Indian Oil Corporation Limited

Indian Oil Corporation Ltd. (IndianOil) was formed in 1964 through the merger of Indian Oil Company Ltd. (Estd. 1959) and Indian Refineries Ltd. (Estd. 1958).

It is currently India's largest company by sales with a turnover of Rs. 1,50,677 crore (US $ 34.44 billion) and profits of Rs. 4,891 crore (US $ 1.12 billion) for fiscal 2004.

IndianOil is also the highest ranked Indian company in the *Fortune* 'Global 500' listing, at 170th position. It is also the 18th largest petroleum company in the world and the # 1 petroleum trading company among the National Oil Companies in the Asia-Pacific region.

India's Downstream Major

The IndianOil Group of companies owns and operates 10 of India's 18 refineries with a combined refining capacity of 54.20 million tonnes per annum (1 million barrels per day).

IndianOil and its subsidiaries account for 56% petroleum products market share among public sector oil companies, 42% national refining capacity and 69% downstream pipeline throughput capacity.

IndianOil's cross-country pipeline network has been expanded to 8,240 km in 2004-05.

For the year 2004-05, IndianOil sold 50.13 million tonnes of petroleum products, including 1.96 million tonnes through exports.

To maintain its competitive edge and leadership status, IndianOil is investing Rs. 24,400 crore (US $ 5.6 billion) during the X Plan period (2002-07) in integration and diversification projects, besides refining and pipeline capacity augmentation, product quality upgradation and retail expansion.

Network Beyond Compare

As the flagship National Oil Company in the downstream sector, IndianOil reaches precious petroleum products to millions of people everyday through its countrywide network of over 24,000 sales points. They are backed for supplies by 158 bulk storage terminals and depots, 95 aviation fuel stations and 87 Indane LPG bottling plants.

IndianOil reaches Indane cooking gas to the doorsteps of 41 million households in 2,353 markets through a network of nearly 4,700 Indane distributors.

IndianOil also operates the largest and the widest network of retail outlets (petrol/diesel stations) in the country. A significant milestone was

Business with a strong environment conscience.

IndianOil petrol/diesel stations, now also in Mauritius (above) and Sri Lanka, offer world standard products and services.

achieved with the commissioning of the Company's 10,000th retail outlet during the year 2004-05.

IndianOil's ISO-9002 certified Aviation Service commands a 65% market share in aviation fuel business, meeting the fuel needs of domestic and international flag carriers, private airlines and the Indian Defence Services.

The Company's network of 8,240 km of cross-country crude oil and product pipelines meets the vital energy needs of the country.

Customer First

At IndianOil, customer gets the first priority. New initiatives are launched round the year for the convenience and benefit of the various customer segments.

Exclusive XTRACARE retail outlets unveiled in select urban and semi-urban markets during the year 2004-05 offer a range of value-added services to enhance customer delight and loyalty.

Similarly, to meet the discerning needs of highway motorists, large format *Swagat* brand retail outlets were launched during the year with multiple facilities such as food courts, first aid, rest rooms and dormitories, spare parts shops, etc.

Specially formatted retail outlets – *Kisan Sewa Kendras* – were also launched during the year to meet the diverse needs of rural customers. These outlets were strategically positioned to offer a variety of products and services such as seeds, fertilisers, pesticides, farm equipment, medicines, spare parts for trucks and tractors, tractor engine oils and pump set oils, besides auto fuels and kerosene.

R&D for Growth

IndianOil's world class R&D Centre is perhaps Asia's finest. Besides pioneering work in lubricants formulation, refinery processes, pipeline transportation and alternative fuels such as bio-diesel, the Centre is also the nodal agency of the Indian hydrocarbon sector for ushering in Hydrogen fuel in the country.

Expanding Horizons

IndianOil has set its sight to reach US$ 60 billion revenues by the year 2011-12 from current earnings of US$ 34.44 billion. The road map to attain this milestone has been laid through vertical integration – forward into petrochemicals and backwards into exploration & production of oil – and diversification

Control panel for IndMax unit at IndianOil's Guwahati Refinery - a proprietary technology for maximising LPG yield.

IndianOil reaches Indane cooking gas to over 41 million homes.

into natural gas business, besides globalisation of its marketing operations.

In petrochemicals, a master plan envisaging Rs. 25,000 crore (US$ 5.7 billion) investment is already underway. The commissioning of the world's largest single train Linear Alkyl Benzene plant at Koyali Refinery in August 2004 and the on-going integrated Paraxylene/Purified Terephthalic Acid plant and a world-scale Naphtha Cracker with downstream polymer projects are part of this mega plan. IndianOil also proposes to convert the on-going Paradip Refinery into a refinery-cum-petrochemicals complex to strengthen its presence in the sector.

In exploration & production (E&P), IndianOil has participated in the first three rounds of NELP (New Exploration Licencing Policy) in India, in consortium with other companies, and was awarded 11

Single buoy mooring off the west coast at Vadinar - an entry point for crude oil imports.

exploration blocks. It has acquired participating interest in on-shore blocks in Assam and Arunachal Pradesh region. Overseas ventures include Sirte Basin in Libya and Farsi Exploration Block in Iran. The Corporation is also exploring opportunities to acquire a suitable medium-sized E&P company to quickly consolidate its upstream operations.

In natural gas business, IndianOil is already marketing 5.26 million metric standard cubic metres per day of gas. To augment its business in the sector, it has now finalised an import deal for 1.75 million tonnes of LNG per annum with Iran for supplies from the year 2009 onwards. The Corporation has also proposed partnering Petropars, a subsidiary of National Iranian Oil Company, in jointly developing gas blocks in the North Pars fields of Iran.

IndianOil grossed its first US$ 1 billion in revenues through initiatives in new businesses in 2004-05.

Transnational Presence

To emerge as a transnational energy major, IndianOil has set up offices in Sri Lanka, Mauritius and UAE and is simultaneously scouting new opportunities in energy markets in Asia and Africa.

The Sri Lankan subsidiary, Lanka IOC Ltd., operates 170 retail outlets commanding a 27% market share in that country. Its oil terminal at Trincomalee is also Sri Lanka's largest petroleum storage facility.

IndianOil (Mauritius) Ltd. has garnered a 7% market share in the very first year of its operations, which include aviation fuelling and bunkering business. It operates a modern petroleum bulk storage terminal at Mer Rouge port, besides five retail outlets. A modern product testing laboratory and expansion of retail network have also been proposed in Mauritius.

IndianOil's Regional Office in Dubai, which is coordinating business expansion in the Middle East, has commenced blending of *SERVO* lubricants through contract blending arrangements for the first time recently.

Synergy through Subsidiaries

A wholly-owned subsidiary, IndianOil Technologies Ltd., has been established for commercialising the innovations and technologies developed by IndianOil's R&D Centre, across the globe.

The merger of Indian Oil Blending Ltd. with the parent company, now approved by the Government, is in the final stages of implementation.

The merger of IBP Co. Ltd., a retail-focussed subsidiary with a network of over 3,000 retail outlets, with the parent company is awaiting the Government's nod after its approval by the Boards of IndianOil and IBP. On Government's approval, other statutory approvals, including shareholders' approval, would be sought to complete the merger at the earliest.

All IndianOil refineries now meet Euro norms for fuel quality.

The merger of Bongaigaon Refinery & Petrochemicals Ltd. with the parent company has also been mooted with the respective Boards approving the same already. Other formalities, including Government's nod, would be sought in due course.

IndianOil. ***Bringing Energy to Life.***

The IndianOil Group companies operate 10 of India's 18 refineries.

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

VALUES

Care • Innovation • Passion • Trust

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.

IndianOil

Board of Directors

Shri S. Behuria	Chairman (w.e.f. 01.03.2005)
Shri A.M. Uplenchwar	Director (Pipelines)
Shri N.K. Nayyar	Director (Planning & Business Development)
Shri Jaspal Singh	Director (Refineries)
Dr. N.G. Kannan	Director (Marketing)
Shri B.M. Bansal	Director (Research & Development) (w.e.f. 01.03.2005)
Shri S.V. Narasimhan	Director (Finance) (w.e.f. 01.07.2005)
Shri V.C. Agrawal	Director (Human Resources) (w.e.f. 01.08.2005)
Shri M.S. Ramachandran	Chairman (up to 28.02.2005)
Shri P. Sugavanam	Director (Finance) (up to 30.06.2005)
Shri P.K. Agarwal	Director (Human Resources) (up to 31.07.2005)
Shri N.R. Raje	Director (Research & Development) (up to 28.02.2005)
Shri M.S. Srinivasan	Director
Shri Prabh Das	Director
Shri P.K. Sinha	Director (w.e.f. 22.12.2004)
Prof. S.K. Barua	Director
Shri Vineet Nayyar	Director
Shri V.K. Aggarwal	Director
Shri V. Ranganathan	Director
Shri P.M. Sinha	Director
Shri R.S. Sharma	Director
Shri R. Narayanan	ED & Company Secretary

Board of Directors


Shri S. Behuria


Shri A.M. Uplenchwar


Shri N.K. Nayyar


Shri Jaspal Singh


Dr. N.G. Kannan


Shri B.M. Bansal


Shri S.V. Narasimhan


Shri V.C. Agrawal


Shri M.S. Ramachandran (up to 28.02.2005)


Shri P. Sugavanam (up to 30.06.2005)


Shri P.K. Agarwal (up to 31.07.2005)


Shri N.R. Raje (up to 28.02.2005)


Shri M.S. Srinivasan

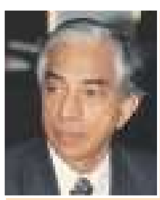

Shri Prabh Das


Shri P.K. Sinha (w.e.f. 22.12.2004)


Prof. S.K. Barua


Shri Vineet Nayyar


Shri V.K. Aggarwal


Shri V. Ranganathan


Shri P.M. Sinha

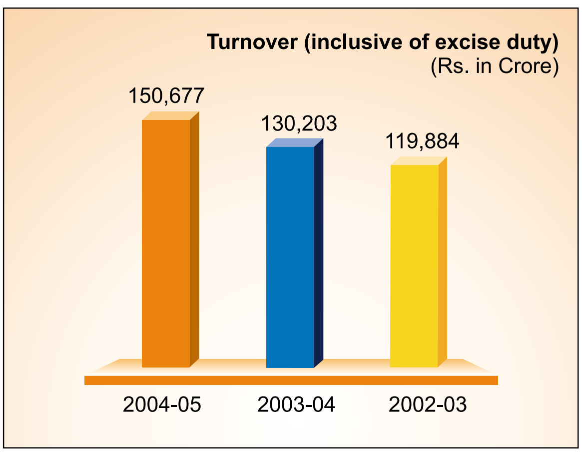

Shri R.S. Sharma

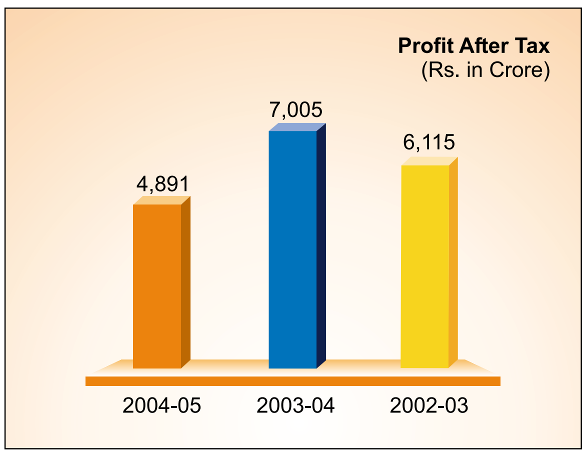
Performance at a Glance

	2004-05	2003-04	2004-05	2003-04	2002-03	2001-02	2000-01
	(US $ Million)		(Rs. in Crore)				
I FINANCIAL							
Turnover (Inclusive of Excise Duty)	34,440	29,795	150,677	130,203	119,884	114,864	117,371
Gross Profit *	1,993	2,749	8,722	12,013	10,863	7,533	5,860
Profit Before Interest & Tax	1,494	2,321	6,538	10,144	9,202	6,141	4,636
Profit Before Tax	1,361	2,218	5,955	9,691	8,414	4,599	2,962
Profit After Tax	1,118	1,603	4,891	7,005	6,115	2,885	2,720
Dividend	387	561	1,694	2,453	2,258	857	740
Dividend Tax	54	72	237	314	240	-	75
Retained Earnings	677	970	2,960	4,238	3,617	2,028	1,905
Value Added	3,813	4,270	16,683	18,659	17,750	14,706	12,989
Contribution To Central Exchequer	4,613	5,169	20,184	22,589	20,676	16,561	16,118
Cumulative Dividend	2,318	1,933	10,142	8,448	5,995	3,737	2,880
What Corporation Owns							
Gross Fixed Assets	9,113	8,327	39,869	36,388	34,204	29,741	27,144
Depreciation & Amortisation	3,769	3,282	16,488	14,341	12,584	10,961	9,634
Net Fixed Assets	5,344	5,045	23,381	22,047	21,620	18,780	17,510
Capital Work In Progress	1,996	1,210	8,734	5,286	3,609	5,200	4,527
Investments	1,304	1,280	5,705	5,596	5,363	9,722	3,444
Finance Lease Receivables	22	27	95	119	141	161	-
Working Capital	2,208	1,462	9,662	6,388	6,464	3,778	10,959
Misc. Expenditure	8	17	33	73	99	145	167
Total	**10,882**	**9,041**	**47,610**	**39,509**	**37,296**	**37,786**	**36,607**
What Corporation Owes							
Net Worth							
- Share Capital	267	267	1,168	1,168	779	779	779
- Reserves	5,672	5,007	24,817	21,879	18,149	14,532	15,192
- Total	5,939	5,274	25,985	23,047	18,928	15,311	15,971
Borrowings	3,959	2,787	17,320	12,178	14,495	19,070	20,636
Deferred Tax Liability	984	980	4,305	4,284	3,873	3,405	-
Total	**10,882**	**9,041**	**47,610**	**39,509**	**37,296**	**37,786**	**36,607**

***** Profit before Depreciation, Interest Expenditure and Tax.

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





	2004-05	2003-04	2004-05	2003-04	2002-03	2001-02	2000-01
	US $						
Ratios							
Debt Equity Ratio							
- Total Debt To Equity	0.67:1	0.53:1	0.67:1	0.53:1	0.77:1	1.25:1	1.29:1
- Long Term Debt To Equity	0.27:1	0.31:1	0.27:1	0.31:1	0.39:1	0.48:1	0.40:1
Earnings Per Share (Rupees) *	0.96	1.37	41.88	59.97	52.35	24.70	23.29
Cash Earnings Per Share (Rupees) *	1.38	1.74	60.57	75.97	66.58	36.62	33.77
Profit After Tax To Average Networth (%)	19.95	33.38	19.95	33.38	35.72	18.44	18.11
Networth Per Equity Share (Rupees)	5.09	4.52	222.47	197.32	162.05 **	196.63	205.10

* 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".

