Exchange of Mumbai and National Stock Exchange. For the purpose of voluntary delisting, the Company is required to obtain the approval of the shareholders of the Company by Special Resolution.

The Directors, therefore, recommend the Special Resolution. None of the Directors of the Company are interested or concerned in the resolution.

Registered Office:

IndianOil Bhavan,
G-9, Ali Yavar Jung Marg,
Bandra (East),
Mumbai-400 051

28th August, 2003

By Order of the Board of Directors

(R. NARAYANAN)
Company Secretary

Indian Oil Corporation Limited

Regd Office: IndianOil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai - 400 051

ATTENDANCE CARD

Regd. Folio/Client ID No.	
No. of Shares held	

I/We hereby record my/our presence at the **44th Annual General Meeting** of the Company held on Monday, the 29th September 2003 at 1100 hrs. at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai – 400 018.

Name of the Shareholder
(In Block Letters) ______________________________

Signature of the
Shareholder ______________________________

Name of the Proxy
(In Block Letters) ______________________________

Signature of the Proxy

NOTES

1. You are requested to sign and hand this over at the entrance.
2. If you are attending the meeting in person or by proxy, your copy of the Annual Report may please be brought by you/your proxy for reference at the meeting.

TEAR HERE

Indian Oil Corporation Limited

Regd Office: IndianOil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai - 400 051

Regd. Folio / Client ID No.	
No. of Shares held	

FORM OF PROXY

I/We .... of ....in the district of ....being a member/members of the abovenamed Company hereby appoint......................... of .... in the district of ....as my/our proxy to vote for me/us on my/our behalf at the **44th Annual General Meeting** of the Company to be held on 29th September 2003 and at any adjournment thereof.

Please Affix Re.1 Revenue Stamp

Signed this .... day of .... 2003.

Signature

NOTE: This Proxy Form duly filled in must be deposited at the Registered Office of the Company at IndianOil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai-400 051 not less than 48 hours before the time for holding the meeting.

Contents

Indian Oil Corporation Limited

Registered Office: IndianOil Bhavan,
G-9, Ali Yavar Jung Marg,
Bandra (East), Mumbai - 400 051

44th Annual Report

In this Report one lakh corresponds to 0.1 million and one crore to ten million.

Indian Oil Corporation Limited

Indian Oil Corporation Limited (IndianOil) is the country's largest commercial enterprise, with a sales turnover of Rs. 1,19,848 crore (US $ 25.22 billion) and profits of Rs. 6,115 crore (US $ 1,287 million) for fiscal 2002.

IndianOil is India's sole representative in *Fortune*'s prestigious listing of the world's 500 largest corporations, ranked 191 for the year 2003 based on fiscal 2002 performance. It is also the 17th largest petroleum company in the world. IndianOil has been adjudged Second in petroleum trading among the 15 national oil companies in the Asia-Pacific region, and is ranked *325th* in the latest *Forbes'* "Global 500" listing of the largest public companies.

India's Flagship National Oil Company

Beginning in 1959 as Indian Oil Company Ltd., Indian Oil Corporation Ltd. was formed in 1964 with merger of Indian Refineries Ltd. (Estd. 1958).

As India's flagship national oil company, IndianOil accounts for 56% petroleum products market share, 42% national refining capacity and 67% downstream pipeline throughput capacity.

IndianOil

IndianOil controls 10 of India's 18 refineries with a current combined rated capacity of 49.30 million metric tonnes per annum (MMTPA) or 990 thousand barrels per day (bpd). These include subsidiaries Chennai Petroleum Corporation Ltd and Bongaigaon Petroleum Corporation Limited. It owns and operates the country's largest network of cross-country crude oil and product pipelines of 7,170 km, with a combined capacity of 52.75 MMTPA.

IndianOil's countrywide network of about 21,000 sales points is backed for supplies by its extensive, well spread out marketing infrastructure comprising 169 bulk storage terminals, installations and depots, 93 aviation fuel stations and 79 LPG bottling plants. Its subsidiary, IBP Co. Ltd, is a stand-alone marketing company with a nationwide retail network of over 2,000 sales points.

IndianOil reaches Indane cooking gas to the doorsteps of 35 million households in over 2,000 markets through the country's largest network of over 4,100 distributors. The country's leading *SERVO* brand lubricants from IndianOil, with over 42% market share and 450 grades, are sold through 8,000 retail outlets, besides a countrywide network of *bazaar* traders.

IndianOil's ISO:9002 certified Aviation Service, with 68% market share, meets the fuel and lubricants needs of domestic and international flag carriers, Defence Services and private aircraft operators.

To maintain strategic edge in the market place, IndianOil has planned investments to the tune of Rs. 24,400 crore during the X Plan period (2002-07), mainly in refining and pipeline capacity expansions, product quality upgradation, retail operations and diversification projects.

IndianOil is an "academy" company with a score of full-fledged training centers across the country building competency, confidence and capability to face the challenges of the market place. Among these, the IndianOil Institute of Petroleum Management at Gurgaon, the IndianOil Management Centre for Learning at Mumbai, and the IndianOil Management Academy at Haldia have emerged as world-class training and management academies.

R&D

IndianOil's world-class R&D Centre has won recognition for its pioneering work in lubricants formulation, refinery processes, pipeline transportation and bio-fuels. It has developed over 2,100 formulations of *SERVO* brand lubricants and greases for virtually all conceivable applications – automotive, railroad, industrial and marine – meeting stringent international standards and bearing the stamp of approval of all major original equipment manufacturers. The Centre has to its credit over 90 national and international patents. The Centre has recently incorporated a subsidiary company for commercialising its innovations and technologies.

Expanding Horizons

IndianOil is metamorphosing from a pure sectoral company with dominance in downstream in India to a vertically integrated, transnational energy behemoth. The Corporation is making investments in E&P and import/marketing ventures for oil and gas in India and abroad, and is implementing a master plan to emerge as a major player in petrochemicals by integrating its core refining business with petrochemical activities.

Besides this, IndianOil is strengthening its existing overseas marketing ventures and simultaneously scouting new opportunities for marketing and export of petroleum products in foreign markets. Two wholly-owned subsidiaries are already operational in Sri Lanka and Mauritius, and regional offices at Dubai and Kuala Lumpur are coordinating expansion of business activities in Middle East and South East Asia regions.

The Corporation has launched eleven joint ventures in partnership with some of the most respected corporates from India and abroad – Lubrizol, Nyco SA, Elf, Petronas, Oiltanking GmbH, Marubeni, Mitsubishi, to name a few. *SERVO* lubricants are being exported to Dubai, Nepal, Bhutan, Kuwait, Malaysia, Bahrain, Indonesia, Sri Lanka, Kyrgyzstan, Mauritius, Bangladesh, etc.

IndianOil has been lending its expertise for nearly two decades to various countries in several areas of refining, marketing, transportation, training and research & development. These include Sri Lanka, Kuwait, Bahrain, Iraq, Abu Dhabi, Tanzania, Ethiopia, Algeria, Nigeria, Nepal, Bhutan, Maldives, Malaysia and Zambia.

IndianOil's sincere commitment to Quality, Safety, Health and Environment is reflected in the series of national and international certifications and awards (current ones listed separately) earned over the years.

The 17th largest petroleum company in the world, IndianOil, is well on its way to becoming an integrated, transnational Energy Corporate.

IndianOil. Bringing Energy to Life.

इंडियनऑयल

IndianOil

VISION

A major, diversified, transnational, integrated energy company, with national leadership and a strong environment conscience, playing a national role in oil security & public distribution.

MISSION

- To achieve international standards of excellence in all aspects of energy and diversified business with focus on customer delight through value of products and services, and cost reduction.
- To maximise creation of wealth, value and satisfaction for the stakeholders.
- To attain leadership in developing, adopting and assimilating state-of-the-art technology for competitive advantage.
- To provide technology and services through sustained Research and Development.
- To foster a culture of participation and innovation for employee growth and contribution.
- To cultivate high standards of business ethics and Total Quality Management for a strong corporate identity and brand equity.
- To help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment conscience.

Objectives and Obligations

Objectives

To serve the national interests in the oil and related sectors in accordance and consistent with Government policies.

To ensure and maintain continuous and smooth supplies of petroleum products by way of crude refining, transportation and marketing activities and to provide appropriate assistance to the consumer to conserve and use petroleum products efficiently.

To earn a reasonable rate of interest on investment.

To work towards the achievement of self-sufficiency in the field of oil refining by setting up adequate capacity and to build up expertise in laying of crude and petroleum product pipelines.

To create a strong research and development base in the field of oil refining and stimulate the development of new product formulations with a view to minimise/eliminate their imports and to have next generation products.

To maximise utilisation of the existing facilities in order to improve efficiency and increase productivity.

To optimise utilisation of its refining capacity and maximise distillate yield from refining of crude to minimise foreign exchange outgo.

To minimise fuel consumption in refineries and stock losses in marketing operations to effect energy conservation.

To further enhance distribution network for providing assured service to customers throughout the country through expansion of reseller network as per Marketing Plan/Government approval.

To avail of all viable opportunities, both national and global, arising out of the liberalisation policies being pursued by the Government of India.

To achieve higher growth through integration, mergers, acquisitions and diversification by harnessing new business opportunities like petrochemicals, power, lube business, consultancy abroad and exploration & production.

Obligations

Towards customers and dealers

To provide prompt, courteous and efficient service and quality products at fair and reasonable prices.

Towards suppliers

To ensure prompt dealings with integrity, impartiality and courtesy and promote ancillary industries.

Towards employees

Develop their capability and advancement through appropriate training and career planning.

Expeditious redressal of grievances

Fair dealings with recognised representatives of employees in pursuance of healthy trade union practice and sound personnel policies.

Towards community

To develop techno-economically viable and environment-friendly products for the benefit of the people.

To encourage progressive indigenous manufacture of products and materials so as to substitute imports.

To ensure safety in operations and highest standards of environment protection in its manufacturing plants and townships by taking suitable and effective measures.

Towards Defence Services

To maintain adequate supplies to Defence Services during normal and emergency situations as per their requirement at different locations.

Financial Objectives

To ensure adequate return on the capital employed and maintain a reasonable annual Dividend on its equity capital.

To ensure maximum economy in expenditure.

To manage and operate the facilities in an efficient manner so as to generate adequate internal resources to meet revenue cost and requirements for project investment, without budgetary support.

To develop long-term corporate plans to provide for adequate growth of the activities of the Corporation.

To endeavour to reduce the cost of production of petroleum products by means of systematic cost control measures.

To endeavour to complete all planned projects within the stipulated time and cost estimates.

Board of Directors

Shri M.S. Ramachandran	Chairman
Shri P. Sugavanam	Director (Finance)
Shri A.K. Arora	Director (Refineries) (up to 31.03.2003)
Shri Jaspal Singh	Director (Refineries) (w.e.f. 01.04.2003)
Shri A.M. Uplenchwar	Director (Pipelines)
Shri P.K. Agarwal	Director (Marketing)
Shri A.K. Mitra	Director (Human Resources)
Dr. A.K. Bhatnagar	Director (R&D) (up to 31.12.2002)
Shri N.R. Raje	Director (R&D) (w.e.f. 01.01.2003)
Shri N.K. Nayyar	Director (Planning & Business Development) (w.e.f.10.10.2002)
Shri Naresh Narad	Director (up to 11.11.2002)
Shri M.S. Srinivasan	Director (w.e.f. 20.12.2002)
Shri Shivraj Singh	Director (up to 14.03.2003)
Shri Prabh Das	Director (w.e.f. 24.04.2003)
Dr. Surajit Mitra	Director
Dr. R.K. Pachauri	Director
Shri M. Kalyanasundaram	Director
Prof. S.K. Barua	Director
Shri Vineet Nayyar	Director
Shri L. Sabaretnam	Director
Shri R.S. Sharma	Director
Shri R. Narayanan	Company Secretary

Principal Executives

S/Shri

Anjan Ghosh, IPS	Advisor (Security)
Shankar Aggarwal, IAS	Chief Vigilance Officer
M B L Agarwal	Executive Director (Internal Audit), Corporate Office
J K Verma	Executive Director (Projects), Refineries HQ
P K Biswas	Executive Director, Haldia Refinery
P S Govindarajan	Executive Director, (IndianOil Institute of Petroleum Management)
Sobhan Ghosh (Dr.)	Executive Director (Refining Technology), R&D Centre
Rajendra Prasad	Executive Director (Safety, Health & Env.), Corporate Office
K M Bansal	Executive Director (Operations), Pipelines HO
K P Shahi	Executive Director, Special Assignment
P S Rao	Executive Director (Operations), Refineries HQ
B K Mittal	Executive Director (Human Resources), Pipelines HO
V K Chawla (Capt.)	Executive Director (Shipping), Refineries HQ
V K Chaudhri	Executive Director, (Marketing Coordination)
B K Mukherjee	Executive Director, Gujarat Refinery
S C Aggarwal (Maj.)	Executive Director (Projects), Pipelines HO
J K Nobis	Executive Director, Assam Oil Division
R Shah	Executive Director (M&I), Refineries HQ
S K Swaminathan	Executive Director (Retail Development), Marketing HO
Narayan Prasad	Executive Director (Projects and M&I), Marketing HO
R P Verma (Dr.)	Executive Director (Chemical Technology), R&D Centre
V P Sharma	Executive Director (Finance), Pipelines HO
V C Agarwal	Executive Director (Human Resources), Refineries HQ
B M Bansal	Executive Director, Mathura Refinery
P S Ahluwalia	Executive Director (Lubes), Marketing HO
N G Kannan (Dr.)	Executive Director (Human Resources), Corporate Office
T L Jain	Executive Director (Retail Sales), Marketing HO
G C Daga	Executive Director (Consumer Sales), Marketing HO
C K Raja	Executive Director (Technical), Mathura Refinery
P K Choudhary	Executive Director, Barauni Refinery
N Biswas	Executive Director (Finance), Refineries HQ
C P Joshi	Executive Director (Human Resources), Marketing HO
P K Atreya	Executive Director (Supplies & ID), Marketing HO
J K Puri	Executive Director (Optimisation), Corporate Office
Rohit Bhardwaj	Executive Director, Panipat Refinery

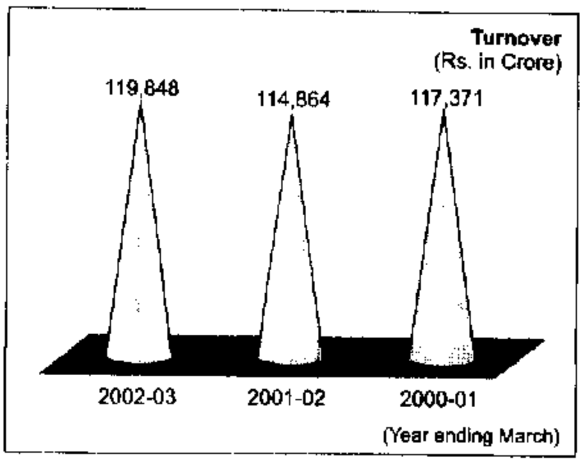
Performance at a Glance

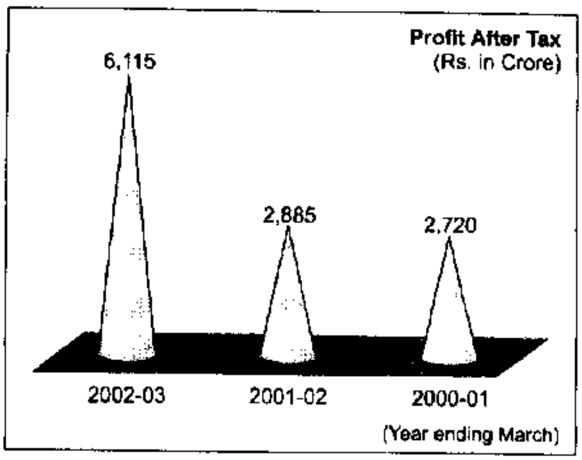
	2002-03 US $ Million	2002-03	2001-02	2000-01 (Rs. in Crore)	1999-00	1998-99
I FINANCIAL						
Turnover	25,226	1,19,848	1,14,864	1,17,371	94,141	69,430
Gross Profit *	2,281	10,837	7,533	5,860	5,971	4,993
Profit Before Interest & Tax	1,931	9,176	6,141	4,636	3,976	3,936
Profit Before Tax	1,771	8,414	4,599	2,962	2,970	2,733
Profit After Tax	1,287	6,115	2,885	2,720	2,443	2,214
Dividend	475	2,258	857	740	584	506
Dividend Tax	51	240	0	75	64	56
Retained Earnings	761	3,617	2,028	1,905	1,795	1,652
Value Added	3,728	17,714	14,706	12,989	12,210	10,864
Contribution to Central Exchequer	4,352	20,676	16,561	16,118	15,138	10,728
Cumulative Dividend	1,262	5,995	3,737	2,880	2,140	1,556

* Profit before Depreciation, Interest Expenditure and Tax.

What Corporation Owns						
Gross Fixed Assets	7,199	34,204	29,741	27,144	23,107	17,226
Depreciation	2,649	12,584	10,961	9,634	8,431	6,480
Net Fixed Assets	4,550	21,620	18,780	17,510	14,676	10,746
Capital Work in Progess	760	3,609	5,200	4,527	3,517	4,420
Investments	1,129	5,363	9,722	3,444	3,149	5,568
Finance Lease Receivables	30	141	161	-	-	-
Working Capital	1,360	6,464	3,778	10,959	7,440	1,597
Misc. Expenditure	21	99	145	167	-	-
Total	**7,850**	**37,296**	**37,786**	**36,607**	**28,782**	**22,331**
What Corporation Owes						
Net Worth						
- Share Capital	164	779	779	779	779	389
- Reserves	3,820	18,149	14,532	15,192	13,286	11,880
- Total	3,984	18,928	15,311	15,971	14,065	12,269
Borrowings	3,051	14,495	19,070	20,636	14,717	10,062
Deferred Tax Liability	815	3,873	3,405	-	-	-
Total	**7,850**	**37,296**	**37,786**	**36,607**	**28,782**	**22,331**

Note: Figures for the previous year have been regrouped, wherever necessary.





	2002-03 US $	2002-03	2001-02	2000-01	1999-00	1998-99
Ratios						
Debt Equity Ratio						
- Total Debt To Equity	0.77:1	0.77:1	1.25:1	1.29:1	1.05:1	0.82:1
- Long Term Debt To Equity	0.39:1	0.39:1	0.48:1	0.40:1	0.35:1	0.24:1
Earnings Per Share (Rupees) *	1.10	52.35	24.70	23.29	20.92	18.95
Cash Earnings Per Share (Rupees) *	1.40	66.58	36.62	33.77	38.00	28.00
Profit After Tax To Average Net Worth(%)	35.72	35.72	18.44	18.11	18.56	19.35
Net Worth Per Equity Share (Rupees)	3.41	162.05 **	196.63	205.10	180.62 @	315.12

* Earnings Per Share and Cash Earnings Per Share for all the periods have been calculated after considering the Bonus Issue in line with AS-20-" Earnings Per Share".

** Net Worth per equity share for the current year has been calculated after considering bonus shares issued in the ratio of 2:1 during June 2003.

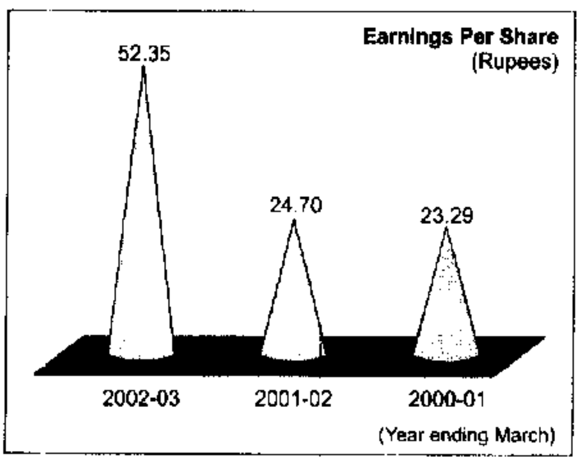
@ After considering bonus shares issued in the ratio of 1:1 during the year 1999-00.

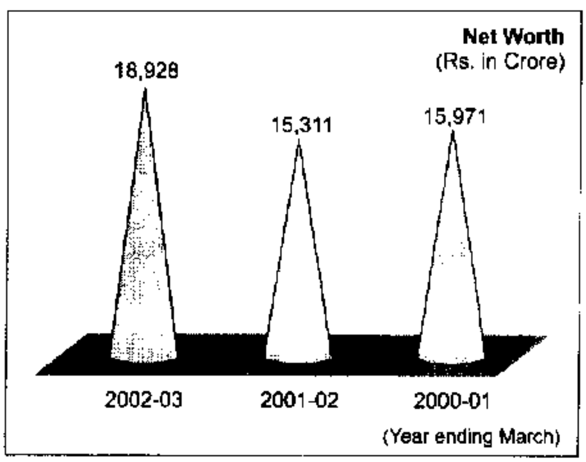
II OPERATIONS

		2002-03	2001-02	2000-01	1999-00	1998-99
Operating Performance						
Product Sales						
- Domestic	Million Tonnes	46.46	47.17	47.80	48.79	46.05
- Export	Million Tonnes	1.10	0.90	1.02	0.90	1.40
- Total	Million Tonnes	47.56	48.07	48.82	49.69	47.45
Refineries Throughput	Million Tonnes	35.29	33.76	33.22	32.42	30.36
Pipelines Throughput	Million Tonnes	41.11	40.36	39.44	39.50	34.05
Marketing Network Facilities						
Divisional Offices	Nos.	44	44	44	44	44
Indane Area Offices	Nos.	35	35	35	34	33
Terminals and Depots	Nos.	169	182	186	188	185
Aviation Fuel Stations	Nos.	93	92	92	92	92
Total Product Tankage	Lakh kl	68.89	68.45	64.77	63.16	59.45
LPG Botting Plants	Nos.	79	78	71	61	50
LPG Bottling Capacity	'000 Tonnes	3,344	3,221	3,007	2,335	1,896
Retail Outlets	Nos.	8,034	7,870	7,549	7,239	6,954
SKO/LDO Dealers	Nos.	3,497	3,455	3,436	3,430	3,422
Indane Distributors	Nos.	4,120	3,881	3,424	3,251	2,977
Towns with Indane	Nos.	2,064	1,985	1,637	1,531	1,355
Indane Customers	Lakhs	349	322	296	239	192

III MANPOWER

		2002-03	2001-02	2000-01	1999-00	1998-99
MANPOWER	Nos.	31,500	31,675	32,266	34,059	33,515





Bankers, Auditors, Stock Exchanges and Registrar & Transfer Agents

Bankers

State Bank of India
United Bank of India

Statutory Auditors

M/s. Jagdish Chand & Co.
M/s. P.K. Mitra & Co.
M/s. B.K. Khare & Co.
M/s. Chatterjee & Co.

Branch Auditors

M/s. T.K. Ghose & Co.
M/s. S.N. Mukherji & Co.
M/s. P. Purushottam & Co.
M/s. Vinay Kumar & Co.
M/s. Vidya & Co.
M/s. Rajnish & Associates

IndianOil

Stock Exchanges

The equity shares of the Corporation are listed in the following stock exchanges:

Mumbai Stock Exchange

The Stock Exchange of Mumbai
P.J. Towers, 25th Floor,
Dalal Street,
Mumbai - 400 001

National Stock Exchange

National Stock Exchange of India Ltd.
Exchange Plaza, 5th floor,
Plot C/1, 'G' Block,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051

Madras Stock Exchange

Chennai Stock Exchange Ltd.
11, Second Line Beach,
Chennai - 600 001.

Delhi Stock Exchange

Delhi Stock Exchange
DSE House,
3/1, Asaf Ali Road,
New Delhi - 110 002

Calcutta Stock Exchange

Calcutta Stock Exchange Assn. Ltd.
7, Lyons Range,
Calcutta - 700 001.

It is confirmed that the Annual Listing Fee has been paid to each of the above five stock exchanges.

Registrar & Transfer Agents

M/s. Karvy Consultants Ltd.
Karvy House,
46, Avenue 4,
Street No.1, Banjara Hills,
Hyderabad - 500 034

Major Units

REGISTERED OFFICE	IndianOil Bhavan G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai - 400 051
Corporate Office	SCOPE Complex, Core-2 7, Institutional Area, Lodhi Road, New Delhi - 110 003

REFINERIES DIVISION

Head Office	SCOPE Complex, Core-2 7, Institutional Area, Lodhi Road, New Delhi - 110 003
Barauni Refinery	P.O. Barauni Oil Refinery Dist. Begusarai - 861 114 (Bihar)
Gujarat Refinery	P.O. Jawahar Nagar Dist. Vadodara - 391 320 (Gujarat)
Guwahati Refinery	P.O. Noonmati Guwahati - 781 020 (Assam)
Haldia Refinery	P.O. Haldia Refinery Dist. Midnapur-721 606 (West Bengal)
Mathura Refinery	P.O. Mathura Refinery Mathura - 281 005 (Uttar Pradesh)
Panipat Refinery	P.O. Panipat Refinery Panipat - 132 140 (Haryana)

PIPELINES DIVISION

Head Office	A-1, Udyog Marg, Sector-1, Noida - 201 301
Eastern Region (PL)	14, Lee Road, Kolkata - 700 020
Western Region (PL)	P.O. Box 1007, Bedipara, Morvi Road, Gauridad, Rajkot - 360 003
Northern Region (PL)	P.O. Panipat Refinery Panipat - 132 140 (Haryana)

MARKETING DIVISION

Head Office	IndianOil Bhavan G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai - 400 051
Northern Region	IndianOil Bhavan 1, Aurobindo Marg, Yusuf Sarai, New Delhi - 110 016
Eastern Region	IndianOil Bhavan 2, Gariahat Road, South (Dhakuria), Kolkata - 700 068
Western Region	254-C, Dr. Annie Besant Road, Prabhadevi Mumbai - 400 025
Southern Region	IndianOil Bhavan 139, Nungambakkam High Road, Chennai - 600 034
R&D CENTRE	Sector 13, Faridabad - 121 007 (Haryana)
ASSAM OIL DIVISION	Digboi - 768 171 (Assam)

SUBSIDIARIES

Indian Oil Blending Ltd.	Pir Pau, Trombay, Mumbai - 400 074
Indian Oil Mauritius Ltd.	Suite 619, Level 6, St. James Court Denis Street, Port Louis, Mauritius
Lanka IOC Ltd.	World Trade Centre, 20th Floor, West Tower, Colombo, Sri Lanka
Chennai Petroleum Corporation Ltd.	536, Anna Salai, Teynampet, Chennai - 600 018
Bongaigaon Refinery and Petrochemicals Ltd.	P.O. Dhaligaon, Dist. Bongaigaon Assam - 783 385
IBP Co. Limited	IBP House, 34-A, Nirmal Chandra Street, Kolkata - 700 013

Directors' Report, including Management Discussion and Analysis

To

The IndianOil Family of Shareowners

Dear Members

On behalf of the Board of Directors, it is my privilege to present to you the 44th Annual Report on the working of your Corporation for the financial year ended 31st March 2003 along with the Audited Statement of Accounts and Auditors' Report.

OIL INDUSTRY STRUCTURE AND DEVELOPMENTS

The year 2002-03, the first year after the APM (Administered Pricing Mechanism) was dismantled, saw the downstream players focus on strategies for optimising business process efficiencies, besides striving to offer better quality products and services to customers. Several new branded, value-added products and services were launched. There was increased focus on optimum utilisation of resources and pruning of costs.

Important developments that took place during the year were:

- Consequent to the complete dismantling of the APM with effect from 1.4.2002, the prices of transportation fuels, viz., Motor Spirit and High Speed Diesel, were linked to import parity pricing like other petroleum products. With this, Indian consumers too began experiencing frequent price revisions in auto-fuels in line with variations in the international prices
- The Petroleum Planning and Analysis Cell (PPAC) started functioning with effect from 1.4.2002 in lieu of the Oil Coordination Committee. Oil Pool Account was dismantled and oil bonds issued to the extent of 80% of claims to the PSUs
- The Bill to constitute a downstream Petroleum Regulatory Board, introduced in Parliament in May 2002, is now in the final stages of clearance
- 5% ethanol-blended petrol was introduced in select States with effect from January 2003
- Conversion of diesel-driven commercial buses, auto-rickshaws and taxis to CNG continued in Delhi and Mumbai
- IndianOil signed an MoU with ONGC for supply of crude oil to its refineries for a period of two years beginning April 1, 2002. IndianOil refineries at Koyali, Mathura, Panipat and Guwahati and those of its subsidiaries, CPCL and BRPL, will process the ONGC crude oil. The mutually agreed pricing is based on the principle of import parity with adjustments as required. IndianOil has also entered into a similar agreement with Oil India Limited
- Oil marketing companies introduced branded grades of MS and HSD for specific customer segments. IndianOil introduced a truly premium petrol, IOC Premium (91 RON MS), and Diesel Super in select strategic markets
- A Gazette Notification issued by the Government of India in November 2002 set the guidelines for laying new petroleum product pipelines
- A Gazette Notification issued by the Government of India in January 2003 formulated a scheme for administering the post-APM freight subsidy on PDS Kerosene and domestic LPG subsidy, for supplies to far-flung areas. IndianOil has sought extension of the scheme for other products also, mainly MS and HSD
- Dr Mashelkar Committee submitted its report on Auto Fuel Policy with a complete roadmap
- Petroleum Federation of India (PetroFed), an Industry body with constituent members from both public and private sectors, was set up to promote the interests of the petroleum industry in line with national

policies, as also to put forth the Industry's views in various forums on policy matters affecting the business environment

- Tax measures announced in the Union Budget 2003-04 included confirmation of introduction from April 2003 of Value Added Tax (VAT) with the ceiling rate of Central Sales Tax reduced to 2% and further gradual phasing out, and the States being compensated by the Centre for loss of revenue. However, introduction of VAT and CST has now been deferred
- Crude oil and finished product prices fluctuated throughout the year and the turmoil in the Middle East drove oil prices to dizzy heights. However, the swift end to the Iraq war stabilised the prices before the situation could go out of hand.

OPPORTUNITIES AND THREATS

Opportunities

The year 2002-03 saw a turnaround in petroleum products demand in the country with the overall consumption of products at 103.6 MMT, registering a 3.2% growth vis-à-vis negligible growth (0.4%) in the previous year. The products that showed good growth were: LPG @ 8.1%, Motor Spirit @ 8.0%, Lubes @ 9.9% and Bitumen @ 15.6%. HSD, which showed a negative growth of (-) 3.7% in the previous year, also showed a positive growth of 0.3% during 2002-03. This augurs well for the future, especially since the Industry had weathered the downturn successfully and the upswing in demand will no doubt bring immense opportunities in its wake.

However, in the emerging competitive market, speed of response, service and quality have become the watchwords for business growth. Discerning customers are demanding quality products & services at par with international standards and at market-determined prices. This has opened up myriad opportunities, mainly in expanding the existing customer base, customising products for specific market segments, streamlining distribution infrastructure, etc.

The proactive initiatives taken by your Corporation well before the complete withdrawal of the APM have already ushered in an era of customer delight. Supply chain optimisation, which includes integrating and synergising operations with subsidiaries, is a key focus area to strengthen and support the Corporation's nationwide distribution network.

Also, in pursuit of its Vision of becoming a transnational, integrated energy company, your Corporation is expanding its activities across the hydrocarbon value chain into oil exploration & production, gas, petrochemicals and globalisation of its core activities.

Apart from the domestic arena, IndianOil has the potential to compete even on foreign shores. Initiatives launched in Sri Lanka and Mauritius are already bearing fruit. Similar opportunities are being explored in other countries. There is, thus, immense scope for expansion of IndianOil's activities beyond the geographical boundaries of the country.

Threats

A free market brings with it competition from domestic players as well as from established MNCs. With the entry of private players, linking of product-pricing in the domestic market to International trends could lead to products from overseas refineries competing with domestic production.

Further, stiff competition from national and international players and volatility of oil prices will continue to put pressure on refining and marketing margins, thus refocussing the attention of all players on achieving all-round efficiencies.

Among the developed countries the world over, US, Europe and Japan have made large investments in product quality upgradation, so as to make available Gas Oil and Gasoline of 10 ppm of sulphur by 2007-08. The changing dynamics of product specifications the world over shall impact India too. In the long run, the hitherto existing disparity in product specifications between the global fuel trade and regionalised gasoline and gas oil markets will dissolve and key markets will have the same product specifications, thereby providing the basis for global product markets. This will no doubt provide us an immense opportunity to tap unexplored markets but also calls for huge investments in quality upgradation projects.

The discovery of huge gas reserves on the eastern coast of South India will affect the demand for liquid petroleum products. However, with strong fundamentals signaling a sustained growth in economy, oil demand is expected to grow.

SEGMENTWISE PERFORMANCE

During the year, the revenue earned by your Corporation pursuant to the sale of imported crude oil amounted to Rs. 9,297 crore, while the revenue generated pursuant to sale of petroleum products amounted to Rs. 1,14,810 crore. The segmentwise operating profits generated from sale of imported crude oil amounted to Rs. 4 crore, while that on sale of petroleum products amounted to Rs. 8,169 crore. The sale of imported crude oil constituted 7% of the total revenues.

FUTURE OUTLOOK

Asia-Pacific will continue to be a high-growth region for petroleum products, with China and India being the markets to watch out for. With petroleum products continuing to be an important component of the energy mix in the region, the future outlook of your Corporation is optimistic.

The GDP of India grew at only 4.3% during the year 2002-03 compared to 5.6% during 2001-02, primarily due to decline in the growth of agriculture and allied sectors. However, the industry sector had a higher growth of 6% during 2002-03 as compared to 3.3% in 2001-02.

As per CMIE (Centre for Monitoring of Indian Economy), the GDP is expected to grow at 6.5% during 2003-04. Also, factors like increased Government-led expenditure in key infrastructure sectors such as ports, roads, etc., together with the prevalent low interest rates, and high tax cuts in excise and customs as announced in the Union Budget 2003-04, are all expected to provide a conducive environment for increased consumer demand. The growth in the consumption of petroleum products is also expected to improve.

RISKS AND CONCERNS

Oil has been, and will continue to be, a strategic resource. It has geo-political connotations for both the developed and developing countries. Critical concerns have focussed on self-reliance, as oil is perceived to be the key to economic development and national defence.

The last quarter of 2002-03 witnessed yet another war in the Gulf Region. India and other oil-deficit nations naturally experienced a wave of uncertainty, albeit for a short period. Earlier, the general strike in Venezuela had added to price volatility. With the refining margins already under squeeze, the ability to source crude oil at competitive prices besides ensuring its steady supply will be a major focus area for the Corporation. The Corporation has already taken steps to expand its basket of crude oils and upgrade its refineries to handle a wider array of crudes, including high-sulphur types.

The key concerns of the industry players with regard to deregulation that remain uppermost include:

- The level of subsidies that will continue to be provided on kerosene (PDS) and liquefied petroleum gas (domestic)
- Freedom to oil companies to fix selling prices for petrol and diesel
- Pipelines being declared as 'common carriers'
- Maintaining the continuity of supplies to remote and rural areas and the subsidies for such supplies extended to all petroleum products, including petrol and diesel, and
- Setting up of an independent regulatory authority for the downstream oil and gas sectors.

Despite the many concerns, the Corporation is confident of not only overcoming the challenges but also of reaching greater heights of success in the coming years. The Corporation is in the process of implementing the recommendations of leading global consultants, M/s McKinsey, in pursuit of business strategy and people-process-structure changes and a host of other initiatives to bring the Corporation closer to the ultimate consumer.

NEW HORIZONS

The first year post-APM, 2002-03, has been an year of reckoning for the Indian petroleum sector. Against the backdrop of a rapidly changing business environment, IndianOil focussed on certain key issues during the year for sustained growth in the deregulated market. These were: prudent finance and projects management, optimum capacity utilisation of refineries and pipelines network, competitive business strategies, customer-focussed innovations in product and service offerings, streamlining of business processes, and achieving greater synergy with group companies for enhanced efficiency and effectiveness in the market place. The Corporation simultaneously went ahead with other growth initiatives by way of integration and diversification into related areas.

GLOBAL RANKING

For the ninth year in succession, your Corporation maintained its position in the *Fortune* 'Global 500' listing of the world's largest Corporations, improving its ranking to 191 for fiscal 2002 from 226 the previous year. IndianOil maintained its ranking as the 17th largest petroleum company in the world.

In the latest *Forbes* 'Global 500' list of the world's largest public companies, IndianOil is now placed at the 325th position.

CORPORATE HIGHLIGHTS

- Your Corporation has successfully graduated from being a mere product exporter to a transnational energy company, with the establishment of two wholly owned subsidiaries, IndianOil (Mauritius) Ltd. (IOML) and Lanka IOC Pvt. Ltd. (LIOC)
- LIOC launched its marketing operations in Sri Lanka in June 2002, and plans to garner a 20% market share in that country eventually. IOML is setting up a state-of-the-art oil terminal at Mer Rouge in Mauritius besides 25 retail outlets. Both the subsidiaries have plans to expand their business to aviation fuels and LPG marketing in the respective countries
- Your Corporation has recently incorporated a wholly-owned subsidiary company, IndianOil Technologies Ltd., under the aegis of the R&D Centre for value addition to the Corporation's intellectual property through consultancy and licensing of in-house developed technologies
- As part of the Marketing Transformation Programme launched during the year to reach out to customers, your Corporation has bifurcated its marketing function vertically into exclusive retail and direct consumer groups, transferred powers from the four regional offices to 15 marketing offices in State capitals, and set up exclusive groups for process & systems optimisation and brand management
- Several branded products, customer-focussed speciality products and customer rewards programmes were launched during the year
- To maintain a strategic edge in the market place, IndianOil has planned investments to the tune of Rs. 24,400 crore during the X Plan period (2002-07), mainly in refining and pipelines capacity expansion, diversification projects, product quality upgradation and retail operations
- To ensure perfect alignment within the various Divisions, we have already created an exclusive Optimisation Group at the Corporate level. This group will be responsible for end- to-end supply chain optimisation - from crude selection and purchase, through refining, and till the customer's tank. The Optimisation Group will also dovetail with our ongoing Manthan (IT Re-engineering) exercise, and be responsible for the add-on optimisation packages currently under implementation.
- Stream-sharing, started from Jan. 2003, offers tremendous scope for smaller refineries to upgrade their various streams by optimum utilisation of facilities available in nearby refineries. This novel concept, in full flow between Digboi and Guwahati refineries with sharing of five streams, has already resulted in additional benefits of about Rs. 11 crore.

- In order to maximise yield of LPG, your Corporation has developed and patented a novel process called 'IndMax'. The IndMax pilot plant at Guwahati refinery is working satisfactorily. Similarly, for maximising yield of LPG from naphtha, another novel process called 'Indalin' has been patented. Both these technologies were indigenously developed by our Research & Development Centre.
- Your Corporation received the 'SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management - Institutional Category Award' the second time for the year 2001-02. It had earlier received the award for the year 1999-2000 besides a merit certificate and trophy for excellence in achievement of MoU targets.

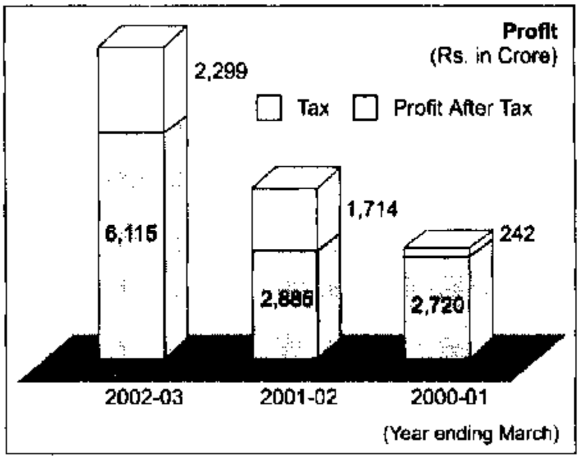
FINANCIAL REVIEW

Turnover

The turnover of your Corporation for the year ended March 31, 2003 was Rs. 1,19,848 crore as compared to Rs 1,14,864 crore in the previous year, registering a growth of 4.34%. The inland sales volume reduced by 0.71 million metric tonne, from 47.17 million metric tonnes in 2001-02 to 46.46 million metric tonnes in 2002-03. The reduction in sales is due to lower off-take of LSHS & Naphtha during the current year consequent to slowdown in offtake by fertiliser units.

Profit Before Tax

The Corporation recorded the highest ever Profit Before Tax of Rs. 8,414 crore during the year under review as against Rs. 4,599 crore in 2001-02, registering a growth of 83%. The increase in Profit Before Tax is mainly on account of improvement in refining margins and higher price realisation on stock of petroleum products due to favourable prices.



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Provision for Taxation

a) Current Tax

An amount of Rs. 1,831 crore has been provided towards current tax considering the applicable income tax rates as against Rs. 997 crore provided during 2001-02. The effective tax rate for the current financial year works out to 21.76% as against 21.68% in 2001-02.

b) Deferred Tax

An amount of Rs. 468 crore has been provided towards deferred tax in the current financial year as against Rs. 717 crore provided during 2001-02.

Profit After Tax

The Corporation has also recorded the highest ever Profit After Tax of Rs. 6,115 crore during the financial year 2002-03 as compared to Rs. 2,885 crore in 2001-02, registering a growth of 112%.

Depreciation

Consequent to increased capitalisation of fixed assets, depreciation for the year 2002-03 was Rs. 1,661 crore as against Rs. 1,392 crore for the year 2001-02.

Interest (net)

Interest Expenditure (net) decreased from Rs. 882 crore during 2001-02 to Rs.426 crore for the current year. The decrease is mainly due to reduction in overall cost of borrowings apart from reduction in total amount of borrowings.

Borrowings

The borrowings of your Corporation have reduced from Rs. 19,070 crore as on March 31, 2002 to Rs. 14,495 crore as on March 31, 2003. The total Debt to Equity ratio as on 31.03.2003 works out to 0.77:1 as against 1.25:1 as on 31.03.2002, and the long term Debt to Equity ratio stands at 0.39:1 as on 31.03.2003 as against 0.48:1 as on 31.03.2002.

Capital Assets

Your Corporation invested Rs.2,872 crore in creating capital assets during the year. The Gross Fixed Assets (including Capital Works in Progress) increased from Rs. 34,941 crore as on 31.03.2002 to Rs. 37,813 crore as on 31.03.2003, of which 70% are financed from internal resources.

Investments

During the year, investments reduced from Rs. 9,722 crore as on 31.03.2002 to Rs. 5,363 crore as on 31.03.2003. The decrease in investment was mainly due to sale of Oil Companies GOI Special Bonds during the year. During the year, your Corporation acquired further 20% equity shares in IBP Co. Ltd., raising its holding in the subsidiary company from 33.58% to 53.58%.

The aggregate market value of the Quoted Investments, i.e., investments made in ONGC, GAIL, CPCL, BRPL and IBP Co. Ltd., as on 31.03.2003 is Rs. 5,851 crore as against the cost price of Rs. 4,969 crore.

In accordance with the Accounting Standard issued by the Institute of Chartered Accountants of India and the accounting policy of your Corporation, no provision for diminution in the market value of the individual investment for each of the companies has been made as these investments are long term investments and diminution in market value is considered as temporary.

Net Current Assets

Your Corporation's Net Current Assets have increased from Rs. 3,778 crore as on 31.03.2002 to Rs. 6,464 crore as on 31.03.2003. The increase is mainly due to the amount claimable from the Ministry of Petroleum & Natural Gas on account of subsidies as well as increase in the value of stock of finished products.

Earnings Per Share

Earnings Per Share on the enhanced share capital after considering the bonus issue as per AS-20- "Earnings Per Share" works out to Rs.52.35 for the current year as compared to Rs.24.70 for 2001-02, registering a growth of 112%. On the pre-bonus share capital, the same works out to Rs. 78.53 for the current year as compared to Rs. 37.05 for 2001-02.

MOU Performance

For the 14^{th} consecutive year, your Corporation is poised to earn the 'Excellent' rating, the highest, in its MoU with the Government of India for the year 2002-03. The MoU for the year 2003-04 has incorporated product exports as a new parameter.

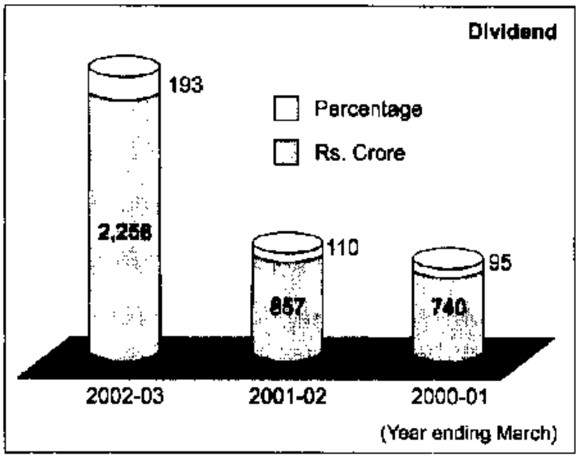
Internal Control Systems

Your Corporation has adequate internal control systems commensurate with the size and nature of its business. In addition, there are detailed manuals on various aspects of the business activity, accounting policies and guidelines. The Board of Directors regularly monitors the performance of your Corporation.

Further, your Corporation has a full-fledged independent Internal Audit Department, which carries out extensive audits round the year covering each and every aspect of business activity so as to ensure accuracy, reliability and consistency of records, systems and procedures. An Audit Committee comprising independent Directors constituted by the Board of Directors reviews the recommendations and observations of the Internal Audit Department regularly.

Dividend

The Board of Directors of your Corporation has recommended a dividend of 160% on the enhanced share capital, in addition to 50% interim dividend already paid on pre-bonus share capital, as against 110% in the previous year (2001-02). With this, the total dividend for the current year works out to 193% on the enhanced share capital and 290% on the pre-bonus share capital. This is the 37th consecutive year of dividend declaration by your Corporation. So far, your Corporation has paid a cumulative dividend of Rs. 4,126 crore, which does not include the final dividend of Rs. 1,869 crore for the current year.



Bonus Shares

Your Corporation has declared Bonus Shares in the ratio of 1:2 in July 2003. With this, the Equity Share Capital has increased from Rs. 778.67 crore to Rs. 1,168.01 crore.

Contribution To Exchequer

Your Corporation has made the highest ever contribution of Rs. 33,007 crore to the Exchequer during the year, out of which Rs. 20,676 crore was made to the Central Exchequer and Rs. 12,331 crore to the State Exchequer in the form of duties and taxes.

IndianOil

Public Deposit Schemes

The total outstanding deposits amounted to Rs. 10.17 crore as on 31.03.2003. The Public Deposit Scheme has been opened effective 01.05.1999 only for employees and ex-employees of your Corporation.

Export Earnings

During the year, your Corporation earned Rs. 2626 crore through exports as against Rs. 2,078 crore in 2001-02.These include export of *SERVO* lubricants to Nepal, Sri Lanka, Indonesia, Bangladesh, Bahrain and Mauritius, and sale of aviation fuel to international airlines.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard-21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India, your Corporation has prepared the Consolidated Financial Statements consolidating all its subsidiaries and joint venture entities. The Consolidated Financial Results are as follows:

	(Rs. in Crore)
	2002-03
Turnover	119920
Profit Before Tax	9342
Profit for the Group (after tax)	6579

INDIANOIL CORPORATE REVIEW

FINANCIAL

	2002-03		2001-02	
	US $ Million	**Rs. in Crore**	US $ Million	Rs. in Crore
Turnover	**25,226**	**1,19,848**	23,572	114,864
Profit				
Profit Before Interest, Depreciation and Tax	**2,281**	**10,837**	1,546	7,533
Interest Payment	**160**	**762**	316	1,542
Depreciation	**350**	**1,661**	286	1,392
Profit Before Tax	**1,771**	**8,414**	944	4,599
Provision for Current Tax	**385**	**1,831**	205	997
Provision for Deferred Tax	**99**	**468**	147	717
Profit After Tax	**1,287**	**6,115**	592	2,885
Appropriations				
Interim Dividend	**82**	**389**	-	-
Proposed Dividend	**393**	**1,869**	176	857
Corporate Dividend Tax	**51**	**240**	-	-
Insurance Reserve	**2**	**10**	2	10
Bond Redemption Reserve	**(5)**	**(24)**	99	482
General Reserve	**764**	**3,631**	315	1,536

PHYSICAL

		(Million Metric Tonnes)
	2002-03	2001-02
Product Sales		
- Domestic	**46.46**	47.17
- Export	**1.10**	0.90
Total	**47.56**	48.07
Refineries Throughput	**35.29**	33.76
Pipelines Throughput	**41.11**	40.36

SHARE VALUE

	2002-03		2001-02	
	US $	**Rupees**	US $	Rupees
Cash Earnings Per Share*	**1.40**	**66.58**	0.75	36.62
Earnings Per Share*	**1.10**	**52.35**	0.51	24.70
Book Value Per Share	**3.41**	**162.05 ****	4.04	196.63

* Earnings per Share and Cash Earnings per Share for both the years have been calculated after considering the bonus issue in line with AS-20 - "Earnings Per Share".

** Book Value Per Share for current year has been calculated after considering the bonus issue in the ratio of 1: 2

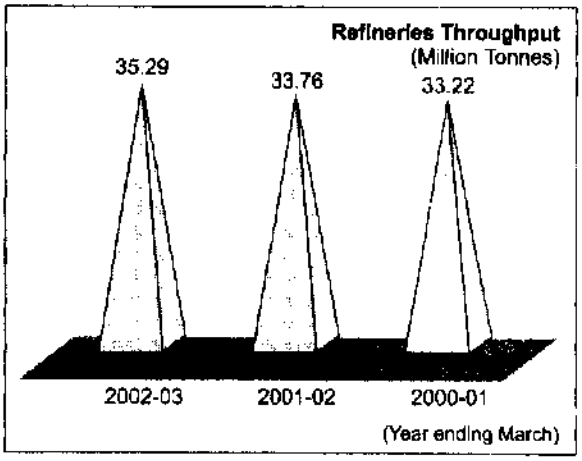
Note: One US $ = Rs. 47.51 (Exchange rate as on 31.3.2003)

One US $ = Rs. 48.73 (Exchange rate as on 31.3.2002)

OPERATIONS

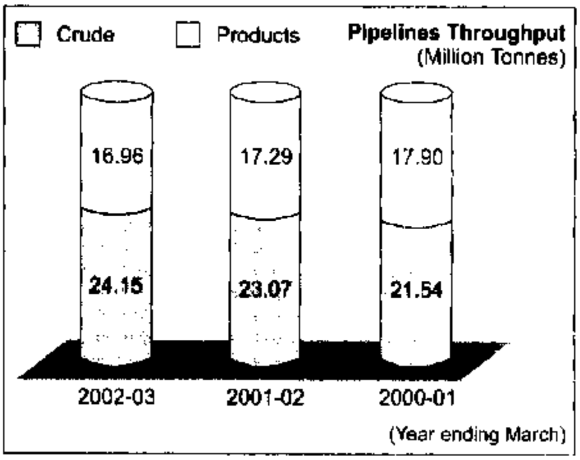
REFINERIES

IndianOil refineries registered a record throughput of 35.3 million tonnes during the year, surpassing the previous best of 33.8 million tonnes in 2001-2002. While the overall distillate yield of 72.8% wt. achieved during the year was the highest ever, hydrocarbon loss and energy consumption were brought down to the lowest levels ever. Panipat and Gujarat refineries achieved the lowest ever hydrocarbon loss of 0.21 and 0.25% wt., which is the lowest among all PSU refineries in the country. Similarly, Panipat and Haldia refineries registered the highest ever FCC (Fluidised Catalytic Cracking unit) throughput of 745 thousand metric tonnes (TMT) and 633.3 TMT respectively during the year. IndianOil refineries also achieved record overall production of LPG, MS, SKO and HSD.



PIPELINES

Your Corporation owns and operates the largest network of crude oil and product pipelines in India. In the first year of market-driven business environment, the performance of the Pipelines Division was very encouraging, with a throughput of 41.11 million metric tonnes (MMT) of crude oil and petroleum products against the earlier best of 40.36 MMT in 2001-2002.



The total length of pipeline network increased from 6,523 km to 7,170 km with consequent capacity rise from 43.45 MMT to 52.75 MMT. The growth line of pipelines was marked by the commissioning of the following new networks:

- Branch-line to Lucknow from the existing Barauni-Kanpur pipeline
- Mathura-Tundla pipeline
- Koyali-Navagam pipeline
- Augmenting of Haldia-Barauni crude oil pipeline from 4.2 to 7.5 MMTPA
- Augmenting of Kandla-Bhatinda product pipeline from 7.5 to 8.8 MMTPA
- Replacement of Barauni-Patna section of Barauni-Kanpur product pipeline.

The Haldia-Mourigram-Rajbandh Pipeline transported longer batches of Aviation Turbine Fuel for better interface management, resulting in savings of Rs.10 lakh per batch. The Kandla-Bhatinda Pipeline resumed pumping of motor spirit, including premium grade, in August 2002, resulting in increased capacity utilisation and profitability.

MAINTENANCE, INSPECTION & HEALTH MONITORING

Your Corporation has launched several initiatives for improving the run length and plant availability factors of primary and secondary units of its refineries. Seven workshops were conducted on plant availability improvement of process units and captive power plants, maintenance and allied functions to propagate the culture of sharing of experience and for bringing in systems improvements. For the first time, all refineries carried out maintenance management system and repair & maintenance cost audits, and initiated measures for cost optimisation accordingly.

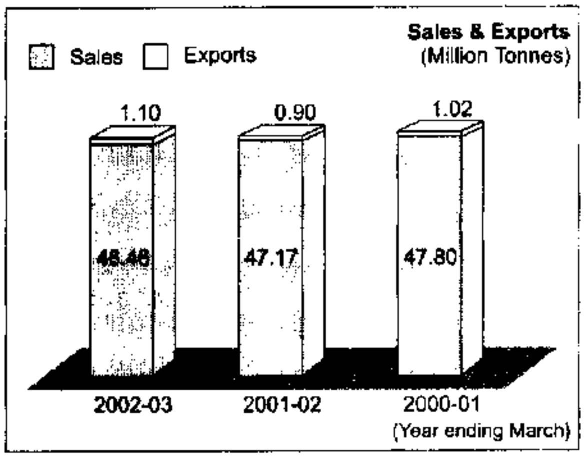
In pipelines, the tanker acceptance criteria for Single Point Mooring (SPM-II) systems were upgraded to facilitate ease of tanker fixture, besides cost savings. For coating refurbishment of pipes, coal tar-based and cold applied tapes were used in place of coal tar enamel for better protection. Risk analysis of the Salaya-Viramgam section of the Salaya-Mathura pipeline was carried out under a technical services agreement with M/s Enbridge, Canada.

MARKETING

In the backdrop of the dismantling of the APM, increased competition and unpredictable market forces, IndianOil's Marketing Division introduced several new initiatives, including products and services, which were directed to deliver 'Customer Delight'.

Sales

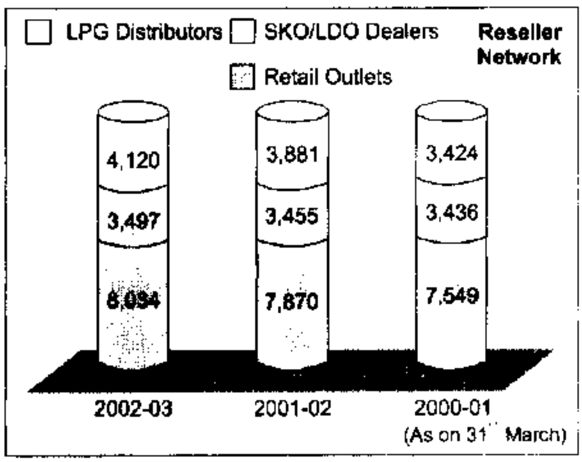
During the year, your Corporation sold 46.46 million tonnes of petroleum products in the domestic market. It commissioned 230 retail outlets and 43 SKO/LDO dealerships during the year; raising their total number to 8,034 and 3,497 respectively.



Customer Service

Major steps taken by your Corporation during the year 2002-03 in its efforts to further improve customer service are as follows:

- New generation transportation fuels – IOC Premium and Diesel Super – were successfully launched in major markets. IOC Premium is also the country's first and currently the only 91-Octane petrol. It is also doped with multifunctional additives (MFA) to deliver higher performance. IOC Premium, therefore, is a distinct product from those offered by other competitors. Diesel Super is also MFA-doped and has already carved a major market share in the branded diesel segment



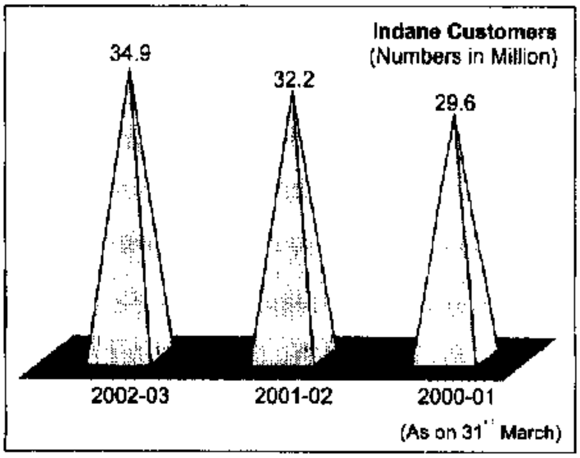
- An IndianOil-Citibank debit-cum-ATM card was launched in December 2002, closely followed by the launch of IOC Xtra cash rewards programme in association with MyShoppe. The membership of the existing co-branded credit card with Citibank crossed the 2-lakh mark during the year.
- PowerPlus Fleet Card for the convenience of transport fleet operators was rolled out to cover 350 retail outlets on major national highways
- Several customer-focussed speciality products were introduced in the market, including Rhinoshine, a quick drying bituminous coating for metal surfaces; BinderOil for incense industry; DG grade furnace oil; Servocut LP cutting oil for the engineering industry; besides ethanol-blended petrol.
- IndianOil engineers continued to provide technical service to bulk users of petroleum products by way of lubrication surveys, service reports, condition monitoring of systems, energy audits, seminars, workshops and clinics.

Supplies

During the year, six terminals and three depots were commissioned, thereby bringing their total number to 169. Eight uneconomical locations were closed, resulting in revenues of Rs. 3 crore on disposal and savings of Rs. 6 crore on land rental. Logistics management by way of realignment of markets, linkages, etc yielded savings of Rs. 90 crore.

Indane Gas

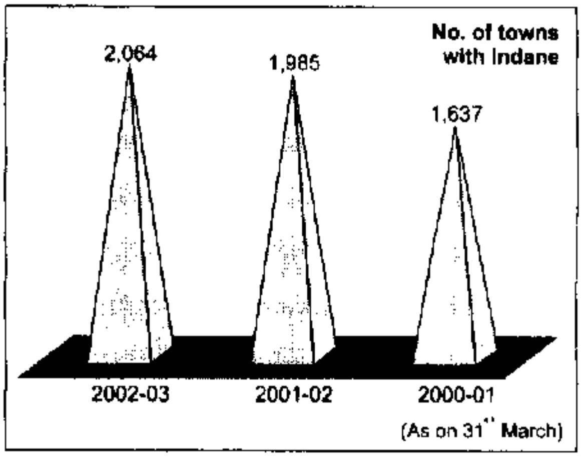
During the year, your Corporation enrolled 28.8 lakh new Indane customers, raising the cumulative Indane households to 349.3 lakhs. The number of LPG distributorships commissioned during the year was 239, raising their total number to 4,120.



During the year, your Corporation set up 21 more autogas (LPG) dispensing stations in metros and major cities to cater to the growing vehicle population using LPG as fuel. 55 more such stations are underway in the current year.

Aviation

Your Corporation continues to lead the Aviation Fuel supply business with a market share of 68%, meeting the entire aviation fuel requirements of the Indian Navy and Army and over 86% of the Indian Air Force. It also earned new business from four scheduled international airlines as well as from chartered flights.



IndianOil

New Aviation Fuel Stations of IndianOil were commissioned at Gaya and Shillong. A customer-friendly Aviation Portal was launched for e-business.

The 12th International Aviation Conference organised by your Corporation in February 2003 at Kochi was attended by over 100 delegates from over 35 countries, including representatives of leading international and domestic airlines, allied industries, government agencies, and Indian Defence Services. IndianOil was the official fuel supplier for "Aero India 2003" 4th International Aerospace Exposition organised at Bangalore the same month by the Ministry of Defence, Government of India. Your Corporation earned foreign exchange worth US $ 1,08,399 during the event from refuelling visiting aircraft from abroad.

Lubricants

Your Corporation achieved a production of 3,37,820 tonnes of lubricants and 12,500 tonnes of greases during the year, and a 2.7% growth in finished lube sales, leading to 1% growth in market share.

Ten new products were commercialised during the year. Your Corporation achieved 70% growth in *SERVO* exports and earned foreign exchange of approximately US $ 1.67 million during the year, in markets covering Bangladesh, Sri Lanka, Mauritius, Bahrain, Nepal and Yemen. Logistics management and rationalisation of grades and packages yielded a savings of over Rs. 40 crore.

Fourteen new grades of lubricants earned API (American Petroleum Institute) certification. Cost-effective 50-litre HDPE drums, one litre and half litre tetrapack containers were introduced in the market.

Shipping

Your Corporation handled 124 import tankers and 13 export tankers (for products) during the year. Imports have come down by 32.94% in volume and by 10.36% in value as compared to the previous year. On the other hand, exports have gone up by 99.22% in volume and by 148.56% in value.

Export of HSD and ATF to Sri Lanka as well as surplus MS commenced during the year.

INTERNATIONAL TRADE

During the year 2002-03, your Corporation arranged import of crude oil, fuel products and lubricants to meet the country's requirements through a carefully selected, diversified mix of supply sources, and also exported petroleum products as per details given below:

	Quantity (Million Tonnes)	Value (Rs. in Crore)
Imports		
Crude Oil	35.82	34723.32
Fuel Products	1.513	2223.94
Lube base oils & Additives	0.030	69.21
Exports		
Fuel Products	0.423	508.24
Lubricants	2032 tonnes	6.61
Bitumen	9291 tonnes	6.59

RESEARCH & DEVELOPMENT

Your Corporation's R&D programmes during the year continued to provide a competitive advantage to its business operations through development and speedy commercialisation of cost-effective and globally competitive technologies in the areas of lubricants, refining processes, fuels, additives and catalysts.

The R&D Centre developed 37 new lubricant formulations, besides upgrading 43 formulations for better quality and reduced input costs. Eleven newly developed products underwent field trials and 43 approvals were obtained from original equipment manufacturers (OEMs) and users, including 11 international OEMs. The Centre earned 13 Indian and 5 foreign patents during the year.

The joint business development efforts of the R&D Centre and Marketing Division resulted in the successful commercialisation of 63 new lubricants during the year. For the first time, your Corporation was also able to capture a share in steel cold rolling oil business, besides enhanced business gains in marine and railroad oils.

In refining technology, your Corporation's R&D activities focussed on development of novel processes and products, value addition through process optimisation, catalyst selection and technical service to operating units.

The R&D Centre has developed an additive capable of boosting LPG yield in FCC units, which after successful plant trials, has been licenced to M/s Sud Chemie India Ltd. for commercial production. Similarly, an anti-oxidant for motor spirit developed by the Centre has undergone successful field trials at Gujarat refinery.

The R&D Centre has also achieved significant breakthroughs in sourcing alternative fuels from renewable bio-sources. Besides producing bio-diesel meeting ASTM specifications from vegetable oils for the first time, the Centre established its commercial potential in field trials conducted by the Indian Railways. Based on these encouraging results, IndianOil and Indian Railways have signed an agreement for commercial supplies of bio-diesel.

Another major eco-friendly initiative of the R&D Centre - Oilivorous-S technology for safe disposal of oily sludge -- developed in association with Tata Energy Research Institute, New Delhi, underwent successful trials at Mathura and Barauni refineries. Ten Marketing terminals and AOD have also adopted the new technology.

ASSAM OIL DIVISION

The Digboi Refinery of the Assam Oil Division (AOD) processed 0.58 million tonnes of crude oil during the year. The Division sold 0.98 million tonnes of products and retained its position as the market leader in the North East region. AOD's marketing network comprises 323 petrol and diesel stations, 399 SKO/LDO dealerships, 60 bulk consumer outlets and 240 Indane (LPG) distributors. AOD reaches Indane gas to 11.7 lakh households in 164 towns.

QUALITY ASSURANCE

Your Corporation continues to accord top priority to quality assurance in its products and services, with the largest network of testing facilities. Its 37 static laboratories and 23 mobile labs located across the country tested more than 1.5 lakh samples during the year.

The Central Lab at Antop Hill has been successfully participating along with labs from 16 more countries in Air BP's (UK) quarterly correlation programme on testing of Aviation Turbine Fuel. Personnel from the Quality Control department have represented Petroleum Specification Committees of the Bureau of Indian Standards as well as the American Society for Testing and Materials in firming up specification and test methods.

Quality Control laboratories at Guwahati and Barauni refineries have been certified by NABL (National Accreditation Board for testing and calibration Laboratories) during the year. With this, laboratories attached to all the seven IndianOil refineries have NABL accreditation.

IndianOil

PROJECTS

Your Corporation accords highest priority to timely implementation of projects within the specified timelines.

Completed Projects

Some of the major projects completed during the year are:

- Barauni Refinery expansion project
- Diesel hydrotreater unit at Guwahati refinery
- Catalytic iso-dewaxing unit at Haldia refinery
- Solvent dewaxing unit at Digboi refinery
- Augmentation of Haldia-Barauni crude oil pipeline system from 4.2 to 7.5 million tonnes per annum

On-going Projects

Major on-going projects under implementation are:

- Diesel hydrotreater unit at Digboi refinery
- Facilities for production of Linear Alkyl Benzene (LAB) at Gujarat refinery
- Diesel hydrotreater unit at Mathura refinery
- MS quality improvement at Mathura refinery
- PX/PTA unit at Panipat
- Panipat refinery expansion
- Construction of LPG bottling plants at Barauni refinery and Dimapur
- Viramgam-Koyali crude oil pipeline
- Mundra-Kandla crude oil pipeline and conversion of Kandla-Panipat section of KBPL to crude oil service (Panipat refinery expansion-linked pipeline project)
- Sidhpur-Sanganer Product Pipeline (Panipat refinery expansion-linked pipeline project)

- Panipat-Rewari Product Pipeline (Panipat refinery expansion-linked pipeline project)
- LPG bottling plants at Gurgaon, Etawah, Una, Chengelpet, Coimbatore, Shimoga and Vasai

New Projects

The significant new projects planned are:

- Projects at various refineries to meet auto fuel quality requirement to match the road map announced by the Government
- Paradip-Haldia crude oil pipeline
- Chennai-Trichy-Madurai product pipeline
- Construction of a 12,000 tonnes per annum bottling plant at Mauritius
- Setting up of three LPG bottling plants of 10,000 tonnes per annum each in Bangladesh

BUSINESS DEVELOPMENT

Vertical integration along the hydrocarbon value chain, coupled with horizontal expansion, is the established growth paradigm for all global oil & gas majors.

Accordingly, your Corporation is metamorphosing from a pure sectoral company with dominance in downstream in India to a vertically integrated, transnational energy behemoth through venturing in Exploration & Production, Petrochemicals and Gas. Besides this, your Corporation is strengthening its existing overseas marketing ventures and simultaneously scouting new opportunities for marketing and export of petroleum products in foreign markets.

Overseas - Downstream Marketing

In early December 2002, your Corporation signed an agreement with the Board of Investment, Sri Lanka, for allowing Lanka IOC Pvt. Ltd. (LIOC) to engage in business relating to petroleum products in Sri Lanka. LIOC took over 100 retail outlets (ROs) owned by Ceylon Petroleum Corporation in February 2003, and has commenced sales from these ROs, with around 150 more franchisee (dealer owned) ROs to follow. LIOC has also taken over the Trincomalee tank farm with 99 tanks of 10,000 MT capacity each and has commenced operations from there. LIOC plans to enter aviation and LPG businesses in Sri Lanka soon.

Indian Oil (Mauritius) Ltd. (IOML) will be investing about US $ 18 million in Mauritius. A modern state-of-the-art bulk oil terminal at Mer Rouge is slated for commissioning by 2003 end. Commissioning of 25 retail outlets is also underway. IOML will also be expanding its business to aviation fuels and LPG marketing in future.

Overseas offices at Dubai and Kuala Lumpur are coordinating expansion of business activities in Middle East and South East Asia regions.

Product Exports

Your Corporation has been successful in entering into term contract with Ceylon Petroleum Corporation (CPC) for supply of approx. 0.5 million tonnes of petroleum products per annum. Supplies have commenced against this contract in Sept. 2002 and about 320 thousand metric tonnes (TMT) of products have been exported to CPC till April 2003. Your Corporation has also commenced exports to LIOC in March 2003 with a parcel of 30 TMT of gas oil, for retail marketing through LIOC ROs. With this, about 1 MMTPA products export is envisaged to Sri Lanka.

Sale of *SERVO* lubricants continued to pick up in overseas markets. The lube distributors appointed by your Corporation in Sri Lanka and Bangladesh are successfully marketing *SERVO*. Your Corporation exported about 2.8 thousand tonnes of *SERVO* lubricants in 2002-03 as against 1.6 thousand tonnes the previous year.

These initiatives are enabling your Corporation to earn valuable foreign exchange, to maximise returns on surplus products through exports, and also to establish IndianOil and *SERVO* as global brands.

Overseas – Pipeline Initiatives

As a part of its globalisation efforts, your Corporation submitted a bid, along with M/s Stroytransgaz (STG) of Russia, for implementation of the 300-km long Iraq-Jordan crude oil pipeline project on BBT basis. The technical bid of the IndianOil-STG consortium has been rated as the best. The scope of your Corporation involves design and detailed engineering for the project and subsequent operation & maintenance of the system for the BOOT period of 30 years.

Gas

Gas is emerging as a clean and green alternative fuel of the 21st century. The dual advantage of better economics and low pollution makes it the most preferred fuel of the utilities sector, viz., power, fertilisers and transportation.

The share of gas in the total energy consumption is increasing, with gas poised to play a dominant role in the total energy supplies in the next decade and beyond. Presently India is net deficit in gas.

To harness this potential, your Corporation has taken a number of initiatives, apart from co-promoting two major LNG projects of India.

Petronet LNG Limited, a joint venture company promoted jointly by your Corporation along with Bharat Petroleum Corporation Ltd., Oil & Natural Gas Corporation & GAIL (India) Ltd. is currently implementing a 5 million metric tonnes per annum (MMTPA) LNG import, storage and regassification terminal at Dahej in Gujarat. The project is scheduled to start commercial operation from 1st April 2004. Your Corporation will market regassified LNG equivalent to 1.5 MMTPA from the Dahej terminal.

IndianOil

The Kakinada IndianOil LNG Consortium (KIOLC) partners, viz., your Corporation, PETRONAS International Corporation Ltd. (Malaysia), Kakinada Seaports Ltd. and BP Global Investments Ltd. (UK), have executed a Joint Collaboration Agreement on 8th January 2003 for furthering the developmental activities for Kakinada LNG Project. The project envisages setting up of a 2.5 MMTPA LNG import and regassification terminal along with an integrated power project of 1000 MW in the first phase.

Indo-Bangladesh Gas Pipeline Project

The consortium of IndianOil, GAIL (India) Ltd. & Oil & Natural Gas Corporation Ltd. is awaiting in-principle approval from the Government of Bangladesh for bringing gas into India. The consortium has already completed a market survey, indicating good potential for use of gas in Uttar Pradesh and Eastern States.

MoU with NIOC

Recently, your Corporation signed an MoU with the National Iranian Oil Company (NIOC) for exploring various business opportunities of mutual interest. A major area identified for cooperation is import of 2.5 MMTPA LNG by your Corporation, along with participation in LNG midstream projects in Iran.

Petrochemicals

Your Corporation has developed a master plan to emerge as a major player in petrochemicals by integrating its core refining business with petrochemical activities, predominantly utilising the streams available in various refineries. The projects identified under this master plan are in various stages of evaluation and implementation.

Under this plan, two major projects, namely production of 120000 MTPA LAB at Gujarat refinery and PX/PTA (paraxylene/purified terephthalic acid) at Panipat refinery are currently under implementation. Your Corporation is also examining the techno-economic viability for:

- Setting up a naphtha cracker complex along with downstream polymers.
- Revamping of FCC units of Mathura, Panipat & Koyali refineries and setting up a polypropylene unit.

Consultancy Services – Pipelines

Baroda-Ahmedabad-Kalol Gas Pipeline Project

Making forays into the field of gas transportation, your Corporation, along with Stroytransgraz (STG) of Russia and M/s Essar Constructions Ltd, emerged as the successful bidder against a global tender for implementation of the 133-km long Baroda-Ahmedabad-Kalol gas pipeline project of M/s Gujarat State Petronet Ltd. The project is under implementation. Your Corporation has been entrusted with the engineering and commissioning activities of the project.

Sohar Pipeline Project

Your Corporation submitted a bid to M/s Oman Refinery Co. LLC, Oman, for undertaking basic engineering and front end engineering design of the 260-km long Sohar Pipeline Project for transportation of mixed feedstock. The bid is under consideration.

Exploration & Production

Your Corporation is undergoing vertical integration through E&P initiatives to have its own oil equity, so as to safeguard its business interest against the highly volatile oil market.

In the first round of NELP (New Exploration Licencing Policy) of the Government of India. your Corporation, in consortium with ONGC, has already been awarded two exploration blocks, MB-OSN-97/4 in the Mumbai offshore and GV-ONN-97/1 in the Ganga Valley,. The first exploration well will be drilled in the Mumbai offshore block shortly. Your Corporation is entering the second phase of exploration in the Ganga Valley block.

In the second round of NELP, your Corporation was awarded eight blocks in consortium with ONGC, OIL, GAIL and GSPCL. These comprise three onland blocks – GV-ONN-2000/1, MN-ONN-2000/1 and WB-ONN-2000/1, three offshore shallow water blocks – MB-OSN-2000/1, MN-OSN-2000/1 and WB-OSN-2000/1, and two deepwater blocks – MB-DWN-2000/1 and MB-DWN-2000/2. Work is progressing as per the minimum work programme.

In the third round of NELP, your Corporation submitted bids for four exploration blocks – one with ONGC and GAIL, two with ONGC and one with Premier Oil. The Government awarded the block AA-ONN-2001/2 (Mizoram) to the IndianOil-ONGC consortium.

Under CBM-I, your Corporation jointly submitted bids with ONGC for 3 CBM (Coal Bed Methane) blocks, out of which two blocks – BK-CBM-2001/1 and NK-CBM-2001/1 – have been awarded to the consortium. Work is progressing as per plan.

Your Corporation has entered into a 'Farm Out Agreement' with Premier Oil (NE India) BV and HOEC and acquired 27% participating interest in the Exploration Block AAP-ON-94/1 in Assam-Arunachal Pradesh. Post farm-out participating interests stand as Premier Oil (38% with operatorship), IndianOil (27%), HOEC (25%) and OIL (10%).

Your Corporation, along with ONGC Videsh and Oil India, has been awarded the Farsi Exploration Block in Iran. ONGC Videsh is the operator of this block, in which your corporation has 40% equity participation.

Your Corporation, either independently or along with its alliance partners, is scouting opportunities for securing equity oil and gas from Iran, Kuwait, Sudan, Bangladesh, Qatar, Papua New Guinea, Myanmar and Indonesia.

Other Collaborations

The technical services agreement between your Corporation and Emirates National Oil Company (ENOC), Dubai, has been renewed for the sixth consecutive year. Further, the manpower secondment agreement with ENOC has been renewed for the fifth consecutive time.

Your Corporation is also implementing an integrated management system for Oman Refinery Company and has also provided catalyst advisory services to Petronas, Malaysia.

Your Corporation has ventured into business development pursuits in Middle-East countries, viz., Oman, Qatar, Kuwait, etc., in areas like training, feasibility studies in refinery expansion/revamp, and pre-qualification for refinery shutdown assignment. IndianOil has also been pre-qualified for an overseas pipeline project.

JOINT VENTURES

Your Corporation has formed eleven Joint Venture Companies (JVCs) with strategic partners to enter into high-potential synergetic business activities, where either your Corporation did not have the required technical know-how, or where risks were to be shared, or where complimentary skills set was required.

IndianOil is 50% equity partner in five JVCs while its equity participation in the remaining six JVCs varies from 12.5% to 26%. Your Corporation has invested about Rs. 314 crore in these eleven JVCs.

Lubrizol India Pvt. Ltd. was an existing company, which was restructured w.e.f.1-4-2000. It manufactures and markets chemicals for use as additives in fuels, lubricants and greases. It has earned a total income of Rs. 342.93 crore and profit after tax of Rs. 40.77 crore during this fiscal and has declared a dividend of 150 % as compared to 120% declared last year.

Avi-Oil India Pvt. Ltd was incorporated on 4-11-1993 to blend, manufacture and sell synthetic, semi-synthetic and mineral based lubricating oils, greases and hydraulic fluid etc. for Defence and civil aviation uses. During the financial year 2002-03 it has earned a total income of Rs. 27. 14 crore and profit after tax of Rs. 2.46 crore.

Indian Oiltanking Ltd. was incorporated on 28-08-1996 to build and operate terminalling services for petroleum products. During the financial year 2002-03, the JV has earned a total income of Rs. 45.39 crore and profit after tax of Rs. 1.50 crore.

Petronet India Ltd. was incorporated on 26-05-1997 to implement petroleum products pipeline projects through special purpose vehicles. During the financial year ended 31st March 2003, the JV has earned a total income of Rs. 4.44 crore and profit after tax of Rs. 1.08 crore.

IndianOil

INFORMATION SYSTEMS

Your Corporation is implementing a major information technology re-engineering project christened as Project 'Manthan' to maintain its leadership in the Indian hydrocarbon industry. The project envisages assimilation of emerging IT and web-enabled business solutions for integrating the Corporation's business processes and optimising the hydrocarbon supply chain, with focus on total customer delight.

As part of Project Manthan, over 80 IndianOil locations/sites have already gone live on SAP R/3, the leading ERP (Enterprise Resource Planning) software package. Your Corporation became the first downstream oil & gas company in the Asia-Pacific Region to customise the enhanced version of SAP software solution with IS-OIL component.

A state-of-the-art Data Centre began operating at IIPM, Gurgaon, from October 2002 to monitor and manage the data communication system of the organisation on a centralised basis.

The Marketing Division is implementing a prototype e-business package for customer convenience.

SAFETY, HEALTH & ENVIRONMENT

Your Corporation is committed to conducting business with a strong environment conscience ensuring sustainable development, safe workplaces and enrichment of quality of life of employees, customers and the community. A comprehensive safety, health & environment management system is in place in all operating units and installations under which the facilities are periodically reviewed and upgraded for better performance. Safety systems are regularly audited for continuous improvement. Environment management systems of all refineries and major marketing and pipelines installations are certified to ISO-14001 standards.

All IndianOil refineries fully comply with the prescribed environmental standards and incorporate state-of-the-art effluent treatment technologies. Sustained efforts are being made to further improve the existing standards and facilities.

IndianOil believes that the man behind the machine is more important and considers his health and safety as a valuable asset. Accordingly, occupational health of the employees is monitored across the Corporation. All occupational health centres are certified under Occupational Health and Safety Management System (OHSMS).

ENERGY CONSERVATION

Your Corporation maintained its emphasis on energy conservation, and concerted efforts made during the year to minimise energy consumption at all refineries resulted in fuel savings of about 26,850 tonnes valued at about Rs. 27 crore. Diverse programmes were conducted during the Oil Conservation fortnight to promote oil conservation amongst the users.

HUMAN RESOURCES

Employee Profile

The Corporation's employee strength as on March 31, 2003 was 31,500, including 10,263 in the officer cadre. There are 2,418 women employees (including 754 in the officer cadre), constituting 7.68% of the total manpower.

Welfare of Employees

As in the past, efforts were made during the year for continuous improvement in various benefits for the employees of the Corporation. The Superannuation Benefit Fund Scheme was reviewed and corrective actions taken to strengthen its financial position.

Welfare of weaker sections

The Presidential Directives and various instructions/guidelines issued by Government of India regarding reservation for SCs, STs, OBCs, physically handicapped, etc. are being followed scrupulously.

It has been the endeavour of your Corporation to utilise 25% of its community development funds towards Special Component Plan and Tribal Sub Plan for meeting the needs of weaker sections.

Status on Implementation of Disabilities Act, 1995

Before the enactment of the Act, 3% of the posts were reserved for physically handicapped persons in Group 'C' and 'D' recruitments only. With the enactment of the above Act w.e.f. 07.02.1996, such reservations have been extended to posts in Group 'A' and 'B' as well.

Presidential Directives regarding Representations of SCs and STs

Presidential Directives and other guidelines issued by the Ministry of Petroleum & Natural Gas/Department of Public Enterprises from time to time with regard to reservation in services for Scheduled Castes and Scheduled Tribes etc., were meticulously followed. Officers dealing with the subject were provided necessary training to enable them to update their knowledge on the subject and perform their job effectively. Liaison officers were carefully chosen and appointed at various units all over the country to ensure implementation of Government Directives.

In accordance with para-29 of the Draft Presidential Directive, a note about the Corporation's activities which have direct relevance to the advancement of SC/ST category of employees along with statistics relating to representation of SCs/STs in the prescribed proformae – Appendices – VII (A) and VII (B) is annexed.

In accordance with the revised instructions of Government of India, vacancy- based rosters have been replaced with post-based rosters w.e.f. 02.07.1997.

Industrial Relations

The Industrial Relations climate in the Corporation was harmonious, peaceful and cordial during the year. This was possible due to better employees' relations management and continuous support from the collectives.

Employees' Participation In Management

Since the implementation of the workers' participation scheme, several shop floor councils and plant committees are functioning in various units with the involvement of workers and management representatives. The Corporation continued its committed approach towards making management a participative affair through sharing of information with the collectives and seeking their support, suggestions and cooperation to the various challenges faced by the Corporation.

The participative culture has taken roots in the form of canteen committees, grievance committees, safety committees, house allotment committees, recreation clubs, consumer co-operatives, PF trust, Superannuation Benefit Fund trust etc. Employees' participation is also being practiced through local departmental committees primarily in the operational and safety areas.

In addition to the above participation forums, several quality circles functioning at various locations are engaged in problem-solving activities to improve quality, cost effectiveness, systems and productivity.

HRD & Training

The Human Resource Development department is facilitating the learning and development processes for sustainable competitive advantage through your Corporation's human resource in a free market scenario. Special emphasis was laid on IT related training.

Career progression of middle level executives has been linked to well-planned career paths to prepare them to function effectively in cross-functional and multi-unit environments in a deregulated scenario.

Your Corporation's apex training centre, the IndianOil Institute of Petroleum Management (IIPM), completed the sixth International MBA Programme with participation from 30 IndianOil officers and one each from the Army, Air Force and ONGC.

Your Corporation continued its efforts to enhance the skills of all its employees in functional and technical areas, besides perspective building of its executives. New programmes were conducted to enable the sales force to develop cutting edge strategies to stay ahead of competition. The Fourth and Fifth batch for the advanced management programme for senior executives titled 'The Threshold' was held at IIPM in collaboration with IIM, Ahmedabad.

Sports

Your Corporation continued its policy of nurturing young talent in sports and games and recruited several youngsters in different disciplines.

Zaheer Khan played a significant role as a member of the Indian cricket team, which finished runner-up in the ICC World Cup held at South Africa. Wasim Jaffer was selected to represent India in the test series against West Indies and England. IndianOil won the prestigious Times Shield "A" Division tournament for the third consecutive year.

IndianOil retained the PSPB Inter Unit Hockey Tournament Trophy by defeating BPCL in the finals. Four of its hockey players, Deepak Thakur, Prabhjot Singh, Viren Rasquinha and Devesh Chauhan, represented the country in various international tournaments, including the Asian Games at Busan, Korea, in October 2002, where the team won the silver medal. The International Hockey Federation named Prabhjot Singh the "Youngest Outstanding Player of the Year".

Manavjit Singh of IndianOil won the Silver Medal in the trap shooting in the Asian Games at Busan.

R.B. Ramesh of IndianOil became the first Indian to win the British Open Chess Championship.

S.S. Ganguly became the 8th Indian Grand Master and IndianOil's 2nd after Abhijit Kunte, in the 35th Chess Olympiad held at Slovenia in November 2002.

Yogesh Pardeshi of your Corporation, as a member of the Indian team for the 6th SAARC Carrom Championship held at Maldives during August 2002, became the world's No. 2 by winning the men's singles, doubles & team event titles.

Hindi Implementation

In compliance with the Official Language Act-1963, Official Language Rules-1976, and orders issued by the Government of India from time to time regarding implementation of the Official Language, your Corporation made continuous efforts during the year to promote official work in Hindi. The Committee of Parliament on Official Language visited various IndianOil units and appreciated the efforts being made in this regard.

Several IndianOil units received regional and national awards from the Department of Official Language, Ministry of Home Affairs, during the year for progressive use of Hindi.

Community Development

As a responsible corporate citizen, your Corporation made substantial contributions during the year to national causes, social welfare and community development programmes throughout the country, particularly in the vicinity of its major units to help improve the quality of life of the local communities.

Corporate Communications

Your Corporation continued to project a positive image in the media, and amongst other stakeholders through various campaigns, exhibitions and events. The IndianOil pavilion at PETROTECH-2003 international exhibition at Delhi won the first prize for effectively showcasing your Corporation's diverse customer offerings and core consultancy services.

During the year, the IndianOil Corporate Website (www.iocl.com) was re-designed with several new features to make it more dynamic and up-to-date. The IndianOilxpress e-mail bulletin was upgraded into a comprehensive internal communication portal hosted on the Internet (www.indianoilxpress.com) and made accessible to IndianOilPeople and their families.

IndianOil Day was celebrated on September1, 2002 by the employees of the Corporation to reinforce their resolve to strive for excellence by aligning their individual aspirations with organisational goals.

VIGILANCE

IndianOil's Vigilance Group is the first investigating agency in India with ISO 9002:1994 certificate for quality assurance by DNV-Netherlands. The certifying agency, in its periodic auditing, has appreciated the efforts of the Vigilance team for bringing about systems improvement in the quality of investigation reports, maintenance of records, files etc. on a continuous basis. An updated version of the 'Vigilance Guide for Executives' listing the various do's and don'ts and areas needing special attention was released during the year. A number of seminars and awareness programmes were also conducted.

FOREIGN TOURS

Out of a total of 404 foreign tours undertaken by officers during 2002-03, 258 were for attending training programmes. The total expenditure on foreign tours was Rs. 6.80 crore.

REMUNERATION TO THE AUDITORS

The Shareholders, at the Annual General Meeting held on 24th September 2001, had authorised the Board of Directors to fix the remuneration of Auditors after the appointment is made by the Comptroller and Auditor General of India (CAG) as per the provisions of the Companies Act applicable to Government Companies. It is hereby informed that a remuneration of Rs. 30 lakh was paid to the Auditors of the Corporation for the year 2002-03.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 2002-03 were Rs. 16.62 lakh.

INDIAN OIL BLENDING LIMITED

The Annual Accounts and Directors' Report of IndianOil Blending Limited (IOBL), a wholly owned subsidiary of the Corporation, are annexed. IOBL earned a net profit of Rs. 1.14 crore and declared a dividend of 30% for the year 2002-03.

CHENNAI PETROLEUM CORPORATION LIMITED

The Annual Accounts and Directors' Report of Chennai Petroleum Corporation Limited (CPCL), a subsidiary of the Corporation, are annexed. CPCL earned a net profit of Rs. 302.89 crore and declared a dividend of 35% for the year 2002-03.

BONGAIGAON REFINERY & PETROCHEMICALS LIMITED

The Annual Accounts and Directors' Report of Bongaigaon Refinery & Petrochemicals Limited (BRPL), a subsidiary of the Corporation, are annexed. BRPL earned a net profit of Rs. 178.45 crore during the financial year 2002-03 and declared a dividend of 27% for the year 2002-03.

IBP CO. LTD.

The Annual Accounts and Directors' Report of IBP Co. Ltd., a subsidiary of the Corporation, are annexed. IBP earned a net profit of Rs. 87.75 crore and declared a dividend of 140% for the year 2002-03.

INDIANOIL MAURITIUS LIMITED

The Annual Accounts and Directors' Report of IndianOil Mauritius Ltd. (IOML), a wholly owned subsidiary of the Corporation, are annexed.

LANKA IOC PVT. LTD.

The Annual Accounts and Directors' Report of Lanka IOC Pvt. Ltd., a wholly owned subsidiary of the Corporation, are annexed.

BOARD OF DIRECTORS

Shri N.K. Nayyar was appointed to the Board of IndianOil w.e.f. 10-10-2002 as Director (Planning & Business Development).

Shri Naresh Narad, Special Secretary, Ministry of Petroleum & Natural Gas, Government of India, ceased to be a Director of IndianOil w.e.f. 11-11-2002. Shri M.S. Srinivasan, Additional Secretary, Ministry of Petroleum & Natural Gas, Government of India, was appointed as a Director w.e.f. 20-12-2002.

Dr. A.K. Bhatnagar, Director (Research & Development), superannuated from the services of the Corporation on 31-12-2002, and Shri N.R. Raje was appointed Director (Research & Development) w.e.f. 1-01-2003.

Shri A.K. Arora, Director (Refineries) superannuated from the services of the Corporation on 31-03-2003, and Shri Jaspal Singh was appointed Director (Refineries) w.e.f. 1-04-2003.

Shri Shivraj Singh, Joint Secretary, Ministry of Petroleum & Natural Gas, Government of India, ceased to be a Director of IndianOil w.e.f. 14-03-2003. Shri Prabh Das, Joint Secretary, Ministry of Petroleum & Natural Gas, Government of India, was appointed as a Director w.e.f. 24-04-2003.

Report On Energy Conservation, Technology Absorption And Foreign Exchange Earnings

In accordance with the Companies' (Disclosure of Particulars in the report of Board of Directors) Rule, 1988, a report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings is provided in the Annexure.

PARTICULARS OF EMPLOYEES

The particulars of employees are annexed pursuant to Section 217(2A) of the Companies Act, 1956 and Rules framed thereunder.

DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) that in the preparation of the annual accounts for the financial year ended 31st March, 2003, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;

(ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

(iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2003 on a 'going concern' basis.

ACKNOWLEDGEMENTS

The Board of Directors greatly appreciates the valuable services and dedicated efforts of the members of the IndianOil family who have ensured the accomplishment of excellent results and achievements of your Corporation. The Board of Directors also wishes to thank the Government of India and the various State Governments for their valuable guidance and support.

The Board of Directors also wishes to place on record its appreciation of the significant contributions and valuable services rendered by S/Shri A.K. Arora, Naresh Narad, Shivraj Singh and Dr. A.K. Bhatnagar during their tenure on the Board of IndianOil as Directors.

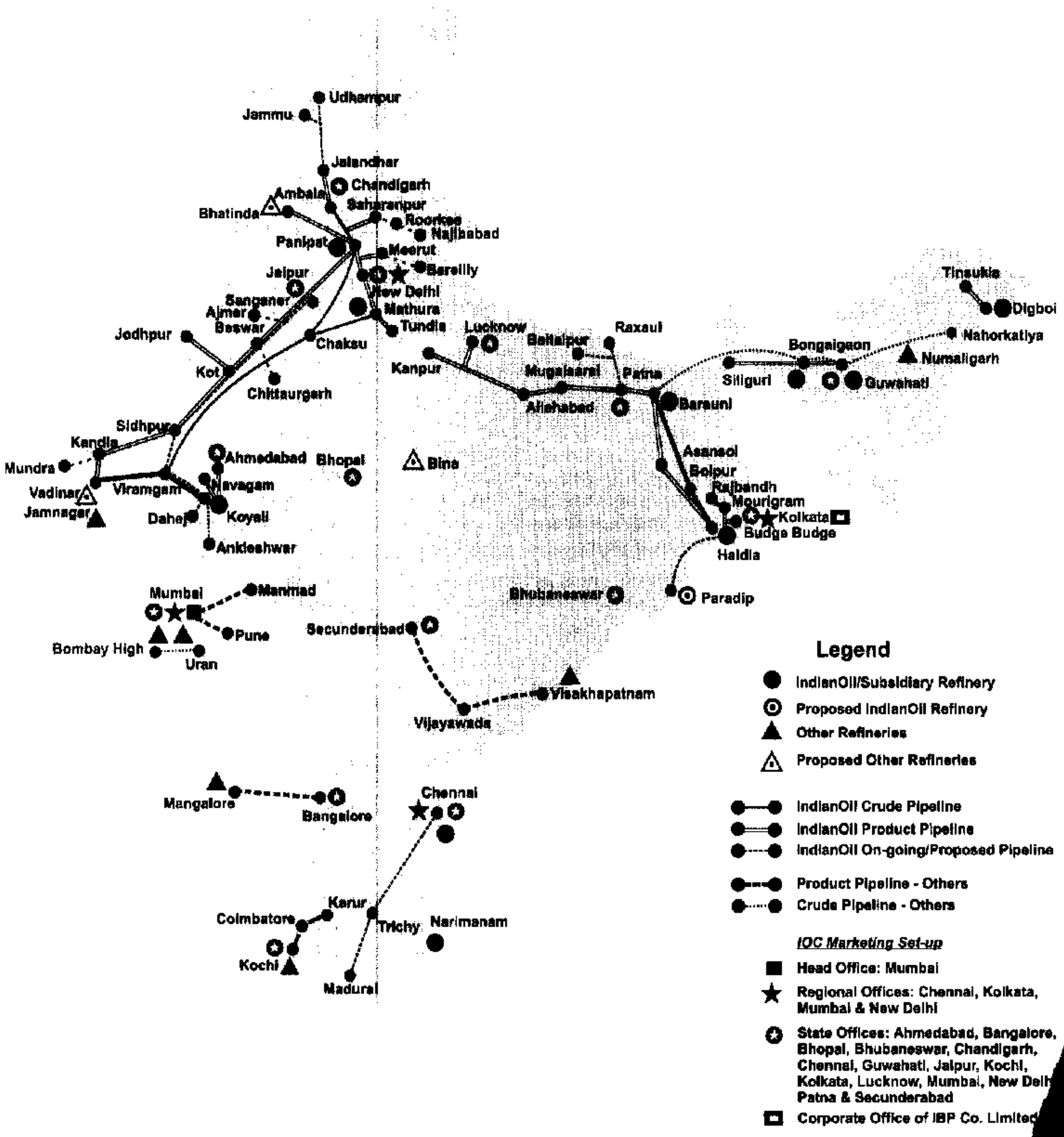
For and on behalf of the Board

M. S. Ramachandran

(M.S. RAMACHANDRAN)
Chairman

Place : New Delhi
Dated : 19.8.2003

Refineries, Pipelines and Marketing Set-up



Earnings for Customers

(Awards, Certifications and Recognition earned by IndianOil during 2002-03)

Corporate

- 'SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management - Institutional Category Award' for the years 2001-02 and 1999-2000
- Merit certificate and trophy for excellence in the achievement of MoU targets for the year 1999-2000
- National Petroleum Management Programme (NPMP) Awards
  - Award for Excellence in Human Resource Management
  - Award for Excellence in Project Management jointly with ONGC
  - Award for Excellence in Creativity and Innovation to IndianOil R&D Centre
  - Award for Excellence in Women Development (Enterprise Category)
- Indian Chemical Manufacturers Association Acharya P.C. Ray Award to R&D Centre for development of indigenous technology
- Best Enterprise Award and special commendation award from Forum for Women in Public Sector

Safety

- Sword of Honour- 2002 prestigious safety award from British Safety Council, UK, to Barauni, Gujarat and Panipat refineries for excellent safety management systems
- 5-Star rating from British Safety Council to Barauni, Gujarat, Panipat and Mathura refineries under the new scoring system
- Industrial Safety Gold Award-2001 from Greentech Foundation to Gujarat refinery
- British Safety Award (2001-02) from the British Safety Council to Mathura refinery
- Commendation Certificate in the Oil and Gas Industry Sector by the Royal Society for Prevention of Accidents, UK, for the year 2002 to Barauni refinery – the first ever Indian refinery in the oil sector to achieve this recognition
- *Prashansa Patra* from National Safety Council, India, for the year 1999 and *Shreshtha Suraksha Puraskar* for the year 2000 to Gujarat refinery
- National Safety Award-2000 of Ministry of Labour, Govt. of India, to Gujarat refinery for the fifth consecutive year
- National Safety Award-2002 from the British Safety Council to Koyali-Ahmedabad pipeline
- Oil Industry Safety Directorate's (OISD) second best performance trophy to Salaya-Mathura Pipeline for the third consecutive year under Group-5 (cross-country pipelines category)

- OISD Best Performer Trophy under Group-2 category for POL Marketing organisations
- OISD Best Performer Trophy to IndianOil for LPG Marketing organisations under Group-3 category
- National Safety Award 2000 under Scheme IV for the longest accident-free period to Mughalsarai Terminal

Energy Conservation

- National Energy Conservation Award-2002 special prize in the refining sector from the Ministry of Power for consistent performance in three consecutive years to Gujarat refinery — the first refinery in the country to achieve this distinction
- First prize of Jawaharlal Nehru Centenary Award under 'Best performance in energy consumption' category to Gujarat refinery for 1999-2000 and 2000-01 and to Haldia refinery for 1998-99. Haldia refinery was also declared the winner of the third prize under 'Best performance in energy consumption' category for 2000-01
- Jawaharlal Nehru Centenary Award under the 'Best improvement in energy conservation' category to Barauni refinery for the year 1999-2000 and to Haldia refinery for the year 1998-99
- Ministry of Power National Energy Conservation Award-2002 first prize for excellence in energy conservation in refining sector to Panipat refinery
- ENCON Award 1999-2000 for best performance in energy conservation to Gujarat refinery.
- PCRA Award for 'Exemplary work in energy conservation' to Panipat and Barauni refineries

IndianOil

Environment Management

- Greentech Environmental Excellence Gold Award (2001-02) from Greentech Foundation, UK to Gujarat and Mathura refineries
- Golden Peacock Awards for 'Environment Management & Monitoring and Hospital Waste Management' and 'Environment Monitoring and Biomedical waste Management' to Gujarat Refinery Hospital
- Golden Peacock Environment Management Award-2002 from World Environment Foundation to Kandla-Bhatinda pipeline.