** After considering Bonus shares issued in the ratio of 1:2 during the year 2003-04.

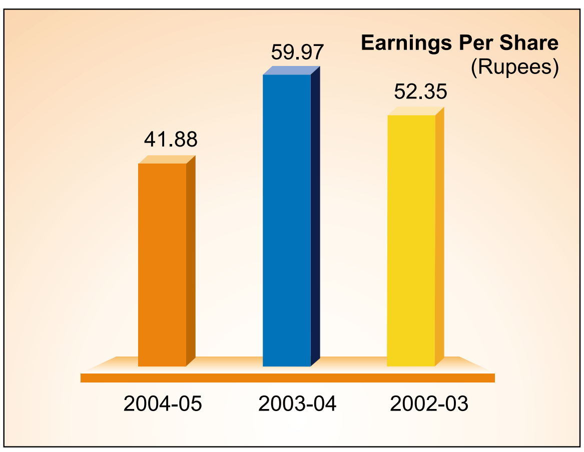
Note: Exchange rate used:

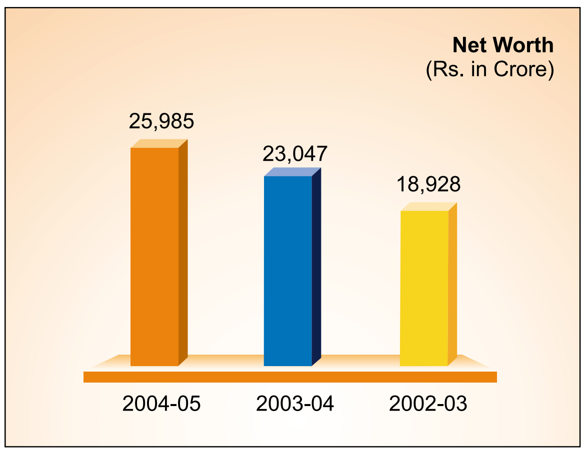
1 US $ = Rs. 43.75 as on 31.03.2005

1 US $ = Rs. 43.70 as on 31.03.2004

II OPERATIONS

		2004-05	2003-04	2002-03	2001-02	2000-01
Operating Performance						
Product Sales						
- Domestic	Million Tonnes	48.17	46.80	46.46	47.17	47.80
- Export	Million Tonnes	1.96	1.81	1.10	0.90	1.02
- Total	Million Tonnes	50.13	48.61	47.56	48.07	48.82
Refineries Throughput	Million Tonnes	36.63	37.66	35.29	33.76	33.22
Pipelines Throughput	Million Tonnes	43.03	45.17	41.11	40.36	39.44
Marketing Network Facilities						
State Offices	Nos.	15	15	15	15	15
Divisional Offices	Nos.	44	44	44	44	44
Indane Area Offices	Nos.	35	35	35	35	35
Terminals and Depots	Nos.	158	162	169	182	186
Aviation Fuel Stations	Nos.	95	94	93	92	92
Total Product Tankage	Lakh kl	68.90	68.74	68.89	68.45	64.77
LPG Botting Plants	Nos.	87	87	79	78	71
LPG Bottling Capacity	'000 Tonnes p.a.	3,778	3,674	3,344	3,221	3,007
Retail Outlets	Nos.	10,228	9,138	8,034	7,870	7,549
SKO/LDO Dealers	Nos.	3,555	3,521	3,497	3,455	3,436
Indane Distributors	Nos.	4,699	4,350	4,120	3,881	3,424
Towns with Indane	Nos.	2,353	2,177	2,064	1,985	1,637
Indane Customers	Lakhs	410.50	375	349	322	296
III MANPOWER	Nos.	30,430	30,801	31,500	31,675	32,266





Bankers, Auditors, Stock Exchanges and Registrar & Transfer Agents

Bankers

State Bank of India
United Bank of India

Statutory Auditors

M/s. Chatterjee & Co.
M/s. B.K. Khare & Co.
M/s. Suresh Chandra & Associates

Branch Auditors

M/s. Guha Nandi & Co.
M/s. Sarma & Co.
M/s. Mehra Goel & Co.
M/s. Vidya & Co.
M/s. S.K. Kapoor & Co.
M/s. T.K. Ghose & Co.
M/s. M.R. Narain & Co.
M/s. S.K. Bhattachariya & Co.

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

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

Registrar & Transfer Agents

M/s. Karvy Computershare Pvt. 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	3079/3, Sadiq Nagar, J.B. Tito Marg, New Delhi - 110 049

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
Chennai Petroleum Corporation Ltd.	536, Anna Salai, Teynampet, Chennai - 600 018
Bongaigaon Refinery & Petrochemicals Ltd.	P.O. Dhaligaon, Dist. Chirang, Assam - 783 385
IBP Co. Ltd.	IBP House, 34-A, Nirmal Chandra Street, Kolkata - 700 013
IndianOil (Mauritius) Ltd.	Mer Rouge, Port Louis, Mauritius
Lanka IOC Ltd.	World Trade Centre, 20th Floor, West Tower, Colombo, Sri Lanka
IndianOil Technologies Ltd.	SCOPE Complex, Core-2 7, Institutional Area, Lodhi Road, New Delhi - 110 003
Indian Strategic Petroleum Reserves Ltd.	SCOPE Complex, Core-2 7, Institutional Area, Lodhi Road, New Delhi - 110 003

Refineries, Pipelines and Marketing Set-up

Principal Executives

S/Shri

Anjan Ghosh, IPS	Advisor (Security)
A.S. Lamba, IAS	Chief Vigilance Officer
M.B.L. Agarwal	Executive Director (Internal Audit), Corporate Office
B.K. Mittal	Executive Director (Human Resources), Pipelines HO
Maj. S.C. Aggarwal	Executive Director (Operations), Pipelines HO
C. Dasgupta	Executive Director (Gas), Corporate Office
S.K. Swaminathan	Executive Director (Lubes), Marketing HO
Dr. R.P. Verma	Executive Director (Chemical Technology), R&D Centre
B.R. Choudhary	Executive Director, Haldia Refinery
V.P. Sharma	Executive Director (Finance), Pipelines HO
T.L. Jain	Executive Director (Corporate Planning), Corporate Office
P.K. Choudhury	Executive Director, Guwahati Refinery
C.P. Joshi	Executive Director (Supplies), Marketing HO
J.K. Puri	Executive Director (Optimisation), Corporate Office
Rohit Bhardwaj	Executive Director, Panipat Refinery
S.S. Soni	Executive Director (Finance), Marketing HO
B.K. Sarma	Executive Director, Assam Oil Division
P.K. Chakraborti	Executive Director (Business Development), Corporate Office
K.K. Acharya	Executive Director, Gujarat Refinery
Anand Kumar	Executive Director (IndianOil Institute of Petroleum Management)
P.R. Das	Executive Director (Projects – PX/PTA & PREP), Panipat
B.N. Bankapur	Executive Director (Operations), Refineries HQ
P.K. Goyal	Executive Director (Corporate Finance), Corporate Office
V.K. Sood	Executive Director (Human Resources), Marketing HO
R.P. Pandey	Executive Director (Strategic Storage), Corporate Office
V.P. Anand	Executive Director (Lube Operations), Marketing HO
S.C. Jain	Executive Director (Finance), Refineries HQ
J.P. Guharay	Executive Director, Mathura Refinery
D.S. Gadhvi	Executive Director (Projects), Pipelines HO
R. Narayanan	Executive Director & Company Secretary, Marketing HO
H.P. Singh	Executive Director, Barauni Refinery

Directors' Report

To

The IndianOil Family of Shareowners

Dear Members

On behalf of the Board of Directors, I have great pleasure in presenting to you the 46th Annual Report on the working of the Corporation for the financial year ended 31st March, 2005 along with the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller & Auditor General of India.

CORPORATE HIGHLIGHTS

- Your Corporation continued its dominance in the Indian corporate sector and retained its leadership position in the *Fortune* 'Global 500' listing released this year. From a ranking of 226 in the year 2002, IndianOil had moved up to 191 in 2003, 189 in 2004, and now 170 in 2005 based on its performance in 2004-05. It has also moved one step up among the largest petroleum companies of the world, and is now placed at the 18th position.
- In the *Forbes'* 'Global 2000' list of the world's biggest public companies in 2005, IndianOil is placed at 279 based on composite ranking for sales, profits, assets and market value.
- Your Corporation has been consistently rated AAA by ICRA, indicating the highest credit quality. While Standard & Poor's have rated IndianOil as BB+, Moody's have assigned a rating of Baa3, equivalent to the sovereign rating of the country.
- For the second consecutive year, your Corporation was adjudged # 1 in petroleum trading among the National Oil Companies in the Asia-Pacific region for the year 2004 in the annual survey conducted by Applied Trading Systems, Singapore.
- Your Corporation was recently honoured with the coveted 'Superbrand' status by the Business SuperBrands Council, an independent branding authority.
- It also topped the list of "India's Most Valuable Brands 2004", featuring the top 500 largest companies listed on the Bombay Stock Exchange by market value and released by *The Hindu Businessline*.
- Your Corporation also emerged as the 'Most Trusted Petrol Pump' brand in the country in a survey conducted by AC Nielson-ORG Marg for *The Economic Times*.
- For the second consecutive year in 2004, your Corporation retained its ranking among the top 10 'Best Employers in India' in a Hewitt Associates study. IndianOil was also ranked 4th among the most respected companies in the TNS India poll featured in *Business Today* magazine.
- Your Corporation became the first Indian corporate to breach the Rs. 150,000 crore mark in sales turnover in the year 2004-05 and posted major milestones in the downstream segment with its product sales crossing 50 million tonnes and its countrywide network of petrol and diesel stations (retail outlets) expanding beyond 10,000 during the year.
- Your Corporation also broke new ground during the year by grossing its first US$ 1 billion in revenues through initiatives in new businesses, viz., overseas ventures, gas marketing and petrochemicals.

All IndianOil refineries commenced production of BS-II quality petrol and diesel during the year.

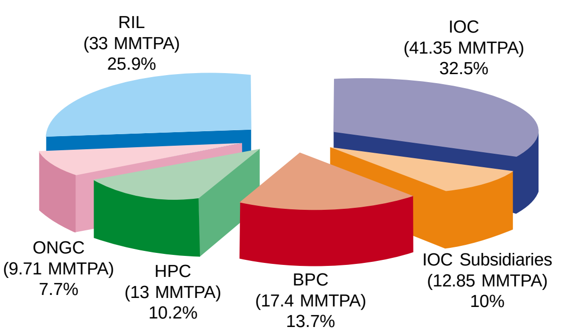
- The year 2004-05 marked your Corporation's big-ticket entry into petrochemicals with the commissioning of the country's largest Linear Alkyl Benzene (LAB) plant at Gujarat Refinery. It is also the largest grassroots single train Kerosene-to-LAB unit in the world.

- Your Corporation became the first Indian and the sixth global company to develop marine oils, having obtained global approvals for shipboard applications in the entire family of vessels of MAN B&W, Denmark, and Wartsila, Finland.

- As part of your Corporation's ambitious Project Manthan IT re-engineering project, over 450 IndianOil locations are now conducting unified transactions on the leading SAP R/3 Enterprise Resource Planning software, making it the largest such project in the Asia-Pacific region.

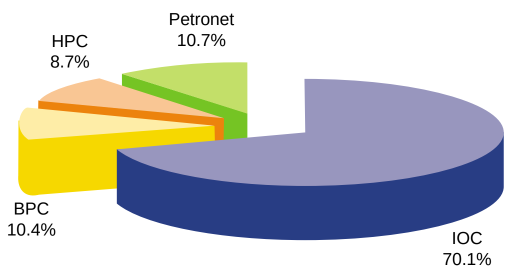
- Following the decision to merge the marketing subsidiary, IBP Co. Ltd., with IndianOil, the Board of IndianOil has recently accorded 'in-principle' approval for the merger of the refining subsidiary, Bongaigaon Refinery & Petrochemicals Ltd., with IndianOil, subject to the approval of the Government of India. Meanwhile, the Government of India has accorded its approval for the merger of Indian Oil Blending Ltd. (a wholly-owned subsidiary) with IndianOil and the process of merger is now in progress. Approval of the Government of India is, however, awaited for the proposed merger of IBP Co. Ltd. with IndianOil.

Refining Capacity - Industry Share



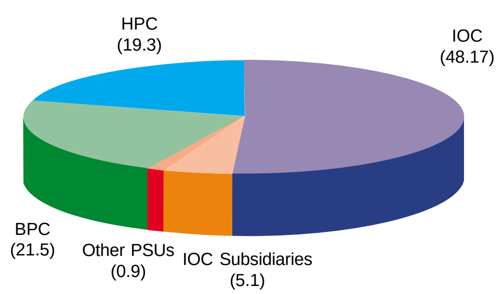
Total Refining Capacity : 127.37 MMTPA
(MMTPA = Million Metric Tonnes Per Annum)

Product Pipelines Length - Industry Share (%)



Total length of product pipelines in India : 7,013 km

Product Sales - Industry Share (PSUs)
(Sales in Million Metric Tonnes)



Total Product Sales by PSUs during 2004-05 : 95.0 MMT

IndianOil

CORPORATE REVIEW

FINANCIAL

	2004-05		2003-04	
	US $ Million	**Rs. in Crore**	US $ Million	Rs. in Crore
Turnover (inclusive of Excise Duty)	**34440**	**150,677**	29795	130,203
Profit				
Profit Before Interest, Depreciation and Tax	**1993**	**8,722**	2749	12,013
Interest Payment	**133**	**583**	103	453
Depreciation	**499**	**2,184**	428	1,869
Profit Before Tax	**1361**	**5,955**	2218	9,691
Tax Provision - Current	**235**	**1,030**	521	2,275
- Deferred	**8**	**34**	94	411
Profit After Tax	**1118**	**4,891**	1603	7,005
Appropriations				
Interim Dividend	**120**	**526**	133	584
Proposed Dividend	**267**	**1,168**	428	1,869
Corporate Dividend Tax	**54**	**237**	72	314
Insurance Reserve	**2**	**10**	2	10
Bond Redemption Reserve	**(134)**	**(586)**	9	38
General Reserve	**809**	**3,536**	959	4,190

PHYSICAL

(Million Tonnes)

	2004-05	2003-04
Product Sales		
- Domestic	**48.17**	46.80
- Export	**1.96**	1.81
- Total	**50.13**	48.61
Refineries Throughput	**36.63**	37.66
Pipelines Throughput	**43.03**	45.17

SHARE VALUE

	2004-05		2003-04	
	US $	**Rupees**	US $	Rupees
Cash Earning Per Share	**1.38**	**60.57**	1.74	75.97
Earning Per Share	**0.96**	**41.88**	1.37	59.97
Book Value Per Share	**5.09**	**222.47**	4.52	197.32

Notes:

(1) Exchange rate used:
1 US $ = Rs.43.75 as on 31.03.2005
1 US $ = Rs.43.70 as on 31.03.2004

(2) Figures for the previous year have been regrouped, wherever necessary.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard-21 “Consolidated Financial Statements” and Accounting Standard-27 “Financial Reporting of Interest in Joint Ventures” 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 under:

(Rs. in Crore)

	2004-05
Turnover (inclusive of Excise Duty)	148406
Profit Before Tax	7536
Profit for the Group (After Tax)	5469

MANAGEMENT’S DISCUSSION & ANALYSIS REPORT

Management’s Discussion & Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is incorporated in a separate section forming part of the Annual Report.

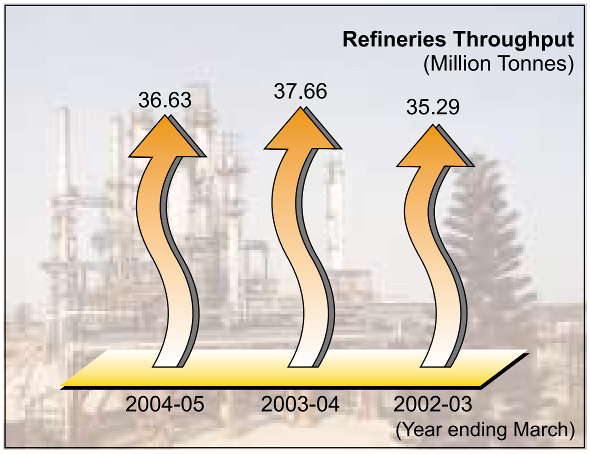
MOU PERFORMANCE

IndianOil has been consistently earning ‘Excellent’ rating for its performance in its Memorandum of Understanding (MoU) with the Government of India for the past 15 years. As per the performance data submitted for the year 2004-05, your Corporation is expected to achieve ‘Excellent’ rating once again for the 16th consecutive year.

OPERATIONS

REFINERIES

IndianOil’s seven refineries together registered a throughput of 36.63 million tonnes during the year, which is marginally lower than that of the previous year, primarily on account of extended shutdown maintenance at Mathura Refinery and closure of the Fluidised Catalytic Cracking Unit at Gujarat Refinery. However, Guwahati, Barauni, Haldia and Panipat refineries individually achieved their highest ever crude oil throughput during the year. IndianOil refineries also achieved an overall distillate yield of 71.5% wt., besides record production of aviation



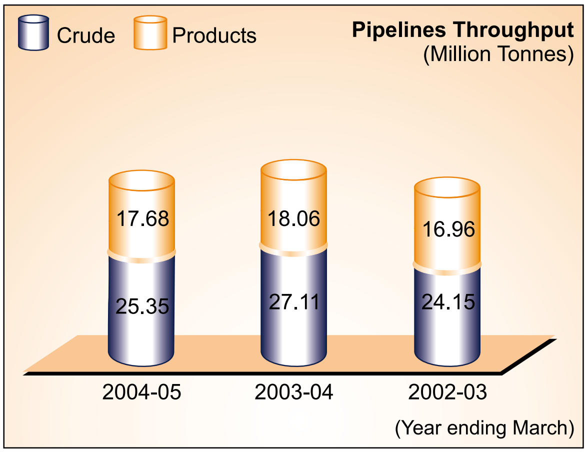
turbine fuel and Group-II lube oil base stock. All of them commenced production of BS-II quality petrol and diesel during the year. Production of Euro-III petrol was also commenced subsequently at Mathura and Panipat refineries, and Euro-III diesel at Gujarat, Mathura, Panipat and Haldia refineries.

Inauguration of Diesel Hydrotreating plant at Mathura Refinery.

The Government of India has allowed your Corporation to charter ocean vessels on its own for oil imports, instead of going through Transchart, the chartering wing of the Ministry of Shipping & Transport. This landmark decision will help IndianOil reduce freight cost and further streamline its business processes – from crude procurement to processing.

PIPELINES

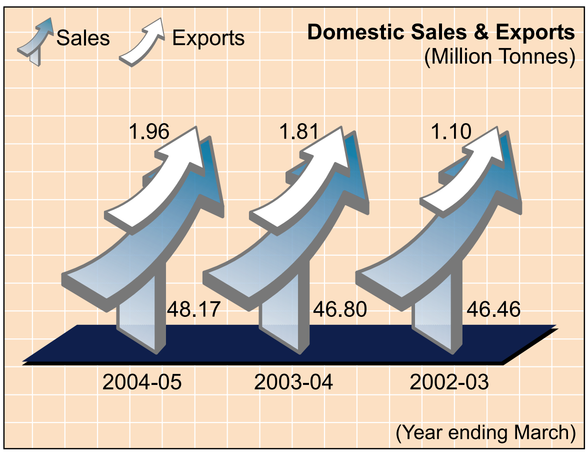
Your Corporation owns and operates the largest network of crude oil and product pipelines in India. With the commissioning of the new Panipat-Rewari product pipeline, this network was expanded to 7,730 km during the year. The overall pipelines throughput during the year was 43.03 million tonnes. The marginal reduction in throughput



compared to the previous year was on account of reduced throughput at our Mathura and Gujarat refineries.

MARKETING

IndianOil's Marketing Division continued to play a crucial role in maintaining our dominant status in the Indian downstream sector. Its strong, customer-centric approach helped maintain market leadership despite increased competition from established and new players. The year 2004-05 was observed as 'Customer Care Year' by the Division.



Your Corporation sold 50.13 million tonnes of petroleum products, including exports, during the year 2004-05 as against 48.61 million tonnes in the previous year, registering an increase of 3.1%. Domestic sales were up by 2.9% to 48.17 million tonnes while exports soared by almost 8% to 1.96 million tonnes. The retail network was expanded with the commissioning of 1,112 retail outlets and 34 kerosene/LDO* dealerships, raising their total number to 10,228 and 3,555 respectively.

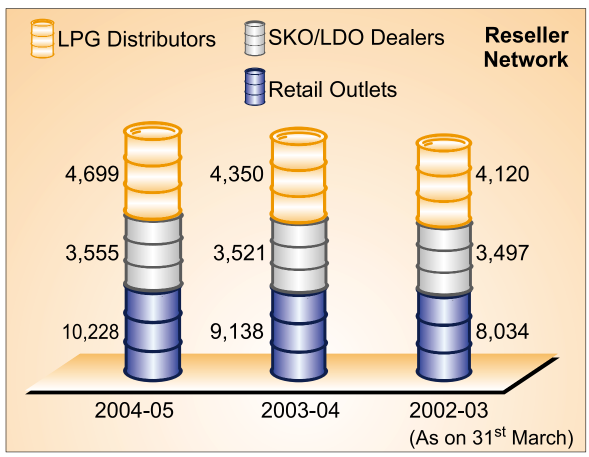
* Light Diesel Oil

Inauguration of IndianOil's 10,000th petrol station at Tirupati in Andhra Pradesh.

Your Corporation's retail forays gained momentum during the year with a slew of value-added 'XTRA' initiatives, including branded fuels and services. The retail business was demarcated into three broad segments – urban, highway and rural – to clearly identify and cater to the requirements of various types of customers.

About 460 branded XTRACARE retail outlets were unveiled during the year, primarily in urban markets. These outlets are a culmination of careful planning in retail design, product and service upgradation, capability building, automation, loyalty programmes, retail site management techniques, all benchmarked to global standards. Moreover, product quality & quantity, housekeeping, maintenance and customer service at these outlets are certified by the globally renowned agency - M/s Bureau Veritas.

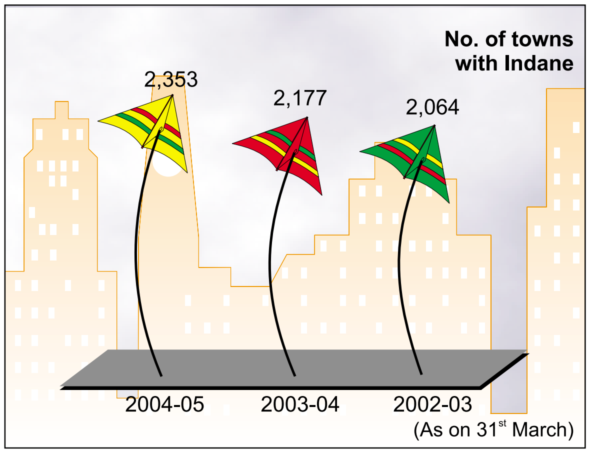
Sixty-six large-format *Swagat* brand retail outlets with added facilities were set up for highway motorists. Besides state-of-the-art fuelling facilities dispensing normal and premium brand fuels, these

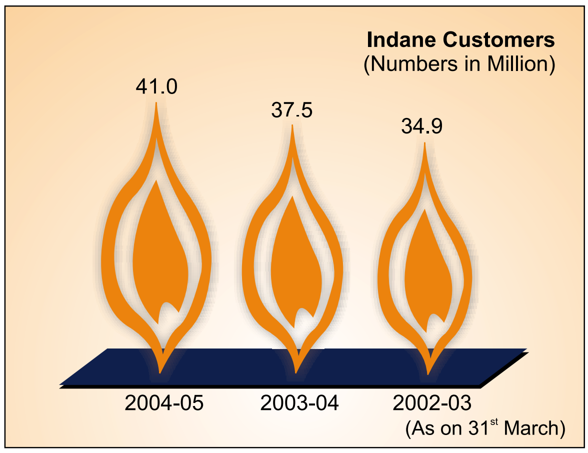


outlets have multiple amenities like dhabas, shops for tyres and other vehicle accessories, general store, rest rooms and dormitories, telephone and internet facilities, clinics, toilets and parking facilities for night halts.

As a new growth area in retail business, your Corporation unveiled small-format 'Kisan Sewa Kendras' for rural markets during the year. About 20 such kendras with tailor-made offerings and services were set up during 2004-05 and more will be rolled out during the current fiscal. IndianOil has joined hands with ICICI Bank in this initiative to make available at the farmer's doorstep fuels and financial products & services, besides other essential farm inputs. The Kendras will primarily market petroleum fuels, *SERVO* lubricants, ICICI Bank's rural financial products, and agro inputs like seeds, fertilisers, pesticides, farming equipment, vegetables, stationery and other items. Besides serving the farming community through a basket of products, services and facilities, this new initiative is also expected to create employment avenues in rural India, which is fast emerging as one of the largest consumer bases, thereby providing attractive returns to the operators.

Availability of branded fuels XTRAPREMIUM petrol and XTRAMILE diesel was extended to 1,562 and 3,617 IndianOil retail outlets respectively during the year, besides sale through IBP outlets. IndianOil's XTRAPOWER fleet card is the fastest growing fleet management & rewards programme in the country with nearly 4 lakh cards. These cards account for monthly purchases of about Rs. 200 crore.





Your Corporation constituted Platinum and Gold Card Circle dealers' platforms to recognise and promote best customer service practices at its retail outlets. These elite IndianOil dealers have emerged

Brands that make a difference

SERVO® — 100% PERFORMANCE. EVERYTIME.

Indane — SAFE ▲ RELIABLE ▲ CONVENIENT

XTRAPREMIUM — 91 Octane Petrol with Friction Buster — The best your vehicle can get

XTRAMILE — SUPER DIESEL

XTRACARE — For you, always!

XTRAPOWER — FLEET CARD — सुविधा हाथ, सुरक्षा साथ.

Swagat — Comforts & Vehicle care

IndianOil Aviation Service

autogas — EXPERIENCE THE ECO-DRIVE

IndianOil

IndianOil's SERVO brand lubricants continued their dominance in India even as they gained wider acceptance in foreign markets.

as peer leaders and are an integral part of the XTRACARE dealer 'sensitisation' strategy.

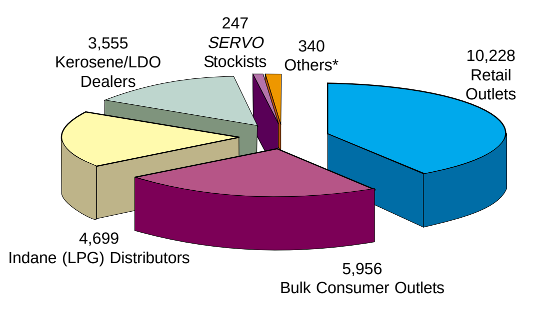
AIDS health clinics were organised at retail outlets for creating mass awareness.

To further consolidate its leadership position in the bulk consumer segment, your Corporation commissioned 310 dedicated consumer pumps for bulk users during the year. To protect product volumes, long-term tie-ups were entered into with diesel customers in the organised sector for periods ranging from one to three years. The single-window service for high-value customers was extended to 30 more customers during the year, taking the number of key accounts to 84.

Despite reduced earnings from LPG business, IndianOil enrolled 35.3 lakh new Indane cooking gas customers during the year to enhance customer convenience and as part of our commitment towards environment protection by way of preventing felling of trees for use as firewood. With this, Indane now reaches 410.50 lakh homes across the country. Compact 5 kg LPG cylinders continued to be marketed in select rural and hilly markets.

Your Corporation commissioned 361 new Indane distributorships during the year, raising their total number to 4,699. About 220 existing distributorships were categorisd as Star Distributors to recognise and promote excellence in customer service. With capacity augmentation of 140 thousand tonnes per annum during the year, the Corporation's LPG bottling capacity now stands at 3,778 thousand tonnes per annum.

IndianOil's Marketing Network



*Others: Includes bulk storage depots/terminals, Aviation Fuel Stations (AFS), Indane (LPG) bottling plants, etc.

Your Corporation continues to lead the aviation fuel supply business with a market share of 65%, meeting the fuel needs of Indian Airlines, Air India, scheduled private airlines, international airlines and the Defence Services. New business of about 83,700 kl per annum was gained during the year.

Foreign exchange earnings from ATF (Aviation Turbine Fuel) sales to international airlines were Rs. 1,179 crore. During the year, IndianOil's 95th aviation fuel station was commissioned at Purnea in Bihar.

In the wake of the tsunami that struck several coastal areas of the country, your Corporation's aviation fuel stations at Port Blair, Car Nicobar and Chennai worked round-the-clock to refuel Indian Air Force and other civil aircraft engaged in relief and rescue operations.

IndianOil's *SERVO* brand of lubricants, being the first and only one in its category in India to be accorded 'Superbrand' status, continued its dominance in the lubricants business in India even as it gained wider acceptance in foreign markets like UAE, Nepal, Bangladesh, Sri Lanka, etc. The market share in finished lubes increased by 2.2% and in total lubes by 3% during the year.

ASSAM OIL DIVISION

The Digboi Refinery of Assam Oil Division (AOD) processed 0.65 million tonnes of crude oil during the year. The Division sold 1.04 million tonnes of products and retained its position as market leader in the Northeast region. AOD's marketing network comprises 351 retail outlets, 399 Kerosene/LDO dealerships, and 263 Indane (LPG) distributors. AOD supplies Indane gas to 13.57 lakh households in 183 towns in the Northeast region.

RESEARCH & DEVELOPMENT

The year 2004-05 marked the consolidation of IndianOil's role as a technology provider. IndianOil Technologies Ltd., your Corporation's wholly-owned subsidiary for translating its intellectual property into financial gains, accrued business worth Rs. 2 crore in its first complete year of operation.

During the year 2004-05, IndianOil's R&D Centre developed 85 lubricant formulations besides upgrading 93 existing ones. Approvals were obtained from original equipment manufacturers (OEM) and user industry for 41 products; of these, 19 products were approved by international agencies such as API-USA, Wartsila-Finland and MAN B&W-Germany.

A process for naphtha hydrocracking to LPG was developed in association with Zeolyst International. The R&D Centre also earned four Indian and 12 international patents during the year, taking their combined number to 140.

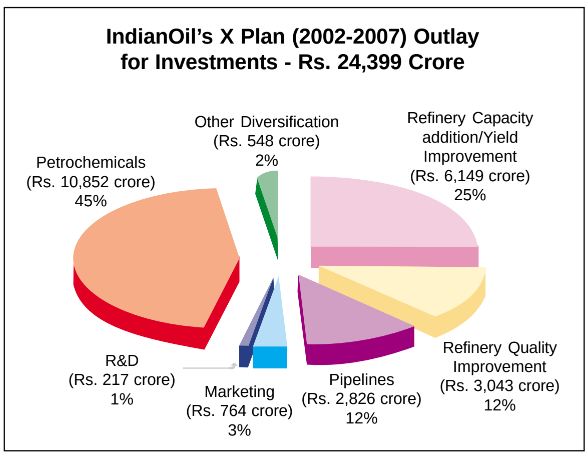
IndianOil's R&D Centre has developed over 2,100 lubricant formulations for virtually all applications.

As the nodal agency of the hydrocarbon sector for implementation of the Hydrogen energy programmes in the country, the R&D Centre has made good progress during the year. The Centre is collaborating with Mahindra & Mahindra and the Tata group, among others, for conducting joint research leading to the rollout of India's first Hydrogen engine in the next two years. A corpus fund of Rs. 100 crore is being set up with contributions from public sector petroleum companies and the Oil Industry Development Board for taking up Hydrogen research projects.

The Centre has already taken the lead in the development and commercialisation of biodiesel.

PROJECTS

Your Corporation nurtures the vision of growing from a US $ 35 billion turnover company today to



IndianOil accords highest priority to project execution.

US $ 60 billion by the year 2011-12 with well-coordinated strategic plans, including clear blueprints for US$ 15.5 billion (Rs. 70,000 crore) investments.

During the X Plan period (2002-07), IndianOil is investing Rs. 24,400 crore in developing capital assets. For the year 2004-05, the Corporation's capital expenditure at Rs. 6,460 crore was 63% more than that of the previous year. Ten major projects, together costing Rs. 12,664 crore, are being completed in the current fiscal.