Quality Control

- NABL (National Accreditation Board for testing and calibration Laboratories) accreditation for Quality Control laboratories at Digboi, Guwahati and Barauni refineries. With this, labs at all seven IndianOil refineries have NABL accreditation
- Rajiv Gandhi National Quality Award 2001 for the Services Sector to Kandla-Bhatinda pipeline for operating ISO 9002 and ISO 14001. Also received Jawahar Lal Nehru Memorial Awards from International Greenland Society, Hyderabad
- Rajiv Gandhi National Quality Award-2000 and British Safety Council Award-2001 to Salaya-Mathura pipeline

- *Vishwakarma Rashtriya Puraskar* from the Ministry of Labour, Govt. of India, for the year 2000 to Barauni refinery

Sports

- Petroleum Sports Promotion Board (PSPB) Petroleum Minister's Trophy-2002 for overall best performance in sports and games among member organisations
- PSPB Trophy for Excellence for the year 2001-02 for securing the highest points from among member organisations
- PSPB Awards to IndianOil sportstars:
  - Sportsperson of the Year (2000-01) Award to P. Gopichand (badminton)
  - PSPB Elite Sportspersons of the Year award for 2000-01 to Abhinn Shyam Gupta (badminton), Abhijit Kunte (chess) and Chetan Baboor (table tennis) and for 2001-02 to Devesh Chauhan (hockey); and
  - Lifetime Achievement Award to Shri Dinesh Khanna (badminton)

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ANNEXURE-I

Annexure to Directors' Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings as per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

a. Energy conservation measures taken:

As a part of continued efforts towards energy conservation, a number of projects are at various stages of implementation at refineries.

b. Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

I. SCHEMES IMPLEMENTED

Sr. No.	Item	Cost (Rs. in Lakh)	Fuel Savings FO Equivalent (Tonnes/year)
1.	Installation of Gas Turbine with HRSG at Barauni Refinery	7,912	8,470
2.	Installation of Gas Turbine with HRSG at Haldia Refinery	9,700	12,000

II. MAJOR SCHEMES UNDER IMPLEMENTATION

- Combined re-run unit operation of AU-1 & 2 at Gujarat Refinery
- Installation of new energy efficient boilers at Guwahati Refinery
- Installation of new gas turbine alongwith HRSG at Digboi Refinery

c. Impact of the measures at (a) and (b) above on reduction of energy consumption and consequent impact on the cost of production of goods

The above schemes, on completion, are expected to result in fuel savings of 13,000 MT per annum.

d. Total energy consumption and energy consumption per unit of production as per Form 'A' of the Annexure in respect of industries specified in the schedule thereto

Necessary information in Form 'A'.

B. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form 'B' of the Annexure is attached.

C. FOREIGN EXCHANGE EARNING AND OUTGO

(a) Activities relating to exports, initiatives taken to increase exports, development of new export market, for products and services; and export plans:

The first exports of HSD and ATF have been undertaken during the year and consignments totalling 0.232 MMT of HSD valued at Rs. 280.99 crore and 0.070 MMT of ATF valued at Rs. 90.74 crore have been exported to Sri Lanka. The first exports of MS have also been undertaken during the year and a quantity of 15607.771 MTs valued at Rs. 24.03 crore have been exported.

(b) Total foreign exchange used and earned.

	(Rs. in Crore)
Foreign Exchange earnings	2,626.18
Foreign Exchange used	37,666.88

Form 'A'

Form for Disclosure of Particulars with respect to Conservation of Energy

PARTICULARS	TOTAL 2002-2003	TOTAL 2001-2002
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY		
a) **Purchased**		
Qty ('000 KWH)	**23787**	22750
Rate/Unit	**6.85**	7.53
Amount (Rs. in Lakh)	**1630**	1712
b) **Own Generation**		
i) Through Duel Fuel (HSD/Natural Gas) Generator		
Unit ('000 KWH)	**1141744**	863367
KWH per MT of STD Fuel	**3455**	3671
Cost/Unit (Rs./KWH)	**2.75**	1.99
ii) Through Steam Turbine/Generator		
Unit ('000 KWH)	**657627**	817038
KWH per MT of STD Fuel	**2573**	2767
Cost/Unit (Rs./KWH)	**4.53**	4.43
c) Electricity Consumed (a+b) ('000 KWH)	**1823158**	1703156
2. COAL	**-**	-
3. LIQUID FUEL (LSHS/FO/NAPHTHA)		
Qty (MTs)	**1192632**	1114923
Amount (Rs. in Lakh)	**120416**	89803
Average Rate (Rs./MT)	**10097**	8055
4. OTHER / INTERNAL FUEL		
a) INTERNAL FUEL		
i) **Fuel Gas**		
Unit (MTs)	**729088**	630172
Amount (Rs. in Lakh)	**68156**	53012
Average Rate (Rs./MT)	**9348**	8412
ii) **LDO / HSD**		
Unit (MTs)	**147894**	146105
Amount (Rs. in Lakh)	**15842**	13455
Average Rate (Rs./MT)	**10712**	9209
iii) **Coke**		
Unit (MTs)	**241422**	169955
Amount (Rs. in Lakh)	**21948**	12251
Average Rate (Rs./MT)	**9091**	7208
b) PURCHASED FUEL		
i) Natural Gas		
Unit (MTs)	**19764**	374927
Amount (Rs. in Lakh)	**373436**	19848
Average Rate (Rs./MT)	**5293**	5294
B. CONSUMPTION PER MT OF PRODUCT		
i) **Actual Production ('000 MTs)**	**32812**	31631
ii) **Consumption per MT of Product**		
- Electricity (KWH/MT)	**55.564**	53.844
- Liquid Fuel (MT/MT)	**0.036**	0.035
- Fuel Gas/LDO/Coke (MT/MT)	**0.034**	0.030
- Natural Gas (MT/MT)	**0.011**	0.012

ANNEXURE-I (Contd.)

Form 'B'

Form for disclosure of particulars with respect to Technology Absorption and Research & Development (R&D)

1. Specific areas in which R&D carried out by the company

a) Lubricants, greases and specialities

b) Fuels

c) Refinery processes

d) Pipeline transportation of crude oil and products

e) Material failure analysis

f) Synthesis of additives

g) Fuel efficient appliances

2. Benefits derived as a result of the above R&D

- Technology developed for Mercaptans removal and sweetening processes.
- LPG boosting additive (I-Max) technology for FCC developed and licensed for commercial production and marketing.
- Antioxidant for motor spirit developed and successful field trial carried out at Gujarat Refinery.
- Development of catalyst selection methodology and pilot plant evaluation for hydrocracker of Gujarat Refinery.
- Needle coke technology transfer to BRPL.
- Feasibility studies for production of DG Grade Furnace Oil at Mathura and Panipat refineries completed.
- 37 new and 43 revised product formulations were developed. Some of these include: Servo 2T meeting JASO FB, Servo 2T Boat Power, Servo Super DS meeting API CD, Servo Super DS meeting API CD+MILC for overseas market. ServoSynco Gear 80W-90, BEML Anti-corrosion Fluid, fully synthetic oils meeting API SJ performance level in SAE 5W-50 & SAE 15W-50, Servo 25RO.
- 32 products earned approvals from Original Equipment Manufacturers (23 national and 9 international) and other agencies.
- Detailed study on 5% and 10% ethanol blended gasoline sponsored by MOP&NG completed and report submitted.
- Branded gasoline and diesel launched based on R&D recommendation.

3. Future plan of action

a) Development of long life and energy efficient lubricants, greases and specialities

b) Development of biodegradable and eco-friendly lubricants and fuels

c) High performance novel lubricants

d) Setting up of following facilities and pilot plants:

- Hydroprocessing
- Simulation and mathematical modeling
- Additional product development and analytical facilities

e) Extended R&D services to other refineries

f) Optimisation/upgradation of existing refinery processes to maximise product yield

g) Value addition/cost reduction

4. Expenditure on R&D

			Rs. in Crore
a)	Capital	-	39.34
b)	Revenue	-	51.08
c)	Total	-	90.42

ANNEXURE-I (Contd.)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts made towards technology absorption, adaptation and innovation:

With a view to further improve the product pattern and product quality to meet future environmental emission norms, IndianOil has adopted new technologies in line with the latest developments worldwide. Major steps taken in this regard are given below:

A. IMPORTED TECHNOLOGY

i) Hydrocracker Technology for middle distillate improvement:

First Hydrocracker of the country was commissioned at Gujarat Refinery in 1994, adopting technology from M/s Chevron, USA. Thereafter, once through hydrocracker unit was commissioned at Panipat and Mathura refineries with technologies from M/s UOP, USA and M/s. Chevron, USA respectively. Hydrocracker technology from M/s UOP, USA has been selected for implementation for Panipat Refinery (under expansion to 12 MMTPA) and in Paradip Refinery Project. Hydrocracker technology from M/s IFP, France has been selected for Haldia Refinery.

ii) Diesel Hydrotreatment Technology:

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Diesel hydrotreatment units have been commissioned at Panipat, Mathura, Gujarat and Haldia refineries. Diesel hydrotreatment units have also been commissioned at Guwahati and Barauni refineries and is under implementation at Digboi refinery with technology from M/s.UOP, USA. Technology from M/s IFP, France has been selected for Mathura and Panipat (under expansion to 12 MMTPA) for diesel hydrotreatment.

iii) Resid Fluidised Catalytic Cracking Technologies:

For improvement of distillate yield, resid fluidised catalytic cracking technology from M/s S&W, USA has been successfully implemented at Panipat, Haldia and Barauni refineries.

iv) Catalytic Iso-Dewaxing Unit at Haldia Refinery:

For improving the lube oil quality in line with international standards and augmenting production capability, iso-dewaxing technology from M/s Mobil, USA is under implementation at Haldia refinery.

v) Hydrofinishing Technology for Treatment of Paraffin Wax/Microcrystalline Wax:

Process technology from M/s. IFP, France for hydrofinishing of paraffin wax has already been implemented at Barauni and Digboi refineries. The same technology from M/s IFP, France for microcrystalline wax has been implemented at Haldia Refinery.

vi) Solvent Dewaxing/Deoiling technology at Digboi:

In order to upgrade the process for the production of paraffin wax at Digboi Refinery, solvent dewaxing/deoiling technology from M/s U.O.P, USA is under implementation. The production of microcrystalline wax will also be started after implementation of this technology.

vii) Hydrogen Generation Technology:

Hydrogen generation technology obtained from M/s. Haldor Topsoe, Denmark is in operation at Gujarat, Mathura, Haldia, Panipat and Barauni refineries. This technology is also being adopted for supply of hydrogen to diesel hydrotreatment units of Panipat expansion and Paradip Refinery Project (PDRP). The same technology from M/s KTI, The Netherlands is implemented for Hydrogen plant at Guwahati Refinery and is under implementation at Digboi Refinery and also selected for implementation at Haldia and Mathura refineries.

viii) Sulphur Recovery Technologies for reduction of SO_2 emission:

Refineries at Gujarat, Haldia, Mathura and Barauni are successfully operating the Sulphur recovery technology from M/s. Stork Comprimo, The Netherlands. Sulphur Recovery Technology from M/s.Delta, Houston, USA is employed at Panipat Refinery. The same technology from M/s Stork Comprimo is under implementation for additional SRU at Haldia.

Further, for the projects of Panipat expansion as well as for PDRP, Sulphur recovery technologies from M/s B & V Pritchard, USA have been selected for implementation.

ix) ISOSIV Technology at Guwahati Refinery:

For production of unleaded MS at Guwahati refinery, ISOSIV technology from M/s UOP, USA has been implemented.

x) Delayed Coker Technology:

For bottom of the barrel upgradation, Coker technology from M/s ABB Lumus, USA has been selected for implementation at Panipat and Paradip Refinery Project (PDRP).

xi) IGCC Technology:

For generation of power from petroleum coke, Integrated Gassification Combined Cycle (IGCC) based technology from M/s Shell, The Netherlands, has been selected for implementation at PDRP.

xii) Continuous Catalytic Reforming Technology:

For improvement in Octane number of Motor Spirit, continuous catalytic reforming technology from M/s UOP, USA has been selected for implementation at PDRP.

xiii) Technology for ParaXylene:

For production of ParaXylene at Panipat, Parex and reforming technology from M/s UOP, USA has been selected for implementation.

ANNEXURE-I (Contd.)

xiv) Technology for Purified Terephthalic Acid (PTA):

For production of PTA at Panipat, technology from M/s Du Pont, USA has been selected for implementation.

xv) Technology for Linear Alkyl Benzene (LAB):

For production of Linear Alkyl Benzene, technology from M/s.UOP, USA has been selected for implementation.

xvi) MS Quality Upgradation Technology:

For MS Quality Upgradation, isomerisation technology of M/s.UOP, USA has been selected for implementation at Mathura Refinery. Technology from M/s Axens, France has been selected for implementation at Haldia Refinery.

B. INDIGENOUS TECHNOLOGY

i) INDMAX Technology:

INDMAX technology developed by IOC (R&D) for converting heavy distillate and residue into LPG/light distillate products, is under implementation at Guwahati Refinery.

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ii) Hexane Hydrogenation Technology:

Hexane hydrogenation process for production of food grade Hexane (WHO grade quality), developed by IOC (R&D) with indigenous catalyst has been successfully implemented at Gujarat Refinery.

C. MODERNISATION OF INSTRUMENTATION & CONTROL

A) Distributed Digital Control System (DDCS)

Conventional pneumatic instruments in existing process units and captive power plants are being replaced by microprocessor-based DDCS in a phased manner. DDCS has already been implemented in the process units and captive power plants of all refineries except Guwahati.

B) Advanced Process Control & Optimisation (APC)

APC has been implemented in

- Crude & Vacuum Distillation Units, Hydrocracker, Fluidised Cracking Unit and CRU of Gujarat Refinery.
- Atmospheric & Vacuum Distillation Units, Once Through Hydrocracker & Resid Fluidised Cracking Unit of Panipat Refinery.
- New Delayed Coker Unit of Digboi Refinery.

Implementation of APC is in progress in Atmospheric & Vacuum Distillation Units of Barauni Refinery.

C) Offsite Modernisation

As a part of modernisation of Oil Movement & Storage (OM&S) facilities, the following have already been implemented

- Automated tank wagon gantry at Barauni Refinery.
- Automated sixth tank wagon gantry, FCCU and GRE gantries at Gujarat Refinery.
- Automation of tank truck gantry at Gujarat Refinery.
- Automation of tank truck gantry at Haldia Refinery.
- Automation of second tank wagon gantry at Haldia Refinery
- Blending automation at Haldia Refinery
- Automation of tank wagon gantries at Mathura Refinery
- Auto tank gauging has been completed at all the refineries.

D) Automation of laboratories has been completed at all refineries.

E) Networking & Real Time Data Base

- Networking of units and offsite facilities has been completed at all refineries.
- Software packages for Supply Chain Management are under implementation at all refineries.

Annexure-II

Statement showing the number of reserved posts filled by SC and ST candidates during the year 2002

A. Posts filled by Direct Recruitment

Class of posts	Backlog of Vacancies					
	Notified		Filled		Balance carried forward	
	SC	ST	SC	ST	SC	ST
1	2	3	4	5	6	7
					(Col.2-4)	(Col.3-5)
A	18	14	18	12	0	2
B	No recruitment is made in this group.					
C	7	9	1	1	8	12
D (excluding Safai Karamcharis)	8	19	7	1	2	18
D (Safai Karamcharis)	0	0	0	0	0	0

Appendix VII (A)

Current Vacancies							Remarks
Total No. Notified	Out of Col 8 reserved for		Filled		Balance carried forward as backlog		
	SC	ST	SC	ST	SC	ST	
8	9	10	11	12	13	14	15
					(Col.9-11)	(Col.10-12)	
403	30	12	51	16	0	0	
133	12	3	16	4	4	11	
86	11	4	8	2	5	20	
0	0	0	0	0	0	0	

Annexure-II (Contd.)

Appendix VII (B)

B. Posts filled by Promotion

Class of posts	Total No. of vacancies notified	Out of Col.2 posts reserved for		No. of posts filled by		Balance		Remarks
		SC	ST	SC	ST	SC	ST	
						(Col.3-5)	(Col.4-6)	
1	2	3	4	5	6	7	8	9
A	324	32	12	61	22	0	0	
B	606	88	46	106	58	0	0	
C	2568	326	171	433	233	0	0	
D (excluding Safai Karamcharis)			These posts are filled by recruitment only					
D (Safai Karamcharis)			These posts are filled by recruitment only					

Certified that whenever posts reserved for SC/ST are filled by non-reserved candidates, the procedure laid down for de-reservation, C/F (wherever applicable), exchange, etc., has been followed and prior approval of the competent authority has been taken.

Name of the Director	No. of Board Meetings attended out of 13 meetings held	Annual General Meeting held on 30.9.2002 attended (Yes/No)	No. of Directorship in other companies Boards	Membership in Committees in other Companies Boards	Chairmanship of Committees of other Companies Boards
Whole-time Functional Directors					
Shri M.S. Ramchandran, Chairman	12	Yes	3	-	-
Shri A.K.Arora, Director (Refineries)[1]	12	Yes	1	-	-
Dr. A.K. Bhatnagar, Director (R&D)[2]	10	Yes	-	-	-
Shri P. Sugavanam, Director (Finance)	13	Yes	4	-	-
Shri A.M. Uplenchwar, Director (Pipelines)	13	Yes	4	-	-
Shri P. K. Agarwal, Director (Marketing)	11	Yes	4	-	-
Shri A. K. Mitra, Director (Human Resources)	12	Yes	-	-	-
Shri N. K. Nayyar, Director (Plng. & BD)[3]	6	No	5	-	-
Shri N. R. Raje, Director (R&D)[4]	3	No	-	-	-
Part-time Non-Executive Government Directors					
Shri Naresh Narad[5]	8	Yes	3	1	-
Shri Shivraj Singh[6]	5	Yes	3	2	-
Dr. Surajit Mitra[7]	10	Yes	2	-	-
Shri M.S. Srinivasan[8]	3	No	2	-	-
Part-time Non-Executive Directors					
Dr. R K Pachauri	3	No	1	-	-
Shri M. Kalyanasundaram	12	Yes	-	-	-
Prof. S K. Barua	9	Yes	3	2	-
Shri L. Sabaretnam	12	Yes	3	-	-
Shri Vineet Nayyar	8	Yes	14	-	-
Part-time Non-Executive nominee Director of ONGC Ltd.					
Shri R. S. Sharma	10	Yes	3	1	-

Remarks:

1 Shri A.K.Arora ceased to be Director (Refineries) on his superannuation on 31.3.2003.

2 Dr. A.K.Bhatnagar ceased to be Director (Research & Development) on his superannuation on 31.12.2002.

3 Shri N.K.Nayyar was inducted as Director (Planning & Business Development) on the Board w.e.f. 10.10.2002.

4 Shri N.R.Raje was inducted as Director (Research & Development) on the Board w.e.f. 01.01.2003.

5 Shri Naresh Narad ceased to be Director w.e.f. 11.11.2002.

6 Shri Shivraj Singh ceased to be Director w.e.f. 14.03.2003.

7 Dr. Surajit Mitra was inducted on the Board w.e.f. 17.05.2002.

8 Shri M.S.Srinivasan was inducted on the Board w.e.f. 20.12.2002.

As may be observed from the above, the Company has an Executive Chairman and all the Part-time Non-Executive Directors, who are independent, constitute more than half the total strength of the Board.

Report on Corporate Governance

(Forming part of the Directors' Report for the period ended 31st March 2003)

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The philosophy of IndianOil is to attain the highest standards of Corporate Governance by ensuring transparency in all its operations, disclosures and to maximize shareholders' values. In this direction, IndianOil is also committed to its other business constituents like customers, employees, suppliers and the community at large. In order to fulfill these objectives, IndianOil fully complies with the stipulations laid down in the guidelines on Corporate Governance as specified in Clause 49 of the Listing Agreement executed with the Stock Exchanges.

BOARD OF DIRECTORS

(a) Composition of Board of Directors

The Board of IndianOil consists of optimum combination of Executive and non-Executive Directors. Part-time non-Executive independent Directors are persons with proven record in diverse areas like Energy Policy, Academics, Government and Public Sector, Industry and Trade Unions. Consequent upon cross-holding of shares between ONGC and IndianOil; an independent Director representing ONGC has also been inducted on the Board of the Corporation.

At present, the Board has a total of 17 Directors. These include Chairman and 7 whole time Functional Directors, 5 Part-time non-Executive Directors, 3 Part time non-Executive nominee Directors from the Ministry of Petroleum & Natural Gas (MOP&NG), Govt. of India and a nominee from ONGC Ltd.

(b) Number of Board Meetings

There were 13 Board meetings during the financial year 2002-03 as against the requirement of holding one meeting every quarter as per the provisions of the Companies Act, 1956.

Details of the Board Meetings held during the year

Sr.No.	Date of the Board Meeting	Board Strength	No. of Directors Present
1.	19.04.2002	15	11
2.	17.05.2002	16	13
3.	18.06.2002	16	12
4.	31.07.2002	16	13
5.	26.08.2002 adjourned to 29.08.2002	16	14
6.	18.09.2002	16	10
7.	30.09.2002 adjourned to 07.10.2002	16	15
8.	30.10.2002	17	13
9.	25.11.2002	16	14
10.	20.12.2002	17	15
11.	29.01.2003	17	13
12.	26.02.2003	17	14
13.	27.03.2003	16	15

(c) Attendance of each Director at Board Meetings, last Annual General Meeting and Number of other Directorship and Chairmanship / Membership of Committee of each Director in various companies is as under:

None of the Directors on the Board is a member on more than 10 Committees and none of them is a Chairman of any Committee across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee position occupied by them in other companies.

A brief resume of the Directors, who are being appointed / reappointed at the forthcoming AGM, is given in the notice of the AGM.

AUDIT COMMITTEE:

IndianOil's Audit Committee comprises three independent Non-Executive Directors, which is in line with the guidelines set out in the Listing Agreement.

The Terms of Reference of Audit Committee includes overseeing the audit functions, review of Company's financial performance, review critical findings of Internal Audit, compliance with the accounting standards and all other matters specified under Clause 49 of the Listing Agreement of the Stock Exchange. The Committee considered the Annual Accounts for the financial year 2002-03 before recommending the same to the Board for approval.

The attendance at the nine meetings held during the year 2002-03 are given below:

Date of the Meeting	Prof. S.K.Barua (Chairman)	Shri M. Kalyanasundaram (Member)	Shri L. Sabaretnam (Member)
27.04.2002	Yes	Yes	Yes
05.06.2002	Yes	Yes	Yes
20.06.2002	Yes	Yes	Yes
14.09.2002	Yes	Yes	Yes
30.10.2002	Yes	No	Yes
30.11.2002	Yes	Yes	Yes
19.12.2002	Yes	Yes	Yes
20.01.2003 adjourned to 29.01.2003	Yes	Yes	Yes
15.02.2003	Yes	Yes	Yes

The Audit Committee meetings are also attended by the Director (Finance) and head of the Internal Audit as Special Invitees. The representatives of the Statutory Auditors are invited to the meetings as and when required. The Company Secretary acts as the Secretary of the Audit Committee.

REMUNERATION COMMITTEE:

The remuneration of the whole time Directors is decided by the Government of India since IndianOil is a Government Company. The non-Executive Part-time Directors are not paid any remuneration except sitting fees for attending the meetings of the Board or Committees thereof. However, the Board has constituted a Remuneration Committee to approve certain perquisites for whole-time Directors and below Board level Executives which are within the powers of the Board.

The Remuneration Committee comprises Dr. Surajit Mitra, Chairman of the Committee, and Shri L. Sabaretnam, both Part-time Non-Executive Directors. The Committee also comprises Shri P. Sugavanam, Director (Finance), Shri A.K.Mitra, Director (Human Resource), both whole time Functional Directors.

A meeting of the Remuneration Committee was held on 25.11.2002, which was attended by all the members of the Committee.

Remuneration paid to whole-time Directors and sitting fees paid to Part-time Non-Executive Directors during the financial year 2002-03 are as under:

Whole-time Directors

(Rs. in Lakh)

Name of the Director	Designation	Salaries & Allowances	Contribution to Provident Fund	Contribution to Gratuity Fund	Other Benefits & Perquisites	Total Remuneration
Shri M.S. Ramachandran	Chairman	7.68	0.74	0.16	2.11	10.69
Shri A.K. Arora	Director (Refineries) (up to 31.03.2003)	18.44	1.38	0.16	2.01	21.99
Dr.A.K. Bhatnagar	Director (R&D) (up to 31.12.2002)	12.74	0.75	0.12	3.41	17.02
Shri P. Sugavanam	Director (Finance)	10.69	0.87	0.16	1.13	12.85
Shri A.M. Uplenchwar	Director (Pipelines)	7.88	0.73	0.16	1.34	10.11
Shri P.K. Agarwal	Director (Marketing)	7.96	0.70	0.16	1.40	10.22
Shri A.K. Mitra	Director (Human Resources)	6.89	0.65	0.16	0.38	8.08
Shri N.K. Nayyar	Director (Planning & Business Development) (w.e.f. 10.10.2002)	3.16	0.30	0.07	0.42	3.95
Shri N.R. Raje	Director (R&D) (w.e.f. 01.01.2003)	1.54	0.16	0.04	0.42	2.16
TOTAL		76.98	6.28	1.19	12.62	97.07

Note:

1) No performance-linked incentive is paid to the whole-time Directors.

2) No stock options have been issued to whole-time Directors during the year.

3) The terms of appointment of the whole-time Directors, as issued by the Government of India, provides for 3 months notice period for severance of service.

Part-time Non-Executive Directors

(Rs. in Lakh)

Name of the Director	Sitting Fees
Shri Vineet Nayyar	0.85
Shri L. Sabaretnam	1.50
Shri M. Kalyanasundaram	1.05
Dr. R.K. Pachauri	0.25
Prof. S.K. Barua	1.35
TOTAL	5.00

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

Shareholders'/Investors' Grievance Committee comprises of three Members with an independent Director as Chairman. Company gives top priority to resolving matters relating to the grievances/queries of shareholders, at the earliest. The committee examines and redresses the grievances of shareholders/investors. No overdue share transfers are pending as on date.

The composition of the Shareholders'/Investors' Grievance Committee and attendance at the two meetings held during the year 2002-03 are given below:-

Name of the Member	Number of meetings held during the year	Number of meetings attended
Prof. S.K.Barua, (Chairman)	2	2
Shri P.Sugavanam, Director (Finance)	2	2
Shri A.K.Mitra, Director (Human Resources)	2	2

Shri R. Narayanan, Company Secretary is the compliance officer for the Committee.

Summarised information on complaints received and resolved during the period 1st April 2002 to 31st March, 2003:-

Sr.No.	Nature of complaint	Received during the period 1.4.2002 to 31.3.2003	Redressed during the period	Pending less than 30 days
1.	Letters received from SEBI	14	10	4
2.	Letters received from Stock Exchanges	3	1	2
3.	Letters received from Deptt. of Company Affairs	-	-	-
4.	Court/Consumer Forum cases	-	-	-
5.	Change of address	2156	2156	-
6.	Request for nomination	141	141	-
7.	Non-receipt of dividend	997	997	-
8.	Revalidation of dividends	65	65	
9.	Indemnity bond for duplicate dividends	73	73	-
10.	Indemnity bond for issue of duplicate share certificates	36	36	

Other Committees of the Board

In addition to the above Committees, the Board has delegated certain powers to various committees with distinct roles and responsibilities. The details of the Committees of the Board are as under:-

Sr.No.	Name of Committee	Role and Responsibilities	Members
1.	Planning & Projects Committee	For approval of capital investments up to Rs.100 crore	Chairman and all whole-time Directors
2.	Contracts Committee	For award of contracts and implementation thereof	- do -
3.	Projects Evaluation Committee	For evaluating and recommending for Board approval, projects costing over Rs.250 crore	Three Part-time Non-Executive Directors, Director (F) and concerned whole-time Directors.

4.	Establishment Committee	To take decisions in respect of creation of posts of General Managers and above, selection, appointment and promotion to General Managers and above and Conduct, Discipline and Appeal Rules	Chairman and all whole-time Directors, two Part-time Non-executive Govt. Directors and one Part-time Non-Executive Director.
5.	Deleasing of Flats Committee	To consider request for deleasing of Company-leased flats / accommodation	Chairman, Director (Human Resource), Director (Finance) and a Part-time Non-Executive Government Director.

Annual General Meetings (AGMs):

The Annual General Meetings of the Company are held at Mumbai where the Registered Office of the Company is situated. The details for the past three years are as under:

	1999-2000	**2000-01**	**2001-02**
Date & Time	08.09.2000 11.00 A.M.	24.09.2001 11.00 A.M.	30.09.2002 11.00 A.M.
Venue	Nehru Centre Auditorium Discovery of India Building, Worli Mumbai-400 018.	Shri Bhaidas Maganlal Sabhagriha, U-1,Juhu Development Scheme, Vile Parle(W), Mumbai-56.	Nehru Centre Auditorium Discovery of India Building Worli, Mumbai-400 018.
No. of special resolutions passed	Nil	Nil	Nil

Extra Ordinary General Meeting

An Extra Ordinary General Meeting of the Company was held on Monday, the 14th July 2003 at 1100 hours at Nehru Centre Auditorium, Worli, Mumbai, wherein the shareholders approved the Special Resolution for issuance of Bonus Shares in the ratio of 1:2 (i.e. one bonus share for every two equity shares held).

Disclosures:

a. There have been no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors for the year ended 31st March 2003 that may have a potential conflict with the interests of the Company at large.

b. There were no cases of non-compliance by the Company and no penalties/strictures were enforced on the Company by Stock Exchange / SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

c. Pursuant to Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulation, 1992, as amended, the Company has implemented a Code of Internal Procedure and Conduct for Prevention of Insider Trading and also laid down the procedure for Corporate Disclosure for Prevention of Insider Trading in the securities of the Company.

Means of Communication

The quarterly financial results of the Company are announced within a month of the end of the respective quarter and the audited financial results are announced within 3 months of the end of the financial year. The results are published in leading national dailies and also put up on our website **www.iocl.com**. The

Company also issues news releases on significant corporate decisions and activities and posts them on its website. The Directors' Report deals with all matters stipulated under the Management Discussion and Analysis Report.

The Company makes presentations to institutional investors and analysts which are also put up on Company's website.

In order to enable Investors to raise queries and grievances, the Company has created a separate e-mail ID **investors@indianoil.co.in**

The Company also posts its shareholding pattern and financial results in the EDIFAR system of SEBI in the website **www.sebiedifar.nic.in**

There was no item which warranted Postal Ballot, as stipulated under the Companies Act, 1956.

General Shareholder Information

(a) Annual General Meeting

Date , Time & Venue of the Annual General Meeting	29.09.2003 at 1100 hours at Nehru Centre Auditorium Discovery of India Building Worli, Mumbai-400 018.

(b) Financial Calendar for 2003-04

Quarter ending 30th June 2003	On or before 31.07.2003
Quarter ending 30th September 2003	On or before 31.10.2003
Quarter ending 31st December 2003	On or before 31.01.2004
Quarter ending 31st March 2004	On or before 30.06.2004

(c) Date of Book Closure / Record Date for Dividend

1) Record date for Interim Dividend	5th February 2003
2) Record date for Bonus Share Issue	18th August 2003
3) Book Closure for Final Dividend	22.09.03 to 29.09.03, inclusive of both days.

(d) Dividend Payment Date — 07.10.2003 (tentative)

(e) Listing on Stock Exchanges

The shares of the Company are listed on the Stock Exchange of Mumbai, Delhi, Calcutta, Chennai and the National Stock Exchange.

(f) Stock Code at Stock Exchange of Mumbai — 530965

(g) Stock Code at National Stock Exchange — IOCEQ

(h) Demat ISIN Number at NSDL / CDSL — INE 242A01010

(i) Market Price Data

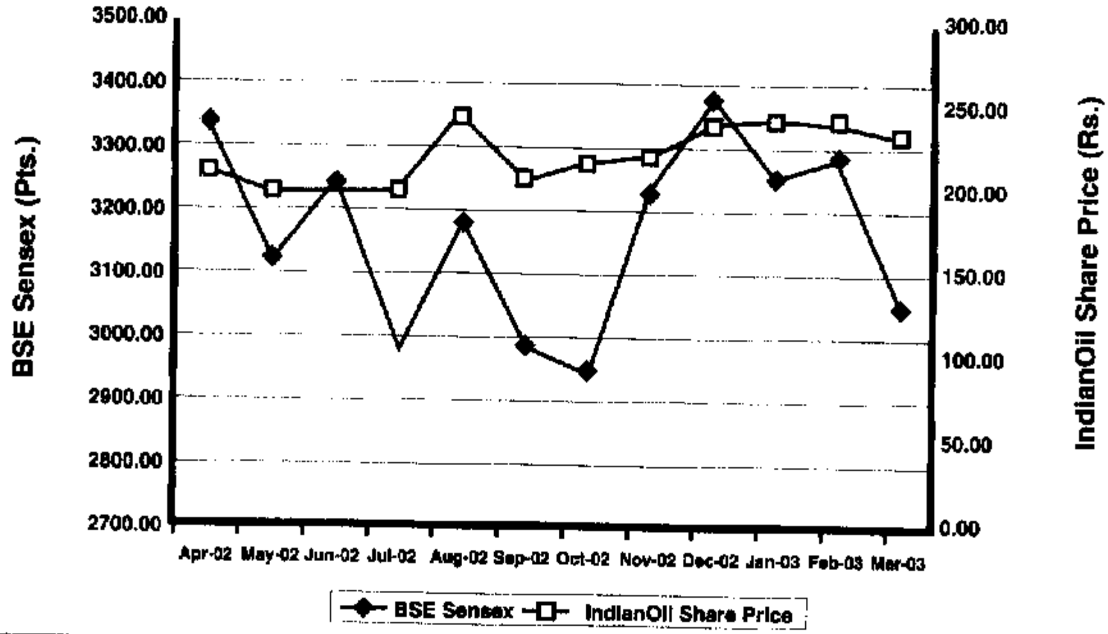
Month	Mumbai Stock Exchange Price			National Stock Exchange Price		
2002-03	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April	252.10	202.00	2,106,855	251.85	201.70	4,747,930
May	233.00	186.15	513,333	228.80	186.20	1,190,463
June	215.00	192.00	345,014	224.00	190.95	652,761
July	208.50	195.00	413,207	210.00	186.15	645,448
August	265.00	199.00	4,432,509	264.30	194.70	8,667,055
September	252.00	198.50	700,417	251.00	191.15	1,372,148

Month (Contd.) 2002-03	Mumbai Stock Exchange Price			National Stock Exchange Price		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
October	233.90	201.00	431,075	233.90	201.50	915,252
November	230.00	215.00	668,012	232.00	214.50	1,212,722
December	241.90	240.00	541,988	242.00	234.00	1,136,872
January	254.40	248.50	794,895	254.85	248.50	1,573,763
February	246.40	245.75	303,851	253.00	244.55	492,671
March	242.50	242.50	166,792	241.50	239.50	322,010
52 Weeks	**265.00**	**186.15**		**264.30**	**186.15**	

(j) **Share price performance in comparison to broad-based BSE Sensex**

The comparison of monthly closing share price with monthly closing BSE sensex reveals that share price increased by 10.39% whereas BSE sensex has fallen by 8.67% during the period April 2002-March 2003.

IndianOil share price performance *vs.* BSE Sensex during April 02-March 03



(k) **Registrar & Transfer Agents**

Karvy Consultants Limited

Karvy House

46, Avenue 4, Street No.1

Banjara Hills

Hyderabad-500 034.

Tel.Nos. 040-23312454 / 23320251 / 23320751 / 23320752

Fax Nos. 040-23311968 / 23323049

E-mail Address : mailmanager@karvy.com

Website : www.karvy.com

List of Investor Service Centres of Karvy Consultants Limited, Registrar and Transfer Agents throughout India

City	STD Code	Tel. No.	Fax No.
Ahmedabad	079	6420422 /6400527 / 528	6565551
Allahabad	0532	2561073-74	2561073
Amritsar	0183	545071	-
Bangalore	080	6621184 /6621192	6621196
Bhubaneswar	0674	539287 / 539387	-
Chennai	044	8153445 /8151034	8153181
Coimbatore	0422	2237501 - 502	2237507
Ghaziabad	0120	2796496/2792961	2792961
Goa	0832	2426870-74	-
Guwahati	0361	516264 / 601327	601327
Hyderabad	040	23312454 / 23320251	23312946
Indore	0731	269891-93	269894
Jaipur	0141	2375039 / 2375099	2364660
Jamnagar	0288	2557862-65	-
Jamshedpur	0657	432064	423061
Jodhpur	0291	2627918	2641533
Kanpur	0512	2558317 / 2558334	2558334
Kochi	0484	310884 / 322152	323104
Kolkata	033	24647231 / 24634788 24644891 / 24634789	24644866/ 24634787
Lucknow	0522	2236819 - 28	2236822
Madurai	0452	2350852 - 855	2350856
Mangalore	0824	492302 / 496332	-
Mumbai-Andheri	022	26730799 / 26730153	26731052
Mumbai - Nariman Point	022	56382666 / 56381746 - 50	56331135/56341966
Nagpur	0712	537531 / 538131	538133
New Delhi	011	23324401	23324621
Pune	020	5530204 / 5530205	5533292
Rajkot	0281	2239403/4	-
Surat	0261	8357356 / 8369928	8368693
Vadodara	0265	2361514 / 2364168	2363207
Vijayawada	0866	2495200/400/500/600	2495300
Visakhapatnam	0891	2752915 to 18	2752915

(l) Share Transfer System

The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical form are transferred within a period of 30 days from the date of lodgement subject to documents being valid and complete in all respects. In order to expedite the process of share transfer in line with Corporate Governance requirements, the Company has delegated the power of share transfer to R&T Agent 'M/s.Karvy Consultants Limited'. The Company through its R&T Agent offers transfer-cum-demat facility under which a letter is sent to the transferee after the transfer is effected requesting him to raise a Demat Request (DRN) through his Depository Participant in case the transferee wishes to demat the shares. On receipt of demat request, the Company dematerialises the shares. In case the shareholder opts for holding the shares in physical form, the share certificates are transferred and despatched within the stipulated period.

(m) Distribution of Shareholding as on 31.03.2003

Sr.No.	No. of Equity Shares held	Number of Shareholders	% of Shareholders	Amount	% of Amount
1.	1-500	17428	41.45	27837090.00	0.36
2.	501-1000	8002	19.03	61554520.00	0.79
3.	1001-2000	16456	39.14	197665340.00	2.54
4.	2001-3000	51	0.12	1294810.00	0.02
5.	3001-4000	14	0.03	510040.00	0.01
6.	4001-5000	11	0.03	535090.00	0.01
7.	5001-10000	15	0.04	1176340.00	0.02
8.	Above 10001	67	0.16	7496174770.00	96.27
	Total	**42044**	**100.00**	**7786748000.00**	**100.00**

Categories of Shareowners as on 31.3.2003

Category	No. of Shareholders	% of Shareholders	No.of Shares	% of Shares
President of India	1	0.00	638718570	82.03
Governor of Gujarat	1	0.00	900000	0.12
Government Company (ONGC Ltd.)	1	0.00	70968730	9.11
Corporate Bodies	420	1.01	720990	0.09
FIIs/NRI	90	0.21	1320509	0.16
Banks	22	0.05	2174893	0.28
Indian Financial Institutions	7	0.02	16142430	2.07
Mutual Funds	20	0.05	2398426	0.31
Insurance Companies	10	0.02	16489582	2.12
Public	41470	98.64	28824801	3.71
Clearing Members A/c(NSDL / CDSL)	2	0.00	15869	0.00
Total	**42044**	**100.00**	**778674800**	**100.00**

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(n) Dematerialisation of Shares and Liquidity

The shares of the Company are compulsorily traded in dematerialised form. In order to facilitate the shareholder to dematerialise the shares, the Company has entered into an agreement with NSDL and CDSL. The President of India holds 82.03% of the total equity share capital. Out of the balance 17.97% equity, 88.25% is in dematerialised form as on 31.03.2003.

(o) Plant locations

The addresses of the plant locations are given at the beginning of the Annual Report.

(p) Address for Correspondence

Company Secretary
Indian Oil Corporation Limited
IndianOil Bhavan
G-9, Ali Yavar Jung Marg
Bandra (East)
Mumbai-400 051.
Tel.No. 26427363 / 26423272 Extn: 7616 / 7528
Fax : 26443880
E-mail ID : investors@indianoil.co.in

Certificate

To

The Shareholders of Indian Oil Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Indian Oil Corporation Limited for the year ended March 31, 2003, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

We state that no investor grievances are pending for a period exceeding one month against the Company as per the certificate of the Registrar and Transfer Agents of the Company.

We further 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 P.K. Mitra & Co.	For Jagdish Chand & Co.	For B.K. Khare & Co.	For Chatterjee & Co.
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(P.R. SAMANTA)	**(PRAVEEN KUMAR JAIN)**	**(PADMINI B. KHARE)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner	Partner

Place : Mumbai
Date : 22.08.2003

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March 2003 and the Profit and Loss Account of the Company annexed thereto for the year ended on that date in which are incorporated the accounts of certain units audited by branch auditors and the Cash Flow Statement for the year ended on that date. 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.

We have conducted our audit in accordance with the auditing standards generally accepted in India which requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and 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 and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

2. Further to our comments in the Annexure referred to in paragraph 1 above:

   a) 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;

   b) The allocation of work amongst the auditors has been followed as per directions contained in letter No.CA V/COY/CENTRAL GOVT., IOC (10)/234 dated 25.10.2002 addressed to Indian Oil Corporation Limited by the Office of the Comptroller & Auditor General of India, New Delhi;

   c) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;

   d) The reports on the accounts audited by the respective Branch Auditors were received and are properly dealt with by us while preparing our report;

   e) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;

   f) In our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;

   g) On basis of the written representations received from the directors as on March 31, 2003 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2003 from being appointed as director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956;

h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read in conjunction with the Statement of Significant Accounting Policies (Schedule "Q"), Notes on Accounts (Schedule "R") and other Schedules ("S" to "X"), give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

i. In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2003

ii. In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date

and

iii. In the case of Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

JAGDISH CHAND & CO.	**P.K. MITRA & CO.**	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(PRAVEEN KUMAR JAIN)	**(P. R. SAMANTA)**	**(PADMINI B. KHARE)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner	Partner

Place : New Delhi
Dated : June 23, 2003

Annexure to the Auditors' Report

(Referred to in Paragraph 1 of our Report of even date)

Based upon the information and explanations furnished to us and the books and records examined by us in the normal course of our audit, we report that to the best of our knowledge and belief:

1. The Company has generally maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets of the Company are physically verified by the Management in a phased programme of three year cycle which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As per the information given to us by the Management, no material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods and raw materials (except those in-transit) have been physically verified during the year by the Management and the stocks of stores and spare parts are verified by them in a phased programme so as to complete the verification of all items over a period of three years.
4. In our opinion, the procedures of physical verification of stocks followed by the Company are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. We are informed that the discrepancies noticed on verification between the physical stocks and the book records were not material and the same have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are satisfied that the valuation of stocks is fair and proper and in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. The company has not taken loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The Company has taken unsecured loans from companies under the same management as defined under section 370 (IB) of The Companies Act, 1956. The rate of interest and other terms and conditions of such loans are not, prima facie prejudicial to the interest of the company.
8. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 or to companies under the same management as defined under section 370 (IB) of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts wherever stipulated and are also regular in payment of interest where applicable.
10. In our opinion and according to the information and explanations given to us, and having regard to the fact that some of the items purchased are of special nature, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of raw materials, stores including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no purchases of goods and materials and sale of goods, materials and services, exceeding Rs. 50,000/- in value for

each type thereof, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.

12. As explained to us, the Company has regular procedure for the determination of unserviceable and damaged stores, raw materials and finished goods and adequate provision for likely loss is made for such items.

13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.

14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of contaminated products, slops and scrap.

15. The Company has an internal audit system commensurate with its size and nature of its business.

16. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records in respect of certain products under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of these records.

17. According to the records of the Company, Provident Fund dues have generally been regularly deposited with the appropriate authorities during the year. We are informed that the Employees' State Insurance Scheme is not applicable to the Company.

18. According to the records examined by us and information and explanations furnished to us, there are no amounts outstanding on 31st March 2003 in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.

19. According to information and explanations given to us, no personal expenses of employees or Directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

20. The company is not a sick industrial company within the meaning of clause (o) of section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.

21. As per the information and explanations given to us, damaged goods in respect of trading activities have been determined and consequential adjustments, which were not significant, have been made in the accounts.

JAGDISH CHAND & CO.	**P.K. MITRA & CO.**	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(PRAVEEN KUMAR JAIN)	**(P. R. SAMANTA)**	**(PADMINI B. KHARE)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner	Partner

Place : New Delhi
Dated : June 23, 2003

BALANCE SHEET as at 31st March 2003

(Rs. In Crore)

	Schedule		March-03	March-02
SOURCES OF FUNDS:				
1. Shareholders' Funds:				
a) Capital	"A"	**778.67**		778.67
b) Reserves and Surplus	"B"	**18,149.32**		14,532.36
			18,927.99	15,311.03
2. Loan Funds:				
a) Secured Loans	"C"	**4,701.13**		4,616.95
b) Unsecured Loans	"D"	**9,793.96**		14,453.03
			14,495.09	19,069.98
3. Deferred Tax Liability (Net)			**3,873.11**	3,405.06
TOTAL			**37,296.19**	37,786.07
APPLICATION OF FUNDS:				
1. Fixed Assets:				
a) Gross Block	"E"	**34,203.88**		29,740.61
b) Less: Depreciation		**12,584.56**		10,960.82
c) Net Block		**21,619.32**		18,779.79
d) Dismantled Capital Stores		**10.73**		10.49
e) Capital Work-in-Progress	"F"	**3,598.42**		5,190.13
			25,228.47	23,980.41
2. Investments	"G"		**5,309.04**	9,667.01
3. Advances for Investments	"G-1"		**54.04**	54.71
4. Finance Lease Receivables			**141.30**	161.13
5. Current Assets, Loans and Advances:				
a) Inventories	"H"	**14,009.38**		10,454.55
b) Sundry Debtors	"I"	**4,007.83**		3,941.44
c) Cash and Bank Balances	"J"	**946.06**		669.59
d) Other Current Assets - Interest accrued on Investments/Bank Deposits		**0.00**		2.04
e) Loans and Advances	"K"	**6,014.82**		4,762.82
		24,978.09		19,830.44

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(Rs. in Crore)

	Schedule		March-03	March-02
APPLICATION OF FUNDS (Contd.):				
6. Less: Current Liabilities and Provisions	"L"			
a) Current Liabilities		**16,266.49**		14,995.36
b) Provisions		**2,247.18**		1,056.99
		18,513.67		16,052.35
7. Net Current Assets (5-6)			**6,464.42**	3,778.09
8. Miscellaneous Expenditure (to the extent not written off or adjusted)	"L-1"		**98.92**	144.72
TOTAL			**37,296.19**	37,786.07
9. Statement of Significant Accounting Policies	"Q"			
10. Notes on Accounts	"R"			
11. Other Schedules forming part of Accounts	"S" to "X"			

Sd/-	Sd/-	Sd/-
(M. S. Ramachandran)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.	**P.K. MITRA & CO.**	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(PRAVEEN KUMAR JAIN)	**(P. R. SAMANTA)**	**(PADMINI B. KHARE)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner	Partner

Place : New Delhi
Dated : June 23, 2003

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2003

(Rs. In Crore)

	Schedule		March-03	March-02
INCOME:				
1. Sale of Products and Crude		120,344.21		115,117.95
Less: Commission and Discounts		495.98		254.00
			119,848.23	114,863.95
2. Company's use of own Products and Crude			246.23	175.32
3. Net claim from/(surrender to) PPAC/GOI *			(329.81)	(141.12)
4. Subsidy from Government of India			3,863.50	0.00
5. Increase/(Decrease) in Stocks	"M"		2,411.31	(361.88)
6. Interest and other Income	"N"		1,759.32	1,180.23
TOTAL INCOME			127,798.78	115,716.50
* Includes Rs.(-)112.80 crore (2002 : Rs.2616.48 crore) pertaining to previous years				
EXPENDITURE:				
1. Purchase of Products and Crude for resale			54,785.12	56,475.17
2. Manufacturing,Admn., Selling & Other Expenses	"O"		46,772.57	37,939.61
3. Duties			15,424.91	13,720.84
4. Depreciation and Amortisation			1,656.28	1,379.57
5. Interest Payments on:				
a) Fixed period loans from Banks/Financial Institutions/Others		114.28		288.11
b) Bonds		151.64		163.54
c) Short term loans from Banks		419.18		497.44
d) Short term loans from Subsidiaries		10.22		0.08
e) Public Deposits		0.95		0.70
f) Others		91.37		620.90
		787.64		1,570.77
Less: Interest Capitalised		25.17		26.35
			762.47	1,544.42
TOTAL EXPENDITURE			119,401.35	111,059.61
PROFIT FOR THE YEAR			8,397.43	4,656.89
Income/(Expenses) pertaining to previous years(Net)	"P"		16.57	(57.49)
PROFIT BEFORE TAX			8,414.00	4,599.40
Provision for Current Tax			1,831.06	997.02
PROFIT BEFORE DEFERRED TAX			6,582.94	3,602.38
Provision for Deferred Tax			468.05	717.72
PROFIT AFTER TAX			6,114.89	2,884.66
Balance brought forward from last year's account			0.00	0.00
DISPOSABLE PROFIT			6,114.89	2,884.66

IndianOil

(Rs. In Crore)

	Schedule	March-03	March-02
APPROPRIATIONS:			
Interim Dividend *		**389.34**	0.00
Final Dividend (Proposed) **		**1,868.82**	856.54
Corporate Dividend Tax on			
Interim Dividend		**0.00**	0.00
Final Dividend (Proposed)		**239.44**	0.00
Insurance Reserve Account		**10.00**	10.00
Bond Redemption Reserve		**(23.77)**	482.07
General Reserve		**3,631.06**	1,536.05
Balance carried to Balance Sheet		**0.00**	0.00
		6,114.89	2,884.66

* Subject to Deduction of Tax

** Subject to Deduction of Tax for March 2002

		Schedule	March-03	March-02
6. a)	**Earning Per Share (Rupees) @ (Basic & Diluted)**	"R" (Note no.16)	**52.35**	24.70
b)	Face Value Per Share (Rupees)		**10/-**	10/-
7.	Statement of Significant Accounting Policies	"Q"		
8.	Notes on Accounts	"R"		
9.	Other Schedules forming part of Accounts	"S" to "X"		

@ Computed after considering the recommended issue of one Bonus Share for every two shares held (i.e. in the ratio of 1:2).

Sd/-	Sd/-	Sd/-
(M. S. Ramachandran)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.	**P.K. MITRA & CO.**	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(PRAVEEN KUMAR JAIN)	**(P. R. SAMANTA)**	**(PADMINI B. KHARE)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner	Partner

Place : New Delhi
Dated : June 23, 2003

SCHEDULE "A" - CAPITAL

(Rs. in Crore)

	Note		March-03	March-02
Authorised:				
250,00,00,000 Equity Shares of Rs.10 each			**2,500.00**	2,500.00
Issued, Subscribed and Paid up:	A			
77,86,74,800 Equity Shares of Rs.10 each		**778.67**		778.67
Less: Calls in Arrears (Other than Directors)				
Rs.1800 (2002:Rs.8900)		**0.00**		0.00
			778.67	778.67
Out of which:				
1. Shares allotted as fully paid without payment being received in cash:				
a) Pursuant to the Petroleum Companies Amalgamation Order, 1964: 3,76,49,700 Shares of Rs. 10 each				
b) Pursuant to Gujarat Refinery Project Undertaking (Transfer), (Amendment) Order 1965: 1,00,00,000 Shares of Rs. 10 each				
2. Shares allotted as fully paid up Bonus Shares by Capitalisation of General Reserve: 67,69,57,600 Shares of Rs.10 each				
TOTAL			**778.67**	778.67

Note:

A. Includes Rs. 19.54 crore for Equity Shares issued during 1995-96 to employees. Ex-employees have filed a writ petition for non-allotment of shares to them, before Honourable High Court of Delhi, the outcome of which is awaited.

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SCHEDULE "B" - RESERVES AND SURPLUS

(Rs. in Crore)

		March-03	March-02
1. Capital Reserve:			
As per last Account		**0.16**	0.16
2. Share Premium Account:			
As per last Account	**175.86**		175.86
Less: Calls in Arrears (Other than Directors)	**0.00**		0.01
Rs.16200 (2002: Rs.80100)			
		175.86	175.85
3. General Reserve:			
As per last Account	**13,323.76**		14,475.05
Add: Transferred from Profit and Loss Account	**3,631.06**		1,536.05
Less: Deferred Tax Liability	**0.00**		2,687.34
		16,954.82	13,323.76
4. Insurance Reserve:			
As per last Account	**10.00**		0.00
Add: Transferred from Profit and Loss Account	**10.00**		10.00
		20.00	10.00
5. Export Profit Reserve:			
As per last Account		**59.41**	59.41
6. Capital Grants:			
As per last Account	**12.33**		13.07
Add: Received during the year	**0.57**		0.00
Less: Amortised during the year	**0.91**		0.74
		11.99	12.33
7. Bond Redemption Reserve Account:			
As per last Account	**950.85**		468.78
Add: Transferred from Profit and Loss Account	**(23.77)**		482.07
		927.08	950.85
8. Profit and Loss Account:		**0.00**	0.00
As per Annexed Account			
TOTAL		**18,149.32**	14,532.36

SCHEDULE "C" - SECURED LOANS

(Rs. in Crore)

	Note		March-03	March-02
1. Bonds:				
a) Deep Discount Bonds - Series - II	A	**0.00**		396.00
b) Non-Convertible Redeemable Bonds - Series - III	B	**723.60**		723.60
c) Non-Convertible Redeemable Bonds - Series - IV	C	**300.00**		300.00
d) Non-Convertible Redeemable Bonds - Series - V	D	**410.80**		410.80
Total of (1)			**1,434.40**	1,830.40
2. Loans and Advances from Banks:	E			
i) Working Capital Demand Loan		**2,650.00**		2,100.00
Interest accrued and due on above		**0.22**		0.50
Total of (i)		**2,650.22**		2,100.50
ii) Cash Credit		**616.25**		685.76
Interest accrued and due on above		**0.26**		0.29
Total of (ii)		**616.51**		686.05
Total of (2)			**3,266.73**	2,786.55
TOTAL			**4,701.13**	4,616.95

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Note:

A. 6863 Deep Discount Bonds of face value of Rs.10,00,000 each issued at a price of Rs.5,77,000 each, were alloted on 20th December 1999 and were redeemable at par on 20th December 2004. The Bonds also carried a put/call option at the end of 36 months from the date of allotment i.e. 20th December 2002, which was exercised by the Company and the Bonds were redeemed at Rs.8,02,547 each on 20th December 2002.

B. 7236 Bonds of face value of Rs.10,00,000 each, alloted on 21st February 2000, are redeemable at par on 21st February 2007. The Bonds also carry a put/call option at the end of 60 months from the date of allotment i.e. 21st February 2005, on the exercise of which the Bonds are redeemable at par. The Bonds carry an annual coupon rate of 10.85% payable annually. These are secured by way of legal mortgage over the company's premises at Malabar and Cumballa Hill Division situated at Mumbai. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series IV & V holders.

C. 3000 Bonds of face value of Rs.10,00,000 each, alloted on 24th May 2000, are redeemable at par on 24th November 2003. The Bonds carry an annual coupon rate of 10.65% payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 1343 situated at Ground Floor of Building No. 47 of MIG Adarsh Nagar Co-op. Housing Society Ltd. at Worli situated at Mumbai, together with 5 shares of MIG Adarsh Nagar Co-op. Housing Society Ltd. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series III & V holders.

D. 158 Bonds of face value of Rs.2,60,00,000 each alloted on 18th July 2001, are redeemable in 13 equal instalments from the end of 3rd year up to the end of 15th year from the date of allotment. The Bonds carry an annual coupon rate of 10.25% payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 301 situated in Bandra Anita Premises Co-op. Housing Society Ltd. at Bandra, Mumbai together with 5 shares of Bandra Anita Premises Co-op. Housing Society Ltd. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series III & IV holders.

E. Against hypothecation of raw materials, stock-in-trade, sundry debtors, outstanding monies, receivables, claims, contracts, engagements etc.

SCHEDULE "D" - UNSECURED LOANS

			(Rs. in Crore)
		March-03	March-02
1. Public Deposits: (including Rs.2.12 crore [2002 : Rs.2.85 crore] due for payment within one year)		**10.17**	6.77
2. Short Term Loans and Advances:			
I) From Banks & Financial Institutions:			
a) In Foreign Currency US $ 482.23 Million (2002 : US $ 867.54 Million)	**2,290.84**		4,228.17
b) In Rupee	**1,250.00**		2,535.00
Add: Interest accrued and due	**2.89**		44.18
	1,252.89		2,579.18
Total (2)(i)	**3,543.73**		6,807.35
ii) Inter Corporate Deposits:	**0.00**		233.00
iii) Commercial Paper:	**0.00**		670.00
iv) Export Packing Credit:			
a) In Foreign Currency: US $ 50 Million (2002 : US $ Nil)	**237.52**		0.00
b) In Rupee	**0.00**		100.00
v) From Others (OIDB):	**0.00**		1,175.25
Total (2)		**3,781.25**	8,985.60
3. Other Loans and Advances:			
A) From Banks/Financial Institutions:			
i) In Foreign Currency			
a) B A Asia: US $ Nil (2002 : US $ 45 Million) (Pre-paid in July 2002)	**0.00**		219.32
b) A N Z Grindlays Bank: £ Nil, (2002 : £5.59 Million) (Pre-paid in December 2002)	**0.00**		38.93
c) Sumitomo Bank, Japan (Club deal): US $ 75 Million (2002 : US $ 75 Million) - (repayable in March 2004)	**356.29**		365.53
d) Canara Bank: US $ 200 Million (2002 : US $ 200 Million) (US $ 100 Million repayable in September 2003 and US $ 100 Million repayable in December 2003)	**950.10**		974.75

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(Rs. in Crore)

		March-03	March-02
e) Bank of India: US $ 100 Million (2002 : US $ 100 Million) (repayable in September 2004)	**475.05**		487.38
f) Bank of Baroda: US $ 200 Million (2002 : US $ Nil) (repayable in September 2004)	**950.10**		0.00
g) ABN AMRO Bank: US $ Nil (2002 : US $ 200 Million)	**0.00**		974.75
Total (3)(i)	**2,731.54**		3,060.66
ii) In Rupee			
a) ICICI Bank Limited (repayable in June 2004)	**500.00**		500.00
b) ICICI Bank Limited (repayable in June 2008)	**750.00**		750.00
c) ICICI Bank Limited (repayable in three annual instalments w.e.f. August 2016)	**500.00**		500.00
d) ICICI Bank Limited (Rs. 160 crore each repayable in June 2016, June 2019 & June 2022 and Rs. 170 crore in June 2025)	**650.00**		650.00
Total (3)(ii)	**2,400.00**		2,400.00
B) From Others:			
a) OIDB (Repayable in 8 equal annual installments w.e.f. May '05)	**871.00**		0.00
Total (3)		**6,002.54**	5,460.66
TOTAL		**9,793.96**	14,453.03

Note: US $ 200 Million from ABN AMRO Bank (appearing in item no. 3.A.i.g) which was repayable in September 2004 has been refinanced by a loan from Bank of Baroda (appearing in item no. 3.A.i.f)

SCHEDULE "E" - FIXED ASSETS

AT COST

	Note	Gross Block as at 1-Apr-02	Additions during the year	Transfers from Construction Work-In-Progress (Ref Note No. C)	Disposals During the year
Land-Freehold		589.46	33.35	0.00	(0.05)
-Leasehold		237.00	53.37	0.00	0.00
-Right of Way	A	12.92	0.65	0.98	0.00
Buildings, Roads etc.	B	2,960.33	5.05	417.48	(5.05)
Plant and Machinery		25,124.86	317.23	3,715.31	(40.75)
Transport Equipment		270.89	2.26	0.76	(4.21)
Furnitures and Fixtures		145.79	5.98	9.02	(1.08)
Railway Sidings		208.41	2.34	4.26	0.00
Drainage, Sewage and Water Supply System		190.95	0.30	5.99	0.00
Total		**29,740.61**	**420.53**	**4,153.80**	**(51.14)**
Previous Year		27,144.46	624.43	2,323.81	(80.86)

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Note :

A. Right of way is a perpetual right of use of land but does not bestow upon the company, the ownership of land.

B. Buildings include Rs. 0.01 crore (2002 : Rs. 0.01 crore) towards value of 1895 (2002 : 1895) Shares in Co-operative Housing Societies towards membership of such societies for purchase of flats.

C. Additions to Fixed Assets include Rs. -9.07 crore (2002 : Rs. 36.30 crore) on account of exchange fluctuations.

D. The cost of assets are net of MODVAT/CENVAT, wherever applicable.

E. Depreciation and amortisation for the year includes Rs.5.48 crore (2002 : Rs. 12.78 crore) pertaining to prior year and Rs. 5.31 crore (2002 : Rs. 4.50 crore) relating to construction period expenses taken to Schedule 'F-1'.

(Rs. in Crore)

Transfers/ Deductions/ Reclassi-fications	Gross Block as at 31-Mar-03 (Ref Note No. D)	Depreciation and Amortisation for the year (Ref Note No. E)	Total Depreciation and Amortisation up to 31-Mar-03	NET DEPRECIATED BLOCK AS AT 31-Mar-03	AS AT 31-Mar-02
(0.95)	**621.81**	0.00	0.00	**621.81**	589.46
(2.43)	**287.94**	5.04	26.43	**261.51**	215.61
(0.24)	**14.31**	0.00	0.00	**14.31**	12.92
(56.99)	**3,320.82**	79.71	432.33	**2,888.49**	2,599.24
(4.37)	**29,112.28**	1,528.92	11,717.75	**17,394.53**	14,903.25
4.71	**274.41**	26.17	164.15	**110.26**	130.75
(0.24)	**159.47**	10.05	69.66	**89.81**	85.86
0.56	**215.57**	10.13	74.03	**141.54**	144.90
0.03	**197.27**	7.05	100.21	**97.06**	97.80
(59.92)	**34,203.88**	**1,667.07**	**12,584.56**	**21,619.32**	**18,779.79**
(271.23)	**29,740.61**	1,396.85	**10,960.82**	**18,779.79**	

Details of Company's share of Jointly Owned Assets included above:

(Rs. in Crore)

Assets Particulars	Name of Joint Owner	Original Cost	Accumulated Depreciation & Amortisation	W.D.V. as at 31-Mar-03
Land - Freehold	HPC/IBP	1.37	0.00	1.37
Land - Leasehold	BPC/IBP	0.78	0.12	0.66
Buildings	HPC	1.05	0.11	0.94
Plant and Machinery	HPC/BPC/IBP/GSFC /IPCL/ACC/CSIR	87.17	8.20	78.97
Transport Equipment	RAILWAYS	182.35	107.03	75.32
Railway Sidings	HPC/BPC	19.01	6.43	12.58
Drainage,Sewage & Water Supply	GSFC	0.99	0.94	0.05
		292.72	122.83	169.89

SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

(Rs. in Crore)

	Note		March-03	March-02
1. Construction Work-in-Progress (including un-allocated capital expenditure, materials at site)		**1,407.47**		2,211.13
Less: Provision for Capital Losses		**10.85**		10.85
			1,396.62	2,200.28
2. Advance for Capital Expenditure			**1,170.31**	2,028.43
3. Capital Stores	A		**166.39**	340.16
4. Capital Goods-in-Transit			**48.25**	56.89
5. Construction period expenses pending allocation:				
Balance as at 1st April 2002		**564.37**		321.98
Add: Opening Balance Adjustment		**214.13**		0.00
Add: Net Expenditure during the year (Sch. "F-1")		**514.32**		420.36
		1,292.82		742.34
Less: Allocated to Assets during the year		**475.97**		177.97
			816.85	564.37
TOTAL			**3,598.42**	5,190.13

Note:

A. Includes Stock lying with contractors	**11.42**	20.03

SCHEDULE "F-1" - CONSTRUCTION PERIOD EXPENSES (NET) DURING THE YEAR

(Rs. in Crore)

			March-03	March-02
1.	Payments to and Provision for Employees		**33,02**	29.64
2.	Repairs & Maintenance		**1.53**	1.00
3.	Consumption of Stores & Spares		**0.11**	0.11
4.	Power & Fuel		**1.52**	5.78
5.	Rent		**3.08**	2.61
6.	Insurance		**2.83**	1.40
7.	Rates & Taxes		**0.42**	0.14
8.	Travelling Expenses		**4.63**	6.39
9.	Communication Expenses		**0.80**	1.22
10.	Printing & Stationery		**0.39**	0.44
11.	Electricity & Water Charges		**0.54**	0.90
12.	Bank Charges		**0.06**	0.02
13.	Technical Assistance Fees		**0.80**	0.34
14.	Exchange Fluctuation		**(4.53)**	7.61
15.	Interest		**277.51**	323.46
16.	Depreciation		**5.31**	4.50
17.	Start up/Trial Run Expenses		**54.32**	2.22
18.	Oil and Gas Activities:			
	i) Acquisition Cost	**4.07**		0.00
	ii) Exploration Cost	**27.51**		15.44
			31.58	15.44
19.	Process Design, Detailed Engineering etc.		**35.67**	0.00
20.	Others		**71.82**	31.55
	Total Expenses		**521.41**	434.77
	Less: Recoveries		**7.09**	14.41
	Net Expenditure during the year		**514.32**	420.36

SCHEDULE "G" - INVESTMENTS

(Rs. in Crore)

	No. and Particulars of Shares	Face Value per Share (Rupees)	March-03	March-02
I. LONG TERM INVESTMENTS (At Cost):				
1. QUOTED:				
Trade Investments:				
a) In Subsdiary Companies:				
i) Chennai Petroleum Corporation Limited	7,72,65,200 Equity Shares each fully paid in cash	10/-	**509.33**	509.33
ii) Bongaigaon Refineries & Petrochemicals Limited	14,87,93,826 Equity Shares each fully paid in cash	10/-	**148.79**	148.79
iii) IBP Company Limited	11867262 (2002: 7,437,808) Equity Shares each fully paid in cash	10/-	**1,840.99**	1,153.68
	Sub-total (a)		**2,499.11**	1,811.80
b) Others:				
i) Oil and Natural Gas Corporation Limited	13,70,67,381 Equity Shares each fully paid in cash	10/-	**2,225.15**	2,225.15
ii) Gas Authority of India Ltd.	4,08,39,549 Equity Shares each fully paid in cash	10/-	**245.04**	245.04
	Sub-total (b)		**2,470.19**	2,470.19
	TOTAL (1)		**4,969.30**	4,281.99

Aggregate Market Value of securities mentioned at I. (1) above **Rs. 5851.49 crore** (2002 : Rs. 5108.96 crore)

	No. and Particulars of Shares	Face Value per Share (Rupees)	March-03	March-02
2. UNQUOTED:				
A) Non-Trade Investments:				
i) In Government - Securities Deposited with various bodies			**0.01**	0.01
ii) In Consumer Cooperative Societies:				
Barauni :	500 Equity Shares each fully paid in cash (including 250 bonus fully paid Bonus Shares)	10/-		
Guwahati :	500 Equity Shares each fully paid in cash	10/-		
Mathura :	200 Equity Shares each fully paid in cash	10/-	**0.00**	0.00
Haldia :	1663 Equity Shares each fully paid in cash	10/-		
In IndianOil Cooperative Consumer Stores Ltd., Delhi :	375 Equity Shares each fully paid in cash	10/-		
	Sub-total (2A)		**0.01**	0.01

IndianOil

(Rs. In Crore)

		No. and Particulars of Shares	Face Value per Share (Rupees)	March-03	March-02
B) Trade Investments :					
a) In Subsidiary Companies					
i)	Indian Oil Blending Ltd.	8,000 Equity Shares each fully paid in cash	500/-	**0.40**	0.40
ii)	IndianOil Mauritius Ltd.	1588920 (2002 : 250) Equity Shares each fully paid in cash	100/- *	**25.67**	0.01
iii)	Lanka IOC (Private) Ltd.	1 (2002 : Nil) Equity Share fully paid in cash	10/- **	**0.00**	0.00
		Sub-total (a)		**26.07**	0.41
b) In Joint Venture Companies					
i)	Avi-Oil India Private Ltd.	45,00,000 Equity Shares fully paid in cash	10/-	**4.50**	4.50
ii)	Petronet India Ltd.	1,60,00,000 Equity Shares fully paid up in cash	10/-	**16.00**	16.00
iii)	Indian Oiltanking Ltd.	5,90,00,000 (2002 : 5,50,00,000) Equity Shares fully paid in cash	10/-	**75.72**	71.72
iv)	Petronet VK Limited	2,59,99,970 Equity Shares fully paid in cash	10/-	**26.00**	26.00
v)	IndianOil Panipat Power Consortium Limited	1,01,64,503 Equity Shares fully paid in cash	10/-	**10.16**	10.16
vi)	Lubrizol India Private Ltd.	9,60,000 Equity Shares fully paid in cash	100/-	**118.67**	118.67
vii)	IndianOil Petronas Private Limited	6,00,00,000 Equity Shares fully paid in cash	10/-	**60.00**	60.00
viii)	Petronet L N G Limited	6,295 (2002 : 45) Equity Shares fully paid in cash	10/-	**0.01**	0.00
ix)	Petronet CI Limited	10,66,000 (2002 : 26,000) Equity Shares fully paid in cash	10/-	**1.07**	0.03
xii)	Petronet CTM Limited	26 (2002 : Nil) Equity Shares fully paid in cash	10/-	**0.00**	0.00
xiii)	ONGIO International Private Limited	15,05,000(2002 : 15,00,000) Equity Shares fully paid in cash	10/-	**1.51**	1.50
		Sub-total (b)		**313.64**	308.58

* In Mauritian Rupees

** In Sri Lankan Rupees

(Rs. in Crore)

	No. and Particulars of Shares	Face Value per Share (Rupees)	March-03	March-02
c) In Others				
i) International Cooperative Petroleum Association	350 Shares fully paid up and partly paid up common stock of $72.31	$100	**0.02**	0.02
	Sub-total (2B)		**339.73**	309.01
	Total (2)		**339.74**	309.02
	Total I (1 + 2)		**5,309.04**	4,591.01
II. CURRENT INVESTMENTS (UNQUOTED):				
(At Lower of Cost or Fair Market Value)				
Trade Investments:				
i) 6.96% Oil Companies GOI SPL Bonds 2009	Bonds		**0.00**	5,276.00
Less: Provision for Diminution			**0.00**	200.00
	Sub-total (c)		**0.00**	5,076.00
	TOTAL (I + II)		**5,309.04**	9,667.01

NOTE :

A) During the year, following Investments were sold/realised:

PARTICULARS	Nos.	Face Value (Rupees)
6.96% Oil Companies GOI SPL Bonds 2009		52,760,000,000.00

SCHEDULE "G-1" - ADVANCES FOR INVESTMENT

(Rs. in Crore)

		March-03	March-02
A. Joint Venture Companies			
a) Petronet L N G Limited		**27.50**	27.50
b) IndianOil TCG Petrochem Limited	**0.50**		0.50
Less: Provision for diminution	**0.50**		-
		-	0.50
c) Petronet CI Limited		**1.87**	1.04
		29.37	29.04
B. Subsidiary Companies			
a) IndianOil Mauritius Limited		-	25.67
b) Lanka IOC (Private) Limited		**24.67**	-
		24.67	25.67
		54.04	54.71

SCHEDULE "H"- INVENTORIES

(Rs. in Crore)

	Note		March-03	March-02
1. In Hand:				
a. Stores, Spares etc.	A	**696.94**		486.83
Less: Provision for Losses		**34.84**		28.23
			662.10	458.60
b. Raw Materials	B		**3,112.00**	1,906.96
c. Finished Products	C		**8,063.12**	6,019.97
d. Stock in Process			**950.01**	582.12
e. Barrels and Tins	D		**6.73**	7.30
Total (1)			**12,793.96**	8,974.95
2. In Transit:				
a. Stores & Spares			**25.30**	26.69
b. Raw Materials			**1,190.12**	1,452.91
Total (2)			**1,215.42**	1,479.60
TOTAL			**14,009.38**	10,454.55
Note: Includes:				
A. Stock lying with contractors			**6.79**	6.06
B. Stock lying with others			**75.26**	85.84
C. Stock lying with others			**110.85**	73.50
D. Stock lying with others			**1.49**	1.73

SCHEDULE "I" - SUNDRY DEBTORS

(Rs. In Crore)

	March-03	March-02
1. Over Six Months:		
a) From Subsidiary Companies		
i) Unsecured, Considered Good	**9.41**	3.01
b) From Others		
i) Unsecured, Considered Good	**97.37**	438.25
ii) Unsecured, Considered Doubtful	**235.99**	108.60
Total (1)	**342.77**	549.86
2. Other Debts:		
a) From Subsidiary Companies		
i) Unsecured, Considered Good	**1,036.61**	612.28
b) From Others		
i) Unsecured, Considered Good	**2,864.44**	2,887.90
Total (2)	**3,901.05**	3,500.18
Total (1+2)	**4,243.82**	4,050.04
Less: Provision for Doubtful Debts	**235.99**	108.60
TOTAL	**4,007.83**	3,941.44

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SCHEDULE "J" - CASH AND BANK BALANCES

(Rs. in Crore)

	Note		March-03	March-02
1. Cash Balances				
a) Cash Balances including imprest		**2.83**		2.99
b) Cheques in hand		**929.06**		646.73
			931.89	649.72
2. Bank Balances with Scheduled Banks:				
a) Current Account		**13.61**		9.64
b) Fixed Deposit Account		**0.37**		2.96
c) Call Deposit Account		**0.00**		0.04
d) Blocked Account		**0.16**		0.24
e) Escrow Account for Investments		**0.00**		6.87
f) No Lien Account		**0.00**		0.00
			14.14	19.75
3. Bank Balances with Non-Scheduled Banks:				
a) Current Account				
i) Bhumiputra Commerce Bank, Malaysia [Maximum balance during the year - Rs. 0.11 crore (2002 : Rs.0.14 crore)]		**0.03**		0.10
ii) National Bank of Kuwait, Kuwait [Maximum balance during the year - Rs. 0.06 crore (2002 : Rs.0.11 crore)]		**0.00**		0.02
iii) Indo Zambia Bank Limited, Zambia [Maximum balance during the year - Rs. Nil (2002 : Rs.0.01 crore)]		**0.00**		0.00
			0.03	0.12
TOTAL			**946.06**	669.59

SCHEDULE "K" - LOANS AND ADVANCES

(Rs. in Crore)

	Note		March-03	March-02
1. Advance recoverable in cash or in kind or for value to be received :	A			
a) From Subsidiary Companies				
i) Unsecured, Considered Good		**3.71**		3.52
Total (a)		**3.71**		3.52
b) From Others				
i) Secured, Considered Good		**917.24**		808.86
ii) Unsecured, Considered Good		**561.17**		680.52
iii) Unsecured, Considered Doubtful		**11.85**		1.26
Total (b)		**1,490.26**		1,490.64
Total (1)		**1,493.97**		1,494.16
Less: Provision for Doubtful Advances		**11.85**		1.26
			1,482.12	1,492.90
2. Amount recoverable from PPAC (Net):				
Unsecured, Considered Good			**2,151.61**	2,257.91
3. Amount recoverable from Government of India:				
Unsecured, Considered Good			**1,402.10**	0.00
4. Claims Recoverable:				
a) From Others				
i) Unsecured, Considered Good	B	**855.03**		698.16
ii) Unsecured, Considered Doubtful		**18.13**		27.82
Total (4)		**873.16**		725.98
Less: Provision for Doubtful Claims		**18.13**		27.82
			855.03	698.16
5. Investment Deposit Scheme, 1986:				
Unsecured, Considered Good			**0.00**	0.00
Rs. Nil (2002 : Rs.1000)				
6. Balance with Customs, Port Trust and Excise Authorities: Unsecured, Considered Good			**88.66**	71.81
7. Advance Tax (net)			**0.00**	211.25

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SCHEDULE "K" - LOANS AND ADVANCES (Contd.)

(Rs. in Crore)

	Note		March-03	March-02
8. Materials given on loan				
a) From Subsidiary Companies				
i) Secured, Considered Good		**0.35**		0.00
Less: Deposits received		**0.30**		0.00
		0.05		0.00
ii) Unsecured, Considered Good		**0.00**		0.00
Total (a)		**0.05**		0.00
b) From Others				
i) Secured, Considered Good		**2.60**		2.60
Less: Deposits received		**2.60**		2.60
		0.00		0.00
ii) Unsecured, Considered Good		**0.02**		0.00
Total (b)		**0.02**		0.00
Total (8)			**0.07**	0.00
9. Sundry Deposits (including amount adjustable on receipt of Final bills):				
a) From Others				
i) Secured, Considered Good		**9.00**		8.99
ii) Unsecured, Considered Good		**26.23**		21.80
iii) Unsecured, Considered Doubtful		**0.01**		0.01
Total (9)		**35.24**		30.80
Less: Provision for Doubtful Deposits		**0.01**		0.01
			35.23	30.79
TOTAL			**6,014.82**	**4,762.82**
Note A. Includes:				
1. Due from Directors			**0.10**	0.12
Maximum amount during the year			**0.16**	0.16
2. Due from other Officers			**2.29**	2.18
Maximum amount during the year			**2.69**	2.49
3. Due from Private Co. in which Director of the Corporation is a Director			**0.00**	1.00
B. Includes Customs/Excise Duty Claims which are in the process of being lodged with the Department			**341.43**	289.03

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. In Crore)

	Note		March-03	March-02
1. Current Liabilities				
a) Sundry Creditors				
i) Total Dues of small scale industrial undertaking(s)	A	**26.23**		76.40
ii) Total Dues of creditors other than small scale industrial undertaking(s)		**8,177.87**		7,958.54
Total (a)		**8,204.10**		8,034.94
b) Other Liabilities		**2,607.01**		2,101.84
c) Dues to Subsidiary Companies		**837.74**		330.76
d) Investor Education and Protection Fund shall be credited by the following amount namely:	B			
- Unpaid Dividend		**3.18**		1.44
- Unpaid Matured Deposits		**1.52**		2.28
e) Security Deposits		**4,500.39**		4,235.41
Less: Investments and Deposits with Banks lodged by outside parties		**0.59**		0.91
		4,499.80		4,234.50
f) Material taken on loan				
i) From Subsidiary Companies		**0.45**		0.06
Less: Deposits given		**0.38**		0.00
Total (f)		**0.07**		0.06
g) Interest accrued but not due on loans		**113.07**		289.54
Total Current Liabilities			**16,266.49**	14,995.36
2. Provisions				
a) Provision for Taxation		**3,587.79**		2,195.75
Less: Advance payments		**3,573.72**		2,195.75
		14.07		0.00
b) Proposed Dividend		**1,868.82**		856.54
c) Corporate Dividend Tax		**239.44**		0.00
d) Provision for Retirement Benefits		**124.85**		200.45
Total Provisions			**2,247.18**	1,056.99
TOTAL			**18,513.67**	16,052.35

Note:

A. Names of Small Scale Industrial Undertakings to whom the Corporation owes a sum which is outstanding for more than 30 Days are given in Schedule 'R' - Notes to Accounts.

B. No amount is due as on March 31, 2003 for credit to Investor Education Fund (Fund) and the amount remaining due will be transferred on the respective due dates to the Fund.

SCHEDULE "L-1" - MISCELLANEOUS EXPENDITURE

(Rs. In Crore)

	March-03	March-02
Deferred Revenue Expenditure		
Voluntary Retirement Compensation		
As per last accounts	144.72	166.62
Add: Expenditure during the year	1.01	24.76
Less: Amortised during the year	46.81	46.66
TOTAL	**98.92**	144.72

SCHEDULE "M" - DETAILS OF INCREASE/(DECREASE) IN STOCK

(Rs. in Crore)

		March-03	March-02
Closing Stock			
a) Finished Products	**8,063.12**		6,019.97
b) Stock in Process	**950.01**		582.12
		9,013.13	6,602.09
Less:			
Opening Stock			
a) Finished Products	**6,019.97**		6,340.86
b) Opening Balance Adjustment	**(0.27)**		0.00
c) Stock in Process	**582.12**		623.11
		6,601.82	6,963.97
TOTAL		**2,411.31**	(361.88)

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. in Crore)

		Note		March-03	March-02
1.	Interest on:				
	a) Loans and Advances [Tax deducted at source Rs. Nil (2002 : Rs. 80.67 crore)]		**47.16**		549.76
	b) Fixed Deposits with Banks		**0.04**		0.05
	c) Short Term Deposits with Banks		**0.03**		0.20
	d) Customers Outstandings				
	i) From Subsidiary Companies		**0.00**		1.33
	ii) From Others		**76.40**		106.22
			76.40		107.55
	e) 6.96% Oil Companies GOI SPL Bonds 2009*		**212.93**		2.04
	f) Others (Gross)		**0.02**		0.01
				336.58	659.61
2.	Dividend (Gross):** [Tax deducted at source Rs. 52.21 crore (2002 : Rs. Nil)]				
	a) From Subsidiary Companies		**27.44**		19.44
	b) From Other Companies		**469.94**		187.51
				497.38	206.95
3.	Profit on sale of Investments			**0.00**	0.00
4.	Sale of Power and Water			**6.77**	4.56
5.	Profit on sale and disposal of Assets			**8.13**	10.96
6.	Unclaimed/Unspent liabilities written back			**109.97**	54.29
7.	Provision for Doubtful Debts, Advances, Claims and Stores written back			**21.14**	15.60
8.	Provision for loss in cost of investment written back			**200.00**	0.00
9.	Recoveries from Employees			**18.34**	25.34
10.	Retail Outlet License Fees			**36.16**	38.45
11.	Collection Charges for Outstation Cheques			**15.01**	14.75
12.	Sale of Scrap			**20.04**	21.47
13.	Financing Charges on Finance Leases			**16.36**	16.83
14.	Amortisation of Capital Grants	A		**0.91**	0.74
15.	Provision for Leave encashment written back			**97.56**	0.00
16.	Exchange Fluctuations (Net)			**94.05**	0.00
17.	Terminalling Charges			**108.15**	0.00
18.	Other Miscellaneous Income	B		**172.77**	110.68
	TOTAL			**1,759.32**	1,180.23

* **Income on Current Trade Investments**

** **Income on Long term Trade Investments**

Note:

A (i) Includes Rs.0.02 crore (2002 : Rs.Nil) towards previous years.

B (i) Includes Tax-Free income of Rs. Nil (2002 : Rs.1.09 crore) received from Petroleum India International (AOP).

(ii) Includes Rs. Nil (2002 : Rs.16.25 crore) towards canalising commission pertaining to previous years.

SCHEDULE "O" - MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Crore)

	Note		March-03	March-02
1. Raw Materials Consumed:				
Opening Balance		3,359.87		2,736.06
Add: Opening Balance Adjustment		0.27		0.00
Add: Receipts:				
a) Purchases		38,593.76		29,756.88
b) Taken on Loan		0.00		458.55
c) Given on loan		0.00		(571.37)
		41,953.90		32,380.12
Less: Closing Stock		4,302.12		3,359.87
			37,651.78	29,020.25
2. Consumption:				
a) Stores, Spares and Consumables		202.91		188.36
b) Packages & Drum Sheets		163.80		152.81
			366.71	341.17
3. Power & Fuel		2,644.77		2,002.75
Less: Fuel for own production		2,301.96		1,691.53
			342.81	311.22
4. Processing Fees, Blending Fees, Royalty & Other Charges			43.72	45.62
5. Octroi, Other Levies and Irrecoverable Taxes			552.05	758.17
6. Repairs and Maintenance:				
i) Plant and Machinery		382.84		346.86
ii) Buildings		69.32		81.42
iii) Others		31.88		26.66
			484.04	454.94
7. Freight, Transportation Charges and Demurrage			4,029.20	4,107.84
8. Payments to and Provisions for Employees:	A			
(a) Salaries, Wages, Bonus etc.		1,041.68		1,099.55
(b) Contribution to Provident & Other Funds		388.14		173.17
(c) Amortisation of Voluntary Retirement Compensation		46.81		46.66
(d) Staff Welfare Expenses		266.33		241.96
			1,742.96	1,561.34
9. Office Administration, Selling and Other Expenses (Schedule 'O-1')			1,559.30	1,339.06
TOTAL			46,772.57	37,939.61

Note: Includes:

A. Towards previous years Rs. Nil (2002 : Rs. 54.87 crore) on account of arrears of productivity linked bonus.

SCHEDULE "O-1" - OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Crore)

		Note		March-03	March-02
1.	Rent			170.88	178.03
2.	Insurance			82.91	73.44
3.	Rates & Taxes			33.44	31.78
4.	Donations			13.46	10.59
5.	Payment to Auditors:				
	a) Audit Fees		0.32		0.26
	b) Tax Audit Fees		0.05		0.05
	c) Other Services (for issuing certificates etc.)		0.07		0.07
	d) Out of Pocket Expenses		0.05		0.04
				0.49	0.42
6.	Travelling & Conveyance			125.89	133.49
7.	Communication Expenses			32.77	41.91
8.	Printing & Stationery			16.13	17.59
9.	Electricity & Water			101.48	100.38
10.	Bank Charges			28.81	26.99
11.	Bad Debts, Advances & Claims written off			5.97	2.51
12.	Loss on Assets sold, lost or written off			84.37	16.43
13.	Technical Assistance Fees	A		18.79	8.38
14.	Exchange Fluctuation (Net)			0.00	0.93
15.	Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores			156.04	47.17
16.	Provision for Investments/Advance against Investments			0.50	200.00
17.	Loss on Sale of Investments			46.72	0.00
18.	Security Force Expenses			46.53	44.91
19.	Sales Promotion Expenses			106.81	67.06
20.	Handling Expenses			69.98	63.50
21.	Expenses on Enabling Facilities			1.94	0.64
22.	Terminalling Charges			184.00	0.00
23.	Other Expenses			231.39	272.91
	TOTAL			**1,559.30**	1,339.06

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Note:

A. Includes Rs.1.04 crore (2002 : Rs. Nil) towards previous year.

SCHEDULE "P" - INCOME/EXPENSES RELATING TO PREVIOUS YEARS

(Rs. in Crore)

	March-03	March-02
Income:		
1. Net claim from/(surrender to) Industry Pool Accounts	**0.00**	1.96
2. Miscellaneous Income	**22.43**	0.87
3. Sales of Power and Water	**0.75**	0.00
Total Income	**23.18**	2.83
Expenditure:		
1. Purchase of Products and Crude	**0.00**	32.24
2. Duties	**0.00**	(0.10)
3. Depreciation and Amortisation	**5.48**	12.78
4. Consumption		
- Stores, Spares and Consumables	**0.70**	(0.96)
5. Power and Fuel	**0.00**	0.81
6. Repairs and Maintenance	**1.81**	(1.05)
7. Interest	**0.00**	(2.51)
8. Rates & Taxes	**0.00**	7.33
9. Other Expenses	**(1.38)**	11.78
Total Expenses	**6.61**	60.32
NET INCOME/(EXPENDITURE)	**16.57**	(57.49)

SCHEDULE "Q" - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS

1.1 Land

1.1.1 Land acquired on lease for over 99 years and on perpetual lease is treated as freehold land.

1.1.2 Cost of Right-of-Way for laying pipelines is capitalised.

1.2 Construction Period Expenses on Projects

1.2.1 Revenue expenses including expenses for crop compensation for acquiring Right of Way exclusively attributable to projects incurred during construction period are capitalised. However, such expenses in respect of capital facilities being executed along with the production/operations simultaneously are charged to revenue.

1.2.2 Financing cost incurred during the construction period on loans specifically borrowed for projects is capitalised at the actual borrowing rates.

1.2.3 Financing cost incurred on General Borrowings used for projects is capitalised at the weighted average cost. The amount of such borrowings is determined after setting off the amount of internal accruals.

1.3 Depreciation/Amortisation

1.3.1 Cost of lease hold land for 99 years or less is amortised during the lease period.

1.3.2 Depreciation on fixed assets including LPG Cylinders and Pressure Regulators is provided in accordance with the rates as specified in Schedule XIV to The Companies Act, 1956, on straight line method, up to 95% of the cost of the asset. Depreciation is charged pro-rata on quarterly basis on assets, from/up to the quarter of capitalisation/sale, disposal and dismantled during the year.

1.3.3 Assets, other than LPG Cylinders and pressure regulators, costing up to Rs.5,000/- are depreciated fully in the year of capitalisation.

1.3.4 Capital expenditure on items like electricity transmission lines, railway siding, roads, culverts etc. the ownership of which is not with the Corporation are charged off to revenue. Such expenditure incurred during construction period of projects is accounted as un-allocated capital expenditure and is charged to revenue in the year of capitalisation of such projects.

2. FOREIGN CURRENCY TRANSLATION

2.1 Transactions in foreign currency are recorded at exchange rates prevailing on the date of transactions except for transactions relating to withdrawls through US Dollars account with SBI, Nassau which are recorded at the weighted average rate.

2.2 Monetary Items denominated in foreign currencies (such as cash, receivables, payables, etc.) outstanding at the year end, are translated at exchange rates applicable as of that date.

2.3 Non-monetary items denominated in foreign currency (such as investments, fixed assets, etc.) are valued at the exchange rate prevailing on the date of transaction.

2.4 Any gains and losses arising due to exchange differences at the time of translation or settlement are charged to the Profit and Loss Account except those relating to acquisition of fixed assets, which are adjusted to the cost of such assets till they are fully depreciated.

3. INVESTMENTS

3.1 All long term investments are valued at cost and provision for diminution in value thereof, is made, wherever such diminution is not temporary.

3.2 All current investments are valued at lower of cost or fair market value.

4. INVENTORIES

4.1. Raw Materials

4.1.1 Crude Oil is valued at cost on First In First Out basis or net realisable value, whichever is lower. Base Oils, Additives and other Raw Materials are valued at weighted average cost or net realisable value, whichever is lower.

4.1.2 Stock in Process is valued at raw material cost plus conversion costs as applicable or net realisable value, whichever is lower.

4.2 Stock-in-Trade

4.2.1 Finished Products are valued at cost determined on weighted average basis or net realisable value, whichever is lower.

4.2.2 Cost of Finished Products internally produced is determined based on crude cost reckoned on FIFO basis and processing cost. Cost of lubes and greases is determined based on weighted average cost of inputs and processing cost.

4.2.3 Imported products in transit are valued at CIF cost or net realisable value whichever is lower.

4.3 Stores and Spares

4.3.1 Stores and Spares (including Barrels, Tins and Capital Stores) are valued at Weighted average Cost. Specific provision is made in respect of identified obsolete stores & spares for likely diminution in value. Further, an adhoc provision @ five percent is also made on the balance stores & spares towards likely diminution in the value.

4.3.2 Stores & Spares in transit are valued at cost.

5. DEBTORS

In respect of sundry debtors other than specifically dealt with, an adhoc provision is made to recognise the element of uncertainity of realisation.

6. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

6.1 Contingent Liabilities are disclosed in each case above Rs. 5 lakh. Show Cause Notices issued by various Government Authorities are not considered as contingent liabilities. However, when the demand notices are raised against such show cause notices after considering Corporation's views, these demands are either paid or treated as liabilities, if accepted by the Corporation and are treated as contingent liability, if disputed by the Corporation.

6.2 Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 5 lakh.

7. REVENUE RECOGNITION

7.1 Sales are net of trade discounts and include inter alia, customs and excise duties.

7.2 Claims on Petroleum Planning and Analysis Cell (formerly Oil Coordination Committee)/ Government arising on account of erstwhile Administered Pricing Mechanism/Notified Schemes are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/clarifications subject to final adjustment as per separate audit.

7.3 Adjustments pertaining to purchase of raw materials/finished products, sales and others as admissible under the erstwhile Administered Pricing Mechanism are accounted as "net claim from/(surrender to) Industry Pool Accounts".

7.4 Other claims (including interest on outstandings) are accounted:

a) When there is certainty that the claims are realisable

b) Generally at cost

7.5 Income and expenditure up to Rs. 5 lakh in each case pertaining to previous years are accounted for in the current year.

7.6 Pre-paid expenses up to Rs. 50,000/- in each case are charged to revenue.

7.7 Expenditure incurred on Voluntary Retirement Schemes is treated as Deferred Revenue Expenditure and is amortised over a period of five years beginning from the year in which expenditure is incurred.

8. RETIREMENT AND EMPLOYEES BENEFITS

8.1 Liability towards gratuity is paid to a Fund maintained by LIC and administered through a separate Trust set up by the Corporation. Difference between the fund balance and the accrued liability as at the end of the year, determined based on the actuarial valuation by LIC, is charged to Profit and Loss Account.

8.2 a) Provision towards post retirement benefits, other than leave encashment, to employees is made based on the actuarial valuation as at the end of the year.

b) Liability towards leave encashment is paid to a Fund maintained by LIC and difference between the fund balance and accrued liability as at the end of the year, determined based on actuarial valuation by LIC, is charged to Profit and Loss Account.

9. GRANTS

9.1 CAPITAL GRANTS

9.1.1 In case of depreciable assets, the cost of the asset is shown at gross value and grant thereon is treated as Capital Grants which are recognised as income in the Profit and Loss Account over the period and in proportion in which depreciation is charged.

9.2 REVENUE GRANTS

9.2.1 Revenue grants are reckoned as per the respective schemes notified by Govt. of India from time to time, subject to final adjustment as per separate audit.

10. R&D EXPENDITURE

10.1 All expenditure, other than on capital account, on research and development are charged to the Profit and Loss Account.

11. OIL & GAS EXPLORATION ACTIVITIES

11.1 Assets and liabilities as well as income and expenditure are reckoned according to the participating interest of the company in respect of the un-incorporated joint ventures.

Sd/-	Sd/-	Sd/-
(M. S. Ramachandran)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

Place : New Delhi
Dated : June 23, 2003

SCHEDULE "R" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003

1. **Contingent Liabilities:**

   a) Claims against the Corporation not acknowledged as debts **Rs. 4377.12 crore** (2002 : Rs.4524.87 crore). These include:

      i) **Rs. 442.67 crore** (2002 : Rs. 886.34 crore) including **Rs. 143.09 crore** (2002 : Rs. 172.60 crore) claimable from Government of India on payment, if any, being the demands raised by the Central Excise/Customs authorities.

      ii) **Rs. 2637.60 crore** (2002 : Rs. 2207.69 crore) including **Rs. 482.10 crore** (2002 : Rs. 961.19 crore) claimable from Government of India on payment, if any, in respect of Sales Tax demands.

      iii) **Rs. 467.36 crore** (2002 : Rs. 569.63 crore) including **Rs. 252.38 crore** (2002 : Rs. 378.93 crore) on account of Projects for which suits have been filed in the Courts or cases are lying with Arbitrators.

      iv) **Rs. 282.93 crore** (2002 : Rs. 414.27 crore) in respect of Income Tax demands.

      v) **Rs. 78.53 crore** (2002 : Rs. 61.19 crore) relating to projects.

   b) Customs Duty demands of **Rs. 2.40 crore** (2002 : Rs. 4.21 crore out of Rs.163.76 crore) are pending for final disposal due to quantity disputes. Such quantity disputes in similar cases have been decided in favour of the Corporation.

   c) Demands of Excise Duty of **Rs. 46.81 crore** (2002 : Rs.139.26 crore) on the alleged grounds of non-inclusion of certain elements of price as part of assessable value for the period 1.3.94 to 2.7.96 are pending at various Appellate stages. On a similar issue of another Oil Company, Customs, Excise & Gold (Control) Appellate Tribunal (CEGAT), Chennai during 1998-99 had passed judgement in favour of the Oil Company. During 2000-01, in a similar case, an order has been passed by CEGAT in favour of the Corporation.

   d) Central Excise Authorities have raised demands of **Rs. 162.50 crore** (2002 : Rs. 177.53 crore) on the alleged ground of non-payment of Excise Duty collected in respect of sale of imported petroleum products on which Customs Duty has already been paid. An amendment has been made with retrospective effect in the Finance Act, 2000, that Section 11D of the Central Excise Act applies only to excisable goods. CEGAT, Chennai, has decided similar cases in favour of the Corporation.

   e) The case of Customs Duty demand of **Rs. 975.98 crore** (2002 : Rs. 975.98 crore) along with penalty and Interest on the elements of demurrage and bank charges, raised by Calcutta Customs Authorities during 1999-2000 has been decided in favour of the Corporation by Larger bench of CEGAT, New Delhi. Subsequent to the above decision, Customs Department has filed an appeal before Hon. Supreme Court against the order of CEGAT. Final decision in the matter is awaited.

   f) Interest/Penalty, if any, on some of the above claims is unascertainable.

   g) Income tax, if any, reimbursable to foreign contractors is unascertainable.

   h) Corporation, along with three other promoters, has issued Corporate Guarantees in favour of banks and financial institutions for short term loans taken by Petronet LNG Limited from such banks and financial institutions. Corporation's share in the guarantees issued is **Rs. 350.00 crore** (2002 : Rs. 286.25 crore), being one fourth share of the total guarantees of **Rs. 1400.00 crore** (2002 : Rs. 1145.00 crore) issued as on 31.3.2003. Petronet LNG Limited has given counter guarantees in favour of the promoters for the above amounts. The Short Term Loan outstanding in the books of Petronet LNG Limited as on 31st March 2003 is **Rs. 1019.50 crore** plus outstanding interest (2002 : Rs. 390.08 crore).

i) Corporation along with two other consortium members has been awarded an exploration service contract for exploration in the offshore Farsi Block in the Islamic Republic of Iran by the National Iranian Oil Co. (NIOC). In terms of the contract, Bank Guarantee for an aggregate amount of Rs. 25.65 crore (2002 : Rs. Nil) has been furnished to NIOC. The Corporation's share in the said Bank Guarantee is Rs. 10.26 crore (2002 : Rs. Nil) being 40% participating interest in the venture.

j) Amount of terminalling charges payable to Reliance Industries Limited (before merger, Reliance Petroleum Limited) has been reckoned on provisional basis based on Ministry of Petroleum & Natural Gas' letter no. P-20022/5/99 dated 11.01.2002. An amount of Rs. 0.56 crore (2002 : Rs. 3.54 crore) towards Terminalling Charges to M/s IndianOil Petronas Pvt. Ltd. has not been reckoned pending approval from MOP&NG which has no impact on the profit since the same is claimable from Petroleum Planning and Analysis Cell.

k) An amount of Rs. 21.75 crore towards pipeline charges to Petronet VK Limited has not been reckoned pending finalisation of tariff by MOP&NG. Out of this, an amount of Rs. 10.54 crore pertaining to the period up to 31.03.2002 is claimable from Government of India and hence has no impact on the profit.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs. 6695.31 crore** (2002 : Rs. 3742.73 crore).

3. a) Title Deeds for Land and residential apartments as also lease and other agreements in respect of certain lands/buildings, the book value of which is **Rs. 158.59 crore** (2002 : Rs. 227.15 crore), are pending for execution or renewal and are, therefore, not available for verification.

   b) Pending decision of the Government, no liability could be determined and provided for in respect of additional compensation, if any, payable to the land owners and the Government for certain lands acquired.

4. The Board of Directors of the Corporation has, in its meeting held on 6th June 2003, recommended issue of fully paid up bonus share of Rs.10 each to the equity shareholders in the proportion of one equity share for every two equity shares held by them on the record date to be decided by the Chairman/ Director (Finance) and the same is subject to approval in the Extraordinary General Meeting of the members of the Corporation to be convened on 14th July 2003. This shall result in increase in Equity Share Capital by an amount of Rs. 389.34 crore and corresponding reduction in General Reserve by the like amount.

5. The provision for proposed final dividend has been made after considering increase in equity share capital consequent to the proposed issue of bonus shares which is subject to approval of the shareholders in the Extraordinary General Meeting to be convened on 14th July 2003.

6. The Corporation has numerous transactions with other Oil Companies, which are reconciled on an ongoing basis and are subject to confirmation. Adjustments, if any, arising therefrom are not likely to be material.

7. The delay in issue of share certificates by Petronet LNG Limited (a Joint Venture Company) is on account of non-finalization of equity structure by the Government.

8. Bond Redemption Reserve of Rs. 418.62 crore created in respect of Deep Discount Bonds – Series II as on 31.3.2002, has been written back during the year in view of the redemption of said Bonds on 20th December 2002.

9. In line with the SEBI Substantial Acquisition of Shares and Takeovers (SATS) Regulation, Corporation has acquired during the current year additional 44,29,454 equity shares of Rs. 10/- each representing 20% of total equity of IBP Company Limited at a price of Rs. 1551.10 per share aggregating to Rs. 687.05 crore from public shareholders of IBP through public announcement and open offer. With this acquisition, Corporation's holding in IBP Company Limited has increased from 33.58% to 53.58%.

10. Consequent to change in Accounting Policy, Provision for Losses in respect of Stores and Spares includes an additional adhoc provision of Rs. 3.28 crore to recognize the element of likely loss on sale/disposal of surplus/obsolete stores and spares and accordingly the profit for the year has been reduced by the like amount.

11. Subsidy (including freight for far-flung areas) of **Rs. 3863.50 crore** (2002 : Rs. Nil) on SKO (PDS) and LPG (Packed-Domestic) has been reckoned as per the Scheme notified by MOP&NG and reflected separately as income in the Profit and Loss Account.

12. Pending issue of suitable notification by the Government of India specifying the period and applicable rate at which cess on turnover is payable under section 441A of the Companies Act, the Corporation has not provided for the same.

13. In compliance of Accounting Standard – 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India, the required information is given as per Annexure-1 to this schedule.

14. In compliance of Accounting Standard – 18 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, the required information is given as per Annexure-2 to this schedule.

15. Disclosure as required under Accounting Standard – 19 on "Leases" issued by The Institute of Chartered Accountants of India is as under:

Finance Leases:

Corporation has entered into Lease Agreement with Indian Railways in respect of BTPN Tank Wagons for a minimum period of 20 years. The lease rentals from the date of formation of rake are @ 16% for the first 10 years and thereafter at the nominal rate of 1% of the cost.

(Rs. in Crore)

	Particulars	**March-03**	March-02
A.	Gross Investments in Finance Lease	**384.46**	384.46
	Less: Unearned Finance Income	**59.02**	75.37
	Less: Finance Income Received	**99.29**	82.94
	Less: Minimum Lease payment received	**84.85**	65.02
	Net Investment in Finance Lease as on Date	**141.30**	161.13
B.	Unearned finance Income	**59.02**	75.37
C.	Present Value of Minimum Lease Payments Receivable		
	Not Later than one year	**21.84**	19.83
	Later than one year and not later than five years	**97.43**	95.88
	Later than five years	**22.03**	45.42
	Total	**141.30**	161.13
D.	Break-up of unearned income		
	Not Later than one year	**14.35**	16.36
	Later than one year and not later than five years	**35.18**	43.33
	Later than five years	**9.49**	15.68
	Total	**59.02**	75.37

Operating leases:

The Corporation has taken an operating lease Pipeline from Koyali to Navagam for a period of 10 years. The future minimum payment dues are:

(Rs. in Crore)

	March-03	March-02
Not later than one year	**0.50**	0.50
Later than one year and not later than five years	**2.00**	2.00
Later than five years	**0.87**	1.37

16. In compliance of Accounting Standard – 20 on "Earning Per Share" issued by The Institute of Chartered Accountants of India, the elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	March-03	March-02
Profit After Tax (Rupees in Crore)	**6114.89**	2884.66
Weighted Average number of equity shares	**778,674,800**	778,674,800
Add: Bonus Shares recommended	**389,337,400**	389,337,400
Total Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted)	**1,168,012,200**	1,168,012,200
Earning Per Share (Basic and Diluted) (Rupees)	**52.35**	24.70
Face value per share (Rupees)	**10/-**	10/-

Note:

The Board of Directors of the Corporation has, in its meeting held on 6th June 2003, recommended issue of fully paid up bonus shares of Rs. 10/- each to the equity shareholders in the proportion of one equity share for every two equity shares which is subject to approval of Extraordinary General Meeting of the members of the Corporation to be convened on 14th July 2003. This shall result in increase in number of equity shares by 389337400 shares. As per Accounting Standard (AS) – 20 on "Earning Per Share" issued by The Institute Of Chartered Accountants of India, Earning Per Share (Basic & Diluted) for financial years 2002-03 and 2001-02 has been calculated after considering this recommended bonus shares.

17. In compliance of Accounting Standard – 22 on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, Deferred Tax Liability amounting to **Rs. 468.05 crore** (2002 : Rs. 717.72 crore) has been provided during the current year. The item-wise details of cumulative Deferred Tax Liability are as under:

(Rs. in Crore)

	As on 31.03.2003	As on 31.03.2002
Deferred Tax Liability:		
i) Depreciation	**4072.67**	3605.77
Less: Deferred Tax Assets		
ii) Provision for Retirement Benefits	**44.79**	73.66
iii) Provisions on Inventories, Debtors, Loans and Advances	**100.29**	53.39
iv) 43B Disallowances	**50.18**	69.13
v) Capital Grants	**4.30**	4.53
Deferred Tax Liability (Net)	**3873.11**	3405.06

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18. In compliance of Accounting Standard – 27 on "Financial Reporting of Interest in Joint Ventures" issued by The Institute of Chartered Accountants of India, the required information is given as per Annexure-3 to this schedule.

    In respect of Jointly controlled operations, the Corporation's share of assets, liabilities, income, expenditure, contingent liabilities and capital commitments has been included on the basis of unaudited financial statements received from these joint ventures.

19. In compliance of amended clause 32 of the Listing Agreement with the Stock Exchanges, the required information is given as per Annexure-4 to this schedule.

20. The names of Small Scale Industrial Undertakings to whom the Corporation owes a sum together with interest outstanding which is outstanding for more than 30 days are as under:

    AEP company, Isspat Engg, Jaishree Udhyog, Yamuna Gasses & Chemicals, Associated Industries, Tractel Trifor, Brijbasi Udyog – Mathura, Tube Bend – Calcutta, M/s.Econo Walves Pvt. Ltd., M/s.IGP Engg. Ltd., Commercial Supply Agency, Fixfit Fasterners Ltd., Nireka Engineering, Panchyat Valves and Flanges Pvt. Ltd., Precision Auto Engineers – Ludhiana, Ray Engineering Enterprises – Calcutta, Teeky Tubes, Joseph Leslie Drager Mfg. Pvt. Ltd., Advanced Spectra Tek Pvt. Ltd., Airoil Flaregas India Ltd., Akson Muechanical Enterprises, Altop Industries, Amtrex Hitachi Appliances Ltd., Asian Organic India, Bengal Industries, Vimal Fire Controls Pvt. Ltd., Vithlani Enterprises, Electro Protection Services, Ex Protecta, Flash Forge Pvt. Ltd., Ganesh Computers Forms Pvt. Ltd., Heavy Metal & Tubes Pvt. Ltd., IGP Engineers Ltd., Integrated Fire Protection Pvt. Ltd., Madras Industrial Product, Manometer (India) Pvt. Ltd., Markwell Hose Industries Ltd., Multi Thread Fasteners, Nireka Engineering & Co. Pvt. Ltd., Nitin Steels, Niton Valve Industries Pvt. Ltd., Paras Engineers, R P Engineering (P) Ltd., Shah Bhogilal Jethalal & Bros, Spiraseal Gaskets, Tube Bend (Calcutta) Pvt. Ltd., Aditya Forge Ltd., Aero Engineers, Bliss Anand Pvt. Ltd., Commercial Supplying Agency, Fixfit Fastners Mfg Pvt. Ltd., General Instruments Consortium, Goldern Iron & Steel Works, Guru Nanak Engg. Works, Mutitex Filtration Engg., Pyro Electricals Inst Goa Pvt. Ltd., EBY Industries, Hawa Ind. Pvt. Ltd., IGP Engg. Pvt. Ltd., Teekay Tubes Pvt. Ltd., Baliga Heighting Equipments, CD Engg & Co., M/s.Vasu Chemicals, A.K.M.N.Cyls. Pvt.Ltd, Amar Singh & Sons, Andhra Cylinders, Arihant Technomac, Ashkin Die Casting, Ashking Fabs, Associated Cyls.& Acc., Auto & General Castings, Avanti LPG Cylinders, B.T.P.Structurals(P)Ltd, Balaji Pressre Vls., Chandawat Udyog (Cyls) Ltd., Chennai Valves, Cylinvalves Industries, Dessma Engineering (P) Ltd, Eastern Cyls.(P) Ltd, Elite Valves, Essent Appliances, Faradays Engg. Industries P.Ltd., GDR Cylinders Pvt Ltd, Global Gas, Gurudayal Singh & Sons, Hari Engineering, HIM Valves & Regulators Pvt Ltd, Hyderabad Cyls (P) Ltd, Hyderabad Valves, Indian LPG Cylinder, Indo Fab Engineers, Intech Engg. & Services P Ltd., Intel Gas Gadgets (P) Ltd, International Cylinders (P) Ltd, J.R. Fabricators Ltd, Jagadamba Engineering. Pvt.Ltd., Jesmajo Ind.Fab.(K), K.S. Tecknosafe Ovt. Ltd., Kabsons Gas Equipment, Kalsan Engg Industries Pvt Ltd, Kanyaka Parameshari Engg, Karnataka Press.Vessel P.Ltd., Khara Gas Equipment Pvt Ltd, Konark Cyls & Conts. Ltd., Krishna Die Casting, Kurnool Cylinders, Kurnool Cylinders Unit - II, Lite Containers Pvt. Ltd., M. M. Cylinders Pvt. Ltd, M. Techno Engg(India) Pvt Ltd, M.E.M. Industries, Mahaveer Cylinders Ltd., Max Valves & Regulators, Nandi Cylinders P.Ltd., Padavi Engineers & Pressure Vessel, Pankaj Gas Cyls Ltd, Power Fabricators, Prabha Electronics Ltd., Prathima Industries, Presvels P.Ltd., Primevalve Ind. Pvt. Ltd., R. M. Cylinders Pvt. Ltd., Sahuwala Cylinders Ltd., Salem Cylinders Pvt.Ltd, Salico Trading Corporation, Sanghvi Cylinders Ltd, Sanmati Metals Ltd, Sapphire(I) Pvt. Ltd., Saroj Metal Works (P) Ltd., SKN Industries Pvt. Ltd., Southern Cyls Pvt. Ltd., Southern Metal & Allied, Spec Engineering, Sree Srinivas Cylinders Pvt Ltd., Sri Balaji Cyls. P. Ltd., Sri Balaji Valves, Sri Shakti Cylinders P.Ltd., Sunrays Cylinder P. Ltd., Sunrays Engg. P.Ltd, Super Industries, Supreme Cylinders Ltd, Tirupati Cyls, Trans Valves(India) Pvt. Ltd., Verny Containers Ltd., Verny Engineers Pvt Ltd, Vidarbha Gas Vessels, Vidhya Cylinders, Winfab Equipment Pvt Ltd, M/S Kayees Lube Pvt. Ltd., Amar Plastic, Mercury Enterprises, Modij Industries, Nandan Polyplastics, Plastic Processers, Rajiv Plastics, Goodworks Co., Shiva Packaging, Jaraikela Industries, M/S Bon Aluplast Pvt. Ltd., M/S Minerva Packaging Corporation, M/S Sandigo Enterprise, M/S Kayees Lube Pvt. Ltd., Amar Plastic, Mercury Enterprises, Modij, Nandan Poly, Plastic Process, Rajiv Plastics and M/S Spack Turnkey Projects; M/s Multitex Filternations Engineering Ltd.;

M/s True Fab Privat Limited; M/s Hazarika & Co.; M/s Prasanna Weilding Industries; M/s Modern Lab Furnishers; M/s Xytel India Pvt. Ltd.; M/s Aimil Limited; M/s Joseph Lissile Dragger; M/s ITS Corporation

The above information is given to the extent available with the corporation.

21. Remuneration paid/payable to Directors:

(Rs. in Crore)

		2002-03	2001-02
i)	Salaries & Allowances	**0.77**	0.66
ii)	Contribution to Provident Fund	**0.06**	0.04
iii)	Contribution to Gratuity Fund	**0.01**	0.02
iv)	Other benefits and Perquisites	**0.13**	0.14
v)	Sitting Fees to Part Time Directors	**0.05**	0.06
	Total	**1.02**	0.92*

* Includes Rs.0.04 crore for previous year.

In addition, whole-time Directors are also allowed the use of Corporation's car for private purposes up to 12,000 KMs per annum on a payment of Rs. 520 per mensem for car of less than 16 hp or Rs. 780 per mensem for car of above 16 hp as specified in the terms of appointment.

22. The Profit and Loss Account includes:

a) Expenditure on Public Relations and Publicity amounting to **Rs. 17.71 crore** (2002 : Rs.20.60 crore) which is inclusive of **Rs. 4.35 crore** (2002 : Rs. 4.02 crore) on account of Staff and Establishment and **Rs. 13.36 crore** (2002 : Rs. 16.58 crore) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is **0.00015:1** (2002 : 0.00018:1).

b) Research and Development expenses **Rs. 51.08 crore** (2002 : Rs. 45.05 crore).

c) Entertainment Expenses **Rs. 0.17 crore** (2002 : Rs. 0.20 crore).

23. Previous year's comparative figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions.

Sd/-	Sd/-	Sd/-
(M. S. Ramachandran)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

Place : New Delhi
Dated : June 23, 2003

Annexure-1

Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2003 is as under:

(Rs. In Crore)

	March-03				March-02			
	Crude Sales	Petroleum Products	Oil & Gas Exploration Activities	Total	Crude Sales	Petroleum Products	Oil & Gas Exploration Activities	Total
Revenue								
External Revenue	9,297.57	114,809.71	-	124,107.28	18,238.72	96,797.78	-	115,036.50
Inter-segment Revenue	-	-	-	-	-	-	-	-
Total Revenue	**9,297.57**	**114,809.71**	**-**	**124,107.28**	**18,238.72**	**96,797.78**	**-**	**115,036.50**
Result								
Segment Results	4.01	8,169.15	-	8,173.16	23.20	5,511.55	-	5,534.75
Less: Un-allocated Expenses net of un-allocated Income	-	-	-	-	-	-	-	-
Operating Profit	**4.01**	**8,169.15**	**-**	**8,173.16**	**23.20**	**5,511.55**	**-**	**5,534.75**
Less:								
Interest Expenditure				762.47				1,544.42
Provision for diminution in Investments				0.50				200.00
Loss on Sale of Investments				46.72				-
Prior year Expenditure				6.61				60.32
Add:								
Interest/Dividend Income				833.96				866.56
Provision for diminution in Investments written back				200.00				-
Prior year Income				23.18				2.83
Profit Before Tax				**8,414.00**				**4,599.40**
Less: Income Tax (including deferred tax)				2,299.11				1,714.74
Profit After Tax	-	-	-	**6,114.89**	-	-	-	**2,884.66**
Other Information								
Segment Assets	776.33	49,524.51	47.02	50,347.86	1,608.54	42,136.75	15.44	43,760.73
Corporate Assets				5,462.00				10,077.69
Total Assets				**55,809.86**				**53,838.42**
Segment Liabilities	646.82	15,714.06	30.46	16,391.34	1,312.54	13,867.83	15.44	15,195.81
Corporate Liabilities				20,490.53				23,331.58
Total Liabilities				**36,881.87**				**38,527.39**
Capital Expenditure	-	2,840.22	31.58	2,871.80	-	3,254.22	15.44	3,269.66
Depreciation	-	1,656.28	-	1,656.28	-	1,379.57	-	1,379.57
Non-cash expenses other than Depreciation (Amortisation of VRS Compensation)				46.81				46.66

Notes:

1. The Company is engaged in three main business segments i.e.
   a) Sale of Imported Crude Oil
   b) Sale of Petroleum Products
   c) Oil & Gas Exploration Activities jointly undertaken in the form of un-incorporated Joint Ventures.

   Segments have been identified and reported taking into account the nature of products and services and differing risks and returns.
2. Segment Revenue comprises of the following:
   i) Turnover
   ii) Subsidy from Government of India
   iii) Net claim/(surrender to) PPAC/GOI
   iv) Other income (excluding interest income, dividend income and investment income)
3. There are no geographical segments.

Annexure-2

As required by AS-18, "Related Party Disclosures" , are given below:

1. **Relationships:**

A) Join Venture Companies

1) Indo Mobil Ltd (up to 31.12.2001)
2) Avi-Oil India Pvt.Ltd
3) Indian Oiltanking Ltd
4) Lubrizol India Pvt. Ltd
5) IndianOil Petronas Pvt. Ltd
6) Petronet VK Ltd
7) Petronet CTM Ltd
8) Petronet CI Ltd
9) IndianOil Panipat Power Consortium Limited
10) IndianOil TCG Petrochem Ltd
11) Petronet India Ltd.
12) Petronet LNG Ltd.
13) ONGIO International Pvt.Ltd.

B) Whole-time Directors

1) Shri M.S.Ramachandran
2) Shri A.K. Arora
3) Shri P. Sugavanam
4) Shri A.M. Uplenchwar
5) Shri P.K. Aggarwal
6) Shri A.K. Mitra
7) Shri N.K.Nayyar (w.e.f 10.10.2002)
8) Shri N.R.Raje (w.e.f 01.01.2003)
9) Shri M.A.Pathan (up to 31.03.2002)
10) Dr. A.K. Bhatnagar (up to 31.12.2002)
11) Shri S.N. Jha (up to 31.08.2001)
12) Shri O.N. Marwaha (up to 31.10.2001)
13) Shri Subir Raha (up to 25.05.2001)

2. **The following transactions were carried out with the related parties in the ordinary course of business:**

a) Details relating to parties referred to in item no. 1(A) above:

(Rs. in Crore)

	March-03	March-02
i) Sales	0.00	0.29
ii) Interest received	0.91	2.02
iii) Consultancy Services/Other Income	4.26	1.12
iv) Purchase of Products	151.22	206.91
v) Purchase of Chemicals/materials	1.71	0.32
vi) Handling Expenses	29.36	14.67
vii) Freight Expenses	46.87	50.64
viii) Reimbursement of Expenses	4.13	2.81
ix) Investments made during the year	5.39	29.72
x) Provisions made during the year	7.99	0.00
xi) Outstanding Receivables	44.57	12.13
xii) Outstanding Payables	23.27	19.49

b) Details relating to parties referred to in item no. 1(B) above:

(Rs. in Crore)

	March-03	March-02
i) Remuneration	0.97	0.86
ii) Recovery of Interest & Furniture Hire Charges	0.01	0.00
iii) Outstanding loans/advances receivables	0.10	0.12
iv) Assets on Hire	0.09	0.07

Note:

1) Remuneration includes Basic, allowances, reimbursements, contribution to P.F. and perquisities (valued as per tax laws)
2) In addition, whole-time Directors are also allowed the use of Corporation's car for private purposes up to 12,000 kms per annum on a payment of Rs. 520/- per mensem for car less than 16 hp or Rs. 780/- per mensem for car of above 16 hp as specified in the terms of appointment.

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Annexure-3

In compliance of AS-27, " Financial Reporting of Interest in Joint Ventures", the required information is as under:

1) Disclosure of Interest in the following categories of Joint Ventures:

(a) Jointly Controlled Operations:- The Corporation has entered into production sharing oil and gas exploration contracts with the Govt. of India and other body corporates. These joint ventures are:

Name	**Participating Interest of IOC (%)**	
	31.03.2003	**31.03.2002**
IN INDIA		
Under NELP-I Block		
MB-OSN-97/4	30	30
GV-ONN-97/1	30	30
Under NELP-II Block		
MB-DWN-2000/1	15	15
MB-DWN-2000/2	15	15
MB-OSN-2000/1	15	15
MN-OSN-2000/2	20	20
WB-OSN-2000/1	15	15
WB-ONN-2000/1	15	15
GV-ONN-2000/1	15	15
MN-ONN-2000/1	20	20
Under NELP-III Block		
AA-ONN-2001/2	20	N.A
BK-CBM-2001/1	20	N.A
NK-CBM-2001/1	20	N.A
AAP-ON-94/1	27	N.A
OUTSIDE INDIA		
FARSI BLOCK, IRAN	40	N.A

(b) Jointly Controlled Assets:

IOC's share in jointly controlled/owned assets have been shown in Schedule-E "Fixed Assets"

(c) Jointly Controlled Entities:

	Name	**Country of Incorporation**	**Ownership Interest of IOC(%) 31.03.2003**	**31.03.2002**
(i)	Indian Oiltanking Ltd.	India	50	50
(ii)	Lubrizol India Pvt.Ltd.	India	50	50
(iii)	Petronet VK Ltd.	India	26	26
(iv)	Petronet CI Ltd.	India	26	26
(v)	Petronet CTM Ltd.	India	26	26
(vi)	IndianOil Petronas Pvt. Ltd.	India	50	50
(vii)	IndianOil Panipat Power Consortium Ltd.	India	50	50
(viii	ONGIO International Pvt. Ltd.	India	50	50
(ix)	Avi-Oil India Pvt.Ltd.	India	25	25
(x)	Petronet India Ltd.	India	16	16
(xi)	Petronet LNG Ltd.	India	12.5	12.5
(xii)	IndianOil TCG Petrochem Ltd.	India	50	50

2) IOC's Share in assets,liabilities,income,expenses,contingent liabilities and capital commitments of Jointly Controlled Entities:

	(Rs. in Crore) 31.03.2003
(i) Assets	
- Long Term Assets	528.40
- Current Assets	122.00
(ii) Liabilities	
- Current Liabilities and Provisions	47.02
- Other Liabilities	309.45
(iii) Income	280.31
(iv) Expenses	246.66
(v) Contingent Liabilities	27.79
(vi) Capital Commitments	98.69

3) IOC's Share in aggregate of Contingent Liabilities and Capital Commitments of Jointly Controlled Operations and Assets:

	(Rs. in Crore) 31.03.2003
(a) Jointly Controlled Operations	
(i) Contingent Liabilities	10.26
(ii) Capital Commitments	53.22
(b) Jointly Controlled Assets	
(i) Contingent Liabilities	-
(ii) Capital Commitments	-

IndianOil

Annexure-4

Disclosures as required by Clause 32 of Listing Agreement

(Rs. in Crore)

	Amount as on		Maximum Amount outstanding during the year ended	
	31.03.2003	31.03.2002	31.03.2003	31.03.2002
I. Loans and Advances in the nature of loans:				
A) To Subsidiary Companies				
(i) IndianOil Blending Limited	-	-	-	-
(ii) Chennai Petroleum Corporation Limited	-	-	-	-
(iii) Bongaigoan Refineries & Petroleum Limited	-	-	-	-
(iv) IBP Company Limited	-	-	-	-
(v) IndianOil Mauritius Limited	-	-	-	-
(vi) Lanka IOC Private Limited	-	-	-	-
B) To Firms/Companies in which directors are interested	-	-	-	-
C) Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 372A of Companies Act	-	-	-	-
II. Investment by the loanee (as detailed above) in the shares of IOC and its subsidiaries	-	-	-	-

SCHEDULE "S" - LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

(Rs. in Lakh)

		UNIT		Licensed Capacity (Refer Note A)		Installed Capacity (Refer Note B)		Actual Production	
				March-03	March-02	March-03	March-02	March-03	March-02
i)	Crude Processing	MTs		390.00	390.00	381.50	381.50	332.79	316.30
								(Refer Note D)	
ii)	Lubricating Oil	MTs	Note C	0.60	0.60	0.60	0.60	0.26	0.00
			Note E	3.34	3.34	2.26	2.26	1.20	1.23
iii)	Wax/Bitumen/Asphalt Lube Oil Drums	Nos.		15.58	15.58	15.00	15.00	5.09	4.21
iv)	Oxygen Plant	CU.M.		Not specified	Not specified	0.84	0.84	0.00	0.00
v)	Propylene Recovery Unit	MTs		0.54	0.54	0.48	0.48	0.25	0.13
vi)	MTBE Unit	MTs		0.48	0.45	0.37	0.37	0.06	0.00
vii)	Butene Plant	MTs		0.17	0.15	0.17	0.17	0.00	0.00

Note :

A. i) Licensed Capacity of Refinery is not specified for Assam Oil Division.

ii) Capacity for projects under construction not considered.

B. As certified by the Management and accepted by the auditors without verifcation.

C. Per year operating in single shift.

D. Represents finished petroleum products.

E. Per year operating in two shifts.

SCHEDULE "T" - FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS

	Opening Stock*		Purchases		Sales		Closing Stock	
	Quantity (MTs in lakh)	Value (Rs. in crore)	Quantity (MTs in lakh)	Value (Rs. in crore)	Quantity (MTs in lakh)	Value (Rs. in crore)	Quantity (MTs in lakh)	Value (Rs. in crore)
1. Petroleum Products :								
Year ended 31.03.03	**46.19**	5772.64	299.00	45285.57	620.49	109076.07	43.18	7848.65
Year ended 31.03.02	43.28	6066.98	320.50	37993.84	625.24	94938.63	46.19	5772.91
2. Lubricants & Greases :								
Year ended 31.03.03	0.61	247.06	0.11	144.12	3.39	1911.76	0.52	214.47
Year ended 31.03.02	0.70	273.88	0.08	185.71	3.45	1883.39	0.61	247.06
3. Crude Oil :								
Year ended 31.03.03	0.00	0.00	304.10	9292.11	304.10	9292.11	0.00	0.00
Year ended 31.03.02	0.00	0.00	232.24	18213.01	232.24	18212.98	0.00	0.00
4. Base Oil & Additives :								
Year ended 31.03.03	0.00	0.00	0.37	63.32	0.37	64.27	0.00	0.00
Year ended 31.03.02	0.00	0.00	0.48	82.61	0.48	82.95	0.00	0.00
Total								
Year ended 31.03.03	46.80	6019.70	603.58	54785.12	928.35	120344.21	43.70	8063.12
Year ended 31.03.02	43.98	6340.86	553.30	56475.17	861.41	115117.95	46.80	6019.97

*including adjustment to opening stock

SCHEDULE "U" - CONSUMPTION PARTICULARS OF RAW MATERIALS, STEEL COILS/SHEETS/STORES/ SPARE PARTS AND COMPONENTS

	Imported		Indigenous		Quantity	Total
	Value Rupees (in crore)	% to total consumption	VALUE Rupees (in crore)	% to total consumption	MTs (in lakh)	Rupees (in crore)
March-03						
Crude Oil	**27,461.04**	**74**	**9,674.88**	**26**	**352.87**	**37135.92**
Base Oil	**72.55**	**13**	**485.25**	**87**	**3.42**	**557.80**
Ethanol	**0.00**	**0**	**14.09**	**100**	**0.01**	**14.09**
Additives	**30.29**	**13**	**209.25**	**87**	**0.37**	**239.54**
Packing Materials Consumed	**0.00**	**0**	**148.59**	**100**	**0.00**	**148.59**
Steel Coils/Sheets/ Stores/Component and Spare Parts	**133.84**	**42**	**181.33**	**58**	**0.07**	**315.17**
March-02						
Crude Oil	22,128.98	77	6,453.45	23	337.61	28582.43
Base Oil	51.49	9	500.67	91	3.02	552.16
Ethanol	0.00	0	0.00	0	0.00	0.00
Additives	22.59	9	233.68	91	0.30	256.27
Packing Materials Consumed	0.00	0	139.07	100	0.00	139.07
Steel Coils/Sheets/ Stores/Component and Spare Parts	65.89	21	240.61	79	0.07	306.50

Note :

1. Additives are not considered as Raw Materials in Refineries.
2. Consumption excludes value adjustments if any, shown under items pertaining to the prior period.
3. Indigenous Base Oil Includes Rs. 295.57 crore (2002 : Rs. 370.60 crore) which is internally produced.

SCHEDULE "V" - EXPENDITURE IN FOREIGN CURRENCY FOR ROYALTY, KNOWHOW, PROFESSIONAL & CONSULTATION FEES, INTEREST & OTHER MATTERS

(Rs. in Crore)

	Note	**March-03**	March-02
1. Royalty		**55.96**	47.56
2. Professional, Consultation Fees and Technical Service Fees		**16.01**	37.66
3. Interest		**123.58**	399.65
4. Purchase of Products		**2135.33**	1578.54
5. Others	A	**356.37**	357.67
TOTAL		**2687.25**	2421.08

Note :

A. Includes **Rs. 302.11 crore** (2002 : Rs. 290.19 crore) on account of crude purchases from Indian Companies, payments of which were made in foreign currency.

B. Expenditure in Foreign Currency has been considered on accrual basis.

IndianOil

SCHEDULE "W" - EARNINGS IN FOREIGN EXCHANGE

(Rs. in Crore)

	Note	**March-03**	March-02
1. Export of Crude Oil and Petroleum Products	A	**2625.64**	2077.88
2. Interest		**0.03**	0.20
3. Income from Consultancy Services		**0.51**	0.62
4. Management Contract Fees		**0.00**	0.14
5. Income from Royalty		**0.00**	0.01
TOTAL		**2626.18**	2078.85

Note:

A. Includes Rs. 1951.11 crore (2002 : Rs. 1679.17 crore) received in Indian Currency out of the repatriable funds of Foreign Customers and other Export Sales through canalising agencies.

B. Earnings in Foreign Currency has been considered on accrual basis.

SCHEDULE "X" - CIF VALUE OF IMPORTS

(Rs. in Crore)

		Note	March-03	March-02
1.	Crude Oil	A	**34723.32**	38910.15
2.	Base Oil		**54.33**	39.80
3.	Additives		**20.10**	11.74
4.	Capital Goods		**101.02**	87.92
5.	Revenue Stores, Component, Spare and Chemicals		**80.86**	44.19
	TOTAL		**34979.63**	39093.80

Note :

A. i) Includes FOB value of Imports made by the Corporation on behalf of Other Oil Companies **Rs. 9292.11 crore** (2002 : Rs. 18158.43 crore)

INDIAN OIL CORPORATION LIMITED

SCHEDULE "Y" - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 11388 State Code 11

Balance Sheet Date 31 03 2003

II. Capital Raised during the year (Amount in Rs. Crore)

PUBLIC ISSUE	RIGHTS ISSUE
NIL	NIL
BONUS ISSUE (Refer Note no. 1)	PRIVATE PLACEMENT
NIL	NIL

IndianOil

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Crore)

Total Liabilities	Total Assets
37296.19	37296.19

Sources of Funds

Paid up Capital	Reserves & Surplus
778.67	18149.32
Secured Loans	Unsecured Loans
4701.13	9793.96
Deferred Tax Liability	
3873.11	

Application of Funds

Net Fixed Assets (Incl. Dismantled Asset & CWIP)	Investments
25228.47	5363.08
Finance Lease Receivables	Net Current Assets
141.30	6464.42
Misc. Expenditure	Accumulated Losses
98.92	NIL

IV. Performance of Company (Amount in Rs. Crore)

Turnover	Total Expenditure
119848.23	119384.78

	Profit Before Tax		Profit After Tax
+	8414.00	+	6114.89

Earnings per share in Rs. (Basic and Diluted)	Dividend Rate %
52.35 (Refer Note no. 1)	(Refer Note no. 2)

v. Generic Names of Three Principal Products/Services of Company (As per Monetary terms)

Item Code No. (ITC Code)	27 10
Product Description	Bulk Petroleum Products
Item Code No. (ITC Code)	27 09
Product Description	Crude Oil
Item Code No. (ITC Code)	2710 90
Product Description	Lubricants

Note:

1. Board of Directors of the Corporation, in its meeting held on 6th June 2003, has recommended issue of one bonus share for every two equity shares held. As per Accounting Standard-20 - 'Earning Per Share', Earning Per Share (Basic and Diluted) has been calculated after considering this recommended bonus shares.

2. In addition to the Interim Dividend @ 50% paid during March 2003, Board has recommended final dividend @ 160% on the enhanced Equity Share Capital considering the recommended issue of Bonus Shares in the ratio of 1:2 (i.e. one bonus share for every two equity shares held). The total dividend rate for the financial year 2002-03 works out to 193% on the enhanced equity share capital (which is equivalent to 290% on the pre-bonus equity share capital).

Statements As per SEBI Requirements

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2003

(Rs. In Crore)

			2002-03		2001-02
A	**Cash Flow from Operating Activities**				
	1 Profit Before Tax		8414		4599
	2 Adjustments for:				
	Depreciation	1662		1392	
	Loss/(Profit) on sale of Assets (Net)	1		6	
	Amortisation of Capital Grants	-1		-1	
	Amortisation of Voluntary Retirement Compensation	47		42	
	Loss on sale of Investments	47		0	
	Provision for Loss in cost of Investment written back	-200		0	
	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	135		32	
	Provision for Loss on Investments	1		200	
	Interest Income on Investments	-213		-2	
	Dividend Income on Investments	-497		-207	
	Interest Expenditure	762		1544	
			1744		3006
B	Operating Profit before Working Capital Changes (1+2)		10158		7605
C	i) Change in Working Capital: (Excluding Cash & Bank Balances) Trade & Other Receivables	-1656		5831	
	Inventories	-3562		-288	
	Trade and Other Payables	1370		1295	
	Change in Working Capital	-3848		6838	
	ii) Unamortised Expenditure on Retirement Benefits	-1		-20	
			-3849		6818
D	Cash Generated From Operations (B+C)		6309		14423
E	Less: Taxes paid		1606		772
F	Net Cash Flow from Operating Activities (D-E)		4703		13651
G	**Cash Flow from Investing Activities:**				
	Sale/Transfer of Assets	67		54	
	Sale/Maturity of Investments	5229		29	

(Rs. in Crore)

			2002-03		2001-02
	Interest Income on Investments	**213**		2	
	Dividend Income on Investments	**497**		207	
	Purchase of Assets	**-421**		-624	
	Finance Lease Receivable	**20**		62	
	Advance for Investments in CPCL/BRPL	**0**		0	
	Acquisition of Controlling interest in IBP Company Ltd.	**-680**		-1154	
	Placement of Funds in Escrow Account for open offer of IBP Shares	**0**		-7	
	Acquisition of Controlling interest in IndianOil Mauritius Ltd.	**0**		-26	
	Acquisition of Controlling interest in Lanka IOC Pvt. Ltd.	**-24**		0	
	Investment/Advance for Investments in Joint Venture Companies	**-6**		-52	
	Investment in 6.96% Oil Companies GOI SPL Bonds 2009 *	**0**		-5276	
	Expenditure on Construction Work in Progress	**-2280**		-2670	
	Net Cash used in Investing Activities		**2615**		-9455
H	**Net Cash Flow From Financing Activities:**				
	Proceeds From Calls In Arrear/Issue of Shares including Premium	**0**		0	
	Receipt of Grant for Capital Projects	**1**		0	
	Proceeds from Long-Term Borrowings	**150**		902	
	Proceeds from/(Repayments of) Short-Term Borrowings	**-4725**		-2467	
	Interest paid	**-1217**		-1924	
	Dividend\Dividend Tax paid	**-1244**		-815	
	Net Cash Generated/(Used) from Financing Activities:		**-7035**		-4304
I	**Net Change in Cash & Cash Equivalents** (F+G+H)		**283**		-108
J	Cash & Cash Equivalents as at end of the Financial Year		**946**		663
K	Less: Cash & Cash Equivalents as at the beginning of Financial Year		**663**		771
	NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)		**283**		-108

* Received in lieu of part settlement of OCC dues.

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2003 (Contd.)

Notes: **(Rs. In Crore)**

	2002-03	2001-02
1. Cash and Cash Equivalents include:		
Cash and Bank Balances		
As per Balance Sheet	**946**	670
Less: Escrow Account	**0**	7
Total Cash and Cash Equivalents	**946**	663

2. The previous year's figures have been regrouped wherever necessary for uniformity in presentation.

Sd/-	Sd/-	Sd/-
(M. S. Ramachandran)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.	**P.K. MITRA & CO.**	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(PRAVEEN KUMAR JAIN)	**(P. R. SAMANTA)**	**(PADMINI B. KHARE)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner	Partner

IndianOil

Place : New Delhi
Dated : June 23, 2003

Statement Pursuant to Section 212(1)(e)

STATEMENT PURSUANT TO SECTION 212(1)(e) OF THE COMPANIES ACT,1956

	Indian Oil Blending Limited	Chennai Petroleum Corporation Limited	Bongaigaon Refinery & Petro-chemicals Limited	IBP Company Limited	IndianOil Mauritius Limited	Lanka IOC Private Limited
1. The extent of holding Company's interest in the subsidiary at the end of the financial year 31.3.2003:						
- No. of Shares	8,000	77,265,200	148,793,826	11,867,262	250	1
- Paid up value of Shares (Rs./Crore)	0.40	77.27	148.79	11.87	0.00	0.00
- Percentage of holding Company's interest in the total share capital of the subsidiary	100%	51.81%	74.46%	53.58%	100%	100%
(Shares in the Subsidiary Company were registered in the name of the Company and their nominees as indicated)						
2. The net aggregate amount of the profit of the subsidiary company not dealt with in the Company's accounts so far as it concerns the members of the holding Company:	Rs./Crore	Rs./Crore	Rs./Crore	Rs./Crore	Rs./Crore	Rs./Crore
- For the financial year ended 31.3.2003	1.14	156.93	132.87	43.51	(2.91)	3.75
- For all the previous financial years of the subsidiary (After adjusting for Deferred Tax Liability as on 1.4.2001)	68.53	(102.01)	(191.55)	(4.49)	(0.43)	Nil
3. The net aggregate amount of the profit of the subsidiary Company so far as its profits are dealt with in the holding Company's accounts:						
- For the financial year ended 31.3.2003	0.12	15.45	Nil	11.87	Nil	Nil
- For all the previous financial years of the subsidiary	2.21	19.32	Nil	Nil	Nil	Nil

Sd/-	Sd/-	Sd/-
(M. S. Ramachandran)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

Place : New Delhi
Dated : June 23, 2003

Schedule of Fixed Assets (Township, etc.)

SCHEDULE OF FIXED ASSETS (TOWNSHIP) FOR THE YEAR ENDED 31.3.2003

(Rs. In Crore)

Particulars	Gross Block As on 01.04.2002 (At cost)	Additions During The Year (At Cost)	Transfers From Cnst. W-I-P (At Cost)	Transfers Deduction Reclass. (At Cost)	Gross Block As on 31.3.2003 (At Cost)	Depern./ Amorts. Provided During the year	Total Dep. Amorts. Up To The 31.3.2003	Net Depreciated Block As on 31.3.2003	Net Depreciated Block As on 31.3.2002
Land Freehold	12.22	0.00	0.00	0.00	12.22	0.00	0.00	12.22	12.22
Land-leasehold	6.70	0.00	0.00	0.00	6.70	0.08	0.88	5.82	5.90
Bldgs, Roads etc.	239.11	0.00	14.91	-0.04	253.98	3.41	40.14	213.84	202.38
Plant & Mach.	25.47	0.11	3.08	0.00	28.66	1.28	9.55	19.11	17.20
Fur. & Fix.	4.48	0.22	0.02	-0.12	4.60	0.22	2.56	2.04	2.06
Drainage,Sewage & Water Supply Sys	24.89	0.00	0.39	0.00	25.28	1.02	11.59	13.69	14.33
Equipments & Appliances	16.13	1.08	0.89	-0.45	17.65	1.01	5.75	11.90	11.25
Vehicles	2.00	0.03	0.00	0.00	2.03	0.14	1.62	0.41	0.52
Grand Total	331.00	1.44	19.29	-0.61	351.12	7.16	72.09	279.03	265.86
Previous Year	320.09	3.54	11.59	-4.23	331.00	6.94	65.14	265.86	

IndianOil

Income And Expenditure Account (Township, etc.)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003 ON PROVISION OF TOWNSHIP, EDUCATION, MEDICAL AND OTHER FACILITIES

(Rs. in Crore)

	March-03	March-02
Income:		
1. Recovery of House Rent	**4.68**	4.82
2. Recovery of Utilities-Power and Water	**1.56**	1.56
3. Recovery of Transport Charges	**0.06**	0.06
4. Other Recoveries	**4.21**	4.28
5. Excess of Expenditure over Income	**139.67**	137.70
Total	**150.18**	148.42
Expenditure:		
1. Salaries, Wages and PF & Gratuity Contribution	**47.18**	46.19
2. Consumable Stores and Medicines	**6.29**	6.51
3. Repairs and Maintenance	**24.07**	23.30
4. Interest	**15.01**	15.23
5. Depreciation	**7.16**	6.93
6. Miscellaneous Expenses: Taxes, License Fees, Insurance etc.	**6.95**	6.43
7. Utilities-Power and Gas	**32.72**	33.92
8. Rent	**0.17**	0.15
9. Subsidies for Social & Cultural Activities	**6.63**	6.32
10. Bus Hire Charges	**0.92**	0.82
11. Club and Recreation	**0.02**	0.01
12. Others	**3.06**	2.61
Total	**150.18**	148.42

Annexure-III

Statement showing the particulars of the employees who are/were in receipt of remuneration of not less than Rs. 24,00,000/- per annum during the financial year 2001-2002 or not less than Rs. 2,00,000/- per month during part of the financial year 2001-02.

Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining	Qualification	Experience	Remun. Gross Rs.
ANANTHARAJ SJ	EXE. DIRECTOR	60	NIL	NIL	19/02/1969	B SC (PHY) BE (MECH)	33	706117.00
AYARE VS	A O-II	60	NIL	NIL	26/06/1967	SSC	37	319469.00
BALI RAM	SR. OPERATOR FIELD	59	NIL	NIL	08/05/1965	NIL	37	427178.65
BASL S	EX. DIRECTOR (SUPP.)	60	SWAK BANASPATI LTD.	SHIFT IN-CHARGE	04/11/1996	BE (CHEM)	36	1066475.00
BAVISKAR CM	SR TT DRIVER	54	NIL	NIL	25/10/1968	VIII STD	37	969495.00
BHIM SINGH	SR. OPERATOR (FIELD)	59	NIL	NIL	19/12/1973	IX STD	29	464509.92
BHUGRA OP	SAM	60	NIL	NIL	27/02/1967	BA, BGL	35	705044.00
BUDH SINGH	SR ATTENDANT (OFFICE)	59	NIL	NIL	04/04/1966	VIII STD	36	347017.00
BUDHIRAJA KL	ACCTS. OFFICER GRADE II	59	NIL	NIL	22/12/1965	MATRIC	37	951756.44
CHOUDHARY SN	CH OPS MGR	60	ESSO STD	OPS SUPERVISOR	15/07/1966	B SC	40	516065.10
CHUGH SD	AO II	59	NIL	NIL	28/09/1966	MATRIC	36	657633.00
DUTTA UTTAM KUMAR	SO-II	43	NIL	NIL	11/10/1985	BA	17	4438556.91
GAUTAM SK	DY GEN MGR (LPG)	60	NIL	NIL	15/04/1965	MA	37	1341703.00
GUJRAL NK	SR DEPOT MGR	60	NIL	NIL	27/05/1965	B COM	37	1296409.50
JAI RAM DAS	SR FOREMAN	59	NIL	NIL	10/05/1966	NIL	36	787005.00
KADIA BT	SR FOREMAN TT	58	NIL	NIL	02/03/1964	NOT AVAILABLE	38	659947.00
KARN K PV	AO-II	60	NIL	NIL	25/03/1966	SSC	39	261093.00
KRISHNAMURTHY RV	EXE DIRECTOR	60	MYSORE STATE PORTS DEPT	JR ENGR	12/12/1963	BE (CIVIL) FIE.PG DC APPL	40	671711.00
MAHAPADI RB	SR. SEC GUARD	60	NIL	NIL	16/03/1962	SSC	42	241190.00
MEHTA RAMESH	EXEC DIRECTOR (LPG)	60	NIL	NIL	24/05/1965	B SC. AMAESI.DBA	37	1210758.00
MEHTA SJ	DY GENL MGR (A&W)	60	U BANK OF INDIA	CLERK	16/06/1965	BA (SPL), LLB.CER FIN MGMT	39	994668.00
MOHAN KAILASH	CH MATLS MGR	60	NIL	NIL	01/06/1964	B SC	38	862122.00
MOHAN S	GENL MGR	60	NIL	NIL	16/10/1963	INTER, DCE	39	1144722.00
NARANG NS	CTRM	60	ITI	SUPERVISOR	01/06/1966	BE (ELECT)	37	848643.00
NATARAJAN B	DY GENL MGR (HR)	60	CC TOOL ROOM	FOREMAN	06/01/1964	BE (MECH)	39	696966.00
NATARAJAN JAYA	DY MGR (RETAIL)	52	PERRY & CO LTD	TYPIST/CLERK	16/03/1973	BA	29	1456367.00
NATARAJAN M	DY MGR (SALES)	45	SIMTOOLS LTD	STENOGRAPHER	18/12/1976	BA (SPL)	24	1364467.00
PATIL JR	APIM	44	NIL	NIL	16/04/1984	B TECH(CHEM)	18	577327.00
PATTABIRAMAN A	ASST	45	NIL	NIL	13/01/1990	MSC	12	362920.00
PILLAI VS	SR STN MGR	60	ITI	WIREMAN	05/04/1966	DEE	36	653768.00
PRAMANIK KANAI LAL	DY MGR (FIN)	60	NIL	NIL	30/04/1964	M COM	39	522462.62
PREMA V	PVT SECY TO ED (P&ID)-S	44	TEXTILES COMMITTEE	STENOGRAPHER	03/08/1979	BA (SPL)	23	1061136.00
RAM CHANDER	FOREMAN (FIELD)	59	NIL	NIL	01/05/1968	NIL	34	1407802.42
RAO JP	DGM (PJ)	60	GOVT. POLY-TECHNIC, BIHAR	LECTURER	23/12/1964	B SC (ENG)	36	1049167.00
RAO PV	GENL MGR (SHIPPING)	60	HUKUMCHAND JUTE M/S	MP	12/10/1966	B TECH (CHEM)	36	1126656.00
RASHID AHMED	FOREMAN (FIELD)	59	NIL	NIL	01/05/1965	VIII STD	37	714646.00
RATTAN SINGH	ASSISTANT	59	NIL	NIL	04/12/1981	INTER	21	313049.46
RAZA SM	PA	59	NIL	NIL	16/09/1966	B SC	36	928636.00
SARKAR TARUN	SO-II	60	NIL	NIL	27/01/1965	BA	37	197710.69
SHARMA SN	CH SALES MGR	60	NIL	NIL	26/12/1963	MA	39	1419698.69
SHASTRI KLN	ED (IA)	59	DELHI UNIVERSITY	LECTURER	08/07/1970	MA	33	1290634.00
SINGH HOSHIAR	DRIVER (SG)	60	NIL	NIL	12/07/1961	5TH	41	472930.00
SINGH RP	DY MGR (RETAIL MKT)	60	NIL	NIL	20/12/1965	MATRIC	37	1263951.00
SREEKUMARAN A	DY MGR (CONS)	60	WR STORE & CO.	ASST	05/01/1965	B COM	38	509538.00
SRIVASTAVA OP	FOREMAN (OPERATIONS)	59	INDIAN AIR FORCE	CORPORAL	18/07/1983	DME	19	2506601.00
TARE AA	DY GENL MGR (AVN)	60	NIL	NIL	01/11/1964	BE (ELEC)	38	605615.00
VYAS DJ	OPT (III) SG	42	NIL	NIL	03/04/1980	SSC	23	1670467.00
VERMA SS	FOREMAN (FIELD)	59	NIL	NIL	03/10/1966	HIGH SCHOOL	37	592686.50
YADAV SUDAMA	SR DRIVER (CAR)	59	NIL	NIL	29/04/1969	NIL	33	389373.00

IndianOil

Consolidated Accounts
2002-2003

INDIAN OIL CORPORATION LIMITED
(Group Companies)

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF INDIAN OIL CORPORATION LTD., ITS SUBSIDIARIES AND ITS JOINT VENTURES

We have examined the attached Consolidated Balance Sheet of Indian Oil Corporation Limited, its subsidiaries and its joint ventures as at 31st March 2003 and the Consolidated Profit and Loss Account annexed thereto for the year ended on that date and the Consolidated Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Indian Oil Corporation Limited's Management and our responsibility is to express an opinion on these financial statements based on our audit.

We conducted the audit in accordance with the auditing standards generally accepted in India which requires that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiary companies and joint ventures, whose financial statement reflect total assets of Rs. 5,554.07 crore (net) as on March 31, 2003 and total revenue of Rs. 20,458.93 crore for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amount included in respect of the subsidiaries and joint ventures, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 27, "Financial Reporting of Interests in Joint Ventures", issued by The Institute of Chartered Accountants of India and on the basis of separate audited financial statement of Indian Oil Corporation Limited, its subsidiaries and its joint ventures included in the consolidated financial statements.

Subject to impairment in the assets and CWIP whose book value is Rs. 60.40 crore and Rs. 41.34 crore respectively of a subsidiary (BRPL) which has not been provided for (amount unascertainable) on the basis of the information and explanations given to us and on the consideration of separate audit reports on individual financial statements of Indian Oil Corporation Limited, its aforesaid subsidiaries and joint ventures, in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Indian Oil Corporation Limited, its subsidiaries and its interests in joint ventures as at 31st March 2003;

b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Indian Oil Corporation Limited, its subsidiaries and its interests in joint ventures for the year then ended; and

c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Indian Oil Corporation Limited, its subsidiaries and its interests in joint ventures for the year then ended.

JAGDISH CHAND & CO.	**P.K. MITRA & CO.**	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(PRAVEEN KUMAR JAIN)	**(P. R. SAMANTA)**	**(PADMINI B. KHARE)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner	Partner

Place : New Delhi
Dated : June 23, 2003

Indian Oil Corporation Limited Consolidated Financial Statements

BALANCE SHEET as at 31st March 2003

(Rs. in Crore)

	Schedule		March-03	March-02
SOURCES OF FUNDS:				
1. Shareholders' Funds:				
a) Capital	"A"	**778.67**		778.67
b) Share Application Money		**17.12**		0.00
c) Reserves and Surplus	"B"	**18,618.98**		14,731.58
			19,414.77	15,510.25
2. Loan Funds:				
a) Secured Loans	"C"	**5,167.05**		4,714.77
b) Unsecured Loans	"D"	**11,775.73**		15,739.88
			16,942.78	20,454.65
3. Deferred Tax Liability (Net) (Rs.15.47 crore towards share of jointly controlled entities)			**4,299.19**	3,725.43
4. Minority Interest			**1,016.46**	896.22
TOTAL			**41,673.20**	**40,586.55**
APPLICATION OF FUNDS:				
1. Fixed Assets:				
a) Gross Block	"E"	**38,732.66**		33,540.73
b) Less: Depreciation		**14,496.96**		12,595.08
c) Net Block		**24,235.70**		20,945.65
d) Dismantled Capital Stores (Rs.0.68 crore towards share of jointly controlled entities)		**12.29**		12.28
e) Capital Work-in-Progress	"F"	**5,278.91**		5,818.27
			29,526.90	26,776.20
2. Goodwill on Acquisition			**1,639.32**	1,010.43
3. Investments	"G"		**2,586.53**	7,964.22
4. Advances for Investments (Rs. 6.70 crore towards share of jointly controlled entities)			**36.07**	29.04
5. Finance Lease Receivables			**152.79**	174.34
6. Current Assets, Loans and Advances:				
a) Inventories	"H"	**16,005.13**		11,760.58
b) Sundry Debtors	"I"	**3,306.64**		3,532.30
c) Cash and Bank Balances	"J"	**1,491.39**		990.95
d) Other Current Assets - Interest accrued on Investments/Bank Deposits (Rs. 0.15 crore towards share of jointly controlled entities)		**2.76**		5.74
e) Loans and Advances	"K"	**6,525.14**		5,188.66
		27,331.06		21,478.23

IndianOil

Indian Oil Corporation Limited Consolidated Financial Statements

BALANCE SHEET as at 31st March 2003

(Rs. in Crore)

	Schedule		March-03	March-02
APPLICATION OF FUNDS (Contd.):				
7. Less: Current Liabilities and Provisions	"L"			
a) Current Liabilities		**17,293.47**		15,935.18
b) Provisions		**2,422.54**		1,136.43
		19,716.01		17,071.61
8. Net Current Assets (6-7)			**7,615.06**	4,406.62
9. Miscellaneous Expenditure (to the extent not written off or adjusted)	"L-1"		**116.50**	171.58
10. Deferred Tax Asset (Rs. 0.04 crore towards share of jointly controlled entities)			**0.04**	54.12
TOTAL			**41,673.20**	**40,586.55**
11. Notes on Accounts	"Q"			

Sd/-	Sd/-	Sd/-
(M. S. Ramachandran)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.	P.K. MITRA & CO.	B.K. KHARE & CO.	CHATTERJEE & CO.
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(PRAVEEN KUMAR JAIN)	**(P. R. SAMANTA)**	**(PADMINI B. KHARE)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner	Partner

Place : New Delhi
Dated : June 23, 2003

Indian Oil Corporation Limited Consolidated Financial Statements

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2003

(Rs. in Crore)

	Schedule		March-03	March-02
INCOME:				
1. Sale of Products and Crude		**120,440.24**		113,667.96
Less: Commission and Discounts		**520.16**		268.05
			119,920.08	113,399.91
2. Company's use of own Products and Crude			**249.61**	175.46
3. Net claim from/(surrender to) PPAC/GOI			**(338.07)**	44.33
4. Subsidy from Government of India			**4,036.47**	0.00
5. Increase/(Decrease) in Stocks	"M"		**2,762.82**	(377.22)
6. Interest and other Income	"N"		**2,050.66**	1,262.45
TOTAL INCOME			**128,681.57**	**114,504.93**
EXPENDITURE:				
1. Purchase of Products and Crude for resale			**43,486.31**	50,813.70
2. Manufacturing, Admn., Selling & Other Expenses	"O"		**56,568.94**	41,864.30
3. Duties			**16,526.71**	14,152.63
4. Depreciation and Amortisation			**1,865.39**	1,487.85
5. Interest Payments on:				
a) Fixed period loans from Banks/Financial Institutions/Others		**238.05**		395.27
b) Bonds		**154.80**		170.12
c) Short term loans from Banks		**420.42**		501.53
d) Short term loans from Subsidiaries		**0.00**		0.00
e) Public Deposits		**9.03**		9.50
f) Others		**105.84**		666.38
		928.14		1,742.80
Less: Interest Capitalised		**25.41**		30.70
			902.73	1,712.10
6. Deferred revenue Expenditure written off			**0.98**	1.01
TOTAL EXPENDITURE			**119,351.06**	**110,031.59**
PROFIT FOR THE YEAR			**9,330.51**	4,473.34
Income/(Expenses) pertaining to previous years (Net)	"P"		**11.72**	(55.94)
PROFIT BEFORE TAX			**9,342.23**	4,417.40
Provision for Current Tax			**2,063.92**	1,015.86
PROFIT BEFORE DEFERRED TAX			**7,278.31**	3,401.54
Provision for Deferred Tax			**615.99**	629.50
PROFIT AFTER TAX			**6,662.32**	2,772.04
Add: Transfer from Burma Current A/c			**0.06**	0.00
Less: Share of Minority Interest			**83.32**	(34.71)
PROFIT FOR THE GROUP			**6,579.06**	2,806.75
Balance brought forward from last year's account			**(191.20)**	(43.65)
DISPOSABLE PROFIT			**6,387.86**	2,763.10

Note:

Total Income includes Rs. 280.31 crore share of jointly controlled entities.

Total Expenditure includes Rs. 246.66 crore share of jointly controlled entities.

IndianOil

Indian Oil Corporation Limited Consolidated Financial Statements

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2003

(Rs. in Crore)

	Schedule	March-03	March-02
APPROPRIATIONS:			
Interim Dividend *		**401.82**	0.00
Final Dividend (Proposed) **		**1,870.74**	856.54
Corporate Dividend Tax on			
Interim Dividend		**0.00**	0.00
Final Dividend (Proposed)		**257.26**	0.00
Insurance Reserve Account		**10.00**	10.00
Bond Redemption Reserve		**(23.77)**	482.07
Devaluation Exchange Difference Reserve		**0.06**	0.00
General Reserve		**3,871.75**	1,414.49
Balance carried to Balance Sheet		**0.00**	0.00
		6,387.86	2,763.10

* Subject to Deduction of Tax

** Subject to Deduction of Tax for March 2002

	Schedule	March-03	March-02
7. a) **Earning Per Share (Rupees) @ (Basic & Diluted)**	"Q" (Note no.19)	**56.33**	24.03
b) Face Value Per Share (Rupees)		**10/-**	10/-
8. Notes on Accounts	"Q"		

@ Computed after considering the recommended issue of one Bonus Share for every two shares held (i.e. in the ratio of 1:2).

Sd/-
(M. S. Ramachandran)
Chairman

Sd/-
(P. Sugavanam)
Director (Finance)

Sd/-
(R. Narayanan)
Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.
Chartered Accountants
Sd/-
(PRAVEEN KUMAR JAIN)
Partner

P.K. MITRA & CO.
Chartered Accountants
Sd/-
(P. R. SAMANTA)
Partner

B.K. KHARE & CO.
Chartered Accountants
Sd/-
(PADMINI B. KHARE)
Partner

CHATTERJEE & CO.
Chartered Accountants
Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi
Dated : June 23, 2003

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "A" - CAPITAL

		March-03	March-02
			(Rs. in Crore)
Authorised:			
250,00,00,000 Equity Shares of Rs. 10/- each		**2,500.00**	2,500.00
Issued, Subscribed and Paid up:			
77,86,74,800 Equity Shares of Rs. 10/- each	**778.67**		778.67
Less: Calls in Arrears (Other than Directors) Rs. 1800 (2002 : Rs. 8900)	**0.00**		0.00
		778.67	778.67
TOTAL		**778.67**	778.67

SCHEDULE "B" - RESERVES AND SURPLUS

		March-03	March-02
			(Rs. in Crore)
1. Capital Reserve:			
a) As per last Account	**0.19**		0.16
b) On Acquisition	**407.90**		407.37
		408.09	407.53
2. Share Premium Account:			
As per last Account	**175.86**		175.86
Less: Calls in Arrears (Other than Directors) Rs. 16200 (2002 : Rs. 80100)	**0.00**		0.01
		175.86	175.85
3. General Reserve:			
As per last Account	**13,155.33**		14,621.98
Add: Transferred from Profit and Loss Account	**3,871.75**		1,414.49
Less: Deferred Tax Liability	**11.57**		2,920.87
		17,015.51	13,115.60
4. Insurance Reserve:			
As per last Account	**10.00**		0.00
Add: Transferred from Profit and Loss Account	**10.00**		10.00
		20.00	10.00
5. Export Profit Reserve:			
As per last Account		**59.41**	59.41
6. Capital Grants:			
As per last Account	**12.33**		13.07
Add: Received during the year	**0.57**		0.00
Less: Amortised during the year	**0.91**		0.74
		11.99	12.33
7. Bond Redemption Reserve Account:			
As per last Account	**950.85**		468.78
Add: Transferred from Profit and Loss Account	**(23.77)**		482.07
		927.08	950.85
8. Profit and Loss Account:		**0.00**	0.00
As per Annexed Account			
9. Devaluation Exchange Difference Reserve	**0.98**		0.01
Add: Transferred from Profit and Loss Account	**0.06**		0.00
		1.04	0.01
TOTAL		**18,618.98**	14,731.58

Note:

Includes Rs. 88.95 crore share of jointly controlled entities.

SCHEDULE "C" - SECURED LOANS

(Rs. in Crore)

	Note		March-03	March-02
1. Bonds				
a) Deep Discount Bonds - Series-II	A	**0.00**		396.00
b) Non-Convertible Redeemable Bonds - Series-III	B	**723.60**		723.60
c) Non-Convertible Redeemable Bonds - Series-IV	C	**300.00**		300.00
d) Non-Convertible Redeemable Bonds - Series-V	D	**410.80**		410.80
Total (1)			**1,434.40**	1,830.40
2. Loans and Advances from Banks:	E			
i) Working Capital Demand Loan		**2,830.46**		2,100.00
Interest accrued and due on above		**0.22**		0.50
Total (i)		**2,830.68**		2,100.50
ii) Term Loan		**285.00**		0.00
Interest accrued and due on above		**0.00**		0.00
Total (ii)		**285.00**		0.00
iii) Cash Credit		**616.71**		783.56
Interest accrued and due on above		**0.26**		0.31
Total (iii)		**616.97**		783.87
Total (2)			**3,732.65**	2,884.37
TOTAL			**5,167.05**	4,714.77

Note :

A. 6863 Deep Discount Bonds of face value of Rs. 10,00,000 each issued at a price of Rs. 5,77,000 each, were alloted on 20th December 1999 and were redeemable at par on 20th December 2004. The Bonds also carried a put/call option at the end of 36 months from the date of allotment i.e. 20th December 2002, which was exercised by the Company and the Bonds were redeemed at Rs. 8,02,547 each on 20th December 2002.

B. 7236 Bonds of face value of Rs. 10,00,000 each, alloted on 21st February 2000, are redeemable at par on 21st February 2007. The Bonds also carry a put/call option at the end of 60 months from the date of allotment i.e. 21st February 2005, on the exercise of which the Bonds are redeemable at par. The Bonds carry an annual coupon rate of 10.85% payable annually. These are secured by way of legal mortgage over the company's premises at Malabar and Cumballa Hill Division situated at Mumbai. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series IV & V holders.

C. 3000 Bonds of face value of Rs. 10,00,000 each, alloted on 24th May 2000, are redeemable at par on 24th November 2003. The Bonds carry an annual coupon rate of 10.65% payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 1343 situated at Ground Floor of Building No. 47 of MIG Adarsh Nagar Co-op. Housing Society Ltd. at Worli situated at Mumbai together with 5 shares of MIG Adarsh Nagar Co-op. Housing Society Ltd. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series III & V holders.

D. 158 Bonds of face value of Rs. 2,60,00,000 each alloted on 18th July 2001, are redeemable in 13 equal instalments from the end of 3rd year upto the end of 15th year from the date of allotment. The Bonds carry an annual coupon rate of 10.25% payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 301 situated in Bandra Anita Premises Co-op. Housing Society Ltd. at Bandra, Mumbai together with 5 shares of Bandra Anita Premises Co-op. Housing Society Ltd. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series III & IV holders

E. Against hypothecation of raw materials, stock-in-trade, sundry debtors, outstanding monies, receivables, claims, contracts, engagements etc.

F. Includes Rs. 290.63 crore share of jointly controlled entities.

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "D" - UNSECURED LOANS

(Rs. in Crore)

		March-03	March-02
1. Public Deposits:		**78.89**	83.29
2. Short Term Loans and Advances:			
i) From Banks & Financial Institutions:			
a) In Foreign Currency US $ 482.23 Million, (2002 : US $ 867.54 Million)	**2,290.84**		4,228.17
b) In Rupee	**1,483.95**		2,579.26
Add: Interest accrued and due	**2.89**		44.18
	1,486.84		2,623.44
Total (2)(i)	**3,777.68**		6,851.61
ii) Inter Corporate Deposits	**0.00**		233.00
iii) Commercial Paper	**0.00**		670.00
iv) Export Packing Credit:			
a) In Foreign Currency: US $ 50 Million (2002 : US $ Nil)	**237.52**		0.00
b) In Rupee	**0.00**		100.00
v) From Others (OIDB)	**0.07**		1,175.25
Total (2)		**4,015.27**	9,029.86
3. Other Loans and Advances:			
A) From Banks/Financial Institutions:			
i) In Foreign Currency			
a) B A Asia: US $ Nil (2002 : US $ 45 Million) (Pre-paid in July 2002)	**0.00**		219.32
b) A N Z Grindlays Bank: £ Nil, (2002 : £5.59 Million) (Prepaid in December 2002)	**0.00**		38.93
c) Sumitomo Bank , Japan (Club deal): US $ 75 Million (2002 : US $ 75 Million) - (repayable in March 2004)	**356.29**		365.53

Indian Oil Corporation Limited Consolidated Financial Statements

(Rs. in Crore)

		March-03	March-02
d) Canara Bank: US $ 200 Million (2002 : US $ 200 Million) (US $ 100 Million repayable in September 2003 and US $ 100 Million repayable in December 2003)	**950.10**		974.75
e) Bank of India: US $ 100 Million (2002 : US $ 100 Million) (repayable in September 2004)	**475.05**		487.38
f) Bank of Baroda: US $ 200 Million (2002 : US $ Nil) (repayable in September 2004)	**950.10**		0.00
g) ABN AMRO Bank: US $ Nil (2002 : US $ 200 Million)	**0.00**		974.75
Total (3) (i)	**2,731.54**		3,060.66
ii) In Rupee			
a) ICICI Bank Limited (repayable in June 2004)	**500.00**		500.00
b) ICICI Bank Limited (repayable in June 2008)	**750.00**		750.00
c) ICICI Bank Limited (repayable in three annual instalments w.e.f. August 2016)	**500.00**		500.00
d) ICICI Bank Limited (Rs. 160 crore each repayable in June 2016, June 2019 & June 2022 and Rs. 170 crore in June 2025)	**650.00**		650.00
e) Others	**1.28**		0.72
Total (3) (ii)	**2,401.28**		2,400.72
B) From Others:			
a) OIDB	**2,548.75**		1,165.35
Total (3)		**7,681.57**	6,626.73
TOTAL		**11,775.73**	15,739.88

Note:

Includes Rs. 3.35 crore share of jointly controlled entities.

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "E" - FIXED ASSETS

(Rs. In Crore)

	AT COST						Depreciation	Total	NET	
	Gross Block as at 1-Apr-02	Additions during the year	Transfers from Construction Work-in-Progress	Disposals During the year	Transfers/ Deductions/ Reclassi-fications	Gross Block as at 31-Mar-03	and Amortisation for the year	Depr-eciation and Amortisation up to 31-Mar-03	DEPRECIATED BLOCK AS AT 31-Mar-03	AS AT 31-Mar-02
Land-Freehold	655.83	35.98	0.00	(0.05)	(1.42)	690.34	0.00	0.00	690.34	655.83
-Leasehold	286.79	55.84	0.00	0.00	(2.74)	339.89	5.88	30.20	309.69	262.44
-Right of Way	20.66	1.21	0.98	0.00	(0.24)	22.61	0.03	0.03	22.58	20.35
Buildings, Roads etc.	3,431.40	47.96	417.76	(5.87)	(57.32)	3,833.93	91.35	523.14	3,310.79	2,991.26
Plant and Machinery	28,678.52	569.43	3,715.62	(44.12)	(4.56)	32,914.89	1,722.61	13,495.17	19,419.72	16,871.00
Transport Equipment	286.88	8.86	0.76	(4.51)	4.71	296.70	27.51	175.61	121.09	136.39
Furnitures and Fixtures	176.91	7.31	8.76	(1.27)	(0.32)	191.39	11.67	88.01	103.38	100.13
Railway Sidings	233.73	2.34	4.26	0.00	0.56	240.89	11.40	82.50	158.39	163.05
Drainage, Sewage and Water Supply System	195.41	0.50	6.08	0.00	0.03	202.02	7.12	102.30	99.72	100.07
Total	33,966.13	729.43	4,154.22	(55.82)	(61.30)	38,732.66	1,877.57	14,496.96	24,235.70	21,300.52
Previous Year	30,840.05	728.65	2,327.78	(82.41)	(273.34)	33,540.73	1,549.42	12,595.08	20,945.65	

Note : The fixed assets of IBP Company Limited are consolidated with effect from February 19, 2002 (Date of Acquisition)
Net Fixed Assets includes Rs. 332.09 crore share of jointly controlled entities

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SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

(Rs. In Crore)

			March-03	March-02
1.	Construction Work-in-Progress (including un-allocated capital expenditure, materials at site)	**2,805.98**		2,649.32
	Less: Provision for Capital Losses	**15.20**		15.20
			2,790.78	2,634.12
2.	Advance for Capital Expenditure	**1,222.35**		2,088.15
	Less: Provision for Doubtful Advance	**0.43**		0.43
			1,221.92	2,087.72
3.	Capital Stores	**279.77**		420.54
	Less: Provision for Capital Losses	**1.30**		1.23
			278.47	419.31
4.	Capital Goods-in-Transit		**147.71**	104.90
5.	Construction period expenses pending allocation :			
	Balance as at 1st April 2002	**585.29**		326.07
	Add: Opening Balance Adjustment	**214.13**		0.00
	Add: Net Expenditure during the year (Sch. 'F-1')	**606.27**		454.89
		1,405.69		780.96
	Less: Allocated to Assets during the year	**565.66**		208.74
			840.03	572.22
	TOTAL		**5,278.91**	5,818.27

Note:

Includes Rs. 171.32 crore share of jointly controlled entities

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "F-1" - CONSTRUCTION PERIOD EXPENSES (NET) DURING THE YEAR

			(Rs. in Crore)
		March-03	March-02
1. Payments to and Provision for Employees		**39.36**	32.66
2. Repairs & Maintenance		**1.75**	1.26
3. Consumption of Stores & Spares		**0.11**	0.18
4. Power & Fuel		**3.43**	6.93
5. Rent		**4.39**	3.85
6. Insurance		**2.83**	1.40
7. Rates & Taxes		**0.44**	0.14
8. Travelling Expenses		**6.11**	7.02
9. Communication Expenses		**0.90**	1.26
10. Printing & Stationery		**0.42**	0.45
11. Electricity & Water Charges		**0.54**	0.90
12. Bank Charges		**0.07**	0.02
13. Technical Assistance Fees		**0.81**	0.34
14. Exchange Fluctuation		**(4.24)**	7.61
15. Interest		**352.52**	351.55
16. Depreciation		**5.31**	4.50
17. Start up/Trial Run Expenses		**54.32**	2.22
18. Oil and Gas Activities:			
i) Acquisition Cost	**4.07**		0.00
ii) Exploration Cost	**27.51**		15.44
		31.58	15.44
19. Process Design, Detailed Engineering etc.		**35.67**	0.00
20. Others		**79.58**	31.57
Total Expenses		**615.90**	469.30
Less : Recoveries		**9.63**	14.41
Net Expenditure during the year		**606.27**	454.89

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "G" - INVESTMENTS

(Rs. in Crore)

		March-03	March-02
I. LONG TERM INVESTMENTS:			
1. Quoted			
Trade Investments:		**2,470.19**	2,474.28
2. UNQUOTED:			
a) Non-Trade Investments:			
i) 6.96% Oil Companies GOI SPL Bonds 2009		**56.00**	68.00
ii) In Government - Securities		**0.01**	0.01
iii) Others		**25.25**	23.49
iv) In Consumer Cooperative Societies:		**0.01**	0.01
sub-total (a)		**81.27**	91.51
b) Trade Investments:			
i) In Joint Venture Companies		**11.83**	322.41
ii) In Others		**11.24**	0.02
sub-total (b)		**23.07**	322.43
sub-total (2)		**104.34**	413.94
sub-total (I)		**2,574.53**	2,888.22
II. CURRENT INVESTMENTS (UNQUOTED):			
i) 6.96% Oil Companies GOI SPL Bonds 2009	**12.00**		5276.00
Less: Provision for Diminution	**0.00**		200.00
		12.00	5,076.00
Total (I + II)		**2,586.53**	7,964.22

Note

Includes Rs. 11.79 crore share of jointly controlled entities

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SCHEDULE "H"- INVENTORIES

(Rs. In Crore)

		March-03	March-02
1. In Hand:			
a. Stores, Spares etc.	**843.99**		620.82
Less: Provision for Losses	**50.08**		35.78
		793.91	585.04
b. Raw Materials		**3,572.17**	2,176.54
c. Finished Products		**9,021.47**	6,653.51
d. Stock in Process		**1,070.54**	661.11
e. Barrels and Tins		**6.84**	7.30
Total (1)		**14,464.93**	10,083.50
2. In Transit:			
a. Stores & Spares		**30.41**	31.19
b. Raw Materials		**1,488.85**	1,632.42
c. Finished Products		**20.94**	13.47
Total (2)		**1,540.20**	1,677.08
TOTAL		**16,005.13**	11,760.58

Note:

Includes Rs. 41.54 crore share of jointly controlled entities

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "I" - SUNDRY DEBTORS

(Rs. in Crore)

	March-03	March-02
1. Over Six Months:		
a) From Others		
i) Secured, Considered Good	**0.00**	11.00
i) Unsecured, Considered Good	**111.79**	444.72
ii) Unsecured, Considered Doubtful	**246.48**	119.57
Total (1)	**358.27**	575.29
2. Other Debts:		
a) From Others		
i) Secured, Considered Good	**7.27**	4.61
i) Unsecured, Considered Good	**3,187.58**	3,071.97
Total (2)	**3,194.85**	3,076.58
Total (1+2)	**3,553.12**	3,651.87
Less: Provision for Doubtful Debts	**246.48**	119.57
TOTAL	**3,306.64**	3,532.30

Note: Includes Rs. 34.06 crore share of jointly controlled entities

SCHEDULE "J" - CASH AND BANK BALANCES

(Rs. in Crore)

		March-03	March-02
1. Cash Balances			
a) Cash Balances including imprest	**19.47**		3.61
b) Cheques in hand	**956.88**		686.47
		976.35	690.08
2. Bank Balances with Scheduled Banks:			
a) Current Account	**214.15**		127.14
b) Fixed Deposit Account	**272.67**		165.52
c) Call Deposit Account	**27.08**		0.04
d) Blocked Account	**0.23**		0.24
e) Escrow Account for Investments	**0.00**		6.87
f) No Lien Account	**0.00**		0.00
		514.13	**299.81**
3. Bank Balances with Non-Scheduled Banks:			
a) Current Account			
i) Bhumiputra Commerce Bank, Malaysia [Maximum balance during the year - Rs. 0.11 crore (2002 : Rs. 0.14 crore)]	**0.03**		0.10
ii) National Bank of Kuwait, Kuwait [Maximum balance during the year - Rs. 0.06 crore (2002 : Rs. 0.11 crore)]	**0.00**		0.02
iii) Indo Zambia Bank Limited, Zambia [Maximum balance during the year - Rs.Nil (2002 : Rs. 0.01 crore)]	**0.00**		0.00
iv) Myanmar Economic Bank Branch (5), Rangoon [Maximum balance during the year - Rs. 0.88 crore (2002 : Rs. 0.81 crore)]	**0.88**		0.81
		0.91	0.93
4. With Post Office Savings Account		**0.00**	0.00
5. Remittance in Transit		**0.00**	0.13
TOTAL		**1,491.39**	990.95

Note :
Includes Rs. 26.24 crore share of jointly controlled entities

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "K" - LOANS AND ADVANCES

(Rs. in Crore)

		March-03	March-02
1. Advance recoverable in cash or in kind or for value to be received:			
a) From Others			
i) Secured, Considered Good	**1,056.80**		943.72
ii) Unsecured, Considered Good	**631.11**		751.53
iii) Unsecured, Considered Doubtful	**13.61**		2.69
Total (1)	**1,701.52**		1,697.94
Less: Provision for Doubtful Advances	**13.61**		2.69
		1,687.91	1,695.25
2. Amount recoverable from PPAC (Net): Unsecured, Considered Good		**2,258.14**	2,341.63
3. Amount recoverable from Government of India: Unsecured, Considered Good		**1,402.10**	0.00
4. Claims Recoverable:			
a) From Others			
i) Unsecured, Considered Good	**956.95**		763.36
ii) Unsecured, Considered Doubtful	**19.50**		29.16
Total (4)	**976.45**		792.52
Less: Provision for Doubtful Claims	**19.50**		29.16
		956.95	763.36
5. Investment Deposit Scheme, 1986: Unsecured, Considered Good Rs. Nil (2002 : Rs.1000)		**0.00**	0.00
6. Balance with Customs, Port Trust and Excise Authorities: Unsecured, Considered Good		**155.47**	92.61
7. Advance Tax (net)		**9.31**	252.42
8. Materials given on loan			
a) From Others			
i) Secured, Considered Good	**2.63**		2.63
Less: Deposits received	**2.60**		2.60
	0.03		0.03
ii) Unsecured, Considered Good	**1.35**		0.15
Total (8)		**1.38**	0.18
9. Sundry Deposits (including amount adjustable on receipt of Final bills):			
a) From Others			
i) Secured, Considered Good	**9.07**		9.94
ii) Unsecured, Considered Good	**44.81**		33.27
iii) Unsecured, Considered Doubtful	**0.02**		0.11
Total (9)	**53.90**		43.32
Less: Provision for Doubtful Deposits	**0.02**		0.11
		53.88	43.21
TOTAL		**6,525.14**	5,188.66

Note:

Includes Rs. 20.01 crore share of jointly controlled entities

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Crore)

		March-03	March-02
1. Current Liabilities			
a) Sundry Creditors			
i) Total Dues of small scale industrial undertaking(s)	**29.45**		78.65
ii) Total Dues of creditors other than small scale industrial undertaking(s)	**9,495.64**		8,768.41
Total (a)	**9,525.09**		8,847.06
b) Other Liabilities	**2,785.38**		2,234.80
c) Investor Education and Protection Fund shall be credited by the following amount namely:			
- Unpaid Dividend	**5.90**		4.42
- Unpaid Matured Deposits	**1.62**		2.48
d) Security Deposits	**4,576.42**		4,275.21
Less:Investments and Deposits with Banks lodged by outside parties	**0.59**		0.91
	4,575.83		4,274.30
e) Material taken on loan			
i) From Others	**259.88**		282.05
Less: Deposits given	**0.29**		0.00
Total (e)	**259.59**		282.05
f) Interest accrued but not due on loans	**140.06**		290.07
Total Current Liabilities		**17,293.47**	15,935.18
2. Provisions			
a) Provision for Taxation	**3,926.92**		2,360.07
Less: Advance payments	**3,839.56**		2,360.04
	87.36		0.03
b) Proposed Dividend	**1,870.74**		876.20
c) Corporate Dividend Tax	**257.26**		0.00
d) Provision for Retirement Benefits	**207.18**		260.20
e) Contingencies	**0.00**		0.00
Total Provisions		**2,422.54**	1,136.43
TOTAL		**19,716.01**	17,071.61

Note:
Includes Rs. 47.02 crore share of jointly controlled entities

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "L-1" - MISCELLANEOUS EXPENDITURE

(Rs. in Crore)

	March-03	March-02
Deferred Revenue Expenditure		
As per last accounts	**177.91**	188.54
Add: Expenditure during the year	**8.70**	37.63
Less: Amortised during the year	**70.11**	54.59
TOTAL	**116.50**	171.58

Note:
Includes Rs. 5.78 crore share of jointly controlled entities

SCHEDULE "M" - DETAILS OF INCREASE/(DECREASE) IN STOCK

(Rs. in Crore)

		March-03	March-02
Closing Stock			
a) Finished Products	**9,042.41**		6,666.99
b) Stock in Process	**1,070.54**		661.11
		10,112.95	7,328.10
Less:			
Opening Stock			
a) Finished Products	**6,682.54**		6,958.82
b) Opening Balance Adjustment	**(0.27)**		0.00
c) Stock in Process	**667.86**		746.50
		7,350.13	7,705.32
TOTAL		**2,762.82**	(377.22)

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Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. in Crore)

		March-03	March-02
1. Interest on:			
a) Loans and Advances [Tax deducted at source Rs.Nil (2002 : Rs. 80.67 crore)]	**59.37**		568.69
b) Fixed Deposits with Banks	**1.55**		0.29
c) Short Term Deposits with Banks	**25.51**		4.85
d) Customers Outstandings			
i) From Others	**82.89**		115.35
	82.89		115.35
e) 6.96% Oil Companies GOI SPL Bonds 2009*	**217.66**		2.05
f) Others (Gross)	**2.61**		0.28
		389.59	691.51
2. Dividend (Gross):** [Tax deducted at source Rs. 52.21 crore (2002 : Rs. Nil)]			
a) From Subsidiary Companies	**27.44**		19.61
b) From Other Companies	**470.41**		187.87
		497.85	207.48
3. Profit on sale of Investments		**0.00**	1.85
4. Sale of Power and Water		**13.87**	12.42
5. Profit on sale and disposal of Assets		**10.09**	13.86
6. Unclaimed/Unspent liabilities written back		**111.10**	55.21
7. Provision for Doubtful Debts, Advances, Claims and Stores written back		**25.55**	18.07
8. Provision for loss in cost of investment written back		**200.00**	0.00
9. Recoveries from Employees		**20.27**	26.44
10. Retail Outlet License Fees		**41.86**	39.08
11. Collection Charges for Outstation Cheques		**15.01**	14.75
12. Sale of Scrap		**22.86**	22.33
13. Financing Charges on Finance Leases		**16.36**	16.83
14. Amortisation of Capital Grants		**0.91**	0.74
15. Provision for Leave encashment written back		**97.56**	0.00
16. Exchange Fluctuations (Net)		**91.70**	0.00
17. Terminalling Charges		**71.41**	14.00
18. Other Miscellaneous Income		**424.67**	127.88
TOTAL		**2,050.66**	1,262.45

* **Income on Current Trade Investments**

** **Income on Long term Trade Investments**

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "O" - MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Crore)

			March-03	March-02
1.	Raw Materials Consumed:			
	Opening Balance	**3,826.43**		3,341.08
	Add: Opening Balance Adjustment	**0.27**		0.00
	Add: Receipts:			
	a) Purchases	**47,750.43**		32,951.54
	b) Taken on Loan	**0.00**		683.91
	c) Given on loan	**0.00**		(844.64)
		51,577.13		36,131.89
	Less: Closing Stock	**5,061.02**		3,808.96
			46,516.11	32,322.93
2.	Consumption:			
	a) Stores, Spares and Consumables	**259.03**		223.52
	b) Packages & Drum Sheets	**168.00**		155.14
			427.03	378.66
3.	Power & Fuel	**3,291.38**		2,490.12
	Less: Fuel for own production	**2,901.23**		2,150.83
			390.15	339.29
4.	Processing Fees, Blending Fees, Royalty & Other Charges		**28.99**	11.29
5.	Octroi, Other Levies and Irrecoverable Taxes		**613.63**	777.05
6.	Repairs and Maintenance:			
	i) Plant and Machinery	**398.01**		354.41
	ii) Buildings	**117.66**		119.12
	iii) Others	**40.16**		32.41
			555.83	505.94
7.	Freight, Transportation Charges and Demurrage		**4,214.58**	4,349.61
8.	Payments to and Provisions for Employees:			
	(a) Salaries, Wages, Bonus etc.	**1,264.07**		1,225.95
	(b) Contribution to Provident & Other Funds	**420.47**		188.05
	(c) Voluntary Retirement Compensation	**0.05**		3.73
	(d) Amortisation of Voluntary Retirement Compensation	**50.17**		48.03
	(e) Staff Welfare Expenses	**310.22**		274.73
			2,044.98	1,740.49
9.	Office Administration, Selling and Other Expenses (Schedule 'O-1')		**1,777.64**	1,439.04
	TOTAL		**56,568.94**	41,864.30

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Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "O-1" - OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Crore)

			March-03	March-02
1.	Rent		**206.38**	195.84
2.	Insurance		**103.85**	90.07
3.	Rates & Taxes		**43.52**	33.59
4.	Donations		**13.69**	10.78
5.	Payment to Auditors :			
	a) Audit Fees	**0.52**		0.33
	b) Tax Audit Fees	**0.07**		0.06
	c) Other Services (for issuing certificates etc.)	**0.14**		0.11
	d) Out of Pocket Expenses	**0.16**		0.10
			0.89	0.60
6.	Travelling & Conveyance		**154.42**	148.31
7.	Communication Expenses		**39.64**	45.10
8.	Printing & Stationery		**20.01**	19.13
9.	Electricity & Water		**107.65**	101.24
10.	Bank Charges		**34.47**	28.40
11.	Bad Debts, Advances & Claims written off		**28.59**	4.63
12.	Loss on Assets sold, lost or written off		**86.18**	17.58
13.	Technical Assistance Fees		**18.79**	8.38
14.	Exchange Fluctuation (Net)		**0.10**	1.38
15.	Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores		**170.07**	58.19
16.	Provision for Investments/Advance against Investments		**0.50**	200.00
17.	Loss on Sale of Investments		**46.72**	0.00
18.	Security Force Expenses		**58.46**	53.89
19.	Sales Promotion Expenses		**128.85**	67.74
20.	Handling Expenses		**83.87**	66.21
21.	Expenses on Enabling Facilities		**1.94**	0.64
22.	Terminalling Charges		**142.62**	0.00
23.	Other Expenses		**286.43**	287.34
	TOTAL		**1,777.64**	1,439.04

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "P" - INCOME/EXPENSES RELATING TO PREVIOUS YEARS

(Rs. in Crore)

	March-03	March-02
Income :		
1. Net claim from/(surrender to) Industry Pool Accounts	**0.00**	1.96
2. Miscellaneous Income	**23.96**	0.87
3. Sales of Power and Water	**0.75**	0.00
4. Sales of Products	**(0.18)**	1.24
5. Interest	**0.00**	1.67
Total Income	**24.53**	5.74
Expenditure :		
1. Purchase of Products and Crude	**0.00**	32.24
2. Duties	**0.00**	(0.10)
3. Depreciation and Amortisation	**6.77**	14.57
4. Consumption - Stores, Spares and Consumables	**1.81**	(0.96)
5. Power and Fuel	**0.00**	0.01
6. Repairs and Maintenance	**2.50**	(1.05)
7. Interest	**0.93**	(2.51)
8. Rates & Taxes	**0.00**	7.33
9. Other Expenses	**0.80**	12.15
Total Expenses	**12.81**	61.68
NET INCOME/(EXPENDITURE)	**11.72**	(55.94)

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Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "Q" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2003

1. PRINCIPLES OF CONSOLIDATION

1.1 The consolidated financial statements relate to Indian Oil Corporation Limited (Parent Company), its subsidiaries and Joint Venture companies. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating the intra-group balances, intra-group transactions and unrealised profits or losses in accordance with Accounting Standard (AS-21) on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India.

b) The financial statements of Joint Ventures have been combined by applying proportionate consolidation method on a line by line basis on items of assets, liabilities, income, and expenses after eliminating proportionate share of unrealised profits or losses in accordance with Accounting Standard (AS-27) on "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.

c) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

d) The excess/shortfall of cost to the Parent Company of its investment in the respective subsidiary companies and joint venture companies is recognised in the financial statements as goodwill/ capital reserve respectively as per the equity method of valuation.

1.2 The Consolidated Financial Statements includes the results of the following entities:

Sl. No.	Name of Company	Country of Incorporation	Relation	Ownership Interest
1.	Indian Oil Blending Ltd (IOBL)	India	Subsidiary	100%
2.	Chennai Petroleum Corporation Ltd (CPCL)	India	Subsidiary	51.81%
3.	Bongaigaon Refinery and Petrochemicals Ltd (BRPL)	India	Subsidiary	74.46%
4.	IBP Co. Ltd. (IBP)	India	Subsidiary	53.58%
5.	IndianOil Mauritius Ltd (IOML)	Mauritius	Subsidiary	100%
6.	Lanka IOC (Private) Ltd (LIOC)*	Sri Lanka	Subsidiary	100%
7.	Indian Oiltanking Ltd (IOTL)	India	Joint Venture	50%
8.	Lubrizol India Pvt. Ltd	India	Joint Venture	50%
9.	Petronet VK Ltd	India	Joint Venture	26%
10.	Petronet CI Ltd	India	Joint Venture	26%
11.	Petronet CTM Ltd	India	Joint Venture	26%
12.	IndianOil Petronas Pvt. Ltd	India	Joint Venture	50%
13.	IndianOil Panipat Power Consortium Ltd	India	Joint Venture	50%
14.	ONGIO International Pvt. Ltd.	India	Joint Venture	50%
15.	Avi-Oil India Pvt. Ltd	India	Joint Venture	25%
16.	Petronet India Ltd	India	Joint Venture	16%
17.	Petronet LNG Ltd	India	Joint Venture	12.5%

* Application Money for 4,99,99,999 shares of Sri Lankan Rs. 10/- each which has been subsequently allotted on 2nd May 2003 have been considered for calculation of ownership interest.

Indian Oil Corporation Limited Consolidated Financial Statements

Note : Investment in the Joint Venture M/s. IndianOil TCG Petrochem Ltd. have not been incorporated in the preparation of consolidated financial statements since steps are being taken to get this joint venture declared as defunct under The Companies Act.

1.3 Other Significant Accounting Policies:

These are set out in the Statement of Significant Accounting Policies of the financial statements of the Parent Company and its Subsidiaries

2. For certain items, Corporation and its subsidiaries and Joint ventures have followed different accounting policies. However impact of the same is not material.

3. Financial statements of IOML and LIOC are drawn in Mauritian Rupees and Sri Lankan Rupees respectively. They have been translated to Indian Rupees for the purpose of Consolidated Financial Statements.

4 Production in the Petrochemicals and PSF units of BRPL remained suspended during the year 2002-03 due to higher distribution cost and higher cost of production because of sub-economic size of the plants. The Company is taking steps to revive these units in the current year and is in the process of finalising a strategic alliance for operation of PSF business.

5. **Contingent Liabilities:**

a) Claims against the Corporation not acknowledged as debts **Rs. 4760.22 crore** (2002 : Rs. 4802.92 crore). These include:

i) **Rs. 3289.19 crore** (2002 : Rs. 3253.86 crore) being the demands raised by the Central Excise/ Customs/Sales tax authorities.

ii) **Rs. 513.73 crore** (2002 : Rs. 615.68 crore) for which suits have been filed in the Courts or cases are lying with Arbitrators.

iii) **Rs. 366.42 crore** (2002 : Rs. 480.32 crore) in respect of Income Tax demands.

b) Customs Duty demands of **Rs. 2.40 crore** (2002 : Rs. 4.21 crore out of Rs. 163.76 crore) are pending for final disposal due to quantity disputes. Such quantity disputes in similar cases have been decided in favour of the Corporation.

c) Demands of Excise Duty of **Rs. 46.81 crore** (2002 : Rs. 139.26 crore) on the alleged grounds of non-inclusion of certain elements of price as part of assessable value for the period 1.3.94 to 2.7.96 are pending at various Appellate stages. On a similar issue of another Oil Company, Customs, Excise & Gold (Control) Appellate Tribunal (CEGAT), Chennai during 1998-99 had passed judgement in favour of the Oil Company. During 2000-01, in a similar case, an order has been passed by CEGAT in favour of the Corporation.

d) Central Excise Authorities have raised demands of **Rs. 162.50 crore** (2002 : Rs.178.53 crore) on the alleged ground of non-payment of Excise Duty collected in respect of sale of imported petroleum products on which Customs Duty has already been paid. An amendment has been made with retrospective effect in the Finance Act, 2000, that Section 11D of the Central Excise Act applies only to excisable goods. CEGAT, Chennai, has decided similar cases in favour of the Corporation.

e) The case of Customs duty demand of **Rs. 975.98 crore** (2002 : Rs. 975.98 crore) along with penalty and Interest on the elements of demurrage and bank charges, raised by Calcutta Customs Authorities during 1999-2000 has been decided in favour of the Corporation by Larger bench of CEGAT, New Delhi. Subsequent to the above decision, Customs Department has filed an appeal before Hon. Supreme Court against the order of CEGAT. Final decision in the matter is awaited.

f) Interest/Penalty, if any, on some of the above claims is unascertainable.

g) Income tax, if any, reimbursable to foreign contractors is unascertainable.

h) Corporation, along with three other promoters, has issued Corporate Guarantees in favour of banks and financial institutions for short term loans taken by Petronet LNG Limited from such banks and financial institutions. Corporation's share in the guarantees issued is **Rs. 350.00 crore** (2002 : Rs. 286.25 crore), being one fourth share of the total guarantees of **Rs. 1400.00 crore** (2002 : Rs. 1145.00 crore) issued as on 31.3.2003. Petronet LNG Limited has given counter guarantees in favour of the promoters for the above amounts. The Short Term Loan outstanding in the books of Petronet LNG Limited as on 31st March 2003 is **Rs. 1019.50 crore** plus outstanding interest (2002 : Rs. 390.08 crore).

i) Corporation along with two other consortium members has been awarded an exploration service contract for exploration in the offshore Farsi Block in the Islamic Republic of Iran by the National Iranian Oil Co. (NIOC). In terms of the contract, Bank Guarantee for an aggregate amount of **Rs. 25.65** crore (2002 : Rs. Nil) has been furnished to NIOC. The Corporation's share in the said Bank Guarantee is **Rs. 10.26 crore** (2002 : Rs. Nil) being 40% participating interest in the venture.

j) Amount of terminalling charges payable to Reliance Industries Limited (before merger, Reliance Petroleum Limited) has been reckoned on provisional basis based on Ministry of Petroleum & Natural Gas' letter no. P-20022/5/99 dated 11.01.2002. An amount of **Rs. 0.56 crore** (2002 : Rs. 3.54 crore) towards Terminalling Charges to M/s IndianOil Petronas Pvt. Ltd. has not been reckoned pending approval from MOP&NG which has no impact on the profit since the same is claimable from Petroleum Planning and Analysis Cell.

k) An amount of **Rs. 21.75 crore** towards pipeline charges to Petronet VK Limited has not been reckoned pending finalisation of tariff by MOP&NG. Out of this, an amount of Rs.10.54 crore pertaining to the period up to 31.03.2002 is claimable from Government of India and hence has no impact on the profit.

6. Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs. 7929.76 crore** (2002 : Rs. 5325.68 crore).

7. The Board of Directors of the Corporation has, in its meeting held on 6th June 2003, recommended issue of fully paid up bonus share of Rs.10/- each to the equity shareholders in the proportion of one equity share for every two equity shares held by them on the record date to be decided by the Chairman/ Director (Finance) and the same is subject to approval in the Extraordinary General Meeting of the members of the Corporation to be convened on 14th July 2003. This shall result in increase in Equity Share Capital by an amount of Rs. 389.34 crore and corresponding reduction in General Reserve by the like amount.

8. The provision for proposed final dividend has been made after considering increase in equity share capital consequent to the proposed issue of bonus shares which is subject to approval of the shareholders in the Extraordinary General Meeting to be convened on 14th July 2003.

9. The Corporation has numerous transactions with other Oil Companies, which are reconciled on an ongoing basis and are subject to confirmation. Adjustments, if any, arising therefrom are not likely to be material.

10. The delay in issue of share certificates by Petronet LNG Limited (a Joint Venture Company) is on account of non-finalisation of equity structure by the Government.

11. In line with the SEBI Substantial Acquisition of Shares and Takeovers (SATS) Regulation, Corporation has acquired during the current year additional 44,29,454 equity shares of Rs. 10/- each representing 20% of total equity of IBP Company Limited at a price of Rs.1551.10 per share aggregating to Rs. 687.05 crore from public shareholders of IBP through public announcement and open offer. With this acquisition, Corporation's holding in IBP Company Limited has increased from 33.58% to 53.58%.

12. Subsidy (including freight for far flung areas) of Rs. 4036.47 Crore (2002 : Rs. Nil) on SKO(PDS) and LPG (Packed-Domestic) has been reckoned as per the Scheme notified by MOP&NG and reflected separately as income in the Profit and Loss Account.

13. In respect of Joint Venture Companies, the following additional notes to accounts are disclosed:

Indian Oiltanking Ltd.:

Assets held for disposal are in respect of land and buildings thereon of the Jais Project. These assets have been valued at lower of cost and net realisable value based on independent valuation and estimates made by the management.

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Petronet VK Ltd.:

i) The Company's main pipeline from Sikka to Kandla connects with the Kandla Bhatinda Pipeline (KBPL) of IOCL. The Company in consultation with the users of the pipeline is considering the option of extending the present pipeline from Kandla to Sidhpur. Consequently, in accordance with Accounting Standard (AS-6) on "Depreciation Accounting", the management has reviewed the useful economic life of the main pipeline and after estimating the residual value, has provided for depreciation at an enhanced rate.

ii) The Company has offered a lumpsum one time payment of Rs. 10 crore each to Kandla Port Trust and Gujarat Maritime Board against their demand for Royalty/Facility compensation charges/ Way leave charges for the passing of pipeline through their territory in the sea. This has been provided for and capitalised pending adjustments relating to final settlement in the matter.

Petronet CI Ltd. :

The Company was proposing to implement the Central India Pipeline Project on Build Own Operate Basis (BOOT) through a concessionaire to be appointed on competitive bidding basis. Since no successful BOOT bid has been received, the Company in its board meeting held on 28th March 2003 decided not to implement the project on BOOT basis. Accordingly the expenses incurred in the earlier years on EIA and RA studies/Route surveys shown as project expenses recoverable from the successful BOOT bidder in earlier year accounts have been regrouped along with similar expenses incurred during the year and shown under Capital Work in Progress.

i) The Company as on 13th January 2003 cancelled the contracts awarded for route survey, soil resistitivity and soil stratification survey, cadastral survey etc. to various parties. Pending assessment by the engineer in-charge of the extent of work carried out by the contractors, the management has estimated internally the quantum of work carried and the compensation payable. In the opinion of the management, based on internal assessment of estimated quantum of work carried out by the contractors as well as the compensation payable to them, the liability thereon is not likely to exceed Rs. 3 crore. No provision for the same has been made in the absence of bills and claims of the contractors.

14. Pending issue of suitable notification by the Government of India specifying the period and applicable rate at which cess on turnover is payable under section 441A of the Companies Act, the Corporation has not provided for the same.

15. In compliance of Accounting Standard – 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India, the required information is given as per Annexure-1 to this schedule.

16. In compliance of Accounting Standard – 18 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India, the required information is given as per Annexure-2 to this schedule.

17. In compliance of Accounting Standard - 27 on "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India, the required information is given as per Annexure-3 to this schedule.

18. Disclosure as required under Accounting Standard – 19 on "Leases" issued by The Institute of Chartered Accountants of India is as under:

Finance Leases:

Corporation has entered into Lease Agreement with Indian Railways in respect of BTPN Tank Wagons for a minimum period of 20 years. The lease rentals from the date of formation of rake are @ 16% for the first 10 years and thereafter at the nominal rate of 1% of the cost.

(Rs. in Crore)

	Particulars	March-03	March-02
A.	Gross Investments in Finance Lease	**416.96**	416.96
	Less: Unearned Finance Income	**63.67**	81.36
	Less: Finance Income Received	**108.02**	90.33
	Less: Minimum Lease payment received	**92.48**	70.94
	Net Investment in Finance Lease as on Date	**152.79**	174.34
B.	Unearned finance Income	**63.67**	81.36
C.	Present Value of Minimum Lease Payments Receivable		
	Not Later than one year	**23.73**	21.55
	Later than one year and not later than five years	**104.90**	104.05
	Later than five years	**24.16**	48.74
	Total	**152.79**	174.34

(Rs. in Crore)

Particulars	March-03	March-02
D. Break-up of unearned income		
Not Later than one year	**15.52**	17.70
Later than one year and not later than five years	**37.79**	46.77
Later than five years	**10.36**	16.89
Total	**63.67**	81.36

Operating leases:

The Corporation has taken an operating lease Pipeline from Koyali to Navagam for a period of 10 years. The future minimum payment dues are:

(Rs. in Crore)

	March-03	March-02
Not later than one year	**0.50**	0.50
Later than one year and not later than five years	**2.00**	2.00
Later than five years	**0.87**	1.37

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19. In compliance of Accounting Standard – 20 on "Earning Per Share" issued by Institute of Chartered Accountants of India, the elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	March-03	March-02
Profit After Tax for the Group (Rs. crore)	**6579.06**	2806.75
Weighted Average number of equity shares	**778,674,800**	778,674,800
Add: Bonus Shares recommended	**389,337,400**	389,337,400
Total Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted)	**1,168,012,200**	1,168,012,200
Earning Per Share (Basic and Diluted) (Rupees)	**56.33**	24.03
Face value per share (Rupees)	**10/-**	10/-

Note:

The Board of Directors of the Corporation has, in its meeting held on 6th June 2003, recommended issue of fully paid up bonus shares of Rs. 10/- each to the equity shareholders in the proportion of one equity share for every two equity shares which is subject to approval of Extraordinary General Meeting of the members of the Corporation to be convened on 14th July 2003. This shall result in increase in number of equity shares by 389337400 shares. As per Accounting Standard (AS) – 20 on "Earning Per Share" issued by The Institute Of Chartered Accountants of India, Earning Per Share (Basic &

Diluted) for financial years 2002-03 and 2001-02 has been calculated after considering this recommended bonus shares.

20. In compliance of Accounting Standard – 22 on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the item wise details of deferred tax liability(net) are as under :

(Rs. In Crore)

	As on 31.03.2003	As on 31.03.2002
Deferred Tax Liability:		
i) Depreciation	**4533.75**	4026.80
ii) Interest	**31.98**	10.41
iii) Others	**2.06**	7.17
Total deferred tax liability(A)	**4567.79**	4044.38
Deferred Tax Assets:		
i) Compensation under voluntary retirement scheme	**7.19**	9.80
ii) Provision for doubtful advances/claims/materials	**106.40**	56.61
iii) Provision for Retirement Benefits	**63.93**	87.25
iv) Carry forward losses	**21.67**	106.45
v) Unabsorbed Depreciation	-	25.99
vi) Others	**69.45**	86.97
Total deferred tax assets (B)	**268.64**	373.07
Deferred Tax Liability (Net) (A-B)	**4299.15**	3671.31

21. As this is the first year of adoption of Accounting Standard (AS-27) on "Financial reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India, figures for the previous years are therefore not comparable to that extent.

22. Previous year's comparative figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions.

Sd/-	Sd/-	Sd/-
(M. S. Ramachandran)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

Place : New Delhi
Dated : June 23, 2003

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Annexure-1

INFORMATION REGARDING PRIMARY SEGMENT REPORTING AS PER AS-17 FOR THE YEAR ENDED 31ST MARCH 2003 IS AS UNDER:

(Rs. In Crore)

	March-03				March-02			
	Crude Sales	Petroleum Products	Other businesses	Total	Crude Sales	Petroleum Products	Other businesses	Total
Revenue								
External Revenue	4,944.28	119,486.60	150.82	124,581.70	14,868.29	98,840.62	96.94	113,805.85
Inter-segment Revenue	-	38.94	41.46	80.40	-	105.99	28.80	134.79
Total Revenue	**4,944.28**	**119,525.54**	**192.28**	**124,662.10**	**14,868.29**	**98,946.61**	**125.74**	**113,940.64**
Result								
Segment Results	1.94	9,236.92	(45.84)	9,193.02	16.85	5,545.35	(77.60)	5,484.60
Less: Un-allocated Expenses net of un-allocated Income	-	-	-	-	-	-	-	-
Operating Profit	**1.94**	**9,236.92**	**(45.84)**	**9,193.02**	**16.85**	**5,545.35**	**(77.60)**	**5,484.60**
Less:								
Interest Expenditure				902.73				1,712.10
Provision for diminution in Investments				0.50				200.00
Loss on Sale of Investments				46.72				-
Prior year Expenditure				12.81				61.68
Add:								
Interest/Dividend Income				887.44				896.99
Provision for diminution in Investments written back				200.00				-
Profit on sale of investments				-				1.85
Prior year Income				24.53				5.74
Profit Before Tax				**9,342.23**				**4,417.40**
Less: Income Tax (including deferred tax)				2,679.91				1,645.36
Profit After Tax				**6,662.32**				**2,772.04**
Other Information								
Segment Assets	381.40	56,303.58	316.46	57,001.44	1,330.59	46,546.50	299.26	48,176.35
Corporate Assets				2,748.45				8,471.38
Total Assets				**59,749.89**				**56,647.73**
Segment Liabilities	646.82	16,768.37	85.46	17,500.65	1,312.54	14,811.52	71.32	16,195.38
Corporate Liabilities				23,457.33				25,056.31
Total Liabilities				**40,957.98**				**41,251.69**
Capital Expenditure	-	4,110.65	35.82	4,146.47	-	3,726.56	25.24	3,751.80
Depreciation	-	1,852.31	13.08	1,865.39	-	1,474.72	13.13	1,487.85
Non-cash expenses other than Depreciation (Deferred Revenue Expenditure written off)				70.11				54.59

Notes:

1. The activities of the Company and its subsidiaries comprise :
   a) Sale of Imported Crude Oil
   b) Sale of Petroleum Products
   c) Other business primarily comprising of Oil & Gas Exploration activities, Petrochemicals, Polyster Staple Fibre Chemicals and engineering.
2. Segment Revenue comprises of the following:
   i) Turnover
   ii) Subsidy from Government of India
   iii) Net claim/(surrender to) PPAC/GOI
   iv) Other income (excluding interest income, dividend income and investment income)
3. There are no geographical segments.

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Indian Oil Corporation Limited Consolidated Financial Statements

Annexure-2

As required by AS-18, "Related Party Disclosures" are given below:

1. **Relationships:**

   A) Joint Venture Companies

   1) Indo Mobil Ltd (up to 31.12.2001)
   2) Avi-Oil India Pvt. Ltd.
   3) Indian Oiltanking Ltd.
   4) Lubrizol India Pvt. Ltd.
   5) IndianOil Petronas Pvt. Ltd.
   6) Petronet VK Ltd.
   7) Petronet CTM Ltd.
   8) Petronet CI Ltd.
   9) IndianOil Panipat Power Consortium Limited
   10) IndianOil TCG Petrochem Ltd.
   11) Petronet India Ltd.
   12) Petronet LNG Ltd.
   13) ONGIO International Pvt. Ltd.
   14) Indian Additives Limited

   B) Whole-time Directors

   1) Shri M.S.Ramachandran
   2) Shri A.K. Arora
   3) Shri P. Sugavanam
   4) Shri A.M. Uplenchwar
   5) Shri P.K. Aggarwal
   6) Shri A.K. Mitra
   7) Shri N.K.Nayyar (w.e.f 10.10.2002)
   8) Shri N.R.Raje (w.e.f 01.01.2003)
   9) Shri M.A.Pathan (up to 31.03.2002)
   10) Dr. A.K. Bhatnagar (up to 31.12.2002)
   11) Shri S.N. Jha (up to 31.08.2001)
   12) Shri O.N. Marwaha (up to 31.10.2001)
   13) Shri Subir Raha (up to 25.05.2001)
   14) Shri J.L.Raina
   15) Shri S.Ram Mohan (up to 30.09.02)
   16) Shri S.V.Narasimhan
   17) Shri B.K.Gogoi
   18) Shri R.M.Hazarika
   19) Shri M.P.Srinivasan (up to 31.12.02)
   20) Shri K.Narayanan
   21) Shri R.N.Das
   22) Shri R.D.Shira
   23) Shri Nageswaran
   24) Shri S.N.Mathur (up to 19.2.2002)
   25) Shri Arun Jyoti (from 19.2.2002)
   26) Shri A.K.Sinha
   27) Shri R.S.Guha
   28) Shri R.Sareen
   29) Shri V.Ramdeny
   30) Shri Couldip B.Lala
   31) Shri R.Sankaran (w.e.f 01.01.03)

2. **The following transactions were carried out with the related parties in the ordinary course of business:**

   a) Details relating to parties referred to in item no. 1(A) above:

(Rs. In Crore)

	March-03	March-02
i) Sales	**8.55**	9.25
ii) Sale of Land	**0.25**	2.90
iii) Interest received	**0.91**	2.02
iv) Consultancy Services/Other Income	**4.26**	1.93
v) Purchase of Products	**151.22**	206.91
vi) Purchase of Chemicals/materials	**1.71**	0.32

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(Rs. in Crore)

	March-03	March-02
vii) Handling Expenses	**29.36**	14.67
viii) Operating and Maintenance Expenses	**0.00**	0.81
ix) Freight Expenses	**46.87**	50.64
x) Reimbursement of Expenses	**4.13**	2.81
xi) Investments made during the year	**5.39**	29.72
xii) Provisions made during the year	**7.99**	0.00
xi) Outstanding Receivables	**47.78**	15.65
xii) Outstanding Payables	**23.27**	19.49

b) Details relating to parties referred to in item no. 1(B) above:

(Rs. in Crore)

	March-03	March-02
i) Remuneration	**2.12**	**2.02**
ii) Lease	**0.00**	**0.00**
iii) Recovery of Interest & Furniture Hire Charges	**0.01**	**0.01**
iv) Outstanding loans/advances receivables	**0.16**	**0.22**
v) Assets on Hire	**0.13**	**0.11**

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Note:

1. Joint Venture Companies where IOC's holding is less than 20% are not considered as Related Party.
2. In case of Joint Venture Companies constituted/acquired during the year, transactions w.e.f. date of constitution/acquisition is disclosed.
3. In case of Joint Venture Companise which have been closed/divested during the year, transactions upto the date of closure/disinvestment only is disclosed.
4. No disclosure is required for Joint Venture/Subsidiary Companies (such as BRPL, CPCL, ONGIO, IBP) which can be treated as state controlled enterprises (i.e. ownership by Central/State Govt, directly or indirectly, of more than 50% of voting rights, shall be treated as a state controlled enterprise).
5. Remuneration includes Basic, allowances, reimbursements, contribution to P.F. and perquisities (valued as per tax laws)
6. In addition, whole-time Directors are also allowed the use of Corporation's car for private purposes up to 12,000 kms per annum on a payment of Rs. 520/- per mensem for car less than 16 hp or Rs. 780/- per mensem for car of above 16 hp as specified in the terms of appointment.

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Annexure-3

In compliance of AS-27, " Financial Reporting of Interest in Joint Ventures", the required information is as under:-

1) Disclosure of Interest in the following categories of Joint Ventures:

(a) Jointly Controlled Operations:- The Corporation has entered into production sharing oil and gas exploration contracts with the Govt. of India and other body corporates. These joint ventures are:

Name	**Participating Interest of IOC (%)**	
	31.03.2003	**31.03.2002**
IN INDIA		
Under NELP-I Block		
MB-OSN-97/4	30	30
GV-ONN-97/1	30	30
Under NELP-II Block		
MB-DWN-2000/1	15	15
MB-DWN-2000/2	15	15
MB-OSN-2000/1	15	15
MN-OSN-2000/2	20	20
WB-OSN-2000/1	15	15
WB-ONN-2000/1	15	15
GV-ONN-2000/	15	15
MN-ONN-2000/	20	20
Under NELP-III Block		
AA-ONN-2001/	20	N.A
BK-CBM-2001/	20	N.A
NK-CB	20	N.A
	27	N.A
A BLOCK, IRAN	40	N.A

(b) Jointly Controlled Assets:-

(Rs. in Crore)

Particulars of Assets	**Name of Joint Owner**	**Original Cost**	**Accumulated Depreciation**	**W.D.V. as on 31.03.2003**
Land-Freehold	HPC/IBP	1.37	-	1.37
Land-Leasehold	BPC/IBP	0.78	0.12	0.66
Buildings	HPC	1.05	0.11	0.94
Plant and Machinery	HPC/BPC/IBP/GSFC/ IPCL/ACC/CSIR	87.17	8.20	78.97
Transport Equipment	RAILWAYS	182.35	107.03	75.32
Railway Sidings	HPC/BPC	19.01	6.43	12.58
Drainage,Sewage and Water Supply	GSFC	0.99	0.94	0.05
		292.72	122.83	169.89

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(c) Jointly Controlled Entities:

	Name	Country of Incorporation	Ownership Interest of IOC(%) 31.03.2003	31.03.2002
(i)	Indian Oiltanking Ltd.	India	50	50
(ii)	Lubrizol India Pvt.Ltd.	India	50	50
(iii)	Petronet VK Ltd.	India	26	26
(iv)	Petronet CI Ltd.	India	26	26
(v)	Petronet CTM Ltd.	India	26	26
(vi)	IndianOil Petronas Pvt. Ltd.	India	50	50
(vii)	IndianOil Panipat Power Consortium Ltd.	India	50	50
(viii	ONGIO International Pvt. Ltd.	India	50	50
(ix)	Avi-Oil India Pvt.Ltd.	India	25	25
(x)	Petronet India Ltd.	India	16	16
(xi)	Petronet LNG Ltd.	India	12.5	12.5
(xii)	IndianOil TCG Petrochem Ltd.	India	50	50

2) IOC's share in assets, liabilities, income, expenses, contingent liabilities and capital commitments of Jointly Controlled Entities:

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	(Rs. in Crore) 31.03.2003
(i) Assets	
- Long Term Assets	
- Current Assets	
(ii) Liabilities	528.40
- Current Liabilities and Provisions	122.00
- Other Liabilities	
(iii) Income	47.02
(iv) Expenses	0.[illegible]
(v) Contingent Liabilities	66
(vi) Capital Commitments	2
	98.69

3) IOC's Share in aggregate of Contingent Liabilities and Capital Commitments of Jointly Controlled Operations and Assets:

	(Rs. in Crore) 31.03.2003
(a) Jointly Controlled Operations	
(i) Contingent Liabilities	10.26
(ii) Capital Commitments	53.22
(b) Jointly Controlled Assets	
(i) Contingent Liabilities	-
(ii) Capital Commitments	-

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CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2003

(Rs. in Crore)

			2002-03		2001-02
A	**Cash Flow from Operating Activities**				
	1 Profit Before Tax		**9342**		4417
	2 Adjustments for :				
	Depreciation	**1872**		1503	
	Loss/(Profit) on sale of Assets (Net)	**1**		3	
	Amortisation of Capital Grants	**-1**		-1	
	Amortisation of Voluntary Retirement Compensation	**70**		42	
	Profit on sale of Investments (Net)	**0**		-2	
	Provision for Loss in cost of Investment written back	**-200**		0	
	Loss on Sale on Investments	**47**			
	Unrealised (gain)/loss on foreign exchange	**0**		0	
	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	**144**		38	
	Provision for Loss on Investments	**1**		200	
	Interest Income on Investments	**-218**		-34	
	Dividend Income on Investments	**-498**		-207	
	Interest Expenditure	**903**		1713	
			2121		3255
B	Operating Profit before Working Capital Changes (1+2)		**11463**		7672
C	i) Change in Working Capital: (Excluding Cash & Bank Balances)				
	Trade & Other Receivables	**-1479**		5947	
	Trade & Other Receivables on Consolidation of JV	**-46**		0	
	Inventories	**-4258**		-110	
	Inventories on Consolidation of JV	**-44**		0	
	Trade and Other Payables	**1453**		1621	
	Trade and Other Payables on Consolidation of JV	**62**		0	
	Change in Working Capital	**-4312**		7458	
	ii) Unamortised Expenditure on Retirement Benefits	**-6**		-26	
	iii) Unamortised Misc. Expenditure on Consolidation of JV	**-7**		0	
			-4325		7432
D	Cash Generated From Operations (B+C)		**7138**		15104
E	Less: Taxes paid		**1734**		790
F	Net Cash Flow from Operating Activities (D-E)		**5404**		14314

Indian Oil Corporation Limited Consolidated Financial Statements

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2003 (Contd.)

(Rs. in Crore)

			2002-03		2001-02
G	Cash Flow from Investing Activities:				
	Sale of Assets	**71**		59	
	Sale/Maturity of Investments	**5232**		19	
	Interest Income on Investments	**218**		32	
	Dividend Income on Investments	**498**		207	
	Purchase of Assets	**-729**		-1104	
	Fixed Assets included on consolidation of JVs	**-436**		0	
	Adjustment for Finance Lease Receivable	**0**		62	
	Investments on Consolidation of JVs	**-16**		0	
	Acquisition of Controlling interest in IBP Company Ltd.	**-680**		-1154	
	Placement of Funds in Escrow Account for open offer of IBP Shares	**0**		-7	
	Acquisition of Controlling interest in IndianOil Mauritius Ltd.	**0**		-26	
	Acquisition of Controlling interest in Lanka IOC (Pvt) Ltd.	**-24**		0	
	Share in Accumulated Surplus of Petroleum India International (Association of Person)	**0**		-1	
	Investment/Advance for Investments	**-33**		-52	
	Investment in 6.96% Oil Companies GOI SPL Bonds 2005 *	**0**		-5332	
	Expenditure on Construction Work in Progress	**-3176**		-2676	
	Net Cash used in Investing Activities		**925**		-9973
H	Net Cash Flow From Financing Activities:				
	Proceeds From Calls In Arrear/Issue of Shares including Premium	**0**		26	
	Receipt of Grant for Capital Projects	**1**		0	
	Long-Term Borrowings on Consolidation of JV	**1**			
	Short-Term Borrowings on Consolidation of JV	**215**			
	Proceeds from Long-Term Borrowings	**654**		1074	
	Proceeds from/(Repayments of) Short-Term Borrowings	**-4166**		-2492	
	Interest paid	**-1406**		-2095	
	Change in Minority Interest	**198**			
	Dividend/Dividend Tax paid	**-1294**		-855	
	Net Cash Generated/(Used) from Financing Activities:		**-5797**		-4342
I	Net Change in Cash & Cash Equivalents (F+G+H)		**532**		-1

IndianOil

Indian Oil Corporation Limited Consolidated Financial Statements

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2003 (Contd.)

(Rs. in Crore)

		2002-03	2001-02
J	Cash & Cash Equivalents as at end of the Financial Year	**1491**	984
K	Cash & Cash Equivalents on Consolidation of JV	**25**	0
L	Less: Cash & Cash Equivalents as at the beginning of Financial Year	**984**	985
	NET CHANGE IN CASH & CASH EQUIVALENTS (J+K-I)	**532**	-1

* Received in lieu of part settlement of OCC dues.

Notes:

(Rs. in Crore)

		2002-03	2001-02
1.	Cash and Cash Equivalents include:		
	Cash and Bank Balances		
	As per Balance Sheet	**1491**	991
	Less: Escrow Account	**0**	7
		1491	984
	Unrealised (gain)/loss on foreign exchange	**0**	0
	Total Cash and Cash Equivalents	**1491**	984

2. The previous year's figures have been regrouped wherever necessary for uniformity in presentation.

Sd/-	Sd/-	Sd/-
(M. S. Ramachandran)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.	**P.K. MITRA & CO.**	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-	Sd/-
(PRAVEEN KUMAR JAIN)	**(P. R. SAMANTA)**	**(PADMINI B. KHARE)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner	Partner

Place : New Delhi
Dated : June 23, 2003

ANNUAL REPORT
2002-2003

आई.ओ.बी.एल.

INDIAN OIL BLENDING LIMITED

(A Wholly Owned Subsidiary of Indian Oil Corporation Limited)

Board of Directors

Shri J.L. Raina	Chairman and Managing Director
Shri P.K. Biswas	Director
Shri P.S. Ahluwalia	Director
Shri S.S. Soni	Finance Director (w.e.f 4.3.2003)
Shri A.K. Mehta	Director (w.e.f 4.3.2003)
Shri N.R. Raje	Director (ceased w.e.f 4.3.2003)
Shri B.K. Mittal	Director (ceased w.e.f 4.3.2003)
Shri S.K. Swaminathan	Director (ceased w.e.f 4.3.2003)
Shri G.C. Daga	Finance Director (ceased w.e.f 4.3.2003)
Shri Raju Ranganathan	Company Secretary

Directors' Report

To
The Shareholders,
Indian Oil Blending Limited

On behalf of the Board of Directors, it is my privilege to present the 40th Annual Report on the working of the Company for the financial year ended 31st March 2003, along with the Audited Statement of Accounts and Auditors' Report thereon.

PHYSICAL/FISCAL PERFORMANCE:

	2002-03	2001-02	% Growth
Production (TMT)	**233**	237	-2
Capacity Utilisation (%)	**98**	100	-2
Blending Fee Income (Rs. in Lakh)	**2920**	3330	-12
Total Earnings (Rs. in Lakh)	**3798**	4922	-23
Profit Before Tax (Rs. in Lakh)	**9**	1239	-99
Profit After Tax (Rs. in Lakh)	**114**	686	-84

As in the previous year, Lube Industry in general continued its journey through difficult phase and volume diminution. Your Company was also affected by this diminution, which, coupled with shifting of indents for finished lubricants to newly commissioned plants of IndianOil (Asaoti, Silvassa and Taloja) affected capacity utilisation of IOBL Plants.

The last Blending Fee revision by the Holding Company, which took place in 2001-02, saw massive lowering of process oil fees from Rs. 945/KL to Rs. 200/KL and fixation of blending fees for finished lubricants not commensurate with the actual cost of production to IOBL. This, compounded by lower indents of finished lubricants, resulted in lower blending fee income during the current year. Recognising this, the Holding Company agreed for onetime compensation of Rs. 2.82 crore, resulting in a pre-tax profit of Rs. 9 lakh. This is much lower than the pre-tax profit of Rs. 12.39 crore for previous year, which was mainly due to write-back of depreciation (Rs. 11.44 crore) resulting from change in the method of depreciation from WDV to SLM in line with the policy of the Holding Company. Higher establishment cost burden cast on the Company due to LTS wage revisions have substantially increased the manpower cost to the Company, even though the Company has continued its effort towards curtailment of controllable cost by enforcing strict cost control measures, thereby containing the controllable costs not only within the budget but much lower than the previous year

DIVIDEND AND APPROPRIATION OF PROFIT

Your Directors have recommended a dividend of 30% for the year 2002-2003, which was the rate last year as well. This is the 36th consecutive year of dividend declaration by your Company. Cumulative dividend paid up to last year is Rs. 296.89 lakh as against the original equity capital of Rs. 40 lakh.

The disposable profit of Rs. 115.01 lakh has been appropriated as under:

	(Rs. in Lakh)
Dividend	12.00
Dividend Tax	1.54
Transfer to General Reserve	101.00
Retained Profit	0.47
TOTAL	**115.01**

EARNINGS PER SHARE AND BOOK VALUE

The Earnings Per Share and the Book Value per equity share (Face Value of Rs. 500 each) were as under:

(Rupees)

	2002-2003	2001-2002
Earnings Per Share	**407**	14175
Book Value	**94987**	94749

Notwithstanding the drop in earnings per share during the current year due to sharp fall in profit after tax, the book value per share has gone up due to increase in the shareholders' fund during the current year.

CONTRIBUTION TO EXCHEQUER

Your Company has made a contribution of Rs. 36 lakh (Rs. 137 lakh in 2001-02) to the exchequer during the year, out of which Rs. 1 lakh was made to the Central Exchequer in the form of Income Tax (MAT).

PROJECTS

Recognising the role of modemisation and supremacy in product quality in the deregulated and liberalised petroleum market, the Company initiated several programmes during the current year. State-of-the-art Automatic Barrel Filling Machines have been successfully commissioned as per schedule at Mumbai and Kolkata plants. These integrated machines imported from Germany are the first of their kind in India and will result in manpower optimisation besides contributing towards customer delight and higher productivity. The Company has also drawn up plans of Auto Batch Blending at Kolkata Plant on the lines of Mumbai Plant, where a similar project was completed during the previous year and is working to the desired level of performance. The equipment in the laboratory are also continuously upgraded to give speedy and qualitative customer services. The projects are undertaken keeping in view the operational necessity, new technology absorption, quality improvement, safety, security and environment protection. Timely completion of project is given high priority.

Major Completed Projects

- Imported Automatic Barrel Filling Machines at Mumbai and Kolkata plants.

- Automatic self cleaning filter for grease at Vashi Plant.
- Procurement of capacitor bank for Vashi Plant.
- Automatic MIS for drum filling at Vashi Plant
- Installation of 3 blending pumps at Mumbai Plant.

Major Ongoing Projects

- Auto Batch Blending of 4 tanks at Mumbai Plant.
- Provision of 2 x 50 KL tanks for additives at Kolkata Plant.
- Auto Gauging System at Kolkata Plant.
- Provision of 6 MT Product Holding Tank at Vashi Plant.

Besides the above-mentioned ongoing projects, various other small projects are also in progress, which will improve plant operation and customer satisfaction.

FUTURE OUTLOOK

Your Company believes that the key to success lies in total commitment to exceptional standards of performance and productivity, with focus on embracing new ideas and learning. The ensuing year will see even greater competition in the lube market. The Company with its inherent strengths, which inter alia, include the available infrastructure and R&D support by the Holding Company, is fully geared to meet the blending requirements of the Holding Company to enable them to meet the future challenges with superior quality of lubricants.

In furtherance of its mission to create a modem technology base for self-reliance, growth and development of business, the Auto Batch Blending System, supplied by Phillips, has been revived at the Mumbai Plant during the year and a similar system provided at the Kolkata Plant has been planned for revival in the next year.

As part of the Company's plans to improve capacity utilisation for higher revenue earnings, the Company is continuously on the lookout for Toll Blending for other customers. In this direction, an MOU has already been signed with M/s. IBP Co. Ltd. for blending of greases at Vashi Plant, which is expected to commence soon.

Continuing the efforts in this direction, the Company has offered testing facilities for Lube Oils, Greases, Speciality Oils, Fats and Fatty Acids, on chargeable basis during the year. The response from the customers is encouraging.

Your Company has plans to offer consultancy services to interested parties for better operation, construction and operation/management of Lube Plant both within the country and in neighbouring countries.

QUALITY ASSURANCE AND PRODUCT DEVELOPMENT

All the three plants of the Company have already been accredited with the prestigious ISO 9002 Certification for total quality system and ISO 14001 towards Environment Management System. During the year, Mumbai and Kolkata plants have obtained QS 9000 accreditation for Quality Management Systems. Vashi Plant is already possessing this accreditation since April 1999 and is the first PSU plant to obtain such certification. IOBL has become a fully integrated ISO-certified Company with its Head Office having been accredited with ISO 9001:2000 certification in March 2003.

To keep pace with the international standards, the formulation of automotive grades, industrial grades, speciality grades of Lube Oils and Greases were reviewed and upgraded jointly with IndianOil's R&D Centre and a number of genuine oils were introduced with the engine manufacturers' approval.

All the plant laboratories are equipped with the most modem automated equipment to maintain high analytical standards of Finished Lubricants. The Company is fully geared to face a rapidly changing environment by using its expertise, enhanced strength, various ISO and QS accreditations and available infrastructure, including strong R&D support from Holding Company.

ECOLOGY/ENVIRONMENT, SAFETY AND ENERGY CONSERVATION

In pursuit of its commitment to environment protection and preservation of ecological balance, regular testing and analysis of storm water drain samples and exhaust gas samples are done and report sent to the concerned State Pollution Control Board. The results of the analysis were always found to be within the prescribed parameters.

As a part of continuous efforts towards minimising effluent discharge, oil water separators are already installed at Mumbai and Kolkata plants, which are being continuously monitored for improvement. As already stated, the Company has sustained ISO 14001 Environment Management System accreditation for all three plants during the year, through regular surveillance audit.

Industrial safety continues to be accorded high priority. The operating practices are continuously upgraded and the Company strictly follows the directives issued by the Oil Industry Safety Directorate (OISD).

During the year, the following safety awards were received:

Mumbai Plant bagged "First Best Performer" Award (among all the "Lube Oil Blending Plants" under Group 6) of the Oil Industry Safety Directorate (OISD) for the year 2001-02 from the Ministry of Petroleum and Natural Gas. Vashi Plant bagged the National Safety Council (Maharashtra Chapter) Awards.

The manufacturing facilities, wherever fuel and electricity are required, are included within the purview of the scope of monitoring the operations through Distributed Digital Control System (DDCS) provided with software of latest version.

On World Environment Day (5th June 2002), the Company donated 5 benches to the community park near Mumbai. Tree plantation in our plants is above the prescribed norms of ecology preservation.

Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings/Outgo

The Company has registered accelerated growth in the field of new technology adoption during the last one year, which includes automation, e-banking, e-commerce, IT and computerisation, implementation of ERP (SAP), etc. This has put IOBL firmly on the road to IT transformation and a technologically superior Company.

In accordance with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules 1988, a detailed report on energy conservation, technology absorption and foreign exchange earnings/outgo is provided in Annexure - I.

HUMAN RESOURCES

IOBL's greatest strength is its reservoir of skilled and highly competent team of employees with a strong commitment and ambition for growth. Human Resource Development is the key to organisational excellence and in line with this philosophy, high priority has been accorded for creation of a conducive environment for growth and excellence besides self-improvement of all the employees.

At the end of the year, the employees' strength in IOBL stood at 491, comprising 90 officers and 401 workmen, as compared to 495 employees, comprising 83 officers and 412 workmen, at the end of the previous year. The Company continues to provide encouragement to developmental activities, quality circles, suggestion scheme, etc.

Industrial relations in the Company have remained cordial and harmonious during the year. IOBL Day was observed on 22.03.03 at all the locations. The second anniversary of SADBHAVNA Club was celebrated in January 2003. The club has adopted two female children under "Nanhi Kali" project, wherein their yearly education expenditure is sponsored through voluntary contribution of the members of the club.

IOBL has got all round recognition during the year. The National Integration and Economic Council, New Delhi awarded the Industrial Excellence Award to IOBL. CMD, IOBL was awarded "Bharat Nirman Rattan Award" and "Rajiv Gandhi Shiromani Award" by the National Integration and Economic Council.

IOBL organised the XIV Inter Unit PSPB Chess Tournament for the first time with the active assistance of Mumbai Chess Association during November 2002. 12 teams of Oil PSUs participated in the tournament held in Mumbai.

Training under Workers Education Programme was organised in Bangalore during March 2003, wherein Union representatives from Mumbai, Vashi & Kolkata plants participated.

In line with the existing policies of the Holding Company, IOBL continues to provide comprehensive support and welfare facilities to all members of the IOBL family. Similar support is also provided to approx. 150 retired employees who are covered under the Post Retirement Medical Attendance Scheme (PRMAS).

WORKERS' PARTICIPATION IN MANAGEMENT

In line with the commitment to the concept of workers' participation in the management, the Company has encouraged workers' participation in the management through establishment of various committees like canteen committee, safety committee, workers' committee, sports committee, hygiene committee, etc. which have been functioning productively and satisfactorily.

An Advisory Council consisting of senior executives alongwith representatives of officers & workmen category was formed to act as a catalyst and accelerate the implementation of the decisions taken by the Management through better communication and coordination to achieve the Company's goal.

The Management and employees manage efficiently the activities of the Provident Fund of IOBL jointly through a trust.

WELFARE OF WEAKER SECTIONS

Your Company continues to follow the Presidential Directives regarding the recruitment/promotion of Scheduled Castes/ Scheduled Tribes and other backward classes, ex-servicemen and physically challenged. A liaison officer looks after the employment and welfare of Schedule Castes/Scheduled Tribes.

Statistical Information in the prescribed proforma (VIIA &VIIB) relating to representation of Scheduled Castes/Scheduled Tribes is given in Annexure-II.

HINDI IMPLEMENTATION

In accordance with the Provisions of Official Language Act (OLA), 1963 and as a part of national obligation, efforts were intensified for the progressive use and development of Hindi in official work at all its locations. Hindi training programmes, workshops and competitions were conducted. Necessary software support was also extended to encourage the use of Hindi in official work. Quarterly meetings of Hindi implementation committee were held to review the progress made during the year.

The progress was reviewed by the Drafting and Evidence Sub-Committee of Parliament on Official Language, which visited Mumbai during December 2002 for inspection.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 2002-03 were Rs. 12600/-.

PARTICULARS OF EMPLOYEES

The information about the particulars of employees u/s 217(2A) of the Companies Act, 1956, and the Rules framed thereunder for the current year is NIL.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under the new Section 217(2AA) of the Companies Act, 1956, with respect to Directors'

Responsibility Statement, it is hereby confirmed:

i) that in the preparation of the annual accounts for the financial year ended 31st March 2003, the applicable accounting standards had been followed and there were no material departures;

ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the Directors had prepared the accounts for the financial year ended 31st March 2003 on a 'going concern' basis.

BOARD OF DIRECTORS

Shri N.R. Raje ceased to be Director of the Company with effect from 4.3.2003 and Shri A.K. Mehta was appointed Director in his place .

Shri B.K. Mittal and Shri S.K. Swaminathan ceased to be Directors of the Company with effect from 4.3.2003.

Shri G.C. Daga ceased to be Finance Director of the Company with effect from 4.3.2003 and Shri S.S. Soni was appointed as Finance Director in his place.

The following Directors are liable to retire at the conclusion of the next Annual General Meeting and are eligible for reappointment:

- Shri P.K. Biswas
- Shri P.S. Ahluwalia
- Shri S.S. Soni
- Shri A.K. Mehta

ACKNOWLEDGEMENTS

The Board of Directors wishes to place on record its sincere appreciation and gratitude to the Company's valued internal and external customers for their support and confidence reposed in the Company. The Board also wishes to place on record its appreciation for the total dedication and wholehearted efforts made by the employees of the Company as well as of its Holding Company. The Directors are confident that their sustained efforts will help to achieve better results in the future.

The Board of Directors gratefully acknowledges the valuable guidance and support received from the Government and Indian Oil Corporation Ltd., the Holding Company.

The Board places on record its deep appreciation of the significant contribution and excellent guidance rendered by S/Shri N.R. Raje, B.K. Mittal, S.K. Swaminathan and G.C. Daga during their tenure on the Board of the Company.

For and on behalf of
INDIAN OIL BLENDING LIMITED

Sd/-
(J.L.RAINA)
Chairman and Managing Director

Mumbai
Dated : 20th June 2003

ANNEXURE-I

Particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken:

- PCRA conducted the Electrical Energy and Thermal Audit of Vashi and Mumbai plants. Recommendations are under implementation.
- Revamping of steam system is in progress at Mumbai Plant. On completion, there will be substantial improvements in thermal energy and resulting in savings of LDO.
- Energy saving devices for ACs installed at Mumbai Plant.
- Installation of Capacitor Bank at Vashi Plant.

b) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods.

- There will be substantial energy saving to the tune of 1000 units per annum with the installation of energy saving devices for ACs.
- On implementation of recommendations of PCRA, there will be optimum utilisation and elimination of wasteful practices resulting in substantial savings.

c) Total energy consumption and energy consumption per unit of production.

- Details at Form "A" annexed.

II. TECHNOLOGY ABSORPTION

d) Efforts made in technology absorption:

- Details at Form "B" annexed.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

e) Activities relating to exports/initiatives taken to increase exports; development of new export markets for products and services; export plans:

- As all products processed by the Company are marketed by its Holding Company, Indian Oil Corporation Ltd., the Company does not have any sales (including exports) activities.

f) Total foreign exchange used and earned:

- During the year, no foreign exchange was earned. However, there is a foreign exchange outgo of Rs. 352.59 lakh towards revenue and capital expenditure.

FORM "A"
(See Rule - 2)

Form for disclosure of particulars with respect to Conservation of Energy

Particulars	2002-2003	2001-2002
A. POWER & FUEL CONSUMPTION		
1. ELECTRICITY:		
a) Purchased		
Unit (KW)	**30,10,342**	31,10,503
Rate/Unit (Rupees)	**5.41**	5.17
Total amount (Rs. in Lakh)	**162.83**	160.88
b) Own Generation		
i) Through Diesel Generators		
Unit (KW)	**42,570**	68,564
Unit/Ltr. of diesel oil	**3.06**	3.00
Cost/Unit	*	*
ii) Through Steam Turbine/ Generator	-	-
2. COAL	-	-
3. FURNACE OIL / LDO		
Quantity (KL)	**782.38**	934.41
Total amount (Rs. in Lakh)	*	*
Average rate (Rs./KL)	*	*
4. OTHER / INTERNAL GENERATION	-	-

* Fuel Oils are received from the Holding Company, IndianOil, on stock transfer basis.

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCTS	2002-2003	2001-2002
Electricity (KW/Ton)	**12.93**	13.11
FO LDO (Ltr/Ton)	**3.36**	3.94
Coal (Specify Qty)	-	-
Others (Specify)	-	-

FORM "B"
(See Rule - 2)

Form for disclosure of particulars with respect to Technology Absorption, Research & Development

RESEARCH & DEVELOPMENT (R&D)

The R&D work pertaining to Lube Oils and Greases is fully carried out by the R&D Centre at Faridabad by the Holding Company - Indian Oil Corporation Ltd.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

With a view to improve product quality and productivity, IOBL has been making efforts to absorb new technology. Major steps taken in this direction are as under :

1. Upgradation of Information Technology

IOBL has made remarkable achievements in the IT sector during the current year, which has put the Company in solid growth path.

- Started e-banking for total fund management amongst all the units at Mumbai and Kolkata using on line electronic transaction processing system (OLTP). IOBL is the first PSU to enter into such arrangement with M/s. ICICI Bank Ltd.
- As a part of on-going ERP implementation across the Holding Company under Project Manthan, IOBL Mumbai plant has gone live on the latest, state-of-the-art SAP R/3. Other units of IOBL are expected to go live on SAP by mid-2003 and early 2004.
- On-line payment and accounting system (Integrated Business Solutions or IBS) has been implemented in line with the same prevailing at its Holding Company. It covers the entire gamut of Financial Accounting starting from on-line voucher preparation to generation of Balance Sheet.
- The latest pay-roll package, developed on Oracle platform by the Holding Company has been implemented at HO during April 2003 in replacement of IOBL's existing package, which is outdated and suffers from many limitations. The centralisation of pay-roll activity at HO with this advanced system will bring uniformity besides redeployment of manpower at the plants arising out of this centralisation.
- Additional new servers have been procured and the existing software and hardware are continuously upgraded to keep pace with the modern day technology. Simultaneously, the existing LAN systems are also upgraded/expanded to cover majority of the users.
- In its endeavour to embrace e-business more and more, IOBL adopted the system of e-auction for disposal of surplus/scrap materials, including barrels and containers through M/s. MSTC.

2. Upgradation of Communication Facilities

- IOBL's website, having independent domain name and e-mail facility, is continuously upgraded for latest business information and is resulting in cost saving and reduced paper work.
- IOBL plants at Kolkata and Head Office have been connected with IP telephones during the year and the system has been hooked with the Holding Company's network. This has resulted into huge saving in communication expenses besides the flexibility of exchange of database through this medium.

3. Provision of Automatic Machine

- Automatic Barrel Filling Machines, imported from Germany, have been installed and commissioned at Mumbai and Kolkata plants.
- At Mumbai Plant, Automatic Palletiser has also been installed to evacuate filled barrels at a fast pace.

4. Future Plans for Technology Adoption

- Provision of Video Conferencing through ISDN network between IOBL Units and Head Office.
- Implementation of SAP R/3 at other units of IOBL and at its Head Office by mid-2003 and early 2004.
- Installation of Auto Batch Blending System is under implementation at Kolkata Plant.
- Auto Gauging System for Base Oil tanks and Additive tanks at Kolkata Plant has been planned for the fiscal year 2003-2004.
- Implementation of Lotus Notes Mailing System together with groupware solutions at all plants and Head Office is likely to be completed at the beginning of next financial year, which will result in savings in communication expenses besides faster communication with its Holding Company and outside world and usage of other groupware packages already developed.

ANNEXURE-II

APPENDIX - VII(A)

Statement showing the number of reserved posts filled by Scheduled Castes and Scheduled Tribes candidates during the year 2002

A. Posts filled by Direct Recruitment

Class of posts	Backlog of vacancies						Current vacancies							Remarks
	Notified		Filled		Balance carried forward		Total No. notified	Out of Col. 8: reserved for		Filled		Balance carried forward as backlog		
	SC	ST	SC	ST	SC	ST		SC	ST	SC	ST	SC	ST	
1	2	3	4	5	6 (Col. 2-4)	7 (Col. 3-5)	8	9	10	11	12	13 (Col. 9-11)	14 (Col. 10-12)	15
A	0	0	0	0	0	0	0	0	0	0	0	0	0	-
B	These posts are filled by promotions only													
[illegible]	0	0	0	0	0	0	0	0	0	0	0	0	0	
D (Excluding Safai Karmacharis)	0	0	0	0	0	0	3	0	0	0	1	0	0	
D (Safai Karmacharis)	0	0	0	0	0	0	0	0	0	0	0	0	0	-

APPENDIX - VII(B)

Statement showing the number of reserved posts filled by SC and ST candidates during the year 2002

B. Posts filled by Promotion

Class of posts	Total No. of vacancies notified	Out of Col. 2, posts reserved for		No. of posts filled by		Balance		Remarks
		SC	ST	SC	ST	SC	ST	
1	2	3	4	5	6	7 (Col. 3-5)	8 (Col. 4-6)	9
A	0	0	0	0	0	0	0	
B	10	2	0	2	1	1	0	
C	72	21	8	13	5	10	4	
D (Excluding Safai Karmacharis)	These posts are filled by recruitment only							
D (Safai Karmacharis)	These posts are filled by recruitment only							

Auditors' Report

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of Indian Oil Blending Limited, as at 31st March 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with 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 misstatement. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audit also included assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and as per the information and explanations given to us during the course of our audit, we enclose in the Annexure a Statement on the matters specified in the Paragraph 4 of said Order as far as applicable to the Company.

2. Further to our comments in the Annexure referred to in paragraph (1) above,

   a) 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.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.

   c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.

   d) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-Section (3 C) of Section 211 of the Companies Act, 1956.

   e) On the basis of information and explanations given to us and representations received from the directors as on 31.3.2003 and taken on record by the Board of Directors, we report that none of directors is disqualified as on 31st March, 2003 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   f) In our opinion and to the [illegible] according to the explanations given to us, the said accounts read in conjunction with the Statement of Accounting Policies (Schedule 'L'), Notes on the Accounts (Schedule 'M') and other Schedules ('N' to 'R') 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.

      i) In the case of the Balance Sheet, of the state of the affairs of the Company as on 31st March 2003, and

      ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For Gondalia & Mandviwalla
Chartered Accountants

Sd/-
(Dilip G Gondalia)
Partner

Place : Mumbai
Dated : 20th May 2003

Annexure to the Auditors' Report

(Referred to in Paragraph 1 of our Report of even date)

i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Major portion of the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.

ii) None of the fixed assets have been revalued during the year.

iii) The Company has stocks of maintenance stores and spare parts only, which have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable and adequate in relation to the size of the Company and the nature of its business.

iv) The Company does not hold any stock of raw materials and finished goods.

v) The discrepancies noticed on verification between the physical stock of maintenance stores and spare parts and its book records were not material and the same have been properly dealt with in the books of account.

vi) On the basis of our examination of stocks, we are of an opinion that the valuation of the above mentioned stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.

vii) The Company has not taken any loans, secured or unsecured from any companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and from the companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.

viii) The Company has not given any loans, secured or unsecured to companies, firms and other parties listed in the Register maintained under Section 301 and 370 (1-B) of the Companies Act, 1956.

ix) Loans and advances in the nature of loans have been given to the employees and employees have been regular in repaying the principal amounts and have also been regular in the payment of interest, wherever applicable.

x) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, components, plants and machinery, equipment and other assets.

xi) During the year, the Company has not entered into any contracts for purchase of goods and materials and sale of goods, materials and services in pursuance of contracts or arrangements requiring entry in the register maintained under Section 301 of the Companies Act, 1956.

xii) As explained to us, the Company has formal procedure for determination of unserviceable or damaged stores and we are informed that these are regularly reviewed by the management and based on this, sufficient provision is made in the accounts, wherever necessary.

xiii) The Company has not accepted any deposits from the public during the year, to which the provisions of section 58A of Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 are applicable.

xiv) According to the information and explanations given to us, the Company does not have any by-products from its processing activity. Scrap of maintenance stores and components are accounted for only at the time of sale for which reasonable records are maintained.

xv) The Company has an internal audit system commensurate with the size and nature of its business.

xvi) The Central Government has not prescribed maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.

xvii) According to the records of the Company, Provident Fund dues have generally been regularly deposited during the year with the appropriate authorities. As informed by the Company, the Employees' State Insurance Scheme is not applicable to the Company.

xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March 2003 for a period of more than six months from the date they became payable.

xix) According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.

xx) The Company is not a sick industrial Company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Gondalia & Mandviwalla
Chartered Accountants

Sd/-
(Dilip G Gondalia)
Partner

Place : Mumbai
Dated : 20th May 2003

BALANCE SHEET as at 31st March 2003

	Schedule		March 2003	March 2002
				(Rupees)
SOURCES OF FUNDS:				
1. Shareholders' Funds				
a) Share Capital	"A"	4000000		4000000
b) Reserves and Surplus	"B"	695381819		685342457
			699381819	689342457
2. Deferred Tax Liability			60517000	68653000
TOTAL			759898819	757995457
APPLICATION OF FUNDS:				
1. Fixed Assets				
a) Gross Block	"C"	740244447		665647760
b) Less: Depreciation		327372679		292171830
c) Net Block		412871768		373475930
d) Capital Work-in-Progress	"D"	12199578		42155286
			425071346	415631216
2. Current Assets, Loans and Advances				
a) Inventories	"E"	1694883		1787083
b) Book Debts	"F"	186985053		204144968
c) Cash and Bank Balances	"G"	9343175		7029878
d) Loans and Advances	"H"	253678161		237715656
		451701272		450677585
3. Less: Current Liabilities and Provisions	"I"			
i) Current Liabilities		107681347		117349758
ii) Provisions		36844594		30381276
		144525941		147731034
4. Net Current Assets (2-3)			307175331	302946551
5. Miscellaneous Expenditure (to the extent not written off or adjusted)	"I-1"		27652142	39417690
TOTAL			759898819	757995457
Statement of Significant Accounting Policies	"L"			
Notes on Accounts	"M"			
Other Schedules forming Part of Accounts	"N"to"R"			

Place : Mumbai
Dated : 20th May 2003

Sd/-
(J.L. RAINA)
Chairman & Managing Director

Sd/-
(S.S.SONI)
Finance Director

Sd/-
(R. RANGANATHAN)
Company Secretary

As per our Report attached of even date
Gondalia & Mandviwalla
Chartered Accountants

Place : Mumbai
Dated : 20th May 2003

Sd/-
(Dilip G Gondalia)
Partner

PROFIT & LOSS ACCOUNT for the year ended 31st March 2003

(Rupees)

	Schedule		March 2003	March 2002
INCOME:				
1. Blending and Processing Charges		292007343		332962997
Less: Operational Loss		67258		509185
			291940085	332453812
2. Reimbursement in lieu of Blending/Processing Chgs.			66806243	30536214
3. Interest and Other Income	"J"		20084477	14778778
4. Write Back of Depreciation			0	114409399
TOTAL			378830805	492178203
EXPENDITURE:				
1. Manufacturing, Administration and Other Expenses	"K"		340962223	332368919
2. Depreciation and Amortisation			36947142	35875463
3. Interest Expense			0	0
TOTAL			377909365	368244382
PROFIT/(LOSS) FOR THE YEAR			921440	123933821
Income /(Expenditure) relating to Prior Period (Net)			0	0
PROFIT/(LOSS) BEFORE TAX			921440	123933821
Provision for Current Tax (Net)			(2335672)	10534848
PROFIT/(LOSS) BEFORE DEFERRED TAX			3257112	113398973
Provision for Deferred Tax			(8136000)	44807000
PROFIT/(LOSS) AFTER TAX			11393112	68591973
Balance Brought Forward from Last Year's Account			107919	15946
DISPOSABLE PROFIT:			11501031	68607919
APPROPRIATIONS:				
1. Proposed Dividend			1200000	1200000
2. Tax on Proposed Dividend			153750	0
3. General Reserve			10100000	67300000
4. Balance Carried to Balance Sheet			47281	107919
TOTAL			11501031	68607919
Statement of Significant Accounting Policies	"L"			
Notes on Accounts	"M"			
Other Schedules Forming Part of Accounts	"N"to"R"			

Place : Mumbai
Dated : 20th May 2003

Sd/-
(J.L. RAINA)
Chairman & Managing Director

Sd/-
(S.S.SONI)
Finance Director

Sd/-
(R. RANGANATHAN)
Company Secretary

As per our Report attached of even date
Gondalia & Mandviwalla
Chartered Accountants

Place : Mumbai
Dated : 20th May 2003

Sd/-
(Dilip G Gondalia)
Partner

SCHEDULE "A" - SHARE CAPITAL

	March 2003	March 2002
		(Rupees)
Authorised		
8,000 Equity Shares of Rs.500/- each	4000000	4000000
Issued and Subscribed		
8,000 Equity Shares of Rs.500/- each fully paid (the entire Share Capital is held by Indian Oil Corporation Limited, the Holding Company and its Nominees)	4000000	4000000
TOTAL	4000000	4000000

SCHEDULE "B" - RESERVES AND SURPLUS

		March 2003	March 2002
			(Rupees)
1) **General Reserve**			
As per Last Account	709080538		641780538
Less:Deferred Tax Liability	23846000		23846000
Add : Transferred from Profit & Loss Account	10100000		67300000
		695334538	685234538
2) **Profit and Loss Account As per annexed Account**		47281	107919
TOTAL		695381819	685342457

SCHEDULE "C" - FIXED ASSETS

(Rupees)

	Note	AT COST: Gross Block as at 1.4.2002	Additions during the year	Transfer from Construction Work-in-progress	Deductions during the year	Transfers/ Reclassifications/ Adjustments	Gross Block as at 31.3.2003	Depreciation and Amortisation charged this year	Total Depreciation and Amortisation up to 31.03.2003	NET DEPRECIATED BLOCK: As at 31.3.2003	As at 31.3.2002
Land Leasehold		8006000	0	0	0	0	8006000	84274	1516932	6489068	6573342
Office/Factory Building	"A"	105371352	3691730	0	0	0	109063082	2950280	31532153	77530929	78430758
Residential Flats	"B"	182336	0	0	0	0	182336	2646	71444	80892	93537
Drainage/Sewage		2484063	794738	969253	0	0	4248054	101440	944228	3303826	-
Railway Sidings		2173731	0	0	0	0	2173731	16110	1867717	306014	322125
Plant & Machinery		512346032	68935672	984104	0	(1677690)	580588118	31906016	271536266	309051852	269454965
Furnitures & Fixtures	"C"	17441880	1104572	0	21400	123586	18648638	834603	8480624	10168014	11521650
Transport Equipment		17662366	0	0	307878	0	17354488	1052574	11423323	5931165	7079565
Total		665647760	74526712	1953357	329278	(1554104)	740244447	38947143	327372679	412871768	373475930
Previous Year		627353391	4661462	38310500	3092856	395263	665647760	35875463	292171830	373475930	288241562

Note :

A. Includes a Compound Wall jointly owned with Herdillia Unimers Limited as detailed below:

- Share of Original Cost : Rs. 130706 (2002 : Rs. 130706)
- Accumulated Depreciation : Rs. 39440 (2001 : Rs. 34637)
- Written Down Value : Rs. 91266 (2001 : Rs. 96069)

B. Residential flats includes Rs. 3500 (2002 : Rs. 3500) towards value of 70 (2002 : 70) shares in Co-operative Housing Society towards membership of such society for purchase of flat.

C. The Assets transferred from Indian Oil Corporation Limited, the Holding Company, consequent to transfer of employees have been accounted at original cost to the Holding Company. The Depreciation provision till 31.3.03, as per the Holding Company's account has been taken by the Company.

SCHEDULE "D" - CAPITAL WORK-IN-PROGRESS

	March 2003	March 2002
		(Rupees)
1. Work-in-Progress	12029748	12457934
2. Advances for Capital Expenditure	0	29527522
3. Capital Stores	169830	169830
TOTAL	12199578	42155286

SCHEDULE "E" - INVENTORIES

		March 2003	(Rupees) March 2002
In Hand			
Stores, Spares etc.		1694083	1787083
TOTAL		1694083	1787083

SCHEDULE "F" - BOOK DEBTS

		March 2003	(Rupees) March 2002
1. Over Six Months		0	0
2. Other Debts			
Unsecured, Considered Good			
· Due from Indian Oil Corporation Limited, the Holding Company		186968053	204144968
TOTAL		186968053	204144968

SCHEDULE "G" - CASH AND BANK BALANCES

		March 2003	(Rupees) March 2002
1. Cash Balances			
a) Cash balances including Imprest	259299		540552
b) Cheques in hand	0		0
		259299	540552
2. Bank Balances with Scheduled Banks			
a) Current Account	2128364		1175045
b) Fixed Deposit lodged with Outside Party including Interest accrued thereon	6955512		5314281
		9083876	6489326
TOTAL		9343175	7029878

SCHEDULE "H" - LOANS AND ADVANCES

	Note		March 2003	(Rupees) March 2002
1. Advances Recoverable in Cash or in Kind or for Value to be received	"A"			
a) Secured, Considered Good			66901072	59221551
b) Unsecured, Considered Good				
· Due from Indian Oil Corporation Limited, the Holding Company		101357093		72535892
· Others		74477180		86783607
			175834273	159319499
			241735345	218541050
2. Sundry Deposits (Including amount adjustable on receipt of final bills)				
a) Secured, Considered Good		0		0
b) Unsecured, Considered Good		5955261		5841996
			5955261	5841996
3. Advance Tax (Net)			5987555	13332610
TOTAL			253678161	237715656

Note "A" : Includes :

	March 2003	March 2002
1. Due from Directors	10260	92000
Maximum amount during the year	92000	205000
2. Due from other officers	2333000	2327000
Maximum amount during the year	2975000	2846000

SCHEDULE "I" - CURRENT LIABILITIES AND PROVISIONS

(Rupees)

			March 2003	March 2002
1.	**Current Liabilities**			
	a) Sundry Creditors*		**6801606**	9911771
	b) Other Liabilities		**95102533**	103007900
	c) Security Deposits	**5777208**		4430087
	Less: Investment and Deposits with Banks lodged by Outside Parties	**0**		0
			5777208	4430087
	Total Current Liabilities :		**107681347**	117349758
2.	**Provisions**			
	a) Provision for Retirement Benefits		**35490844**	29181276
	b) Provision for Taxation	**9551768**		123780772
	Less: Advance Tax Paid	**9551768**		123780772
			0	0
	c) Proposed Dividend	**1200000**		1200000
	Tax on Proposed Dividend	**153750**		0
			1353750	1200000
	Total Provisions:		**36844594**	30381276
	Total Current Liabilities & Provisions		**144525941**	147731034

* Amount due to Small Scale Industrial Undertaking - Nil. As certified by the Management and relied upon by the Auditors.

SCHEDULE "I-1" - MISCELLANEOUS EXPENDITURE

(Rupees)

	March 2003	March 2002
Deferred Revenue Expenditure		
Voluntary Retirement Compensation As per Last Accounts	**39417690**	30577993
Add: Expenditure during the year	**0**	20605245
Less: Amortised during the year	**11765548**	11765548
	27652142	39417690

SCHEDULE "J" - INTEREST AND OTHER INCOME

(Rupees)

			March 2003	March 2002
1.	Interest On			
	a) Loans and Advances	**6947189**		5022119
	b) Fixed Deposits with Banks	**2548367**		0
			9495556	5022119
2.	Profit on Sale and Disposal of Assets		**20114**	47184
3.	Unclaimed/Unspent Liabilities written back		**1824802**	1430155
4.	Provision no longer required written back		**4237751**	3099875
5.	Recoveries from Employees for rent etc.		**3862664**	3853830
6.	Sale of Scrap etc.		**269169**	211418
7.	Other Miscellaneous Income		**374421**	1114197
	TOTAL		**20084477**	14778778

SCHEDULE "K" - MANUFACTURING, ADMINISTRATION AND OTHER EXPENSES

					(Rupees)
				March 2003	March 2002
1.	Consumption of Stores, Spares and Consumables			**1551958**	1982645
2.	Power, Fuel and Water			**17672922**	17537976
3.	Repairs and Maintenance				
	a) Plant and Machinery		**8857303**		8378241
	b) Building		**5927099**		6618724
	c) Others		**3836158**		3710678
				18620560	18707643
4.	Handling Expenses			**5142682**	4481438
5.	Payments to and provisions for employees				
	a) Salaries, Wages, Bonus etc.		**158172353**		155861817
	b) Contribution to Provident Fund and Other Funds		**20330770**		17608785
	c) Staff Welfare Expenses		**47481072**		45133629
	d) Voluntary Retirement Scheme Compensation		**0**		0
	e) Amortisation of Vol. Retirement Compensation		**11765548**		11765548
				237749743	230369779
6.	Office Administration and Other Expenses	"K-1"		**60224358**	59289438
	TOTAL			**340962223**	332368919

SCHEDULE "K-1" - OFFICE ADMINISTRATION AND OTHER EXPENSES

				(Rupees)
			March 2003	March 2002
1.	Rent		**30848226**	29725378
2.	Insurance		**1249481**	1059185
3.	Rates and Taxes		**3494806**	4255249
4.	Donations		**0**	0
5.	Payment to Auditors			
	a) Audit Fees	**54000**		50000
	b) Tax Audit Fees	**11340**		10500
	c) Other Services	**0**		0
	d) Out of Pocket Expenses	**9820**		11610
			75160	72110
6.	Travelling and Conveyance		**8242318**	8092404
7.	Communcation Expenses		**1844317**	1864314
8.	Printing and Stationery		**815636**	815817
9.	Bank Charges		**27884**	68649
10.	Bad Debts, Advances and Claims Written Off		**0**	0
11.	Loss on Assets Sold, Lost or Written Off		**152633**	553783
12.	Security Force Expenses		**1919994**	1181323
13.	Pollution Control Expenses		**407994**	592600
14.	Other Expenses		**11144805**	11008626
	TOTAL		**60224358**	59289438

SCHEDULE "L" - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS:

1.1 Land:

Land acquired on lease for over 99 years and on perpetual lease is treated as freehold land.

1.2 Construction Period Expenses on Projects:

Revenue expenses exclusively attributable to projects incurred during construction period are capitalised. However, such expenses in respect of capital facilities being executed along with production/operations simultaneously, are charged to revenue.

Financing cost incurred during the construction period on loans specifically borrowed for projects is capitalised at the actual borrowing rates.

1.3 Depreciation/Amortisation:

1.3.1 Cost of leasehold land for 99 years or less is amortised during the lease period.

1.3.2 Assets costing up to Rs. 5,000/- are depreciated fully in the year of capitalisation.

1.3.3 Depreciation on Fixed Assets is provided in accordance with the rules as specified in Schedule XIV to the Companies Act, 1956, on Straight Line Method, up to 95% of the cost of asset. Depreciation is charged pro-rata on quarterly basis on assets from/up to the quarter of capitalisation/sale, disposal and dismantled during the year.

2. EXCHANGE RATE:

Current Assets, Current Liabilities for foreign credit outstanding at the year end are translated at exchange rate applicable as of that date. The resultant exchange gains and losses, except those relating to acquisition of fixed assets which are adjusted to the cost of such assets till they are fully depreciated, are accounted in the Profit and Loss Account.

3. CURRENT ASSETS, LOANS & ADVANCES:

Value of Inventories (Stores & Spares):

Stores and spares (including capital stores) are valued at weighted average cost. In case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale/disposal and charged to revenue.

4. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS:

4.1 Contingent Liabilities are disclosed in each case above Rs. 5 lakh. Show Cause Notices issued by various Government Authorities are not considered as contingent liabilities. However, when the demand notices are raised against such Show Cause Notices after considering the Company's views, these demands are either paid or treated as liabilities, if accepted by the Company and are treated as contingent liabilities, if disputed by the Company.

4.2 Estimated amount of contracts remaining to be executed on Capital account are disclosed in each case exceeding Rs.5 lakh.

5. PROFIT & LOSS ACCOUNT:

5.1 Blending/Processing Income is accounted based on volume of products blended/manufactured/filled.

5.2 Retirement Benefits:

5.2.1 Payment of gratuity is made through a Trust. The amount is contributed to LIC as per the actuarial valuation by LIC at the end of the year and is charged to Profit and Loss Account.

5.2.2 Liability towards leave encashment, post retirement medical benefit and resettlement allowance to employees as at the end of the year is assessed on the basis of actuarial valuation and provided for.

5.2.3 Expenditure incurred on Voluntary Retirement Schemes is treated as Deferred Revenue Expenditure and is amortised over a period of five years beginning from the year in which expenditure is incurred.

5.3 Prepaid expenses up to Rs. 0.50 lakh in each case are charged to Revenue.

5.4 Income and Expenditure up to Rs. 5 lakh in each case pertaining to previous years are accounted for in the current year.

5.5 Claims are accounted when there is certainty that the claims are realisable.

Sd/-	Sd/-	Sd/-
(J.L.RAINA)	**(S.S. SONI)**	**(R.RANGANATHAN)**
Chairman & Managing Director	Finance Director	Company Secretary

Place : Mumbai
Date : 20th May 2003

SCHEDULE "M" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003

1. **CONTINGENT LIABILITIES:**

   (a) Claims against the Company not acknowledged as debts Rs. 33.32 Lakh (2002 : Rs. 33.32 Lakh). These include :

   (i) Rs. 9.62 Lakh (2002 : Rs. 9.62 Lakh) in respect of appeals by Income Tax Department. Interest, if any, on some of the claims is unascertainable.

   (ii) Rs. 23.70 Lakh (2002 : Rs. 23.70 Lakh) for which suits have been filed against the Company for compensation/ damages.

   (iii) Suits filed against the company for permanent employment by contract labourers. The liability to the company is indeterminable.

2. Estimated amount of contract remaining to be executed on Capital Account and not provided for Rs. 24.82 Lakh (2002 : Rs. 223.17 Lakh).

3. Lease Agreement in respect of land at Vashi Plant of the gross value of Rs. 80.06 Lakhs (2002 : Rs. 80.06 Lakh) is pending for execution and is, therefore, not available for verification.

4. Remuneration paid/payable to whole time Chairman and Managing Director from April 2002 to March 2003.

(Rs. in Lakh)

		2002-03	2001-02
(i)	Salaries & Allowances	**6.93**	5.29
(ii)	Contribution to Provident & Other Funds	**1.34**	0.92
(iii)	Other Benefits and Perquisites	**0.75**	0.73
	Total	**9.02**	6.94

In addition, CMD is also allowed the use of Company's car for private purpose up to 12000 kms per annum on a payment of Rs. 400 per mensem for car less than 16 hp. However, terms and conditions of CMD's appointment are pending from MOP&NG.

5. In line with the Accounting Policy of the Company, expenditure incurred on account of Voluntary Retirement Scheme towards ex-gratia and monthly payments to the retired employees was provided in the accounts during previous years. One fifth of this amounting to Rs. 117,65,548/- has been amortised and charged to Profit and Loss Account during the year and the balance amount of Rs. 276,52,142/- has been carried forward as "Deferred Revenue Expenses" to be amortised in the subsequent years.

6. In compliance of Accounting Standard (AS-22) on "Accounting for Taxes on Income" issued by the Institute of Chartered Accountant of India, the Company has provided Deferred Tax Liability in the books. Component-wise break-up of Deferred Tax Liability as on 31st March 2003 is as under:

(Fig. in Rupees)

		As on 31.03.03	As on 31.3.02
A.	Deferred Tax Liability:		
	i. Depreciation	**7,34,24,000**	6,86,53,000
B.	Deferred Tax Assets:		
	i. Provision for retirement benefits	**1,27,32,000**	-
	ii. 43 B Disallowances	**1,75,000**	-
C.	**Deferred Tax Liability (Net):**	**6,05,17,000**	6,86,53,000

7. In compliance of Accounting Standard (AS-18) on "Related Party Disclosure" issued by The Institute of Chartered Accountants of India, the required information is given as per Annexure 1 to this Schedule.

8. Previous year's comparative figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in parenthesis indicate deductions.

Sd/-	Sd/-	Sd/-
(J.L.RAINA)	**(S.S. SONI)**	**(R.RANGANATHAN)**
Chairman & Managing Director	Finance Director	Company Secretary

Place : Mumbai
Date : 20th May 2003

SCHEDULE "N" - LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

	2003			2002		
	LUBES		GREASES	LUBES		Greases
	IN SU	IN MT Equivalent	MT	IN SU	IN MT Equivalent	MT
Licensed Capacity	**250000**	**224417**	**14000**	250000	224417	14000
Installed Capacity*	**250000**	**224417**	**14000**	250000	224417	14000
Actual Production	**245807**	**220653**	**12227**	249444	223927	13382

* (As certified by the Management and accepted by the Auditors without verification).

SCHEDULE "O" - FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS

	2003			2002		
	QUANTITY			QUANTITY		
	IN SU	IN MT Equivalent	Value Rupees	IN SU	IN MT Equivalent	Value Rupees
Lubes	**245807 KL**	**220653**	**233927805**	249444 KL	223927	269396162
Greases	**12227 MT**	**12227**	**58079538**	13382 MT	13382	63566835
TOTAL		**232880**	**292007343**		237309	332962997

NOTES:

A. The Company has not purchased or consumed any raw materials during the year. There is no opening or closing stock of finished goods. The Company processes materials received by it from Indian Oil Corporation Limited, the Holding Company, as mentioned in the Schedule above. The Value represents Blending Fee received from the Holding Company.

SCHEDULE "P" - CONSUMPTION OF STORES, SPARES AND CONSUMABLES DURING THE YEAR

	2003		2002	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
Imported	**34777**	**2**	149055	8
Indigenous	**1517181**	**98**	1833590	92
TOTAL	**1551958**	**100**	1982645	100

SCHEDULE "Q" - EXPENDITURE IN FOREIGN CURRENCY

(Rupees)

	2003	2002
Books and Periodicals	**78208**	36440
Others	**117791**	545945
TOTAL	**195999**	582385

SCHEDULE "R" - C I F VALUE OF IMPORTS

(Rupees)

	2003	2002
Chemicals and Revenue Stores	**33210**	81277
Capital Goods	**35029687**	29496568
TOTAL	**35062897**	29577845

ANNEXURE-1

SCHEDULE OF "RELATED PARTY DISCLOSURE" AS REQUIRED UNDER AS-18

1. **Relationship:**

   A) **Holding Company**
   M/s. Indian Oil Corporation Limited

   B) **Whole-time Director**
   Shri. J.L.Raina

2. The following transactions were carried out with related parties in the ordinary course of business:

		(Rs. In Lakh)
2 (a)	Details relating to parties referred to in item no. 1 (A) above:	
i)	Blending & Processing Fees (Net of Operational Loss)	2919.40
ii)	Reimbursement in lieu of Blending/Processing charges	668.06
iii)	Expenses transferred (included under "Other Expenses"- "Schedule K-1")	30.95
iv)	Outstanding Receivables	2882.42
2 (b)	Details relating to parties referred to in item no. 1 (B) above:	
	i) Remuneration	8.27
	ii) Other benefits/perquisites	0.75
	iii) Outstanding Loans & Advances receivables	0.10
	iv) Assets on Hire	0.79

Note :

1. Remuneration includes Basic, allowances, contribution to PF and other funds and perquisites (valued as per tax laws).
2. In addition, whole-time director is also allowed the use of company's car for private purpose up to 12000 KMs per annum on a payment of Rs. 400 per mensem for car less than 16 hp. However, terms and conditions of his appointment are pending from MOP&NG.

SCHEDULE "S" - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 12619 State Code 11

Balance Sheet Date 31 03 2003

II. Capital Raised during the year (Amount in Rs. Lakhs)

PUBLIC ISSUE	RIGHTS ISSUE
NIL	NIL
BONUS ISSUE	PRIVATE PLACEMENT
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs)

Total Liabilities	Total Assets
9044	9044

Sources of Funds

Paid-Up Capital	Reserves & Surplus
40	6954
Secured Loans	Unsecured Loans
NIL	NIL

Application of Funds

Net Fixed Assets	Investments
4251	NIL
Net Current Assets	Misc. Expenditure
3072	277
Accumulated Losses	
NIL	

IV. Performance of Company (Amount in Rs. Lakhs)

Turnover	Total Expenditure
2920	3779
Profit Before Tax	Profit After Tax
+ 9	+ 114

(Please tick appropriate box + for Profit, - for Loss)

Earnings per share in Rs.	Dividend %
1424	30

V. Generic Names of Three Principal Products/Services of Company(As per Monetary terms)

Item Code No. (ITC Code)	NIL
Product /Service Description	LUBE BLENDING
Item Code No. (ITC Code)	NIL
Product /Service Description	GREASE MANUFACTURING

Comments of the Comptroller & Auditor General of India u/s 619(4) of the Companies Act, 1956 on the Accounts of Indian Oil Blending Limited for the year ended 31st March 2003.

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act 1956 on the accounts of Indian Oil Blending Limited for the year ended 31st March, 2003.

Sd/-
Balvinder Singh
Principal Director of Commercial Audit
& *ex-officio* Member, Audit Board-II,
Mumbai

Place: Mumbai
Date: 15th July 2003

ANNUAL REPORT
2002-2003

INDIANOIL MAURITIUS LIMITED
(A Wholly Owned Subsidiary of
Indian Oil Corporation Limited)

Board of Directors

Shri P.K. Agarwal	Chairman
Shri Narayan Prasad	Director
Shri Virr Sing Ramdeny	Director
Shri Couldip B. Lala	Director
Shri R. Sareen	Managing Director (up to 23.5.2003)
Shri Madireddi Ramana	Managing Director (w.e.f. 24.5.2003)

IndianOil

Directors' Report

The Directors present their report and the audited financial statements of the company for the year ended 31st March 2003.

REVIEW OF THE BUSINESS

The Company has not yet started operation.

RESULTS AND DIVIDENDS

The Company made a loss of (Rs. 17,069,652) for the year, the major part of it (Rs. 14,109,713) being attributable to loss on exchange. The directors do not recommend the payment of any dividend.

AUDITORS

Mr. Jugdeo Naginlal, FCCA has indicated his willingness to continue in office and a resolution concerning his reappointment will be proposed at the Annual General Meeting.

By order of the Board

Sd/-	Sd/-
Madireddi Ramana	**Virr Sing Ramdeny**
Managing Director	Director

Place : Port Louis, Mauritius
Date : 24th May 2003

Auditor's Report

I have audited the accounts of IndianOil (Mauritius) Ltd. set out on pages 4 to 10 (D-5 to D-8) which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8 (D-7).

Respective Responsibilities of Directors and Auditors

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the accounts comply with The Companies Act, 2001. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities. It is my responsibility to form an independent opinion, based on my audit, on those accounts and to report my opinion to you.

Basis of Opinion

I conducted my audit in accordance with International Standard on Auditing. My audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the accounts. I believe that my audit provides a reasonable basis for my opinion.

IndianOil

I have no relationship with, or any interests in, the company other than in my capacity as auditor, tax and business advisor and other than dealings with the company in the ordinary course of business.

Opinion

I have obtained all such information and explanations which I considered necessary.

In my opinion:

a) proper accounting records have been kept by the company as far as it appears from my examination of those records.

b) the financial statements give a true and fair view of the state of affairs of the company as at March 31, 2003 and of its result and cash flows for the year then ended, comply with the Companies Act, 2001 and have been prepared in accordance with International Accounting Standards.

Sd/-

Jugdeo Naginlal

Chartered Certified Accountant

Place : Port Louis, Mauritius

Date : 24th May 2003

BALANCE SHEET as at 31st March 2003

(In Mauritian Rs.)

	Notes	March 2003	March 2002
ASSETS			
NON CURRENT ASSETS			
Investment in consortium		**560,596**	-
Property, plant and equipment	3	**2,809,596**	214,957
Capital Work in progress		**9,562,210**	-
Preliminary expenses	4	**129,770**	129,770
		13,062,172	344,727
CURRENT ASSETS			
Accounts receivable	5	**3,039,034**	150,200
Cash at bank and in hand		**126,579,111**	157,877,875
		129,618,145	158,028,075
TOTAL ASSETS		**142,680,317**	158,372,802
EQUITY AND LIABILITIES			
Share Capital	6	**158,892,000**	25,000
Reserves		**(19,755,182)**	(2,685,530)
		139,136,818	(2,660,530)
Deposit on shares		**335**	158,867,335
		139,137,153	156,206,805
CURRENT LIABILITIES			
Accounts payable	7	**3,543,164**	2,165,997
TOTAL EQUITY AND LIABILITIES		**142,680,317**	158,372,802

The accompanying notes form an integral part of these accounts.

Approved by the Board of Directors on 24th May 2003

Sd/-
Madireddi Ramana
Managing Director

Sd/-
Virr Sing Ramdeny
Director

Income Statement - Year ended 31st March 2003

(In Mauritian Rs.)

	Notes	March 2003	March 2002
Turnover		**-**	-
Administrative & Selling Expenses		**(5,766,140)**	(2,518,094)
Loss on Exchange		**(14,109,713)**	(263,695)
Other Income	8	**2,806,201**	96,259
Loss Before Taxation		**(17,069,652)**	(2,685,530)

Statement of changes in Equity - Year ended 31st March 2003

(In Mauritian Rs.)

	Share Capital	Profit & Loss Account	Deposit on Shares	Total
Issue of shares	25,000	-	-	25,000
Deposit on shares	-	-	158,867,335	158,867,335
Loss for the year	-	(2,685,530)	-	(2,685,530)
At 31st March 2002	25,000	(2,685,530)	158,867,335	156,206,805
At 1st April 2002	25,000	(2,685,530)	158,867,335	156,206,805
Issue of shares	158,867,000	-	(158,867,000)	-
Loss for the year	-	(17,069,652)	-	(17,069,652)
At 31st March 2003	158,892,000	(19,755,182)	335	139,137,153

Cash Flow Statement - Year ended 31st March 2003

(In Mauritian Rs.)

	March 2003	March 2002
NET LOSS	(17,069,652)	(2,685,530)
Add: Depreciation	229,773	511
	(16,839,879)	(2,685,019)
Increase in Accounts Receivables	(2,888,834)	(150,200)
Increase in Accounts Payable	1,377,167	2,165,997
	(18,351,546)	(669,222)
INVESTING ACTIVITIES		
Investment	(560,598)	-
Purchase of Fixed Assets	(2,824,412)	(215,468)
Capital Work-in-Progress	(9,562,210)	-
Preliminary expenses	-	(129,770)
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING	(31,298,764)	(1,014,460)
FINANCING ACTIVITIES		
Share capital	158,867,000	25,000
Deposit on shares	(158,867,000)	158,867,335
NET (DECREASE)/INCREASE IN CASH & CASH EQUIVALENTS	(31,298,764)	157,877,875
CASH AND BANK BALANCE		
At 31st March 2003	126,579,111	157,877,875
At 31st March 2002	157,877,875	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(31,298,764)	157,877,875

IndianOil

Notes to the Financial Statements - Year ended 31st March, 2003

1. **INCORPORATION AND ACTIVITIES**

The "Company" is incorporated in Mauritius under the Companies Act, 2001.

The "Company" had not started its operations at the balance sheet date.

2. **ACCOUNTING POLICIES**

The principal accounting policies adopted by the Company are as follows:-

Basis of Accounting

The accounts are prepared under the historical cost convention and in accordance with the appropriate Accounting Standards.

Foreign Currencies

Transactions in foreign currencies are converted at the exchange rate at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to Mauritian rupees at the rate of exchange ruling at the balance sheet date. Exchange differences arising on translation of assets and liabilities are dealt with in the income statement.

Fixed Assets and Depreciation

Cost of leasehold property is amortised over the lease period of 19.25 years.

Fixed assets are stated at cost less depreciation. Depreciation is charged pro-rata on quarterly basis on assets, from or up to the quarter of capitalisation or sale, disposal and dismantled during the year.

The annual depreciation rates used for the purpose are as follows:

Furniture & Fittings	10%
Equipment	25%

Assets costing up to MRs 3,000 are depreciated fully in year of capitalisation.

3. **PROPERTY, PLANT AND EQUIPMENT**

	Leasehold Property In Marutitian Rs.	Furniture & Fittings In Mauritian Rs.	Equipment In Mauritian Rs.	Total In Mauritian Rs.
Cost				
At 1st April 2002	-	73,011	142,457	215,468
Additions	2,694,640	-	129,772	2,824,412
At 31st March 2003	2,694,640	73,011	272,229	3,039,880
Depreciation				
At 1st April 2002	-	161	350	511
Charge for the year	151,649	13,936	64,188	229,773
At 31 March 2003	151,649	14,097	64,538	230,284
Net Book Value				
At 31st March 2003	2,542,991	58,914	207,691	2,809,596
At 31st March 2002	-	72,850	142,107	214,957

4. **PRELIMINARY EXPENSES**

(In Mauritian Rs.)

	March 2003	March 2002
Incorporation costs incurred	129,770	129.770

5. **ACCOUNTS RECEIVABLE**

(In Mauritian Rs.)

	March 2003	March 2002
Other receivables and prepayments	3,039,034	150,200

6. **SHARE CAPITAL**

Ordinary shares of Mauritian Rs. 100 each

	March 2003	March 2002
Authorised		
- Value (Mauritian Rs.)	160,000,000	160,000,000
- Number of Shares	1,600,000	1,600,000
Allotted, called up and fully paid		
- Value (Mauritian Rs.)	158,892,000	25,000
- Number of shares	1,588,920	250

7. ACCOUNTS PAYABLE

	March 2003	March 2002
		(In Mauritian Rs.)
Indian Oil Corporation Ltd.	3,212,542	1,932,941
Other payables and accruals	330,622	233,056
	3,543,164	2,165,997

8. OTHER INCOME

	March 2003	March 2002
		(In Mauritian Rs.)
Interest received	2,806,201	96,259

IndianOil

Appendix - Year ended 31st March 2003

	In Mauritian Rs.
ADMINISTRATIVE & SELLING EXPENSES	
Salaries, Wages and Allowances	1,049,860
Electricity, Telephone & Fax	360,231
Rent	207,360
Printing, Postage and Stationery	98,371
General Expenses	163,921
Travelling Expenses	282,650
Advertising	220,058
Audit Fees	60,000
Entertainment	331,978
Bank charges	1,336
Leashold	2,252,042
Secretarial Services	170,495
Professional Fees	315,105
Overseas Travelling	22,960
Leasehold written off	151,649
Depreciation	78,124
	5,766,140

ANNUAL REPORT
2002-2003

Lanka IOC

LANKA IOC (PRIVATE) LIMITED
(A Wholly Owned Subsidiary of Indian Oil Corporation Limited)

Board of Directors

Shri N.K. Nayyar	Chairman
Shri M. Nageswaran	Managing Director
Shri P.K. Atreya	Director
Shri R.K. Gupta	Director

IOC
Lanka IOC

Report of the Directors for the period from 29th August 2002 to 31st March 2003

The Directors present herewith the audited financial statements for the period from 29th August 2002 to 31st March 2003.

DIRECTORS' RESPONSIBILITY

The Board of Directors is responsible for preparing and presenting the financial statements set out on pages 5 to 15 (E-5 to E-11).

INCORPORATION

Lanka IOC (Private) Limited was incorporated on 29th August 2002 in accordance with the Companies Act No. 17 of 1982. Commercial operations commenced on 14th February 2003.

RESULTS

The results for the period from 29th August 2002 to 31st March 2003 and changes in equity are set out, in the income statement and the statement of changes in equity on pages 5 and 7 (E-5 and E-6) respectively.

STATE OF AFFAIRS

The state of affairs of the Company as at 31st March 2003, is set out, in the Balance Sheet on page 6.

PRINCIPAL ACTIVITY

The main activities of the Company are importing, selling and distributing of petroleum products in Sri Lanka.

DIVIDENDS

The Directors do not recommend the payment of a dividend for the period from 29th August 2002 to 31st March 2003.

DIRECTORS

The Directors of the Company at 31st March 2003 were:

Mr. Naresh Kumar Nayyar	Chairman
Mr. Mahadhevan Nageswaran	Managing Director
Mr. Raj Kumar Gupta	
Mr. Pramod Kumar Atreya	

Managing Director of the Company held office for the whole of the period from 29th August 2002 to 31st March 2003 and all other Directors held office for the period from 3rd December 2002 to 31st March 2003.

DIRECTORS' INTEREST IN SHARES OF THE COMPANY

Managing Director of the Company held one share of the Company as at the Balance Sheet date as a subscriber.

DIRECTORS' INTERESTS IN CONTRACTS AND PROPOSED CONTRACTS WITH THE COMPANY

The Directors' interests in contracts and proposed contracts with the Company, both direct and indirect are set out in Note 19 to the financial statements.

The Directors have disclosed the nature of their interests in contracts and proposed contracts with the Company at the meetings of Directors.

CHARITABLE CONTRIBUTIONS

No contributions were made by the Company during the period for charitable purposes.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment, during the period from 29th August 2002 to 31st March 2003, are set out in Note 7 to the financial statements.

SUBSTANTIAL SHAREHOLDINGS

At the Balance Sheet date, Indian Oil Corporation Limited held the entire issued share capital of the Company except for the subscriber share held by the Managing Director of the Company, Mr. M. Nageswaran.

POST BALANCE SHEET EVENTS

Goods in transit of Sri Lankan Rs. 620,504,163 as at the Balance Sheet date has been subsequently transferred to Ceylon Petroleum Corporation as a replenishment of stocks used by the Company. No other events have occurred since the balance sheet date which would require adjustment to, or disclosure in, the financial statements.

APPOINTMENT OF AUDITORS

A resolution to reappoint the present auditors, who have expressed their willingness to continue, will be proposed at the Annual General Meeting.