The list of various projects is as follows:

Completed Projects

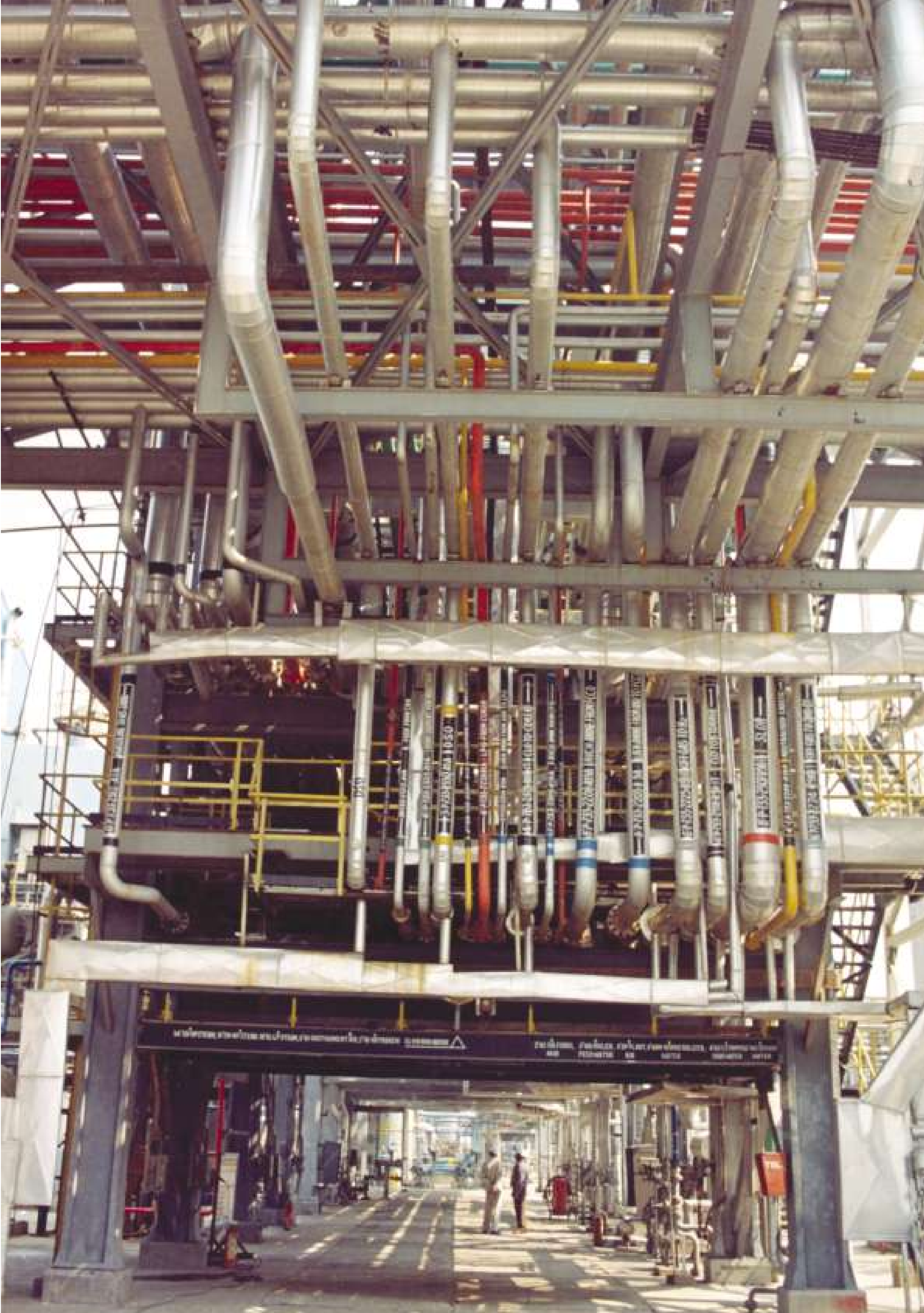
- LAB plant at Gujarat Refinery
- Diesel hydrotreating plant at Mathura Refinery
- MS quality improvement project at Mathura Refinery
- Panipat-Rewari product pipeline
- Sidhpur-Sanganer product pipeline (Panipat Refinery expansion-linked pipeline project)
- Lab facility for catalyst evaluation for Hydrogen Generation Unit at R&D Centre, Faridabad
- New depots at Peddapalli, Along and NOIDA

Ongoing Projects

- Panipat Refinery expansion from 6 to 12 million tonnes per annum
- Paraxylene/Purified Terephthalic Acid (PX/PTA) unit at Panipat Refinery
- MS quality improvement projects at Haldia and Gujarat refineries
- Paradip Refinery project
- Mundra-Kandla crude oil pipeline and conversion of Kandla-Panipat section of Kandla-Bhatinda pipeline to crude oil service
- Paradip-Haldia crude oil pipeline
- Crude oil blending facilities at Mundra
- Chennai-Trichy-Madurai product pipeline
- Koyali-Dahej product pipeline
- Koyali-Ratlam product pipeline
- Tap-off points at Trichy, Chittorgarh, Ratlam and Jasidih
- Bottling Plants at Ilayangudi, Raipur and Vasai

New Projects

- Panipat Refinery expansion from 12 to 15 million tonnes per annum
- Naphtha Cracker and downstream polymer units at Panipat
- Residue upgradation and diesel/petrol quality improvement project at Gujarat Refinery
- Improvement of distillate yield and diesel quality at Haldia Refinery
- Dadri-Panipat pipeline for re-gassified LNG
- Panipat-Jalandhar LPG pipeline
- Chennai-Bangalore product pipeline
- Raxaul-Amlekhganj product export pipeline
- New depots at Mandir Hasud (MP) and Lalkuan (Uttaranchal)
- LPG bottling plant at Mathura



IndianOil

BUSINESS DEVELOPMENT

Your Corporation has drawn up a comprehensive business plan to seek growth beyond existing business through a three-pronged approach:

- Integration – upwards into Exploration & Production (E&P) and downwards into Petrochemicals
- Diversification into Gas
- Expanding the existing geographical boundaries of our market through export of products and services, besides setting up downstream marketing ventures overseas.

Exploration & Production

The rationale behind IndianOil's foray into E&P business is two-fold: One, to emerge as an integrated oil major and the other, to aid in the oil security of the nation. Presence in E&P business will also provide us a hedge when the downstream sector faces a cyclical low.

Your Corporation had participated in the NELP (New Exploration Licencing Policy) Rounds I, II and III in India, in consortium with other companies, and was awarded 11 exploration blocks. During the year, your Corporation has farmed into two domestic exploration blocks situated in the Assam-Arakan and Cachar region.

Besides significant progress on these projects on the domestic front, your corporation's first exploratory well overseas is scheduled to be spudded by the end of 2005 in the Farsi Exploration Block in Iran. Within months of signing an MoU for collaboration in E&P ventures abroad, the IndianOil-Oil India consortium achieved a major breakthrough overseas by bagging an onshore block in the highly prospective Sirte Basin in Libya against stiff global competition.

Your Corporation is also looking at acquiring a suitable mid-size overseas E&P company to give a major fillip to its upstream forays in the coming years.

Gas

As the fuel of the future, the share of gas in the Indian energy basket is on the rise and is expected to reach 20% by the year 2025. Your Corporation, therefore, took further steps to expand and strengthen its gas business during the year, to ensure its continued dominance in the domestic petroleum sector.

Signing of MoU witth GAIL for city gas distribution projects at Agra and Lucknow.

The Indian gas market is currently in a transition phase, moving away from a supply-constrained scenario to a multi-source, multi-market entity. Recognising the need for sourcing LNG (Liquefied Natural Gas) at competitive prices from varied sources, your Corporation has taken several steps in this direction.

As part of the Government-to-Government understanding between India and Iran on cooperation in the hydrocarbon sector, your Corporation signed a Sale Purchase Agreement in June 2005 for procuring 1.75 million tonnes of LNG per annum from Iran. The product is to be received from the year 2009 at Petronet LNG Ltd.'s Dahej Terminal. Arising out of this deal alone, your Corporation's turnover is expected to go up by Rs. 1,800 crore annually.

To further strengthen its presence in the LNG business, your Corporation has submitted a joint proposal in association with Petropars of Iran to the National Iranian Oil Company seeking allotment of a gas field in Iran for developing an integrated LNG project. The project envisages setting up of a liquefaction plant at the site and marketing rights for up to 9 million tonnes of LNG per annum.

Your Corporation is also focussing on developing gas-related infrastructure in India and to this end, its subsidiary, Chennai Petroleum Corporation, has planned to develop an LNG import terminal at Ennore, near Chennai.

City gas distribution is another growth area. Your Corporation is, therefore, actively pursuing projects that envisage distribution of natural gas to industries, domestic households and commercial establishments in select cities and towns. During the year, IndianOil entered into an MoU with GAIL

(India) Ltd. for developing integrated gas distribution projects at Agra and Lucknow as a joint venture.

With the Government of India entrusting IndianOil with the task of laying the Dadri-Panipat gas pipeline, your Corporation will be setting up its maiden gas pipeline soon. Expertise gained in the new venture will equip us to pursue similar projects in future.

Globalisation

Your Corporation has been tapping new markets in the neighbouring countries for its products and services. Its two overseas subsidiaries, Lanka IOC Ltd. (LIOC) and IndianOil (Mauritius) Ltd. (IOML), went from strength to strength during the year, carving out a special place for themselves in the petroleum sector of Sri Lanka and Mauritius respectively.

LIOC now operates a network of 170 retail outlets in Sri Lanka and has captured 27% market share in the retail segment. Its sales turnover during the year was Sri Lankan Rs. 2,759 crore (equivalent to Indian Rs. 1,218 crore) with a net profit of Sri Lankan Rs. 233 crore (equivalent to Indian Rs. 103 crore). To broadbase its activities, LIOC launched an IPO in Sri Lanka during the year, which was oversubscribed 11.6 times.

IOML has set up a range of marketing infrastructure in Mauritius, including a state-of-the-art terminal at Mer Rouge and several retail outlets. We now propose to double our existing investment profile there to about US$ 35 million in the coming months to add tankage capacity at the terminal, besides setting up a state-of-the-art laboratory for product testing. At present, all oil companies, including IOML, are sending such samples to South Africa. A modern laboratory will bring IOML additional revenue, besides speeding up the testing process.

During the year, bunkering facilities have also been completed in Mauritius and operations commenced. IOML has also joined a consortium of four existing multinational oil companies to operate aviation fuelling facilities. During the very first year of its full operation (2004-05), the Company achieved a market share of 7%. IOML's sales turnover was Mauritian Rs. 76 crore (equivalent to Indian Rs. 126 crore) with a net profit of Mauritian Rs. 0.59 crore (equivalent to Indian Rs. 0.92 crore).

During the year 2004-05, your Corporation exploited all available opportunities to evacuate surplus products through exports and maintain its refining margins. About 1.96 million tonnes of petroleum products were exported during the year.

IndianOil also achieved a 20% growth in lubricant exports during the year. Blending of *SERVO* lubricants in Dubai, which commenced last year, will open up new markets in the Middle East, besides export to Sri Lanka.

IndianOil's state-of-the-art terminal at Mer Rouge in Port Louis, Mauritius.

Signing of an MoU witth Nepal Oil Corporation for laying a product pipeline between Raxaul (India) and Amlekhganj (Nepal)

An MoU has been signed with Nepal Oil Corporation (NOC) for laying a product export pipeline between IndianOil's Raxaul Depot and NOC's Amlekhganj Depot through a joint venture company.

Your Corporation also signed an MoU with the Government of Edo State, Nigeria, in September 2004 for setting up a petroleum refinery and development of the hydrocarbon sector in the State.

Petrochemicals

As part of its forward integration strategy, your Corporation is implementing a master plan by co-locating petrochemical plants with its existing and proposed refineries to fast emerge as a leading petrochemicals player in the country.

Your Corporation took the first step in this direction by commissioning a LAB plant at Gujarat Refinery in August 2004. Despite intense competition in the domestic market, IndianOil secured nearly 30% share of LAB business in a short time. Export opportunities are also being explored.

Signing of agreement with Tata Chemicals Ltd. for supply of re-gassified LNG.

Your Corporation is also implementing an integrated PX/PTA project at Panipat Refinery, to be mechanically completed by October 2005. Marketing activities for PTA have already been initiated and the response so far has been very encouraging.

Your Corporation is in an advanced stage of setting up a Naphtha Cracker and downstream polymer units at Panipat. Towards this, an MoU has been signed in June 2004 with the Government of Haryana, who are extending fiscal incentives and concessions for the project. The project is planned to be completed by 2007-08.

IndianOil has already proposed a refinery at Paradip on the east coast. It is now proposed to develop it into a refinery-cum-petrochemicals complex. Feasibility studies for finalising the configuration are currently underway.

INTERNATIONAL TRADE

To meet the country's increased demand, your Corporation imported crude oil and finished products through a carefully selected, diversified mix of supply sources. Surplus finished products were, however, exported, resulting in foreign exchange earnings for the Company and the country.

	Quantity (Million Tonnes)	**Value** (Rs. in Crore)
Imports		
Crude Oil	27.361	35886.14
Fuel Products	3.597	6774.80
Lube Base Oils/Additives	0.031	19.92
Exports		
Fuel Products	1.96	3540.62

Your Corporation continued to adopt instruments of risk management in international trading, and derivatives trading to protect its refining margins. New term contracts, including swap contracts, were entered into to get the desired grades of crude oil. Long-term tenders were floated for sourcing crude oil at very competitive rates. The crude oil basket for IndianOil Group refineries was diversified with inclusion of seven new grades of crude oils. Enhanced use of very large and ultra large crude carriers resulted in substantial savings. Euro-II and Euro-III petrol and diesel parcels were imported at short notice to meet the country's requirement of green fuels.

IndianOil lays great emphasis on growth and learning opportunities for its employees.

INFORMATION SYSTEMS

ERP (Enterprise Resource Planning) implementation under the Project Manthan IT re-engineering project was extended to over 450 IndianOil locations during the year. A full-fledged disaster recovery site was also commissioned at Jaipur to ensure data backup and continuity of business in case of any eventuality at the primary Data Centre at Gurgaon. A dedicated communication network of VSATs and leased lines has been set up to facilitate SAP transactions and data transfer.

The project also envisages several software solutions for optimising the supply chain, refinery modelling, economic evaluation of capital investments, etc.

SAFETY & QUALITY

Your Corporation is committed to conducting business with a strong environment conscience, focussing on sustainable development, safe workplaces and enrichment of the quality of life of employees, customers and the community. Systems, procedures and practices are in place at all operating units and installations to take care of safety, occupational health and environmental hazards. Existing facilities are periodically audited and upgraded to maintain excellence. Environment management systems at the refineries, pipelines and major marketing installations are certified to ISO-14001 standards.

Launch of Six Sigma initiatives at IndianOil refineries.

Your Corporation's emphasis on quality assurance has made it a market leader for testing of petroleum products through its countrywide network of testing facilities.

ENERGY CONSERVATION

Your Corporation continued to maintain its thrust on energy conservation at all its operating refineries through continuous in-house process and technology improvements. Various energy conservation measures undertaken during the year have brought down the energy index of IndianOil refineries to 109 as against 111 in the previous year. Similarly, energy conservation schemes implemented during the year resulted in fuel savings to the tune of 30,000 million tonnes per year valued at Rs. 30.5 crore.

HUMAN RESOURCES

The Corporation's employee strength as on 31st March 2005 was 30,430, including 10,667 officers. There are 2,361 women employees (including 763 officers), constituting 7.76% of the total manpower.

Industrial Relations

The industrial relations climate in the Corporation continued to remain harmonious, peaceful and cordial during the year. As part of continuous improvement in employee benefits, various work-related allowances were revised. A memorandum of settlement on work-related allowances was signed with the recognised workers' unions during the year. The healthy bilateral relations with the collectives have helped in resolving several major issues like redeployment, optimisation of manpower and other productivity improvement measures including technological upgradation.

Significant participative initiatives like Total Productive Maintenance and Six Sigma have been launched at many locations of the Corporation by involving all personnel from top management to workmen.

The IndianOil Suggestion Scheme was modified and improved during the year, inviting suggestions even in the areas of corporate policies and service conditions.

Human Resource Development

Your Corporation strongly believes that the competence and commitment of its people are the key drivers of competitive advantage in the market place, enabling it to deliver unique value to customers. Towards this end, your Corporation has undertaken a comprehensive exercise of 'role-goal' alignment of IndianOilPeople right from the top, keeping in view new and emerging business needs. An international consultant in the HR domain was mandated to conduct Development Centres for management grades to strengthen leadership at senior levels.

Your Corporation embarked upon an ambitious project of e-enabling the Performance Management System during the year to strengthen the performance culture at all executive levels, making it more transparent and aligned to corporate goals.

IndianOil lays great emphasis on growth and learning opportunities for all employees with best-in-class training and development resources led by its apex learning institution, the IndianOil Institute of Petroleum Management.

Shri Mani Shankar Aiyar, Hon'ble Minister of Petroleum & Natural Gas and Panchayati Raj, delivering the First IndianOil Lecture.

Corporate Social Responsibility

Every year, your Corporation earmarks substantial funds for donations, contributions and community welfare activities. During the year 2004-05, besides undertaking various community development programmes, your Corporation donated Rs. 15 crore to the Prime Minister's Relief Fund for tsunami victims. In the wake of the tragedy, IndianOil teams

IndianOil donated Rs. 15 crore to the Prime Minister's Relief Fund for tsunami victims.

not only maintained regular supplies in the affected areas but also provided quick relief services, working hand in hand with civil and defence authorities.

The IndianOil Foundation, a non-profit trust to protect, preserve and promote heritage monuments, unveiled the Swatantrya Jyot at the Cellular Jail National Memorial at Port Blair in 2004.

During the year, 350 meritorious students from economically weaker sections of society pursuing 10+, ITI and professional courses in Engineering, Medicine and Business Administration/ Management disciplines were awarded IndianOil scholarships.

In compliance with the Official Language Act, 1963, Official Language Rules, 1976 and orders issued by the Government of India from time to time, efforts were continued for increasing the progressive use of Hindi in official work. Official Language Committees functioning at IndianOil units regularly reviewed the progress of implementation of Official Language policies and the annual programme as circulated by the Department of Official Language, Ministry of Home Affairs. Several IndianOil units received awards from the Department of Official Language during the year for progressive use of Hindi in official work.

Presidential Directives regarding Representations of SCs and STs

Your Corporation has been meticulously following the Presidential Directives and other guidelines issued by the Ministry of Petroleum & Natural Gas and the Department of Public Enterprises from time to time with regard to reservation in services for Scheduled Castes, Scheduled Tribes, etc. Officers dealing with the subject have been provided necessary training to enable them to update their knowledge on the subject and execute their job efficiently. Carefully chosen liaison officers have been appointed at various IndianOil units across 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 the statistics relating to representation of SCs/STs in the prescribed proforma – SC/ST/OBC Report-I and SC/ST/OBC Report-II – is annexed.