By Order of the Board

Place : Colombo
Date : 2nd May 2003

Sd/-
(M. NAGESWARAN)
Managing Director

Report of the Auditors to the Members of Lanka IOC (Private) Limited

We have audited the Balance Sheet of Lanka IOC (Private) Limited as at 31st March 2003, and the related income, changes in equity and cash flow statements for the period from 29th August 2002 to 31st March 2003, together with the accounting policies and notes as set out on pages 5 to 15 (E-5 to E-11).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing and presenting these financial statements in accordance with the Sri Lanka Accounting Standards. Our responsibility is to express an opinion on these financial statements, based on our audit.

BASIS OF OPINION

We conducted our audit in accordance with Sri Lanka Auditing Standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the said financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the said financial statements, assessing the accounting principles used and significant estimates made by the directors, evaluating the overall presentation of the financial statements, and determining whether the said financial statements are prepared and presented in accordance with the Sri Lanka Accounting Standards. 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. We therefore believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, so far as appears from our examination, the Company maintained proper books of account for the period from 29th August 2002 to 31st March 2003, and to the best of our information and according to the explanations given to us, the said balance sheet and related statements of income, changes in equity and cash flows and the accounting policies and notes thereto, which are in agreement with the said books and have been prepared and presented in accordance with the Sri Lanka Accounting Standards, provide the information required by the Companies Act No. 17 of 1982 and give a true and fair view of the Company's state of affairs as at 31st March 2003 and of the results of its operations and its cash flows and changes in equity for the period from 29th August 2002 to 31st March 2003.

DIRECTORS' INTERESTS IN CONTRACTS WITH THE COMPANY

According to the information made available to us, the directors of the Company were not directly or indirectly interested in contracts with the Company during the period from 29th August 2002 to 31st March 2003 except as stated in Note 19 to these financial statements.

Sd/-

Price Waterhouse Coopers
CHARTERED ACCOUNTANTS

Place:Colombo
Date:6th May 2003

Lanka IOC

Income Statement

(All amounts in Sri Lankan Rs.)

	Notes	29th August 2002 to 31st March 2003
Revenue	1	1,306,073,469
Cost of sales		(1,217,361,901)
Gross profit		88,711,568
Selling and distribution costs		(124,295)
Administrative expenses		(12,544,747)
Operating profit	2	76,042,526
Finance income	4	1,839,403
Profit before taxation		77,881,929
Taxation	5	Nil
Net profit		77,881,929
Earnings per share	6	1.55

The accounting policies on pages 9 and 10 (E-8) and notes on pages 11 to 15 (E-9 to E-11) form an integral part of these financial statements.

BALANCE SHEET

(All amounts in Sri Lankan Rs.)

	Notes	31st March 2003
ASSETS		
Non Current Assets		
Property, plant and equipment	7	7,343,591
Advance paid for acquisition of property, Plant and Equipment	8	193,460,000
		200,803,591
Current Assets		
Development Expenses	9	65,912,790
Inventories	10	1,245,924,526
Receivables and prepayments	11	133,690,429
Cash and cash equivalents	12	995,539,279
		2,441,067,024
Total Assets		**2,641,870,615**
EQUITY AND LIABILITIES		
Capital and reserves		
Ordinary shares	13	500,000,000
Retained earnings		77,881,929
		577,881,929
Current liabilities		
Trade and other payables	15	2,058,341,872
Borrowings	14	5,646,814
Total liabilities		2,063,988,686
Total equity and liabilities		**2,641,870,615**

These financial statements were approved by the Board of Directors on 2nd May 2003.

Sd/-
M. Nageswaran
Managing Director

Sd/-
R.K. Gupta
Director

The accounting policies on pages 9 and 10 (E-8) and notes on pages 11 to 15 (E-9 to E-11) form an integral part of these financial statements.

Lanka IOC

Statement of changes in equity

(All amounts in Sri Lankan Rupees unless otherwise stated)

	Notes	Ordinary shares	Retained earnings	Total
Issued during the year	13	500,000,000	Nil	500,000,000
Net profit		Nil	77,881,929	77,881,929
Balance at 31st March 2003		**500,000,000**	**77,881,929**	**577,881,929**

CASH FLOW STATEMENT

(All amounts in Sri Lankan Rs.)

	Notes	29th August 2002 to 31st March 2003
Operating activities		
Cash generated from operations	18	689,304,086
Interest received		1,391,970
Net cash generated from operating activities		**690,696,056**
Investing activities		
Advance paid for acquisition of property, plant and equipment	8	(193,460,000)
Purchase of property, plant and equipment	7	(7,343,591)
Net cash used in investing activities		**(200,803,591)**
Financing activities		
Issue of ordinary shares	13	500,000,000
Net cash generated from financing activities		**500,000,000**
Increase in cash and cash equivalents		**989,892,465**
Movement in cash and cash equivalents		
At start of period		Nil
Increase		989,892,465
At end of year	12	**989,892,465**

Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1. Basis of preparation

The financial statements are prepared in accordance with and comply with Sri Lankan Accounting Standards. The financial statements are prepared on the historical cost convention.

2. Conversion of foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions; gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies, are recognised in the income statement. Such balances are translated at year end exchange rates.

3. Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation.

Depreciation is calculated on the Straight Line Method to write off the cost of each asset to their residual values over their estimated useful lives. No depreciation is charged in the year of purchase and a full year's provision is made in the year of disposal. The principal rates used for this purpose are:

Furniture, fittings & equipment	4 years
Communication equipment	2 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

4. Development expenses

Costs incurred on development of projects are recognised as development expenses to the extent that such expenditure is expected to generate future economic benefits. This expenditure is recognised as an expense in the first year of full commercial operations.

5. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the First In First Out (FIFO) basis and includes direct costs on transport, handling costs and insurance.

Net realisable value is the estimate of selling price in the ordinary course of business, less the cost of completion and selling expenses. Provision is made where necessary for slow moving, defective and obsolete stocks.

6. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, net of bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

7. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

8. Defined contribution plan

The Company contributes 15% and 3% of employees' monthly salary to Employees' Provident Fund (EPF) and Employees' Trust Fund (ETF) respectively which are recognised as expenses in the income statement.

9. Current taxes

The provision for income tax is based on the elements of income and expenditure as reported in the financial statements and computed in accordance with the provision of the Inland Revenue Act.

10. Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, if any, net of sales taxes and discounts.

Interest income is recognised as it accrues unless collectibility is in doubt.

11. Comparatives

As the financial statements relate to the first period of operations of the Company, there are no comparative figures.

Notes to the Financial Statements

(In the Notes, all amounts are shown in Sri Lankan Rupees unless otherwise stated)

	29th August 2002 to 31st March 2003 Qty. Litres	Value
1. REVENUE		
Domestic Sales		
Super petrol	580,800	28,674,771
Lanka petrol	7,110,400	331,821,728
Auto diesel	23,492,540	678,305,692
Super diesel	3,027,600	93,380,570
Kerosene	6,860,580	173,890.708
Total domestic sales	**41,071,920**	**1,306,073,469**

2. OPERATING PROFIT

	29th August 2002 to 31st March 2003
Directors' emoluments	Nil
Auditors' remuneration	100,000
Business promotion expenses	203,123
Staff costs (Note 3)	7,345,007
Lease rent - Trincomalee	1,209,125
Net foreign exchange loss	107,937

3. STAFF COSTS

	29th August 2002 to 31st March 2003
Salaries and wages	7,345,007

The average number of employees employed by the Company during the period was 219.

4. FINANCE INCOME

	29th August 2002 to 31st March 2003
Interest income	1,839,403

5. TAXATION

In terms of the agreement entered into with the Board of Investment (BOI) of Sri Lanka under Section 17 of the Greater Colombo Economic Commission Law No. 4 of 1978, the Company is exempt from income tax for a period of ten years commencing from 14th February 2003. Accordingly, no income tax is payable for the year ended 31st March 2003.

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue as at 31st March.

	29th August 2002 to 31st March 2003
Net Profit attributable to shareholders	77,881,929
Ordinary shares in issue	50,000,000
Basic earnings per share (Rs.)	1.55

7. PROPERTY, PLANT AND EQUIPMENT

Summary of property, plant and equipment (net book value) is given below:

	31st March 2003
Property, plant and equipment (Note a)	1,017,649
Assets and capital work-in-progress (Note b)	6,325,942
	7,343,591

(a)	Communication equipment	Furniture/fittings, office equipment	Total
Additions	129,940	887,709	1,017,649
Balance as at 31st March 2003	129,940	887,709	1,017,649
Net book value as at 31st March 2003	129,940	887,709	1,017,649

(b) Capital work in progress

	31st March 2003
Expenditure incurred during the year	6,325,942
at 31st March	**6,325,942**

Capital work-in-progress at 31st March 2003 represents the following:

	31st March 2003
Refurbishment work	
- World Trade Centre	850,918
- Retail outlets	5,475,024
	6,325,942

8. ADVANCE PAID FOR ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Advance paid for property, plant and equipment represents the Sri Lankan Rupee equivalent of US$ 2 million paid to the Secretary of Treasury on 6th March 2003, 7 days after 95 filling stations were transferred to the Company as per the agreement entered into with Ceylon Petroleum Corporation and the Company.

Lanka IOC

9. DEVELOPMENT EXPENSES

Development expenses amounting to Rs. 65,912,790 will be written-off to the income statement in the first year of full commercial operations.

10. INVENTORIES

	31st March 2003
Finished goods	**1,245,924,526**

11. RECEIVABLES AND PREPAYMENTS

	31st March 2003
Other receivables	119,119,615
Deposits	3,637,593
Advances	39,346
Prepayments	10,893,875
	133,690,429

(a) Other receivables include Value Added Tax recoverable of Rs. 118,672,182 for the period.

12. CASH AND CASH EQUIVALENTS

	31st March 2003
Short term bank deposit	543,654,196
Cheques in hand	127,432,179
Cash and bank balances	324,452,904
At end of period	**995,539,279**

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

	31st March 2003
Cash and bank balances	995,539,279
Bank overdrafts (Note 14)	(5,646,814)
	989,892,465

13. ORDINARY SHARES

	Number of ordinary shares	Ordinary share capital
At 31st March 2003	50,000,000	500,000,000

The total authorised number of ordinary shares is 400 million with at par value of Rs. 10 per each. All issued shares are fully paid.

14. BORROWINGS

	31st March 2003
Current	
Bank overdrafts	5,646,814

Bank overdraft represents a cash book overdrawn situation.

15. TRADE AND OTHER PAYABLES

	31st March 2003
Trade payables	1,022,811,067
Amount due to related companies	843,248,393
Accrued expenses	187,920,885
Other payables	4,361,527
	2,058,341,872

16. CONTINGENT LIABILITIES

There were no material contingent liabilities at the Balance Sheet date.

17. COMMITMENTS

Financial commitments

The company has a commitment to pay US$ 100,000 per annum to Ceylon Petroleum Corporation as lease rental for the tanks at Trincomalee used by the Company. There were no other material financial commitments as at the balance sheet date.

Capital commitments

There were no material capital commitments outstanding as at the balance sheet date.

18. CASH GENERATED FROM OPERATIONS

Reconciliation of profit before tax to cash generated from operations:

	29th August 2002 to 31st March 2003
Profit before tax	77,881,929
Adjustments for:	
Development expenses	(65,912,790)
Interest income (Note 4)	(1,839,403)
Changes in working capital	
- receivables and prepayments	(133,242,996)
- inventories	(1,245,924,526)
- trade and other payables	2,058,341,872
Cash generated from operations	**689,304,086**

19. DIRECTORS' INTERESTS IN CONTRACTS WITH THE COMPANY

The Company is controlled by Indian Oil Corporation Limited (incorporated in India) which holds 99.99% of the Company's issued share capital.

Outstanding balances arising from purchases of goods and services

	31st March 2003
Amounts due to related company	
Indian Oil Corporation Limited - Marketing Division	838,919,073
Indian Oil Corporation Limited - Refinery Division	4,329,320
	843,248,393

20. RELATED PARTY TRANSACTIONS

There were no related parties or related party transactions other than those disclosed in Note 19 to the financial statements.

21. POST BALANCE SHEET EVENTS

Goods in transit of Sri Lankan Rs. 620,504,163 as at the Balance Sheet date has been subsequently transferred to Ceylon Petroleum Corporation as a replenishment of stocks used by the Company. No other events have occurred since the balance sheet date which would require adjustment to, or disclosure in, the financial statements.

ANNUAL REPORT
2002-2003

CHENNAI PETROLEUM CORPORATION LIMITED
(A Subsidiary of
Indian Oil Corporation Limited)

Board of Directors

Shri M.S. Ramachandran	Chairman
Shri S.V. Narasimhan	Managing Director
Shri K. Narayanan	Director (Operations) & Director (Finance) I/C
Shri R. Sankaran	Director (Technical)
Shri Jaspal Singh	Director (Refineries) Indian Oil Corporation Limited
Shri P. S. Ahluwalia	Executive Director (Lubes) Indian Oil Corporation Limited
Shri P. S. Rao	Executive Director (Operations) Indian Oil Corporation Limited
Shri Chandan Dasgupta	Executive Director (Corporate Finance) Indian Oil Corporation Limited
Shri Prabh Das, I.A.S.,	Joint Secretary to Government of India, Ministry of Petroleum & Natural Gas
Shri P. Baskaradoss, I.A.S.	Chairman, Chennai Port Trust
Shri K. Skandan, I.A.S.	Secretary to Government of Tamil Nadu Industries Department
Shri L. Sabaretnam	Chief Executive Officer ICL Sugars Limited
Shri Mahmood Vaezi	Deputy Minister Naftiran Intertrade Co. Ltd.
Shri M.B. Samiei Khonsari	Deputy Finance Director National Iranian Oil Company

Directors' Report

To the Chennai Petroleum family of Shareholders

Your Directors take pride in presenting the 37th Annual Report together with the Audited Statement of Accounts of the Company for the Financial Year ended March 31, 2003.

HIGHLIGHTS OF THE YEAR

- All time high production of Liquefied Petroleum Gas (LPG) - 179.7 Thousand Metric Tonnes (TMT), Motor Spirit (MS) - 383.4 TMT, Propylene - 17.4 TMT, Polybutene Feedstock - 8.8 TMT, Aviation Turbine Fuel (ATF) - 324.8 TMT, Lube Oil Base Stock (LOBS) - 252 TMT;
- All time high Profit after Tax of Rs. 302.89 crore;
- Commencement of Export of High Speed Diesel (HSD) and ATF to Sri Lanka, through IndianOil since September 2002 on term basis;
- First ever Export of LOBS IN-HVI grade to Asia Pacific region of 17.82 TMT and earned foreign exchange equivalent of Rs.19.59 crore;
- Enterprise Resource Planning (ERP) module fully implemented;
- Inauguration of Oil Jetty facilities near Cauvery Basin Refinery by Hon'ble Minister of Petroleum and Natural Gas, Shri Ram Naik on 1st March 2003;
- National Safety Award from British Safety Council, UK for the year 2002 awarded to Manali Refinery for the fourth successive year;
- National Safety Council of India, Tamil Nadu Chapter awarded the Star Award for the year 2001 to Cauvery Basin Refinery;
- Awarded the "Loyola Environmental Award" for the year 2002 for the sustained interest of CPCL in pursuit of environmental awareness and protection.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments

As a part of the deregulation of the Oil Sector as notified by the Government of India in 1997, the Oil Sector was being deregulated in phases. The refining sector was deregulated in the first phase from 1.4.1998. The Oil Sector has since been totally deregulated from 1.4.2002. The year 2002-03 was the first year of operation of the Oil Sector in the deregulated scenario and the prices to the customers were fixed by and large on import parity basis.

The Government has already announced its decision of the proposed disinvestment of Hindustan Petroleum Corporation Limited (HPCL) and Bharat Petroleum Corporation Limited (BPCL). Another significant development in the Oil Sector has been the acquisition of majority shareholding in Mangalore Refineries and Petrochemicals Limited (MRPL) by Oil and Natural Gas Corporation Limited (ONGC). With these developments, a new dimension would get evolved for real market-based competition in the Oil Industry in India.

The competition will be intense with the use of Information Technology to develop niche business segments. The niche business may be in terminals with storage facilities for new entrants, hi-tech outlets in the golden quadrilateral and National Highways. It is to be noted that prices of products would be different in different places of the country for different quality levels of the products.

One can expect the customers to be discerning as well as demanding quality, quantity, eco-friendly products, flexibility and convenience suitable to their choice. Thus, all of this will have a large bearing on the way business is conducted presently. These developments are likely to affect the viability of the existing older outlets and the companies would have to search for productivity gains.

When the competition intensifies with price playing a major role, only cost management can contribute to profitability. The ultimate challenge will be to manage intense competition and optimise the benefits of productivity and profitability improvement measures.

The new era of competition is expected to be more intense during the coming years amongst private and public sector oil companies in India.

Opportunities and Threats

The Country has been facing a low growth in the demand for petroleum products for the past two years. It is expected that the demand for petroleum products would grow at the rate of about 3.7% during the Tenth Plan with the demand for petroleum products reaching a level of about 118 Million Metric Tonnes in 2006-07, the terminal Year for the Tenth Plan. Similarly, the refining capacity in the terminal year of the Tenth Plan is projected to increase to 136 MMTPA with only expansion projects. Therefore, over supply of the petroleum products is expected to continue with refinery surpluses to be exported. This is likely to put pressure on refinery margins.

The environmental stipulations are getting stringent and as per the interim report on the Auto Fuel Policy by Dr. R.A. Mashelkar, which has already been accepted by the Government in February 2002, the refineries in India will have to gear themselves to meet Bharat Stage II and Euro-III equivalent specifications from 01.04.2005.

It is projected that opportunities do exist for export of petroleum products to neighbouring countries like Sri Lanka, Bangladesh, Pakistan and China and also Far East countries.

Against the background of the above developments, refineries will have to constantly monitor their operations, show nimbleness and flexibility in improving refinery economics, through value addition and yield improvements, especially in view of the low price differential between crude and products as also the volatility in the prices of crude oil and petroleum products in the international markets. In addition, thrust will be on customer service, risk management and improving the functional talents to achieve world standards.

Risks, Concerns and Outlook

Most global analysts termed the US War on Iraq as an Oil War with high stakes. The volatility was severe in the prices of crude oil and petroleum products as it was not possible to estimate the time duration of the war. Indian petroleum companies had efficiently managed the war situation by doing advance planning and inventory build up.

In the post-war international scenario, refinery margins are expected to squeeze due to sharp fall in product prices.

At the national level, one of the important developments is the emergence of ONGC as an integrated oil major with the acquisition of MRPL and its plans to enter retail business. Its impact will be felt from crude allocation to marketing of products.

In order to face the challenging scenario, CPCL will have to continue its cost reduction measures, ensure the sustenance of excellence in competitive performance programme and remain focussed on the economics of refinery operations through its pioneering Refinery Business Optimisation exercise. Continuous efforts for achieving synergy with the Holding Company, Indian Oil Corporation Limited, would strengthen CPCL during challenging times.

Internal Control Systems and their Adequacy

Your Company has adequate Internal Control Procedures commensurate with the nature and size of its business. Internal controls and checks are exercised by strict adherence to the well-documented policies, guidelines, authorisations and approval procedures listed out in the manual on Delegation of Authority.

Your Company has elaborate manuals on various key functions of the organisation and which contain controls, procedures and checklists to be exercised/carried out, before execution of any activity.

Your Company has a full-fledged Internal Audit Department, which carries out audits extensively throughout the year. The prime objective of such audits is to test the adequacy and effectiveness of all internal controls laid down by the Management and to suggest improvements.

PERFORMANCE AT A GLANCE

Physical Performance

Manali and Cauvery Basin Refineries together have processed 6.819 Million Metric Tonnes (MMT) crude oil during the year, as compared to 6.688 MMT in the previous year. The capacity utilisation was 97.4% as compared to 95.5% in the previous year.

The Energy Index for Manali Refinery for the year 2002-03 was 119 MBTU/BBL/NRGF, as compared to the last year value of 126 MBTU/BBL/NRGF.

The Energy Index for Cauvery Basin Refinery for the year 2002-03 was 157.91 MBTU/BBL/ NRGF, as compared to the last year value of 151.70 MBTU/BBL/NRGF. The increase was on account of lower complexity factor due to lower percentage of LPG Recovery Unit thruput, compared to the previous year.

Other notable features of Manali Refinery's operations during the year include the following:

- VLCC (Very Large Crude Carriers) Lighterage operation at Kakinada/Sandheads (jointly with IOC) for transport of Arab Mix Crude was started since June 2002 to achieve freight economy.
- Alltime high production of LPG - 161.5 TMT, MS - 383.4 TMT, Propylene - 17.4 TMT, PBFS - 8.8 TMT, ATF - 324.8 TMT, LOBS - 252 TMT, LSFO -142 TMT and Sulphur - 9.8 TMT per year achieved.
- Regular export of HSD and ATF to Sri Lanka started since September 2002 through IndianOil.
- Three grades of MS (Premium, Metro & Non-metro) produced and despatched.
- Four grades of HSD (Metro, Non-Metro, Navy Grade & Export) produced and despatched.
- ATF production through Kero-Merox Treating Unit started since June 2002 to reduce Energy consumption.

Other notable features of Cauvery Basin Refinery's operation during the year include the following:

- Inauguration of Oil Jetty facilities by Hon'ble Minister of Petroleum and Natural Gas, Shri Ram Naik on 01.03.2003.
- New Reverse Osmosis plant successfully commissioned at Cauvery Basin Refinery in December 2002 for producing DM water for boilers.
- Cauvery Basin Refinery achieved the highest ever production of LPG (18,242 MT – previous best 18,193 MT) and LSHS (142343 MT – previous best 125922 MT).

Financial Performance

(Rs. in Crore)

	2002-03	2001-02
Turnover	**8636.52**	6174.82
Profit before Interest, Depreciation and Tax	**696.63**	296.00
Interest	**106.65**	128.09
Depreciation	**102.02**	79.02
Profit before Tax	**487.96**	88.89
Provision for Taxation		
- Current Tax	**160.97**	7.20
- Deferred Tax	**24.10**	17.98
Profit after Tax	**302.89**	63.71
Value Added	**925.75**	436.57

Your Company achieved a turnover of Rs. 8636.52 crore during the year as against Rs.6174.82 crore in the previous year, recording an increase of 38%. The Gross Profit before Interest, Depreciation and Taxation witnessed an increase from Rs. 296.00 crore during the previous year to Rs. 696.63 crore during the current year. The Profit before Tax has increased from Rs. 88.89 crore to Rs. 487.96 crore mainly due to improvement in refining margins and holding gain on stocks. The Profit after Tax has increased from Rs. 63.71 crore to Rs. 302.89 crore, recording a growth of 375 %.

The Internal Resources generated during the current year were Rs. 389.29 crore, compared to Rs.136.64 crore during the previous year and the value addition was at Rs. 925.75 crore during the current year as against Rs. 436.57 crore during the previous year.

The Company's Reserves position grew from Rs. 902.22 crore to Rs. 1146.28 crore. The book value per share has increased from Rs. 69.19 to Rs. 86.72.

The expenditure against Plan Projects during the year amounted to Rs. 1010.17 crore (previous year – Rs. 404.79 crore). The expenditure against Non-Plan Projects during the year was Rs. 46.36 crore (previous year – Rs. 31.13 crore).

Total outstanding Public Deposits amounted to Rs. 68.61 crore as on 31.3.2003. Out of these, 41 deposits amounting to Rs. 8.90 lakh remained unclaimed as on that date.

Your Company transferred to the Investor Education and Protection Fund the required amount as per Section 205(C) (2) of the Companies Act, 1956, within the stipulated time.

DIVIDEND

Your Directors are pleased to recommend a Dividend of 35% on the paid-up Share Capital of the Company, which will absorb a sum of Rs. 58.83 crore, including Dividend Distribution Tax. The Dividend is free of tax in the hands of the shareholders. This is the 32nd consecutive year of dividend declaration by your Company commencing from the year 1972.

MoU PERFORMANCE

Your Company excelled in performance in various areas covered under the MoU with the Government of India for 2001-2002 and as per the provisional assessment, the rating for the year 2002-2003 will also be "Excellent" for its overall performance in the MoU performance evaluation.

MARKETING

To synergise the marketing activities with the Holding Company, Indian Oil Corporation Limited, marketing of Lube Oil Base Stock and Bitumen is also now through IOC. Supply of petrochemical feedstocks to neighbouring industries, supply of Naphtha to Madras Fertilizers Limited and certain other speciality products continue to be marketed by your Company.

During the year, your Company directly exported, for the first time, 17.82 TMT of Lube Oil Base Stock IN-HVI to Asia Pacific Region.

PROJECTS

CPCL recognises that conceiving, developing and implementing projects aimed at growth and meeting operational and market requirements, in a cost effective and time bound manner, will always remain a key business policy of the Company. The Company's project managers are guided by this policy and principle in the successful implementation and completion of various small and large projects.

Completed Projects

Automatic Truck Loading Facilities:

In order to meet the Oil Industry Safety Directorate norms and also to facilitate loading of Carbon Black feedstock, Slack Wax, Fuel Oil and SoFo Oil, your Company had completed implementation of this project at a cost of Rs. 17.24 crore with the state-of-the-art technology. The facilities became fully operational during the year.

Oil Jetty Project:

The Oil Jetty project, one of the most prestigious projects of your Company, to make available the required quantity of crude to the Cauvery Basin Refinery at Nagappattinam, was completed and commissioned in the fourth quarter of the year at a cost of Rs. 90.29 crore. 48 TMT crude shipment was received at the Jetty during the year after its commissioning.

On-going Projects

3 MMTPA Refinery Expansion Project:

As the shareholders are aware, your Company started implementing the 3 MMTPA refinery expansion-cum-modernisation project at Manali after obtaining necessary clearances from the Government of India on July 27, 2000. This project would enable your Company to manufacture auto fuels, meeting Bharat Stage-II and Euro-III equivalent specifications, which will be mandatory by 1st April 2005. The estimated cost of the project is Rs. 2360.38 crore, including a FE component of Rs. 333.82 crore. The expansion project envisages process integration with the existing refinery to improve distillates yield, product quality and to reduce environmental emissions from the existing refinery. The expansion project also envisages integration of the proposed Once Through Hydrocracker Unit with the existing FCCU to reduce environmental emissions from the existing refinery. The project will be completed within the approved cost and is expected to be fully operational by December 2003.

FCCU Revamp:

A project to revamp the FCC Unit to process OHCU bottom as the new feedstock is being carried out at Manali Refinery at a cost of Rs. 91.45 crore. The project is scheduled for completion by April 2004. Apart from significantly contributing to the increased yields of light distillates and improved quality of products like MS, this project aims at achieving higher run lengths of process units, besides reducing environmental emissions.

New Project Initiatives

Power Project:

Your Company plans to promote a joint venture with Neyveli Lignite Corporation Limited (NLC) with a view to put up a 492 MW Power Project near Manali, based on heavy residue as feedstock. The approval of the shareholders was obtained in the last Annual General Meeting of the Company for this purpose. CPCL is currently holding discussions with NLC on various issues, viz. fuel supply, formation of Joint Venture Company and other project development activities.

Desalination Project:

CPCL's Manali Refinery faces acute water shortage from time to time on account of monsoon failures with adverse impact on capacity utilisation. To obviate this problem and in order to have captive and perennial supply of water, your Company proposes to set up a Desalination Plant. The Company is now in the process of reviewing, through consultants, various options to achieve the objective of sourcing water at the least cost. Based on the chosen option, a Detailed Feasibility Report would be prepared and it is expected that the project would be completed within 24 months from the date of award of contract.

Crude Unloading Facilities for Manali Refinery:

Your Company proposes to have new facilities for crude unloading and transportation to meet the requirements of the Manali Refinery, in place of existing facilities. A new crude oil pipeline will be laid from Chennai Port to Manali Refinery along the route of the proposed Port Connectivity Project. The laying of the new pipeline is expected to be completed by end 2005.

Further, the option of crude receipt at the jetty at Ennore was evaluated and the proposal was discussed with Chennai Port Trust (CPT) and Ministry of Surface Transport. Your Company finally decided to continue crude unloading at Chennai Port considering all factors, including reduced wharfage offered by CPT. An MoU has been signed with CPT in this regard.

INDIAN ADDITIVES LIMITED

The performance of Indian Additives Limited, a joint venture of your Company with Chevron Oronite Company LLC, during the year 2002-2003 was satisfactory. Even though the turnover was maintained at the last year level of Rs. 112.76 crore, there was considerable improvement in the Profit before Tax at Rs. 5.29 crore, as compared to a loss of Rs. 2.04 crore in the previous year. The Net Profit of the Company during the current year, after providing for taxation, stood at Rs. 3.74 crore.

INFORMATION TECHNOLOGY

With the implementation of the Enterprise Resource Planning (ERP) system, CPCL has taken a major step towards becoming a part of the globally wired community. Information, documents, etc. between various departments are exchanged electronically enabling the Company to enable quicker decision making at all levels. The ERP modules in the Company are being used for day-to-day operations in the areas of Finance & Accounts, Materials Management, Sales and Distribution, Stock & Oil movement, Maintenance, Project Management and Human Resources Management. The Inspection Management System is interfaced with ERP module. The Provident Fund System has been developed and integrated into the existing ERP modules. Various MIS Reports are being developed in ERP. Implementation of ERP has substantially increased on-line data availability across the organisation.

As a part of our continued efforts towards System Development, CPCL has introduced the Facility Management System to systematically address the maintenance problems of PCs, network facilities and software packages. Access control systems have been installed in all control rooms of the refinery. Towards greater access for systems and procedures in the Company, the departmental manuals have been placed on the Intranet, so that employees can access on line. As part of web-enabling services, your Company has developed programs to provide on-line information to all employees regarding salary, leave, attendance updation and income tax. Your Company has also made provisions for registration of vendors through web for chemicals & catalysts purchase. In addition, a number of initiatives were taken to improve network performance in the organisation and also data security.

RESEARCH AND DEVELOPMENT

Your Company's R&D Centre continued to lay greater emphasis on building the R&D capabilities for maintaining the competitive edge in the market. Significant contributions of the R&D Centre for refinery operations during the year include the following:

- Widening of crude basket by assessing new crudes with overall objective of reducing input cost;
- Selection of catalysts for FCC and hydroprocessing units;
- Providing design data for production of LOBS from hydrocracker bottoms;
- Quality improvement studies for LOBS production.

The R&D Centre has made noteworthy contributions for the following projects:

- Centre for Scientific and Industrial Research (CSIR) funded collaborative project with National Chemical Laboratories (NCL), Pune and Sud-Chemie India Limited for the development of a catalyst and process for producing ultra low sulphur diesel was completed in March 2003 successfully in lab scale preparations. Further scale up work for commercialisation is in progress.
- Demonstration pilot plant of Reverse Osmosis membrane system for treatment of sewage water is established to generate operating data, useful for developing process package.

SAFETY MANAGEMENT

Your Company has formulated a well defined Occupational Health and Safety Policy, which is aimed at zero accident and freedom from occupational illness at work place. Greater thrust is given to the safety of the plant and personnel through constant upgradation of fire fighting facilities and periodical training to all concerned. Proactive and preventive measures adopted by your Company enabled the Company to cross 2.32 million accident-free man hours at Manali Refinery and 0.72 million man hours at Cauvery Basin Refinery during the year. The Company has taken many initiatives to enhance the Safety Management System and procedures and important among them are given below:

- The Best Practices Team constituted as per the recommendations of M/s. Solomon Associates carried out safety studies for further improvement of practices initiated as a part of the Excellence in Competitive Performance Programme.
- The entire Refinery area within the plant main gate has been declared as a nonsmoking zone to reduce fire hazard associated with it.
- Oil Industry Safety Directorate carried out surprise safety checks of the Refineries in September 2002.
- Sixth round of External Safety Audit at Manali was carried out in October 2002 with experts from other oil companies.
- Manual Call Points (MCP) fire alarm system as an additional emergency communication facility has been installed in the plant and off site areas. One foam nurser and two foam fire tenders have been inducted into the fire fighting fleet.
- Safety, Health and Environment (SH&E) Policy has been formulated and communicated to all.

In recognition of the concerted efforts taken by the Company to promote safety, the following awards have been bestowed on the Company:

- National Safety Award from British Safety Council, UK to Manali Refinery for the fourth successive year for one of the lowest accident incident rates in the industry and management commitment towards safety.
- "Greentech Platinum Award" by Greentech Foundation, New Delhi to Manali Refinery for consistent outstanding performance in Health & Safety aspects in Oil Refineries Sector.
- Star Award for the year 2001 presented by National Safety Council of India, Tamil Nadu Chapter to Cauvery Basin Refinery for Industrial Safety, Health and Environment.
- OHSAS 18001 accreditation for Occupational Health and Safety Management System has been obtained.

CONCERN FOR ENVIRONMENT

Your Company has always been conscious of its obligations towards the protection of Environment which is amply reflected in the Company's commitment to adhering to stringent environmental standards. A dedicated Environment Division has been pursuing and achieving environmental goals through effective implementation of Environment Management System with focus on minimisation of water resource utilisation, reduction in waste generation and adoption of cleaner technologies and processes.

All the modern facilities installed by your Company in the past towards environment protection have been operating successfully during the year. These include the effluent treatment plant, tertiary treatment plant and the zero discharge facilities.

As a part of the 3 MMTPA Refinery Expansion Project, a Once Through Hydrocracker Unit is being installed, which will reduce SO_2 emissions from the new as well as existing refinery. In addition to low NOx burners, DeNOx facility (a state-of-the-art technology) is being installed in all major furnaces of the expansion project to further reduce NOx levels.

The Company has been constantly endeavouring to improve upon its existing facilities to meet the increasing requirement of environmental standards and for minimising the discharge of the pollutants and abating undesirable emissions. As a part of this exercise, the Company has plans to implement the proposal for the debottlenecking of Tertiary Treatment Plant (TTP), viz. conversion of conventional TTP to ultrafiltration, at Manali Refinery, at an estimated cost of Rs. 10 crore and to implement a new Zero Discharge Project with RO process to treat the effluents from ETP-III at a cost of about Rs. 11.18 crore.

In recognition of the Company's endeavours to preserve environment, the School of Entomology & Centre for Natural Resources Management, Loyola College, Chennai has awarded the "Loyola Environmental Award" for the sustained interest of the Company in pursuit of environmental awareness and protection.

Indian Chemicals Manufacturers Association has issued a Certificate of Merit for the year 2001-2002 acclaiming Manali Refinery's efforts in getting ISO and OHSAS certifications.

Multifarious activities and programmes were conducted in connection with the World Environment Day to enhance the awareness on environmental protection among the general public.

ENERGY CONSERVATION MEASURES

Energy conservation measures continued to receive focussed attention of your Company and persistent efforts were made in monitoring and optimising the energy usage. The Lowest Energy Index of 119 achieved for Manali Refinery stands testimony to such efforts. The employees at all levels were encouraged to give suggestions towards energy conservation. The suggestions, after appropriate analysis, were implemented promptly and rewarded. In addition, innovative and efficient techniques were identified and implemented to reduce energy consumption levels.

Periodical energy audits for monitoring the efficacy of energy conservation practices have been conducted. Your Company has played a pivotal role in spreading messages on the need for energy conservation by conducting various programmes like LPG clinics for housewives with demonstration on LPG saving, clinics for truck drivers, safe driving practices, conducting quiz competitions and the like.

OPTIMISATION

The importance of continuous technological upgradation is the driving force behind the optimisation efforts of the Company. This is further supplemented by increasing realisation on the need for sustained higher productivity maintaining highest quality standards, utilising optimal energy resources and making available right information at the right time. The efforts of the optimisation function during the year culminated in the accomplishments including :

- Implementation of Advanced Process Control DMC Plus (Dynamic Matrix Control Plus), Multivariable Controller Technology and Aspen IQ (Inferential Property Prediction tool) from M/s. Aspen Tech, U.S.A , in all the major refinery units.
- Commissioning of DMC Plus in FCCU, PRU/FPU, Crude I and Crude II units, which resulted in feed and yield maximisation, product property prediction, LPG yield maximisation and smooth unit operation.
- Installation of Laboratory Information System and Tank Farm Information System.
- Continuous improvement on existing controls in addition to implementation of DMC plus in new units.
- Commencement of blending optimisation project.

HUMAN RESOURCES DEVELOPMENT (HRD)

Manpower

As on 31.3.2003, there were 610 supervisory employees and 1030 non-supervisory employees in the organisation. This is compared to the previous year level of 581 and 1106 respectively. During the period April 2002 to July 2002, a Special Voluntary Retirement Scheme was introduced and 16 employees were relieved under this Scheme.

Restructuring of organisational setup was carried out by de-layering of supervisory levels in the organisation. The supervisory levels were brought down from 8 to 4 with a view to ensure speedier decision making process and quicker responses to demanding situations. Redeployment measures have also been carried out by optimising the existing manpower within various departments.

Considering the optimised manpower of the existing facilities, the overall manpower requirement for the integrated operations of the entire refinery including 3 MMTPA refinery was finalised. Due to the optimisation, the surplus manpower was redeployed within various departments and also to 3 MMTPA refinery.

Training and Development

Your Company's HR strategies focussed attention on evolving and implementing need-based training programmes. The objective was to provide a minimum average of two days training per employee, to attain an environment of continuous upgradation of functional and developmental skills and capabilities of employees. Enhancing the employees' competency levels in fire fighting, safety, environment, pollution control and other related aspects, through continuous training programmes, was yet another focus area of the Training Department.

During the year 2002-2003, your Company has surpassed the MoU Targets of achieving 2.2 Average Training Mandays per employee and 3640 Total Training Mandays, which are "Excellent" rating under the MoU Performance. 243 employees were nominated for 134 external training programmes held in different parts of the country. 10 employees were nominated for 8 different training programmes abroad. In addition to the above, training programmes on ISO 9001, ISO 14001 and OHSAS 18001, were also conducted. As a mandatory requirement, about 200 employees have been trained in first aid and occupational health hazards and 326 employees in fire & safety programmes. 34 ITI trade apprentices were given one year training in Maintenance Department and 42 Diploma holders, are being trained since August 2002, under the Apprentices (Amendment) Act, 1973.

The Refinery Engineering School of Training (RESOT) – an accredited Refinery Technology Institute of CPCL – conducted a core course of 8 weeks duration during the year. In addition to technological development programmes, RESOT also conducted short duration programmes on Information Technology, Process Optimisation, Turnaround Management, Power and Utilities, etc.

You will be proud to note that your Company attained "Excellent" rank in all the HRD parameters enshrined in the HRD Plan forming part of the Performance MoU signed with Government of India for the year 2002-2003.

Industrial Relations

The Industrial Relations climate was harmonious and cordial during the year. Joint consultation and consensus building form an integral part of industrial relations philosophy of your Company.

Employee Welfare

Your Company demonstrated that it is a caring organisation by continuing to devise and implement several welfare measures for the employees and their families. Employee welfare programmes and schemes were continued to be implemented with utmost zeal and they were constantly reviewed and improvements were made wherever necessary.

Women Employment

There are 70 women employees in the Company, as on 31.03.2003, of whom 15 are in the Supervisory Grade and 55 are in the Non-supervisory Grade. This constituted 2.46% of the total Supervisory employees and 5.34% of the total Non-supervisory employees. Women's empowerment through education and skill acquisition were accorded utmost priority. 59 women employees were trained during the year 2002-2003 on various Technical/Developmental/Functional Programmes.

International Women's Day was celebrated by organising a seminar on "Women and Development - A Synergy" in which eminent women entrepreneurs and delegates from Women in Public Sector (WIPS) forum participated. Three women employees from your Company participated in the national meet of Forum of Women in Public Sector.

Welfare of Weaker Sections

Your Company has been meticulously adhering to the Presidential Directives and various instructions of the Government relating to the welfare of the SC, ST, OBC and Physically Handicapped. The percentage of employees belonging to SC/ST at the end of the year was 26.95%. Officials dealing with the subject are given training so as to enable them to update their knowledge on the subject and perform their duties effectively. A Liaison Officer ensures the implementation of Government Directives. In accordance with Para 29 of the Draft Presidential Directives, a note on the Company's activities having direct relevance to advancement of SCs/STs along with statistics relating to representations of SCs/STs in the prescribed proforma - Appendices-VI, VII (A) and VII (B) is placed as Annexure-I.

CPCL Educational Trust

CPCL Educational Trust, sponsored by your Company, runs an Industrial Training Institute (CPCL ITI) and a Polytechnic near the Manali Refinery. CPCL Polytechnic is conducting a full time Diploma course in Petrochemical Engineering and Mechanical Engineering (DPE & DME) and a part time Diploma course in Petrochemical Engineering. The AICTE and Directorate of Technical Education have approved all the courses. The Trust also conducted technical skill upgradation training programmes for the employees of IndianOil and Tamil Nadu Petroproducts Limited during the year. CPCL Polytechnic conducted a one-day seminar on Welding Techniques during this year for the benefit of microlevel welders from Industries in and around Manali, with the help of expert faculty.

CPCL Educational Trust, in collaboration with the prestigious Birla Institute of Technology and Science (BITS), Pilani, is offering to CPCL employees an opportunity to enhance their academic qualification by conducting BS (Process Engineering), a six-semester course. The course synergises theory and practice on a sustained basis and also enables the personnel appreciate key management concepts. The first batch of 24 employees is now in the 4th semester of the course.

Sports Development

Your Company continues to accord adequate attention to the development of sports. As a member of the Petroleum Sports Promotion Board (PSPB), your Company organised a "PSPB Inter Unit Football Tournament" at Chennai during January 2003, in which 9 teams from member organisations participated. During the year, 74 employees of CPCL participated in the sports events like Football, Hockey, Cricket, Volleyball, Kabaddi, etc. organised by the member organisations of PSPB.

Your Company has contributed Rs. 10 lakh for conducting the National Games and also contributed Rs. 15 lakh to the All India Football Federation for conducting the 7th Edition of the National Premier League matches.

SOCIAL RESPONSIBILITIES

Your Company has been actively involved in discharging its social obligations and continued to contribute towards the betterment and uplift of the neighbourhood by undertaking key initiatives, notable among them being:

- Conducting of three eye camps for cataract identification at Manali and Chinnasekkadu villages in association with Sankara Netralaya, a renowned eye-care institution; conducting cataract operations for 110 identified cases as a follow-up.
- Construction of compound wall for the playground nearby Chinnasekkadu village, construction of classrooms for a school at Manali, repairing of school buildings, raising the level of school playground.
- Construction of public convenience at Harikrishnapuram village near Manali.
- Continued operation of the physiotherapy centre, crèche and library provided at Manali Village.
- Conducting of health camps, provision of uniforms and toilet facilities at schools near Cauvery Basin Refinery.

The Company has provided helping hands to deserving charitable organisations who provide succour to the weaker sections of the community.

IMPLEMENTATION OF DISABILITIES ACT, 1995

Even before the enactment of the Disabilities Act, 1995, your Company had been extending reservation for physically handicapped persons in recruitment to the posts in Group C & D. With the enactment of this Act, effective 7.2.96, the reservation for Physically Handicapped persons has been extended to the posts in Group A&B as well. Your Company has been implementing the provisions of 3% reservation for physically handicapped and disabled persons in letter and spirit.

OCCUPATIONAL HEALTH SERVICES

The Occupational Health Services (OHS) Centre of your Company is persistently endeavouring promotion of health of the employees in all occupations, focusing primarily on:

- Assessment of employee's health and health risks;
- Measurement, assessment and control of health hazards at the workplace;
- Health education and protection programs to employees to achieve total health care.

The OHS Centre of your Company has the rare distinction of being the pioneer in the establishment of OHS Centre suited to the refineries oriented towards epidemiological approach to study the work relatedness of health and disease. The centre is a precursor for establishment of similar systems in other refineries. The expertise of OHS extends to providing professional and technical support to other organisations for evaluation of environmental health hazards at their work place, short term training of occupational health professionals - doctors, nurses, occupational hygienists, etc. Many prominent visitors to the OHS centre were impressed with the work that is being done by the centre and the excellent performance by the staff of OHS has earned high accolades from all quarters.

INVESTOR RELATIONS

Your Company always endeavours to keep the time of response to shareholders' requests/grievances at the minimum. Priority is accorded to address all the issues raised by the shareholders and provide them a satisfactory reply at the earliest possible time. The information about the Company including Annual Reports, quarterly results and other information of relevance to the shareholders are displayed and updated in the Company's website (www.cpcl.co.in) from time to time. With a view to help the shareholders who have failed to claim their dividend, individual notices were issued to the shareholders guiding them to claim it. The Company also introduced the facility of remittance of Dividend through Electronic Clearing Services. The Shareholders' and Investors' Grievances Committee of the Board met periodically and reviewed the status of redressal of investors' grievances. The shares of your Company are continued to be traded in Electronic Form and the Dematting arrangement exists with both the depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited. As on date, 14,31,54,590 shares have been dematerialised, representing 96% of the subscribed capital.

VIGILANCE

Pursuing preventive vigilance measures made it possible for the Company to keep the number of vigilance cases to the minimum, thus instilling confidence in the vigilance machinery. The highlights of Vigilance function include:

- Preparation/Updation of Manuals for the key functions in the Company and also preparation of a Manual on Manuals; and
- Independent study of critical areas such as tendering procedures, appointment of consultants, preparation of estimates, enlistment of vendors, matters concerning bank guarantees and suggestion of various measures to streamline these functions.

OFFICIAL LANGUAGE IMPLEMENTATION

CPCL continues to take efforts to implement the provisions of the Official Language Act and Rules to ensure improved use of Hindi in the day-to-day functioning. Official Language Implementation Committee met periodically and gave suggestions and necessary guidance for effective implementation of the Official Language Policy in the Company. Hindi classes were conducted in the Refinery and more number of employees made good use of this facility to learn Hindi. Hindi workshops were conducted and Hindi Week was celebrated. Orientation Programme on Official Language was organised for senior executives. Employees were given cash awards for doing work in Hindi as per the Incentive Scheme. Dictionaries/ Glossaries were distributed to those employees who are undergoing training in Hindi. "Leap Office" software loaded in the Refinery. For effective implementation of Official Language Policy, Nodal Officers were identified in each Department to give the details/data pertaining to the progressive use of Hindi, as required by the Official Language Department from time to time.

STATUTORY INFORMATION

- Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 – Details are given in the Annexure and form part of this Report (Please refer Annexure-II).
- Statutory details of Energy Conservation and Technology Absorption, R&D activities and Foreign Exchange Earnings and Outgo, as required under Section 217(1)(e) of the Companies Act, 1956 and the rules prescribed thereunder, i.e. the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure and form part of this Report (Please refer Annexure-III).
- Certificate received from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as required under Clause 45 VIII of the Listing Agreement, is annexed and forms part of this Report (Please see Annexure-IV).

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:

i) that in the preparation of the annual accounts for the financial year ended 31st March 2003, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;

ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;

iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

iv) that the Directors had prepared the annual accounts for the financial year ended 31st March 2003, on a 'going concern' basis.

AUDITORS

The Comptroller and Auditor General of India has appointed M/s. M. Thomas & Co., Chartered Accountants, Chennai and M/s. B.V. Rao & Co., Chartered Accountants, Vizag, as Joint Statutory Auditors of the Company for the financial year 2002-03. The Board of Directors of the Company fixed a remuneration of Rs. 3.5 lakh (Rs. 1.75 lakh to each of the Joint Statutory Auditors) in addition to the actual travelling, boarding and lodging expenses for the outstation Auditors.

DIRECTORS

Shri M.S. Ramachandran, Chairman, Indian Oil Corporation Limited, was appointed as a Part-time Director effective 01.10.2002 and Non-Executive Chairman effective 11.10.2002.

Shri T.L. Jain, Executive Director (Retail Sales), Indian Oil Corporation Limited, was appointed as a Part-time Director effective 05.08.2002, in place of Shri M.B.L. Agarwal.

Shri P.S. Ahluwalia, Executive Director (Lubes), Indian Oil Corporation Limited, was appointed as a Part-time Director effective 01.09.2002 in place of Shri S. Basu.

Shri S.V. Narasimhan, Director (Finance) was appointed as Managing Director effective 22.11.2002 in place of Shri S. Rammohan, who retired on attaining the age of superannuation.

Shri K. Narayanan, Director (Operations), is holding additional charge of the post of Director (Finance), in addition to his own duties, on ad hoc basis with effect from 20.012003.

Shri R. Sankaran was appointed as Director (Technical) effective 01.01.2003 in place of Shri M.P. Srinivasan, who retired on attaining the age of superannuation.

Shri Jaspal Singh, Director (Refineries), Indian Oil Corporation Limited was appointed as a part-time Director effective 01.04.2003 in place of Shri A.K. Arora, who ceased to be a Director effective 31.3.2003.

Shri Prabh Das, I.A.S., Joint Secretary, Ministry of Petroleum and Natural Gas, was appointed as a Part-time Director effective 11.04.2003 in place of Shri Shivraj Singh, who ceased to be a Director effective 14.3.2003.

Shri Mahmood Vaezi, Deputy Minister, Naftiran Intertrade Co. Ltd. was appointed as a Director representing National Iranian Oil Company effective 22.05.2003 in place of Shri S.M. Mortazavi, who ceased to be a Director effective 21.05.2003.

Shri P.S. Rao, Executive Director (Operations), Refinery Headquarters, Indian Oil Corporation Limited, was appointed as a Part-time Director effective 01.06.2003 in place of Shri A.K. Mishra, who ceased to be a Director effective 31.5.2003.

Shri Chandan Dasgupta, Executive Director (Corporate Finance), Indian Oil Corporation Limited, was appointed as a Part-time Director effective 01.06.2003 in place of Shri T.L. Jain, who ceased to be a Director effective 31.5.2003.

Shri M.A. Gowrishankar, I.A.S., Secretary, Industries Department, Government of Tamil Nadu, ceased to be a director effective 03.07.2002. Shri K. Skandan, Secretary to Govt. of Tamil Nadu, Industries Department, was appointed as a part-time director effective 01.07.2003.

Shri Mohit Sinha, Director, Ministry of Petroleum and Natural Gas ceased to be a Director effective 20.07.2002.

Your Directors place on record their appreciation of the valuable contributions made by S/Shri S. Rammohan, M.P. Srinivasan, M.B.L. Agarwal, S. Basu, A.K. Arora, Shivraj Singh, M.A. Gowrishankar, Mohit Sinha, A.K. Mishra, T.L. Jain and S.M. Mortazavi during their tenure.

ACKNOWLEDGEMENT

Your Directors gratefully acknowledge the support, cooperation and guidance extended by the Ministry of Petroleum & Natural Gas, Indian Oil Corporation Limited, Oil Industry Development Board, Oil Industry Safety Directorate, Centre for High Technology, the other Ministries of Government of India, Government of Tamil Nadu and Comptroller & Auditor General of India. The Directors thank the National Iranian Oil Company for its continued cooperation. Your Directors take this opportunity to express their commendation to the employees of the Company for their uncompromising professionalism and total involvement and commitment.

Your Directors are thankful to the shareholders for the continued confidence reposed by them on the Company.

For and on behalf of the Board of Directors

Sd/-

M.S. Ramachandran

Chairman

Place : New Delhi

Date : July 25, 2003

ANNEXURE-I

APPENDIX-VI

NAME OF THE PUBLIC UNDERTAKING: CHENNAI PETROLEUM CORPORATION LIMITED

Statement showing the total number of employees and the number of Scheduled Castes and Scheduled Tribes amongst them as on 1.1.2003

Group/Class			Total No. of Employees	Out of Col. 2 Scheduled Castes	%age of SC to total employees	Out of Col.2 Scheduled Tribes	%age of ST to total employees	Remarks
		1	2	3	4	5	6	7
A.	I	Other than lowest rung of Group -A	352	84	23.86	8	2.27	-
	II	Lowest rung of Group-A	124	33	26.61	7	5.65	-
B			115	21	18.26	2	1.74	-
C			900	211	23.44	12	1.33	-
D		(Excluding Safai Karamcharis)	158	62	39.24	2	1.27	-
D		(Safai Karamcharis)	-	-	-	-	-	-

APPENDIX-VII (A)

STATEMENT SHOWING THE NUMBER OF RESERVED POSTS FILLED BY SC AND ST CANDIDATES DURING THE YEAR 2002

A. POSTS FILLED BY DIRECT RECRUITMENT

CLASS OF POSTS	BACKLOG VACANCIES						CURRENT VACANCIES							
	Notified		Filled		Bal. Carried Forward		Total No. Notified	Out of Col 8 reserved for		Filled		Bal. C/F as Backlog		Remarks
1	SC (2)	ST (3)	SC (4)	ST (5)	SC (6) (col. 2-4)	ST (7) (col. 3-5)	(8)	SC (9)	ST (10)	SC (11)	ST (12)	SC (13)	ST (14)	(15)
A	NIL	NIL	NIL	NIL	NA	NA	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
B	NIL	1	NIL	1	NA	NA	3	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C	NIL	NIL	NIL	NIL	NA	NA	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
D (Excluding Safai Karamcharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
D (Safai Karamcharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

APPENDIX-VII (B)

STATEMENT SHOWING THE NUMBER OF RESERVED POSTS FILLED BY SC AND ST CANDIDATES DURING THE YEAR 2002

B. POSTS FILLED BY PROMOTION

Class of posts	Total No. of Vacancy notified	Out of Col. 2 Post reserved for		No. of Post filled by		Balance		Remarks
		SC	ST	SC	ST	SC (3-5)	ST (4-6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A #	22	3	1	3	3	Nil	Nil	–
B	32	5	2	7	–	–	–	–
C	–	–	–	–	–	–	–	–
D (Excluding Safai Karamcharis)	–	–	–	–	–	–	–	–
D (Safai Karamcharis)	–	–	–	–	–	–	–	–

Promotion from Group B to the lowest rung of Group "A".

ANNEXURE-II

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended March 31, 2003 - List of employees drawing a salary of not less than Rs. 2,00,000/- per month

(EMPLOYED FOR PART OF THE YEAR)

Sl. No.	Name of the Employee	Designation	Age	Last Employment	Date of Joining	Qualification	Experience	Gross Remu-neration (Rs.)
1.	Selvaraj C.R.	Senior Officer	55	IOC, Chennai	01.04.1966	SSLC	36	1892311.80
2.	Rajendran S.	Deputy Manager	56	Hindustan Insecticides Ltd., Kerala	30.12.1968	MA	33	2160417.00
3.	Jayavelu A.S.	Deputy Manager	57	Jyothi Limited, Chennai	13.06.1969	ITI	33	1299848.00
4.	Padma R.	Manager	53	Nil	01.07.1969	MA	33	2703545.00
5.	Shanmugam P.	Deputy Manager	58	EID Parry, Ranipet	02.07.1969	ITI	33	1469416.30
6.	Boobalan M.	Senior Engineer	50	Nil	05.07.1971	ITI	31	1900721.00
7.	Achamma Abraham	Deputy Manager	53	Nil	02.07.1973	BA, PGDMM	29	2108066.00
8.	Balan C.	Ref. Technician	56	Ambal Metal Works, Chennai	01.10.1975	ITI	26	703710.00
9.	Ramanathan R.N.	Ref. Technician	53	Ambal Metal Works, Chennai	01.10.1975	5th Standard	26	908461.00
10.	Jayaraman K.M.	Deputy Manager	50	Nil	15.07.1976	BA	26	1504890.64
11.	Selvakumar S.	Manager	46	Dist. Munsiff Court, Chinglepul	01.01.1977	MA, PGDPM	25	1977546.88
12.	Swaminathan B.	Senior Officer	56	Employment Exchange, Chingelput	01.07.1981	Graduate	21	1176359.00
13.	Cyril Baldens S.	Ref. Technician	55	Ambal Metal Works, Chennai	07.05.1984	ITI	18	665150.52
14.	Murugesan V.	Staff car Driver	52	Nil	25.02.1985	III Standard	17	473770.00
15.	Krishnan L.S.	Ref. Technician	57	Stanes Motors South India Ltd.	25.03.1985	SSLC, NTC (MT)	17	624381.40
16.	Mookiah V.	DGM	60	TN Public Works Dept.	01.01.1988	BE (Civil)	14	622506.00

ANNEXURE-III

Annexure to Directors' Report on Energy Conservation

FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy

	Current year 2002-2003	Previous year 2001-2002
A. Power and Fuel Consumption		
1. Electricity		
a) Purchased		
Unit (in Million KW Hr.)	2.736	2.051
Total Amount (Rs. in crore) (inclusive of Compensation charges)	8.83	6.83
Rate/Unit (average) (Rs./KWHr.)	3.227	3.3
b) Own Generation		
Through diesel generator	Not Applicable	Not Applicable
Through steam turbine/generator Unit (in Million KW Hr.)	369.952	363.592
Units per litre of fuel oil/gas	2.89	2.97
Fuel Cost/Unit (Rs.)	2.90	2.39
2. Coal	Not Applicable	Not Applicable
3. Furnace Oil		
Quantity (in thousand K.Litres)	382.204	342.646
Average rate (Rs./MT)	9917.63	7678.97
4. Others/Internal generation fuel gas		
For Manali Refinery only		
Gas Turbine		
Quantity		
Power (in Million KW Hr.)	30.370	26.068
Fuel (in thousand MTs)	14.784	11.200
Total Cost (Rs. in Crore)	14.99	13.18
Fuel Cost/Unit (Rs.)	4.93	3.50
Fuel Gas (TMT) (including CBR)	64.440	64.993
B. Consumption Per Unit of Production		
Electricity (KWHr/MT. of Crude)	55.710	54.52
Furnace Oil (KWHr/MT. of Crude)	53.370	52.64
Coal	Not Applicable	Not Applicable
Other (specify)		
FCCU Coke (Kg/MT of Crude)	5.460	6.250
Fuel Gas (Kg/MT of Crude)	9.449	9.710

FORM B

RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES

1. Specific areas in which R&D was carried out by the company:

   a) Evaluation/Selection of crudes

   b) Selection of catalysts for hydroprocessing units

   c) Process optimisation studies

   d) Modelling and Simulation of Refinery processes

2. **Benefits derived as a result of above R&D:**

   As per Annexure

3. **Future plan of action:**

   - Development of catalyst/process to meet Euro III fuel quality requirements.
   - Development of catalyst for Ultra Deep Hydrodesulphurisation of Diesel.
   - Reverse Osmosis membrane process for solvent recovery from dewaxed oil for lube production.
   - Formulation of improved bitumens.
   - Support for optimisation of process units configured in 3 MMTPA expansion project.

4. **Expenditure on R&D:** **(Rs. in Lakh)**

	2002-03	**2001-02**
Capital	**3.58**	34.18
Recurring	**330.69**	249.84
Total	**334.27**	284.02
Total R&D expenditure as % of Turnover	**0.04**	0.05

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

   - Studies were conducted for improving quality of LOBS, Raffinate hydrotreating was studied in detail for improving the quality of lube base oils.
   - Demonstration plant of Reverse Osmosis Membrane system with a capacity to process one million litres per day of tertiary treated sewage water is installed.
   - Studies on formulation of heavy fuel oil from residues.
   - Studies on mild hydrocracking of FCC feeds for yield improvement/quality upgradation.
   - Studies on slack waxes/DAO etc. as additional feedstocks for FCC.

2. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution efforts:

   R&D has provided technical services to refinery in the area of crude selection, evaluation of catalyst and in implementing treated effluent recycling schemes to achieve zero discharge. R&D studies were also carried out for improving the quality of LOBS and for sourcing additional feedstocks for FCC unit.

   R&D studies on hydrotreating of FCC feed for improving the yields had been successfully adopted in the commercial unit.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), the following information may be furnished:

a)	Technology imported	:	Nil
b)	Year of Import	:	Not Applicable
c)	Has technology been fully absorbed	:	Not applicable
d)	If not fully absorbed, areas where this has not taken place, reasons thereof	:	Not applicable

ANNEXURE-III (Contd.)

Annexure to Form B
Benefits derived as a result of R&D activities

Crude Assay:

R&D assays on several new crudes helped in optimising the distillate yields in crude distillation units of Refinery I and Refinery II. Further, continuous monitoring of PY-3 and Narimanam crude quality helped in improving the performance of CBR unit.

Process Optimisation Studies :

1) Studies on hydrotreating of LCO was carried out for its possible blending in gasoline pool.

2) Evaluation of catalyst for Plant 10 was carried out for determining the residual life.

3) Hydrotreating of lube distillates were studied for improving quality of LOBS.

   Studies on raffinate hydroprocessing was carried out for improving the lube quality with high viscosity index value.

   Studies on incorporation of heavy naphtha in MS pool was carried out for maximising MS production.

A collaborative project on development of catalyst for production of ultra low sulfur diese (<50 ppm) in association with NCL, Pune and Sud-Chemie is completed. The catalyst is successfully tested in the pilot plant and further work on commercialisation will be explored.

The demonstration plant for indigenously developed Reverse Osmosis membrane is established for testing the life and performance of the indigenous membrane in commercial scale for water recovery from treated sewage. After completion of plant trials, the process technology package for water recovery from treated sewage will be made.

Others:

An MoU with IOC R&D has been signed for joint research programs and also to synergise the research activities.

Papers Presented:

1) Mild Hydrocracking of FCC feeds yields more fuels, Boosts Margins; OGJ, June 10, 2002.

2) Modification of Bitumen by elastomer and reactive polymer- A comparative study; Petroleum Science and Technology; Vol 20(5,6) 2002.

3) Application of a three phase Heterogeneous Model to analyse the performance of a pilot plant trickle bed reactor. Petroleum Science and Technology; Vol 20(3,4) 2002.

4) Hydro desulphurisation of diesel for ultra low sulphur presented in the 15th National symposium on Catalysis & first Indo-German Seminar on Catalysis. Indian Institute of Chemical Technology, Feb 6-8, 2003

Foreign Exchange Earning and Outgo:

1) Activities relating to exports; Initiatives taken to increase exports. Development of new export markets for products and services and export plans:

   The Company commenced export of HSD and ATF to Sri Lanka since September 2002. The Company also exported LOBS (IN-HVI) to the Asia Pacific region to an extent of 17.82 TMT during the year.

2) Total foreign exchange used and earned:

(Rs. in Lakh)

		2002-03	2001-02
a)	Used	1689.90	1269.30
b)	Earned	1971.88	Nil

Report of the Auditors

TO THE MEMBERS OF CHENNAI PETROLEUM CORPORATION LIMITED

We have audited the attached Balance Sheet of Chennai Petroleum Corporation Limited as at March 31, 2003, the Profit and Loss Account for the year ended on that date annexed thereto and the Cash Flow Statement for the period ended on that date. 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.

1. 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

2. As required by the Manufacturing and Other Companies (Auditor's report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annexe hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.

3. Further to our comments in the Annexure referred to in paragraph 2 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 purpose of our audit;

   (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

   (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;

   (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Mandatory Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   (v) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956

   (vi) Attention is invited to the following notes to accounts (Schedule-R)

   Note No. 4(a) regarding effect of change in the accounting policy in respect of Deferred Revenue Expenditure, resulting in decrease of profit by Rs. 1457 lakhs.

Subject to the above, in our opinion and to the best of our information and according to the explanations given to us, the said Financial Statements read together with the Significant Accounting Policies (Schedule Q) and Notes (Schedule - R to X) thereon give the information required by the Companies Act, 1956 in the manner so required and present a true and fair view:

(a) In so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March 2003;

(b) In so far as it relates to the Profit and Loss account, of the profit of the Company for the year ended on that date and

(c) In so far as it relates to the Cash Flow Statement of the Company for the year ended on that date.

for B.V.RAO & Co.	for M.THOMAS & Co.
Chartered Accountants	Chartered Accountants
Sd/-	Sd/-
B.A.S.P.Ranga	A.Rozario
Partner	Partner

Place : Chennai
Date : May 24, 2003

Annexure to the Auditor's Report

Referred to in paragraph 2 of our report of even date.

i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, other than of furniture and fixtures. Physical verification of assets is being done in a phased programme by the Company and we are informed that no serious discrepancies were noticed on such verification;

ii) None of the fixed assets has been revalued during the year;

iii) As explained to us, stocks of finished products and raw materials have been physically verified by the Management at reasonable intervals during the year. Stocks of stores and spare parts are being verified in a phased manner;

iv) In our opinion, the procedures for physical verification of stocks followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of the business;

v) Discrepancies noticed during such physical verification of stocks are accounted for during the year.

vi) In our opinion, the valuation of stocks is fair and proper and is in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.

vii) We are informed that there is no company, firm or party to be listed in the Register referred to in Section 301 of the Companies Act, 1956 and hence we have no comments to offer in respect of taking or granting of loans, secured or unsecured, purchase of goods and materials or sale of goods, materials and services from/to Companies, firms or other parties listed in the Register referred to in Section 301 of the Companies Act, 1956.

viii) The Company has given loans and advances in the nature of loans to the employees and other parties and they have been repaying regularly the principal and interest, wherever applicable.

ix) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and for the sale of goods;

x) We are informed that the identification of unserviceable or damaged stores and spares is in progress and provision has been made to the extent identified.

xi) The company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder in respect of deposits received from the public;

xii) In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap;

xiii) In our opinion, the company has an Internal Audit system commensurate with the size and nature of the business.

xiv) We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of Propylene and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however made a detailed examination of the records.

xv) According to the records of the Company, Provident Fund dues have been regularly deposited during the year. We are informed that no employee is covered by the Employees State Insurance Scheme.

xvi) As explained to us there are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty, which were outstanding as at 31st March, 2003, for a period of more than six months from the date they became payable;

xvii) As explained to us, no personal expenses have been charged to the revenue account;

xviii) The Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

xix) In respect of trading activities, according to the information and explanations given to us, there were no damaged goods in the year under audit.

for B.V.RAO & Co.	**for M.THOMAS & Co.**
Chartered Accountants	Chartered Accountants
Sd/-	Sd/-
B.A.S.P.Ranga	**A.Rozario**
Partner	Partner

Place : Chennai
Date : May 24, 2003

BALANCE SHEET as at 31st March 2003

(Rs. in Lakh)

	Schedule		31 Mar 2003	31 Mar 2002
SOURCES OF FUNDS:				
1. Shareholders' Funds:				
a) Capital	A	14900.39		14900.33
b) Reserves and Surplus	B	114627.65		90221.74
			129528.04	105122.07
2. Loan Funds:				
a) Secured Loans	C	17500.00		3242.94
b) Unsecured Loans	D	180067.05		122550.16
			197567.05	125793.10
3. Deferred Tax Liability (Net)			27324.00	24913.43
TOTAL			354419.09	255828.60
APPLICATION OF FUNDS:				
1. Fixed Assets				
a) Gross Block	E	226518.60		210721.86
b) Less: Depreciation		106691.54		96519.97
c) Net Block		119827.06		114201.89
d) Capital Work-in-Progress	F	139922.28		50804.23
			259749.34	165006.12
2. Investments	G		2397.17	3161.73
3. Current Assets, Loans and Advances :				
a) Inventories	H	120307.81		75704.85
b) Sundry Debtors	I	61635.06		36822.23
c) Cash and Bank Balances	J	901.29		16584.45
d) Other Current Assets - Interest accrued on Investments/Bank Deposits		10.41		19.89
e) Loans and Advances	K	28223.57		28535.94
		211078.23		157667.36
4. Less: Current Liabilities and Provisions				
a) Current Liabilities	L	101381.83		65211.73
b) Provisions	L-I	17618.40		6726.82
		119000.23		71938.55
5. Net Current Assets (3-4)			92078.00	85728.81
6. Miscellaneous Expenditure (to the extent not written off or adjusted)	L-II		194.58	1931.94
TOTAL			354419.09	255828.60
7. Statement of Significant Accounting Policies	Q			
8. Notes on Accounts	R			
9. Other Schedules forming part of Accounts	S to X			
10. Balance Sheet Abstract and Company's General Business Profile	Y			
11. Cash Flow Statement	Z			

Sd/-	Sd/-	Sd/-	Sd/-
(M.S.Ramachandran)	**(S.V.Narasimhan)**	**(K.Narayanan)**	**(V.Srinivasan)**
Chairman	Managing Director	Director (Finance) I/C	Company Secretary

As per our attached Report of even date

B.V.RAO & CO.	**M.THOMAS & CO.**
Chartered Accountants	Chartered Accountants
Sd/-	Sd/-
(B.A.S.P. RANGA)	**(A.ROZARIO)**
Partner	Partner

Place : Chennai
Dated : May 24, 2003

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2003

(Rs. in Lakh)

	Schedule		31 Mar 2003	31 Mar 2002
INCOME:				
1. Sale of Products		864911.28		618820.46
Less: Commission and Discounts		1259.78		1338.80
			863651.50	617481.66
2. Company's use of own Products			337.50	14.31
3. Net claim from/(surrender to) Industry Pool Accounts			(993.92)	9812.70
4. Increase/(Decrease) in Stocks	M		17703.76	2336.30
5. Interest and other Income	N		4039.19	4848.08
TOTAL INCOME			884738.03	634493.05
EXPENDITURE:				
1. Purchase of products for resale			335.67	23.85
2. Manufacturing, Admn., Selling & Other Expenses	O		757017.89	582304.21
3. Duties			57478.05	22544.39
4. Depreciation and Amortisation			10201.93	7901.86
5. Interest Payments on:				
a) Fixed period loans from Banks/ Financial Institutions/Others		9514.70		9999.34
b) Short Term Loans from banks		57.53		102.80
c) Public Deposits		808.24		860.37
d) Others		284.71		1846.03
			10665.18	12808.54
TOTAL EXPENDITURE			835698.62	625582.85
PROFIT FOR THE YEAR			49039.41	8910.20
Income/(Expenses) pertaining to previous years (Net)	P		(243.49)	(21.69)
PROFIT BEFORE TAX			48795.92	8888.51
Provision for Tax (net)				
- Current year		16110.19		718.84
- Previous year		(13.66)		0.00
			16096.53	718.84
PROFIT BEFORE DEFERRED TAX			32699.39	8169.67
Provision for Deferred Tax			2410.57	1798.48
PROFIT AFTER TAX			30288.82	6371.19
DISPOSABLE PROFIT			30288.82	6371.19
APPROPRIATIONS:				
Proposed Dividend			5215.14	2980.07
Dividend Distribution Tax			668.19	0.00
General Reserve			24405.49	3391.12
			30288.82	6371.19
6. Earning Per Share (Rupees) (Basic & Diluted)			20.31	4.28
7. Statement of Significant Accounting Policies	Q			
8. Notes on accounts	R			
9. Other Schedules forming part of Accounts	S to X			
10. Balance Sheet Abstract and Company's General Business Profile	Y			
11. Cash Flow Statement	Z			

Sd/-	Sd/-	Sd/-	Sd/-
(M.S.Ramachandran)	**(S.V.Narasimhan)**	**(K.Narayanan)**	**(V.Srinivasan)**
Chairman	Managing Director	Director (Finance) I/C	Company Secretary

As per our attached Report of even date

	B.V.RAO & CO.	**M.THOMAS & CO.**
	Chartered Accountants	Chartered Accountants
	Sd/-	Sd/-
Place : Chennai	**(B.A.S.P. RANGA)**	**(A.ROZARIO)**
Dated : May 24, 2003	Partner	Partner

SCHEDULE 'A' - CAPITAL

(Rs. in Lakh)

	Note	31st Mar 2003	31st Mar 2002
Authorised :			
40,00,00,000 Equity Shares of Rs.10 each (2002: 20,00,00,000 Equity Shares of Rs.10 each)	A	**40000.00**	20000.00
Issued :	B		
17,00,00,000 Equity Shares of Rs.10 each		**17000.00**	17000.00
Subscribed, Called-up and Paid-up :			
14,91,31,100 Equity Shares of Rs.10 each	C	**14913.11**	14913.11
Less: Calls in Arrears (Other than Directors)		**12.72**	12.78
TOTAL		**14900.39**	14900.33

Note:

A. Authorised Share Capital has been increased by Special Resolution passed by the shareholders in the 36th Annual General Meeting held on 18th September 2002

B. As per the Formation Agreement entered into between the promoters, an offer is to be made to the National Iranian Oil Company (NIOC) in any issue of the Capital in proportion to the shares held by them at the time of such issue to enable them to maintain their shareholding at the existing percentage.

C. Includes 7,72,65,200 Equity Shares of Rs.10 each (51.81%) fully paid-up, held by Indian Oil Corporation, the Holding Company.

SCHEDULE 'B' - RESERVES AND SURPLUS

(Rs. in Lakh)

		31st Mar 2003	31st Mar 2002
1. Share Premium Account :			
As per last account	**25092.34**		25092.34
Less: Calls in Arrears (Other than Directors)	**89.00**		89.42
		25003.34	25002.92
2. General Reserve :			
As per last account	**65218.82**		84942.65
Less: Deferred Tax Liability at the beginning of the year	**0.00**		23114.95
	65218.82		61827.70
Add: Transferred from P&L Account	**24405.49**		3391.12
		89624.31	65218.82
TOTAL		**114627.65**	90221.74

SCHEDULE 'C' - SECURED LOANS

(Rs. in Lakh)

	Note	31st Mar 2003	31st Mar 2002
Loans and Advances from Banks	A		
i) Working Capital Demand Loan		**17500.00**	0.00
ii) Cash Credit		**0.00**	3242.94
TOTAL		**17500.00**	3242.94

Note: A - Against hypothecation of inventories, book-debts, outstanding monies, receivables present and future to the extent of Rs.17500 lakh.

SCHEDULE 'D' - UNSECURED LOANS

(Rs. in Lakh)

			31 Mar 2003	31 Mar 2002
1.	**Fixed Deposits:** (including payment within one year Rs. 6586.51 lakh; 2002 : Rs. 750.74 lakh)		**6872.27**	7652.38
2.	**Short Term Loans and Advances: From Banks / Financial Institutions**			
	i) In Rupee (Book Overdraft)	**3194.65**		1426.16
	ii) Working Capital Demand Loan	**20000.00**		0.00
	iii) Others	**0.00**		3000.00
			23194.65	4426.16
3.	**Other Loans and Advances: From Others**			
	i) Oil Industry Development Board (due for payment within one year Rs. 40101.38 lakh; 2002 : Rs. 10399.50 lakh)	**150000.13**		110399.63
	ii) GOI (World Bank Loan) (due for payment within one year - Rs. Nil; 2002 : Rs. 71.99 lakh)	**0.00**		71.99
			150000.13	110471.62
	TOTAL		**180067.05**	122550.16

SCHEDULE 'E' - FIXED ASSETS

(Rs. in Lakh)

	Note	AT COST						NET DEPRECIATED BLOCK	
		Gross block As at 01-Apr-02	Additions/ Adjustments during the year	Disposals during the year	Gross Block as at 31-Mar-03 (Ref. Note No.C)	Depreciation and Amortisation for the year (Ref. Note No.D)	Total Depreciation and Amortisation up to 31-Mar-03	As at 31-Mar-03	As at 31-Mar-02
Land									
- Freehold	A	1944.34	224.11	-	2168.45	-	-	2168.45	1944.34
- Leasehold		768.79	-	-	768.79	7.61	27.64	741.15	748.77
- Right of Way	B	0.00	30.68	-	30.68	-	-	30.68	0.00
Buildings, Roads etc.		9629.96	1918.57	-	11548.53	250.69	2997.99	8550.54	6882.66
Plant and Machinery #		195948.71	12985.19	25.41	208908.49	9799.04	101930.60	106977.89	103801.18
Transport Equipment		871.87	622.88	-	1494.75	82.17	717.24	777.51	236.81
Furniture and Fixtures		867.01	54.19	25.81	895.39	44.73	609.43	285.96	287.92
Railways Sidings		270.72	-	-	270.72	11.89	208.99	61.73	73.61
Drainage, Sewage and Water Supply System		420.46	12.34	-	432.80	5.80	199.65	233.15	226.60
TOTAL		210721.86	15847.96	51.22	226518.60	10201.93	106691.54	119827.06	114201.89
PREVIOUS YEAR		205603.09	5160.22	61.45	210721.86	8007.50	96519.97	114201.89	117060.36
# Includes value of Gas Sweetening Unit at Cauvery Basin Refinery (Refer Note No. 5 Schedule-R)		1477.66	-	-	1477.66	930.78	1403.78	73.88	1004.66

Note

A. Out of this, Rs. 151.62 lakh is provisional, pending fixation of final cost by Govt. of Tamil Nadu

B. Right of way is a perpetual right of use of land but does not bestow upon the company, the ownership of land.

C. The cost of assets are net of MODVAT/CENVAT, wherever applicable.

D. Depreciation and amortisation for the year includes Rs. Nil (2002 : Rs. 105.64 lakh) pertaining to prior year.

SCHEDULE 'F' - CAPITAL GOODS, WORK-IN-PROGRESS

(Rs. in Lakh)

			31st Mar 2003	31st Mar 2002
1.	Construction Work-in-progress (including un-allocated capital expenditure)	117675.06		35168.92
	Less: Provision for Losses	215.23		215.23
			117459.83	34953.69
2.	Advance for Capital Expenditure		2984.94	4923.66
3.	Capital Stores	9645.15		6233.20
	Less: Provision for Losses	113.72		107.14
			9531.43	6126.06
4.	Capital goods in transit		9946.08	4800.82
5.	Construction period expenses pending allocation: Expenditure during the year	8483.13		2831.52
	Less: Allocated to Assets/Work-in-Progress during the year	8483.13		2831.52
			0.00	0.00
	TOTAL		139922.28	50804.23

SCHEDULE F-I : CONSTRUCTION PERIOD EXPENSES (NET) DURING THE YEAR

(Rs. in Lakh)

		31 Mar 2003	31 Mar 2002
1.	Payments to and Provision for Employees	520.31	278.43
2.	Power, Water and Fuel	190.47	115.33
3.	Consumption of Stores & Spares	0.00	6.49
4.	Repairs & Maintenance	16.41	26.20
5.	Rent	72.30	123.78
6.	Travelling & Conveyance	90.88	63.03
7.	Communication Expenses	3.30	3.74
8.	Printing & Stationery	1.84	1.15
9.	Security Force Expenses	45.19	0.00
10.	Other Expenses	74.40	2.21
11.	Interest	7468.03	2211.16
		8483.13	2831.52
	Less: Allocated to Assets/Work-in-Progress during the year	8483.13	2831.52
	TOTAL	0.00	0.00

SCHEDULE 'G' - INVESTMENTS

(Rs. in Lakh)

	Note	No. and Particulars of Shares/ Units	Face value per share Rupees	31st Mar 2003	31st Mar 2002
LONG TERM INVESTMENTS:					
UNQUOTED, AT COST:					
1) Non-Trade Investments:					
In Others					
a) CPCL Industrial Cooperative Service Society Ltd.		9000 Shares fully paid	10	**0.90**	0.90
b) UTI Venture Capital Unit Scheme 1990 (2002 : 1120 units of Rs.100/- each full paid)		370 Units fully paid	100	**0.37**	1.12
c) BioTech Consortium India Ltd.		100000 Equity Shares fully paid	10	**10.00**	10.00
				11.27	12.02
2) Trade Investments:					
In Joint Venture Companies: Indian Additives Ltd.		1183401 Equity Shares fully paid	100	**1183.40**	1183.40
In Others:					
a) Petroleum India International (Seed Capital)	A			**0.00**	5.00
b) Petroleum India International (Share in Accumulated Surplus)	A			**0.00**	761.31
c) National Aromatics and Petrochemical Corporation Limited (2002 : 5 equity shares of Rs.10/- each fully paid-up - Rs. 50/-)		25000 Equity Shares fully paid	10	**2.50**	0.00
				1185.90	1949.71
CURRENT INVESTMENTS					
(AT LOWER OF COST OR MARKET VALUE) :					
UNQUOTED:					
Non-Trade Investments:					
6.96% Oil Companies, GOI Special Bonds, 2009				**1200.00**	1200.00
TOTAL				**2397.17**	3161.73

Note :

A - Consequent upon withdrawal of membership from Petroleum India International, transferred to Claims Recoverable (Schedule K - Loans & Advances).

SCHEDULE H : INVENTORIES

(Rs. in Lakh)

			31st Mar 2003	31st Mar 2002
1.	**In Hand:**			
	a) Stores, Spares etc.	9510.09		9122.83
	Less: Provision for losses	1326.96		708.42
			8183.13	8414.41
	b) Raw Materials		32108.12	16589.18
	c) Finished Products		40792.82	27109.99
	d) Stock in Process		9354.23	5333.30
			90438.30	57446.88
2.	**In Transit:**			
	a) Stores and Spares		290.93	404.30
	b) Raw Materials		29578.58	17853.67
			29869.51	18257.97
	TOTAL		120307.81	75704.85

SCHEDULE I : SUNDRY DEBTORS

(Rs. in Lakh)

		Note		31st Mar 2003	31st Mar 2002
1.	**Over Six Months:**				
	a) Secured		0.00		1100.00
	b) Unsecured, Considered Good		1084.57		261.67
				1084.57	1361.67
2.	**Other Debts:**				
	Unsecured, Considered Good	A		60550.49	35460.56
	TOTAL			61635.06	36822.23

Note: A - Includes dues from Indian Oil Corporation Ltd., the holding company - Rs.45124 Lakh (2002 : Rs. 27673 Lakh)

SCHEDULE J : CASH AND BANK BALANCES

(Rs. in Lakh)

		Note		31st Mar 2003	31st Mar 2002
1.	Cash Balances Cash balances including imprest	A		2.72	0.95
2.	Bank Balances with Scheduled Banks:				
	a) Current Account		785.56		380.50
	b) Fixed Deposit Account		113.00		16203.00
				898.56	16583.50
				901.28	16584.45

Note : A - Includes 78 Gold Medals valued at Rs.1.68 lakh (2002 : Nil)

SCHEDULE 'K' - LOANS & ADVANCES

(Rs. in Lakh)

		Note		31st Mar 2003	31st Mar 2002
1.	Advance recoverable in cash or in kind or for value to be received:				
	a) Secured, Considered Good	A	**5726.59**		6116.79
	b) Unsecured, Considered Good		**2480.80**		2370.13
	c) Unsecured, Considered Doubtful		**1.98**		3.99
			8209.37		8490.91
	Less: Provision for Doubtful Advances		**1.98**		3.99
				8207.39	8486.92
2.	Amount recoverable from Industry Pool Account (Net): Unsecured, Considered Good			**7135.71**	9221.81
3.	Claims recoverable:				
	a) Unsecured, Considered Good	B	**5930.19**		5818.65
	b) Unsecured, Considered Doubtful		**35.13**		29.12
			5965.32		5847.77
	Less: Provision for Doubtful Claims		**35.13**		29.12
				5930.19	5818.65
4.	Balance with Customs, Port Trust & Excise Authorities: Unsecured, Considered Good			**5677.33**	1318.09
5.	Advance Tax (Net)			**0.00**	2463.40
6.	Materials given on Loan	C	**38.31**		0.00
	Less: Deposits received		**38.31**		0.00
				0.00	0.00
7.	Excess deposits given for materials taken on loan Unsecured, Considered Good	D		**10.77**	4.67
8.	Sundry Deposits (including amounts adjustable on receipt of Final bills):				
	a) Unsecured, cosidered Good		**1262.28**		1222.40
	b) Unsecured, considered Doubtful		**0.00**		0.14
			1262.28		1222.54
	Less: Provision for Doubtful Deposits		**0.00**		0.14
				1262.28	1222.40
	TOTAL	E		**28223.67**	28535.94

Note:

		31st Mar 2003	31st Mar 2002
A.	Includes:		
1.	Due from Directors	**1.67**	0.39
	Maximum amount due during the year	**2.10**	0.48
2.	Due from other Officers	**6.60**	6.13
	Maximum amount due during the year	**7.84**	6.68
B.	Includes due from Indian Oil Corporation Ltd., the holding company	**29.72**	0.00
C.	Includes materials given on loan to Indian Oil Corporation Ltd., the holding company	**38.31**	0.00
D.	Includes due from Indian Oil Corporation Ltd., the holding company	**8.24**	0.00
E	**Disclosure requirements of SEBI under Clause 32 of the Listing agreement**		
1.	Loans and advances in the nature of loans to parent company, IOC	**Nil**	Nil
	Maximum amount outstanding during the year	**28200.00**	4500.00
2.	Loans and advances in the nature of loans to associates	**Nil**	Nil
	Maximum amount outstanding during the year	**Nil**	Nil
3.	Loans and advances in the nature of loans where there is		
	(i) no repayment schedule or repayment beyond seven years or	**Nil**	Nil
	(ii) no interest or interest below section 372 A of Companies Act	**Nil**	Nil
4.	Loans and advances in the nature of loans to firms/companies in which directors are interested	**Nil**	Nil
		Nil	Nil

SCHEDULE 'L' - CURRENT LIABILITIES

(Rs. in Lakh)

		Note		31st Mar 2003	31st Mar 2002
1.	Sundry Creditors				
	a) Total dues of small scale industrial undertaking(s)	A	103.14		62.73
	b) Total dues of creditors other than small scale industrial undertakings	B	93271.22		62134.18
				93374.36	62196.91
2.	Other Liabilities	C		3886.24	1879.88
3.	Investor Education and Protection Fund will be credited by :				
	a) Unpaid Dividend		165.91		201.32
	b) Unpaid Matured Deposits		8.90		18.75
	c) Interest accrued on b) above		0.96		0.70
				175.77	220.77
4.	Security Deposits			1253.95	429.34
5.	Materials taken on loan	D	58.02		42.12
	Less: Deposits given		58.02		42.12
				0.00	0.00
6.	Excess deposits received for materials given on loan	E		29.11	439.11
7.	Interest accrued but not due on loans			2662.40	45.72
	TOTAL			101381.83	65211.73

Note:

A. Name of the Small Scale Undertakings to whom the company owe which is outstanding for more than 30 Days are given in Schedule R - Notes to Accounts.

B. Includes due to Indian Oil Corporation Ltd., the holding company - Rs. 39482.36 Lakh (2002 : Rs. 26948.63 Lakh)

C. Includes due to Indian Oil Corporation Ltd., the holding company - Rs. Nil (2002 : Rs. 248.79 Lakh)

D. Includes material taken on loan from Indian Oil Corporation Ltd., the holding company - Rs. 29.72 Lakh (2002 : Rs. 1.70 Lakh)

E. Includes due to Indian Oil Corporation Ltd., the holding company - Rs. 29.11 Lakh (2002 : Rs. 433.55 Lakh)

SCHEDULE 'L-I' - PROVISIONS

(Rs. in Lakh)

			31st Mar 2003	31st Mar 2002
1.	Provision for Retirement Benefits		4979.92	3746.75
2.	Provision for Taxation	16814.40		3963.42
	Less: Advance Payments	10059.25		3963.42
			6755.15	0.00
3.	Proposed Dividend		5215.14	2980.07
4.	Dividend Distribution Tax		668.19	0.00
	TOTAL		17618.40	6726.82

SCHEDULE 'L-II' - MISCELLANEOUS EXPENDITURE

(Rs. in Lakh)

	Note		31st Mar 2003	31st Mar 2002
Deferred Revenue Expenditure				
1. Expenditure towards CECP Study on Refinery Operations by Solomon Associates Incorporation, USA	A			
As per last accounts		1656.43		1434.20
Add: Expenditure during the year		0.00		725.97
Less: Amortised during the year		1656.43		503.74
			0.00	1656.43
2. Voluntary Retirement Compensation				
As per last accounts		74.60		0.00
Add: Expenditure during the year		173.29		93.25
Less: Amortised during the year		53.31		18.65
			194.58	74.60
3. Software Expenditure	A			
As per last accounts		200.91		0.00
Add: Expenditure during the year		0.00		251.14
Less: Amortised during the year		200.91		50.23
			0.00	200.91
TOTAL			194.58	1931.94

Note: A - Charged off to revenue as per change in accounting policy - Refer Note No.4 (a) of Schedule R

SCHEDULE 'M' - DETAILS OF INCREASE / (DECREASE) IN STOCK

(Rs. In Lakh)

		31st Mar 2003	31st Mar 2002
Closing Stock			
a) Finished products	40792.82		27109.99
b) Stock in process	9354.23		5333.30
		50147.05	32443.29
Less:			
Opening Stock			
a) Finished products	27109.99		19595.30
b) Stock in process	5333.30		10511.69
		32443.29	30106.99
TOTAL		17703.76	2336.30

SCHEDULE 'N' - INTEREST AND OTHER INCOME

(Rs. in Lakh)

		Note		31st Mar 2003	31st Mar 2002
1.	Interest on:				
	a) Loans and Advances		811.92		1714.26
	b) Fixed Deposits with Banks		11.75		24.32
	c) Short Term Deposits with Banks		942.11		268.78
	d) Customer Outstandings		1018.64		874.56
	e) 6.96% Oil Companies, GOI Special Bonds 2009	A	83.52		0.46
				2867.94	2882.38
2.	Dividend				
	a) From Petroleum India International	B	0.00		10.00
	b) From Others	C	0.00		2.22
				0.00	12.22
3.	Sale of Power			620.91	689.09
4.	Profit on sale and disposal of assets			26.64	287.55
5.	Unclaimed/Unspent liabilities written back			1.54	12.51
6.	Provision for Doubtful Debts, Advances, Claims and Stores written back			22.21	214.05
7.	Sale of scrap			170.15	53.51
8.	Other Miscellaneous Income	D		329.80	696.77
	TOTAL			4039.19	4848.08

Note:

A. Represents income on Current, Non-Trade Investments

B. Represents income on Long-Term, Trade Investments

C. Represents income on Long-Term, Non-Trade Investments

D. i) Includes Rs. Nil (2002 : Rs. 165.61 lakh) towards insurance claims.

ii) Includes Tax - Free income of Rs. 102.86 lakh (2002 : Rs.108.69 lakh) from Petroleum India International (AOP).

SCHEDULE 'O' - MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Lakh)

		Note		31st Mar 2003	31st Mar 2002
1.	Raw Material Consumed:				
	Opening Balance		**34442.85**		45895.96
	Add: Receipts:				
	a) Purchases		**751366.76**		551995.65
	b) Taken on loan		**0.00**		22536.20
	c) Given on loan		**0.00**		(27326.54)
			751366.76		547205.31
	Less: Closing Stock		**61686.70**		34442.85
				724122.91	558658.42
2.	Consumption:				
	a) Stores, Spares and Consumables		**3236.72**		1803.67
	b) Packages and Drum Sheets		**90.89**		118.47
				3327.61	1922.14
3.	Power, Water and Fuel		**51948.09**		38520.51
	Less: Own Fuel		**49038.87**		36169.61
				2909.22	2350.90
4.	Octroi, Other Levies and Irrecoverable Taxes			**2194.50**	1544.13
5.	Repairs and Maintenance:				
	i) Buildings		**338.50**		465.09
	ii) Plant & Machinery		**4202.95**		3322.76
	iii) Others		**322.55**		352.30
				4864.00	4140.15
7.	Freight, Transportation charges and Demurrage			**581.70**	1125.11
8.	Payments to and Provisions for Employees:				
	a) Salaries, wages, bonus etc.	A	**5843.96**		4579.90
	b) Contribution to Provident and other Funds		**1705.55**		718.30
	c) Amortisation of Voluntary Retirement Compensation		**53.31**		18.65
	d) Staff Welfare Expenses		**1051.47**		1248.83
				8654.29	6565.68
9.	Office Admnistration, Selling and Other Expenses (Schedule O - I)			**10363.66**	5997.68
	TOTAL			**757017.89**	582304.21

Note:

A. Includes towards previous years Rs. 569.89 lakh (2002 : Rs. Nil) on account of removal of ceiling for the payment of Performance Linked Incentive.

SCHEDULE 'O'-I - OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Lakh)

			31st Mar 2003	31st Mar 2002
1.	Rent		**1071.64**	1177.07
2.	Insurance		**1262.18**	1237.21
3.	Rates & Taxes		**202.97**	91.86
4.	Donations		**16.78**	6.29
5.	Payment to Auditors:			
	a) Audit Fees	**3.78**		3.15
	b) Other Services (for issuing certificates etc.)	**1.54**		2.26
	c) Out of Pocket Expenses	**3.20**		2.08
			8.52	7.49
6.	Travelling and Conveyance		**721.61**	847.82
7.	Communication Expenses		**187.49**	190.05
8.	Printing and Stationery		**62.72**	65.45
9.	Electricity and Water		**94.72**	51.24
10.	Bank Charges		**33.84**	25.36
11.	Bad Debts, Advances, Claims and Materials written off		**2217.26**	211.20
12.	Loss on Assets sold, lost or written off		**11.82**	71.20
13.	Exchange Fluctuation (net)		**0.00**	41.39
14.	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores		**651.16**	597.53
15.	Security Force Expenses		**382.28**	350.03
16.	Handling Expenses		**220.40**	132.15
17.	Other Expenses		**3218.25**	874.34
	TOTAL		**10383.66**	5997.68

SCHEDULE 'P' - INCOME/EXPENSES RELATING TO PRIOR YEARS

(Rs. In Lakh)

		31st Mar 2003	31st Mar 2002
Income:			
1.	Sale of Products	**0.00**	9.90
2.	Other Miscellaneous Income	**30.02**	0.00
	Total Income	**30.02**	9.90
Expenditure:			
1.	Depreciation and Amortisation	**0.00**	105.64
2.	Consumption - Stores, Spares and Consumables	**110.70**	0.00
3.	Power, Water and Fuel	**0.00**	(80.35)
4.	Repairs and Maintenance	**69.65**	0.00
5.	Other Expenses	**0.00**	6.30
6.	Interest	**93.16**	0.00
	Total Expenses	**273.51**	31.59
	NET INCOME / (EXPENDITURE)	**(243.49)**	(21.69)

SCHEDULE 'Q' - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS

1.1 Land

(a) Land acquired on lease for over 99 years and on perpetual lease is treated as freehold land.

(b) Cost of Right-of-Way for laying pipelines is capitalised.

1.2 Capitalisation of construction period expenses

(a) Revenue expenses including expenses for crop compensation for acquiring Right-of-Way exclusively attributable to projects incurred during construction period are capitalised.

(b) Financing cost incurred during the construction period on loans specifically borrowed for projects is capitalised at the actual borrowing rates.

Financing cost incurred on general borrowings used for projects is capitalised at the weighted average cost.

1.3 Depreciation / Amortisation

(a) Depreciation on fixed assets is provided in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956, on straight line method, up to 95% of the cost of the asset. Depreciation is charged pro-rata on quarterly basis on assets, from/up to the quarter of capitalisation/sale, disposal and dismantled during the year.

(b) Assets costing not more than Rs. 5000/- each are depreciated in full in the year of addition.

(c) Capital expenditure on assets, the ownership of which does not vest with the Company, incurred during the construction period of the projects is accounted as unallocated capital expenditure and is charged to revenue in the year of capitalisation of such projects.

(d) Cost of lease hold land (including premium) for 99 years or less is amortised during the lease period.

2. INVESTMENTS

Long term investments are carried at cost. Current investments are carried at lower of cost or market value. Provision for diminution in the value of long-term investments, other than temporary in nature, is accounted for.

3. CURRENT ASSETS, LOANS AND ADVANCES

Valuation of Inventories

(a) Raw materials

Crude oil - At cost (on FIFO basis) or net realisable value whichever is lower

(b) Stock-in-process

At raw material cost plus overhead at fifty percent of the cost of conversion or net realisable value, whichever is lower.

(c) Finished products

Finished products are valued at cost (on FIFO basis plus processing cost) or net realisable value, whichever is lower.

(d) Stores and Spares

Stores and Spares are valued at weighted average cost. In case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale/disposal and charged to revenue.

Stores and Spares in transit are valued at cost.

(e) Imported Products in-transit and Crude Oil in-transit

Imported products in-transit and crude oil in-transit are valued at CIF cost or net realisable value, whichever is lower.

4. FOREIGN CURRENCY TRANSLATION

Transactions in foreign currency are recorded at exchange rates prevailing on the date of transactions. Current assets, current liabilities and foreign currency loans, outstanding at the year end, are translated at exchange rates applicable as of that date. The resultant exchange gains and losses except those relating to acquisition of fixed assets which are adjusted to the cost of such assets till they are fully depreciated, are accounted in the Profit and Loss Account.

5. CONTINGENT LIABILITIES

Recognition of amounts under 'Contingent Liabilities' and 'Capital Commitments' is considered only in the case of items exceeding Rs. 5,00,000/-. Subject to this limit, contingent liabilities in respect of show cause notices are considered only when they are converted into demands, if disputed by the company.

6. PROFIT AND LOSS ACCOUNT

(a) Claims on Petroleum Planning and Analysis Cell (formerly known as Oil Coordination Committee)/Government arising on account of Administered Pricing Mechanism are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/clarifications subject to final adjustment as per separate audit.

(b) Other claims (including interest on outstandings) are accounted:

i) When there is certainty that the claims are realisable

ii) Generally at cost

(c) Prepaid Expenses up to Rs. 50,000/- in each case is charged to revenue.

(d) Income and expenditure are disclosed as prior period items only when the value exceeds Rs.5,00,000/- in each case.

(e) (i) Superannuation Schemes

The liability towards Superannuation Schemes as at the year-end is ascertained on the basis of actuarial valuation. Premium paid towards the 'Cash Accumulation Scheme' of LIC and the difference between estimated liability and the corpus available in the 'Cash Accumulation Scheme' is provided for and charged off to revenue.

(ii) Gratuity Schemes

The liability towards gratuity as at the year-end is ascertained on the basis of actuarial valuation. Premium paid towards the 'Cash Accumulation Scheme' of LIC and the difference between estimated liability and the corpus available in the 'Cash Accumulation Scheme' is provided for and charged off to revenue.

(iii) Leave Encashment

The liability towards leave encashment to employees as at the year-end is ascertained on the basis of actuarial valuation and provided for.

(iv) Post retirement medical benefits

The liability towards post retirement medical benefits as at the year-end is ascertained on the basis of actuarial valuation and provided for.

(f) Expenditure incurred on Voluntary Retirement Schemes is treated as Deferred Revenue Expenditure and is amortised over a period of five years beginning from the year in which expenditure is incurred.

7. R&D EXPENDITURE

All expenditure, other than on capital account, on research and development are charged to the Profit and Loss Account.

SCHEDULE 'R' - NOTES ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH 2003

1. **Contingent Liabilities:**

   a) Claims against the Corporation not acknowledged as debts Rs.10632.26 Lakhs (2002 : Rs. 6518.05 lakhs).

   These include:

   i) Rs. 6115.68 lakh (2002 : Rs. 4851.16 lakh) being the demands raised by the Central Excise/Customs authorities.

   ii) Rs. 233.33 lakh (2002 : Rs. 233.10 lakh) in respect of Sales Tax demands.

   iii) Rs. 1750.80 lakh (2002 : Rs. 1354.51 lakh) in respect of Income Tax demands.

   iv) Rs. 2467 lakh (2002 : Rs. Nil) relating to projects.

   b) Demands of Excise Duty of Rs. 5432.35 lakh (2002 : Rs. 4546.16 lakh) included in 1 (a) i) above is on the alleged grounds of Captive Consumption of Slack Wax / Refinery Fuel Oil, etc. for manufacture of final products are pending before various authorities .

   c) Interest/Penalty, if any, on the above claims is unascertainable.

2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs. 102700.94 lakh (2002 : Rs. 156352.48 lakh).

3. Seventy Five acres and sixty seven cents of land has been taken on lease from a trust on a five year renewable lease for the construction of Employees Township at Cauvery Basin Refinery.

4. Impact on account of changes in accounting policy.

   a) The accounting policy of the company on DRE has been changed whereby expenditure incurred on Voluntary Retirement Schemes (VRS) only is treated as DRE. Expenses incurred towards CECP studies by M/s. Solomon Associates Inc., (SAI) and add-on software expenses which were hitherto treated as DRE is charged off to revenue. This has an impact of reducing the profits of the company by Rs. 1457 lakh during the current year.

   b) The change in the accounting policy of the company with regard to Unallocated Capital Expenditure [Policy No. 1.3 (c)] will have no impact in the current year's profit as there is no such capitalisation during 2002-03.

5. The Gas Sweetening Unit at the Cauvery Basin Refinery became non-functional due to non-availability of sour gas. Till date, the efforts taken by the company for effective utilisation of the asset did not fructify. Therefore, the company has retained a residual value of Rs. 73.88 lakh representing 5% of the original cost of the asset and provided for the balance of Rs. 930.78 lakh as depreciation for the year.

6. As per the terms of Memorandum of Settlement (MoS), approved by the Government of India for the withdrawal by the company from the Joint Venture, Arochem, with SPIC Ltd, the amount due to the company as on 31.03.2002 stood at Rs. 3648.63 lakh including Rs. 2204.25 lakh towards interest and reimbursement of legal expenses. As SPIC Ltd., has not made any payments against these claims for the past two years, as a matter of prudent commercial practice, the company has, during the year, written off Rs. 2204.25 lakh representing interest and reimbursement of legal expenses accounted up to 31.03.2002 and has not accounted for the interest for the year 2002-03. As SPIC Ltd. has expressed its keenness to implement the project, before the appropriate judicial forums, the company is confident of recovering the investment of Rs. 1444.38 lakh made in Arochem project.

7. The company operates in a single segment viz. downstream petroleum sector. As such reporting is done on a single segment basis.

8. The company, in the absence of suitable notification by the Central Government specifying the applicable rate of cess under section 441A of the Companies Act, 1956 on turnover payable by the company, has not provided for cess towards formation of Rehabilitation and Revival Fund.

9. In compliance of Accounting Standard – 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India, the required information is given as per Annexure - 1 to this schedule.

10. Disclosure as required under Accounting Standard - 19 on "Leases" issued by the Institute of Chartered Accountants of India is as under:

    Operating Leases:

    The company has taken an operating lease of nine Product Tankages from IOC on a renewal basis from 23.07.2002 and is valid up to 31.03.2005. The lease rentals incurred for the current year amounting to Rs. 255.28 lakh are included in Rent (2002 : Nil).

11. In compliance of Accounting Standard – 20 on "Earning Per Share" issued by Institute of Chartered Accountants of India, the elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	March 2003	March 2002
Profit After Tax (Rupees in Lakh)	**30288.82**	6371.19
Weighted Average number of equity shares	**149131100**	149131100
Earning Per Share (Basic and Diluted) (Rupees)	**20.31**	4.28
Face value per share (Rupees)	**10**	10

12. In compliance of Accounting Standard – 22 on "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India, the Corporation has Deferred Tax Liability for the financial period ended 31st March 2003 amounting to Rs. 1619.80 Lakh has been provided and the post tax profit has accordingly reduced by the same amount.

The item-wise details of Deferred tax liability are as under:

(Rs. In Lakh)

	As on 31.03.2003	**As on 31.03.2002**
Deferred Tax Liability:		
i) Depreciation	**26551.50**	25060.76
ii) Interest	**3197.52**	1041.17
iii) Miscellaneous Expenditure	**(27.81)**	492.40
Less: Deferred Tax Assets:		
iv) Provision for Retirement Benefits	**1786.55**	1358.26
v) Provisions on inventories, debtors, loans and advances	**610.66**	322.64
Deferred Tax Liability (Net)	**27324.00**	24913.43

13. Disclosure as required under Accounting Standard – 27 on "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India is as under:

a)	**Name of the Joint Venture**	Indian Additives Ltd.
	Proportion of ownership interest	50%
	Country of Incorporation	India
	Aggregate amount of Interests in Joint Venture	Amount (Rs. lakh)
	Company's share of Assets	3375.20
	Liabilities	963.55
	Income	5700.55
	Expenditure	5014.08
	Contingent Liabilities	58.09

b)	**Name of the Joint Venture**	National Aromatics and Petrochemicals Corporation Ltd.
	Proportion of ownership interest	50%
	Country of Incorporation	India

Aggregate amount of interests in Joint Venture is not given since the joint venture is not operational.

14. The names of Small Scale Undertakings to whom the Corporation owes any sum which is outstanding for more than 30 days are given in Annexure – II.

15. Remuneration paid/payable to Directors:

(Rs. in Lakh)

		2002-03	2001-02
i)	Salaries and Allowances	**29.81**	20.96
ii)	Contribution to Provident Fund	**2.06**	1.92
iii)	Contribution to Gratuity/Superannuation Fund, etc.	**1.22**	0.54
iv)	Other benefits and Perquisites	**4.46**	3.58
v)	Sitting Fees to Part Time Directors	**0.50**	0.00
	Total	**38.05**	27.00

16. The Profit and Loss Account includes:

a) Expenditure on Public Relations and Publicity amounting to Rs. 67.79 lakh (2002 : Rs.20.62 lakh). The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.00785 : 1 (2002 : 0.00329: 1).

b) Expenditure on Advertisement amounting to Rs. 65.33 lakh (2002 : Rs. 56.15 lakh). The ratio of annual expenditure on Advertisement to the annual turnover is 0.00757 : 1 (2002 : 0.00895 : 1).

c) Research and Development expenses Rs. 330.69 lakh (2002 : Rs. 249.84 lakh).

d) Entertainment Expenses Rs. 19.70 lakh (2002 : Rs. 14.53 lakh).

17. Previous year's comparative figures have been regrouped and recast, wherever necessary, to the extent practicable. Figures in brackets indicate deductions.

Sd/-	Sd/-	Sd/-	Sd/-
(M.S.Ramachandran)	**(S.V.Narasimhan)**	**(K.Narayanan)**	**(V.Srinivasan)**
Chairman	Managing Director	Director (Finance) I/C	Company Secretary

As per our attached Report of even date

B.V.RAO & CO.	**M.THOMAS & CO.**
Chartered Accountants	Chartered Accountants
Sd/-	Sd/-
(B.A.S.P. RANGA)	**(A.ROZARIO)**
Partner	Partner

Place : Chennai
Dated : May 24, 2003

Annexure - I

As required by AS – 18 "Related Party Disclosures", are given below:

1. Relationship:

   A) Joint Venture Companies — Indian Additives Limited

   B) Whole-time Directors

      1) Shri S.Rammohan (up to September 30, 2002)

      2) Shri S.V.Narasimhan

      3) Shri M.P.Srinivasan (up to December 31, 2002)

      4) Shri K.Narayanan

      5) Shri R.Sankaran (from January 1, 2003)

2. The following transactions were carried out with the related parties in the ordinary course of business:

   a) Details relating to party referred to in item no. 1 (A) above

(Rs. In Lakh)

	31st March 2003	31st March 2002
Sale of Products	**854.76**	896.09
Consideration for relinquishment over right of land	**24.50**	289.57
Receivables (Trade)	**7.35**	62.75
Receivables for relinquishment over right of land	**314.07**	289.57

   b) Details relating to party referred to in item no. 1 (B) above

(Rs. In Lakh)

	31st March 2003	31st March 2002
Remuneration	**33.09**	23.42
Other Benefits/Recoveries	**4.46**	3.58
Outstanding loans/advances receivables	**1.67**	0.39
Assets on Hire	**2.80**	3.55

Annexure - II

Details for Note No. 15

Placka Instruments & Control, Numeric Power Systems, EBY Fastners, IGP Engineers, EBY Industries, Metal Forgings Pvt. Ltd., Madras Industrial Products, Petrochemical Engineering Enterprises, Econo Valves Pvt. Ltd., New Age Industries, EBY Industries, Econo Valves Pvt. Ltd., Emerald Walkway Grates, Fouress Engineering, GR Engineering Works, IGP Engineers Pvt. Ltd., Madras Industrial Products, Metal Forgings Pvt. Ltd., New Age Industries, Petrochemical Engineering Enterprises, Teekay Tubes Pvt. Ltd., The National Scientific Suppliers, Leak Control, Vircap Sealing Tech. Pvt. Ltd., J.Thadhani & Company, Allied Tolls Corporation, Devishree Electricals, Concord Arai Pvt. Ltd., Joseph Lelie & Co., Gasket India Pvt. Ltd., A.M.Hassanally & Company, Abasi Engineering Works, Air Blow Equipments, Amar Electric Company, Analytical Lab Services, Apna Scientific Supplies, Balaji Drum Works, Baliga Lighting Equipments, Banaraswala Metal Craft Pvt. Ltd., Bharat Steel, Chemtron Science Lab, Delight Agencies, Eltra Services, Evergreen Wire Cloth Factory, G.R.Engineering Works, GAJ Chemicals, Godrich Gaskets Pvt Ltd., HAT Rubbers, Hydro-Pneumatic Accessories, Industrial Enterprises, INOX Air Products Ltd., J.K.Forgings, Jain Hydraulics & Penumatics, Kanta Enterprises, Kiran Wire Netting Company, Lakshmi Engineering Works, MS Fittings Manufacturing Company, Madras Fasteners, Mechanical Packing Industry, Navodaya Seva Sangham, Newage Industries, Nirma Pipes & Fittings, Paltandi Flurocarbons and Seals, Placon Agencies, RV Refractories, Rural Engineering Corporation, Sri Kannan Engineering Enterprises, Sudeep Industries Pvt. Ltd., Super Forge, Suresh Engineering Company, Swan Enterprises India Pvt. Ltd., Tamilnadu Air Products, The Industrial & Laboratory Equipment Company, Tube Products, Unique Transmission India Pvt. Ltd., Veejai Agencies, Veman Industries and Products, Vircap Sealing Tech Pvt. Ltd., Yash Scientific Corporation, Zenith Fire Services.

SCHEDULE - "S" - LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

(Rs. in Lakh)

		UNIT	Licensed Capacity		Installed Capacity		Actual Production	
			March 2003	March 2002	**March 2003**	March 2002	**March 2003**	March 2002
i)	Crude Processing	MTs	**70.00**	70.00	**70.00**	70.00	**68.40**	67.04
ii)	Propylene Recovery Unit	MTs	**0.17**	0.17	**0.17**	0.17	**0.17**	0.17
iii)	Wax Plant	MTs	**0.30**	0.30	**0.30**	0.30	**0.22**	0.21

SCHEDULE - "T" - FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS

(Rs. in Lakh)

		OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
		QUANTITY MTs	VALUE Rupees	QUANTITY MTs	VALUE Rupees	QUANTITY MTs	VALUE Rupees	QUANTITY MTs	VALUE Rupees
1.	**PETROLEUM/ PETRO-CHEMICAL PRODUCTS:**								
	Year ended 31.03.03	**2.07**	**26830.56**	**0.00**	**0.00**	**62.34**	**848510.92**	**2.20**	**40079.72**
	Year ended 31.03.02	1.47	18025.69	0.00	23.85	61.51	609252.56	2.07	26830.56
2.	**WAX**								
	Year ended 31.03.03	**0.04**	**279.43**	**0.01**	**335.57**	**0.22**	**16400.36**	**0.02**	**713.10**
	Year ended 31.03.02	0.06	1569.60	0.00	0.00	0.23	8229.10	0.04	279.43
3.	**TOTAL**								
	Year ended 31.03.03	**2.11**	**27109.99**	**0.01**	**335.57**	**62.57**	**864911.28**	**2.22**	**40792.82**
	Year ended 31.03.02	1.53	19595.29	0.00	23.85	61.74	617481.66	2.11	27109.99

SCHEDULE - "U" - CONSUMPTION PARTICULARS OF RAW MATERIALS, STEEL COILS/SHEETS/ STORES/SPARE PARTS AND COMPONENTS

	IMPORTED		INDIGENOUS		QUANTITY	TOTAL
	VALUE (Rs. in Lakh)	% to Total Consumption	VALUE (Rs. in Lakh)	% to Total Consumption	MTs (in lakhs)	Rs. (in Lakh)
March 2003						
Crude Oil and Gas	**481195.41**	**66**	**242927.50**	**34**	**68.40**	**724122.91**
Packing Materials Consumed	**0**	**0**	**90.89**	**100**	**0**	**90.89**
Steel Coils/Sheets/Stores/ Component and Spare Parts	**1031.85**	**17**	**4954.11**	**83**	**0**	**5985.96**
March 2002						
Crude Oil and Gas	419431.51	75	139226.91	25	67.04	558658.42
Packing Materials Consumed	0	0	118.47	100	0	118.47
Steel Coils/Sheets/Stores/ Component and Spare Parts	851.20	20	3318.72	80	0	4169.92

SCHEDULE "V" - EXPENDITURE IN FOREIGN CURRENCY FOR ROYALTY, KNOW-HOW, PROFESSIONAL & CONSULTATION FEES, DIVIDEND & OTHER MATTERS

(Rs. in Lakh)

		Note	March 2003	March 2002
1.	Royalty		40.32	0.00
2.	Professional, Consultation Fees and Technical Fees		663.80	452.49
3.	Dividend (Net of taxes)	A	384.78	557.36
4.	Others		63.48	47.78
	TOTAL		1152.38	1057.63

Note: A - Represents payment made to 582 Non-Resident Shareholders for the year 2001-02 holding 23087300 number of shares (2002 : 590 Non-Resident Shareholders for the year 2000-01 holding 23085900 number of shares)

SCHEDULE "W" - EARNINGS IN FOREIGN CURRENCY

(Rs. in Lakh)

	March 2003	March 2002
Export of Petroleum Products	1971.86	0.00
TOTAL	1971.86	0.00

SCHEDULE "X" - CIF VALUE OF IMPORTS

(Rs. in Lakh)

		March 2003	March 2002
1.	Crude Oil	445916.26	359586.45
2.	Capital Goods	16399.32	948.36
3.	Revenue Stores, Component, Spare and Chemicals	857.58	890.66
	TOTAL	463173.16	361425.47

SCHEDULE "Y" - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 5 3 8 9 1 9 6 5 State Code 1 8

Balance Sheet Date

Date	Month	Year
31	03	2003

II. Capital Raised during the year (Amount in Rs. Thousands)

PUBLIC ISSUE	RIGHTS ISSUE
NIL	NIL
BONUS ISSUE	**PRIVATE PLACEMENT**
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
35441909	35441909

Sources of Funds

Paid-Up Capital	Reserves & Surplus
1490039	11462765
Secured Loans	**Unsecured Loans**
1750000	18006705
Deffered Tax Liability	
2732400	

Application of Funds

Net Fixed Assets	Investments
25974934	239717
Net Current Assets	**Misc. Expenditue**
9207800	19458
Accumulated Losses	
NIL	

IV. Performance of Company (Amount in Rs. Thousand)

Turnover	Total Expenditure
86299508	83594211
Profit Before Tax (+ -)	**Profit After Tax** (+ -)
+ 4879592	+ 3028882

(Please tick Appropriate box + for - for Loss)

Earning Per Share in Rs.	Dividend Rate %
20.31	35

V. Generic Names of Three Principal Products/Services of Company (As per Monetary terms)

Item Code No. (ITC Code)	Product Description
2710	HIGH SPEED DIESEL
2710	NAPHTHA
2710	FUEL OIL

CASH FLOW STATEMENT for the year ended 31.3.2003

SCHEDULE "Z"

(Rs. in Lakh)

	PARTICULARS		Year ended March 31, 2003		Year ended March 31, 2002
A.	**Cash Flow from Operating Activities**				
1	Profit Before Tax	**48795.92**		8888.51	
2	Adjustments for:				
	Depreciation	**10201.93**		8007.50	
	Deferred Revenue Expenditure Written Off	**1910.65**		572.62	
	Income from Long Term Investment	**-186.38**		-121.37	
	Profit on sale of assets	**-26.64**		-287.55	
	Liabilities/Prov. for Claims Written back	**-23.75**		-15.36	
	Advances, Claims and Material written off	**2217.26**		211.20	
	Provision for Doubtful Claims and Obsoloscence of Stores	**651.18**		597.53	
	Loss on Sale of Assets	**11.82**		71.20	
	Interest on borrowings	**10665.18**		12808.54	
	Interest income	**-2784.42**		-2881.92	
B.	**Operating Profit Before Working Capital Changes**	**71432.75**		27850.90	
C.	**Changes in Working Capital** (Excluding Cash & Bank Balances)				
	Trade and Other Receivables	**-18987.03**		13168.41	
	Inventories	**-45254.16**		9228.15	
	Trade and Other Payables	**25604.37**		7733.87	
	Change in Working Capital	**-38636.82**		30130.43	
D	**Cash generated from Operations**	**32795.93**		57981.33	
E.	**Adjustments for**				
	Direct taxes paid	**-8348.92**		-659.08	
	Direct Taxes Received	**2470.84**		243.65	
F.	**Net Cash flow from Operating Activities**		**26917.85**		57565.90
G.	**Cash Flow from Investing Activities**				
	Purchase of Fixed Assets	**-104966.01**		-44175.64	
	Deferred Revenue Expenditure	**-173.29**		-1070.36	
	Sale of Assets	**35.68**		247.54	
	Investments (Net)	**-1.75**		-1258.69	
	Interest Received	**2793.90**		2885.29	
	Dividend/ Income from Investment Received	**0.00**		60.00	
	Net Cash used in Investing Activities		**-102311.47**		-43311.86
H.	**Net Cash Flow from Financing Activities**				
	Proceeds from Calls in arrears/Issue of Shares including premium	**0.48**		0.28	
	Proceeds from Long Term Borrowings	**87500.00**		23500.00	

(Rs. in Lakh)

	PARTICULARS		Year ended March 31, 2003		Year ended March 31, 2002
	Repayment of Short term Borrowings	-15726.05		-12952.61	
	Interest paid	-8048.50		-12900.75	
	Dividend Paid	-3015.48		-3676.29	
	Corporate Dividend Tax Paid	0.00		-377.94	
	Net cash Generated /(Used) from Financing Activities		60710.45		-6407.31
I.	**Net change in cash & Cash Equivalents (F+G+H)**		**-15683.17**		7846.73
J.	**Cash and Cash equivalents as at the end of Financial year**		**901.28**		16584.45
K.	**Cash and Cash equivalents as at beginning of the Financial Year**		**16584.45**		8737.72
	Net change in Cash and Cash equivalents (J-K)		**-15683.17**		7846.73

Sd/-	Sd/-	Sd/-	Sd/-
(M.S.Ramachandran)	**(S.V.Narasimhan)**	**(K.Narayanan)**	**(V.Srinivasan)**
Chairman	Managing Director	Director (Finance) I/C	Company Secretary

Place : Chennai
Dated : May 24, 2003

AUDITORS' REPORT

We have verified the attached Cash Flow Statement of Chennai Petroleum Corporation Limited derived from the audited financial statements and the books and records maintained by the Company for the years ended 31st March 2003 and 31st March 2002 and found correct.

for B.V.RAO & CO.
Chartered Accountants

Sd/-
B.A.S.P.Ranga
Partner

for M.THOMAS & CO.
Chartered Accountants

Sd/-
A.Rozario
Partner

Place : Chennai
Date : May 24, 2003

Review of Accounts of Chennai Petroleum Corporation Limited, Chennai for the year ended 31st March 2003 by the Comptroller and Auditor General of India

Note : Review of Accounts has been prepared without taking into account the comments under Section 619(4) of the Companies Act, 1956 and qualifications contained in the Statutory Auditors' Report.

1. FINANCIAL POSITION

The table below summarises the financial position of the Company under broad headings for the last three years.

(Rs.in Lakh)

	2000-2001	2001-2002	**2002-2003**
Liabilities			
a) Paid-up Capital			
i. Government	Nil	Nil	**Nil**
ii. a. Other Central Government PSUs	7726.52	7726.52	**7726.52**
b. Others	7173.78	7173.81	**7173.87**
Share application money	Nil	Nil	**Nil**
b) Reserves & Surplus			
i. Free Reserves & Surplus	84942.65	65218.62	**89624.31**
ii. Share Premium Account	25002.67	25002.92	**25003.34**
iii. Capital Reserves	-	-	**-**
c) Borrowings			
i. From Govt. of India	193.97	71.99	**0.00**
ii. From Financial Institutions	95174.13	110399.63	**150000.13**
iii. Foreign Currency Loans	9991.17	0.00	**0.00**
iv. Cash Credit	1218.83	4669.10	**3194.65**
v. Others	8667.61	10652.38	**44372.27**
vi. Interest accrued and due	-	-	**-**
d) i. Current Liabilities and Provisions (Excluding Provision for Gratuity)	71668.98	71216.69	**118477.46**
ii. Provision for Gratuity	760.46	766.45	**522.78**
e) Deferred Tax Liability		24913.43	**27324.00**
Total	312520.77	327811.74	**473419.32**
Assets			
f) Gross Block	205603.09	210721.86	**226518.60**
g) Less: Depreciation	88542.73	96519.97	**106691.54**
h) **Net Block**	117060.36	114201.89	**119827.06**
i) Capital Work-in-progress	11732.05	50765.85	**139922.28**
j) Investments	1903.04	3161.73	**2397.17**
k) Current Assets, Loans and Advances	180391.12	157750.33	**211078.23**
l) Misc-expenditure not written off	1434.20	1931.94	**194.58**
m) Accumulated Losses	-	-	**-**
Total	312520.77	327811.74	**473419.32**
n) Working Capital [k – d(i) – c(vi)]	108722.14	86533.64	**92600.78**
o) Capital Employed (h+n)	225782.50	200735.53	**212427.84**
p) Net Worth [a+b(i) + b(ii) – l – m]	123411.42	103190.13	**129333.46**
q) Net Worth per rupee of paid up capital (in Rs.)	8.28	6.93	**8.68**

2. RATIO ANALYSIS

Some important financial ratios on the financial health and working of the Company at the end of last three years are as under:

(In Percentage)

	2000-2001	2001-2002	2002-2003
A. Liquidity Ratio:			
Current Ratio (Current Assets to Current Liabilities & Provisions and interest accrued and due but excluding provisions for gratuity) [k/(d(i)+c(vi))x100]	251.70	221.51	**179.16**
The ratio (expressed as a percentage) indicates the coverage of current liabilities by the liquid assets held by the Company. The "Current Liabilities" are fully covered by the Liquid Assets.			
B. Debt Equity Ratio:			
Long term Debt to Equity [c (i to v but excluding short term loans) / p]	77.39	108.12	**116.66**
The increase in the ratio in the current year contributed by higher borrowings is due to implementation of capital projects			
C. Profitability Ratios:			
a) Profit Before Tax to			
i. Capital Employed	6.53	4.43	**22.97**
The operating profitability of capital employed has increased indicating increasing operating earnings out of the capital employed.			
ii. Networth	11.95	8.61	**37.73**
The increase in the ratio indicates increase in the Rate of Return on shareholders' funds.			
iii. Sales	2.07	1.42	**5.65**
b) Profit after tax to networth	9.92	6.17	**23.42**
c) Profit after tax to equity capital	82.17	42.76	**203.28**
d) Earnings per share (in Rupees)	8.22	4.28	**20.33**

3. SOURCES AND UTILISATION OF FUNDS

(Rs. in Lakh)

		2002-2003
Sources of Funds:		
1. Funds from operations:		
Profit After Tax	30288.82	
Add: Depreciation	10201.93	
		40490.75
Less: Profit on Sale of Assets (net)	14.82	
		14.82
		40475.93
2. Increase in Share Capital		0.06
3. Increase in Share Premium A/C.		0.42
4. Decrease in Misc. Expenditure		1737.36
5. Increase in Borrowed Funds		71773.95
6. Sale Proceeds of Fixed Assets		35.68
7. Decrease in Investments		764.56
8. Increase in Deferred Tax Liability		2410.57
Total		117198.53
Utilisation of Funds:		
1. Increase in Fixed Assets	15847.96	
2. Increase in Capital Work-in-Progress	89118.05	
		104966.01
3. Dividend paid (including Corporate Dividend Tax)		3015.48
4. Increase in Working Capital *		8973.37
5. Decrease in Gratuity Provision		243.67
Total		117198.53

* After adjusting for provision for Gratuity, Dividend and Dividend Distribution Tax.

4. WORKING CAPITAL

The Working Capital (i.e., Current Assets less Current Liabilities) decreased from Rs.108722.14 lakh in 2000-2001 to Rs.86533.64 lakh in 2001-2002 and increased to Rs.92600.78 lakh in 2002-2003. As a percentage of sales, it decreased from 15.24 in 2000-2001 to 13.79 in 2001-2002 and further decreased to 10.73 in 2002-2003 thereby indicating increase in the turning over of working capital in 2001-2002 and further increase in the turning over of working capital in 2002-2003 as compared to 2001-2002.

5. WORKING RESULTS

The working results of the Company in the last three years were as given below:

(Rs. in Lakh)

	2000-2001	2001-2002	**2002-2003**
1. Sales	713262.28	627308.67	**862995.08**
2. Profit Before Tax	14743.54	8888.51	**48795.92**
3. Profit After Tax	12243.13	6371.19	**30288.82**
4. Intermediate Products	10511.69	5333.30	**9354.23**
5. Closing Stock of Finished Goods	19595.30	27109.99	**40792.82**
6. Value of Production	708040.45	629644.97	**880898.84**

6. INVENTORY LEVELS

I. The overall inventory decreased in the year 2001-2002 over 2000-2001 and has increased in the current year as shown below:

(Rs. in Lakh)

	2000-2001	2001-2002	**2002-2003**
i. Raw Materials (Crude in stock, including in transit)	45895.96	34442.85	**61686.70**
ii. Stores & Spares	9815.54	8857.09	**8474.06**
iii. Intermediate Products	10511.69	5333.30	**9354.23**
iv. Finished Products	19595.30	27109.99	**40792.82**
Total	85818.49	75743.23	**120307.81**
II. Value of finished products in terms of number of months of production	0.33	0.52	**0.56**

The value of finished products in terms of number of months production for the year 2002-2003 has increased compared to 2001-2002.

7. SUNDRY DEBTORS

(i) The following table indicates the volume of book debts and sales for the last three years

(Rs. in Lakh)

As on 31st March	Sundry Debtors considered good	Sundry Debtors considered doubtful	Sales	Percentage of Sundry Debtors to Sales
2001	24179.85	Nil	713262.28	3.39
2002	36822.23	Nil	627308.67	5.87
2003	**61635.06**	**NIL**	**862995.08**	**7.14**

(Rs. in Lakh)

As on 31st March	Less than one year	Above one year but less than two years	Above two years but less than three years	Above three years	Total
2001	20924.35	3238.44	0.77	16.29	24179.85
2002	35622.85	18.49	1163.02	17.87	36822.23
2003	**60743.89**	**734.75**	**8.36**	**148.06**	**61635.06**

Sd/-

(U. Sankar)

Principal Director of Commercial Audit &
Ex-Officio Member Audit Board, Chennai

Place : Chennai - 600 034
Date : 07.08.2003

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Chennai Petroleum Corporation Limited for the year ended March 31, 2003 and Replies to the Comments by the Board of Directors

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	**REPLIES TO THE COMMENTS BY THE BOARD OF DIRECTORS**
Balance Sheet	
1. Current Assets - Loans & Advances - Rs. 282.24 Crore **Fixed Assets - Capital Work-in-Progress - Rs. 1399.22 Crore** The above includes an amount of Rs.5.74 Crore and Rs.10.36 Crore respectively being deposits made with the Government of Tamilnadu towards acquisition of land for various projects and the Sub-Court, Ponneri for enhanced compensation to some of the landowners. This has not been disclosed.	The Company was able to occupy only an extent of 50 acres till March 2003, out of the entire allotment of 503 acres. The Company would be in a position to occupy the entire land after rehabilitation of the villagers. The Company will make all efforts to arrive at finality. However, if finality is not reached, suitable disclosure would be made by way of a note.
2. Current Assets, Loans and Advances **Inventories - Rs. 1203.08 Crore** This includes insurance spares amounting to Rs.3.72 Crore. As these spares can be used only in connection with the air blower/gas compressor, the same should have been capitalised and amortised over a period not exceeding the useful life of the principal equipment in accordance with AS-2 read with AS-10.	Noted.
Sd/- **(U. Sankar)** *Principal Director of Commercial Audit & Ex-Officio Member Audit Board, Chennai*	For and on behalf of the Board Sd/- **M.S. Ramachandran** *Chairman*
Place : Chennai - 600 034 Date : 07.08.2003	Place : New Delhi Date : 08.08.2003

Note : The Review of Accounts and the Replies of the Board of Directors to the Comments of the Comptroller & Auditor General of India are being published as an Addendum to the Directors' Report 2002-2003 dated 25th July 2003.

ANNUAL REPORT
2002-2003

BONGAIGAON REFINERY & PETROCHEMICALS LIMITED

(A Subsidiary of
Indian Oil Corporation Limited)

Board of Directors

Shri B.K. Gogoi	Chairman and Managing Director
Shri H.S. Das	Director
Shri Ajay Tyagi	Director
Shri N.K. Singh	Managing Director
Shri R.C. Mahajan	Director
Shri P.S. Rao	Director
Shri P.K. Atreya	Director
Shri P.K. Chakraborty	Director
Shri R.M. Hazarika	Director (Operations)
Shri R.N. Das	Director (Finance)
Shri V.N. Murthy	Company Secretary

Directors' Report, including Management Discussion and Analysis

Dear Shareholders

Your Directors are pleased to present the 29th Annual Report and audited Accounts, Auditors' Report and Comments of Comptroller & Auditor General of India for the year ended 31st March 2003.

FINANCIAL RESULTS

(Rs. in Crore)

	2002-03	2001-02
TURNOVER		
- Refinery	**1835**	1140
- Petrochemicals	**5**	25
- PSF	**22**	30
- Total	**1862**	1195
PROFIT		
Profit/Loss (-) before Interest, Depreciation & Tax (PBDIT)	**365**	(-) 237
Interest payment	**26**	38
Depreciation, amortisation & write off	**32**	34
Profit/Loss (-) after Interest & Depreciation (PBT)	**307**	(-) 309
Provision for Tax	**(20)**	—
Deferred Tax Adjustment	**(109)**	110
Profit/Loss (-) after tax	**178**	(-) 199
APPROPRIATIONS		
Proposed Dividend, including dividend tax	**61**	—

Highlights of Physical Performance:

The highlights of Refinery operation for the year 2002-03 were as follows:

(a) LPG production, both in terms of tonnage as well as percentage yield on crude throughput, were the highest ever achieved in a year. Production of LPG in 2002-03 was 31,825 MT against the previous highest production of 27,279 MT in 2001-02. In terms of percentage of crude throughput, LPG yield in 2002-03 was 2.18 % against the previous highest yield of 1.85 % in 2001-02.

(b) MS production of 159,834 MT in 2002-03 was the highest ever achieved in a year. The previous highest production was 110,117 MT in 2001-02.

(c) Highest ever distillate yield of 82.77 % on crude throughput was achieved in 2002-03 against the previous highest yield of 82.5% achieved in 1993-94.

(d) Lowest ever Fuel & Loss of 6.50 % on crude throughput was achieved in 2002-03 against the previous lowest fuel & Loss of 6.54% achieved in the year 2001-02

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY SCENARIO

Refinery

The Petroleum Sector in the country completed one year of total dismantling of the Administered Pricing Mechanism (APM) in March 2003. The pricing of petroleum products and indigenous crude oil were market determined. Oil marketing companies determined and fixed the prices of petroleum products. Prices were reviewed periodically based on trends in the International market.

Crude oil production in the country during 2002-03 remained more or less at the same level as in the previous year, i.e., about 30.738 MMT. The country depended on import of crude for about two-thirds of its requirement.

The downstream petroleum industry witnessed volatility in the prices of crude oil and products in the international market. There was substantial increase in the prices of crude oil in the later half of 2002-03. Since the industry had to depend largely on sourcing of crude oil from international market, this had a major impact on the industry's performance.

The petroleum products continued to be surplus in the country with no notable increase in demand. Industry had to resort to exports for part of these products.

Oil marketing companies continued to market petroleum products of the stand-alone refineries.

Petrochemicals & PSF

Dominance of select major manufacturers in the Petrochemicals & PSF business continued during the year. These players benefited on account of their economy of scale as they were having large size plants compared to others. Product prices, which continued to be dictated by the majors of the industry, improved marginally. However, prices of inputs picked up substantially, thereby reducing margins further. It has thus become difficult for manufacturers like BRPL having sub-economic size plants, to compete with the big players who also enjoy the benefit of having their manufacturing units located nearer to the market.

OPPORTUNITIES AND THREATS

50% excise duty concession was granted by the Government of India for products cleared from Northeast Refineries w.e.f. 01.03.2002. This has helped these refineries, including BRPL, to overcome some of the inherent disadvantages they face like sub-economic size of plants, shortage of raw material, distant market involving extra freight burden, etc. thereby enabling them to be competitive to some extent in the deregulated scenario.

Even though the Govt. continued to emphasise the need for increasing the production of indigenous crude oil from Northeast oil fields, the refineries located in this region continued to suffer due to shortage of adequate quantity of indigenous crude oil for processing, thereby affecting their capacity utilisation. To partially overcome this, the Government has allocated 1.5 MMT Ravva Crude Oil to BRPL for the year 2003-04. This will help in increased capacity utilisation of all Northeast refineries, which is likely to contribute to improved profitability. Ravva Crude Oil is PSC Crude produced in the Krishna - Godavari Basin of Bay of Bengal.

Stagnant production level of crude oil from Northeast oil fields, distant market for product, lower growth in demand and economic slow down in the Northeast Region are some of the vital threats that the Company is facing today. However, with support from the Government like allocation of Ravva Crude Oil & 50% Excise Duty exemption, the Company hopes to overcome some of these threats and move on a path of growth in near future.

Idling of its DMT & PSF plants throughout the year on economic reasons constitutes a major threat perception for the Company for petrochemicals sector of its businesses. However, the Company is making efforts to restart these plants in association with established players who can contribute to increased productivity and marketing of the PSF product, thereby improving profitability of this business sector.

RISK AND CONCERNS

The volatility of the prices of crude and petroleum products in the international market will have a direct impact on the performance and profitability of the refining business. This is compounded by the fact that the refinery & petrochemicals plants of the Company are of sub-economic size which makes it difficult to achieve economy of scale.

The Company is facing demand constraints for some of the products. Any further slowdown in the economy will have adverse impact on the demand of these products that may affect the profitability of the refinery.

For the first time, the Company has initiated action to process Ravva Crude Oil during 2003-04. The crude is transported by ship from the Ravva Oil Fields off the coast of Andhra Pradesh in Bay of Bengal to Haldia port in West Bengal. This is a new activity for the Company. Thereafter, the crude is pumped through the Haldia-Barauni Crude Pipeline of IOCL and Barauni-Bongaigaon Crude Pipeline of OIL.

The Company continues to incur additional transportation charge in placing its petroleum and petrochemical products in the market located far away from the North Eastern Region. This will continue to be a big burden for the Company.

50% exemption of Excise Duty for goods cleared from North East Refineries, including BRPL, has brought the much-needed financial relief to the sagging bottomline of the Company. It is hoped that these supports by the Govt. will continue in future also. Any change in the Govt. policy resulting in withdrawal or reduction of the exemption will have adverse effect on the profitability of the Company.

The Government has introduced stringent quality specifications for petroleum products through Bharat Stage-II specification to be effective from the year 2005. The Company had earlier contemplated capital investment in project to meet above specifications. However, the decision of the Govt. to allocate Ravva Crude Oil to BRPL has enabled the Company to defer such investment by a few years as the products produced from Ravva Crude Oil would meet the prescribed specification for the time being. However, such investments would be necessary in around 2006-09 to meet further stringent product specifications to be applicable from the year 2010.

OUTLOOK

Refinery

With allocation of 1.5 MMT Ravva Crude and likely availability of about 0.5 MMT Assam crude oil, the Company has initiated action to process 2.0 MMT crude oil during 2003-04 which would be the highest ever crude throughput. In the mean time IOCL entered into agreements with ONGC/OIL for supply of Assam crude for its refineries, including BRPL, its subsidiary, which will ensure BRPL to get the Assam crude at FOB price. This increased capacity utilisation, supported by 50% excise duty exemption, is expected to maintain the level of profit margins during 2003-04.

Petrochemicals & PSF

While the outlook for DMT & PSF business is not much encouraging, the opportunity of higher margins in production of Motor Spirit has been utilised by the Company by operating the Petrochemical Reformer Unit for maximising production of MS.

The Company has been continuing with its efforts to find out suitable strategy to revive the Petrochemicals & PSF business. Possibility of associating major petrochemicals players in operation and marketing of PSF is also being explored jointly with the holding Company, IOCL.

PHYSICAL PERFORMANCE

REFINERY

Crude Throughput

The Refinery processed 1,463,130 MT crude oil (Assam crude) during the year against receipt of 1,469,037 MT and annual plan target of 1,600,000 MT. The crude throughput was lower than the Annual plan target due to lower crude allocation than the crude processing target on account of lower Assam crude oil production.

The Plan target, actual crude receipts & quantities processed for the year 2002-03 & 2001-02 are given below:

(Figures in MT)

Particulars	2002-03	2001-02
Annual Plan Target		
Imported Crude Oil	-	749,000
Indigenous Crude Oil	**1,600,000**	1,051,000
Total	**1,600,000**	1,800,000
Actual Receipt of Crude Oil		
Imported Crude Oil	-	327,856
Indigenous Crude Oil	**1,469,037**	1,140,239
Total	**1,469,037**	1,468,095
Actual Crude Oil throughput		
Imported Crude Oil	-	341,111
Indigenous Crude Oil	**1,463,130**	1,133,960
Total	**1,463,130**	1,475,071

Secondary Processing Units

The throughput of secondary processing units are given below:

(Figures in MT)

Units	2002-03	2001-02
Kerosene Treating Unit	**241,410**	236,024
Delayed Coker Unit	**671,164**	611,549
Coke Calcination Unit	**36,748**	32,402

Production & Yield Pattern

The production & yield pattern on crude throughput for the year 2002-03 & 2001-02 were as follows:

Particulars	2002-03		2001-02	
	(MT)	(%)	(MT)	(%)
Light Distillates	**274,700**	**18.77**	271,354	18.40
Middle Distillates	**936,328**	**64.00**	925,854	62.76
Total Distillates	**1,211,024**	**82.77**	1,197,208	81.16
Heavy Ends	**173,942**	**11.89**	190,741	12.93
Fuel & Loss	**95,162**	**6.50**	96,486	6.54
Others (Intermediate Stock Differential)	**(16,998)**	**(1.16)**	(9,364)	(0.63)
Total	**1,463,130**	**100.00**	1,475,071	100.00

PETROCHEMICALS & POLYESTER STAPLE FIBRE (PSF)

(Figures in MT)

Particulars	2002-03		2001-02	
	Production	Sale	Production	Sale
DMT	-	606	6,684	497
PSF	-	3,723	6,924	5,142
Ortho-Xylene	-	12	627	645
Mixed-Xylene	761	1,062	4,066	3,905
Ceenine Solvent	136	219	2,237	3,412

DMT and PSF plants continued to be under shutdown since October 2001 due to high input cost, higher distribution cost and higher unit cost of production on account of sub-economic size of the units. Reformer unit of Xylenes plant is being run on MS mode to produce Motor Spirit, as there is significant contribution through production / sale of Motor Spirit due to 50% Excise Duty benefit and higher price differential between Naphtha and MS.

MARKETING

Refinery products

IOCL continues to market the refinery products of BRPL (except RPC & CPC) under a marketing agreement between the two companies.

Coordination between BRPL and IOCL improved towards marketing of refinery products. Though refinery products are increasingly becoming surplus in the country, the Company can now benefit from the strength of IOCL being the largest petroleum marketing company in the country.

Highest ever sale of MS and LPG were achieved during the year

Petrochemicals & PSF

As the operation of Petrochemicals & PSF Units were kept under suspension since October 2001, sale of petrochemical products and PSF were restricted to available stock quantity. During the year, 3723 MT of PSF was sold and stock was brought down to 109 MT.

FINANCIAL PERFORMANCE

Profitability

The sales turnover during the year 2002-03 was Rs. 1862 crore against Rs. 1195 crore during 2001-02. The sales value in Refinery segment increased during 2002-03 due to realisation of import parity prices of the POL products. Decrease in sale of petrochemicals & PSF is mainly due to non-operation of petrochemicals and PSF plants.

The Company earned a profit before tax of Rs. 307 crore against a loss of Rs. 309 crore suffered during the previous year 2001-02. The profit earned by the Company includes 50% excise duty benefit granted by the Govt. and benefit due to better pricing of the indigenous crude oil during the year. In the year 2002-03, the Company got an amount of Rs. 193 crore on account of excise duty benefit. The Company paid an amount of Rs. 30 crore to IOCL, the holding Company, as idling charges for the crude oil pipeline built by IOCL from Haldia to Barauni for BRPL. During 2003-04, this crude oil pipeline will be utilised for transportation of 1.5 MMT of Ravva crude oil. The Company paid an amount of Rs. 47 crore to IOCL towards freight under recovery for movement of petroleum products to outside Northeast region during 2002-03.

Depreciation for the year 2002-03 decreased to Rs. 31 crore as compared to Rs. 33 crore for the year 2001-02.

The interest expenditure has been reduced substantially from Rs. 37.69 crore during 2001-02 to Rs. 25.89 crore during the year 2002-03. This decrease is mainly due to payment to OIL and ONGC towards outstanding crude cost. For this purpose the Company availed of short-term low interest loan of Rs. 125 crore from OIDB. The Company also resorted to reset of interest rates of all the outstanding long-term project loans from OIDB w.e.f. 2003-04 by paying a token amount towards penal interest. This will result in reduction of the interest burden in the coming years.

The Company earned a net profit of Rs. 178.45 crore against loss of Rs. 198.61 crore during 2001-02.

Your company is taking all possible steps for reducing cost and improving operational efficiency. These include better fuel management, implementation of energy conservation schemes, inventory control, preventive maintenance, loss reduction, reduction of administrative expenses, reduction in financing cost, etc. These steps have shown positive results towards containing operating cost compared to earlier years.

During the year 2002-03, Rs. 9 crore was invested in creating capital assets, mostly to complete the ongoing schemes. This was financed through own resources. Gross Fixed Assets (including capital works in progress) increased from Rs. 931 crore as on 31.03.2002 to Rs. 934 crore as on 31.03.2003.

Dividend

Your directors recommend a dividend of 27 % on its entire paid-up share capital of Rs. 199.82 crore for the year 2002-03 after a gap of two years.

Share value

The value of shares of your Company has also increased during 2002-03 in comparison to 2001-02. The details of book value, market value and Earnings Per Share are given below:

(In Rs.)

Particulars	31.03.2003	31.03.2002
Book Value	21.75	15.09
Market Value	14	8
Earnings Per Share	8.93	(-) 9.94

The market price of shares of your Company had witnessed a rising trend during the year under review. It rose to Rs. 25 during July 2002 from low of Rs. 4 during the previous year 2001-02.

Contribution to Exchequer

The Company made contribution of Rs. 199 crore to the Central Exchequer and Rs. 1 crore to the States' Exchequer in the form of duties and taxes during the year against Rs. 245 crore and Rs. 1 crore respectively during the previous year 2001-02.

Export Earnings

During the year there were no exports from the Company.

Segmentwise financial performance during 2002-03:

(Rs. in Lakh)

Particulars	Refinery Segment	Petrochemicals Segment	PSF Segment	Consolidated Total
REVENUE				
External Sales	183504	469	2180	186153
Inter segment Sales	3894	4145	1	8040
Other Income	20756	293	27	21076
Total Revenue	208154	4907	2208	215269
RESULTS				
Segment Results	37154	(994)	(3417)	32743
Operating Profit/(Loss)	37154	(994)	(3417)	32743
Interest Expenses				(2589)
Interest Income				810
Income Taxes				(2002)
Deferred Tax-liability				(10924)
Extra ordinary items				(193)
Net profit	37154	(994)	(3417)	17845
OTHER INFORMATION				
Segment Assets	91160	7826	6165	105151
Un-allocated Corporate Assets				18219
Total Assets	91160	7826	6165	123370
Segment Liabilities	54897	814	1338	57050
Un-allocated Corporate Liabilities				4515
Total Liabilities	54897	814	1338	61565
Capital Expenditure	612	10	278	899
Depreciation	2034	258	773	3064

The Profit before tax of the refinery sector during the year was Rs. 372 crore against a loss of Rs. 201 crore in the previous year 2001-02. Out of this Rs. 193 crore was on account of 50% excise duty benefit granted by the Government of India. However, the Company incurred losses of Rs. 10 crore and Rs. 34 crore in Petrochemicals and PSF segments respectively against losses of Rs. 36 crore and Rs. 39 crore during the previous year. The losses in these two sectors have reduced the overall profit before tax by Rs. 44 crore.

PROJECTS

Projects completed during 2002-03:

There was no major project under implementation during 2002-03.

During the year 2002-03, your company has completed the following projects:

a) PSF Product Diversification & Plant Modernisation Project:

Conversion of one of the existing draw line in PSF Plant to produce annealed fibre. The project has been mechanically completed. Commercial production could not be started as the operation of main PSF Unit is suspended at present.

b) Modification of LPG recovery facilities in DCU-I&II:

With the completion of this project, LPG quality and yields in DCU-I&II have improved.

(c) LPG Bottling Plant:

The LPG Bottling Plant has been handed over to the Holding Company, Indian Oil Corporation Limited (IOCL), on 30.06.2003 for operation under an operational agreement signed on 24.06.2003. The Plant was commissioned on 17.03.2003 and commercial production started after successful trial run. The plant was operated for a brief period up to 1st April 2003 and made ready for handing over to IOCL. Cylinders filled during this period were marketed by IOCL.

d) DG Set

A 5 MW DG set has been commissioned during the year.

On-going projects:

There is no major project under implementation presently.

A few schemes aimed at efficiency improvement and modernisation of equipments/systems are in progress and nearing completion.

PERSPECTIVE PLAN

BRPL and IOCL continued discussions on the various business related matters pertaining to the Company. Considering the need for projects aimed at modernisation of existing systems as also the need for product quality upgradation projects, a list of projects to be pursued in the coming years was identified. The Management of BRPL and IOCL have reviewed these jointly in March 2003.

Since MS and HSD quality upgradation projects would be essential to meet BS-III specifications, these two major projects would be pursued for implementation.

It has been decided that modernisation schemes involving minor investments like ERP Implementation, revamping of power distribution system in CPP and modernisation of petrochemicals instruments would be taken up soon.

To improve viability & competitiveness of the PSF business, capacity expansion with associated diversification has been identified as an economic option. Detailed analysis is being carried out.

RESEARCH & DEVELOPMENT (R&D)

In-house R&D activities are primarily concentrated towards product quality upgradation & value addition. Specific areas in which R&D was carried out are as follows:

i) Increase in production of MS (a high value product) by in-house study and through process modification.

ii) Needle coke production using heavy residue feedstock in collaboration with IOC (R&D).

iii) LSHS components have been upgraded successfully to LDO by using suitable chemical additives resulting in improvement in distillates yield and value addition.

ENERGY CONSERVATION

The company continued its efforts in energy conservation through continuous monitoring & control of operational activities and implementing new energy conservation schemes.

The following energy conservation schemes have been completed during the year:

(a) Destaging of fractionator bottom pump P-8A of Delayed Coking unit-II resulting in saving of power.

(b) Destaging of crude charge pump-D, resulting in power savings.

(c) Condensate recovery from steam reboilers installed in the LPG section of Delayed Coking Unit. This would enable recovering heat from the steam condensate.

(d) Installation of 3 nos. of Belfield decantation valves in product tanks. This would help in reduction of hydrocarbon loss during tank draining for water.

Awards

BRPL received Oil Conservation Award on 31.1.2003 from the Hon'ble Minister of State for Petroleum & Natural Gas and Parliamentary Affairs in recognition of the efforts made in promoting oil conservation during 2001-02 and carrying out exemplary work in energy conservation.

Refinery

The Fuel & Loss in the Refinery in the year 2002-03 was 6.50% on crude throughput and the specific energy consumption was 128.7 MBTU/BBL/NRGF, which are the best figures ever achieved. The hydrocarbon loss of 0.25% in the year 2002-03 is comparable to the best performances of the Indian refineries.

Petrochemicals and PSF

The units continued to remain under shutdown during the year under review.

SAFETY, HEALTH & ENVIRONMENT

Safety

The Company is concerned and committed to the safety of its employees, equipment and materials. Safety activities are aimed at achieving credible safety performance at work by individual employees as well as contract labourers. The Company did not have any lost time accident since 24.02.2002 and achieved continuous 401 days (4.42 million man-hours) without any lost time accident as on 31.03.2003.

To enhance the safety awareness of the employees, training and educational programmes were conducted regularly and quarterly safety bulletins were published and distributed to all the employees. Safety awareness survey for executives and non-executives was conducted during the year. The Company also observed National Safety Day on March 4, 2003.

The company has adopted a new "Safety, Health and Environment Policy" replacing the earlier independent "Environment Policy" and the "Safety Policy" in which health aspects find an important place. Guidelines on SHE management system were also developed and adopted during the year.

The district administration conducted an offsite disaster mock drill for BRPL on 10.9.2002, in which all the district level State Government officials took part. Central Government agencies such as Civil, Defence, etc. were also present during the drill.

In addition to the above, onsite disaster mock drills were conducted to check & review the preparedness of employees for handling the emergencies under simulated condition. Most of the deficiencies observed during these mock drills were taken care of.

Internal safety audit of various plants and facilities was conducted during the year by internal multi-disciplinary audit teams.

Health

Health checkup programme for all employees was drawn up at the beginning of the year and monitored closely for their good health and for detecting any occupational disease.

Environment

The Company continued to pay priority attention on maintaining a clean environment in and around BRPL. No complaints, either from the public in the neighbourhood or from any statutory agencies, were received as constant efforts were put on keeping the effluents and emissions under tight control. The quality of effluents complied with the limits prescribed by statutory agencies.

The Company achieved conservation of water by reducing fresh raw water make-up and minimisation of effluent discharge by reuse of treated water for fire fighting and cooling tower make up inside the complex. The tertiary treatment plant put up for polishing the effluent to make it suitable for reuse in the cooling towers performed satisfactorily and contributed significantly in near total reuse of effluents resulting in little or insignificant amount of effluent discharge from the complex.

In pursuance of the company's policy to maintain a clean environment in and around the complex, an ecological park was inaugurated during the year. All major storm water channels and open drains, which generally do not carry any major pollutants, are connected to the pond in the park, thereby facilitating natural oxidation. The quality of water in the ecological park is monitored regularly and is observed to be working as place of shelter to a variety of birds and aquatic life. The storm water flow during dry weather has now been eliminated due to evaporation during long detention in the ecological park.

With a view to manage the biomedical waste, an autoclave at BRPL Hospital and a deep burial site in the township for safe disposal of such waste were commissioned.

Since IS/ISO 14001 certification of the Environment Management System by the Bureau of Indian Standards (BIS) in February 2001, four surveillance audits were conducted by BIS and these audits have confirmed that the system adopted by the company is in order.

World Environment Day was observed on 5th June 2002 through tree plantation programme inside the complex and inauguration of the ecological park. "Parivesh", a quarterly newsletter on environment, was circulated among all employees to increase awareness and involvement in caring for the environment. Training programmes on environment management were also conducted throughout the year to benefit all employees.

HUMAN RESOURCES

Manpower

The manpower of the Company as on 31.3.2003 was 1777. In the previous year the manpower was 1810 as on 31.3.2002. During the year 2002-2003, 2 employees (both in Group 'A') were appointed. There were 35 attritions during the year on account of superannuation, resignation, death and voluntary retirement under the Voluntary Retirement Scheme.

Voluntary Retirement

The Company had introduced the Voluntary Retirement Scheme for a limited period of 75 days in two phases during the year 2002-03. 20 employees, including 7 Executives opted for Voluntary Retirement under the scheme. Two in-house sensitisation programmes by the Indian Institute of Entrepreneurship, Guwahati, were organised for the interested employees to create awareness of the opportunities & facilities available to the VRS optees as per Govt. policy. An in-house programme on "Bank Schemes for Investment and Small Business Ventures" was also organised for such employees with the help of the local State Bank of India.

Welfare of Weaker Sections

The Company follows the Presidential Directives and Govt. guidelines issued from time to time in the matters of recruitment and promotion of SC/ST and in direct recruitment of OBCs, persons with disabilities and ex-servicemen. Constant endeavour are being made for promoting the welfare of weaker sections. Overall representation of weaker sections as on 31st March 2003 is given below :

(a) Scheduled Castes and Scheduled Tribes	-	Overall representation is 26.56%.
(b) Other Backward Classes	-	Overall intake has been 28.57% in all Groups combined after 8.9.93 when reservation for OBCs were made applicable.
(c) Persons with Disabilities	-	The overall representation is 1.63% (2.09% in Group 'C' & 'D' posts).
(d) Ex-servicemen (ESM)	-	Overall representation is 3.15% (4.26% in target Group 'C' & 'D' posts).
(e) Minority communities	-	The overall representation of minorities is 10.52%.
(f) Women employees	-	The overall representation is 4.33%. The number of women executives is 15 out of total 532 and non-executives is 62 out of total 1245.

Statements showing the representation level of SCs/STs in each group, the number of reserved vacancies filled by the members of Scheduled Castes and Scheduled Tribes during the calendar year 2002 in direct recruitment and posts filled by promotion are enclosed as Annexure-III & Annexure-IV respectively.

Industrial Relations

The overall industrial relations climate in your Company continued to remain peaceful, harmonious & cordial during the year and no plant interruption was caused due to any industrial relation issue.

Negotiations were held with the Union at bilateral and tripartite levels on revision of perquisites to workmen and related matters and an understanding was arrived at. Further discussion on this issue will be carried out to arrive at a final settlement.

Employees Welfare

Your company continued its endeavour to meet the expectation of employees with regard to welfare benefit programmes. The recreational and educational facilities in the township were upgraded & maintained. Employees were provided with comprehensive medical benefit.

Gender Mainstreaming & Gender Justice

There are 77 women employees employed in your company, constituting about 4.33% of its total employees strength. The employees were sensitised with various guidelines from statutory bodies and the Govt. with respect to gender justice.

Human Resources Development & Training

Your Company gives maximum importance to knowledge and skills upgradation to be in line with industry standards. The training programmes conducted during the year 2002-03 include in-house refresher programmes/training by internal faculty as well as by external faculty and external in-country and foreign training. The training programmes conducted during the year inter-alia covered a training programme on profitability model and training programmes on ethics/value building.

During the year 2002-03, the Company imparted training to 1011 executives and 1361 non-executives. The Company achieved 2464 mandays of training during 2002-03.

HR Integration Between IOCL and BRPL

The Holding Company, IOCL, is carrying out studies on HR issues i.e., Business Strategy, Organisation Structure and People and Processes, including issues relating to integration and synergy of HR policies of IOCL and BRPL through reputed consultants.

Use of Hindi

Your Company is implementing the policy and directives of the Government of India with regard to Official Language. Training of the employees was continued under various Hindi teaching schemes of the Ministry of Home Affairs. Under the Hindi noting-drafting competition initiated by the Official Language Department, Ministry of Home Affairs, cash incentives were awarded to the participating employees. Various Hindi competitions amongst the employees were also organised during the year and the winners were awarded attractive prizes.

The Company organised and sponsored two meetings of the Town Official Language Implementation Committee (TOLIC), Bongaigaon, whose activities are managed, regulated and performed by the Company. The Department of Official Language, Ministry of Home Affairs, Government of India, has recently adjudged TOLIC, Bongaigaon as the second best for commendable performance in implementing the Official Language policy of the Government in region 'C' during the year 2001-02.

The Company sponsored the "Town Official Language shield" which was awarded to the best working office in the field of Official Language Implementation at the district level.

Continuing its policy of promoting Hindi from the school stage, the Company gave cash awards to the students securing highest and second highest marks in Hindi subject of class X Examination of CBSE at the district level.

Sports

Promotion of games and sports continues to be an area of major thrust as a part of Human Resource Development process as well as community development activities.

The XIV PSPB Inter Unit Basketball Tournament was hosted from 17th to 19th January 2003 at BRPL Sports Complex. A couple of national level players also participated in this tournament.

Your Company believes in developing and nurturing the hidden sports talents of the neighbouring areas by organising tournaments, sports & games. The Nehru Cup School Football Tournament organised in the year with enthusiastic participation from 24 schools of the neighbouring areas attracted not only the players and organisers involved in the games but also the public around the neighbouring areas. The inter school Kabaddi tournament for boys & girls organised by BRPL attracted 22 schools from the neighbouring areas. Coaching camps in basketball, football and volleyball for students of the neighbouring schools were also organised.

Assam Volleyball Association organised a short term volleyball coaching camp for the selection of Jr. Volleyball Team (boys) of Assam at BRPL Sports Complex under the patronage of Bongaigaon District Sports Association. BRPL facilitated this coaching programme by providing the volleyball stadium and all other allied facilities for the successful hosting of the camp.

COMMUNITY DEVELOPMENT

The Company continued to lay emphasis on the socio-economic development of the SC and ST communities, the underprivileged and needy segments in the neighbouring areas. It has been in the forefront in discharging its social responsibility and maintaining good relations with them. The welfare schemes undertaken by the Company under the Special Component Plan and Tribal Sub-plan include:

- Extending financial assistance for construction/renovation of educational institutions in the neighbouring areas.
- Providing scholarships to meritorious SC/ST students pursuing studies in full-time Graduate courses in Engineering, Medical, Nursing and Post-Graduate courses in Agriculture and Business Administration.
- Post-Matric scholarship scheme for higher secondary schools in rural areas.
- Providing free medical services to neighbouring villages.
- Tree plantation programme for conservation of environment and for protection of banks of the nearby river belt from soil erosion.
- Providing sports items to schools and clubs in the neighbouring areas as an encouragement to local youth keen on sports.
- Extending financial assistance for development of villages like providing drinking water facilities, development of roads, including bridge over Tunia River, etc.
- Extending financial assistance for organising adult education.
- Imparting training and extending financial assistance for self-employment like weaving/stitching, growing of mushrooms, donation of sewing machines, etc.

MEMORANDUM OF UNDERSTANDING

The Company was signing Memoranda of Understanding with the Ministry of Petroleum & Natural Gas every year wherein performance targets for various business areas were agreed upon. Consequent to the divestment of Govt.'s holding in the company in favour of IOCL w.e.f. 29.3.2001, it had been decided that the company would sign the performance MoU with IOCL from 2003-04. Accordingly, the MoU for the year 2003-04 was signed between BRPL and IOCL management on 26th March 2003, the first one between the two companies.

INTERNAL CONTROL SYSTEMS

BRPL has a comprehensive internal control system to safeguard all of its assets and prevent misuse of assets and funds. With a view to bring uniformity in the procedures, the company has formulated various manuals like Contract Manual, Marketing Manual, Accounts Manual, etc., which have systematised the functions of the user departments and brought transparency in the operation.

The management reviews the operation/functioning of the Company at regular intervals through Management Committee Meetings, Chairman's Review Meetings, Production Coordination Meetings, etc. and is assisted by an efficient Management Information System which allows free flow of information both ways.

The Ministry of Petroleum & Natural Gas, Govt. of India reviews the performance of the Company on a quarterly basis. The Holding Company, IOCL, also monitors the performance of the Company periodically through apex level meeting and quarterly review meeting.

The Company has a separate Internal Audit Department, which carries out extensive audits of various areas of the Company's operations throughout the year. A Management Audit Committee consisting of Chairman & Managing Director and Functional Directors reviews periodically the findings of the Internal Audit and suggests areas of concern where further control by the Internal Audit is necessary.

The Audit Committee at the Board level inter-alia reviews the report of the Management Audit Committee and the adequacy of internal control systems of the Company.

VIGILANCE

During the year 2002-03, regular and surprise checks in the construction works and other sensitive areas were undertaken. Examination of systems and procedures was made and improvements carried out. Coordination/review meetings with CBI/CVC officials were held on regular basis. The vigilance activities acted as a deterrent and kept unscrupulous elements under control. The Company observed Vigilance Awareness Week from 31.10.2002 to 06.11.2002.

CORPORATE GOVERNANCE

BRPL is committed to compliance of the code of Corporate Governance as specified in clause 49 of the listing agreement with stock exchanges in letter and spirit. The Company has complied with all the provisions of the Corporate Governance code. Management discussion and analysis on the performance of the Company, industry scenario, opportunities and threats, risk and concerns, future outlook, etc., form an integral part of the Directors' Report.

DIRECTORS

In the 28th Annual General Meeting held on 21st September 2002, Shri S C Das, Shri R C Mahajan and Shri R M Hazarika, were re-appointed as retiring Directors of the Company in terms of Section 256 of the Companies Act, 1956.

Shri B K Mittal and Shri P K Atreya have been appointed as Directors of the Company in place of Shri M B L Agarwal and Shri S Basu respectively w.e.f. 22.11.2002. Shri Ajay Tyagi has been appointed as a Director of the Company in place of Shri Ashok Chawla w.e.f. 25.11.2002. Subsequently Shri P S Rao and Shri P K Chakraborty have been appointed as Directors of the Company in place of Shri A K Mishra and Shri B K Mittal respectively w.e.f. 19.06.2003.

Shri R D Shira retired from the office of Director-Production of the Company on 28th February 2003 on attaining the age of superannuation.

Shri H S Das has been appointed as a Director of the Company in place of Shri S C Das w.e.f. 25.03.2003.

Your Directors place on record their deep appreciation of the valuable guidance and contribution made by S/Shri Ashok Chawla, S C Das, M B L Agarwal, S Basu, A K Mishra and B K Mittal during the tenure of their association as Directors of the Company. The Board also places on record its deep appreciation of the valuable services rendered by Shri R D Shira during the tenure of his service with the Company in various capacities.

In terms of the relevant provisions of the Companies Act, 1956 Shri P S Rao, Shri P K Atreya and Shri P K Chakraborty will hold office up to the date of the 29th Annual General Meeting of the Company. The Company has, meanwhile, received notices in writing from Indian Oil Corporation Limited pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying its intention to propose Shri P S Rao, Shri P K Atreya and Shri P K Chakraborty as candidates for the office of Directors. Necessary resolutions in this regard have been incorporated in the notice for the 29th Annual General Meeting.

Shri N K Singh, Director, shall retire by rotation at the 29th Annual General Meeting and being eligible offers himself for reappointment as Director at the said meeting.

The Government of India by a notification has amalgamated the posts of Director (Production) and Director (Commercial) of the Company and designated the merged post as Director (Operations) w.e.f. 6th June 2003. Further, the Government of India by a separate notification has also appointed Shri R M Hazarika as Director (Operations) of the Company w.e.f. 6th June 2003.

STATUTORY INFORMATION

Particulars of Employees

Statutory statement of particulars of employees under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees Rules) 1975, as amended, is attached as Annexure-II and forms an integral part of this Report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and outgo Information required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is attached as Annexure-I and forms an integral part of this Report.

STATUTORY AUDITORS

The Comptroller & Auditor General of India has appointed M/s SRI Associates, Chartered Accountants, Kolkata as the Statutory Auditors of the Company for the financial year 2002-03.

As authorised by the shareholders in the 28th Annual General Meeting, the Board of Directors of the Company has fixed the remuneration of the Statutory Auditors for the year 2002-03 at Rs. 1,75,000 (Rupees one lakh seventy five thousand only) plus actual TA and out-of-pocket expenses as may be mutually agreed between the Company and the Statutory Auditors.

The observations of the Statutory Auditors in their report dated 20th May 2003 and the comments of the Board of Directors thereon are given in Annexure-V to the Directors' Report.

COST AUDITORS

The Government of India has approved the appointment of M/s R J Goel & Co., Cost Accountants, New Delhi, as Cost Auditors of the Company relating to manufacture of Polyester Staple Fibre for the financial year 2002-03.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956 your Directors confirm the following:

a) THAT in the preparation of the annual accounts, the applicable accounting standards had been followed;

b) THAT the Directors had selected such accounting policies and applied consistently and made judgements and estimates that are reasonable & 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 2002-03 and of the profit & loss of the Company for that period;

c) THAT the Directors had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) THAT the Directors had prepared the annual accounts on a 'going concern' basis.

ACKNOWLEDGEMENT

Your Directors thank the Company's clients, suppliers, vendors, investors, bankers and other stakeholders for their continued support during the year.

Your Directors are grateful for the guidance and support received from Indian Oil Corporation Limited, the holding company, Ministry of Petroleum & Natural Gas and other Ministries and organisations of the Govt. of India and the Govt. of Assam throughout the year.

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels.

Your Directors thank all the shareholders for the trust reposed on the Board.

For & on behalf of the Board of Directors

Bongaigaon Refinery & Petrochemicals Ltd

Sd/-

B.K.GOGOI

Chairman & Managing Director

Place : New Delhi
Date : July 30, 2003

ANNEXURE-I

Information pursuant to 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

A. CONSERVATION OF ENERGY

a) Energy Conservation measures taken

i) Various energy conservation measures have been adopted in the plants/processing complex to make the operations more efficient, which are outlined below:

1) Joint Energy Audit (JEA) team constituted by the Centre for High Technology (CHT), New Delhi conducted the energy audit of BRPL during the year 2002-03 and gave certain recommendations, which are being finalised in consultation with CHT.

2) A fugitive emission survey was conducted by M/s Sriram Institute for Industrial Research, New Delhi and accordingly corrective actions were taken.

3) Survey of insulation was conducted by in-house team and accordingly corrective actions were taken to reduce energy loss.

4) Steam leak survey was conducted by external members, constituted by the Centre for High Technology, New Delhi during Oil Conservation Fortnight 2003.

5) PSVs survey were conducted by the portable VPAC meter to quantify the gas flaring through defective PSVs and accordingly corrective actions were taken.

6) 3 Belfield decantation valves were installed in the product tanks for auto draining of water from the tanks.

7) Stripping steam optimisation study for Crude Distillation Unit was completed during the year 2002-03.

8) The cost-control and profitability manual was prepared and the various energy conservation best practices were explained in the manual. Training was also given to about 60 nos. of executives on this subject.

(ii) The following energy conservation schemes were commissioned during the year:

1) Destaging of fractionator bottom pump of Delayed Coker Unit-II was done during the year 2002-03. Energy savings through this scheme during the year is 205 SRFT (equivalent to Rs. 20 lakh).

2) Destaging of one of the crude oil pump was done in March '03. Since the pump was not in operation, actual energy savings would be assessed when the pump is in continuous operation.

3) Condensate recovery from the steam reboilers of the LPG section of Delayed Coking Units. Energy savings through this scheme during the year is 300 SRFT (equivalent to Rs. 29 lakh).

(b) Additional investments and proposals, if any, being implemented for reduction of energy consumption

The following energy conservation schemes are being implemented

i) Destaging of one crude oil pump.

ii) Joint Energy Audit (JEA) recommendation will be studied/ implemented during the year 2003-04.

(c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Actual savings from schemes under (a) (ii) 1, 2 & 3 are Rs. 49 lakh during 2002-03 based on fuel price of Rs.9537.32 per SRFT which was the weighted average cost of fuel during 2002-03.

(d) Total energy consumption and energy consumption per unit of production

FORM-A

	2002-03	2001-02
A. Power & Fuel Consumption		
1. Electricity		
(a) Purchased - Unit (MWH)	**74.8**	829.1
Total Amount (Rs. in Lakh)	**116.68**	142.61
(The amount represents the minimum demand charges paid to Assam State Electricity Board which is a fixed amount)		
(b) Own generation:		
(i) Through Diesel Generator -Units (MWH)	-	-
Units/Ltr. of Diesel	-	-
Cost per unit (Rs./MWH)	-	-
(ii) Through Steam Turbine Generator- Units (MWH)	**102,300**	124,349
Liquid Fuel used for Power Generated ('000 MTs)	**30.827**	37.762
Fuel Gas used for Power Generated ('000 MTs)	**8.676**	6.199
Liquid Fuel Oil & Fuel Gas for Power Generated (in MWH/SRFT)	**2.547**	2.813
Cost per unit (Rs./KWH)	**4.516**	4.005
2. Coal Quantity:		
Quantity ('000 MTs)	-	-
Total Cost (Rs. in Lakh)	-	-
Average Rate (Rs./MT)	-	-
3. Liquid Fuel (LSHS) (For steam consumed in process and as direct fuel):		
Quantity ('000 MTs)	**42.666**	56.618
Total Cost (Rs. in Lakh)	**4069.19**	4176.32
Average Rate (Rs./MT)	**9537.32**	7376.31

	2002-03	2001-02
4. Fuel Gas (For steam consumed in process and as direct fuel):		
Quantity ('000 MTs)	**31.992**	31.746
Total Cost (Rs. Lakhs)	**3051.18**	2341.68
Average Rate (Rs./MT)	**9537.32**	7376.31
B. Consumption per unit of production		
1. Refinery Sector:		
(a) Electricity (including purchased power), MWH/MT of crude throughput	**0.0392**	0.0449
(b) Fuel (fuel oil/gas) for steam & direct fuel SRFT/MT of crude throughput	**0.0498**	0.0494
(c) Coal	-	-
(d) Others	-	-
2. Petrochemicals Sector:		
(a) Electricity (including purchased power), MWH/MT of DMT production	-	6.0401
(b) Fuel (fuel oil/gas) for steam & direct fuel SRFT/MT of DMT production	-	2.0384
(c) Coal	-	-
(d) Others	-	-
3. Polyester Staple Fibre Sector:		
(a) Electricity (including purchased power), MWH/MT of PSF production	-	2.6058
(b) Fuel (fuel oil/gas) for steam & direct fuel SRFT/MT of PSF production	-	0.6889
(c) Coal	-	-
(d) Others	-	-

Note:

During the year 2002-03, DMT & PSF Plants were not in operation. Hence, energy consumption data has not been given for the aforesaid period.

B. TECHNOLOGY ABSORPTION

FORM-B

I. RESEARCH & DEVELOPMENT

1. **Specific areas in which R&D was carried out by the Company:**
   (a) Increase in production of MS (a high value realisation product) by in-house study and through process modification.
   (b) Needle coke production using heavy residue feedstock was conducted at BRPL in collaboration with IOC (R&D).
   (c) Upgradation of LSHS components to LDO by using suitable chemical additives.
2. **Benefits derived as a result of the above R&D:**
   (a) Increase in MS production from the level of 110 TMTpa to 170 TMTpa resulting in value addition.
   (b) Two batches of needle coke were produced from heavy Residue feedstock. Distillates products produced during needle coke production added value.
   (c) LSHS components were upgraded successfully to LDO by using suitable chemical additives resulting in improvement in distillates yield and value addition.
3. **Future plan of action:**
   BRPL plans to continue R & D activities through its limited in-house resources primarily for product quality up-gradation and value addition. However, since BRPL is a subsidiary Company of Indian Oil Corporation Limited (IOCL), who is having well-equipped R & D division, BRPL shall utilise the R & D facilities of IOCL for optimising other related R & D benefits.
4. **Expenditure on R&D:**

(Rs. in Lakh)

			2002-03	2001-02
(a)	Capital	:	**Nil**	Nil
(b)	Revenue	:	**5.16**	9.01
(c)	Total	:	**5.16**	9.01

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. **Efforts made towards technology absorption, adaptation and innovation:**
   Tank farm and wagon/truck loading system for automatic tank gauging and improved accounting has been working satisfactorily.
2. **Benefits derived as a result of the above efforts:**
   Automation of tank farm and wagon/truck loading system has resulted in significant hydrocarbon loss reduction.
3. **Imported Technology:**
   (a) Technology imported:
   One of the single stage draw relax lines has been converted to double stage draw annealed line in the PSF plant using Dupont technology to enhance annealed fibre production in PSF plant.
   (b) Year of import:
   The project was completed in March 2002.
   (c) Absorption of the imported technology:
   Since operation of the PSF plant is under suspension since October 2001, test run of the project could not be carried out. However, a dry run was conduced in August 2002.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange earnings and outgo during the year 2002-03 in comparison to 2001-02 are given below:

(Rs. in Lakh)

		2002-03	**2001-02**
i)	**Earnings in Foreign Exchange**		
a)	Exports	-	-
b)	Others (Recovery of Platinum)	**249.98**	-
ii)	**Foreign Exchange Outgo:**		
a)	Capital goods	**51.10**	71.63
b)	Stores & spares	**254.76**	141.90
c)	Royalty/ know-how	-	-
d)	Professional consultation	-	3.60
e)	Travelling	**2.34**	2.00
f)	Registration fees	-	-
g)	Other expenses	-	0.85

ANNEXURE-II

Particulars of employees forming part of Directors' Report for the year ended 31st March 2003 in terms of Section 217 (2A) of the Companies Act, 1956

NAME	DESIGNATION	AGE (YRS)	QUALIFICATION	TOTAL EXPERIENCE (YRS)	DATE OF JOINING	LAST EMPLOYMENT DESIGNATION	ORGANISATION	REMUNERATION
Persons employed throughout the financial year who were in receipt of remuneration for the financial year which in aggregate was not less than Rupees twenty four lakhs								
				NIL				
Persons employed for a part of the financial year who were in receipt of remuneration for the part of the financial year which in aggregate was not less than Rupees two lakhs per month								
Bishnu Prasad Dutta	Sr. Personnel Officer	47	B Sc.(Hons)	25	16.12.77	-	-	1939209
Dr. D Hazarika	CMO	60	MS, FICS & FAIS	33	01.07.78	Resident Surgeon	GMC Hospital, Guwahati	1075847
H N Haloi	Sr. Mgr (Matls)	55	BE(Mech)	32	20.06.81	Exe. Engr.	Assam Petrochemicals Ltd, Namrup	816908
Jawed Aurang	Mgr. (Tech Serv.)	44	B Tech (Chem)	17	20.02.85	-	-	307993
Jogendra Nath Baruah	Sub Engr	48	HSLC, ITI- T, NSC	22	01.06.80	-	-	464562
Kalicharan Basumatary	Sub Engr	46	ITI-F	23	15.02.79	-	-	1014898
Maneswar Sahu	Crane Optr (SG)	57	IX- STD	37	06.06.75	Optr (Crane)	Indian Air Force	1219403
M C Bhuyan	CM (F &A)	60	M Com	39	18.09.78	Accounts Officer	Assam Petrochemicals Ltd, Namrup	865836
R C Pandey	CM (Projects)	56	B Sc, Chem Engg	34	05.12.75	Sr. Chem Engr	Bangur Brothers Kolkata	2547503
Sahadev Choudhury	FFO (SG)	55	X -STD	36	23.05.78	Driver	EIL, Dhaligaon	2022548
S R Das	Mgr(QC)	60	B SC.	25	18.11.78	Chemist	IOC, GWH Refinery	712308
V Sankar-narayanan	Mgr (Mktg)	47	ME (Chem)	21	15.04.81	-	-	2410801

ANNEXURE-III

Statement showing the total number of employees and the number of Scheduled Castes and Scheduled Tribes amongst them as on 01.01.2003

Group/Class	Total No. of Employees	Out of Col.2 Scheduled Castes	Percentage of SC to Total Employees	Out of Col.2 Scheduled Tribes	Percentage of ST to Total Employees	Remarks
1	2	3	4	5	6	7
'A' (CLASS I)						
(i) OTHER THAN LOWEST RUNG OF GROUP 'A'	398	56	14.07	26	6.53	The total representation level of SC & ST in Group 'A' stood at 20.75% as on 01.01.2003, which was 20.33% (as on 01.01.2002)
(ii) LOWEST RUNG OF GROUP 'A'	137	13	9.49	16	11.68	
TOTAL GROUP 'A'	535	69	12.9	42	7.85	
'B' (CLASS II)	NIL	NIL	NIL	NIL	Nil	No employee is available in this group.
'C' (CLASS III)	1160	95	8.19	221	19.05	Total representation of SC & ST stood at 27.24% as on 01.01.2003
'D' (CLASS IV) (Excluding Safai Karmacharis)	80	10	12.5	30	37.5	The total representation level of SC & ST in this Group is 50% as on 01.01.2003
'D' (CLASS IV) (Safai Karmacharis)	8	7	87.5	NIL	NIL	No recruitment during the year
TOTAL	1783	181	10.15	293	16.43	Overall representation of SC & ST stood at 26.58% as on 01.01.2003
PREVIOUS YEAR	1816	186	10.24	298	16.41	

Note : 1. There were 35 attritions during the year on account of opting VRS, retirement, resignation and demise of employees.

2. 2 employees (1 in group 'A' and 1 in Group 'D') joined against unreserved vacancies during the year.

3. Figures in Group 'A' excludes Functional Directors (Board level) and deputationist (CVO).

ANNEXURE-IV

Statement showing the number of Reserved Posts filled by SC and ST Candidates during the calendar year 2002

A. Posts filled by direct recruitment

Class of posts	Backlog of Vacancies						Current Vacancies							
	Notified		Filled		Balance carried forward		Total No. Notified	Out of Col 8 reserved for		Filled		Balance carried forward as backlog		Remarks
	SC	ST	SC	ST	SC	ST		SC	ST	SC	ST	SC	ST	
1	2	3	4	5	6 Col. 2-4	7 Col. 3-5	8	9	10	11	12	13 Col. 9-11	14 Col. 10-12	15
A	NIL	NIL	NIL	NIL	NIL	NIL	1	NIL	NIL	NIL	NIL	NIL	NIL	1 unreserved vacancy filled during the year.
B	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
C	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	No recruitment during the year
D (Excluding Safai Karmacharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1 unreserved vacancy filled during the year
D (Safai Karmacharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	No recruitment during the year

B. Posts filled by Promotion

Class of posts	Total No. of Vacancies Notified	Out of Col.2 posts reserved for		No. of Posts filled by		Balance		Remarks
		SC	ST	SC	ST	SC Col. 3-5	ST Col4-6	
1	2	3	4	5	6	7	8	9
WITHIN GROUP 'A'	NIL	NIL	NIL	NIL	NIL	NIL	NIL	No promotion was effected during the year
GROUP 'B' TO 'A'	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
GROUP 'C' TO 'A'	NIL	NIL	NIL	NIL	NIL	NIL	NIL	No promotion was effected during the year
WITHIN GROUP 'C'	NIL	NIL	NIL	NIL	NIL	NIL	NIL	No promotion was effected during the year
D (Excluding Safai Karmacharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	No promotion was effected during the year
D (Safai Karmacharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	No promotion was effected during the year

ANNEXURE-V

Observations of the Statutory Auditors and Comments of the Board of Directors thereon

No.	Observation of the Auditors	Comments of the Board of Directors
Para no. (vii) (a)	After suffering considerable losses for consecutive six years in the Polyester Staple Fibre Unit, the company has closed down its Polyester Staple Fibre Plant having net block of Rs.2256.27 lakhs as at 31st March 2003 with effect from October 2001. Similarly after suffering considerable losses for more than five years, the company has also closed down its Petrochemical Plant (except Xylenes Plant) having net block of Rs.3783.50 lakhs as at 31st March 2003 with effect from October 2001. Besides during the past few years the company has incurred expenditure totalling Rs.4148.00 lakhs as at 31st March 2003 booked under Capital Works in progress for modernizing and improving the performance of above said closed Polyester Staple Fibre Plant. **In our opinion the above said two plants have outlived their economic lives and are of little value to the company as a going concern.** **Consequently the expenditure on modernization of the Polyester Staple Fibre Plant has also been rendered redundant.** **In the light of Accounting Standard (AS)-6, 'Depreciation Accounting', regarding asset rendered obsolete and Accounting Standard (AS-10), 'Accounting for Fixed Assets', regarding recognition and addition of expenditure to the value of asset only when resulting in future benefit, both issued by the Institute of Chartered Accountants of India, the company should have revised the estimated useful life and charged higher depreciation to recognize the impairment to the said assets.** **Non-charging of higher depreciation on such impaired asset has inflated the profit of the year and the yearend Reserve and Surplus and Net Asset of the Company, the extent of which cannot be ascertained at this stage.**	The Company has worked out a strategy to revive the Petrochemicals and PSF business. The plants are kept under proper maintenance and there is no deterioration to the effective life of the units.
Para no. (vii) (b), (d) & (e)	The observations made by the Auditors under these paras are regarding change of Accounting Policy and effect thereof.	The effect in the Accounts have adequately been disclosed in the relevant notes to accounts.

Auditors' Report

TO THE MEMBERS OF BONGAIGAON REFINERY AND PETROCHEMICALS LIMITED

We have audited the attached Balance Sheet of M/s BONGAIGAON REFINERY AND PETROCHEMICALS LIMITED, as at 31st March 2003 and also the Profit and Loss Account for the year ended on that date annexed thereto. 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.

We conducted our audit in accordance with 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 misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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.

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 & 5 of the said order.

2. Further to our comments in the Annexure referred to above, we report that:

   (i) We have obtained all the information and explanation, 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 the law have been kept by the Company so far as appears from our examination of those books;

   (iii) The Balance sheet and Profit and Loss account dealt with by this report are in agreement with the books of account;

   (iv) In our opinion and subject to our comments in Para 2 (vii) below, the Balance sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act 1956;

   (v) On the basis of written representations received from the directors as on 31st March 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2003 from being appointed as a Director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

   (vi) The company has not paid cess payable under Section 441-A of the Companies Act 1956 as amended by the Companies (Second Amendment) Act 2002, pending notification by the Central Government regarding the date of applicability of the said section.

   (vii) (a) After suffering considerable losses for consecutive six years in the Polyester Staple Fibre Unit, the company has closed down its Polyester Staple Fibre Plant having net block of Rs. 2256.27 lakh as at 31st March 2003 with effect from October 2001.

   Similarly after suffering considerable losses for more than five years, the company has also closed down its Petrochemical Plant (except Xylene Plant) having net block of Rs. 3783.50 lakh as at 31st March 2003 with effect from October 2001.

   Besides during the past few years the company has incurred expenditure totalling Rs. 4184.00 lakh as at 31st March 2003 booked under Capital Work in progress for modernising and improving the performance of above said closed Polyester Staple Fibre Plant.

   In our opinion the above said two Plants have outlived their economic lives and are of little value to the company as a going concern.

   Consequently the expenditure on modernisation of the Polyester Staple Fibre Plant has also been rendered redundant.

   In the light of Accounting Standard (AS)-6, 'Depreciation Accounting', regarding asset rendered obsolete and Accounting Standard (AS)-10, 'Accounting for Fixed Assets', regarding recognition and addition of expenditure to the value of asset only when resulting in future benefit, both issued by the Institute of Chartered Accountants of India, the company should have revised the estimated useful life and charged higher depreciation to recognise the impairment to the said assets.

   Non-charging of higher depreciation on such impaired asset has inflated the profit of the year and the year end Reserve and Surplus and Net Asset of the Company, the extent of which can not be ascertained at this stage.

   (b) As indicated in schedule 'R', Para 2.2 (iii), the company has provided Rs. 178.40 lakh for likely loss on sale/disposal of surplus/obsolete/non-moving stores estimated @ 5% on balances of stores and spares (lying at BRPL Stores).

   Such new accounting has understated the profit for the year, the year end Reserve and Surplus and Net Asset by Rs. 178.40 lakh each.

   (c) Addition to fixed Assets and Capital Work-in-progress during the year include expenses of Rs. 33.39 lakh charged on an estimated basis (Explanatory note, Schedule 'R', Para 1.6)

   The effect of this estimate, if any, and the extent thereof on the Profit for the year, the year end Reserve and Surplus and Net Asset cannot be ascertained at this stage.

(d) As indicated in Schedule 'R', Para 1.3 the company has provided for depreciation on machinery spares capitalised in the previous years related to partly depreciated assets at the prescribed rates under Schedule XIV of the Companies Act, 1956, in accordance with Accounting Standard (AS) – 6 "Depreciation accounting" read with Accounting Standard (AS) – 10 "Accounting for Fixed Assets" both issued by the Institute of Chartered Accountants of India, instead of its previous practice of amortisation of the spares during the balance life of related main assets.

This reform in Accounting Policy has however, the effect of understating the profit for the year, the year end Reserve and Surplus and Net Asset by Rs. 55.50 lakh each.

(e) As indicated in Schedule 'R', Para 2.1 (ii) from the year under review, for the valuation of finished and semi-finished stocks the fixed overheads have been allocated on the basis of installed capacity in place of the earlier practice of charging such overheads on the basis of actual production.

The new practice is in compliance with the Accounting Standard (AS) – 2 "Valuation of Inventories" issued by the Institute of Chartered Accountants of India, however, it has the effect of understating the profit for the year, the year end Reserve and Surplus and the Net Asset by Rs. 150 lakh each.

(f) Most of the balances under Advances, Sundry debtors, creditors, Deposits, Capital Stores with contractors etc. are not confirmed by the parties, hence, we do not express any opinion about these balances appearing in the financial statements.

We further report that without considering the items mentioned in 2 (vii) (a), (c) and (f) above, the effect of which could not be ascertained, had the observations made by us in paragraphs 2 (vii) – (b), (d) and (e) above, been considered, the profit for the year would have been Rs. 31154.47 lakh (as against reported profit of Rs. 30770.57lakh), and the Reserve and Surplus would have been Rs. 22678.21 lakh (as against the reported figure of Rs. 22294.31 lakh), the Net Asset would have been Rs. 60435.35 lakh (as against reported figure of Rs. 60051.45 lakh)

(viii) In our opinion and to the best of our information and according to the explanation given to us, the said accounts subject to our comments in Para 2 (vii) above, give the information required by the companies Act, 1956, in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:

a. in the case of the Balance sheet, the state of affairs of the company as at 31st March 2003 and

b. in the case of Profit and Loss Account, of the profit for the year ended on that date.

For SRI ASSOCIATES
Chartered Accountants

Sd/-
I. Pasha
Partner

Place : Camp : New Delhi
Date : 20th May, 2003

Annexure To The Auditors' Report

TO THE MEMBERS OF BONGAIGAON REFINERY AND PETROCHEMICALS LIMITED

(Referred to in Paragraph 1 of our report of even date)

(i) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. As per practice followed by the company, movable Fixed Assets are verified once in every three financial years, accordingly these assets were verified during 1999-2000 by an outside agency but reconciliation between physical and book balances and adjustment of discrepancy, if any, has not been done yet.

The verification of the said assets is again commenced during the year and is in progress.

The company has physically verified the immovable fixed assets during the year.

(ii) None of the Fixed Assets has been revalued during the year under review.

(iii) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods and raw materials except in case of such finished goods and raw materials that were lying with other parties. As stated by the company in clause 2.3(i) of the Schedule 'R', physical verification of stores and spare parts were conducted by Internal Audit Department of the Company during the year and provision has been made for Rs. 8.34 lakh for discrepancies in the nature of shortage and untraceable items pending reconciliation. Adjustment of discrepancies against verification reports of previous years has been made in the accounts of the year.

(iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(v) The discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.

(vi) On the basis of our examination of stocks, the valuation of stock is fair and proper and in accordance with normally accepted accounting principle and is on the same basis as in the previous year.

(vii) The company has not taken any loan, secured or unsecured, from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956.

(viii) The company has not granted any loan, secured or unsecured, to the companies or firm or other parties listed in the register maintained under section 301 and/or to the companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act. 1956.

(ix) The company has given loans and advances in the nature of loan to the employees, ex-employees and others. These loans and advances in the nature of loan are being repaid along with interest as per stipulation, except in a few cases, where the management is taking reasonable steps for recovery.

(x) In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of raw materials including components, plant & machinery, equipment and for the sale of goods, however **internal control procedures for the purchase of stores, spare parts and other assets need to be further strengthened.**

(xi) There are no transaction of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act. 1956 as aggregating during the year to Rs. 50,000/- (Rupees fifty thousand only) or more, in respect of each party.

(xii) As explained to us an action plan is in vogue for identification of obsolete/ damaged/unserviceable stores. Items amounting to Rs. 10.37 lakh have been written off and a provision has been made for Rs. 8.34 lakh (Explanatory notes, Schedule- R, Para 2.3 (ii) and 2.3 (i) respectively) whereas the company has identified non-moving stores of three years and above of Rs. 1448.61 lakh and five year and above of Rs. 1062.99 lakh, against which a provision of Rs. 178.40 lakh is made during the year (Explanatory Notes, Para 2.2 (iii) of Schedule- R)

(xiii) The company has not accepted any deposit from the public under section 58-A of the Companies Act 1956 and rules framed there under.

(xiv) The company has maintained reasonable records for the sale and disposal of the realisable by-products and scrap.

(xv) The company has its own internal audit system, **which in our opinion needs to be strengthened to make it commensurate to the size and nature of the company's business.**

(xvi) The obligation to maintain cost record under section 209(1)(d) of the Companies Act, 1956 is applicable to the company in respect of Polyester Staple Fibre Unit products. According to the certificate of the Cost Auditor, the company has, in respect of the above said products maintained the cost record and accounts, as prescribed by the Central Government under the aforesaid section of the Companies Act, 1956.

(xvii) The company is regular in depositing the provident fund dues with the appropriate authorities.

We understand that the Employees State Insurance Act is not applicable to the company.

(xviii) As per the information and explanations furnished to us and according to the records of the company as at the last date of the financial year, there were no undisputed amounts remaining outstanding in respect of Income Tax, Wealth tax, Sales Tax, Customs duty and Excise Duty which were due for more than six months from the date they became payable.

(xix) In our opinion and according to the information and explanations given to us no personal expenses have been charged to revenue account.

(xx) The company is not a sick industrial company within the meaning of clause (o) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provision) Act, 1985 (1 of 1986).