IndianOil executive and badminton ace P. Gopichand receiving the Padma Shri award from the Hon'ble President of India.

Status on Implementation of Disabilities Act, 1995

Your Corporation has been diligently implementing the provision of 3% reservation for physically handicapped and disabled persons.

Welfare of Other Weaker Sections

Our endeavour to utilise 25% of community development funds towards Special Component Plan and Tribal Sub Plan, for meeting the needs of weaker sections, continued during the year.

Sports

Your Corporation continued its policy of nurturing budding talent in sports during the year and achieved considerable success when eight of its sportspersons represented the country in the Olympic Games held at Athens in August 2004. IndianOil executive and badminton ace P. Gopichand was conferred the Padma Shri Award during the year. He is the first to receive this honour at IndianOil. Devesh Chauhan, also of IndianOil, was conferred the prestigious Arjuna Award for his outstanding contribution to Indian hockey.

Foreign Tours

IndianOil officers undertook a total of 379 foreign tours during 2004-05 for business purposes and for attending conferences, seminars and training programmes. The total expenditure on foreign tours was Rs. 5.38 crore.

VIGILANCE

Your Corporation's Vigilance wing had earned ISO 9001:2000 certification for quality assurance from

M/s DNV, The Netherlands, in March 2004. After auditing five vigilance units, including Corporate Office, during 2004-05, DNV approved continuation of the certification for the upgraded version of ISO 9001:2000. The Vigilance group organised a number of seminars and awareness programmes during the year for the benefit of the employees. A compendium of Government guidelines on vigilance matters, including circulars, was published and circulated among all units.

REMUNERATION TO THE AUDITORS

The Auditors' remuneration for the year 2004-05 has been fixed at Rs. 37.50 lakh plus applicable service tax. In addition to this, reasonable out-of-pocket expenses actually incurred are also reimbursable.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 2004-05 were Rs. 26 lakh.

SUBSIDIARIES

Indian Oil Blending Ltd.

The Annual Accounts and Directors' Report of IndianOil Blending Ltd., a wholly-owned subsidiary of the Corporation, are annexed. The Company posted a loss of Rs. 4.87 crore for the year 2004-05.

MoU between IndianOil and CPCL.

Chennai Petroleum Corporation Ltd.

The Annual Accounts and Directors' Report of Chennai Petroleum Corporation Ltd. are annexed. The Company earned a net profit of Rs. 597 crore and declared a dividend of 120% for the year 2004-05.

MoU between IndianOil and BRPL.

Bongaigaon Refinery & Petrochemicals Ltd.

The Annual Accounts and Directors' Report of Bongaigaon Refinery & Petrochemicals Ltd. are annexed. BRPL earned a net profit of Rs. 478 crore and declared a dividend of 120% for the year 2004-05.

MoU between IndianOil and IBP Co. Ltd.

IBP Co. Ltd.

The Annual Accounts and Directors' Report of IBP Co. Ltd. are annexed. The Company earned a net profit of Rs. 59 crore and declared a dividend of 100% for the year 2004-05.

IndianOil (Mauritius) Ltd.

The Annual Accounts and Directors' Report of IndianOil (Mauritius) Ltd., a wholly-owned subsidiary of the Corporation, are annexed. The Company earned a profit of Mauritian Rs. 0.59 crore during the year, which is equivalent to Indian Rs. 0.92 crore.

Lanka IOC Ltd.

The Annual Accounts and Directors' Report of Lanka IOC Ltd. are annexed. The Company earned


Inauguration of the third retail outlet of IndianOil(Mauritius) Ltd.

a net profit of Sri Lankan Rs. 233 crore during the year, which is equivalent to Indian Rs. 103 crore.

IndianOil Technologies Ltd.

The Annual Accounts and Directors' Report of IndianOil Technologies Ltd., a wholly-owned subsidiary of the Corporation, are annexed. The Company earned a net profit of Rs. 0.42 crore during the year 2004-05.

Indian Strategic Petroleum Reserves Ltd.

The Company was incorporated in June 2004 and has not yet commenced business.

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 annexed.

PARTICULARS OF EMPLOYEES

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

BOARD OF DIRECTORS

Shri M.S. Ramachandran, Chairman, superannuated from the services of the Corporation on 28th February 2005. Shri Sarthak Behuria was appointed as Chairman with effect from 1st March 2005.

Shri N.R. Raje, Director (R&D), superannuated from the services of the Corporation on 28th February 2005. Shri B.M. Bansal was appointed as Director (R&D) with effect from 1st March 2005.

Shri P. Sugavanam, Director (Finance), superannuated from the services of the Corporation on 30th June 2005. Shri S.V. Narasimhan was appointed as Director (Finance) with effect from 1st July 2005.

Shri P.K.Agarwal, Director (Human Resources), superannuated from the services of the Corporation on 31st July 2005. Shri V.C. Agrawal was appointed as Director (Human Resources) with effect from 1st August 2005.

Shri P.K. Sinha, Jt. Secretary & Financial Advisor, Ministry of Petroleum & Natural Gas, was appointed as a Director of IndianOil on 22nd December 2004.

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 2005, the applicable accounting standards had been followed along with 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 2005 on a 'going concern' basis.

CAUTIONARY STATEMENT

Statements in the 'Management's Discussion & Analysis' section (which forms part of the Annual Report) describing the Company's focal objectives, expectations or anticipations may be forward looking within the meaning of applicable securities, laws and regulations. Actual results may differ materially from the expectations. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of products, input availability and prices, changes in Government regulations/tax laws, economic developments within the country and factors such as litigation and industrial relations.

ACKNOWLEDGEMENTS

The Board of Directors conveys its sincere appreciation of the commitment and dedication of the members of the IndianOil family for the excellent performance of your Corporation. The Board also wishes to thank the Government of India, particularly the Ministry of Petroleum & Natural Gas, 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 Shri M.S. Ramachandran, Shri N.R. Raje, Shri P. Sugavanam and Shri P.K. Agarwal during their tenure on the Board of IndianOil.

For and on behalf of the Board

(S. BEHURIA)
Chairman

Place : New Delhi
Dated : 17th August 2005


DECATIONISED WATER
SAC-3

Inspired Earnings

(Major awards, accreditations and recognitions earned by IndianOil and its people in the past year)

Corporate

- The Deutsche Bank, in a recent oil strategy report, has chosen IndianOil as one of the top global stock picks in the oil & gas sector. IndianOil is also the only Asian company to be featured in the list of top global stocks by Deutsche Bank
- IndianOil has been chosen by the Standing Conference of Public Enterprises (SCOPE) for the Gold Trophy of the 'SCOPE Award for Excellence and Outstanding Contribution to Public Sector Management - Institutional Category 2003-04'

- The Science & Technology National Award-2004, instituted by the Technology Development Board, Department of Science & Technology, Government of India, was conferred on IndianOil by the Hon'ble President of India for successful commercialisation of INDMAX resid upgradation technology
- IndianOil emerged as India's # 1 corporate in the annual listings of both *Businessworld* and *Business India*, two of the country's leading business magazines, for the year 2004
- For the second consecutive year, IndianOil retained its ranking as one of the top ten 'Best Employers in India' in a study by Hewitt Associates. IndianOil, at the 9th position, was also the only oil company to be featured in the Top 10 listing.

- IndianOil bagged the coveted HT PowerJobs Award for Excellence in HR instituted by the Centre for Change Management, Mumbai, in the category 'Organisation with innovative HR practices'
- IndianOil bagged the 'Best Enterprise Award' and 'Special Commendation Award' from the Forum of Women in Public Sector (WIPS)
- FICCI (Federation of Indian Chambers of Commerce & Industry) Award (2003-04) for research in science and technology was bagged by IndianOil's R&D Centre for development of the novel INDE-Treat and INDE-Sweet refinery process technologies for removal of undesirable compounds. The award was given away by the Hon'ble Union Finance Minister, Shri P Chidambaram

- DSIR (Department of Scientific & Industrial Research) Award for R&D efforts in industry was conferred on IndianOil for developing INDMAX technology and i-MAX FCC catalyst additive. The award was given away by the Hon'ble Union Minister of State for Science & Technology, Shri Kapil Sibal

- NRDC (National Research Development Council) Award was conferred on IndianOil for development of corrosion inhibitors. The award was given away by Shri Sibal
- Four National Petroleum Management Programme (NPMP) Awards for Excellence (2003-04) were bagged by IndianOil:
  - NPMP Award for Excellence in Human Resource Development (Enterprise Category)

  - NPMP Award for Excellence in Women Development
  - NPMP Award for Excellence in Creativity & Innovation (team category) went to Dr. R P Verma, ED (Chemical Technology), R&D Centre, and his team for the development and commercialisation of a novel process technology for removal of H_2S (Hydrogen Sulphide) and mercaptans from LPG through continuous film contractor
  - NPMP Certificate of Recognition for Excellence in Creativity & Innovation was presented to Shri N R Raje, former Director (R&D), and his team for the development of needle coke technology
  - A special cash award of Rs. 50,000 for Excellence in Creativity & Innovation was presented to Shri K N Sah, Master Technician at IndianOil's Gujarat Refinery, for developing a system of uninterrupted operation of Air Demand Analysers in Sulphur Recovery Unit
- IndianOil bagged a rich haul of 11 awards in 10 different categories at the ABCI Awards-2004 given by the Association of Business Communicators of India, Mumbai, in recognition of excellence in business communication among the leading corporates of India
- IndianOil won the NASSCOM Award for "Best IT User-2004"
- IndianOil was awarded the PSPB (Petroleum Sports Promotion Board) President's Trophy (first runners-up) for 2003-04
- IndianOil Chairman, Shri S.Behuria, was elected Chairman of SCOPE, the apex body of public enterprises in India
- Shri M.S.Ramachandran, the then Chairman, was conferred the "Lakshya – Business Visionary Award – 2004" by the National Institute of Training in Industrial Engineering (NITIE), Mumbai
- Shri A.M. Uplenchwar, Director (Pipelines), IndianOil, was conferred the Lifetime Achievement Award by the Pune Institute of Engineering & Technology (formerly known as College of Engineering, Pune)
- Dr. N.G.Kannan received the Award for Excellence in Marketing Communications from the ABCI

Energy Conservation

- Gujarat Refinery received the National Energy Conservation Award-2004 instituted by the Ministry of Power, Government of India - the award was given away by the Hon'ble Prime Minister of India
- Panipat Refinery received the National Award for Excellence in Energy Management-2004, instituted by the Confederation of Indian

Industry (CII), for demonstrating energy efficiency

- Three IndianOil refineries – Barauni, Panipat and Mathura – received the Oil & Gas Conservation Fortnight (OGCF) Awards-2004 of the Ministry of Petroleum & Natural Gas, Government of India, based on joint surveys conducted at all PSU refineries for furnace/ boiler efficiency
- Panipat Refinery won the PCRA Award for Excellence in Oil Conservation-2004 in large projects category instituted by the Petroleum Conservation Research Association. IndianOil's R&D Centre was also conferred the PCRA Award for its exemplary work in energy conservation by way of developing multi-grade rail road oil and energy efficient industrial gear oil

- Gujarat and Panipat refineries bagged the first and second prizes respectively at the Jawaharlal Nehru Centenary Awards (2002-03) under Group-I category (composite energy factor more than 4) for their performance in the area of Energy Conservation. Panipat Refinery bagged the second prize under Group-I category for the year 2003-04. Both the awards were declared in March 2005

Environment Management

- Barauni Refinery received the TERI Corporate Environment Award for the year 2002-03 under Category-3 for its case study on installation and commissioning of flue gas scrubbing unit in RFCCU to remove particulate matter and sulphur dioxide.

Safety

- Gujarat Refinery and Haldia-Barauni Crude Oil Pipeline were presented the *Shreshtha Suraksha Puraskar* and the *Prashansa Patra* (Category II) respectively, instituted by the National Safety Council of India, for the year 2003

- Salaya-Mathura Pipeline and Barauni Refinery received the first and second prizes of the Oil Industry Safety Directorate Award for excellence in safety performance for the year 2002-03
- Panipat Refinery bagged two prizes under the National Safety Awards-2003 instituted by the Ministry of Labour, Govt. Of India – Runner-up under Scheme-I (lowest average frequency rate) & Scheme-II (longest accident-free period)
- Gujarat Refinery was presented the Certificate of Honour of the Gujarat Safety Council (GSC) for the year 2003 for completing three million man-hours without any lost-time accident. Koyali-Ahmedabad Pipeline was presented the GSC Certificate of Appreciation (Group-D, Category-II) for the year 2003
- Mathura-Jalandhar Pipeline was presented the British Safety Council Award for 2003
- Haldia-Mourigram-Rajbandh Pipeline and Kandla-Bhatinda Pipeline bagged the Greentech Safety Awards (Gold and Silver respectively) for the year 2003-04
- Five IndianOil units bagged the National Safety Awards-2003, instituted by the Ministry of Labour, Govt. of India; viz., Jaipur terminal and LPG bottling plants at Cuddapah, Salem, Ennore and Dhanaj

- Barauni Refinery bagged 'Shri AV Ogale Shield' for safety in operations for the fourth consecutive year

Quality

- Gujarat Refinery was conferred the Rajiv Gandhi National Quality Award, instituted by the Bureau of Indian Standards (BIS), under the category of large scale manufacturing industry-chemical. Panipat Refinery and Mathura-Jalandhar Pipeline received commendation certificates

- IndianOil's quality control laboratories in the five metros and three of its satellite laboratories (at Nishatpura, Vasco and Jalandhar) earned the NABL (National Accreditation Board for Calibration and Testing Laboratories) accreditation under ISO/IEC 17025. Ten satellite laboratories of IndianOil are ISO-9001 certified

Others

- IndianOil was conferred the Best Corporate Social Responsibility Award by the Bombay Chamber of Commerce and Industry
- Guwahati Refinery was conferred the Millennium *Rashtriya Rajbhasha Shield Samman* by Rashtriya Hindi Academy, Kolkata, for its commendable work in the progressive use of the official language and its implementation
- IndianOil's Pipelines Division Head Office (NOIDA) and Northern Region Office (Panipat) were awarded the first prizes by the respective Town Official Language Implementation Committees (TOLIC). HMRBPL won 'Vayjanti Award' from TOLIC, Kolkata. Siliguri Terminal too received the TOLIC Award for 2004
- Panipat Refinery was awarded the 'CII-Exim Bank Award for Business Excellence-2004' commendation certificate
- IndianOil's Eastern Region-Pipelines (ERPL) team won the second runners-up trophy at the 13th National Management Games conducted by All India Management Association
- Quality circles *Samriddha* & *Kalpataru* of Gujarat Refinery bagged the second and third prizes respectively in the oral and visual category at the Gujarat State-level annual convention of quality circles organised by QCFI, Vadodara Chapter, in September 2004
- Tuticorin Terminal received highest POL Importer Award 2003-04.

Sports

- Sharat Kamal won the singles title and Soumyadeep Roy was runner-up in the Commonwealth Table Tennis Championship at Kuala Lumpur; S. Raman won the national table tennis tournament; and Aparna Popat became the national badminton champion for the eighth consecutive year, setting a new national record
- IndianOil hockey team won the Maharajah Ranjit Singh memorial hockey tournament
- The PSPB Elite Sportspersons Award for the year 2002-03 was won by IndianOil's Manavjit Singh (shooting); Viren Rasquinha (hockey) and Deepak Thakur (hockey) were recipients of the top honour for the year 2003-04
- The PSPB Meritorious Sportspersons Award for the year 2002-03 was presented to IndianOil's Devesh Chauhan (hockey) and Deepak Thakur (hockey). For the year 2003-04, Rushmi Chakraborty (table tennis) and Devesh Chauhan (hockey) received the top honours

PSPB President's first runners-up trophy for 2003-04

IndianOil

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 IndianOil refineries.

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

I. SCHEMES IMPLEMENTED

Sr. No.	Item	Cost (Rs. in Lakh)	Fuel Savings FO Equivalent (Tonnes/Year)
1.	Yield and energy optimisation revamp of CDU at Mathura Refinery	9280	20000
2.	Installation of new 2 x 50 TPH boilers at Guwahati Refinery	2000	2000
3.	Recovery of Hydrogen from low pressure off gases of OHCU at Panipat Refinery	593	2000

II. MAJOR SCHEMES UNDER IMPLEMENTATION

- Recovery of Hydrogen from off gases of Catalytic Reformer at Barauni Refinery
- Installation of the second Gas Turbine of 12 MW at Haldia Refinery
- Installation of 12 MW Gas Turbine at Guwahati Refinery

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

The above schemes on completion, are expected to result in fuel savings of 59,500 MT per annum of fuel oil.