For SRI ASSOCIATES
Chartered Accountants

Sd/-
I. Pasha
Partner

Place : Camp : New Delhi
Date : 20th May, 2003

BALANCE SHEET as at 31st March 2003

(Rs. in Lakh)

	Schedule		March, 2003	March, 2002
SOURCES OF FUNDS:				
1. **SHAREHOLDERS' FUNDS**				
a) Capital	"A"	19981.79		19981.79
b) Reserves & Surplus	"B"	22294.31		10536.03
			42276.10	30517.82
2. **LOAN FUNDS**				
a) Secured	"C"	0.60		6539.49
b) Unsecured	"D"	17774.75		6134.75
			17775.35	12674.24
TOTAL			60051.45	43192.06
APPLICATION OF FUNDS:				
1. **FIXED ASSETS**	"E"			
a) Gross Block		88450.19		83239.79
b) Less: Depreciation		49561.80		46390.56
c) NET BLOCK		38888.39		36849.23
d) Capital Work-in Progress	"F"	4951.25		9874.98
			43839.64	46724.21
2 **INVESTMENT**	"G"		6519.17	6356.31
3 **CURRENT ASSETS, LOANS & ADVANCES**				
a) Inventories	"H"	25791.42		23573.76
b) Sundry Debtors	"I"	12633.86		3641.27
c) Cash & Bank Balances	"J"	11021.00		68.40
d) Other Current Assets - Interest accrued on Investment / Bank deposits	"K-1"	224.50		349.30
e) Loans and Advances	"K"	28291.89		7114.96
		77962.67		34747.69
4 Less: a) CURRENT LIABILITIES	"L"	56067.47		49604.43
b) PROVISIONS		7075.47		801.47
5 NET CURRENT ASSETS (3 - 4)			14819.73	(15658.21)
6 MISCELLANEOUS EXPENDITURE (To the extent not written-off or adjusted)	"L-1"		384.89	358.12
7 DEFERRED TAX (Liability) / Assets - net			(5511.98)	5411.63
TOTAL			60051.45	43192.06
8 Statement of Significant Accounting Policies	"Q"			
9 Notes on Accounts	"R"			
10 Statutory Information	"S"			
11 Segment Reporting	"T"			

For and on behalf of the Board of Directors

V.N.MURTHY
Company Secretary

R.N.DAS
Director (Finance)

B.K.GOGOI
Chairman & Managing Director

This is the Balance Sheet referred to in our report of even date.

For SRI ASSOCIATES
Chartered Accountants

Place : New Delhi
Date : 20th May 2003

I.PASHA
Partner

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2003

(Rs. in Lakh)

	Schedule		March, 2003	March, 2002
INCOME:				
1 Sale of Products		186169.46		119519.02
Less : Commission & Discounts		16.49		23.87
			186152.97	119495.15
2 Net claim from Industry Pool Account			168.44	13078.92
3 Increase/(Decrease) in Stock	"M"		984.43	(2217.39)
4 Interest and Other Income	"N"		21718.19	2554.74
TOTAL INCOME			209024.03	132911.42
EXPENDITURE:				
1 Manufacturing, Administrative, Selling and Other Expenses	"O"		158236.67	140790.60
2 Duties			14072.38	15951.85
3 Depreciation and Amortisation	"E"		3064.43	3319.01
4 Deferred Revenue Expenditure Written-off	"L-1"		97.74	101.47
5 Interest Payments on :				
a) Fixed period loans from OIDB		1294.33		716.59
b) Short term loans from Banks		316.33		657.74
c) Others		1001.86		2826.05
		2612.52		4200.38
Less : Interest Capitalised		23.67		431.19
			2588.85	3769.19
TOTAL EXPENDITURE			178060.07	163932.12
PROFIT/(LOSS) FOR THE YEAR			30963.96	(31020.70)
Income/(Expenses) pertaining to previous years (net)	"P"		(193.39)	94.80
PROFIT/(LOSS) BEFORE TAX			30770.57	(30925.90)
6 Less:Provision for Income Tax -				
Current Year		2002.35		-
Previous Year		-	2002.35	7.17
Less:Deferred Tax				
Current Year			10923.61	(11071.67)
Add : Provision for income tax written back - previous year			-	-
			12925.96	(11064.50)
PROFIT/ (LOSS) after Income Tax			17844.61	(19861.40)
Add: Balance brought forward from last year's Account			9536.03	35057.47
DISPOSABLE PROFIT			27380.64	15196.07
APPROPRIATION :				
Adjustment of Deferred Tax Liability as at 1st April 2001			-	5660.04
Proposed Dividend			5395.08	-
Corporate Dividend Tax			691.25	-
General Reserve			21294.31	-
Profit and Loss Account			-	9536.03
			27380.64	15196.07
7 Statement of Significant Accounting Policies	"Q"			
8 Notes on Accounts	"R"			
9 Statutory Information	"S"			
10 Segment Reporting	"T"			
Basic Earning Per Share (Rs./Share)			8.93	(9.94)
Diluted Earning Per Share (Rs./Share)			8.93	(9.94)

The Schedules referred to above and Major Accounting Policies attached form an integral part of the Profit & Loss Account.

For and on behalf of the Board of Directors

V.N.MURTHY	**R.N.DAS**	**B.K.GOGOI**
Company Secretary	Director (Finance)	Chairman & Managing Director

This is the Balance Sheet referred to in our report of even date.

For SRI ASSOCIATES
Chartered Accountants

I.PASHA
Partner

Place : New Delhi
Date : 20th May 2003

SCHEDULE "A" - CAPITAL

	March 2003	March 2002
		(Rs. In Lakh)
AUTHORISED :		
20,00,00,000 Equity Shares of Rs. 10/- each	**20000.00**	20000.00
ISSUED,SUBSCRIBED AND PAID-UP :		
19,98,17,900 Equity Shares of Rs. 10/- each fully paid-up	**19981.79**	19981.79
Out of the above shares, 148,793,826 shares (74.46%) of Rs. 10/- each are held by Indian Oil Corporation Limited, the Holding Company.	**19981.79**	19981.79

SCHEDULE "B" - RESERVES AND SURPLUS

			March 2003	March 2002
				(Rs. In Lakh)
1	General Reserve - As per last account	**1000.00**		-
	Add : Transfer from Profit & Loss Account	**21294.31**	**22294.31**	1000.00
2	Profit and Loss Account As per Annexed Account		-	9536.03
			22294.31	10536.03

SCHEDULE "C" - SECURED LOANS

	March 2003	March 2002
		(Rs. In Lakh)
Secured by hypothecation of inventories, book debts and other assets (both present and future)		
1. Loans and Advances from Banks :		
(i) Cash Credit		
a) State Bank of India	**0.60**	4006.84
b) United Bank of India	-	1411.60
c) State Bank of Hyderabad	-	1121.05
	0.60	6539.49
* Out of which Interest accrued and due		2.24

SCHEDULE "D" - UNSECURED LOANS

	March 2003	March 2002
		(Rs. In Lakh)
1. Other Loans and Advances		
(i) From Banks/Financial Institutions : OIDB loans*	**17774.75**	6134.75
	17774.75	6134.75
* Out of which due for repayment within one year	**13288.00**	860.00

SCHEDULE "E" - FIXED ASSETS AS AT 31st March 2003

(Rs. In Lakh)

SL NO	PARTICULARS	GROSS COST AS ON 1-4-2002	ADDITIONS/ ADJ DURING THE YEAR	SOLD/TRAN DURING THE YEAR	GROSS BLOCK AS ON 31-03.2003	DEPRECIATION UPTO 31-3-2002
1	Land - Freehold	82.38	-	-	**82.38**	-
	Land - Leasehold	339.22	62.36		**401.58**	-
2	Buildings, Roads & Culverts	6929.27	324.07	-	**7253.34**	1760.72
3	Railway Sidings	57.75	-	-	**57.75**	52.40
4	Plant & Machinery	71973.87	4722.25	-	**76696.12**	42550.84
5	Furniture & Fixtures	349.56	1.50	(0.91)	**350.15**	257.92
6	Equipment & Appliances	2976.07	101.32	(1.97)	**3075.42**	1560.68
7	Transport Equipment	98.43	4.32	(4.23)	**98.52**	49.16
8	Const. Site Requirements	51.36	1.69	-	**53.05**	51.36
9	Other Capital Expenditures	374.18	-	-	**374.18**	99.78
10	Sundry Assets	7.70	-	-	**7.70**	7.70
	Grand Total	83239.79	5217.51	(7.11)	**88450.19**	46390.56
	Previous Year	78671.30	4578.89	(10.39)	**83239.79**	43006.31

(Rs. In Lakh)

Sl. No	Particulars	Adjustment of Depreciation For Previous Year	Depreciation Adjustment On Sold/Trans	Depreciation For The Year	Total Depreciation Upto 31-03-2003	Net Block As on 31-03-2003	Net Block As on 31-3-2002
1	Land - Freehold	-	-	-	-	**82.38**	82.38
	Land - Leasehold			-	-	**401.58**	339.22
2	Buildings,Roads&Culverts	-	-	130.64	1891.36	**5361.98**	5168.58
3	Railway Sidings	-	-	0.97	53.37	**4.38**	5.34
4	Plant & Machinery	112.19	-	2657.05	45320.08	**31376.04**	29423.02
5	Furniture & Fixtures	-	(0.77)	14.44	271.59	**78.56**	91.65
6	Equipment & Appliances	-	(1.40)	178.32	1737.60	**1337.82**	1415.37
7	Transport Equipment	-	(3.21)	6.48	52.43	**46.09**	49.27
8	Const. Site Requirements	-	-	1.69	53.05	-	-
9	Other Capital Expenditures	-	-	74.84	174.62	**199.56**	274.40
10	Sundry Assets	-	-		7.70	-	-
	Grand Total	112.19	(5.38)	3064.43	49561.80	**38888.39**	36849.23
	Previous Year	72.22	(6.98)	3319.01	46390.56	**36849.23**	35664.98

SCHEDULE "F" CAPITAL WORK-IN PROGRESS

(Rs. in Lakh)

		Note		March 2003		March 2002
1.	Construction Work-in Progress (including un-allocated Capital Expenditure, material at site)		4314.35		7733.18	
	Less : Provision		186.03		186.03	7547.15
				4128.32		
2.	Advance for Capital Expenditure		180.39		468.31	
	Less:Provision for Doubtful Advances		43.33		43.33	
				137.06		424.98
3.	Capital Stores	A		345.81		1100.20
4.	Capital Stores lying with Holding Company			18.09		18.09
5.	Capital Goods-in-transit			-		-
6.	Construction period expenses pending allocation:					
	Balance as at 1st April		784.56		408.52	
	Add : Expenditure during the year (Schedule- "F-1")		23.67		622.21	
			808.23		1030.73	
	Less : Allocated to Assets during the year		486.26	321.97	246.17	784.56
				4951.25		9874.98

Note

			March 2003	March 2002
A.	(i)	Includes stores pending inspection	25.88	277.38
	(ii)	Includes stores lying with contractors	54.15	606.46

SCHEDULE "F-I" CONSTRUCTION PERIOD EXPENSES DURING THE YEAR

(Rs. in Lakh)

			March 2003		March 2002
1.	Interest				
	a) Current year	23.67		431.19	
	b) Previous year	-	23.67	167.02	598.21
2.	Management Expenses		-		24.00
			23.67		622.21

SCHEDULE "G" - INVESTMENT

(Rs. in Lakh)

		March 2003	March 2002
1	QUOTED:	-	-
2	UNQUOTED:		
	A. Non-trade Investments:		
	Petroleum India International (Association of Person - Oil Companies) Seed Capital	5.00	5.00
	Share in accumulated surplus	914.17	751.31
	B. Trade Investments :		
	Fully Paid 6.96% Oil Companies Govt. of India Special Bond 2009	5600.00	5600.00
		6519.17	6356.31

SCHEDULE "H" - INVENTORIES

(Rs. in Lakh)

		Note		March 2003		March 2002
1.	In Hand					
	a. Stores, Spares etc.	A	3795.41		3904.78	
	Less : Provision for Losses		186.74		36.72	
				3608.67		3868.06
	b. Raw Materials	B		9842.53		8652.83
	c. Finished Products			10393.02		8650.85
	d. Stock-in-process			1698.52		2356.26
				25442.74		23528.00
2.	Stores with others			249.98		-
3.	In Transit :					
	a. Stores & Spares			98.70		45.76
	TOTAL			25791.42		23573.76
	Note : Includes					
	A. Stores, Spares includes stores under inspection			71.21		25.60
	B. (i) Crude lying in pipeline owned by Indian Oil Corporation Ltd.			1691.66		1691.66
	(ii) Crude lying in pipeline owned by Oil India Ltd.			5109.39		5109.39

SCHEDULE "I" - SUNDRY DEBTORS

(Rs. in Lakh)

		Note		March 2003		March 2002
1.	Over Six Months :					
	(i) Unsecured,Considered Good		1.14		153.77	
	(ii) Unsecured,Considered Doubtful		730.13		602.64	
	Total (1)			731.27		756.41
2.	Other Debts :					
	a) From Holding Company - Unsecured considered good			11905.42		2778.47
	b) From Others -					
	(i) Secured considered good		726.70		460.58	
	(ii) Unsecured considered good		0.60		248.45	
				727.30		709.03
	Total (2)			12632.72		3487.50
	Total (1+2)			13363.99		4243.91
	Less: Provisions for Doubtful Debts			730.13		602.64
	TOTAL			12633.86		3641.27

SCHEDULE "J" - CASH AND BANK BALANCES

(Rs. in Lakh)

		Note		March 2003		March 2002
1.	Cash Balances					
	a) Cash Balances including imprest		6.52		1.94	
	b) Cheques in hand and in transit		39.88	46.40	3.63	5.57
2.	Bank Balances with Scheduled banks :					
	a) Current Accounts			6867.54		55.27
	b) Unclaimed Dividend Accounts			6.81		7.31
	c) Short Term Deposit			4100.00		-
	d) Fixed Deposit			0.25		0.25
	TOTAL			11021.00		68.40

SCHEDULE "K" - LOANS AND ADVANCES

(Rs. in Lakh)

		March 2003			March 2002
1	Advances recoverable in cash or in kind or for value to be received:				
	a) From Holding Company -				
	(i) Unsecured, Considered Good	11.68		6.39	
	Total (a)	11.68		6.39	
	b) From Others:				
	(i) Secured, Considered Good	2789.37		2622.25	
	(ii) Unsecured, Considered Good	44.06		19.99	
	(iii) Unsecured, Considered Doubtful	65.76		70.18	
	Total (b)	2899.19		2712.42	
	Total (a+b)	2910.87		2718.81	
	Less : Provisions for doubtful Loans & Advances	65.76		70.18	
			2845.11		2648.63
2	Amount recoverable from Industry Pool Account (net)		3516.73		2622.00
3	Claims Recoverable				
	a) From Holding Company Unsecured, Considered Good	20955.19		90.69	
	b) From Others:				
	(i) Unsecured, Considered Good	82.86		161.63	
	(ii) Unsecured, Considered Doubtful	-		-	
		21038.05		252.32	
	Less: Provisions for doubtful claims	-	21038.05	-	252.32
4	Balances with Customs, Port Trust and Excise Authority :				
	(i) Unsecured, Considered Good		29.26		109.13
5	Advance Tax (net)		651.79		1340.99
6	Material given on Loan				
	a) From Holding Company				
	(i) Unsecured, Considered Good		-		-
	b) From Others				
	(i) Secured, Considered Good	2.62		2.54	
	(ii) Unsecured, Considered Good	122.89		11.25	
			125.51		13.79
7	Deposits				
	a) To Holding companies				
	i) Secured, Considered Good	-		-	
	ii) Unsecured, Considered Good	-		-	
	b) To Others				
	i) Secured, Considered Good	7.15		20.33	
	ii) Unsecured, Considered Good	78.29		107.77	
	iii) Unsecured, Considered Doubtful	-	85.44	-	128.10
			28291.89		7114.96

SCHEDULE "K-1" - OTHER CURRENT ASSETS

(Rs. in Lakh)

		March 2003		March 2002
Interest Accrued on investment/bank deposits				-
Interest accrued on STD with Canfina	**347.13**	-	347.13	
Less: Provision	**347.13**	-	-	347.13
Interest accrued on STD with Banks		**224.50**		2.17
		224.50		349.30

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lakh)

				March 2003		March 2002
1	**Current Liabilities:**					
	a)	Sundry Creditors -				
	(i)	Total dues of small scale industrial undertaking(s)	**3.06**		4.19	
	(ii)	Total dues of creditors other than small scale industrial undertaking(s)	**666.73**		1163.49	
		Total (a)	**669.79**		1167.68	
	b)	Other Liabilities	**2912.35**		2127.81	
	c)	Security Deposits	**373.84**		247.04	
	d)	Investor Education and Protection Fund shall be credited by the following amounts namely - Unpaid/Unclaimed Dividend	**6.81**		7.31	
	e)	Raw Materials - To Others	**25963.61**		27765.95	
2	a)	Dues to Holding Companies	**25941.07**		18288.64	
	b)	Crude Oil taken on Loan From Holding Company	-		-	
		Less: Deposits given	-		-	-
		Total current liabilities		**56067.47**		49604.43
3	Provisions:					
	a)	Provision for Retirement benefit		**982.15**		798.37
	b)	Provision for Taxation	**2591.62**		589.27	
		Less: Advance Payment	**2591.62**	-	589.27	-
	c)	Provision for Wealth Tax	**36.38**		29.39	
		Less: Advance Payment	**29.39**	**6.99**	26.29	3.10
	d)	Proposed Dividend	**5395.08**		-	
	e)	Corporate Dividend Tax	**691.25**	**6086.33**	-	-
				63142.94		50405.90

SCHEDULE - "L 1" MISCELLANEOUS EXPENDITURE

(Rs. in Lakh)

		March, 2003		March, 2002
Deferred Revenue Expenditure :				
As per last Account :				
a) Expenditure for EDP software etc.	-		20.96	
b) Reformer Catalysts	**358.12**		430.96	
		358.12		451.92
Add. Expenditure during the year - Expenditure for EDP softwares etc.	-		7.67	
Voluntary Retirement Scheme	**124.51**	**124.51**	-	7.67
Less: Written-off during the year:				
- EDP Software	-		28.63	
- Reformer Catalysts	**72.84**		72.84	
- Voluntary Retirement Scheme	**24.90**	**97.74**	-	101.47
		384.89		358.12

SCHEDULE "M" - DETAILS OF INCREASE/(DECREASE) IN STOCK

(Rs. in Lakh)

			March 2003		March 2002
1.	**Closing Stock**				
	a) Finished Products	10393.02		8650.85	
	b) Stock-in-process	1598.52		2356.26	
			11991.54		11007.11
2.	**Opening Stock**				
	a) Finished Products	8650.85		11608.83	
	b) Stock-in-process	2356.26		1615.67	
			11007.11		13224.50
	TOTAL(1- 2)		984.43		(2,217.39)

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. In Lakh)

			March 2003		March 2002
1	Interest on:				
	a) Loan and advances	90.75		105.10	
	b) Customers Outstandings (including Tax deducted at source Rs. 4.19 lakhs , Previous year Rs. 4.11 lakh)	30.90		42.20	
	c) Others (including Tax deducted at source Rs. 21.09 lakh)	135.99	257.64	9.23	156.53
2	Interest on Bonds		389.76		2.14
3	Income from other Investment		162.86		118.71
4	Recovery for Power Supply		89.08		97.13
5	Terminalling charges/Fee for Marketing Right		620.51		1400.00
6	Sale of Scrap		12.77		23.91
7	Recoveries from Employees		40.21		43.84
8	Recoveries from Outsiders		176.63		35.28
9	Recovery of Platinum		249.98		-
10	Duty drawback on export		313.69		-
11	Other Liabilities Written back		21.64		36.57
12	Provision for Stores written back		36.72		-
13	Miscellaneous		-		38.59
14	NE Refinery benefits		19346.70		602.04
			21718.19		2554.74

SCHEDULE "O" - MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES

(Rs. in Lakh)

			March 2003		March 2002
1	**Raw Materials Consumed:**				
	Opening Balance	8652.83		12752.42	
	Add: Receipts -				
	a) Purchase	137255.04		102124.20	
	b) Taken on Loan	-		-	
		145907.87		114876.62	
	Less: Closing Stock	9842.53		8652.83	
			136065.34		106223.79

SCHEDULE "O" - MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES (Contd.)

(Rs. in Lakh)

				March 2003		March 2002
2	**Consumption:**					
	a) Stores, Spares and Consumables (Chemicals Rs. 584.47 lakh)		1403.99		1619.44	
	b) Packing Materials & Others		123.12		114.81	
				1527.11		1734.25
3	**Power and Fuel**		11059.83		9978.95	
	Less: Fuel for own production		10887.97		9760.00	
				171.86		218.95
4	Fees and Other Charges			95.87		106.45
5	Octroi, other levies and Taxes			1251.05		218.90
6	**Repairs and Maintenance:**					
	Building		157.49		147.57	
	Plant and Machinery		250.06		341.97	
	Others		183.28	590.83	168.29	657.83
7	a) Freight and Transportation Charges		7832.72		21521.33	
	b) Demurrage		-	7832.72	398.42	21919.75
8	**Payments to and Provisions for Employees:**					
	a) Salaries, Wages and Other Benefits		6266.59		5572.54	
	b) Contribution to Provident Fund & Other Funds		552.95		509.43	
	c) Welfare Expenses:					
	(i) Medical Expenses	260.27			283.15	
	(ii) Other Welfare Expenses	710.46			660.83	
	(iii) Group Insurance	37.73			37.62	
	(iv) Gratuity	366.76	1375.22	8194.76	433.51	7497.08
8	Office Administration, Selling and Other Expenses (Schedule 'O-1')			2507.13		2211.60
	TOTAL			150236.67		140790.60

SCHEDULE "O-I" - OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Lakh)

			March 2003		March 2002
1	Rent		32.07		36.17
2	Insurance Premium		405.23		376.81
3	Rates and Taxes		13.27		8.14
4	Donations		0.14		10.55
5	Payments to Auditors				
	a) Statutory Audit Fee	1.89		1.94	
	b) Tax Audit Fee	0.54		1.34	
	c) P.F.Audit Fee	0.05		0.05	
	d) Gratuity Audit Fee	0.01		0.01	
	e) Cost Audit Fee	0.54		0.21	
	f) Other Services	0.36		0.09	
	g) Out of Pocket Expenses	6.99	10.38	3.94	7.58
6	Travelling and Conveyance		269.66		270.80

SCHEDULE "O-I" - OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES (Contd.)

(Rs. In Lakh)

			March 2003		March 2002
7	Communication Expenses:				
	a) Postage and Telegram	1.78		1.77	
	b) Telephone and Telex	29.27	31.05	55.73	57.50
8	Vehicle Running Expenses		93.26		97.64
9	Printing and Stationary		28.69		27.88
10	Electricity & water		-		-
11	Bank Charges		80.27		44.12
12	Bad Debts,Advances & Claims written off		-		0.71
13	Project Expenditure Written-off		-		30.75
14	Stores Written off		77.26		4.76
15	Provision for Doubtful Debts,Advances,Claims etc.		474.62		312.08
16	Provision against Capital Expenditure		-		186.03
17	Provision For Stores Shortages/Obsolescence(Net)		186.74		3.16
18	Industrial Security Expenses		545.99		510.26
19	Other Expenses:				
	a) Community Development	58.48		11.71	
	b) Training Expenses	26.76		40.24	
	c) Hire Charges	15.12		14.46	
	d) Claims/Advances written-off	0.20		2.54	
	e) Others	108.76		104.51	
	f) Books and Periodicals	4.34		4.05	
	g) Advertisement Expenses	15.03		6.70	
	h) Publicity and Public Relation	6.62		9.87	
	i) Entertainment	7.83		8.35	
	j) R&D Expenses	5.16		9.01	
	k) Provision for Wealth Tax	6.99		3.10	
	l) Octroi, Cess etc.	0.96		1.25	
	m) Other Selling Expenses	2.39	258.63	32.87	248.66
			2507.13		2235.60
20	Less: Project Management Expenses		-		24.00
	TOTAL		2507.13		2211.60

SCHEDULE "P" - INCOME/(EXPENSES) RELATING TO PREVIOUS YEARS

(Rs. In Lakh)

	March 2003	March 2002
INCOME :		
Consumption of Stores & spares	30.99	-
Sale of products	(17.98)	-
Interest	-	167.02
Total Income	13.01	167.02
EXPENDITURE:		
Rent	12.78	-
Chemicals	56.63	-
Depreciation and Amortisation	112.19	72.22
Others	24.80	-
Total Expenses	206.40	72.22
NET INCOME/(EXPENDITURE)	(193.39)	94.80

SCHEDULE "Q" - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS

1.1 Land

Leasehold Land: Cost of land deposited with the State Government of Assam is treated as leasehold land pending execution of the deeds.

1.2 Construction Period Expenses on Projects

1.2.1 Revenue expenses incurred during construction period are capitalised.

1.2.2 Financing cost incurred during the construction period on loans specifically borrowed for projects is capitalised at the actual borrowing rates.

1.2.3 Financing cost incurred on General Borrowings used for projects is capitalised. The amount of such borrowings is determined after setting off the amount of internal accruals.

1.3 Depreciation/Amortisation

1.3.1 Depreciation on fixed assets is provided in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956, on Straight Line Method, up to 95% of the cost of the assets. Depreciation is charged pro-rata on quarterly basis on assets from/up to the quarter of capitalisation/sale, disposal and dismantled during the year.

1.3.2 Assets costing up to Rs. 5000/- are depreciated fully in the year of capitalisation.

1.3.3 Capital expenditure on items like railway siding, roads, culverts etc. the ownership of which is not with the Company are amortised/written off in five equal annual instalments.

2. FOREIGN CURRENCY TRANSLATION

2.1 Transactions in foreign currency are recorded at exchange rates prevailing on the date of transactions.

2.2 Monetary items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year end, are translated at exchange rates applicable as of that date and any gains and losses arising due to exchange differences at the time of translation are charged to the Profit and Loss Account, except in respect of Fixed Assets, where any gains and losses arising due to exchange differences at the time of settlement are adjusted to the cost of such assets till they are fully depreciated.

3. INVESTMENTS

3.1 All long term investments are valued at cost and provision for diminution in value, thereof is made, wherever such diminution is not temporary.

3.2 All current investments are valued at lower of cost or fair market value.

4. INVENTORIES

4.1 Raw Materials

4.1.1 Crude Oil is valued at cost on first-in first-out basis and net realisable value, whichever is lower.

4.1.2 Stock in Process is valued at raw material cost plus 50% of the estimated conversion costs as applicable and net realisable value, whichever is lower.

4.2 Stock-In-Trade

4.2.1 Finished Products are valued at cost on First-In-First-Out method and net realisable value, whichever is lower, except by-products, which are valued at net realisable value.

4.2.2 Cost of Finished Products internally consumed is determined based on -
Para-xylene - at net variable cost (net of sale value of by products);
Molten DMT - at cost and net realisable value, whichever is lower reduced by cost of flaking and packing.

4.3 Stores and Spares

4.3.1 Stores and Spares are valued at weighted average cost and net realisable value, whichever is lower. In case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale/disposal and charged to revenue.

4.3.2 Stores & Spares in transit are valued at cost and net realisable value, whichever is lower.

5. DEBTORS

In respect of sundry debtors other than specifically dealt with, an ad-hoc provision is made to recognise the element of uncertainty of realisation.

6. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

6.1 Contingent Liabilities are disclosed in each case. Show Cause Notices issued by various Government Authorities are not considered as contingent liabilities. However, when the demand notices are raised against such show cause notices after considering Company's views, these demands are either paid or treated as liabilities if accepted by the Company and are treated as contingent liability if disputed by the Company.

6.2 Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs.5 lakhs.

7. PROFIT AND LOSS ACCOUNT

7.1 Liability towards gratuity is paid to a Fund maintained by a separate trust set up by the Company. Difference between the fund balance and the accrued liability, determined based on the actuarial valuation, is charged to Profit and Loss Account.

7.2 Provision towards leave encashment and post retirement benefits to employees is made based on the actuarial valuation as at the end of the year.

7.3 Pre-paid expenses up to Rs. 50,000/- in each case are charged to revenue.

7.4 Income and expenditure up to Rs. 5 lakh in each case pertaining to previous years are accounted for in the current year.

7.5 Claims on Oil Coordination Committee/Government arising on account of Administered Pricing Mechanism are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/clarifications subject to final adjustment as per separate audit.

7.6 Other claims (including interest on outstanding) are accounted:

a) When there is certainty that the claims are realisable.

b) Generally at cost.

7.7 Expenditure incurred on Voluntary Retirement Schemes is treated as Deferred Revenue Expenditure and is amortised over a period of five years beginning from the year in which expenditure is incurred.

8. R&D EXPENDITURE

8.1 All expenditure, other than on capital account, on research and development are charged to the Profit and Loss Account.

Sd/-	Sd/-	Sd/-
V.N. MURTHY	**R.N. DAS**	**B.K. GOGOI**
Company Secretary	Director (Finance)	Chairman & Managing Director

EXPLANATORY NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2003

SCHEDULE – "R"

1.0 FIXED ASSETS

1.1 Cost of land measuring 1084.54 acres (previous year 1084.54 acres) which is deposited with the Government of Assam is treated as leasehold land and shown as such in Schedule – E, pending execution of deeds.

1.2 Fixed Assets do not include the value of 17 Nos. of quarters estimated at Rs. 41.76 lakh built for the Indian Oil Corporation Limited against equivalent amount received from them.

1.3 Machinery Spares capitalised in previous years, related to the partly depreciated assets, have been charged of at the rate prescribed under Schedule XIV of the Companies Act 1956 in accordance with the relevant Accounting Standards in place of amortisation to the balance life of related main assets (as in previous year). This change has resulted to additional charge of Rs. 55.50 lakh in the current year's Profit and Loss Account.

1.4 Fixed Assets include an asset (Hook-up facilities for imported crude at Barauni) amounting to Rs. 374.18 lakh constructed in the premises of Barauni Refinery of Indian Oil Corporation Ltd. This is being charged of in five years (refer Significant Accounting Policy no. 1.3.3).

1.5 The operation of recently commissioned LPG Bottling Plant has been suspended due to marketing constraints, which is proposed to be operated by M/s IOCL, the Holding Company under an operation agreement.

1.6 Fixed Assets and Capital work-in-progress added during the year include items of expenditure of Rs. 33.39 lakh (Previous year Rs. 392.48 lakh) determined on estimation against work done but bills not received. Difference, if any, will be adjusted in the cost of the assets on ascertaining the actual.

1.7 The interest (on specific and general borrowings) allocated against capital items amounting to Rs. 23.67 lakh (Previous year Rs. 598.21 lakh) during the year in accordance with the Accounting Standards – 16 on 'Borrowing Cost' issued by the Institute of Chartered Accountants of India (refer Significant Accounting Policy nos. 1.2.2 and 1.2.3).

1.8 Loose Tools valuing Rs. 5000/- and below each is fully charged of and depreciation is charged at applicable rate for items valuing above Rs. 5000/- each (refer Significant Accounting Policy no. 1.3.2).

1.9 During the year verification of the immovable assets have been completed. Verification of the movable assets is in progress and will be completed during 2003-04.

2.0 CURRENT ASSETS, LOANS AND ADVANCES

2.1 Raw Materials, Intermediates and Finished products:

(i) All items of stock of raw materials, intermediates and finished products are based on physical verification carried out as at the year-end except for Polyester Staple Fibre (PSF) Waste.

(ii) For valuation of finished/ semi-finished stocks, fixed overheads have been allocated on the basis of installed capacity in place of earlier practice of charging such overheads on the basis of actual production. Due to this change, profit for the year is lower by Rs. 150 lakh.

2.2 Stores and Spares include:

(i) Stores valuing Rs. 1448.61 lakhs (Previous year Rs. 864.91 lakhs) have not moved for more than 3 years of which Rs. 1062.99 lakhs (Previous year Rs. 519.62 lakh) not moved for more than 5 years.

(ii) Stores valued at Rs. 315.59 lakhs (Previous year Rs. 265.37 lakh) have been identified as surplus as at the end of the year. During the year surplus valuing Rs. 18.86 lakhs (Previous year Rs. 6.23 lakh) has been disposed of. Surplus items include Rs. 3.18 lakh (Previous year Rs. 3.18 lakh) worth of materials reserved for maintenance/ projects.

(iii) A provision @ 5% (Rs. 178.40 lakh) on balances of stores and spares (lying at BRPL stores) at the year end has been made for likely loss on sale/disposal of surplus/ obsolete/ non-moving stores and spares in addition to specific provision made under Para 2.3 (i).

2.3 (i) Internal Audit Department of the company has conducted physical verification of stores and spares during the year 2002-03. Discrepancies in the nature of shortages and untraceable items reported are under reconciliation and provision has been made of Rs. 8.34 lakh. Adjustments against the verification reports pertaining to previous years have been made in the accounts of 2002-03.

(ii) A detail action plan has been drawn for identification of obsolete/ damaged/ unserviceable items and adjustment as necessary is being done. During the year obsolete/ unserviceable items amounting to Rs. 10.37 lakh (previous year Rs. 3.48 lakh) have been identified and written off.

(iii) Projects stores (maintained by EIL, engineering consultants) have been verified and reconciled during the year by a special task force of officers. Discrepancies found have been suitably adjusted and an amount of Rs. 55.74 lakh (net) has been written off in the accounts of 2002-03.

2.4 Loans and advances recoverable from employees include an amount of Rs. 1.55 lakh due from Directors and Ex-Director (Previous year Rs.2.71 lakh); maximum balance outstanding at any time during the year was Rs. 2.71 lakh (Previous year Rs. 3.45 lakh).

2.5 During the year provision has been made for all doubtful debts as per Significant Accounting Policy no. 5.

2.6 Liquidated damages and late delivery charges/penalty recovered from the parties are adjusted with related works.

2.7 The names of small scale industrial undertakings to whom the Company owe sum which is outstanding for more than 30 days are as under –

Jain Traders, J.J.Lal & Co., Kalyani Engineers, Perfect Thermometer Mfg. Co., Retort Chemicals Pvt. Ltd., Sigma Engineers, Weston Engineers, Applied Engineers, Chemex Enterprise, Esardson, Filtech (India), Industrial Associates, Aadi Energy System Pvt. Ltd. and Bholanath Press.

2.8 Amount Recoverable from Industry Pool Account (PPAC) includes Rs. 798.98 lakh on account of CST reimbursement against sales of MS, HSD, SKO and LPG. Claims have been lodged through IOCL (Marketing Division), the marketing company as per the scheme notified by MOP&NG vide no. P-20029/18/2001-PP dated 16th January 2003.

2.9 Amount receivable from and payable to M/s Indian Oil Corporation Ltd. (Holding Company) as on 31st March 2003 have been disclosed under relevant accounts.

2.10 Related party disclosure as per Accounting Standard - 18 issued by the Institute of Chartered Accountants of India is given in Annexure in page 64(G-37).

3.0 PROFIT AND LOSS ACCOUNT

3.1 Sales include inter-alia, Excise Duty and Freight where applicable but exclude sales tax; accordingly sales tax amounting to Rs. 5124.55 lakh (previous year Rs. 3450.47 lakh) is not included in the Sale of Products.

3.2 Government of India has issued an extraordinary gazette notification dated March 28, 2002 announcing the dismantling of APM in the Hydrocarbon sector w.e.f. April 1, 2002. Accordingly, the prices of petroleum products (except PDS Kerosene and domestic LPG) as well as indigenous crude will be market-determined w.e.f. April 1, 2002.

3.3 Net claim from Industry Pool Account includes Rs. 168.44 lakh relating to previous years.

3.4 Government of India has announced 50% Excise Duty concessions for products cleared from North-East refineries w.e.f. 1st March 2002, which has enhanced the profit for the year 2002-03 by Rs. 19346.70 lakh (previous year Rs. 602.04 lakh).

3.5 Production in Petrochemicals and PSF units remain suspended during the year 2002-03 due to higher distribution cost and higher unit cost of production because of sub-economic size of the plants. However, Reformer unit of Xylenes plant was run to produce MS.

3.6 Interest on Short Term Deposit with CanBank Financial Services Limited (Canfina) pertaining to previous period amounts to Rs. 347.13 lakh. Considering the uncertain situation of recovery, provision has been made against the above outstanding interest amount of Rs 347.13 lakh in the accounts of 2002-03.

3.7 The Gross Liabilities for employee up to 31-3-2003 on account of gratuity Rs. 1996.58 lakh (Previous year Rs. 1569.66 lakh) leave encashment Rs. 803.97 lakh (previous year Rs. 736.55 lakh), medical benefits of ex-employees Rs. 74.18 lakh (previous year – Rs. 61.82 lakh) and other benefits to employees on retirement Rs. 104.00 lakh (previous year – Nil) have been determined on an actuarial valuation basis.

3.8 Prepaid Expenses up to Rs. 50,000/- in each case are charged to Revenue as per Significant Accounting Policy no. 7.3.

3.9 (a) Deferred Tax liability (net) as on 31.03.03 has been determined at Rs. 5512 lakh.

The break-up of this major component comprises as hereunder: -

(Rs. in Lakh)

	2002-03	2001-02
Deferred Tax Assets:		
- Carried forward losses	2187	10645
- Unabsorbed depreciation	-	2599
- Under Section 43B of the Income Tax Act	229	170
- Other Provisions	539	335
	2955	13749
Deferred Tax Liability:		
- Depreciation on account of timing difference	8261	8112
- Others	206	225
	8467	8337
Deferred Tax Liability (Assets) (net) as on 31-03-03	5512	(5412)

(b) The net effect of setting off Deferred Tax assets and liabilities during the year amounting to Rs. 10924 lakh has been taken as Deferred Tax Expenses in the Profit and Loss Account.

3.10 Calculation of Earning per share:

	Current Year	Previous year
Net Profit/(Loss) as per Profit & Loss Account - Rs. lakh	17846	(19861)
Share Capital (face value Rs 10/- each) Nos.	199817900	199817900
Basic earning per Share Rs.	8.93	(-) 9.94
Diluted earning per Share Rs.	8.93	(-) 9.94

3.11 Claims/demands against the Company shown under 'Contingent Liability' will be provided for as and when the claims, if any are confirmed.

3.12 Repairs and maintenance expenses do not include salaries and wages. The classification of plant and machinery into continuous process and others has been made on the basis of technical opinion and depreciation thereon is provided for accordingly.

4. **GENERAL**

4.1 The Accounting Policies followed by the Company have been reviewed during the year and effects of such changes are disclosed in the relevant Notes wherever necessary.

4.2 The Company is a member of Petroleum India International, an Association of Persons (AOP), where other members are BPCL, HPCL, CPCL, KRL, IBP, IPCL and EIL as on 31st March 2003.

4.3 The Company does not have any subsidiary or associated company. It is a subsidiary of Indian Oil Corporation Limited. The Company has not made any investment in its own shares.

4.4 The Company has not given any loans and advances in the nature of loans to its holding company and companies or firms in which Directors of the Company are interested.

4.5 The Company has not given any loans and advances in the nature of loans to any company, firm, body or person (excluding employees of the Company).

4.6 Confirmations of balance(s) in respect of Advances, Deposits, Creditors and Debtors have not been received.

4.7 Figures for previous year have been regrouped/rearranged wherever necessary.

Signature of Schedules "A" to "T"

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
V.N. MURTHY	**R.N. DAS**	**B.K. GOGOI**
Company Secretary	Director (Finance)	Chairman & Managing Director

For SRI ASSOCIATES
Chartered Accountants

Sd/-
I PASHA
Partner

Place : New Delhi
Dated : 20th May 2003

Annexure to Schedule "R" (Item no. 2.10) Related Party Disclosures (as per AS-18)

Figures in Rupees

Name of the Related Party	Nature of Transaction	Amount of Transactions	Outstanding Balance as on 31.03.2003		Outstanding Balance as on 31.03.2002		Provisions Written-off
			Debit	Credit	Debit	Credit	
Whole Time Directors							
Sh. B.K. Gogoi	Emoluments paid	913278	-	-	-	-	-
	HBA Intt.	-	-	-	59018	-	-
	HBA outstanding	-	-	-	-	-	-
	Recovery of furniture on hire	8554	-	-	-	-	-
Sh. R.M. Hazarika	Emoluments paid	920771	-	-	-	-	-
	HBA Intt.	-	36157	-	60157	-	-
	HBA outstanding	-	-	-	-	-	-
	Recovery of furniture on hire	10327	-	-	-	-	-
Sh. R.N. Das	Emoluments paid	840027	-	-	-	-	-
	HBA Intt.	2943	81959	-	79016	-	-
	HBA outstanding	-	-	-	73000	-	-
	Recovery of furniture on hire	7710	-	-	-	-	-
Sh. R.D. Shira	Emoluments paid	866274	-	-	-	-	-
	HBA Intt.	-	-	-	-	-	-
	HBA outstanding	-	-	-	-	-	-
	Recovery of furniture on hire	6788	-	-	-	-	-

STATUTORY INFORMATION PURSUANT TO PART - I AND PART - II OF SCHEDULE VI OF THE COMPANIES ACT 1956

SCHEDULE "S"

(Rs. in Lakh)

			2002-2003	2001-2002
1	**Contingent Liabilities not provided for:**			
	a.	Claims not acknowledged as debts:		
		(i) Income Tax Demand disputed in Appeal	**5916.32**	5241.04
		(ii) Sales Tax Demand	**3287.00**	3287.00
		(iii) Excise Duty Claims	**514.16**	691.38
		(iv) Custom Duty	**219.15**	201.23
		(V) Service Tax	**-**	-
		(vi) Legal Claims	**267.36**	525.99
		(vii) Other claim	**-**	-
	b.	Bill Discounting	**-**	-
	c.	Outstanding Letter of Credit	**31.89**	81.24
	d.	Counter Guarantee to SBI/UBI	**-**	356.19
			10236.87	10384.07
2	**Estimated amount of Contracts remaining to be executed on Capital Account**		**147.87**	638.89
3	**Directors' Remuneration:**			
	a.	Salaries allowances	**29.39**	20.46
	b.	Contribution to PF/Pension Fund	**2.94**	2.15
	c.	Other Perquisites	**6.65**	0.14
	d.	Gratuity	**3.50**	-
		In addition, the full time Directors are entitled to free medical treatment, children education allowance, leave travel concession, gratuity and also use of company's car for non-duty journies up to 9,000 KM per annum on a payment of Rs. 3,000/4,800 per annum recovered in instalment of Rs. 250/400 per mensem.		
4	**C.I.F. Value of Imports:**			
	a.	Capital Goods	**51.10**	71.63
	b.	Stores and Spares	**254.76**	141.90
5	**Expenditure in Foreign Currency (on accrual basis):**			
	a.	Royalty/Know-how	**-**	-
	b.	Professional Consultation Fees	**-**	3.60
	c.	Travelling	**2.34**	2.00
	d.	Registration Fees	**-**	-
	e.	Other Expenses	**-**	0.85
6	**Earnings in Foreign Exchange (on accrual basis)**		**249.96**	-
7	**Installed Capacity and Licensed Capacity (MT):**			
	a.	Crude Throughput	**2,360,000**	2,350,000
	b.	Para-Xylene	**29,000**	29,000
	c.	Ortho-Xylene	**6,000**	6,000
	d.	Dimethyl Terephthalate	**45,000**	45,000
	e.	Polyester Staple Fibre	**30,000**	30,000
	f.	Methanol	**10,500**	10,500
8	**Production (MT):**			
	A.	**REFINERY**		
		1. Light Distillates	**274,700**	271,535
		2. Middle Distillates	**936,328**	925,854
		3. Heavy Ends	**202,532**	190,777
		TOTAL	**1,413,560**	1,388,166

	2002-2003	2001-2002
B. PETROCHEMICALS:		
1. Return Stream Naphtha	96,615	61,355
2. Para-Xylene	-	5,157
3. Ortho-Xylene	-	627
4. Cee-Nine	136	2,237
5. Cee-Seven	-	1,682
6. D.M.T.	-	6,684
7. Nitrogen	94	4
8. Mixed Xylene	781	4,066
TOTAL	96,826	81,812
C. POLYESTER STAPLE FIBRE:		
1. Polyester Staple Fibre	-	6,924
2. Methanol	-	2,308
3. Waste Fibre	46	372
TOTAL	46	9,604
TOTAL (A+B+C)	1,510,432	1,479,582

	2002-2003 MT	2002-2003 Rs.Lakhs	2001-2002 MT	2001-2002 Rs.Lakhs
9 Opening Stock of Goods Produced:				
A. REFINERY:				
1. Light Distillates	16,310	1891.97	27,252	3203.16
2. Middle Distillates	31,825	2860.22	52,307	4432.32
3. Heavy Ends	14,188	941.79	33,156	1342.32
TOTAL	62,323	5693.98	112,715	8977.80
B. PETROCHEMICALS:				
1. Return Stream Naphtha	131	13.14	327	36.19
2. Para-Xylene	1,571	390.23	887	260.81
3. Ortho-Xylene	77	25.37	95	26.50
4. Cee-Nine	196	33.62	1,313	310.87
5. Cee-Seven	124	21.09	79	16.45
6. D.M.T. + Molten DMT	709	184.75	2,575	670.17
7. Mixed Xylene	382	73.83	161	40.70
TOTAL	3,191	742.13	5,437	1361.69
C. POLYESTER STAPLE FIBRE:				
1. Polyester Staple Fibre	3,393	2000.11	2,050	1109.26
2. Methanol	1,085	112.80	347	43.38
3. Waste Fibre	857	101.83	482	116.70
TOTAL	5,335	2214.74	2,879	1269.34
TOTAL (A+B+C)		8650.85		11608.83
10 Closing Stock of Goods Produced :				
A. REFINERY:				
1. Light Distillates	20,409	2746.70	16,310	1891.97
2. Middle Distillates	38,184	5259.75	31,825	2860.22
3. Heavy Ends	19,333	1612.46	14,188	941.79
TOTAL	77,926	9618.90	62,323	5693.98

SCHEDULE "S" (Contd.)

	2002-2003 MT	2002-2003 Rs.Lakhs	2001-2002 MT	2001-2002 Rs.Lakhs
B. PETROCHEMICALS:				
1. Return Stream Naphtha	248	29.05	131	13.14
2. Para-Xylene	1,661	390.23	1,661	390.23
3. Ortho-Xylene	63	19.50	77	25.37
4. Cee-Nine	55	14.16	138	33.62
5. Cee-Seven	9	1.66	124	21.69
6. D.M.T. + Molten DMT	200	54.64	706	184.75
7. Mixed Xylene	42	10.83	322	73.33
TOTAL	2,278	519.87	3,161	742.13
C. POLYESTER STAPLE FIBRE:				
1. Polyester Staple Fibre	109	61.29	3,833	2000.11
2. Methanol	1025	112.80	1,025	112.80
3. Waste Fibre	363	80.16	537	101.83
TOTAL	1,497	254.25	5,395	2214.74
TOTAL (A+B+C)		10993.02		8650.85

1. PSF stock includes nil damaged during the year (previous year 3446.5 kg)
2. Ortho-Xylene stock loss of 1.886 MT due to evaporation (previous year nil)
3. CPC (Refinery Heavy Ends) found short 67.33 MT on physical verification (previous year nil)

11 Sale of Goods Produced:

	2002-2003 MT	2002-2003 Rs.Lakhs	2001-2002 MT	2001-2002 Rs.Lakhs
A. REFINERY:				
1. Light Distillates	156,036	23024.26	196,332	17744.91
2. Middle Distillates	929,966	121760.30	946,336	68661.47
3. Heavy Ends	137,862	10921.71	138,111	7764.53
NET SALES	1,222,876	155706.27	1,280,779	94170.91
EXCISE DUTIES		13800.87		16196.37
Gross Sales Refinery	1,222,876	169507.14	1,280,779	110367.28
B. PETROCHEMICALS:				
1. Return Stream Naphtha (Sold as MS)	96,697	13980.24	61,550	3628.82
2. Cee Seven (sold as MS)	114	16.66	182	10.73
3. Ortho-Xylene	12	3.28	645	154.76
4. Cee-Nine	216	51.79	3,412	748.47
5. Cee-Seven	-	-	1,455	234.10
6. D.M.T.	508	132.72	497	129.59
7. Nitrogen	94	5.83	4	0.26
8. Mixed Xylene	1,062	240.60	3,905	842.35
NET SALES	97,706	14431.14	71,650	5749.08
EXCISE DUTIES		35.05		341.24
Gross Sales Petrochemicals	97,706	14466.19	71,650	6090.32

SCHEDULE "S" (Contd.)

	2002-2003 MT	2002-2003 Rs.Lakh	2001-2002 MT	2001-2002 Rs.Lakh
C. POLYESTER STAPLE FIBRE:				
1. Regular Fibre	3723	1948.99	5142	2491.65
2. Waste Fibre	220	31.74	316	81.17
NET SALES	3,943	1980.73	5,458	2572.82
EXCISE DUTIES		215.40		488.60
Gross Sales PSF	3,943	2196.13	5,458	3,061.42
TOTAL NET SALES		172118.14		102492.81
TOTAL EXCISE DUTIES		14051.32		17026.21
TOTAL SALES		186169.46		119519.02

	2002-2003 MT	2001-2002 MT
12 Inter Unit Transfer of products:		
a. Reformer Naphtha to Petrochemicals (Net)	9735	24413
b. Raw Petroleum coke to Calcination Unit	36748	32402
c. Low Sulphur Heavy Stock:		
1. To Coke Calcination Unit	377	331
2. To Petrochemicals Unit	14,249	23994
3. To Polyester Staple Fibre	2,981	9620
d. Para-Xylene to DMT	-	4382
e. Refinery Gas :		
1. To Coke Calcination Unit	327	259
2. To Petrochemicals Unit	3,946	3628
3. To Polyester Staple Fibre	839	1401
f. DMT to PSF Unit	-	7495
g. Methanol to Petrochemicals	-	1630

13 CONSUMPTION OF RAW MATERIALS:

	2002-2003 MT	2002-2003 Rs.Lakh	2001-2002 MT	2001-2002 Rs.Lakh
a. Crude Oil - indigenous	1,463,130	136085.34	1,133,960	66209.61
b. Crude Oil - Imported	-	-	341,111	39050.66
c. Methanol (Purchased)	-	-	1470	211.22
d. Mono Ethylene Glycol	-	-	2,402	752.30
e. Others (Duties on own raw materials)	-	-	-	-
		136085.34		106223.79
	%	Rs.Lakh	%	Rs.Lakh
Imported	-	-	36.76	39050.66
Indigenous	100.00	136085.34	63.24	67173.13
	100.00	136085.34	100.00	106223.79

	2002-2003 %	2002-2003 Rs.Lakh	2001-2002 %	2001-2002 Rs.Lakh
14 CONSUMPTION OF STORES AND SPARES:				
Imported	21.12	173.06	8.43	82.85
Indigenous	78.88	646.46	91.57	899.44
	100.00	819.52	100.00	982.29

SCHEDULE VI TO THE COMPANIES ACT 1956

PART-IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:

Registration No. 1470 of 1973-74 State Code 02

Balance Sheet Date 31 03 2003

II. Capital raised during the year (Amount in Rs. '000):

PUBLIC ISSUE	RIGHTS ISSUE
NIL	NIL
BONUS ISSUE	**PRIVATE PLACEMENT**
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000):

Total Liabilities	Total Assets
6005145	6005145

Sources of Funds:

Paid-Up Capital	Reserves & Surplus
1998179	2229431
Secured Loans	**Unsecured Loans**
60	1777475

Application of Funds:

Net Fixed Assets	Investments	Net Current Assets
4383964	651917	1481973
Misc. Expenditure	**Accumulated Losses**	**Deferred Tax**
38489	NIL	551198

IV. Performance of Company (Amount in Rs. '000):

Turnover	Total Expenditure
18615297	17806007
+/- Profit/Loss Before Tax	**+/- Profit/Loss After Tax**
+ 3077057	+ 1784461
Earnings per share in Rs.	**Dividend Rate %**
8.93	27.00

V. Generic Names of Three Principal Products/Services of Company(As per Monetary terms)

Item Code No. (ITC Code)	27090000
Product Description	PETROLEUM PRODUCTS
Item Code No. (ITC Code)	29173700
Product Description	DIMETHYL TEREPHTHALATE
Item Code No. (ITC Code)	316515000
Product Description	POLYESTER STAPLE FIBRE

Note : ITC code of products as per Indian Trade Classification based on harmonised commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics.

To,
The Board of Directors,
Bongaigaon Refinery & Petrochemicals Limited,
P.O. Dhaligaon, Dist Bongaigaon,
Assam. Pin -783 385

We have examined the attached Cash Flow Statement of M/s. Bongaigaon Refinery & Petrochemicals Limited for the period ended 31.3.2003. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and balance sheet of the Company covered by our Report of 20th May 2003 to the members of the Company.

For SRI ASSOCIATES
Chartered Accountants

Sd/-
I.PASHA
Partner

Dated : 20th May 2003
Place : New Delhi

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2003

(Rs. in Lakh)

		2002-03		**2001-02**
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extraordinary Items		**30771**		(30926)
Adjustment for :				
Depreciation & W/O	**3274**		3493	
Investment	**-**		-	
Interest Income	**(553)**		-	
Interest Expenses	**2589**	**5310**	3648	7141
Operating Profit before Working capital changes		**36081**		(23785)
Adjustment for :				
Trade and Other receivables	**(30746)**		(2366)	
Inventories	**(2216)**		5931	
Trade Payables	**6651**	**(26312)**	28977	32542
Cash Generated from Operation		**9769**		8757
Direct Tax paid	**(1307)**	**(1307)**	(472)	(472)
Cash Flow before Extraordinary Items		**8462**		8285
Extraordinary Items		**-**		-
Net Cash Flow from Operating Activities		**8462**		8285
B. CASH FLOW FROM INVESTING ACTIVITIES :				
Purchase of Fixed Assets	**(411)**		(3107)	
Sale of Fixed Assets	**-**		-	
Acquisitions of Companies	**-**		-	
Purchase of Investments	**-**		(5600)	
Increase in accumulated Investments (PII)	**(163)**		(59)	
Interest Received	**553**		121	
Dividend Received	**-**		-	
Net Cash Flow from Investing Activities		**(21)**		(8645)
C. CASH FLOW FROM FINANCING ACTIVITIES :				
Proceeds from issue of Share Capital	**-**		-	
Proceeds from borrowings	**5101**		4160	
Repayment of Finance Lease Liabilities	**-**		-	
Dividend Paid	**-**		-	
Interest Paid	**(2589)**		(3769)	
Net cash used in Financing Activities		**2512**		391
NET INCREASE IN CASH AND CASH EQUIVALENTS		**10953**		31
CASH AND CASH EQUIVALENTS AS AT 1.04.2002		**68**		37
CASH AND CASH EQUIVALENTS AS AT 31.03.2003		**11021**		68

Sd/-
V.N. MURTHY
Company Secretary

Sd/-
R.N. DAS
Director (Finance)

Sd/-
B.K. GOGOI
Chairman & Managing Director

SCHEDULE "T" - BUSINESS SEGMENTS REPORT FOR THE YEAR ENDED ON 31ST MARCH 2003

(Rs. in Lakh)

	Refinery Segment		Petrochemicals Segment		Polyester Staple Fibre Segment		Consolidated BRPL-Total	
	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year
REVENUE:								
External Revenue	126393	204260	5368	762	3090	2207	134851	207229
Inter-segment Revenue	10599	3894	2689	4145	191	1	13479	8040
Total Revenue	136992	208154	8057	4907	3281	2208	148330	215269
RESULT								
Segment Results	(20117)	37154	(3552)	(994)	(3860)	(3417)	(27529)	32743
Un-allocated Corporate Expenses								
Operating Profit / (loss)	(20117)	37154	(3552)	(994)	(3860)	(3417)	(27529)	32743
Interest Expenses							(3769)	(2589)
Interest/Dividend Income							277	810
Income Taxes							(7)	(2002)
Deferred tax liability							11072	(10924)
Profit from Ordinary Activities								
Extraordinary Items							95	(193)
Net Profit	(20117)	37154	(3552)	(994)	(3860)	(3417)	(19861)	17845
OTHER INFORMATION:								
Segment Assets	52381	91160	8300	7826	9397	6165	70078	105151
Unallocated Corporate Assets							7875	18219
Total Assets	**52381**	**91160**	**8300**	**7826**	**9397**	**6165**	**77953**	**123370**
Segment Liabilities	48147	54908	1055	809	1204	1333	50406	57050
Unallocated Corporate Liabilities								6093
Total Liabilities	**48147**	**54908**	**1055**	**809**	**1204**	**1333**	**50406**	**63143**
Capital Expenditure	2619	612	26	10	915	278	3560	899
Depreciation	2038	2034	389	258	893	773	3320	3064
Non-cash Expenses other than Depreciation								

RECONCILIATION STATEMENT WITH AGGREGATE FINANCIAL RESULTS:

Rs. in Lakh

	2001-02	2002-03
Income		
External Sales	119,495	186,153
Net Claim from Industry Pool Account	13,079	168
Other Income (excluding Interest)	2,277	20,908
	134,851	**207,229**
Operating Expenses	(158,960)	(197,177)
Depreciation	(3,319)	(3,064)
Amortisation	(101)	(98)
Interest Income	277	810
Interest Expenses	(3,769)	(2,589)
Prior period Income (net)	95	(193)
Corporate tax (incl. Deferred Tax)	11,065	12,926
	(19,861)	**17,845**

Notes:

1. Since the Company is operating in India, there is no geographical segment.
2. Segment Revenue comprises of the following:
   a) Turnover
   b) Net claim/(surrender to) Industry Pool Account
   c) Other Income (excluding Interest income, dividend income)
3. Segment Revenue results, assets and liabilities include the respective amounts identifiable to each of the segments and common facilities/amounts allocated on a reasonable basis.

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Bongaigaon Refinery & Petrochemicals Limited, Bongaigaon for the year ended 31st March 2003

I have to state that the Comptroller & Auditor General of India has no comment upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act 1956 on the accounts of Bongaigaon Refinery & Petrochemicals Limited, Bongaigaon for the year ended 31st March 2003.

Sd/-
S B Pillay
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I,
Kolkata

Dated Kolkata
The 10th July 2003

Review of Accounts of Bongaigaon Refinery & Petrochemicals Ltd. for the year ended 31st March 2003 by the Comptroller & Auditor General of India

(Review of accounts has been prepared without taking into account the comments under Section 619(4) of the Companies Act, 1956 and qualifications contained in Statutory Auditors' Report)

1. FINANCIAL POSITION

(Rs. in Crore)

	2000-01	2001-02	2002-03
Liabilities			
(a) Paid up capital			
Government	148.79	148.79	**148.79**
Others	51.03	51.03	**51.03**
(b) Reserves and Surplus			
(i) Free Reserves & Surplus	360.57	105.36	**222.94**
(c) Borrowings from:			
(i) Oil Industry Development Board	52.41	61.35	**177.74**
(ii) Banks	32.74	65.39	**0.01**
(d) (i) Current Liabilities & Provision	220.35	504.06	**631.43**
(e) Deferred tax liability	-	-	**55.12**
Total	865.89	935.98	**1287.06**
Assets			
(f) Gross block	786.71	832.40	**884.50**
(g) Less: Cumulative Depreciation	430.06	463.91	**495.62**
(h) Net Block	356.65	368.49	**388.88**
(i) Construction Works-in-Progress and capital goods in stock	113.44	98.75	**49.51**
(j) Misc. Expenditure to the extent not written off	4.52	3.58	**3.85**
(k) Investments	6.98	63.56	**65.19**
(l) Current Assets, Loans and Advances	384.30	347.48	**779.63**
(m) Deferred tax	-	54.12	**-**
Total	865.89	935.98	**1287.06**
(n) Working Capital (l-d)	163.95	(-) 156.58	**148.20**
(o) Capital Employed (h+n)	520.60	211.91	**537.08**
(p) Net Worth (a+b-j)	555.87	301.60	**418.91**
(q) Net Worth per rupee of paid up capital (in Rupees)	2.78	1.51	**2.10**

2. WORKING RESULTS

(Rs. in Crore)

	2000-01	2001-02	2002-03
(i) Sales	1255.30	1195.19	**1861.69**
(ii) Less: Excise Duty	161.20	170.26	**140.51**
(iii) Net Sales	1094.10	1024.93	**1721.18**
(iv) Other Income	31.89	25.55	**217.18**
(v) Claim from Industry Pool Account	-	130.79	**1.68**
(vi) Profit/(Loss) before Tax and Prior Period Adjustment	(57.40)	(310.21)	**309.64**
(vii) Prior Period Adjustment	(0.04)	0.95	**(1.93)**
(viii) Profit/(Loss) before Tax	(57.44)	(309.26)	**307.71**
(ix) Tax provision	-	(110.65)	**129.26**
(x) Profit after Tax	(57.44)	(198.61)	**178.45**
(xi) Proposed Dividend, including Tax on Dividend	-	-	**60.86**

Profit for the year 2002-03 may be viewed in the light of 50% excise duty exemption available for products cleared from North Eastern Refineries amounting to Rs. 193.47 crore as against Rs. 6.02 crore for 2001-02.

3. RATIO ANALYSIS

Some important financial ratios on the financial health and working of the Company at the end of last three years as under.

(In Percentage)

	2000-01	2001-02	2002-03
A. Liquidity Ratio			
Current Ratio	174	69	**123**
B. Debt Equity Ratio			
Long term Debt to Equity	7.63	17.49	**10.71**
C. Profitability Ratio			
a) Profit before tax to			
i) Capital Employed	-	-	**56.26**
ii) Net Worth	-	-	**73.45**
iii) Sales	-	-	**16.51**
b) Profit after Tax to Equity Capital	-	-	**89.31**
c) Earnings per share (Rupees)	-	-	**8.93**

4. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 370.40 crore from internal and external sources were generated and utilised during the year as shown below:

(Rs. in Crore)

Source of Funds:		
Funds generated from Operations:		
Profit after tax	178.45	
Add: Deferred tax	109.23	
Add: Depreciation	31.71	319.39
Increase in borrowed funds		51.01
Total fund inflow during the year		370.40
Utilisation of Funds:		
Addition to Fixed Assets (Including Capital Work-in-Progress)	2.86	
Increase in Investment	1.63	
Misc. expenditure written off	0.27	
Increase in working capital	365.64	
Total fund outflow during the year	370.40	

5. INVENTORY LEVELS

The inventory levels at the close of the last three years are given below:

(Rs. in Crore)

	2000-01	2001-02	2002-03
i) Raw materials	127.52	86.53	**98.43**
ii) Stores & spares	35.28	39.14	**37.07**
iii) Finished goods	116.09	86.51	**103.93**
iv) Work-in-Progress	16.16	23.56	**15.99**

6. SUNDRY DEBTS

The Sundry debts vis-a-vis sales in the last three years are given below:

(Rs. in Crore)

Year ended as on	Sundry Debts			Sales during the year	% of total sundry debts to sales
	Considered Good	Considered Doubtful	Total		
31.03.2001	12.45	2.91	15.36	1256.55	1.22
31.03.2002	36.41	6.03	42.44	1326.95	3.90
31.03.2003	**124.34**	**7.30**	**131.64**	**1864.23**	**7.06**

Sd/-
S B Pillay
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I,
Kolkata

Dated Kolkata
The 10th July 2003

ANNUAL REPORT
2002-2003

आईबीपी
IBP

IBP CO. LIMITED
(A Subsidiary of
Indian Oil Corporation Limited)

Board of Directors

Shri M.S. Ramachandran	Chairman
Shri Arun Jyoti	Managing Director
Shri A.K. Sinha	Director (Finance)
Shri R.S. Guha	Director (Marketing)
Shri Prabh Das	Director
Shri S. Vijayaraghavan	Director
Shri P.K. Agarwal	Director
Shri N.K. Nayyar	Director
Prof. Sougata Ray	Director
Shri Amit Ghosh	Company Secretary

Directors' Report
including Management Discussion & Analysis

The Board of Directors has pleasure in submitting for adoption the 95th Annual Report of the Company with the Audited Accounts for the year ended 31st March 2003.

1. SIGNIFICANT ACHIEVEMENTS: 2002-03

Your Company has achieved significant milestones during the year under review.

FINANCIALS

- The turnover of Rs. 8,753 crore was the highest ever (previous year Rs. 8,453 crore).
- A dividend of 140% is proposed as against 100% dividend paid in the previous year.
- Profit Before Tax and Profit After Tax were Rs. 140.74 crore and Rs. 87.75 crore respectively – despite absorbing significant under-recovery of subsidy on account of Superior Kerosene Oil (SKO) and Liquefied Petroleum Gas (LPG).
- The year witnessed continuation of the debt-free status achieved in earlier years.
- The Earnings Per Share (EPS) of the Company at the close of the year stood at Rs. 39.62.

BUSINESS STRATEGIES

- As a part of retail marketing initiatives, 523 new Retail Outlets were commissioned by the Company in 2002-03, being the highest by an oil marketing company.
- *Pure Bhi Poora Bhi* campaign was launched for creating enhanced customer satisfaction.
- Branded fuels *Josh* (Motor Spirit) and *Shakti* (High Speed Diesel) were introduced to provide a wider choice to the customers and to create brand image.
- Thrust was laid on penetration into the consumer business in the marketing of fuels.
- Strategic alliances were entered into for marketing of non-fuel niche products through the retail network, including car care products, fuel additives and popular consumer brands.
- Refuelling and other multiple associated services were provided to tourists at select locations under the State Tourism Departments through strategic alliance.
- Significant penetration was achieved in the marketing of industrial containers by the Business Group (Engineering) and significant cut in operating and material costs through R&D initiatives was made by the Business Group (Chemicals), resulting in improvement of financial performance.

2. FINANCIAL HIGHLIGHTS

The financial highlights are as under:

(Rs. in Crore)

	2002-03	2001-02
Profit after providing for depreciation but before tax	**140.74**	289.95
Provision for taxation	**52.99**	94.16
Profit after tax and depreciation	**87.75**	195.79
Transfer from Burma Current Account	**0.06**	0.01
Amount available for Appropriation	**87.81**	195.80
Transfer to Devaluation Exchange Difference Reserve	**0.06**	-
Balance available	**87.75**	195.80
Transfer to General Reserve	**52.77**	173.65
Available for distribution as Dividend	**34.98**	22.15
Provision for Dividend recommended @ 140%	**31.01**	22.15
Tax on Dividend	**3.97**	Nil
Total	**34.98**	22.15

3. OPERATING RESULTS

(a) Turnover

During 2002-03, the Company recorded its highest ever Turnover of Rs. 8,753 crore which represented an increase of more than 3% over Rs. 8,453 crore achieved during the previous year.

(b) Profit

During the year under review - being the first year of deregulation after dismantling of the Administered Pricing Mechanism - the Company registered Profit Before Tax (PBT) of Rs.140.74 crore (Rs. 289.95 crore in the previous year) and Profit After Tax (PAT) of Rs. 87.75 crore (Rs. 195.79 crore in the previous year). The Company earned PBT of Rs.140.74 crore after absorbing significant amount of under-recovery of subsidy on account of SKO and LPG having substantial impact on the Company's profit.

(c) Cost of Funds

Despite increase in operations during 2002-03, your Company continues to maintain the debt-free status through effective treasury management. During the year under review the interest cost has been further brought down to Rs. 0.49 crore as against Rs. 29.54 crore in 2001-02 and Rs. 82.56 crore in 2000-01. Treasury Management has contributed significantly in improving the profitability of the Company through reduction of interest and earning of interest by effective investment of funds.

The interest cost during the last five years is depicted hereunder:

Interest Cost

Financial Year	(Rs. in Crore)
1998-99	66.94
1999-00	76.36
2000-01	82.56
2001-02	29.54
2002-03	**0.49**

(d) Shareholder Value Enhancement

Your Company's strong fundamentals have had a positive impact on shareholder value creation.

(i) Book Value of Shares

The significant increase in the book value of the shares of your Company over the last five years is evident from the adjoining table which shows that there has been a 61% hike in the book value during the period:

Book Value per Share

Financial Year	(Rs.)
1998-99	139.94
1999-00	153.16
2000-01	166.63
2001-02	201.37
2002-03	225.22

(ii) Market Capitalisation & Enterprise Value

The true value of your Company was amply reflected during the course of disinvestment during 2001-02. The value was driven during 2002-03 and thereafter by various strategic measures taken by your Company. Consequently, the market capitalisation in proportion to the volume of shares was relatively high amongst the oil sector companies.

(iii) Earnings Per Share

The Earnings Per Share (EPS) of the Company has consistently been rising as would be seen from the under noted table:

Year	1998-99	1999-2000	2000-01	2001-02	2002-03
Nominal Value Per Share (Rs.)	10.00	10.00	10.00	10.00	10.00
Earnings Per Share (Rs.)	15.91	18.83	24.48	88.40*	39.62

* The Earnings Per Share for the financial year 2001-02 works out to Rs. 42.82 on a like-to-like basis considering normal profit.

(iv) Market Price Behaviour

The confidence reposed by the investors on the Company is evident from the stock prices of your Company, which are depicted financial year-wise in the table below:

(Fig. in Rs.)

	2001-02		2002-03	
	HIGH	LOW	HIGH	LOW
APRIL	316	290	**906**	**884**
MAY	407	295	**906**	**535**
JUNE	389	340	**599**	**319**
JULY	418	288	**330**	**277**
AUGUST	349	287	**323**	**265**
SEPTEMBER	314	235	**286**	**249**
OCTOBER	329	285	**257**	**140**
NOVEMBER	419	326	**245**	**226**
DECEMBER	423	380	**249**	**230**
JANUARY	590	403	**280**	**222**
FEBRUARY	945	520	**226**	**216**
MARCH	882	876	**214**	**188**

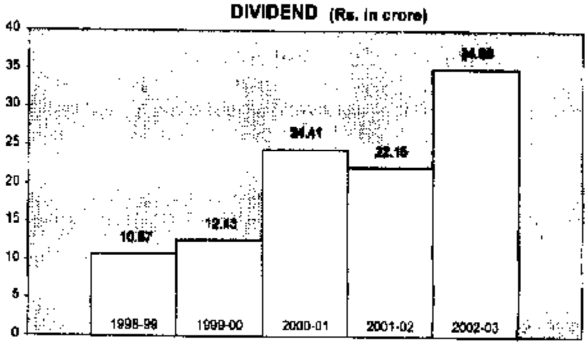
(Source: Quotations on the National Stock Exchange)

The table captures the manner in which the shares of your Company reached the peak as the disinvestment formalities and the resultant buy-back of shares under the SEBI takeover code unfolded. It may be noted that since the close of 2002-03, the shares have touched a high of Rs. 594 in June 2003 from a low of Rs.140 in October 2002.

(v) Dividend & Retention of Earnings

Your Directors recommend a dividend of Rs. 14 per share (140% on par value of Rs. 10) for the current year, which is the highest dividend recommendation since the Company's entry into the Public Sector. The inherent investor-friendliness of the Company is reflected in the progressively higher dividend payout over the last five financial years as presented in the graph.

DIVIDEND (Rs. in crore)



The Finance Act, 2003 provides that with effect from 1st April 2003 dividend income will be exempt from tax in the hands of the shareholders. The domestic companies will, however, be liable to pay dividend distribution tax at the rate of 12.50%, plus surcharge at the time of distribution. Accordingly, the Company has appropriated an amount of Rs. 34.98 crore, representing almost 40% of the Profit After Tax, towards the proposed dividend and tax thereon.

Out of the disposable profit of Rs. 87.81 crore for 2002-03, your Board of Directors has decided on retention of Rs. 52.83 crore by way of accretion to the Reserves to meet emerging investment requirements for creating competitive advantage and organisational growth.

(e) Economic Value Addition

The Economic Value Addition (EVA) for your Company for the year 2002-03 is Rs. 47.90 crore.

4. CORPORATE GOVERNANCE

Your Company has always made persistent efforts to implement sound governance practices and has institutionalised the best practices in respect of good Corporate Governance. The Company has complied with all the requirements under the Listing Agreement with the Stock Exchanges as well as those under Companies Act, 1956. Besides, the Company is also fully compliant with the requirements under the Insider Trading Regulations of the Securities Exchange Board of India (SEBI).

In line with the statutory requirements, the management's discussion/analysis of the financial position of the Company is also duly documented in this Report.

The commitment of your Company on attainment of highest standards of Corporate Governance has been rewarded with the Company winning the prestigious 'ICSI National Award for Excellence in Corporate Governance' for the year 2002. The award which was conferred at a glittering function by His Excellency Shri Bhairon Singh Shekhawat, Vice President of India, based on the selection by an independent and erudite jury, represents an evaluation of the contribution, transparency, integrity and accountability of the Company to the stakeholders in the process of value creation and discharge of its corporate social responsibility.

5. OPERATIONAL PERFORMANCE

(A) Business Group (Petroleum)

The Business Group (Petroleum) continues to be the fulcrum of the Company's business operations and contributes to the bulk of the Company's turnover and profitability. Following the dismantling of the Administered Pricing Mechanism and the advent of the market driven pricing scenario, the Company has taken several business initiatives to capitalise on its proven retail excellence and to strengthen its position in the competitive market. Unwavering focus on quality, introduction of new products & services and modernisation of its facilities have enabled the Company to imbibe a cutting edge over its competitors to sustain its market standing and profitability in the long run.

(i) Retail Marketing

Your Company firmly believes in the dictum that 'pursuit of excellence' is one of the most critical components for competitive success in the global market place. The reunion of IBP with the IndianOil family through the process of disinvestment has opened up new vistas in retail marketing and provided further scope to the Company to hone its area of professional expertise.

During 2002-03, the Company has witnessed a marginal growth in the sale of petroleum products, which aggregated 4.69 million kilolitres (excluding sale to oil marketing companies) as against 4.67 million kilolitres in the previous year.

The growth in Motor Spirit was 6.5% as against the Industry growth of 9.2%. In High Speed Diesel, a negative growth of 0.5% has been recorded by the Company as against the Industry's positive growth of 2.2%. The market share attained during 2002-03 was of the order of 7.29% and 7.21% in Motor Spirit and High Speed Diesel respectively, as against the corresponding figures of 7.40% and 7.26% respectively in 2001-02. Notwithstanding the drop in market share, the Company is optimistic of accelerating growth during 2003-04 on account of the positive impact expected from the on-going expansion of retail network.

The year 2002-03 witnessed the launch of value-added fuels, viz., petrol under the trade name *Josh* and Diesel under the trade name *Shakti*, both of which have been acclaimed highly by the customers and are priced competitively. In fact, your Company is the first oil company to launch the value-added Diesel. The product considerably improves fuel economy, reduces detrimental emissions, nurtures the engine and reduces maintenance cost.

(ii) Retail Expansion

During the financial year 2002-03, your Company embarked on a strategy of aggressive retail expansion whereby 523 retail sites - being the highest number amongst the oil marketing companies in India in the said year - of high potential have been identified and commissioned. It is a matter of satisfaction for the Company to have added almost 33% of its retail outlet network soon after disinvestment and acquisition of strategic stake by IndianOil. Equally satisfying is the fact that creation of such a large number of retail sites in a single year is an all-time record in the annals of the Company. Despite some resource constraints such as shortage of dispensing units, basic infrastructure is in place to generate higher volumes, which would be consolidated over the next 12 months to increase the market share concomitant with the marketing base.

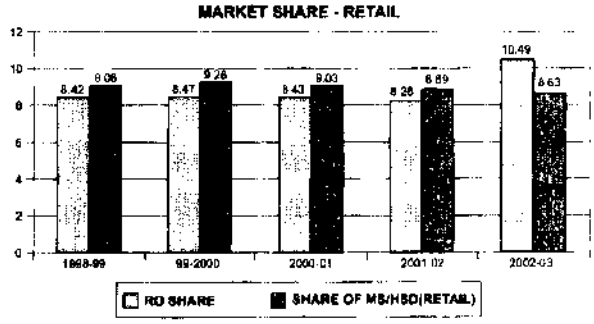
The Company's retail network at the end of 2002-03 stood at 2079 Retail Outlets and 378 Superior Kerosene Oil (SKO)/Light Diesel Oil (LDO) dealerships.

The Region-wise breakup of Retail Outlets and SKO-LDO Dealerships as on 31st March 2003 is shown in the following chart:

	Northern Region	Lucknow Region	Eastern Region	Western Region	Southern Region	Total Nos.
COCO	34	22	24	60	115	255
JRO	17	2	4	19	14	56
Others	451	365	287	311	354	1768
Total Retail Outlets	502	389	315	390	483	2079
SKO/LDO	44	47	134	118	35	378

It is gratifying to note that the on-going retail expansion is having a buoyant impact on volumes from March 2003 onwards with the retail sales of the Company exceeding the industry sales growth. The same trend is visible in High Speed Diesel where the sales growth, though negative, was less negative than that of the Industry. As a sequel to the retail expansion, the Company's share in retail outlets has gone up to 10.49% in March 2003 as shown in the chart below from 8.26% in March 2002.

MARKET SHARE - RETAIL



(iii) Marketing Tie-ups

The retail marketing activities have been further augmented through business tie-ups, keeping to the fore the strategy of enhancing the Company's competitiveness through strategic alliances involving focussed marketing of niche products. Thus, the Company has entered into several marketing tie-up agreements such as with:

(a) Valvoline Cummins Limited, a joint venture between the US Lubricant major Valvoline International Inc., and a wholly owned subsidiary of Cummins Auto Services Limited for the marketing of imported *Eagle One* range of car-care products, including top-of-the-line polishes, waxes and cleaners for premium segment cars, through the Company's retail outlet network.

(b) IFTEX Petrochemicals Limited, a major speciality chemicals manufacturer, for marketing of fuel additives and car-care products through the Company's nationwide retail outlet network with co-branding aimed at amalgamating the distribution capability of IBP with the technical and manufacturing expertise of IFTEX to meet the needs of the discerning customer.

(c) Tourism Departments of various State Governments to provide refuelling and other multiple associated facilities to tourists. MoUs have been signed with the State Tourism Departments in the States such as Andhra Pradesh and Kerala for creating wayside amenities and highway plazas, which are to lay the path for further growth in future.

(d) Gujarat Cooperative Milk Marketing Federation Limited - associated with the reputed *Amul* brand - to market *Amul* products from pre-fabricated parlours to be set up at strategically located Retail Outlets of the Company with the wider objective of launching joint promotions in the future.

(e) SBI Cards to provide unprecedented service to IBP customers and SBI card-holders enabling them to purchase fuel at the outlets of the Company without paying transaction fee. This strategic alliance would lend an edge to the Company by providing access to over ten lakh SBI card members.

(iv) LPG Marketing

In the fourth year of marketing of LPG under the brand 'IBP Gas', the Company commissioned 10 new LPG Distributorships under the Public Distribution System. At the end of the year 2002-03, the Company's distributorship network stood at 64 LPG Distributorships catering to a customer base of 2.63 lakh - up from 1.51 lakh in the previous year - reflecting a growth of almost 75%.

24,914 MTs of LPG were sold during the year under review representing a growth of more than 90% over the previous year. As an innovation, the Company has introduced 5 Kilogram LPG Cylinders in the State of Punjab.

The State-wise break up of the LPG network at the close of 2002-03 is shown hereunder:

State	No. of Distributors	No. of Consumers
Punjab	10	59,349
Haryana	8	39,862
Uttar Pradesh	16	33,848
Uttaranchal	1	822
West Bengal	5	21,459
Gujarat	6	9,243
Maharashtra	5	8,914
Tamil Nadu	9	74,850
Andhra Pradesh	4	14,567
Total	64	2,62,914

(v) Sale of Lubricants

Keeping in view the radical change in the market conditions following deregulation, distribution channels in lube marketing have been re-organised during the latter part of the year for more cost effective operations.

During the financial year 2002-03, the physical sales of lubricants was 32,079 kilolitres as against 33,396 kilolitres in 2001-02.

To sustain market share in a competitive environment, the Company introduced a number of new products/packages to nurture consumer demand for the lubricant products under the 'IBP Red' banner. Having obtained Original Equipment Manufacturer (OEM) approvals from a number of corporates such as Larsen & Toubro, Volvo of Sweden and Ashok Leyland during the year, it is expected that the Company would increasingly be able to create and retain demand for its lubricant product range. Approval was also received during the year from the Indian Railways for registration of Rail Road Engine Oil on terms similar to that of the other oil marketing companies.

(vi) *Pure Bhi Poora Bhi*

The year witnessed re-launch of our successful 'Quality & Quantity Assurance Scheme' (Q&Q), in a new *avtaar 'Pure Bhi Poora Bhi'* with a cine-star as Brand Ambassador to impart a distinct identity to the products of the Company.

For ensuring implementation of Q&Q in its true sense, several awareness programmes have been conducted by the Company besides providing scope for sampling and test checks.

In order to further promote Q&Q assurance, a special tamper-proof lock has been introduced in place of the conventional plastic seal at the depots and terminals for the purpose of sealing tank trucks carrying petrol and diesel to the retail outlets. Survey response indicates that our valued customers have expressed satisfaction with the new sealing system since it ensures safe transit of the product from depots and terminals to the retail outlets mitigating the possibility of pilferage or adulteration en route. By the end of the financial year 2002-03, 83% of the retail outlets have been covered under the improved sealing system.

(vii) Strengthening of Storage & Distribution Network

Following rejoining of the Company in the IndianOil conglomerate, the storage and distribution network available with the Company has been significantly strengthened. Up to 2001-02, the Company had a total of 17 Depots and Terminals all over India, with a total tankage capacity of 4,04,645 kilolitres. After rejoining the IndianOil group, the Company is taking a synergistic re-look on strengthening its storage and distribution network. Accordingly, in 2002-03, a new black oil terminal having a tankage of 10,585 kl was completed at Asoj, Gujarat for handling black oil volumes of the Company and IndianOil. The Company currently has a total tankage capacity of 4,15,230 kl spread over 18 locations.

In the current financial year, plans have been drawn up for augmentation of tankage facilities at Cherlapalli by 23,264 kl to cater to the requirements of the Company as well as that of IndianOil. Project work would begin shortly.

(B) Business Group (Chemicals)

Business Group (Chemicals), which pioneered the setting up of the country's first-ever Site Mixed Slurry Plant at Kudremukh in 1980 after formation in 1974, currently manufactures two main types of explosives, viz., slurry and emulsion. Both the varieties have two sub-categories, viz., bulk explosives and cartridged explosives, the latter consisting of the Large Diameter and the Small Diameter types. The types of explosives produced by the Company and their main application areas are presented in the chart below.

PRODUCT APPLICATION

Product	Application
Permitted Explosives	Exclusively for Underground Coal Mines
Non-Permitted Explosives	Underground Metal mines, Tunneling, Dams, Construction
Large Diameter Explosives	Open Cast Mines
Bulk Explosives	Large Open Cast Mines

Your Company possesses the prestigious ISO:9002 certification for manufacture of cartridged explosives at Korba and bulk explosives at Singrauli. During the year under review, your Company received the ISO:9002 accreditation for its Kusumunda plant. Plans are on to extend the coverage of ISO:9002 certification to other plants with the object of enhancing competitiveness of the explosives manufactured by the Company.

The explosives industry is characterised by the absence of patented technology, intense competition from organised and unorganised sectors, low entry barriers both in terms of capital and technology, and the prevailing near-monopsonic condition arising out of Coal India Limited continuing to be the dominant buyer accounting for about 63% of the market consumption. The consumption trend of explosives during the preceding five years have, by and large, been stagnant except in bulk explosives with the result that the Business Group has had to focus more on inculcating higher levels of operational efficiency. Significant reduction in employee strength has already been achieved in the previous year which saw a 52% reduction from 679 numbers to the current level of 324 numbers. The performance of the Business Group during 2002-03 was broadly as under:

Bulk Explosives

Sale of bulk explosives - which are manufactured and marketed both in slurry and emulsion forms - during 2002-03 was 49,500 tonnes as against 55,991 tonnes during 2001-02. The fall in sales was on account of increased competition (five new suppliers have entered the market during the year) due to low entry barrier coupled with lower growth in consumption, thus adversely affecting the sales volume. Reduction in order quantity by Singareni Collieries Company Limited also contributed to the lower sales volume.

During the financial year under review, a new bulk explosives plant was commissioned at Malanjkhand in the State of Madhya Pradesh for Hindustan Copper Limited, which is expected to generate revenue in the current financial year.

Cartridged Explosives

The cartridged explosives are normally manufactured and marketed by the Company in the slurry form, although during 2002-03 cartridged emulsion explosives have also been developed and marketed on trial basis as part of the Company's endeavour to widen the product mix for the benefit of the consumers. The commercial trials were successful and some orders have been received from hydel projects.

The Company registered aggregate sale of 6,425 tonnes of cartridged explosives during the year 2002-03 as compared to 7,357 tonnes during the previous year. Reduction in sales is attributed to stiff competition and surplus industry capacity relative to demand in view of too many explosive manufacturers in business on account of low entry barrier. As in the past, prices offered by Coal India Limited continued to be unremunerative especially for the large diameter variety. In fact, the prices of permitted explosives offered by Coal India Limited during 2002-03 was lower than the previous year, resulting in margins continuing to be under pressure.

With the commissioning of the new unit at Malanjkhand, the Company has 15 plants having an aggregate installed capacity of 85,500 tonnes of explosives.

RECENT INITIATIVES

The Company has, during the year under review, taken a number of initiatives for turnaround of the Business Group, including (a) strategic marketing initiatives for development of new products such as heat-resistant explosives for application in high temperature conditions and reduction of material costs through change in product formulation with active support of R&D, (b) negotiations with Coal India Limited for modification in tender conditions to ensure recognition for the quality, technology and shelf-life of the products of the Company, (c) creation of new markets targeting the cement/steel industries, hydel projects and untapped coal sectors, (d) sustained cost reduction approach involving inculcation of efficiency in plant operations and (e) promotion of exports involving transfer of technical know-how to foreign firms.

Members would be happy to note that during the financial year 2002-03, the Business Group (Chemicals) has improved upon its financial performance by reducing its losses to Rs. 9.62 crore from Rs. 15.87 crore in the previous year, inter alia due to considerable reduction in the formulation and raw material costs.

(C) Business Group (Engineering)

The Business Group has been the pioneer in India in the field of cryogenics and vacuum technology. Today the Company is the third largest manufacturer of cryocans in the world, manufacturing cryogenic containers of well-accepted standard and exporting them to the economically developed nations.

The products mainly cover the aluminium cryogenic containers up to a capacity of 55 litres, stainless steel industrial cryogenic containers up to a capacity of 20,000 litres, which are often referred to as cryo-vessels, and super insulated pipelines. The major customers are the Government of India, the various State Governments, National Dairy Development Board and other organisations mostly in the public sector.

Although there is an inherent demand sluggishness in the industry, the Business Group is continuously exploring opportunities for augmenting its revenue in a relatively tight market. During the financial year 2002-03, the sales turnover of your Company in cryogenics reached Rs. 19.15 crore as against Rs. 11.72 crore in the previous year, thereby recording a commendable growth of 63%. In volumetric terms, the sales achieved stood at 8,696 nos. of cryocontainers and 56 nos. of cryovessels, totalling 15,376 equivalent cryocan units, as against 6,749 nos. of cryocontainers and 83 nos. of cryovessels aggregating 9,289 equivalent cryocan units in the previous year, thus reflecting a volumetric growth of 65% over the previous year.

The growth in production has matched growth in sales. The production went up from 4,861 nos. of cryocontainers and 85 nos. of cryovessels totalling 7,437 equivalent cryocan units in 2001-02 to 10,430 nos. of cryocontainers and 59 nos. of cryovessels aggregating 17,541 equivalent cryocan units in 2002-03, registering an impressive growth of 136% as compared with the previous year.

The growth in volume is attributable to improved artificial insemination activities in view of the progressively higher levels of funding by the Government of India under its cattle and buffalo breeding programme. Equally significant for the Company has been the expansion of the gas industry which has stimulated the sales growth, particularly for cryovessels. The Business Group has also successfully bagged a yearly order for industrial containers from Praxair India Limited, which is expected to add to the order book significantly.

A salutary feature of the performance of the business group during the financial year 2002-03 has been the reduction of its losses to Rs. 1.25 crore during the year under review from Rs. 6.38 crore in the preceding year. The Company is optimistic of reaching the break-even by the next fiscal year.

Based on the findings of the international consultants, KPMG Consulting Private Limited, several new initiatives/strategies have been identified for a turnaround of operations of the Business Group as also to synergise with the core petroleum business.

A beginning has already been made in implementing the action plan with the execution of a Memorandum of Understanding (MoU) with Chart Industries Inc., USA, a reputed global player in the field of cryogenics, which promises to open lucrative opportunities in the international arena.

In order to ensure effective marketing of its products, several awareness seminars have been conducted by the business group during the year. As per a survey conducted during the year, more than 94% of our customers were satisfied with the quality of the products.

6. JOINT VENTURE

Petronet India Limited

The Company holds 20,00,000 equity shares of Rs. 10/- each representing 2% share in the paid-up capital of Petronet India Limited. The other public sector oil marketing companies, viz., Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited each have equity participation of 16% in Petronet. The joint venture project envisages development of pipeline infrastructure for transportation of petroleum products in the different regions of the country.

7. INDUSTRY OVERVIEW

(a) Industry Structure & Development

Industry highlights on the Company's business lines are as under

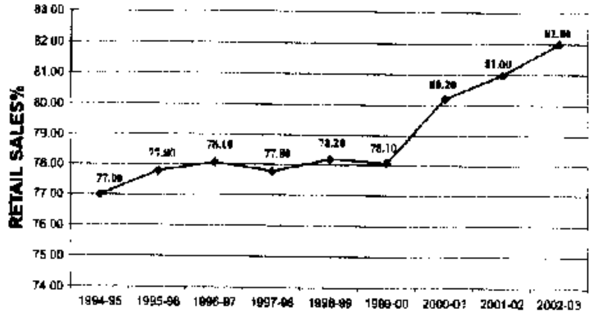
PETROLEUM

- The significance of the petroleum sector in India springs from the fact that sales of the petroleum refining and marketing industry account for around 10% of the nation's Gross Domestic Product (GDP). It is interesting to note that the oil sector contributes approximately 30% of the revenue collected by the Government from excise and customs duty.

- Consumption of petroleum products in India grew by 4.3% during the period 1990-91 to 2000-01 which was far in excess of the annual growth rate of consumption of primary energy globally, which was around 1.1%. Despite the growth, however, India accounts for just about 3.4% of the primary energy consumption of the world. An increase in the consumption level of the country is expected with progressive industrial development.

  The consumption of petroleum products in India exceeds indigenous crude availability, hence import of crude remains inevitable. The crude prices in the fiscal year 2002-03 were on a roller-coaster. The prices shot up to a high level with the outbreak of the war in Iraq and thereafter stabilised at a lower level. The significance of crude oil prices can be comprehended from an estimation by the International Monetary Fund (IMF) that sustained oil prices of US$ 30 per barrel would reduce the world GDP growth rate by about 0.3% and simultaneously push up inflation by about 0.6%.

  AUTOFUEL (MS & HSD)
  INDUSTRY RETAIL SHARE %



  It is to be noted that retail marketing accounts for more than 80% of the total auto-fuel (Motor Spirit and High Speed Diesel) consumption and the same is on the increase over the last few years as shown in the appended graph.

- The public sector, joint sector and private companies including multinationals comprise the petroleum industry in India.

  The petroleum sector includes 12 public sector companies with *Navaratna* and *Miniratna* status conferred by the Government of India. The oil refining sector has 10 companies with 18 refineries and combined annual installed capacity of 114.67 million metric tonnes. Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited, Bongaigaon Refinery & Petrochemicals Ltd., Kochi Refineries Limited, Chennai Petroleum Corporation Limited and Numaligarh Refinery Limited are the major refining companies in the public sector. Oil & Natural Gas Corporation Limited (ONGC) is a recent entrant in the refining business, having commissioned a mini-refinery in East Godavari district of Andhra Pradesh in September 2001. Mangalore Refinery & Petrochemicals Ltd. - which is now a joint venture of ONGC and Hindustan Petroleum Corporation Limited - is also in the refining business. The Reliance Group, which is a private sector company, runs its refinery at Jamnagar in the State of Gujarat.

  ONGC and Oil India Limited dominate the upstream sector (Exploration & Production).

- The Marketing segment – which is the core business of your Company – consists of four major activities, viz., Retail, Consumer, Lubes and LPG. Hitherto, the segment has been the domain of the four oil marketing companies, viz., Indian Oil Corporation Limited, Hindustan Petroleum

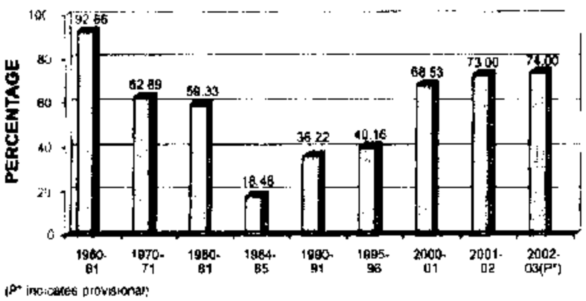
Corporation Limited, Bharat Petroleum Corporation Limited and the Company. While the four PSUs account for almost 90% of the aggregate sales of petroleum products in India, the balance 10% is accounted for by import/sale of decontrolled products by parallel marketers. The sector has already been opened to the private players, multinationals and other upstream companies. The Government of India, vide Gazette Notification dated 8th March 2002, authorised companies investing or proposing to invest Rs. 2000 crore in exploration, production, refining, pipelines or terminals, to market transportation fuels, viz., Motor Spirit, High Speed Diesel and Aviation Turbine Fuel. Consequently, five more companies, viz., ONGC, Reliance, Essar Oil, Numaligarh Refinery and Shell, fulfilling the criteria, have been granted marketing licence.

With the dismantling of the administered pricing mechanism in India with effect from 1st April 2002 and deregulation of the petroleum sector, a turning point in the history of the hydrocarbon industry has been reached. Since then, pricing of all products has been linked to import parity prices. While the administered pricing system in respect of motor spirit, high speed diesel, kerosene and LPG for sale to the consumer has been dismantled with the result that the oil marketing companies are being permitted to fix their retail prices, the prices of LPG (Domestic) and Kerosene (PDS) are partially subsidised. The subsidy on these two products is expected to be phased out over the next three years. The Oil Pool Account has since been liquidated by issue of Oil Bonds to companies against the amount outstanding in their Oil Pool Account.

In April 2002, the Union Cabinet cleared the Petroleum Regulatory Bill for setting up a Petroleum Refining & Marketing Regulatory Board, which will oversee the functioning of the industry and ensure fair play in the deregulated environment. The Bill is awaiting enactment.

Lubricant marketing was liberalised in 1993. Since then the entry of private players, including multinationals, has made the market highly competitive. The bazaar trade and industrial segments presently constitute areas of growth for the major players in the industry.

CRUDE IMPORTS AS % OF REFINERY CRUDE THRUPUT



(P* indicates provisional)

- On the supply front, near stagnant crude production is expected to add to the import bill of the country, particularly in the wake of growing consumption. High international crude price during the year has put quite a strain on the national exchequer for crude import. Efforts are thus being made by the Government to step up exploration activities under New Exploration Licensing Programmes to add to the reserves.

Crude and petroleum product imports in India in the past were quite substantial but in recent years on account of creation of higher indigenous refining capacity, import of petroleum products has gone down significantly.

EXPLOSIVES

The explosives industry in India is characterised by the absence of a patented technology, severe competition from the organised and unorganised sectors, low entry barriers, stagnant demand in most categories of explosives, high break-even point and a single large buyer, viz., Coal India Limited, which accounts for about 63% of the country's consumption of explosives and thus controls pricing. More than 38 players make up the industry, with small scale firms predominating. Besides your Company, the other major players, are Indian Explosives Limited and Gulf Oil Corporation Limited, the latter having acquired the erstwhile IDL Industries Limited.