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 ABSOPTION

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Exports mainly relate to crude oil and petroleum products. IndianOil has been tapping opportunities in pursuit of new markets to extend its products and services to neighbouring countries as well as the Middle East.

(b) Total foreign exchange used and earned.

	(Rs. in Crore)
Foreign Exchange earnings	3552.96
Foreign Exchange used	54467.71

Form 'A'

Form for disclosure of particulars with respect to Conservation of Energy

PARTICULARS	TOTAL 2004-05	TOTAL 2003-04
A. POWER AND FUEL CONSUMPTION		
1. ELECTRICITY:		
a) Purchased		
Qty ('000 KWH)	**27563**	21364
Rate/Unit	**6.34**	7.86
Amount (Rs. in Lakh)	**1747**	1680
b) Own Generation		
i) Through Dual Fuel (HSD/Natural Gas) Generator		
Unit ('000 KWH)	**1361658**	1356811
KWH per MT of Std. Fuel	**6022**	6198
Cost/Unit (Rs./KWH)	**2.10**	2.08
ii) Through Steam Turbine/Generator		
Unit ('000 KWH)	**718413**	644377
KWH per MT of Std. Fuel	**3682**	3084
Cost/Unit (Rs./KWH)	**3.11**	3.59
c) Electricity Consumed		
(a+b) ('000 KWH)	**2107634**	2022552
2. COAL	**-**	-
3. LIQUID FUEL (LSHS/FO/NAPHTHA)		
Qty (MTs)	**1030507**	983872
Amount (Rs. in Lakh)	**113430**	89656
Average Rate (Rs./MT)	**11007**	9113
4. OTHER / INTERNAL FUEL		
a) INTERNAL FUEL		
i) **Fuel Gas**		
Unit (MTs)	**967963**	900997
Amount (Rs. in Lakh)	**103338**	84515
Average Rate (Rs./MT)	**10676**	9380
ii) **LDO / HSD**		
Unit (MTs)	**30363**	54528
Amount (Rs. in Lakh)	**3287**	4396
Average Rate (Rs./MT)	**10824**	8063
iii) **Coke**		
Unit (MTs)	**268907**	304907
Amount (Rs. in Lakh)	**23984**	25618
Average Rate (Rs./MT)	**8919**	8402
b) PURCHASED FUEL		
i) **Natural Gas**		
Unit (MTs)	**277502**	302782
Amount (Rs. in Lakh)	**15877**	15055
Average Rate (Rs./MT)	**5721**	4972
B. CONSUMPTION PER MT OF PRODUCT		
i) **Actual Production ('000 MTs)**	**34519**	35842
ii) **Consumption per MT of Product**		
- Electricity (KWH/MT)	**61.058**	56.430
- Liquid Fuel (MT/MT)	**0.03**	0.027
- Fuel Gas/LDO/Coke (MT/MT)	**0.037**	0.035
- Natural Gas (MT/MT)	**0.008**	0.008

IndianOil

ANNEXURE-I (Contd.)

Form 'B'

(See Rule 2)

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

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

a) Lubricants, greases and specialities

b) Fuels & emission studies

c) Refinery processes

d) Pipeline transportation of crude oil and products

e) Material failure analysis

f) Synthesis of additives and biotechnologies

g) Fuel efficient appliances

h) Information technology/knowledge management

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

- 50 new and 35 revised product formulations developed under MoU with Govt., besides upgrading 93 to meet market needs.
- Approvals for 41 products obtained from user industries and Original Equipment Manufacturers.
- Continual quality improvement of calcined needle coke at Bongaigaon Refinery & Petrochemicals Ltd. based on R&D study, to meet customers requirement.
- National Hydrogen Energy Board has entrusted IndianOil R&D to coordinate the demonstration project on "Use of H_2 (up to 30%) in CNG as Fuel for Automotive Vehicles".
- A pilot project for using 5% biodiesel blends in diesel undertaken in collaboration with Haryana Roadways.
- Global approval for *SERVO* marine oils received from MAN B&W Denmark.
- Technology for biodiesel licensed to one party on non-exclusive basis.
- '*SERVO*-LID' – lubricity improver for low sulphur diesel commercialised at Taloja.
- Cost effective RR 606 MG developed for Indian Railways.
- Transformer Oil *SERVO* Electra developed based on H 70 of Haldia received from M/s ECE-Sonepat, one of the major private transformer manufacturers.

- CIB (Central Insecticide Board) no objection certificate obtained for marketing *SERVO* Agrospray oil in Indian market.
- Multigrade bitumen produced at Chennai Petroleum Corporation Ltd. for market seeding.
- Special poly pouches have been developed for marketing kerosene in the free market.
- Multi-functional additives for petrol/diesel are under development/field trial.
- A series of catalysts have been developed for Fluidised Catalytic Cracking & Hydrocracking operations.

3. Future plan of action

a) Development of new generation and energy efficient lubricants, greases and bituminous products.

b) Extended R&D services to other refineries.

c) Optimisation/upgradation of existing refinery processes to maximise product yield and reduce heavy ends & development of value addition refinery technology.

d) Value addition/cost reduction for improving refinery margins.

e) Field evaluation of biodiesel & Hydrogen as alternative fuels.

4. Expenditure on R&D

			(Rs. in Crore)
a)	Capital	-	48.44
b)	Revenue	-	77.29
c)	Total	-	125.73*

* includes depreciation of Rs.17.62 crore

IndianOil

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 as well as to meet the environmental emission norms, IndianOil has adopted the most modern 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:

The first Hydrocracker Unit (HCU) of the country was commissioned at Gujarat Refinery in 1994, adopting technology from M/s Chevron, USA. Thereafter, Once Through Hydrocracker Units (OHCU) were 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, is under implementation at Panipat Refinery which is under expansion to 12 MMTPA.

ii) Diesel Hydrodesulphurisation/Hydrotreatment Technology:

Diesel Hydrodesulphurisation Units (DHDS) have already been commissioned in Mathura and Panipat refineries with technology from M/s IFP, France. The Diesel Hydrodesulphurisation Units at Gujarat and Haldia refineries have been commissioned with technology from M/s UOP, USA. The Diesel Hydrotreatment Units have also been commissioned at Guwahati, Barauni and Digboi refineries with technology from M/s UOP, USA. The technology from M/s IFP, France, has already been implemented at Panipat Refinery (under expansion to 12 MMTPA) for Diesel Hydrotreatment.

iii) Resid Fluidised Catalytic Cracking Technology:

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, has been implemented 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 UOP, USA has been implemented and production of microcrystalline wax has commenced.

vii) Hydrogen Generation Technology:

Hydrogen generation technology from M/s Linde, Germany, was adopted in 1993 for Hydrogen supply to Hydrocracker unit at Gujarat Refinery. Also 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 under implementation for supply of Hydrogen to Diesel Hydrotreatment unit for Panipat Refinery expansion. Similar technology from M/s KTI, The Netherlands, has been adopted for Hydrogen Plant at Guwahati and Digboi refineries and is also under implementation at Haldia and Mathura refineries.

viii) Sulphur Recovery Technologies for reduction of SO_2 emission:

IndianOil 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, Hudson, Canada has been employed at Panipat Refinery.

Further, for the projects of Panipat expansion, Sulphur recovery technologies from M/s B & V Pritchard, USA, is under implementation.

ix) ISOSIV Technology at Guwahati Refinery:

For production of unleaded petrol 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 Lummus, USA, is under implementation at Panipat Refinery as part of the expansion project.

xi) Continuous Catalytic Reforming Technology:

For improvement in the Octane number of petrol, Continuous Catalytic Reforming Technology from M/s IFP, France, has been implemented at Mathura and Panipat refineries. Technology from M/s UOP, USA is under implementation at Gujarat Refinery.

xii) Technology for ParaXylene:

For production of ParaXylene at Panipat, Parex and Reforming technologies from M/s UOP, USA, are under implementation.

xiii) Technology for Purified Terephthalic Acid (PTA):

For production of PTA at Panipat, technology from M/s Du Pont, USA, is under implementation.

xiv) Technology for Linear Alkyl Benzene (LAB):

Technology from M/s UOP, USA, has been implemented for production of Linear Alkyl Benzene at Gujarat Refinery.

xv) MS Quality Upgradation Technology:

For MS Quality Upgradation, Isomerisation Technology of M/s.UOP, USA, is under implementation at Mathura Refinery. Technology from M/s Axens, France, is under implementation at Haldia Refinery.

xvi) **Naphtha Cracker Technology:**

Naphtha Cracker Technology from M/s ABB Lummus, USA, has been selected for adoption at Panipat Refinery. Technologies from M/s Basell, Italy & Germany, and M/s Nova, Canada, have been selected for various downstream plants.

B. Indigenous Technology:

i) **INDMAX Technology:**

INDMAX technology developed by IndianOil R&D for converting heavy distillate and residue into LPG/light distillate products has been implemented successfully at Guwahati Refinery.

ii) **Hexane Hydrogenation Technology:**

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

C. MODERNISATION OF INSTRUMENTATION & CONTROL

A) **Distributed Digital Control System (DDCS)**

DDCS has already been implemented and commissioned in all process units and captive power plants of all refineries.

B) **Advanced Control & Optimisation (APC)**

APC has been implemented in:

- Crude & Vacuum Distillation Units, Hydro-cracker, Fluidised Cracking Unit and Catalytic Reforming Unit (CRU) of Gujarat Refinery.
- Crude Distillation Unit, Delayed Coker Unit and INDMAX unit of Guwahati Refinery.
- Atmospheric & Vacuum Distillation Units, Once Through Hydrocracker, Resid Fluidised Cracking, Visbreaker & Continuous Catalytic Reforming Unit of Panipat Refinery.
- Atmospheric & Vacuum Distillation Units of Barauni Refinery.
- New Delayed Coker Unit of Digboi Refinery.
- RFCC of Haldia Refinery.
- Once Through Hydrocracker & Fluidised Catalytic Cracking Unit of Mathura Refinery.

Implementation of APC is in progress in at the following refineries:

- Atmospheric & Vacuum Distillation Units, CRU and Visbreaker of Mathura Refinery.
- Delayed Coking Unit & Resid Fluidised Catalytic Cracking unit of Barauni Refinery
- Atmospheric & Vacuum Distillation Units of Digboi and Haldia refineries.

C) Offsite Modernisation

As a part of modernisation of Oil Movement & Storage facilities, the following have already been implemented:

- Automated Tank Wagon loading gantry at Barauni, Gujarat, Mathura & Haldia refineries.
- Automation of Tank Truck loading at Gujarat & Haldia refineries.
- Blending Automation at Haldia, Mathura & Barauni refineries.
- Diesel blending at Gujarat Refinery.
- Auto tank gauging has been completed at all 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.
- Real Time Data Base (RTDB) has been implemented at Gujarat & Mathura refineries.
- Installation of RTDB in other refineries is also planned.

IndianOil

ANNEXURE - II

SC/ST/OBC REPORT-I

Annual statement showing the representation of SCs, STs and OBCs as on 1st January 2005 and number of appointments made during the preceding calendar year

Groups	Representation of SCs/STs/OBCs (as on 01.01.2005)				Number of appointments made during the calendar year 2004									
					By Direct Recruitment				By Promotion			By Deputation/ Absorption		
	Total number of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A	2812	452	180	216	109	23	12	24	274	51	16	6	0	0
B	4322	659	297	25	No recruitment is made in this group				479	85	43	0	0	0
C	14806	3022	1149	1005	84	13	6	8	2040	426	182	0	0	0
D (Excluding Sweeper)	583	111	19	89	52	8	4	3	0	0	0	0	0	0
D (Sweeper)	10	6	1	1	0	0	0	0	Filled by recruitment only			0	0	0
Total	22533	4250	1646	1336	245	44	22	35	2793	562	241	6	0	0

SC/ST/OBC REPORT-II

Annual statement showing the representation of SCs, STs and OBCs in various group "A" services as on 1st January 2005 and number of appointments made in the service in various grades in the preceding calendar year

Pay Scale (In Rupees)	Representation of SCs/STs/OBCs (as on 01.01.2005)				Number of appointments made during the calendar year 2004									
					By Direct Recruitment				By Promotion			By Deputation/ Absorption		
	Total number of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
12,000-17,500	2812	452	180	216	109	23	12	24	274	51	16	0	0	0
13,750-18,700	2585	460	165	224	No recruitment is made in this group				543	80	31	2	0	0
16,000-20,800	1881	386	148	14	No recruitment is made in this group				424	86	26	4	0	0
17,500-22,300	1211	217	78	0	No recruitment is made in this group				232	46	11	3	0	0
18,500-23,900	1106	166	51	2	No recruitment is made in this group				228	38	14	2	0	0
19,000-24,750	611	47	7	1	No recruitment is made in this group				136	9	2	1	0	0
19,500-25,600	208	7	0	0	No recruitment is made in this group				44	3	0	0	0	0
20,500-26,500	86	0	0	0	No recruitment is made in this group				25	0	0	0	0	0
23,750-28550	29	1	0	0	No recruitment is made in this group				11	1	0	0	0	0

Management's Discussion & Analysis

(Forming part of the Directors' Report for the period ended 31st March 2005)

OIL INDUSTRY STRUCTURE & DEVELOPMENTS

Macro Developments: Global & India

The world economy grew by 5.1% during 2004, recording its highest growth rate since the mid-1970s. However, the projected growth rate of 4.3% during 2005 and 4.4% in 2006 reflect anticipated slowdowns, largely attributed to the inflationary impact of high oil prices.

In India, GDP grew at a commendable 6.9% in 2004-05, over an already high base of 8.5% in the previous year. The annual inflation rate, as measured by variations in the wholesale price index (WPI) on a point-to-point basis, stood at 5% as at end-March 2005. Inflation had reached a peak of over 8.5% in August 2004, before fiscal and other measures taken by the Government of India brought it under control. The inflation was in part attributed to the sharp increase in commodity prices in 2004, with oil prices alone rising by over 30% and non-fuel commodity prices rising by nearly 19%.

Oil & Gas Industry

The year 2004-05 was cataclysmic for the oil-consuming nations across the globe, including India. Crude oil prices, pushed up by growing demand, especially from China, coupled with a turbulent supply market, lack of spare production capacity and turmoil in many oil-producing countries, reached new heights crossing the US$50/bbl mark. The repercussions were felt worldwide, particularly by major oil importing countries like India.

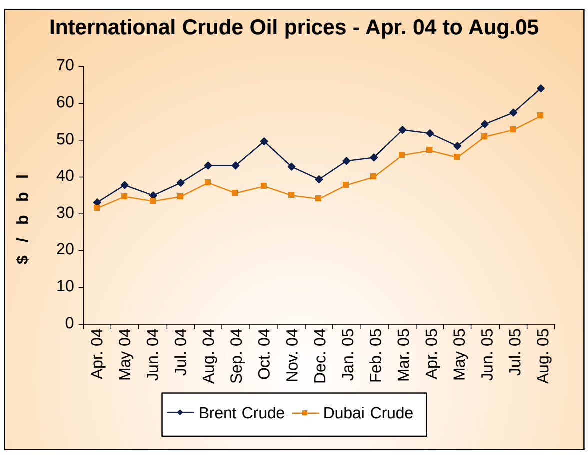
Global oil demand soared to 82.5 million barrels/day (mbpd) in the first quarter of 2004, and further grew to 84.6 mbpd by the first quarter of 2005. Demand growth was around 2.7 mbpd in 2004. However, it has been projected to follow historical trends in 2005 with anticipated growth down to an average level of 1.5 to 2 mbpd. Developing countries like India and China were the key drivers of this global growth in demand during 2004, accounting for approximately 1.33 mbpd or 49% of the global growth. While OPEC supplies, led by Saudi Arabia, tried to keep pace with the sudden spurt in demand, non-OPEC supplies, however, fell way behind demand.

Another significant factor was the differentials between light and heavy crudes, which rose to new heights of around US$ 6/bbl, significantly higher in the latter half of 2004 as compared to US$ 3/bbl witnessed in 2003-04. This was primarily on account of constraints in the global refining industry for processing sour crude, and thus sustained the premiums through 2004.

The world oil demand is projected to reach about 121 mbpd in 2025. Industrialised nations are expected to consume about 53.9 mbpd of oil in 2025, up from 43.9 mbpd in 2001, at a CAGR (Compounded Annual Growth Rate) of 1.3% as against the world CAGR of 1.8%. During the same period (2001-2025), oil demand from developing countries is expected to grow at a CAGR of 2.5%.

The highest rate of economic growth is expected from developing Asia, led by China and India at 6.2% and 5.2% respectively. It is also quite clear that oil will continue to be the dominant source of energy to fuel this growth, and will hold its own with a 39% share of the fuel basket by 2025. In 2003, industrialised countries accounted for 77% of the world GDP and 57% of the world oil consumption. By 2025, however, real GDP of industrialised nations would account for only 68% of world GDP and 48% of world oil demand. Developing countries, on the other hand, would account for 28% of world GDP (up from 20% in 2003) and 45% of world oil demand (up from 36%).

Along with oil, natural gas too will play an increasingly important role in meeting the energy demand of the future. Forecasts, as per Energy



Information Administration's *International Energy Outlook-2004,* project natural gas consumption to rise from 90 trillion cubic feet in 2001 to 151 trillion cubic feet in 2025, as compared with the earlier forecast of 176 trillion cubic feet. Natural gas is projected to be the fastest growing primary energy source worldwide, with an average projected growth of 2.2% annually over the 2001-2025 period. Natural gas is also projected to increase its share in the energy basket from 23% to 25% by 2025. The challenge in the development of natural gas markets is in laying transnational pipelines for accessing the product and in simultaneously expanding Liquefied Natural Gas (LNG) trade with associated infrastructure globally.

INDUSTRY OUTLOOK

The Indian petroleum industry too was caught in the throes of rising crude oil prices in the international market. Despite all-round pressure, the resilience of the petroleum industry withstood the volatility, albeit with subdued performance that impacted several downstream companies. IndianOil was no exception, as retail price hikes were not in tandem with international price parity. The setting up of a regulatory mechanism to ensure a level playing field for all players and in making the environment more conducive for growth and development, benefiting all stakeholders, is still awaited. Meanwhile, the Regulatory Board Bill for Petroleum & Natural Gas was referred to a GoM (Group of Ministers) specifically constituted for the purpose. The Bill is likely to be placed before the Parliament soon.

The Government of India had constituted an Advisory Committee on "Synergy in Energy" to analyse the various options of leveraging the strengths of the Public Sector Undertakings (PSUs) in the petroleum sector, and for recommending the most appropriate structure for these PSUs to not only meet the national objectives but also to become globally competitive. The final report of the Committee has since been submitted and the Government's decision on the same is awaited.

The Government had also constituted an ad hoc committee of experts to examine the extent of autonomy that should be extended to the PSUs, among other issues. The committee had since made its recommendations to the Government, and the Cabinet has recently approved several of the recommendations. IndianOil is also benefited to some extent from this increased autonomy.

To enhance the oil security of the nation, the Government of India has proposed establishment of strategic crude oil storage of 5 million tonnes in the country at an estimated cost of Rs. 1,640 crore through a Special Purpose Vehicle. Visakhapatnam in Andhra Pradesh and Mangalore in Karnataka have been identified for the storage facility.

The Government of India also initiated concerted action to step up the oil security of the nation through mutual cooperation and coordination in the region. To this effect, the First Round Table of Asian Oil Ministers was held in India in January 2005. It brought together major oil consuming countries of the region, including China, India, Korea and Japan and major oil exporting countries like Saudi Arabia, Kuwait, Iran, Qatar, etc. This initiative is expected to go a long way in bringing security, stability and sustainability in the region.

The Budget announcement for 2005-06 saw the excise and import duty structure of crude oil and petroleum products being revised substantially. The basic customs duty on crude oil was brought down to 5% (from 10%). For petrol (Motor Spirit or MS) and diesel (HSD or High Speed Diesel), it was reduced to 10% (from 15%) and so also for many other petroleum products. For LPG (Liquefied Petroleum Gas) for domestic use and Kerosene (Superior Kerosene Oil or SKO) for public distribution system (PDS), the customs duty has been reduced to nil (from 5%). Excise duty rates of specified petroleum products have been modified so as to be subject to ad valorem and specific duty rates. While duties on LPG(Domestic) and SKO(PDS) have been eliminated, those on MS and HSD have been increased.

India's demand for petroleum products grew by 3.7% to around 112 million tonnes during 2004-05, up from 107.7 million tonnes in 2003-04. Retail sales of transportation fuels (including sales by private players) grew by over 6.7%. The retail business continued to hold centre stage as both PSU and private oil companies invested aggressively in setting up new retail outlets (petrol/diesel stations) even as the existing ones were spruced up. IndianOil too added more than a thousand retail outlets and in the process passed the significant milestone of a network of over 10,000 retail outlets, the first Indian company to achieve this feat.

Continuing its thrust on supplying transportation fuels that meet more and more stringent quality specifications, the petroleum industry commenced supply of BS-II & Euro-III petrol from 1st April 2005 as per the roadmap outlined in the National Auto Fuel Policy of 2003. For HSD, while supplies of Euro-III grade fuel have commenced in the 11 designated cities/towns, supplies of BS-II grade fuel for the rest of India is being carried out in phases, which is expected to be completed by October 2005.

The heavy burden of under-realisation on the sale of the four main products, viz. petrol, diesel, LPG (Domestic) and SKO(PDS), continued to strain not only the bottom line but also the working capital needs. The mismatch between the domestic selling prices of these products with the international prices left the downstream sector companies like IndianOil with no alternative but to seek assistance of the Government of India, for directing the upstream sector companies and stand-alone refining companies to share the burden.

Though various oil companies had announced plans of laying new pipelines consequent to the framing of the policy on "Pipelines on common user principle", no concrete action has been firmed up as yet.

RISKS & CONCERNS

It is not possible to insulate the domestic market from the dynamics of the international market, especially for the petroleum industry, as both are intrinsically linked. Several governments in the Asia-Pacific region chose not to pass on increases in product prices to customers. Through pricing

mandates and subsidies, they tried to encourage demand growth despite soaring international prices. These measures led to larger Government outlays on subsidies that could otherwise have been gainfully utilised in the development of infrastructure and other priority areas.

Many governments, including Malaysia, Thailand, Indonesia, etc., have begun to acknowledge the reality of high international oil prices and are moving to adjust domestic prices accordingly. China too has increased petrol prices in 2004 and more recently diesel prices too.

In India, however, product prices have not kept in line with international trends. Even the marginal hike in retail price of transportation fuels in 2004, and more recently in June 2005, have not been adequate enough to cover the large subsidies and under-realisation sustained by the downstream companies. In fact, the spiralling price of crude oil during the year 2004-05 has been a major factor affecting the performance of IndianOil. Good refining margins and marginal revisions in retail prices of transportation fuels in the first half of the year were offset by the retail prices not moving in tandem with the international prices in the second half, and by the burgeoning subsidy incurred on sale LPG(Domestic) and Kerosene.

The absence of a regulatory mechanism for the petroleum industry to ensure level playing field, and new policies suggesting use of pipelines as common carriers, right of first use of the spare capacity by the owner, and sharing of infrastructure, are some issues of great concern.

CHALLENGES

The Indian petroleum industry presents several new challenges for downstream players like IndianOil, the foremost being the volatility of crude oil prices. While diplomatic tensions, disruptions in oil supplies, and even weather conditions influence and impact world petroleum business, even the best economists do not want to hazard a guess on the movement of crude oil prices in the market.

But one thing is certain - strong economies will need oil to fuel the industry. With the Indian and Chinese economies set to register growth, demand for oil too is expected to rise in the region. However, in view of the vagaries of international crude oil prices, the growth projections shall pose great challenges.

Another challenge is to emerge as a least cost supplier. This would mean delivering products and services to customers at the lowest cost, so as to beat the competition. Increased focus on distribution logistics, optimisation of the supply chain, and forging partnerships with business partners - both upstream and downstream, will truly be the need of the hour.

Natural Gas, including LNG, is emerging as a new area of growth, gradually replacing fuels like naphtha and fuel oil. IndianOil has already taken major initiatives in this new business, as well as on the petrochemicals front, which is another growth area.

Protection of ecology and environment is another major challenge for the petroleum industry. Meeting stringent product quality standards calls for large investments, particularly in transportation fuels, and the inability of the petroleum companies to pass on the costs to the consumers is a matter of great concern and a great challenge at the same time.

Both the developed and the developing nations today are laying increased emphasis on keeping their energy options open through research into alternative fuels. IndianOil's R&D Centre has been in the forefront of introducing ethanol-blended gasoline and bio-diesel in the country, and is also the nodal agency for the hydrocarbon sector for research on Hydrogen energy as an alternative fuel. Commercialising these options on a nationwide scale will be a challenge to our scientists.

OPPORTUNITIES

The silver lining is the string of opportunities that the new challenges pose for the petroleum industry in general, and IndianOil in particular. The ongoing liberalisation of global trade is expected to gradually lead to lowering of tariffs, reduction in subsidies, expansion of trading blocks; and strengthening of the institutional framework under the aegis of the World Trade Organisation. Also, the continuing globalisation and integration of financial markets will further facilitate private capital flows and create new financing options for many developing countries. Both these developments will open up hosts of opportunities for India and its petroleum industry, which is seeking to expand its business beyond the geographical boundaries of the country.

The domestic petroleum business too has undergone a paradigm shift, with emphasis on optimisation, rationalisation of infrastructure and end-to-end supply chain management. Together with strengthening brand equity, exploring new distribution channels, penetrating the rural markets and offering differentiated products and services, the Indian petroleum industry is seeing a sea change in its strategy execution. Marketing margins will have to be earned. Use of risk management techniques would also have to come into play, for offering innovative, customer-specific pricing options.

All these developments offer immense opportunities to the Corporation even as it seeks new markets, products and services to protect its market share and maintain its leadership status.

IndianOil is also exploring the option of product exports as a profitable business. And to tap this opportunity fully, it is working towards commensurate competitive pricing, quick decision-making and reliability as a supplier. IndianOil plans to include a judicious mix of refinery expansions and grassroots refineries to enable assured product availability for exports.

Regional cooperation in the pursuit of sustainable and secure access to energy services offers immense opportunities for cross-border pipelines and bilateral agreements that will open up a plethora of possibilities.

The year 2004-05 saw IndianOil take huge strides in petrochemicals and exploration & production ventures, while at the same time consolidating its core business activities, besides breaking new ground in overseas ventures and gas marketing. These initiatives have also opened up myriad opportunities for the Corporation, as it transforms into a major, diversified, transnational integrated energy player.

FINANCIAL REVIEW

Turnover

The turnover (inclusive of excise duty) of your Corporation for the year ended March 31, 2005 was Rs. 1,50,677 crore as compared to Rs 1,30,203 crore in the previous year, registering a growth of 15.72%. The total sales volume (inclusive of export sales) increased from 48.61 million tonnes in 2003-04 to 50.13 million tonnes in 2004-05 registering a growth of 3.13%.

Profit Before Tax

The Corporation earned a Profit Before Tax of Rs. 5,955 crore during the current year as against Rs. 9,691 crore in 2003-04. The decrease in Profit Before Tax is mainly on account of increased under-realisation on MS, HSD, LPG(Domestic) and SKO(PDS) partially compensated by improvement in refining margins.

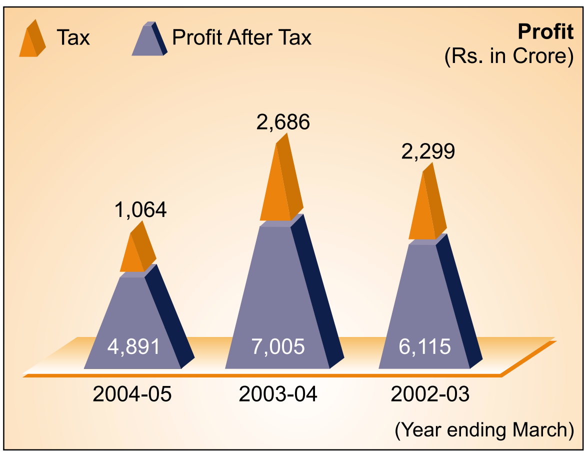
Provision for Taxation

a) Current Tax

An amount of Rs. 1,030 crore has been provided towards current tax considering the applicable income tax rates as against Rs. 2,275 crore provided during 2003-04. The effective tax rate for 2004-05 works out to 17.29% as against 23.48% for 2003-04.

b) Deferred Tax

An amount of Rs. 34 crore has been provided towards deferred tax in 2004-05 as against Rs. 411 crore provided during 2003-04.



Profit After Tax

The Corporation has earned a Profit after Tax of Rs. 4,891 crore during 2004-05 as compared to Rs. 7,005 crore in 2003-04.

Depreciation & Amortisation

Consequent to increased capitalisation of fixed assets, depreciation for the year 2004-05 was Rs. 2,184 crore (including Rs. 8 crore being amount of amortisation on Intangible Assets) as against Rs. 1,869 crore for the previous year.

Interest (Net)

Interest Expenditure (Net) of the Corporation for 2004-05 was Rs. 476 crore as against Rs. 287 crore during 2003-04.

Borrowings

IndianOil's borrowings increased from Rs. 12,178 crore as on March 31, 2004 to Rs. 17,320 crore as on March 31, 2005, mainly due to higher working capital requirements. The Total Debt to Equity ratio as on March 31, 2005 works out to 0.67:1 as against 0.53:1 as on March 31, 2004 and Long Term Debt to Equity ratio stands at 0.27:1 as on March 31, 2005 as against 0.31:1 as on March 31, 2004.

Capital Assets

Rs. 6,929 crore was invested in creating capital assets during the year. Gross Fixed Assets (including Capital Work in Progress) increased from Rs. 41,674 crore as on March 31, 2004 to Rs. 48,603 crore as on March 31, 2005, of which 75% was financed through internal resources.

Investments

During the year, investments including advances increased from Rs. 5,596 crore as on March 31, 2004 to Rs. 5,705 crore as on March 31, 2005. The increase in investments was mainly due to acquisition of 15 crore equity shares of Rs.10/- each of Haldia Petrochemicals Ltd., amounting to Rs. 150 crore.

The aggregate market value of the Quoted Investments as on March 31, 2005, i.e. investments made in Oil & Natural Gas Corporation Ltd., GAIL (India) Ltd., Chennai Petroleum Corporation Ltd., Bongaigaon Refinery & Petrochemicals Ltd., IBP Co. Ltd., Petronet LNG Ltd. and Lanka IOC Ltd. is Rs. 17,995 crore as against the cost price of Rs. 5,262 crore, which includes Rs. 839 crore in respect of Lanka IOC Ltd., quoted on the Colombo Stock Exchange, being equivalent in Indian currency.

Net Current Assets

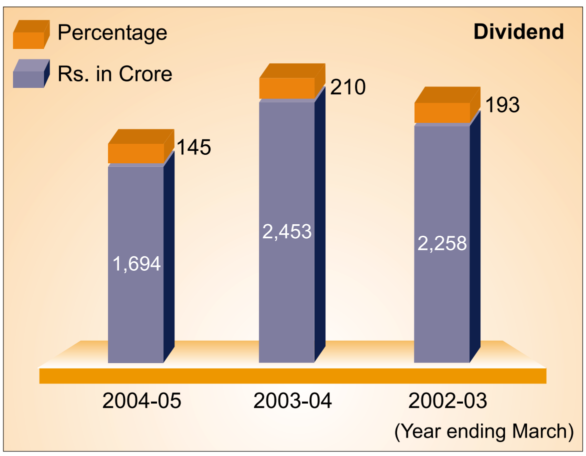
Net Current Assets as on March 31, 2005 was Rs. 9,662 crore as against Rs. 6,388 crore as on March 31, 2004. The increase in Net Current Assets is mainly due to increase in inventories & debtors, which have been partially offset by increase in current liabilities & provisions.

Earnings Per Share

Earnings Per Share for the year works out to Rs. 41.88 as compared to Rs. 59.97 in the previous year. Cash Earnings Per Share for the year works out to Rs. 60.57 as compared to Rs. 75.97 in previous year.

Dividend

The Board of Directors of the Corporation has recommended a final dividend of 100% on the paid-up share capital, in addition to 45% interim dividend already paid during the year. With this, the total dividend for the year works out to 145% on the paid-up share capital, as against 210% in the previous year. This is the 39th consecutive year of dividend declaration by the Corporation. So far, IndianOil has paid a cumulative dividend of Rs. 8,974 crore which does not include the final dividend of Rs. 1,168 crore for the year.



Contribution to Exchequer

IndianOil has made a contribution of Rs. 36,844 crore to the Exchequer during the year, out of which Rs. 20,184 crore was made to the Central Exchequer and Rs. 16,660 crore to the State Exchequer in the form of Duties and Taxes.