CRYOGENICS

The cryogenics industry in India comprises two major players, viz., your Company and INOX India Limited. IBP continues to be the market leader in the small cryogenic container segment, whereas INOX has emerged as a major player in the marketing of industrial containers. The industry is exploring possibilities of widening the market for cryogenic applications in the form of cryo-biological solutions and gas solutions inter alia involving new usages for the gas industry and bulk handling/transfer of low-temperature products. Currently, the indigenous manufacturers are facing competition from foreign manufacturers, especially from China, in small cryogenic containers up to 30 litres capacity, consequent to which the Indian players are increasingly being called upon to be more cost effective and efficient. The competition from the foreign players, however, tapers off in the case of the larger cryocans on account of the incidence of import duty which is posing to be an entry barrier to such firms.

(b) Opportunities and Threats

2002-03, being the first year after dismantling of the APM and deregulation of the petroleum sector, has been a tough year for the Company. The year witnessed total change in the concept of product pricing and product cost which, in the changed scenario, have been linked to the import parity principle. The general global economic scenario and the war in Iraq have significantly influenced the crude prices in the international market and there was an impact in retail pricing and product margins in the domestic market.

While the Company has had to contend with a number of adverse factors such as under-recoveries arising out of inadequate subsidy in respect of Superior Kerosene Oil and Liquefied Petroleum Gas consequent upon increase in tariff-adjusted import parity price and also under-recoveries of freight incurred for sale of products at inland locations, your Company has endeavoured to manage sales and profit with special focus on retail expansion to provide impetus for future growth. Simultaneously, the Company has set in motion various business initiatives, including cost management, to inculcate financial discipline in managing the top and bottom lines.

Considering the keen competition accompanying the deregulation of the Industry, the Company is striving to enhance its presence in the market by satisfying customer needs at competitive costs, product differentiation and increasing brand value through productive tie-ups and alliances with other reputed firms to enhance the value chain for our customers.

(c) Segment-wise/Product-wise Performance

A synopsis of segment-wise/product-wise performance has already been presented under Sl. Nos. 5(A), (B) and (C) respectively for the three Business Groups of the Company.

(D) Risks & Concerns

Deregulation of the industry has been accompanied by uncertainty and volatility in margins and returns. The industry has also been subject to a progressively higher level of competition. Oil marketing companies are bracing up to modify their approach to product pricing and product cost and are also sharpening their competitive edge to face higher level of competition from private marketers. The key success factors for the marketers in the changed scenario would be efficiency and effectiveness in drawing up product distribution logistics, working out pricing strategies, securing economies of scale, effecting downstream integration and building up presence in export markets. The risks inherent in facing competition can well be mitigated by building competitive advantage to circumvent challenges. Your Company has taken note of the emerging risks and has chalked out its strategies accordingly.

(E) Future Outlook

Liberalisation of the economy and market orientation in the petroleum industry have ushered in customer orientation and more customer benefits. Supply of quality products and services at par with international standards and at market determined prices are being expected by the customer today.

In a rapidly transforming business and economic environment, where new paradigms constantly emerge, the Public Sector oil companies have planned their strategic initiatives to maintain leadership in the competitive market. In the process, focus has been placed on quality building, cost management, augmenting infrastructure, strengthening of brand, access to superior technology, enhancing value chain for the customers to create sheltered market, improving efficiency through business restructuring and optimising human capital. Your Company has taken similar actions to maintain its competitive position in the market-driven environment.

Since 1909, your Company has demonstrated its leadership in the business of retail marketing of petroleum products and hence the Company's strategy for the future would continue to be to carry forward and build upon its reputation of being a 'Retailer with a difference'. Our business strategies essentially revolve around the following strength areas:

- **Thrust on Retail Excellence:** From the time of its entry into the public sector, your Company has focussed predominantly on the retail segment of the petroleum market and its position as a stand-alone petroleum marketing company compares favourably with the best in the world. In the past, the Company was hampered by lack of an independent source of product and an effective distribution infrastructure. With the Company now being a part of IndianOil - a Global *'Fortune 500'* Group - the impact of these have largely been marginalised and your Company is taking quick strides towards capitalising on its immense retail strengths. It is anticipated that the Company would continue to accord high priority to retail expansion so as to build on the 'landmark performance' achieved in retail expansion during 2002-03. The future would witness the Company not only fortifying its leadership position in retail trade but also increasingly placing focus on related areas such as obtaining ISO accreditation, development of premium grade fuel, marketing of fuel additives and car-care products and promoting customer confidence by innovative measures such as the current relaunch of the Q&Q Assurance Scheme under a brand ambassador.

  Thrust on retail initiatives is being planned in various ways such as upgrading retail outlets progressively to international standards, providing multiple associated value-added facilities at the outlets, enhancement of dealer motivation through dealers' meets, awareness seminars, etc., holding customer contact programme, relaunching the Q&Q Assurance Scheme, widening its coverage and implementing various sales promotion schemes to maximise per pump throughput in the liberalised environment. The Company also intends to enter into more retail tie-ups and strategic alliances on the lines of (a) MOU executed with the Tourism Corporations at the State-level in Kerala and Andhra Pradesh for development of retail outlets and wayside amenities at suitable tourists sites, (b) agreement with Cummins Auto Services Ltd. (CASL) whereby CASL and your Company would be setting up multi-utility stations having CASL service centre and IBP retail outlet to meet the requirement of customers, (c) agreement with IFTEX and Valvoline Cummins Limited for marketing of car-care products.

- **Harnessing the Retail Network:** The future would witness improved performance and stronger presence in the retail market with the marketing excellence of IBP being blended with the inherent strength of IndianOil in the downstream petroleum business to provide a distinctive cutting edge.

- **Synergy with IndianOil:** Progressively higher level of integration between the Company and IndianOil to achieve greater competitive edge in the market place is envisioned. Considerable progress has already been achieved through mutual sharing of facilities at terminals, sharing of training & development expertise, infrastructure and material procurement from common vendors to secure cost advantage accruing from lower rates based on bulk purchases. For instance, procurement of additives is being made by the Company at economical prices in line with the prices paid by IndianOil. In many locations, both the Companies are handling each other's products maintaining close coordination. Quality control teams of IBP and IndianOil have begun sharing lab facilities for optimum utilisation.

- **Identification and establishment of areas to secure cost-efficient operations:** With a view to ensure that the growth of the Company's profitability is consistent with the various business initiatives under way, it would be necessary to control/manage operating costs through strong financial discipline. Such cost management in association with innovative business initiatives would create a significant competitive edge for the Company.

- **Brand Equity Management**: After dismantling of the Administered Pricing Mechanism, the Company has initiated various measures to promote its Brand Equity. These have been in the form of launching of premium fuels, entering into a number of strategic alliances, including for promotion of non-fuel products through retail outlets for creating added value for the customers, and adoption of innovative advertisement campaigns to promote product branding. Essentially, the endeavour remains towards identification of avenues for achieving significant differentiation of the Company's products from those of its competitors. Product differentiation albeit would be linked to higher product quality in a competitive environment.

- **Maximisation of Lube Sales:** With the advent of competitive market conditions, the Company has discontinued the distribution channels through satellite depots and has appointed consignment agents on all-India basis to provide better thrust in the bazaar segment of the lubricant business under the brand of 'IBP Red'. The Company is optimistic of the impact of the change, especially since the same is timed with the introduction of a wider product range, change of packaging and design, enlistment of genuine oil certification, building up direct customer contact and launch of upgraded products.

- **Information Technology Re-engineering:** Your Company believes that its internal IT initiatives are the key drivers to sustain corporate excellence. Adoption of the best Information Technology would enable the Company to create an edge over other competitors. Keeping this in view, the Company has taken steps for implementation of Enterprise Resource Planning (ERP) pertaining to its various business activities.

  Presently, the Company is on a sound information technology platform whereby most of the organisation is networked. Efforts are on to bring the remotest branch office/depot under the computer network. The Company is also in the process of introducing video conferencing facility to aid in quicker decision-making, curtailing travelling time and cost.

- **Exports:** The Company is making a conscious effort to explore the possibility of export-driven growth and of expanding into new geographical markets in the neighbouring countries.

- **Thrust on Internal Resources & Better Financial Leverage:** For achieving self-sustained growth, the Company would continue to lay thrust on generation of internal resources. Having become a debt-free company and with a very favourable financial leverage, the Company is in a better position to garner its resources to meet the requirements of significant capital investment to sharpen its edge in the competitive scenario.

- **Consolidation of Business Groups:** The reduction of losses in the Company's remaining two Business Groups, viz., Chemicals and Engineering, during 2002-03 portends well for the future. The Business Group (Engineering) has identified a turnaround strategy which has culminated in the adoption of a roadmap for implementation and execution of a mutually beneficial MOU with Chart Industries Inc., USA. The Business Group has successfully bagged an annual order for industrial containers from Praxair India Limited to sustain the break-even activity level. The Business Group (Chemicals) of your Company is facing intense competition with the number of manufacturers up from six a couple of years ago to touch 38, largely due to low entry barriers. The Company is in the process of reviewing its options for arriving at a revival strategy which is expected to include prospects of joint ventures to help in the endeavour to position itself as a sound player within the industry.

- **Effective Utilisation of Human Resource:** The dynamics of the competitive environment need a mind-set highly responsive to the fast changing environment. Human Resource continues to be of utmost importance to the Company in order to activate business growth. Hence, your Company would continue to focus on quality improvement, inculcation of capability to innovate and respond proactively with the objective of promoting excellence in individual and organisational functioning.

8. RESEARCH & DEVELOPMENT

As a corporate, your Company is vulnerable to the vagaries of business trends like any other large company. The challenges in the years ahead would only increase the need to be more competitive. The stress would, therefore, continue to be on building R&D capabilities for maintaining the competitive edge in the market. During the year under review, R&D work has been carried out to improve efficacy of existing products and development of new models or applications. Details of R&D have been set out in Form-B annexed to the Report.

9. FOREIGN EXCHANGE EARNINGS

During the year under review, the foreign exchange earnings of the Company aggregated Rs. 1.12 crore consisting of revenue from exports and royalty as against Rs. 1.69 crore in the previous year. The decrease in export earnings during the year is mainly attributable to the overall global recession.

10. GREEN FUELS, ENVIRONMENT CONSERVATION AND SAFETY

Pursuant to the green fuel policy of the Government, the Company has initiated efforts for setting up of Auto-LPG dispensing system at select Retail Outlets. Such system is already in place at 2 Retail Outlets of your Company and 22 more locations have also been identified for 2003-04.

Conscious of its obligations towards environment conservation, the Company has introduced in a phased manner unleaded, extra-low-Sulphur and low-Benzene Petrol and High Speed Diesel at select supply locations. These new generation fuels would help to maintain ambient air quality and minimise environment pollution.

During 2002-03, the Company has introduced 5% ethanol-blended petrol at various supply points in the States of Uttar Pradesh, Punjab, Andhra Pradesh, Maharashtra and Gujarat. Use of ethanol-blended petrol has the effect of minimising pollution.

The availability of Compressed Natural Gas (CNG) as automotive fuel has been extended during the year for two of the Company's Retail Outlets, taking the number of Retail Outlets equipped with CNG to four. Ten more locations have been identified for provision of CNG facility in 2003-04.

The endeavour of your Company at all levels is directed towards sustaining and continuously improving standards of occupational health and safety. For promoting safety consciousness, Safety Week and Fire Services Day were observed with great enthusiasm during March/April 2003 at all depots and terminals of the Company. Safety pledges, safety slogans, fire drills and spot-the-fire-hazard contests were conducted.

11. ENERGY CONSERVATION

As in the past, your Company accords high priority to energy conservation and energy audit. The Company observed Oil Conservation Fortnight from 15th January to 31st January 2003 throughout the country and also carried out conservation activities in the adopted state of Haryana.

12. TECHNOLOGY ABSORPTION

Form-B annexed to this report provides details of technology absorption by the Company in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

13. PARTICULARS OF EMPLOYEES

During the financial year 2002-03, none of the employees of the Company have received remuneration of Rs. 24,00,000 or more per annum or at a rate of Rs. 2,00,000 per month or more. Hence, the disclosure in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, has not been made.

14. HUMAN RESOURCE MANAGEMENT

Human Resource constitutes the backbone of your Company in pursuit of the organisational goals and mission, especially in a fast changing environment.

Your Company believes that organisational excellence hinges on its talented Human Resource and lays emphasis on Human Capital Management for improving productivity and effectiveness in the competitive environment.

The Human Resource philosophy of the Company is basically aimed at nurturing an organisational culture which respects people and enables them to deliver high quality performance. The focus continues to be on sharpening their skills, improving productivity and enhancing the competence level for effectiveness. The Company has, accordingly, conducted a number of developmental programmes, including in-house training for various sections of employees. The training covered functional/developmental areas, including marketing, finance, HR, supply & distribution, quality control, information technology, operations, lube marketing, projects, LPG marketing, business finance, customer services, personal growth lab, self-development and communications.

A number of training & development programmes were organised during the year as part of IndianOil-IBP synergy. While the details are set out elsewhere in the Report, it is worth mentioning that sharing of the training infrastructure involved extension of its training facilities by IndianOil at IndianOil Management Centre for Learning (IMCL), Bandra, IndianOil Management Academy (IMA), Haldia and IndianOil Institute of Petroleum Management (IIPM), Gurgaon and similar sharing of its training facilities at Wadala by the Company.

Your Company has retained its tradition of healthy and harmonious industrial relations. It has also been maintaining a conducive and congenial atmosphere through the support and cooperation of the Trade Unions and the Officers' Association.

15. SPORTS ACTIVITIES

As a motivational aspect, your Company takes active role in the promotion of sports and games. There was much activity in the Sports Calendar of the Company during the year under review. The Company hosted the X Inter-Unit Carrom Tournament at Kolkata in October 2002 on behalf of the Petroleum Sports Promotion Board (PSPB) in which a number of national and international players participated.

The Company also hosted the prestigious Merchant Cup tennis competition in December 2002 in which tennis teams of leading corporate houses of Kolkata participated. The Company has had the enviable distinction of winning the Merchants Cup tennis competition for the twelfth occasion in a row following its inception in 1988. In the Inter-Oil Carrom Tournament organised by the Mumbai District Carrom Association, IBP emerged as the champion.

During 2002-03, the Company took part in a number of other PSPB tournaments involving tennis, bridge, golf, cricket, football, carrom and chess. A creditable performance by our two member tennis team saw them finishing as second runners-up in the PSPB Tennis Championship.

It is a matter of pride for the Company to mention that three of our officers continue to be prominently associated with tennis activities of the country. One of them is a famous player in the national circuit currently holding the championship of the National Doubles Tennis Tournament while another is closely associated with Indian Tennis Academy in the Sports Authority of India. The third officer is a coach of national repute associated in coaching the Indian Women's Tennis Team.

16. COMMUNITY/SOCIAL WELFARE

The Company believes that for its sustainable development, it needs to be responsive to its social obligations. Therefore, as in the past, your Company has been actively associated in contributing towards uplift and welfare of the society. Various socioeconomic activities under Special Component Plan and Tribal Sub-Plan have been organised by the Company during the financial year 2002-03. Some notable activities undertaken by the Company are set out hereunder:

- Development of a primary school in one of the villages, near Dumka, in the State of Jharkhand by providing infrastructure facilities.
- Provision of drinking water facilities and installation of borewells in the States of Maharashtra and Jharkhand.
- Provision of basic amenities, viz., furniture, fixtures & fittings at a hostel for SC/ST post-graduate students at Chennai in the State of Tamil Nadu.
- Aid to educational institutions, including provision of books, uniforms, computers, blankets as well as construction of rooms, boundary walls, sanitation and provision of furniture, fixtures & laboratory equipment, at schools located in the States of Uttaranchal, Rajasthan, Chattisgarh, Maharashtra and West Bengal.
- Aid to widows for promoting their self-employment by donating sewing machines, etc. in the states of Uttaranchal and Chattisgarh.
- Financial assistance for organising cancer and health checkup camps at different locations in the States of West Bengal and Orissa.
- Construction of a boys' hostel at Oras in the state of Maharashtra and construction/renovation work at various schools in Maharashtra and other States.

17. SC/ST REPRESENTATION

Your Company follows the Presidential directives issued by the Government of India in regard to reservation in services for SCs/STs/OBCs/Physically Handicapped/Ex-servicemen, etc. and various instructions/guidelines issued by the Government from time to time.

18. OFFICIAL LANGUAGE IMPLEMENTATION

The Company continues to lay stress on progressive usage of Hindi in its official work in accordance with the policy of the

Government of India. Quarterly meetings of Official Language Implementation Committee were held to review the progress of Hindi implementation.

With the intention of promoting usage of Hindi amongst the employees of the Company, Hindi workshops and in-house Hindi classes were organised for *Prabodh, Praveen* and *Pragya* examinations.

Hindi Fortnight was celebrated by the Company in the month of September 2002 by organising various competitions and cultural programmes. In addition, the Company also organised *Hindi Sammelan* in the month of November 2002 to review the overall progress of Hindi implementation within the Company.

To encourage the employees of the Company, particularly the offices which actively pursue Hindi implementation, a region-wise award scheme for Hindi officers has been instituted by the Company.

The house journal of the Company continues to be brought out in bilingual form.

19. INVESTOR SERVICE

Pursuant to the directive of Securities and Exchange Board of India (SEBI), vide its Circular No. D&CC/FITTC/CIR-15/2002 dated 27th December 2002 read with its circular dated 12th February 2003, all listed companies were required to maintain their share registry work, both physical and electronic, at a single point, that is, either in-house by the Company or by a SEBI registered Registrar/Transfer Agent with effect from 31st March 2003.

Accordingly, the Company has entered into an agreement with AXC Computers Private Limited (formerly known as ABC Computers Private Limited) - the existing Registrar for dematerialised shares of the Company - appointing it as the Registrar/Share Transfer Agent of the Company for handling share registry work relating to physical holding of shares from March 2003. The Company would, however, continue to take active part in shareholder servicing to ensure prompt and quality service for our members.

The shares of your Company are available for trading with both the depositories in India, viz., National Securities Depository Limited and Central Depository Services (India) Limited. The website of the Company continues to provide valuable information such as unaudited quarterly results, audited annual accounts and pattern of shareholding for the information of the shareholders/investors.

20. VIGILANCE

The changing economic scenario and emphasis on efficient standard of Corporate Governance, underlines the requirement for having a vigilant and vibrant organisation for maintaining a clean and healthy environment.

The vigilance department of the Company is headed by Executive Director (Vigilance) acting as Chief Vigilance Officer on deputation from Government of India.

The vigilance department continues to play its due role in helping the management to maintain an environment of transparency within the organisation. Attention was focussed on the preventive side of misuse of power and position with a view to eliminate the factors responsible for malpractices. To this end, preventive and surprise inspections were carried out in selective area of operations and steps needed for system improvement were recommended.

Confidential enquiries and investigations were initiated on verifiable complaints which were brought to the notice of the vigilance department both from internal and external sources and appropriate actions were taken.

As a principle, the aim has been to inculcate vigilance consciousness amongst the employees through interactions at different levels and create greater awareness in following the systems and procedures in the Company helping thereby to maintain a high degree of morale within the organisation.

21. RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

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

b) They have/had selected such accounting policies and applied them consistently and made judgements 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/had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

22. REVIEW OF ACCOUNTS

Review of Accounts of the Company for the year ended 31st March 2003 by the Comptroller and Auditor General of India along with his comments thereon under Section 619(4) of the Companies Act, 1956 is to be deemed as an annexure to the Directors' Report.

23. DIRECTORS

Shri P.K. Agarwal and Shri N.K. Nayyar have been appointed as Purchaser Nominee Directors with effect from 24th January 2003 as per provisions of the Share Purchase Agreement executed on 8th February 2002 by and between the President of India, Indian Oil Corporation Limited and the Company read with Section 260 of the Companies Act, 1956 and Article 98 of the Articles of Association of the Company ('the foregoing provisions').

Shri Prabh Das, Joint Secretary in the Ministry of Petroleum & Natural Gas, Government of India, has been appointed with effect from 31st March 2003 as a Government Nominee Director in place of Shri Shivraj Singh as per provisions of the Share Purchase Agreement read with Section 262 of the Companies Act, 1956 and Article 113 of the Articles of Association of the Company.

Shri S. Vijayaraghavan, Joint Secretary in the Ministry of Petroleum & Natural Gas, Government of India, has been appointed with effect from 19th June 2003 also as a Government Nominee Director under Section 260 of the Companies Act, 1956 read with Article 98 of the Articles of Association.

In accordance with the provisions of Section 260 of the Companies Act, 1956, the term of Office of Shri P.K. Agarwal, Shri N.K. Nayyar and Shri S. Vijayaraghavan would expire at the forthcoming Annual General Meeting of the Company. The Company has received due Notices under Section 257 of the Companies Act, 1956 for their appointment at the said Meeting as Directors of the Company.

The Board would like to record its appreciation of the valuable contributions made by the outgoing Directors namely, Shri Naresh Narad and Shri Shivraj Singh, during their respective tenure in office.

In accordance with Article 108 of the Articles of Association of the Company, Shri M.S. Ramachandran and Shri Ajit Kumar Sinha, Directors, retire by rotation at the ensuing Annual General Meeting and they are eligible for reappointment.

24. AUDITORS

The Auditors of the Company have been appointed by the Government of India on the advice of the Comptroller and Auditor General of India in terms of Section 619(2) of the Companies Act, 1956 for auditing the Books of Account of the Company for the financial year ended 31st March 2003.

Pursuant to the provisions of Section 224 (8) (aa) of the Companies Act, 1956 and in accordance with the Special Resolution passed by the Members at the 94th Annual General Meeting held on 21st August 2002 - authorising the Board of Directors to fix the remuneration of Auditors of the Company commencing from the financial year 2002-03 - the Board has fixed the remuneration of the Statutory and Branch Auditors for the financial year 2002-03 at Rs. 3,60,000/- (Rupees three lakh sixty thousand only) inclusive of fees for audit of the Cash Flow Statement plus service tax along with reimbursement of out-of-pocket expenses.

25. ACKNOWLEDGEMENT

The Board of Directors places on record its appreciation of the valuable contribution made by the members of the IBP family comprising its employees, dealers, suppliers, customers and shareholders for the significant achievements of your Company during the year under review.

The Directors would like to record their deep gratitude to the controlling stakeholder, viz., IndianOil, and to the Government of India for their valuable guidance, cooperation and continued support.

Your Directors are thankful to the Shareholders and other stakeholders, including our bankers, for the unstinted cooperation and support extended to the Company.

For and on behalf of the Board

Sd/-
M.S. Ramachandran
Chairman

Place : New Delhi
Dated : 6th August 2003

Annexure to Directors' Report

FORM B

Form for disclosure of particulars with respect to R&D and Technology Absorption

A. Research & Development (R&D)

1) Specific areas in which R&D carried out by the Company

a) Basic and applied research work in bulk delivery and packaged slurry and emulsion industrial explosives for meeting the requirement of mining industries both in India and abroad. The specific areas include:

i) Cost reduction and performance improvement of bulk delivery slurry and emulsion explosives for improvement of bottom line.

ii) Development of new, cost-effective non-permitted small and large diameter, tailormade slurry explosive products for specific customers.

iii) Stabilisation of small diameter emulsion explosives manufacturing facility for tunneling and related civil applications.

iv) Development of cost-competitive and environment-friendly bulk delivery explosives for carbonate strong mining and long shelf-life bulk delivery emulsion explosives.

v) Ingredient substitution and development of commercial sources of raw materials for reduction of inputs cost.

b) Development of new models of croycans & industrial containers.

c) Optimisation and standardisation of different specifications & parameters and development of innovative, cost-effective methods for improved testing.

2) Benefits derived as a result of the above R&D

I. Packaged Explosives

i) Increase in market share of non-permitted small diameter emulsion explosives products.

ii) Introduction of seismic explosives covering both emulsion and slurry products.

iii) Reduction of cost of non-permitted cap-sensitive large diameter (Indoboost) and non-permitted booster sensitive large diameter (Indogel-250) products.

iv) Formulation of new low cost cap-sensitive small diameter product for reseller market.

v) Formulation of alternate Indomite-80 (slurry explosives) with high performance properties.

vi) Production of aluminised RDX cord for Defence application.

II. Bulk Delivery Explosives

i) Production of innovative cost-effective formulations for mines around Korba/Kusumunda.

ii) Introduction of new, low-cost bulk delivery re-pumpable emulsion formulations using alternate fuels for Singrauli and Dhanbad areas.

III. Cryogenic & Industrial Containers

i. Booking and execution of orders for new models of cryocans & industrial containers.

ii. Better control over inventory, cost reduction as well as improved delivery time through standardisation and improvement in specifications and parameters.

iii. Cost reduction and enhanced customer satisfaction through improvement of existing products.

3) Future plan of action

1. To develop high shelf-life re-pumpable emulsion explosives for export market and to enhance shelf-life of non-permitted small diameter emulsion explosives.
2. To introduce/commercialise permitted emulsion explosives products.
3. To continue efforts for reduction of cost of bulk delivery emulsion/slurry explosives products.
4. To develop specific bulk slurry and emulsion products for achieving high powder factor in hard strata conditions.
5. To continue efforts for development of anti-freeze coolant formulations, brake fluid and emulsion-based cutting oils.
6. To develop new models of cryocans and industrial containers and new products to meet customer requirements.
7. To focus on indigenisation of items currently imported.

4) Expenditure on R&D

(Rs. In Lakh)

a.	Capital	1.20
b.	Revenue	233.59
c.	Total	234.79
d.	Total R&D Expenditure as a percentage of total turnover	0.03

B. Technology Absorption, Adaptation and Innovation

1) Efforts in brief made towards Technology Absorption and Innovation:

i) Technology in the field of packaged and bulk delivery slurry explosives has been fully absorbed. Simultaneously, improvements have been made to the existing technology. The technology has been exported to Jordan.

ii) Through in-house R&D work, technology in the area of packaged and bulk delivery emulsion explosives has been absorbed.

iii) Efforts are on to upgrade the technology for manufacture of small diameter emulsion explosives.

iv) Perlite Technology was modified with the object of cost effectiveness and minisation of inventory.

2) Benefits derived as a result of above efforts:

i) Cost reduction through substitution of raw materials in respect of packaged as well as bulk delivery explosives.

ii) Successful introduction of small diameter emulsion product due to upgradation of technology for manufacture of packaged emulsion explosives.

iii) Product improvement and new product development in cryogenic and industrial containers, continuous cost reduction of existing products and import substitution.

iv) Booking and execution of orders for Perlite insulated cryovessels.

3) In case of imported technology (imported during the last five years reckoned from the beginning of the financial year), the following information is furnished:

i) Details of technology imported and year of import:

No technology was imported during the last five years.

ii) Has technology been fully absorbed:
Not applicable

iii) If not fully absorbed, area where this has not taken place, reasons therefore and future plans of action:
Not applicable.

Auditors' Report

Auditors' Report to the Members of IBP Co. Limited

We have audited the attached Balance Sheet of IBP Co. Limited as at 31st March, 2003 and also the Profit and Loss Account of the above Company for the year ended on that date annexed thereto and Cash Flow statement for the period ended on that date, in which are incorporated the accounts of Business Group (Petroleum) of which the accounts of Eastern Region thereof audited by us and of such accounts of the Northern, Southern, Western Regions and LPG Department thereof audited by different Branch Auditors and consolidation of accounts of Business Group (Petroleum) by one of those Branch Auditors, the accounts of Business Group (Chemical) and Business Group (Engineering) audited by other Branch auditors as per allocation of assignment for audit in terms of appointment.

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.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that, we plan and perform our audit to obtain reasonable assurance about whether the aforesaid financial statements are free of material misstatement. An audit includes, examining on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for expressing our opinion on the financial statements of the Company under the circumstances of allocation of assignment of audit of consolidation of accounts of Business Group (Petroleum), being of major portion of activities of the company, to one of the Branch Auditors.

As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988 issued by the Central Government of India in terms of Sub-Section (4A) of the section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above we report that:-

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

2. 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 the books. The Branch Auditor's Reports have been forwarded to us and have been appropriately dealt with.

3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account.

4. In our opinion the Balance Sheet and Profit and Loss Account dealt with by this report together with Notes on Accounts (Schedule-Q) and other notes appearing in various schedules and Significant Accounting Policies (Schedule-P) of the Company comply with the Accounting Standards referred to in Sub-section 3C of Sec. 211 of the Companies Act, 1956.

5. On the basis of written representations received from the directors, as on 31st March, 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

6. In our opinion, and to the best of our information and according to the explanations given to us the said accounts of the Company together with the Significant accounting policies (Schedule-P) and read together with Notes on accounts (Schedule-Q) and other notes appearing in the various schedules annexed thereto, the said accounts give the information as 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, 2003;

   (b) in the case of the Profit and Loss Account, of the Profit for the year ended on that date; and

   (c) in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For SARMA & CO.
Chartered Accountants

Sd/-
(R.L. DAS SARMA)
Partner

Camp : New Delhi
Date : 26 May 2003

Annexure to the Auditors' Report

(Referred to in our said Report of even date)

We further report that:-

1. The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets have been physically verified by the management on a phased program formulated by the management during the year and no serious discrepancies were noticed on such verification. However, the verification of the fixed assets at the residence of the officers are taken on self declaration basis.
2. None of the Fixed Assets have been revalued during the year.
3. In the cases of Stock of Finished Goods, Stores, Spare Parts, and Raw Materials excluding materials in transit and lying with third parties, physical verification has been conducted by the Management at reasonable intervals. In our opinion, having regard to the nature and location of the stocks, frequency of verification is reasonable. In the case of materials lying with third parties, certificates confirming stocks have been received in respect of a substantial portion of the stocks held.
4. The procedure and interval of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies between the physical stock and book record noticed on verification were not material, and it has been properly dealt with in the books of account.
6. On the basis of our examination of stock records we are of opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on same basis as in the preceding year. No deviation has been observed regarding the basis of valuation of the stock.
7. The Company has not taken any loan, secured or unsecured, from Companies, firm or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and from the Companies under the same management as defined under sub-section (IB) of section 370 of the Companies Act, 1956. However Section 370 of The Companies Act, 1956 is not applicable to a Company with effect from 31.10.1998.
8. The Company has not granted any loan, secured or unsecured, to Companies, firm or other parties as listed in the registers maintained under Section 301 of the Companies Act, 1956 and to the Companies under the same management as defined under the sub-section (1B) of the section 370 of the Companies Act, 1956. However Section 370 of the Companies Act, 1956 is not applicable to a Company with effect from 31.10.1998.
9. The parties and employees to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts as stipulated and are also regular in payment of interest wherever applicable.
10. In our opinion and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company and nature of its business, with regard to the purchase of stores, raw materials including components, plant & machinery, equipment and other assets and with regard to the sale of goods.
11. According to the information and explanations given to us, the transactions of purchase of goods, materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000/- (Rupees Fifty Thousand) or more in respect of each party, have been made at prices which are reasonable having regard to the prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods, materials or services have been made with other parties.
12. As per information and explanations given to us, the Company has a regular procedure for the determination of unserviceable or damaged stores, raw materials and finished goods and adequate provision has been made in the accounts for the loss arising on the items so determined, wherever applicable.
13. The Company has not accepted any deposits from the public within the meaning of sec. 58A of the Companies Act, 1956 and the rules framed thereunder read with the directives issued by the Reserve Bank of India.
14. The Company does not have any by-products. Reasonable records for the sale and disposal of scraps have been maintained.
15. The Company has its own internal audit department which conducts the internal audit of the Region and in our opinion the present internal audit system is generally commensurate with its size and the nature of its business, but there is further scope for extending the areas to be covered under internal audit.
16. The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act 1956 for any of the products of the Company.
17. The Company is regular in depositing Provident Fund and ESI dues wherever applicable, with the appropriate authorities.
18. According to the information and explanations given to us no undisputed amount payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as on 31st March, 2003, for a period of more than six months from the date, they become payable.
19. On the basis of such test checks as we considered appropriate, we are of the opinion that no personal expenses have been charged to revenue account other than those which are payable on contractual obligation or in accordance with generally accepted business practice.
20. The company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. As per information and explanations given to us, damaged goods in respect of trading activities have been determined and consequential adjustments wherever required have been made in the accounts.
22. In respect of services activities, which are not significant, the nature of services neither require a system of recording reciepts, issues and consumption of materials or of allocation of man-hours on various activities nor a system of authorization for stores and labour is necessary.

For SARMA & CO.
Chartered Accountants

Sd/-
(R.L. DAS SARMA)
Partner

Camp : New Delhi
Date : 26 May 2003

BALANCE SHEET as at 31st March 2003

(Rs. in Lakh)

	Schedule		As at 31st March 2003		As at 31st March 2002
SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	A	2,214.73		2,214.73	
b) Reserves & Surplus	B	47,670.93		42,388.03	
			49,885.66		44,602.76
2. Loan Funds					
a) Unsecured Loans	C	0.11		0.11	
			0.11		0.11
3. Deferred Tax Liability			7,620.06		6,437.82
			57,505.83		51,040.69
APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	D	87,414.61		79,388.79	
b) Less: Depreciation		21,879.71		17,593.10	
c) Net Block		65,534.90		61,795.69	
d) Dismantled Capital Stores		88.42		179.52	
e) Capital Work-in-Progress	E	4,781.41		1,712.80	
			70,404.73		63,688.01
2. Finance Lease Receivables			1,149.00		1,320.84
3. Investments	F		1,527.97		1,425.11
4. Current Assets, Loans and Advances					
a) Inventories	G	47,473.84		31,919.35	
b) Sundry Debtors	H	13,252.99		10,602.82	
c) Cash and Bank Balances	I	32,847.92		12,849.04	
d) Other Current Assets - Interest Accrued on Investments/Bank Deposits		25.67		-	
e) Loans and Advances	J	12,375.80		9,634.88	
		105,976.22		65,006.09	
5. Less: Current Liabilities and Provisions	K				
a) Current Liabilities		115,964.81		77,046.88	
b) Provisions		5,597.28		3,352.48	
		121,562.09		80,399.36	
6. Net Current Assets			(15,575.87)		(15,393.27)
			57,505.83		51,040.69
7. Statement of Significant Accounting Policies	P				
8. Notes on Accounts	Q				
9. Other Schedules forming part of Accounts	R to W				

In terms of our separate report of even date

	Sd/-	Sd/-	Sd/-
For Sarma & Co.	(Arun Jyoti)	(A. K. Sinha)	(Amit Ghosh)
Chartered Accountants	Managing Director	Director(Finance)	Company Secretary

Sd/-
R L Das Sarma
Partner

Camp : New Delhi
Date : 26 May 2003

PROFIT & LOSS ACCOUNT for the year ended 31st March 2003

(Rs. in Lakh)

	Schedule		2002-03		2001-02
INCOME					
1. Sale of Products		876,377.56		845,626.06	
Less: Commission and Discounts		1,067.97		368.99	
			875,309.59		845,257.07
2. Net claim from/(surrender to) Industry Pool A/Cs			-		(38,707.12)
3. Increase/(Decrease) in Stocks	L		14,716.05		(9,250.44)
4. Interest and other Income	M		6,483.12		7,217.65
5. Subsidy from Govt. on account of LPG & SKO			17,296.81		-
TOTAL INCOME			913,804.57		804,517.16
EXPENDITURE					
1. Purchase of Products for Resale			808,926.49		674,049.37
2. Manufacturing, Admin., Selling & Other Expenses	N		52,330.18		54,058.30
3. Duties			33,928.47		41,702.70
4. Depreciation and Amortisation			4,439.44		3,486.72
5. Interest Payment on :					
a) Fixed period loan from Banks/Financial Institutions/Others		-		2,729.85	
b) Short term loans from Banks		43.12		180.62	
c) Others		5.63		76.64	
		48.75		2,987.11	
Less: Interest Capitalised		-		33.30	
			48.75		2,953.81
TOTAL EXPENDITURE			899,681.33		776,250.90
PROFIT FOR THE YEAR			14,123.24		28,266.26
Income /(Expenses) pertaining to previous years(Net)	O		(49.25)		729.18
PROFIT BEFORE TAXATION			14,073.99		28,995.44
Provision for Taxation (Net)					
a) Current Tax		4,116.86		9,381.00	
b) Deferred Tax		1,182.24		35.21	
			5,299.10		9,416.21
PROFIT AFTER TAXATION			8,774.89		19,579.23
Transfer from :					
Burma Current Account		5.90		0.32	
			5.90		0.32
DISPOSABLE PROFIT			8,780.79		19,579.55
APPROPRIATIONS :					
Proposed Dividend			3,100.62		2,214.73
Corporate Dividend(Proposed) Tax			397.27		-
Devaluation Exchange Difference Reserve			5.90		0.32
General Reserve			5,277.00		17,364.50
6. Statement of Significant Accounting Policies	P				
7. Notes on Accounts	Q				
8. Other Schedules forming part of Accounts	R to W				
Earning Per Share - Basic/Diluted [Schedule Q (Note No.16)](Rs.)			39.62		88.40

In terms of our separate report of even date

	Sd/-	Sd/-	Sd/-
For Sarma & Co.	**(Arun Jyoti)**	**(A. K. Sinha)**	**(Amit Ghosh)**
Chartered Accountants	Managing Director	Director(Finance)	Company Secretary

Sd/-
R L Das Sarma
Partner

Camp : New Delhi
Date : 26 May 2003

SCHEDULE "A" - SHARE CAPITAL

(Rs. in Lakh)

			As at 31-Mar-03	As at 31-Mar-02
Authorised :				
	9,95,00,000	Equity Shares of Rs. 10/- each (31.3.2002 - 9,95,00,000) and	**9,950.00**	9,950.00
	50,000	Preference 14% Taxable Cumulative Shares of Rs.100 each (31.3.2002 - 50,000)	**50.00**	50.00
			10,000.00	10,000.00
Issued and Subscribed (Fully Called and Paid up) :				
	2,21,47,269	Equity Shares of Rs. 10/- each (31.3.2002 - 2,21,47,269)	**2,214.73**	2,214.73
Out of the above				
a)	69,844	allotted as fully paid up shares pursuant to a contract without payment being received in cash (31.3.2002 - 69,844)		
b)	2,37,766	shares issued but details of which are not available due to destruction of Company records during Second World War (31.3.2002- 2,37,766)		
c)	93,570	shares allotted as fully paid by way of Bonus Shares, the details of which are not available due to destruction of Company records during Second World War (31.3.2002 - 93,570)		
d)	1,02,22,406	shares allotted as fully paid up by way of Bonus Shares among the members by capitalising free reserves (31.3.2002 - 1,02,22,406)		
e)	1,15,23,683	shares issued as fully paid up in cash (31.3.2002 - 1,15,23,683)		
		TOTAL	**2,214.73**	2,214.73

SCHEDULE "B" - RESERVES AND SURPLUS

(Rs. In Lakh)

			As at 31-Mar-03	As at 31-Mar-02
1.	**Capital Reserve**			
	As per last Account		**470.22**	470.22
2.	**Share Premium Account**			
	As per last Account		**8,865.18**	8,865.18
3.	**General Reserve**			
	As per last Account	**32,982.26**		25,288.14
	Less: Transitional Deferred Tax Liability as at 1st April 2001	**-**		6,402.61
	Less: Disinvestment of Balmer Lawrie & Co. Ltd	**-**		3,267.77
	Add: Transfer from Profit & Loss Account	**5,277.00**		17,364.50
			38,259.26	32,982.26
4.	**Devaluation Exchange Difference Reserve**			
	As per last Account	**70.37**		70.05
	Add: Transfer from Profit & Loss Account	**5.90**		0.32
			76.27	70.37
	TOTAL		**47,670.93**	42,388.03

SCHEDULE "C" - UNSECURED LOANS

(Rs. in Lakh)

			As at 31-Mar-03	As at 31-Mar-02
1.	**From Others**			
	a) 14% Fully Convertible Debentures of Rs.120 each	**0.23**		0.23
	Less: Calls Unpaid	**0.12**		0.12
			0.11	0.11
	TOTAL		**0.11**	0.11

SCHEDULE "D" - FIXED ASSETS

(Rs. in Lakh)

Particulars	GROSS BLOCK						DEPRECIATION AND AMORTISATION					NET BLOCK	
	As At 31-mar-02	Additions During The Year	Transfer From Cwip	Disposals During The Year	Transfers/ Deductions/ Reclassifications	As At 31-mar-03	As At 31-mar-02	For The Year	Disposals During The Year	Transfer/ Deductions/ Reclassifications	Total Upto 31-mar-03	As At 31-mar-03	As At 31-mar-02
Land .													
Freehold	4,563.79	39.11	-	-	-	4,602.90	-	-	-	-	-	4,602.90	4,563.79
Leasehold	877.99	124.96	-	-	(31.26)	971.69	91.12	17.30	-	(1.56)	106.84	864.85	786.87
Right of Way	17.07	-	-	-	-	17.07	-	-	-	-	-	17.07	17.07
Building, Roads etc.	24,427.81	1,859.26	28.52	39.81	-	26,275.78	2,589.46	607.86	2.07	-	3,195.25	23,080.53	21,838.35
Plant & Machinery	46,501.88	6,204.38	45.85	233.21	-	52,518.90	13,693.68	3,656.47	109.39	(17.20)	17,223.56	35,295.34	32,808.20
Transport Equipments	348.70	19.20	-	14.84	-	353.06	225.16	24.03	12.89	-	236.30	116.76	123.54
Furniture and Fixture	1,375.48	39.29	-	15.63	-	1,399.14	652.61	68.78	9.70	-	711.69	687.45	722.87
Railway sidings	1,276.07	-	-	-	-	1,276.07	341.07	65.00	-	-	406.07	870.00	935.00
TOTAL	79,388.79	8,286.20	74.37	303.49	(31.26)	87,414.61	17,593.10	4,439.44	134.05	(18.76)	21,879.71	65,534.90	61,795.69
Previous 31.3.02	76,021.00	5,454.02	301.84	476.00	(1,912.07)	79,388.79	14,346.02	3,498.73	251.65	-	17,593.10	61,795.69	

Notes :

(1) Cost of Plant includes -

a) Rs.0.24 Lakh (31-Mar-02 - Rs.0.24 Lakh) constructed on land provided by State Government.

(2) Cost of Building Includes -

a) Rs.213.61 Lakhs (31-Mar-02 - Rs.213.61 Lakhs) constructed on land provided by Public Sector Undertaking.

b) Rs.250 (31.3.2002 Rs.250) being cost of five shares of Rs.50 each held in Jaladharshan Co-Operative Housing Society.

c) Rs.133.18 Lakhs (31-Mar-02 - Rs.133.18 Lakhs) which is yet to be registered in the name of the Company.

d) Rs.701.29 Lakhs (31-Mar-02 Rs.701.29 Lakhs) constructed on leasehold Land. This leasehold land is yet to be registered in the name of the Company.

(3) Title deed of land, the book value of which is Rs.257.07 Lakhs(31-Mar-02 Rs.353.64 Lakhs) are pending for execution and registration in favour of the Company.

(4) Depreciation and amortisation for the year includes Rs.17.20 Lakhs as deduction (31-Mar-02 Rs.12.01 Lakhs as addition) pertaining to prior year and Rs.Nil (31-Mar-2002 Rs.291.71 Lakhs(deduction)) on account of decapitalisation of Tank Wagon.

(5) Deduction from Gross Block includes Rs.Nil(31-Mar-02 Rs.1912.07 Lakhs) on account of decapitalisation of Tank Wagon.

Details of Company's share of Jointly Owned Assets : (Rs. in Lakh)

Assets Particulars	Name of Joint Owner	Percentage of Ownership	Original Cost	Accumulated Depreciation	WDV as on 31-Mar-03
Plant and Machinery	IOC/HPC/BPC/IBP	32.43%	509.10	72.16	436.94
Railway Sidings	HPC/BPC/IOC/IBP	40.95%	1,147.07	369.31	777.76
Freehold Land	IBP/IOC	50.00%	18.25	-	18.25
Total			**1,674.42**	**441.47**	**1,232.95**

SCHEDULE "E" - CAPITAL WORK IN PROGRESS

(Rs. In Lakh)

			As at 31-Mar-03	As at 31-Mar-02
1.	Construction Work in Progress (including unallocated capital expenditure, material at site)	3,138.13		792.19
	Less: Provisions for Capital Losses	34.10		34.10
			3,104.03	758.09
2.	Advances for Capital Expenditure		365.90	285.48
3.	Capital Stores	1,327.76		685.51
	Less: Provision for Obsolescence of Capital Stores	16.28		16.28
			1,311.48	669.23
	TOTAL		4,781.41	1,712.80

SCHEDULE "F" - INVESTMENTS

(Rs. in Lakh)

	No. and Particulars of Shares/Bonds/Units	Face Value per Share/ Bond/Unit Rupees	As at 31-Mar-03	As at 31-Mar-02
LONG TERM INVESTMENTS (At Cost)				
1. QUOTED				
Non-trade Investments :				
a) In Others				
i) ICICI Bank Limited	831488 Equity Shares issued in lieu of 1662976 Equity Shares of ICICI Ltd during the year	10.00	358.70	358.70
ii) HDFC Limited	376380 Equity Shares fully paid. 188190 Equity Shares issued as bonus shares during the year	10.00	50.05	50.05
iii) HDFC Bank Limited	500 Equity Shares each fully paid in cash	10.00	0.05	0.05
Total (a)			408.80	408.80
TOTAL (1)			408.80	408.80
Aggregate Market value of securities mentioned at 1 above **Rs.2363.40 Lakhs**(31.3.2002 Rs.2291.17 Lakhs)				
2. UNQUOTED :				
A. Non-trade Investments :				
In Others :				
i) Assam Sillimanite Ltd (in liquidation)	1,00,000 Ordinary Shares each fully paid in cash as revalued by Directors on 31.03.79	10.00		
ii) Shama Forge Co. Ltd (in liquidation)	1,00,000 Ordinary Shares each fully paid in cash as revalued by Directors on 31.03.79	10.00		
iii) Shama Forge Co. Ltd (in liquidation)	5,000 9.5% Cumulative Redeemable Preference Shares each fully paid in cash as revalued by Directors on 31.03.79	100.00		
TOTAL (2A)			-	-
B. Trade Investments :				
In Others:				
i) Petronet India Limited	20,00,000 Equity Shares each fully paid in cash	10.00	200.00	200.00
ii) Petroleum India International (Association of Person-Oil Companies)	Seed Capital		5.00	5.00
iii) Petroleum India International (Association of Person-Oil Companies)	Share in accumulated surplus		914.17	811.31
Total (2B)			1,119.17	1,016.31
Total 2 (A+B)			1,119.17	1,016.31
TOTAL			1,527.97	1,425.11

SCHEDULE "G" - INVENTORIES

(Rs. in Lakh)

	Note		As at 31-Mar-03	As at 31-Mar-02
1. In Hand :				
a. Stores & Spares etc.		**356.24**		353.21
Less: Provision for Losses		**10.27**		10.41
			345.97	342.80
b. Raw Materials	A		**2,368.68**	1,715.64
c. Finished Products	B		**42,200.19**	28,206.36
d. Stock-in-Process			**185.26**	209.95
Total (1)			**45,100.10**	30,474.75
2. In Transit				
a. Raw Materials			**280.48**	97.25
b Finished Products			**2,093.26**	1,347.35
Total (2)			**2,373.74**	1,444.60
TOTAL			**47,473.84**	31,919.35
Note : Includes:				
A. Stock lying with others			**125.07**	199.14
B. Stock lying with others			**5,448.66**	8,358.40

SCHEDULE "H" - SUNDRY DEBTORS

(Rs. in Lakh)

	Note		As at 31-Mar-03	As at 31-Mar-02
1. Over Six Months:				
a) Unsecured, Considered Good		**188.84**		231.28
b) Unsecured, Considered Doubtful		**255.16**		494.48
Total (1)			**444.00**	725.76
2. Others Debts				
a) Unsecured, Considered Good		**13,064.15**		10,371.54
b) Unsecured, Considered Doubtful		**0.07**		0.52
Total (2)			**13,064.22**	10,372.06
Total (1+2)			**13,508.22**	11,097.82
Less: Provision for Doubtful Debts			**255.23**	495.00
TOTAL	A		**13,252.99**	10,602.82

Note :

A. Includes Rs. 164.67 lakhs (31.3.2002 - Rs. 61.62 lakhs) which are secured.

SCHEDULE "I" - CASH AND BANK BALANCES

(Rs. in Lakh)

		Note		As at 31-Mar-03	As at 31-Mar-02
1.	Cash Balances				
	a) Cash Balances including imprest		**60.78**		54.12
	b) Cheques in Hand		**2,033.61**		3,970.83
				2,094.39	4,024.95
2.	Balances with Scheduled Banks				
	a) Currents Accounts	A	**9,566.48**		8,652.78
	b) Fixed Deposit Account		**21,000.00**		-
	c) Dividend Account	B	**99.40**		89.88
				30,665.88	8,742.66
3.	Balances with Non-scheduled banks :				
	a) Currents Accounts				
	i) Myanmar Economic Bank Branch(5), Rangoon - [Maximum Balance at any time during the year Rs.87.65 Lakhs (2001-02 Rs.81.43 Lakhs) at rate of exchange K.1=Rs.7.6615(2001-02 K.1=Rs.7.1177)]			**87.65**	81.43
	TOTAL			**32,847.92**	12,849.04

Note :

A. Includes Rs.1342.03 Lakhs on account of Remittance in Transit (31.03.2002 Rs.1964.55 Lakhs).

B. Comprises of

i)	Dividend Account 2001-02	**21.44**	-
ii)	Dividend Account 2000-01	**26.85**	30.13
iii)	Dividend Account 1999-00	**13.16**	14.03
iv)	Dividend Account 1998-99	**11.44**	12.27
v)	Dividend Account 1997-98	**6.44**	6.70
vi)	Dividend Account 1996-97	**6.28**	6.54
vii)	Dividend Account 1995-96	**13.77**	13.94
viii)	Dividend Account 1994-95	-	6.27

SCHEDULE "J" - LOANS AND ADVANCES

(Rs. in Lakh)

	Note		As at 31-Mar-03	As at 31-Mar-02
1. Loans and Advances Recoverable in Cash or in Kind or for Value to be Received :	A			
From Others :				
a) Secured, Considered Good		**4,336.13**		4,155.19
b) Unsecured, Considered Good		**3,164.74**		3,841.55
c) Unsecured Considered Doubtful		**104.45**		68.93
Sub Total		**7,605.32**		8,065.67
Less : Provision for Doubtful Advances		**104.45**		68.93
			7,500.87	7,996.74
2. Claims Recoverable :				
a) Unsecured, Considered Good		**571.50**		539.00
b) Unsecured, Considered Doubtful		**101.99**		105.10
		673.49		644.10
Less: Provision for Doubtful Claims		**101.99**		105.10
			571.50	539.00
3. Amount Recoverable from Government			**3,593.62**	-
4. Balance with Customs, Port Trust and Excise Authorities : Unsecured, Considered Good			**522.61**	653.00
5. Advance Tax (Net)			-	179.63
6. Sundry Deposits (including amount adjustable on receipt of final bills)				
From Others:				
a) Secured, Considered Good		-		75.61
b) Unsecured, Considered Good		**187.20**		190.90
c) Unsecured, Considered Doubtful		**0.43**		9.78
		187.63		276.29
Less: Provision for Doubtful Deposits		**0.43**		9.78
			187.20	266.51
TOTAL			**12,375.80**	9,634.88

Note :

A: Includes :

	Rs. Lakhs	Rs. Lakhs
1. Due from Directors	**2.98**	5.39
Maximum Amount During the Year	**5.39**	5.78
2. Due from Other Officers	**4.89**	5.15
Maximum Amount During the Year	**5.15**	5.39

SCHEDULE "K" - CURRENT LIABILITIES AND PROVISIONS

(Rs. In Lakh)

		Note		As at 31-Mar-03	As at 31-Mar-02
1.	**Current Liabilities**				
	a) Sundry Creditors				
	i) Total Dues of Small Scale Industrial Undertakings	A	215.24		157.38
	ii) Total Dues of Creditors other than Small Scale Industrial Undertakings		68,646.37		46,539.23
	Total (a)		68,861.61		46,696.61
	b) Other Liabilities		8,471.96		8,255.19
	c) Investor Education & Protection Fund:				
	-Unpaid/Unclaimed Dividend		99.40		69.88
	d) Security Deposits		5,913.13		3,509.37
	e) Interest Accrued but not Due on Loans		7.69		6.77
				83,353.79	58,557.82
2.	Due to Subsidiary/Holding/Group Companies:				
	Indian Oil Corporation Limited			32,459.07	12,079.95
	Chennai Petroleum Corporation Ltd.			151.95	2,937.50
3.	Amount Payable to Industry Pool Account(Net)			-	3,471.61
	Total Current Liabilities			115,964.81	77,046.88
4.	**Provisions**				
	a) Provision for Retirement benefits		1,521.99		1,137.75
	b) Provisions for Taxation		14,244.86		10,611.62
	Less: Advance Payment of tax		13,677.46		10,611.62
			567.40		-
	c) Proposed Dividend		3,100.62		2,214.73
	d) Corporate Dividend Tax		397.27		-
	Total Provisions			5,587.28	3,352.48
	TOTAL			121,552.09	80,399.36

Note :

A: Names of Small Scale Industrial Undertakings (SSI) to whom the company owes any sum together with interest which are outstanding for more than 30 days are disclosed in Schedule "Q" - Notes to Accounts.

SCHEDULE "L" - INCREASE/(DECREASE) IN STOCK

(Rs. in Lakh)

			For the Year ended 31-Mar-03	For the year ended 31-Mar-02
Closing Stock				
a)	Finished Products	44,293.45		29,553.71
b)	Stock in Process	185.26		209.95
			44,478.71	29,763.66
Less:				
Opening Stock				
a)	Finished Products	29,553.71		38,796.23
b)	Stock in Process	209.95		217.87
			29,763.66	39,014.10
	TOTAL		14,715.05	(9,250.44)

SCHEDULE "M" - INTEREST AND OTHER INCOME

(Rs. in Lakh)

		Note		For the Year ended 31-Mar-03	For the year ended 31-Mar-02
1.	Interest on:				
	a) Loans and Advances (Tax Deducted at Source Rs.1.40 Lakhs (31.3.02 Rs.0.59 Lakh))		**185.85**		213.49
	b) Short Term Loan to Indian Oil Corporation Ltd (Tax Deducted at Source Rs.127.10 Lakhs (31.3.02 Rs.Nil))		**605.24**		-
	c) Fixed Deposits with Banks		**0.91**		1.33
	d) Short term Deposits with Banks (Tax Deducted at Source Rs.305.45 Lakhs (31.3.02 Rs.333.15 Lakhs))		**1,605.84**		1,743.68
	e) Customer Outstandings		**16.19**		41.49
	f) Others		**58.92**		156.23
				2,472.95	2,156.22
2.	Dividend (Gross)				
	a) From Subsidiary Company		**-**		150.97
	b) From Other Companies *		**47.06**		211.98
				47.06	362.95
3.	Profit on Sale of Investments			**-**	1,650.00
4.	Profit on Sale and Disposal of Assets			**34.33**	5.45
5.	Unclaimed/Unspent liability Written Back			**32.17**	257.93
6.	Provisions for Doubtful Debts, Advances, Claims, Stock and Stores Written Back			**303.50**	13.51
7.	Recoveries from Employees	A		**113.75**	236.55
8.	Retail Outlet Licence Fees			**569.58**	564.13
9.	Sale of Scrap			**51.49**	52.24
10.	Miscellaneous Income	B		**2,858.29**	1,918.67
	TOTAL			**6,483.12**	7,217.65

* Income on long term non-trade investments.

Note :

A. Includes Rs.nil towards previous year (31.3.2002 Rs. 110.22 Lakh).

B. Includes Rs. 102.86 Lakh towards share of accumulated surplus (Tax Free) of Petroleum India International, association of persons (31.3.2002 Rs. 60 Lakh towards tax free income).

SCHEDULE "N" - MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. In Lakh)

			For the Year ended 31-Mar-03	For the year ended 31-Mar-02
1.	Raw Material Consumed:			
	Opening Balance	1,812.89		2,167.04
	Add: Purchases	15,859.04		15,866.61
		17,671.93		18,033.65
	Less: Closing Stock	2,649.16		1,812.89
			15,022.77	16,220.76
2.	Consumption:			
	Stores, Spares and Consumables		584.10	647.25
3.	Power & Fuel		690.64	552.02
4.	Processing Fees, Blending Fees,Royalty & Other Charges		1,312.67	791.71
5.	Octroi, Other Levies and Irrecoverable Taxes		2,712.60	1,112.31
6.	Repairs and Maintenance			
	i) Plant & Machinery	676.61		516.42
	ii) Building	287.70		350.99
	iii) Others	208.87		158.71
			1,173.18	1,026.12
7.	Freight, Transportation Charges & Demurrage		10,122.66	10,086.49
8.	Payment to and Provisions for Employees:			
	i) Salaries,Wages, Bonus etc.	7,482.23		8,368.18
	ii) Contribution to provident and Other Funds	660.04		761.35
	iii) Voluntary Retirement Compensation	5.47		3,318.09
	iv) Staff Welfare Expenses	1,141.93		1,475.54
			9,289.67	13,923.16
9.	Office Administration, Selling and Other Expenses(Schedue"N-1")		11,429.99	9,698.48
	TOTAL		52,338.18	54,058.30

SCHEDULE "N-1" - OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Lakh)

		Note		For the Year ended 31-Mar-03	For the year ended 31-Mar-02
1.	Rent			**2,069.76**	2,390.00
2.	Insurance			**328.62**	318.15
3.	Rates and Taxes			**659.61**	346.08
4.	Donations			**6.65**	15.05
5.	Payment to Auditors :				
	a) Audit Fees	A	**4.94**		2.62
	b) Tax Audit Fees		**0.89**		0.79
	c) Other Services		**1.88**		2.97
	d) Out of Pocket Expenses		**1.52**		2.46
				9.23	8.84
6.	Travelling and Conveyance			**1,826.75**	1,635.51
7.	Communication Expenses			**412.02**	466.84
8.	Printing and Stationery			**275.31**	274.63
9.	Electricity and Water			**320.11**	301.43
10.	Bank Charges			**397.13**	558.91
11.	Bad Debts, Advances and Claims Written Off			**36.51**	1.04
12.	Loss on Assets Sold, Lost or written off			**79.91**	38.83
13.	Exchange Fluctuation (Net)			**0.96**	0.25
14.	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores			**86.65**	24.77
15.	Security Force Expenses			**237.29**	235.17
16.	Sales Promotion Expenses			**1,943.52**	609.58
17.	Handling Expenses			**1,117.08**	908.93
18.	Other Expenses			**1,813.68**	1,564.47
	TOTAL			**11,429.99**	9,698.48

Note :

A. Includes Rs1.05 Lakhs on account of increase in audit fees for the year 2001-02 (31.3.2002 Rs.Nil).

SCHEDULE "O" - INCOME / EXPENSES RELATING TO PREVIOUS YEARS

(Rs. in Lakh)

		Note	For the Year ended 31-Mar-03	For the year ended 31-Mar-02
Income :				
1.	Miscellaneous Income	A	**122.97**	1,015.79
	Total Income		**122.97**	1,015.79
Expenditure:				
1.	Depreciation and Amortisation		**17.20**	12.01
2.	Other Expenses		**155.02**	274.60
	Total Expenses		**172.22**	286.61
NET INCOME/(EXPENDITURE)			**(49.25)**	729.18

Note :

A) Includes Rs.nil (31.03.2002 Rs.811.31 Lakhs) towards share of accumulated surplus (Tax Free) of Petroleum India International (Association of Person)

SCHEDULE "P" - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS

1.1 Land

Land acquired on lease for over 99 years and on perpetual lease is treated as freehold land. Cost of Right of Way for laying pipelines is capitalized.

1.2 Expenditure during construction period

Revenue expenses including expenses for crop compensation for acquiring Right of Way exclusively attributable to projects incurred during construction period are capitalized.

1.3 Depreciation

1.3.1 Depreciation on Fixed Assets is provided in accordance with the rates specified in Schedule XIV of The Companies Act, 1956 on straight line method up to 95% of the cost of fixed asset. Depreciation is charged pro-rata on quarterly basis on assets from/up to the quarter of capitalization/sale, disposal and dismantled during the year."

1.3.2 Cost of leasehold land for 99 years or less is amortized during the lease period.

2. INVESTMENTS

All long term investments are valued at cost and provision for diminution in value, thereof is made, wherever such diminution is not temporary. All current investments are valued at lower of cost or fair market value.

3. CURRENT ASSETS AND PROVISIONS

3.1 Inventories

3.1.1 Raw Materials

Raw materials are valued at weighted average cost or net realizable value whichever is lower. Stock in process is valued at raw materials cost and allocated overheads at the factory cost level or net realizable whichever is lower. Stock in process of containers is determined on FIFO basis.

3.1.2 Stores and Spares

Stores and Spares are valued at weighted average cost. In case of surplus/obsolete stores and spares, provision is made for likely loss or gain and charged to revenue.

3.1.3 Finished Goods

Finished products are valued at cost or net realizable value whichever is lower. Cost of petroleum products/cryogenic containers & cryo-vessels are valued on FIFO basis. Cost of explosives, lubes & greases are determined at weighted average cost.

3.2 Claims and Provisions

Claims on Petroleum Planning Analysis Cell / Government are booked on the basis of entitlement or acceptance in principle / approval thereof. Such claims and provisions are booked on the basis of available instructions/clarifications subject to final adjustment as per separate audit. Other claims are accounted when there is certainty that the claims are realizable.

4. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Show-Cause Notices received from various Government Authorities are not considered as contingent liabilities. When the demand notices are raised against such show cause notices, after considering Company's views, these demands are either paid or treated as liabilities, if accepted by the Company and are treated as contingent liability, if disputed by the company.

Capital commitments and contingent liabilities are those which exceed Rs.5 lakhs in each case.

5. PROFIT AND LOSS ACCOUNT

5.1 Sales of Products

Adjustments pertaining to purchase of raw materials/finished products, sales and others as admissible under the erstwhile Administered Pricing Mechanism are accounted as "net claim from/(surrender to) Industry Pool Accounts"/Government.

5.2 Retirement Benefits

5.2.1 Gratuity

Payment of gratuity is made through trust and the amount of contribution, based on actuarial valuation, is charged to Profit and Loss Account.

5.2.2 Leave Encashment/Post Retirement Medical Benefits

Accruing liability is charged to Profit and Loss Account based on actuarial valuation.

5.2.3 Payment under Voluntary Retirement Scheme

Compensation paid under Voluntary Retirement Scheme is charged off in the year of payment.

5.3 Prepaid Expenses

Prepaid expenses up to Rs.1,00,000/- in each case are charged to revenue.

5.4 Previous Year Adjustments

Income & expenditure upto Rupees Five lakhs in each case pertaining to prior years are accounted for in the current year.

5.5 R & D Expenditure

All expenditure, other than on capital account on research and development are charged to Profit & Loss account.

5.6 Borrowing Cost

Borrowing costs, on weighted average basis, that are attributable to construction of qualifying assets are capitalized as part of the cost of such assets. Qualifying assets is the one that necessarily take substantial period of time to get ready for intended use.

5.7 Revenue Grants (Subsidy)

Revenue grants are reckoned as per the scheme notified by Government of India from time to time.

6. Foreign Exchange Transactions

6.1 Transactions in foreign currency are converted at the exchange rates on the respective dates of transactions. Variation, if any, on actual realization/payment are considered in the Profit and Loss Account.

6.2 Current Assets and Current Liabilities are translated at the exchange rates prevailing on the date of the Balance Sheet (except transactions with forward cover) and difference, if any, is charged to Profit and Loss Account.

6.3 Liabilities on account of acquisition of Fixed Assets are translated at the exchange rates on the date of the Balance Sheet. The variation is added to or reduced from historical cost of the Fixed Asset.

SCHEDULE "Q" - NOTES ON ACCOUNT

1. Contingent Liabilities not provided for:

		2002-03 Rs.in Lakh	2001-02 Rs. in Lakh
a)	In respect of law suits and other claims, which are being contested by the Company and the liabilities whereof, are not admitted by the Company.	**4346.06**	4055.29
b)	Counter Guarantees given to Banks in respect of Bank Guarantee /Letter of Credit issued by them on behalf of the Company.	**129.47**	94.94
c)	In respect of various Excise and Sales Tax appeals, liabilities whereof are not admitted by the Company.	**10154.80**	6719.32

		2002-03 Rs.in Lakh	2001-02 Rs. in Lakh
2.	Estimated Amount of Contracts remaining to be executed on Capital Accounts and not provided for.	**10702.17**	1080.27
3.	Profit and Loss Account includes:		
(a)	Research and Development expenditure (Net of Grant received)	**233.59**	247.21
(b)	Managerial Remuneration:		
(i)	Salary & Allowances	**22.71**	42.19
(ii)	Contribution to Provident Fund & Other Fund	**2.25**	1.66
(iii)	Other Benefits and Perquisite	**3.24**	3.62
		28.20	47.47

In addition, whole time Directors are also allowed the use of Company's car for private purposes up to 12000 KMs per annum on a payment of Rs.520 per month for car less than 16 hp.

4. a) A sum of Rs.0.12 lakh (Rs.0.03 lakh) has been provided as interest due to Small Scale and Ancillary Industrial Undertakings on account of delayed payment beyond payment terms as per Purchase Order, to the extent identified based on documents/ information available with the Company.

   b) The names of the small scale industrial undertakings to whom the company owes any sum together with interest outstanding for more than 30 days, are as under:

   Asiatic Enterprises, Bindra Chemicals, Bhillai Conductors, Bilaspur Corrugating, Chemical Udyog, Explotek Chemicals, Mohini Organics, Nitrates India, Nitrate Producers, Prakash Laminating Industries, Rama Phosphates Ltd., Rasayan Udyog, Relytec Chemicals, Rudraksh Chemicals, Solar Chemferts, Blossom Enterprises P Ltd., Mary Engineering Works, R A Engineering, V K Enterprises, Shriram Enterprises

5. The Company has continuous transactions with other Oil Marketing Companies on a day-to-day basis and reconciliation is an on-going process. As such the balance with other Oil Marketing Companies, including stocks held by them are subject to confirmation. Similarly, balances of debtors, advances, deposits, loans and sundry creditors are subject to confirmation.

6. Assets and Liabilities include certain transactions on account of short/excess credits given by banks for which clarifications are pending from them.

7. Pursuant to the decision of Government of India (GOI) on disinvestment of the company, Indian Oil Corporation Limited (IOC) acquired 33.58% shares of GOI on 19th February 2002 and further 20% on 13th June 2002 through open offer to public as required under SEBI regulations. GOI's shareholding in the company as on the Balance Sheet date stands at 26%.

8. Sales exclude Sales Tax but include excise / customs duties wherever applicable. Also the value of Closing Stock of finished products is inclusive of excise duty wherever applicable.

9. Income from Sale of Scrap is accounted for on realization.

10. Deposits made other than Trade Deposits not exceeding Rs.10, 000/- per case are charged off to revenue in the year of payment.

11. Consequent to the change in Accounting Policy on depreciation, the method of calculation of providing depreciation has resulted in decrease in profit amounting to Rs. 107.00 lacs.

12. As per accounting policy of the Company, income and expenditure up to Rupees five lakhs in each case pertaining to prior years are accounted for in the current year, the quantum of which is not ascertainable.

13. Disclosure relating to Loans & Advances under Clause 32 of the listing agreement-

	Particulars	Amount as at 31.03.2003	Amount as at 31.03.2002	Maximum amount outstanding during year ended 31.03.2003	Maximum amount outstanding during year ended 31.03.2002
A.	Loans and Advances in the nature of Loans				
i.	To Holding Company Indian Oil Corporation Ltd.	**Nil**	Nil	**Rs.32,900 lacs**	Nil
ii.	To Associates	**Nil**	Nil	**Nil**	Nil
iii.	To Firms/Companies in which directors are interested	**Nil**	Nil	**Nil**	Nil
iv.	Where there is no repayment schedule or repayment beyond seven years	**Nil**	Nil	**Nil**	Nil
v.	No interest below section 372 of the Companies Act	**Nil**	Nil	**Nil**	Nil

14. Amount remitted in Foreign Currency towards Dividend-

		2002-03	2001-02
i)	Number of non-resident shareholders	**3**	5
ii)	Number of shares held by them	**1526**	11,786
iii)	Amount of Dividend remitted (Rs./Lakhs)	**0.10**	1.18

15. Segment Information (Accounting Standard 17):

(Rs. in Lakh)

Sl. No.	Particulars			Petroleum	Chemicals	Engineering	Total
a	Revenue External	:	**2002-03**	**884,455.86**	**10,018.28**	**2,095.37**	**896,569.51**
		:	2001-02	[797,508.05]	[10,963.02]	[1,127.36]	[809,598.43]
	Inter Segment	:	**2002-03**	-	-	-	-
		:	2001-02	[-]	[-]	[-]	[-]
	Total Revenue	:	**2002-03**	**884,455.86**	**10,018.28**	**2,095.37**	**896,569.51**
		:	2001-02	[797,508.05]	[10,963.02]	[1,127.36]	[809,598.43
b	Result Segment Result (*)	:	**2002-03**	**11,932.17**	**(298.95)**	**125.76**	**11,758.98**
		:	2001-02	[30,264.15]	[(2,452.07)]	[(768.48)]	[27,043.60]
	Interest Expenses	:	**2002-03**				**48.75**
		:	2001-02				[2,953.61]
	Interest Income	:	**2002-03**				**2,472.95**
		:	2001-02				[2,156.22]
	Prior Period Income/(Expenses)	:	**2002-03**				**(49.25)**
			2001-02				[729.16]
	Dividend Income and profit on sale of Investment	:	**2002-03**				**47.06**
		:	2001-02				[2,012.95]
	Impact due to Changes in Accounting Policy	:	**2002-03**				**(107.00)**
		:	2001-02				[7.30]
	Profit before Tax	:	**2002-03**				**14,073.99**
			2001-02				[28,995.44]
	Provision for Tax	:	**2002-03**				**5,299.10**
		:	2001-02				[9,416.21]
	Profit after Tax	:	**2002-03**				**8,774.89**
		:	2001-02				[19,579.23]

c	**Other Information**						
	Segment Assets	:	**2002-03**	**166,105.05**	**9,328.90**	**3,623.97**	**179,057.92**
		:	2001-02	[120,602.52]	[7,832.34]	[2,825.56]	[131,260.42]
	Corporate Assets	:	**2002-03**				**-**
			2001-02				[179.63]
	Segment Liabilities	:	**2002-03**	**117,626.32**	**2,844.27**	**514.21**	**120,984.80**
		:	2001-02	[77,070.24]	[2,865.35]	[463.88]	[80,399.47]
	Corporate liabilities	:	**2002-03**				**8,187.45**
			2001-02				[6,437.82]
d	**Capital Expenditure**	:	**2002-03**	**8,224.37**	**108.86**	**27.34**	**8,360.57**
		:	2001-02	[5,407.21]	[316.25]	[32.40]	[5,755.86]
e	**Depreciation**	:	**2002-03**	**4,162.23**	**227.67**	**49.54**	**4,439.44**
		:	2001-02	[3,211.60]	[228.10]	[47.02]	[3,486.72]
f	**Non-cash expenditure other than depreciation**	:	**2002-03**	**-**	**-**	**-**	**-**
		:	2001-02	-	-	-	-

(*) Segment Results for the year 2001-02 have been determined after charging off VRS cost and additional gratuity liability on revaluation amounting to Rs.4804.83 lakhs (Petroleum- Rs.2692.30 lakhs, Chemicals- Rs.1743.78 lakhs and Engineering- Rs.368.75 lakhs).

Note: i) The company operates through three recognized segments i.e.

- Petroleum comprising of Petroleum products, LPG and Lubes & Greases
- Chemicals comprising of Industrial Explosives, Site Mix Slurry Explosives, Detonating Fuse and Cast Boosters.
- Engineering comprising of Cryo-containers, Industrial Containers & Accessories.

The Segments are the basis on which the company reports its primary Segment Information.

ii) Segment revenue in each of the above domestic business segments primarily includes Sales less commissions & discounts, Net claim from / (surrender to) Industry Pool A/C, Subsidy from Government of India and Income other than Interest Income, Dividend Income and Profit from Sale of Investment.

iii) Since the company's entire business activity is within the country, no Segmentation on geographical basis has been done.

16. Related Party Disclosures (Accounting Standard 18):

Name of Related Party	Nature of Transactions	Amount of Transaction during the year (Rs. in Lakh)	
		2002-03	2001-02
A) Joint Venture Company			
Indian Oil Tanking Limited (Up to 13.11.2001)	Operation & Maintenance Contract	-	80.54
B) Key Management Personnel Whole Time Directors			
i) Shri S.N.Mathur (Upto 19.02.2002)			
ii) Shri Arun Jyoti (From 19.02.2002)			
iii) Shri A.K.Sinha			
iv) Shri R.S.Guha			
C) Details relating to persons referred to in B above			
Remuneration		**28.20**	47.47
Interest Income on loans given		**-**	0.32
Rent paid for residential flat		**4.62**	8.48
Outstanding Loans receivable		**2.98**	5.39

17. Disclosure in respect of Lease of Tank wagon (Accounting Standard 19):

		2002-03 Rs. in Lakh	2001-02 Rs. in Lakh
a)	Gross Investment in Finance Lease	**3250.46**	3250.36
	Less: Unearned Finance Income	**464.87**	598.94
	Finance Income received	**873.48**	739.35
	Minimum Lease payment received	**763.11**	591.23
	Net Investment in Finance Lease	**1149.00**	1320.84
b)	Unearned Finance Income	**464.87**	598.94
c)	Present Value of Minimum Lease payment receivable		
	- not later than one year	**189.34**	171.84
	- later than one year and not later than five years	**746.57**	816.75
	- later than five years	**213.09**	332.25
		1149.00	1320.84
d)	Break up of Unearned income		
	- not later than one year	**116.61**	134.10
	- later than one year and not later than five years	**261.14**	344.08
	- later than five years	**87.12**	120.76
		464.87	598.94

18. Earnings per Share (Accounting Standard 20):

		Year ended 31.03.2003	Year ended 31.03.2002
i.	Profit attributable to the Equity Shareholders (Rs. /Lakhs)	**8774.89**	19,579.23
ii.	Add: Interest on Fully Convertible debentures (Rs./Lakhs)	**0.13**	0.12
iii.	Adjusted net Profit (Rs./Lakhs) [i + ii]	**8775.02**	19,579.35
iv.	Basic number of Equity Shares	**221,47,269**	221,47,269
v.	Add: Potential number of Equity Shares	**195**	195
vi.	Diluted number of Equity shares (iv + v)	**221,47,464**	221,47,464
vii.	Nominal Value of Equity Shares (Rs.)	**10**	10
viii.	Basic Earnings per Share (Rs.)	**39.62**	88.40
ix.	Diluted earnings per Share (Rs.)	**39.62**	88.40

19. Deferred Tax Asset / (Liability) – Accounting Standard 22:

(Rs. in Lakh)

Items		As on 31.03.2003	As on 31.03.2002
a)	Depreciation	**(9017.72)**	(8244.09)
b)	Compensation under Voluntary Retirement Scheme	**718.74**	980.06
c)	Others *	**678.92**	826.21
Net Deferred Tax Liability		**(7620.06)**	(6437.82)

- Includes Rs.313.35 Lakhs (Rs.316.57 Lakhs) towards Capital Gain on Investments in quoted shares, estimated as per the market value as on 31st March 2003, to be set off against carry forward Capital Loss.

20. In accordance with the approval from Department of Company Affairs, Ministry of Law, Justice and Company Affairs, vide approval 46/57/98/CL – III dated 13.05.98, the figures have been shown in rupees lakhs.

21 Figures for the previous year have been re-arranged, re-grouped, re-adjusted and / or re-classified to make them comparable with the figures of the current year wherever necessary except in case of minor items.

	Sd/-	Sd/-	Sd/-
Camp : New Delhi	**Arun Jyoti**	**A.K.Sinha**	**Amit Ghosh**
Date : 26 May 2003	Managing Director	Director (Finance)	Company Secretary

SCHEDULE "R" - LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

		Unit	Licensed Capacity		Installed Capacity		Actual Production	
			March'03	March'02	**March'03**	March'02	**March'03**	March'02
1	Cryocontainer and Accessories	Nos.	**13,000**	13,000	**16,500**	16,500	**10,489**	4,946
2	Industrial Explosives (Cartridge)	MT	**22,416**	22,416	**20,000**	20,000	**6,399**	7,274
3	Site Mixed Slurry Explosives	MT	**102,084**	94,084	**65,500**	64,000	**49,500**	55,991
4	Detonating Fuse	Mmtrs	**15**	15	**5**	5	**4.11**	3.23
5	Cast Boosters	MT	**120**	120	**40**	40	**60**	50
6	Lubes	KL	**39,000**	39,000	**39,000**	39,000	**19,770**	15,178

SCHEDULE "S" - FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS

(Rs. in Lakh)

	Units	Opening Stock		Purchases		Sales		Closing Stock	
		Quantity MTs	Value Rs./Lakhs	Quantity MTs	Value Rs./Lakhs	Quantity MTs	Value Rs./Lakhs	Quantity MTs	Value Rs./Lakhs
1. PETROLEUM PRODUCTS:	MTs								
Year ended 31-Mar-03		**1.852**	**26,252.31**	**42.151**	**808,686.01**	**42.262**	**846,215.82**	**1.763**	**40,514.76**
Year ended 31-Mar-02		2.310	35,079.13	44.270	673,814.19	44.728	814,824.12	1.852	26,252.31
2. LUBRICANTS & GREASES:	MTs								
Year ended 31-Mar-03		**0.068**	**2,779.65**	-	-	**0.296**	**18,460.23**	**0.075**	**3,186.40**
Year ended 31-Mar-02		0.074	3,051.19	-	-	0.305	18,546.20	0.068	2,779.65
3. EXPLOSIVES :	MTs								
Year ended 31-Mar-03		**0.003**	**71.75**	-	-	**0.569**	**9,502.26**	**0.003**	**77.66**
Year ended 31-Mar-02		0.004	99.60	-	-	0.633	10,752.28	0.003	71.75
3. CRYOCONTAINERS / CRYOVESSELS :									
Year ended 31-Mar-03	**Nos**	**0.04**	**433.86**			**0.09**	**1,915.39**	**0.06**	**490.34**
Year ended 31-Mar-02		0.06	541.63			0.07	1,172.22	0.04	433.86
4. OTHERS									
Year ended 31-Mar-03			**16.14**		**240.48**		**283.86**		**24.29**
Year ended 31-Mar-02			24.68		235.18		331.24		16.14
TOTAL									
Year ended 31-Mar-03			**29,553.71**		**808,926.49**		**876,377.56**		**44,293.45**
Year ended 31-Mar-02			38,796.23		674,049.37		845,626.06		29,553.71

SCHEDULE "S-1" - INCOME FROM SALES

(Rs. In Lakh)

Class of Goods Sold	Unit of Quantity	For the Year ended 31-Mar-03 Quantity	Rupees	Rupees	For the Year ended 31-Mar-02 Quantity	Rupees	Rupees
I. Business Group (Petroleum)							
Motor Spirit	KL	914,944	219,099.63		851,383	195,732.65	
High Speed Diesel	KL	3,438,561	555,825.58		3,633,493	534,500.87	
Light Diesel Oil	KL	1,454	219.86		4,078	559.63	
Kerosene	KL	687,731	57,745.10		760,702	54,931.20	
Furnace Oil	KL	3,823	409.03		5,283	467.72	
Low Sulphur Heavy Stock	MT	28,990	3,038.79		113,720	10,164.48	
Naphtha	MT	32,826	3,794.69		125,390	12,288.84	
Liquid Petroleum Gas	MT	27,477	4,146.99		27,127	3,880.35	
Lubricants	KL	32,079	17,926.76		33,396	18,185.36	
Grease	MT	805	533.47		558	360.84	
Others	-		1,941.27			2,300.55	
				864,681.17			833,372.49
II. Business Group (Chemicals)							
Industrial Explosives	MT	6,425	1,530.42		7,357	1,718.77	
SMS Explosives	MT	49,500	7,971.84		55,991	9,033.51	
Others	-		278.65		-	329.06	
				9,780.91			11,081.34
III. Business Group (Engineering)							
Cryocontainers and Accessories *	Nos.	8,696	1,313.59		6,749	839.30	
Cryovessels	Nos.	56	601.80		83	332.93	
Others	-		0.09			-	
				1,915.48			1,172.23
TOTAL				876,377.56			845,626.06

* Cryocan sales quantity shown above is net of free replacement under warranty obligation of 37 nos. (31.03.2002 35 nos.) and 22 nos. (31.03.2002 400 nos.) sales return/ non billing samples received back.

SCHEDULE "S-2" - PURCHASE OF PETROLEUM PRODUCTS

(Rs. In Lakh)

	Unit of Quantity	For the Year ended 31-Mar-03 Quantity	Rupees	For the year ended 31-Mar-02 Quantity	Rupees
Motor Spirit	KL	921,746	193,310.06	843,114	131,521.31
High Speed Diesel	KL	3,441,433	515,193.80	3,592,817	441,314.15
Light Diesel Oil	KL	1,454	167.77	3,942	462.79
Kerosene	KL	682,546	78,068.62	744,842	67,953.07
Furnace Oil	KL	4,866	451.96	3,068	264.21
Low Sulphur Heavy Stock	MT	24,679	2,210.29	117,414	8,927.74
Naphtha	MT	21,914	2,447.06	130,422	12,707.95
Liquid Petroleum Gas	MT	27,331	5,199.17	26,601	3,628.22
Compressed Natural Gas	MT	4,285	667.45	1,415	160.76
Others			10,949.79		6,873.99
			808,686.01		673,814.19

SCHEDULE "T" - CONSUMPTION PARTICULARS OF RAW MATERIALS/STORES/SPARES & COMPONENTS

	Unit	IMPORTED		INDIGENOUS		Quantity	TOTAL
		Value Rs. Lakhs	% to total consumption	Value Rs. Lakhs	% to total consumption		(Rs. in Lakh)
March'03							
Chemicals	MT	779.35	16	4,056.46	84	45,922	4,835.81
Corrugated Boxes	Nos.	-	-	55.36	100	256,061	55.36
Plates & Sections	Nos.					9,832	
	Kg	93.90	25	288.39	75	12,505	382.29
	MT					326	
Base Oil	KL	-	-	5,124.53	100	29,381	5,124.53
Additives	MT	-	-	1,938.76	100	2,875	1,938.76
Packing Materials		-	-	1,145.68	100	-	1,145.68
Vacuum Items and Components		49.96	21	192.17	79	-	242.13
Others		22.53	2	1,275.68	98		1,298.21
		945.74		14,077.03			15,022.77
Stores/Spares & Components		-	-	584.10	100	-	584.10
Total		945.74		14,661.13			15,606.87
March'02							
Chemicals	MT		-	5,859.69	100	51,393	5,859.69
Corrugated Boxes	Nos.		-	37.33	100	292,885	37.33
Plates & Sections	Nos.					4,510	
	Kg	64.41	40	97.56	60	5,133	161.97
	MT					112	
Base Oil	KL		-	5,031.61	100	28,695	5,031.61
Additives	MT		-	2,015.14	100	3,035	2,015.14
Packing Materials			-	1,420.30	100		1,420.30
Vacuum Items and Components		16.00	14	101.91	86		117.91
Others		44.79	3	1,532.04	97		1,576.83
		125.20		16,095.58			16,220.78
Stores/Spares & Components		54.90	8	592.35	92		647.25
Total		180.10		16,687.93			16,868.03

SCHEDULE "U" - EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Lakh)

	March'03	March'02
Travelling	8.73	5.91
Purchases	0.08	-
Others	2.50	28.85
	11.31	34.76

SCHEDULE "V" - EARNING IN FOREIGN EXCHANGE

(Rs. in Lakh)

	March'03	March'02
Export Sales (F.O.B Value)	111.72	163.50
Royalty	-	5.23
	111.72	168.73

SCHEDULE "W" - CIF VALUE OF IMPORTS

(Rs. in Lakh)

	March'03	March'02
Raw Materials	908.71	87.10
Components & Spares	3.24	18.73
Capital Goods	-	3.54
	911.95	109.37

SCHEDULE "X" - BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I.	**Registration Details :**	
	Registration No.	**11529**
	State Code	**21**
	Balance Sheet Date	**31st March 2003**
II.	**Capital Raised During the Year (Rs. Lakhs):**	
	Public Issue	**NIL**
	Rights Issue	**NIL**
	Bonus Issue	**NIL**
	Private Placement	**NIL**
III.	**Position of Mobilisation and Deployment of Funds (Rs. Lakhs):**	
	Total Liabilities	**57,506**
	Total Assets	**57,506**
	Sources of Funds	
	Paid-up Capital	**2,215**
	Reserves & Surplus	**47,671**
	Deferred Tax Liability	**7,620**
	Application of Funds :	
	Net Fixed Assets	**70,405**
	Finance Lease Receivables	**1,149**
	Investments	**1,528**
	Net Current Assets	**(15,576)**
	Miscellaneous Expenditure	**NIL**
	Accumulated Losses	**NIL**
IV.	**Performance of the Company (Rs. Lakhs):**	
	Turnover	**875,310**
	Total Expenditure	**899,681**
	Profit/ (Loss) before Tax	**14,074**
	Profit/ (Loss) after Tax	**8,775**
	Earning per Share (in Rupees)	**39.62**
	Dividend Rate	**140%**
V.	**Generic Names of three Principal Products / Services of the Company (As per monetary terms)**	
	Item Code No. (ITC Code)	**Product Description**
	2710	Petroleum Products *
	2710 90	Lubricants
	3602	Industrial Explosives

* Represents purely trading items.

CASH FLOW STATEMENT for the year ended 31st March 2003

(Rs. in Lakh)

		For the Year ended 31-Mar-03	For the Year ended 31-Mar-02
A.	**Cash Flow from Operating Activities**		
	1. Profit Before Tax	**14,074**	28,995
	2. Adjustments for :		
	Depreciation	**4,439**	3,499
	Loss/(Profit) on Sale of Assets (Net)	**46**	(5)
	Loss/(Profit) on Sale of Investments (Net)	**-**	(1,650)
	Interest Income on Deposits, Loans and Advances	**(2,473)**	(2,156)
	Dividend Income on Investment	**(47)**	(363)
	Interest Expenditure	**49**	2,954
	Foreign Exchange Difference Gain/(Loss)	**6**	-
B	**Operating Profit before Working Capital Changes (1+2)**	**16,094**	31,274
C	**Change in Working Capital (Excluding Cash & Bank Balances)**		
	Trade and other Receivables	**(5,425)**	5,125
	Inventories	**(15,554)**	9,723
	Trade and Other Payables	**39,293**	12,590
	Change in Working Capital	**18,314**	27,438
D	**Cash Generated From Operations (B+C)**	**34,408**	58,712
E	**Less: Taxes Paid**	**3,370**	9,127
F	**Net Cashflow from operating Activities (D-E)**	**31,038**	49,585
G	**Cash flow from Investing Activities :**		
	Sale of Assets	**136**	2,141
	Sale/ Maturity of Investments	**-**	4,400
	Interest income on Deposits, Loans and Advances	**2,473**	2,156
	Dividend Income on Investments	**47**	363
	Purchase of Assets	**(8,286)**	(5,454)
	Share in Accumulated Surplus of Petronet India International	**(103)**	(811)
	Expenditure on Construction WIP	**(3,052)**	(6)
	Investment/ Advance for Investments	**-**	(64)
	Net Cash used in Investing Activities	**(8,785)**	2,725
H	**Net cash flow from Financing Activities :**		
	Proceeds from /(Repayment of Long Term Borrowings)	**-**	(37,189)
	Proceeds from /(Repayment of short Term Borrowings)	**-**	(6,897)
	Interest Paid	**(49)**	(2,954)
	Dividend Paid/ Dividend Tax Paid	**(2,205)**	(2,418)
	Net Cash Generated/(Used) from Financing Activities:	**(2,254)**	(49,458)
I	**Net Change in Cash & Cash Equivalent (F+G+H)**	**19,999**	2,852
J	**Cash and Cash Equivalents as at End of the Financial Year**	**32,848**	12,849
K	**Less: Cash and Cash Equivalents as at Beginning of the Financial Year**	**12,849**	9,997
	NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)	**19,999**	2,852

Note :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI.
2. Total tax paid during the year includes Rs.433.95 Lakhs (31.3.2002 Rs.333.74 Lakhs) towards tax deducted at source on interest received, which is included in interest received from investing activities.
3. Previous Year's figures have been regrouped and rearranged wherever necessary to conform to the current year's classification.

In terms of our separate report of even date

For Sarma & Co.	Sd/-	Sd/-	Sd/-
Chartered Accountants	**(Arun Jyoti)**	**(A. K. Sinha)**	**(Amit Ghosh)**
	Managing Director	Director(Finance)	Company Secretary

Sd/-
R L Das Sarma
Partner

Camp : New Delhi
Date : 26 May 2003

Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of IBP Co. Limited, Kolkata for the year ended 31st March 2003

I have to state that the Comptroller & Auditor General of India has no comment upon or supplement to the Auditors' Report under Section 619(4) of the Companies Act 1956 on the accounts of IBP Co. Limited, Kolkata for the year ended 31st March 2003.

Sd/-
(S.B. Pillay)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I,
Kolkata

Dated Kolkata
The 4th August 2003

Review of Accounts of IBP Co. Limited for the year ended 31st March 2003 by the Comptroller & Auditor General of India

(Review of accounts has been prepared without taking into account the comments under Section 619(4) of the Companies Act, 1956 and qualifications contained in Statutory Auditors' Report.)

1. FINANCIAL POSITION

(Rs. in Crore)

		2000-2001	2001-2002	2002-2003
Liabilities				
(a)	Paid-up capital			
	Government	13.20	13.20	**13.20**
	Others	8.95	8.95	**8.95**
(b)	Reserves and Surplus			
	(i) Free Reserves & Surplus	253.58	330.53	**383.35**
	(ii) Share Premium	88.65	88.65	**88.65**
	(iii) Capital Reserves	4.70	4.70	**4.70**
(c)	Borrowings from:			
	(i) Oil Industry Development Board (OIDB)	371.89	-	-
	(ii) Banks - Cash Credit	68.97	-	-
(d)	Current Liabilities & Provision (including interest accrued & due)	680.13	803.99	**1215.52**
	Deferred tax liability	-	64.38	76.20
	Total	1490.07	1314.40	**1790.58**
Assets				
(e)	Gross block	760.21	793.89	**874.15**
(f)	Less: Cumulative Depreciation	143.46	175.93	**218.80**
(g)	Net Block	616.75	617.96	**655.35**
(h)	Capital Work-in-Progress (Including dismantled capital stores)	21.88	18.92	**48.70**
(i)	Investments	64.31	27.46	**26.77**
(j)	Current Assets, Loans and Advances	787.13	650.06	**1059.76**
	Total	1490.07	1314.40	**1790.58**
(k)	Working Capital (j-d)	107.00	(-)153.93	**(-)155.76**
(l)	Capital Employed (g+k)	723.75	464.03	**499.59**
(m)	Net Worth [a+b(i)+b(ii)]	364.38	441.33	**494.16**
(n)	Net Worth per rupee of paid-up capital (in Rupees)	16.45	19.92	**22.31**

2. WORKING RESULTS

(Rs. in Crore)

		2000-2001	2001-2002	2002-2003
(i)	Sales	8399.61	8456.26	**8763.78**
(ii)	Less: Excise Duty	319.88	417.03	**339.28**
(iii)	Net Sales	8079.73	8039.23	**8424.50**
(iv)	Claims/surrender to pool A/C.	231.40	(-)387.07	**-**
(v)	Subsidy on LPG & SKO	-	-	**172.97**
(vi)	Other income	51.73	72.18	**64.83**
(vii)	Profit/Loss before Tax and Prior Period Adjustment	60.70	282.66	**141.23**
(Viii)	Prior Period Adjustment	0.52	7.29	**(-)0.49**
(ix)	Profit/Loss before Tax	61.22	289.95	**140.74**
(x)	Tax provision	7.00	94.16	**52.99**
(xi)	Profit after Tax	54.22	195.79	**87.75**
(xii)	Proposed Dividend, including Tax on Dividend	24.41	22.15	**34.98**

3. RATIO ANALYSIS

Some important financial ratios on the financial health and working of the company at the end of last three years are as under:

(In Percentage)

	2000-2001	2001-2002	2002-2003
A. Liquidity Ratio			
Current Ratio	116	75	**87**
B. Debt Equity Ratio			
Long term Debt to Equity	102	-	**-**
C. Profitability Ratio			
a) Profit before Tax to			
(i) Capital Employed	8.46	72.55	**28.17**
(ii) Net Worth	16.80	65.70	**28.48**
(iii) Sales	0.71	3.59	**1.57**
b) Profit after Tax to Equity Capital	244.78	883.93	**396.16**
c) Earning per Share (Rupees)	24.48	88.40	**39.62**

4. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 143.19 crore from internal and external sources were generated and utilised during the year as shown below:

(Rs. in Crore)

Sources of Funds		
Profit after Tax	87.75	
Add. Transferred from Burma Current Account	0.06	
Add: Deferred tax	11.82	
Add: Depreciation	42.87	**142.50**
Decrease in Investment		**0.69**
Total Funds inflow during the year		**143.19**
Utilisation of Funds		
Increase in Gross Block and Capital Work-in-Progress		**110.04**
Dividend paid		**22.15**
Increase in working capital		**11.00**
Total Funds outflow during the year		**143.19**

5. INVENTORY LEVELS

The inventory levels (net off provision for obsolete stock) at the close of three years are given below:

(Rs. in Crore)

		2000-2001	2001-2002	2002-2003
(i)	Raw Materials (including transit)	21.67	18.13	**26.49**
(ii)	Stores & Spare Parts	4.61	3.43	**3.45**
(iii)	Work-in-Progress	2.16	2.10	**1.85**
(iv)	Finished Goods (including transit)	37.16	295.54	**442.93**

6. SUNDRY DEBTORS

The Sundry debt vis-a-vis sales in the last three years are given below

(Rs. in Crore)

	Sundry Debtors				
Year ended as on	**Considered Good**	**Considered Doubtful**	**Total**	**Sales During the year**	**% of total sundry debts to sale**
31.03.2001	125.04	4.84	129.88	8631.60	1.50
31.03.2002	106.03	4.95	110.98	8069.71	1.38
31.03.2003	**132.53**	**2.55**	**135.08**	**8937.26**	**1.51**

Sd/-
(S.B. Pillay)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I,
Kolkata

Dated Kolkata
The 4th August 2003

इंडियनऑयल

Indian Oil Corporation Limited

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