Public Deposit Schemes

The total outstanding deposits amounted to Rs. 13.15 crore as on March 31, 2005. The Public Deposit Scheme has been opened effective May 01, 1999 only for employees and ex-employees of the Corporation.

Earnings in Foreign Currency

During the year, the Corporation earned Rs. 3,553 crore in foreign currency as against Rs. 2,478 crore in 2003-04, which is mainly on account of export of petroleum products (excluding exports to Nepal Oil Corporation). This includes Rs. 1,406 crore received in Indian currency out of repatriable funds as against Rs. 951 crore in the previous year.

New Accounting Standards

In compliance of Accounting Standard-28: "Impairment of Assets" which is mandatory w.e.f. April 01, 2004, impairment loss of Rs. 22.80 crore, net of deferred tax credit, as on April 01, 2004 (Gross : Rs. 35.56 crore) in respect of MTBE unit and Butene plant at Gujarat Refinery has been adjusted against opening balance of General Reserve. There is no further impairment as on March 31, 2005.

In compliance of Accounting Standard-29: "Provisions, Contingent Liabilities and Contingent Assets", which is mandatory w.e.f. April 01, 2004, provision for probable contingencies amounting to Rs. 59.91 crore has been made.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

IndianOil has adequate internal control systems commensurate with the size and nature of its business. In addition, there are detailed manuals on various aspects of business activities, accounting policies and guidelines. The performance of the Corporation is regularly monitored by the Board of Directors.

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

SEGMENTWISE PERFORMANCE

The Corporation is engaged in the following business segments:

(a) Sale of petroleum products.

(b) Other Businesses, which comprises sale of imported crude oil, sale of gas, petrochemicals and oil & gas exploration activities undertaken in the form of unincorporated Joint Ventures.

During the current year, the segment wise performance was as under:

(Rs. in Crore)

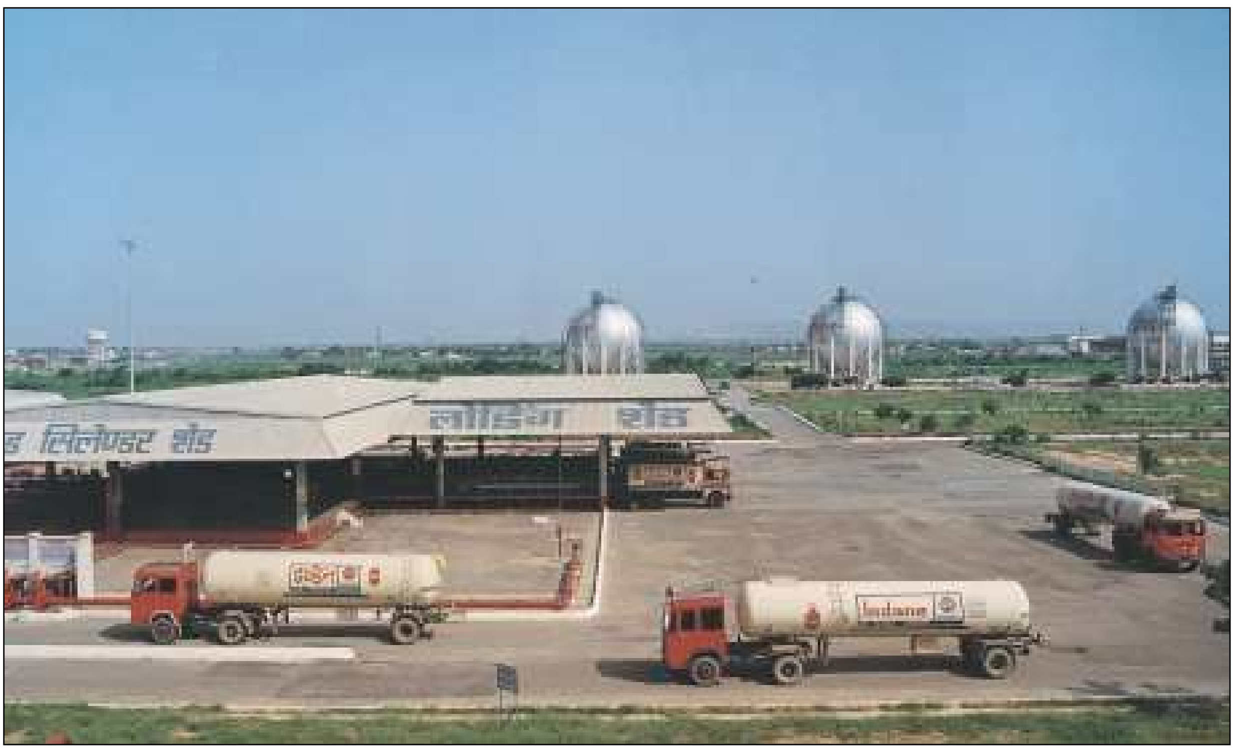
	Sale of Petroleum Products	Other Businesses	Eliminations	Total
External Revenue	128,365	10,371		138,736
Inter-Segment Revenue	218	48		266
Total Revenue	128,583	10,419		139,002
Operating Profit	6,138	(236)	5	5,897

The loss in Other Businesses is mainly on account of one-time royalty payment of Rs. 217 crore (for LAB plant, PX/PTA project and Naphtha Cracker project) and exploration cost of Rs. 59 crore charged to revenue, apart from depreciation of Rs. 40 crore in respect of LAB plant.

Notes:

A. Segment revenue comprises of turnover (net of excise duty), net claim from/surrender to Petroleum Planning & Analysis Cell, Govt. of India, subsidy from Govt. of India, other income (excluding interest income, dividend income and investment income).

B. Other Businesses comprises of sale of imported crude oil, sale of gas, petrochemicals and oil & gas exploration activities jointly undertaken in the form of unincorporated joint venture.



Report on Corporate Governance

(Forming part of the Directors' Report for the period ended 31st March 2005)

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

IndianOil consistently endeavours to attain the highest standards of Corporate Governance by ensuring transparency in all its operations, disclosures and to maximise shareholders' value. IndianOil is also committed to its other business constituents like customers, employees, suppliers, dealers and the community at large. In order to fulfill these objectives, IndianOil fully complies with the Corporate Governance Principles in general and the stipulations laid down in Clause 49 of the Listing Agreement in particular.

BOARD OF DIRECTORS:

The Board of IndianOil has set certain strategic goals based on its Vision & Mission Statements so as to become a major, diversified, transnational, integrated energy company. The Board defines the Company's policy and oversees its implementation for attainment of its goals.

(a) Composition of Board of Directors

The Board of IndianOil consists of an optimum combination of Executive and non-Executive Directors. Part-time Non-Executive Directors are persons with proven record in diverse areas like Energy Policy, Academics, Marketing, Government, Public Sector Companies, etc.

At present, the Board has a total of 17 Directors. This includes 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 12 Board meetings during the financial year 2004-05 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 2004-05

Sr. No.	Date	Board Strength	No. of Directors Present
1.	28.04.2004	17	14
2.	08.06.2004	17	13
3.	25.06.2004	17	13
4.	30.07.2004	16	15
5.	25.08.2004	16	14
6.	24.09.2004	16	15
7.	23.10.2004	16	12
8.	29.11.2004	16	14
9.	22.12.2004	17	16
10.	31.01.2005	17	15
11.	25.02.2005	17	16
12.	28.03.2005	17	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 follows:

Name of the Director	No. of Board Meetings attended out of 12 meetings held	Attendance at the AGM 24.9.2004 (Yes/No)	No. of Directorships in other Boards	Membership in Committees in other Boards	Chairmanship of Committees of other Boards
Whole-time Functional Directors					
Shri S.Behuria, Chairman[1]	1	No	4	-	-
Shri A.M. Uplenchwar, Director (Pipelines)	11	Yes	5	-	-
Shri N. K. Nayyar, Director (Planning & Business Development)	12	Yes	5	2	-
Shri Jaspal Singh, Director (Refineries)	11	Yes	1	-	-
Dr. N.G. Kannan, Director (Marketing)	11	Yes	4	-	-
Shri B.M. Bansal, Director (R&D)[2]	1	No	3	-	-
Shri M.S. Ramachandran, Chairman[3]	11	Yes	4	-	-
Shri N.R. Raje, Director (R&D)[4]	9	Yes	1	-	-
Shri P. Sugavanam, Director (Finance)[5]	12	Yes	2	-	-
Shri P.K. Agarwal, Director (HR)[6]	12	Yes	-	-	-
Part-time Non-Executive Independent Directors (Govt. Nominees)					
Shri M.S. Srinivasan	8	No	2	-	-
Shri Prabh Das	6	Yes	3	-	3
Shri Badal K. Das[7]	3	No	3	-	-
Shri P.K. Sinha[8]	4	No	3	-	-
Part-time Non-Executive Independent Directors					
Prof. S K. Barua	10	Yes	2	2	-
Shri Vineet Nayyar	9	Yes	15	-	-
Shri V. Ranganathan	12	Yes	-	-	-
Shri V.K.Agarwal	12	Yes	1	-	2
Shri P.M. Sinha	11	Yes	5	3	1
Part-time Non-Executive Independent Director (ONGC Nominee)					
Shri R. S. Sharma	6	Yes	4	5	-

Remarks:

1 Shri S. Behuria was inducted as Chairman on the Board w.e.f. 01.03.2005.

2 Shri B.M. Bansal was inducted on the Board w.e.f. 01.03.2005.

3 Shri M.S. Ramachandran ceased to be Chairman on his superannuation on 28.02.2005.

4 Shri N.R. Raje, Director (R&D), ceased to be Director w.e.f. 28.02.2005.

5 Shri P. Sugavanam, Director (Finance), ceased to be Director on his superannuation on 30.6.2005.

6 Shri P.K. Agarwal, Director (Human Resources), ceased to be Director on his superannuation on 31.07.2005.

7 Shri Badal K. Das ceased to be Director w.e.f. 30.06.2004.

8 Shri P.K. Sinha was inducted on the Board w.e.f. 22.12.2004.

Note:

- Shri S.V.Narasimhan was inducted on the Board w.e.f. 01.07.2005 as Director (Finance) in place of Shri P.Sugavanam who superannuated on 30.06.2005.
- Shri V.C. Agrawal was inducted on the Board w.e.f. 01.08.2005 as Director (Human Resources) in place of Shri P.K. Agarwal who superannuated on 31.07.2005.

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 50% of the total strength of the Board.

None of the Directors on the Board is a member on more than 10 Committees or Chairman of more than 5 Committees 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/re-appointed at the forthcoming AGM, is given in the notice of the AGM.

AUDIT COMMITTEE:

IndianOil's Audit Committee comprises of three independent Part-time Non-Executive Directors, viz., Prof. S.K. Barua, as Chairman of the committee, and Shri V.K. Agarwal and Shri V. Ranganathan as members. This is in line with the guidelines set out in the Listing Agreement and also meets the requirement of Section 292A of the Companies Act, 1956.

The Terms of Reference of the Audit Committee include 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 quarterly Financial Results and the Annual Accounts for the financial year 2004-05 before recommending the same to the Board for approval.

The attendance at the nine meetings of the Audit Committee held during the year 2004-05 are given below:

Audit Committee meetings held during 2004-05:

Dates of the Meetings	Prof. S.K. Barua (Chairman)	Shri V.K. Agarwal (Member)	Shri V. Ranganathan (Member)
07.06.2004	Yes	Yes	Yes
03.07.2004	Yes	Yes	Yes
29.07.2004	Yes	Yes	Yes
21.09.2004	Yes	Yes	Yes
23.10.2004	Yes	Yes	Yes
14.12.2004	Yes	No	Yes
31.01.2005	Yes	Yes	Yes
04.02.2005	Yes	Yes	Yes
10.03.2005	Yes	Yes	Yes

The Audit Committee meetings are also attended by the Director (Finance) and the head of 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 Part-time Non-Executive 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.

The Remuneration Committee comprises Shri M.S. Srinivasan, Part-time Non-Executive Director as Chairman of the Committee, Director (Finance) & Director (Human Resources), both whole-time Functional Directors as Members.

Remuneration paid to whole-time Directors during the financial year 2004-05 is 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 S. Behuria	Chairman w.e.f. 01.03.05	0.61	0.06	0.01	0.16	0.84
Shri M.S. Ramachandran	Chairman up to 28.02.05	17.62	1.26	0.08	7.22	26.18
Shri P. Sugavanam	Director (Finance)	8.29	0.74	0.09	3.10	12.22
Shri A.M. Uplenchwar	Director (Pipelines)	9.22	0.79	0.09	1.31	11.41
Shri P.K. Agarwal	Director (HR)	10.98	1.06	0.09	2.08	14.21
Shri N.K. Nayyar	Director (Planning & B.D.)	7.73	0.70	0.09	2.59	11.11
Shri Jaspal Singh	Director (Refineries)	8.43	0.75	0.09	5.70	14.97
Dr. N.G. Kannan	Director (Marketing)	8.71	0.71	0.09	1.56	11.07
Shri B.M. Bansal	Director (R&D) w.e.f. 01.03.05	2.48	0.06	0.01	0.11	2.66
Shri N.R. Raje	Director (R&D) up to 28.02.05	11.76	1.26	0.08	2.89	15.99
TOTAL		85.83	7.39	0.72	26.72	120.66

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 and there are no severance fees.

Sitting Fees paid to Part-time Non-Executive Directors during the financial year 2004-05 is as under:

(Rs. in Lakh)

Name of the Director	Sitting Fees
Shri Vineet Nayyar	2.40
Prof. S.K. Barua	2.50
Shri V.K. Agarwal	2.40
Shri V. Ranganathan	2.70
Shri P.M. Sinha	2.20
TOTAL	12.20

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

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

The composition of the Shareholders'/Investors' Grievance Committee and attendance at one meeting held during the year 2004-05 is given below:

Name of the Member	Number of meetings attended
Shri V.K. Agarwal, Chairman of the Committee	01
Director (Finance)	01
Director (Human Resources)	01

Shri R. Narayanan, Company Secretary, is the Compliance Officer.

Summarised information on complaints received and resolved during the period 1st April, 2004 to 31st March, 2005:

Sr.No.	Nature of complaint	Received during the period 1.04.2004 to 31.03.2005	Redressed during the period 1.04.2004 to 31.03.2005	Pending less than 30 days
1.	Letter received from SEBI	17	17	-
2.	Letters received from Stock Exchanges	2	2	-
3.	Letters received from Dept. of Company Affairs	-	-	-
4.	Court/Consumer Forum cases	-	-	-
5.	Change of Address	1044	1044	-
6.	Request for Nomination	56	56	-
7.	Non-Receipt of dividend	850	850	-
8.	Revalidation of dividend	308	308	-
9.	Indemnity Bond for duplicate dividend	118	118	-
10.	Indemnity Bond for issue of duplicate share certificates	52	52	-

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 which 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 Director
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
6.	Human Resource Management Committee	To oversee the implementation of human resource functions.	Two Part time Non-Executive Directors and Director (Human Resource)
7.	Marketing Strategies Committee	To provide direction to the Corporation on marketing strategies and policies.	Two Part time Non-Executive Directors and Director (Marketing)
8.	Upstream Activities Committee	To take all decisions regarding upstream acquisitions.	Two Part time Non-Executive Directors, Director (Finance) and Director (Planning & Business Development)

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 of the AGMs held for the past three years are as under:

	2001-02	2002-03	2003-04
Date & Time	30.09.2002 11.00 A.M.	29.09.2003 11.00 A.M.	24.09.2004 11.00 A.M.
Venue	Nehru Centre Auditorium, Discovery of India Building, Worli, Mumbai-400 018.	Nehru Centre Auditorium, Discovery of India Building, Worli, Mumbai-400 018.	Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai-400 025.
No. of special resolutions passed	Nil	One	Nil

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

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 2005 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.

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 three months of the end of the financial year. The results are published in leading national dailies like The Times of India, The Hindu, The Economic

IndianOil

Times, Maharashtra Times, etc., and are also hosted on our corporate website www.iocl.com. The Company also issues news releases on significant corporate decisions and activities and posts them on its website. A separate report on Management's Discussion & Analysis is annexed to the Directors' Report.

The Half Yearly Financial Results were despatched to all the shareholders along with "A Message For Investors" provided by SEBI on various issues relating to Capital Markets & Securities.

The Company makes presentations to institutional investors and analysts, which are also hosted on the 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

GENERAL SHAREHOLDER INFORMATION:

(a) Annual General Meeting

Date, Time & Venue of the Annual General Meeting	22.09.2005 at 1030 hours at Ravindra Natyamandir, Sayani Road, Prabhadevi, Mumbai-400 025.

(b) Financial Calendar for 2005-06

Quarter ending 30th June, 2005	On or before 31.07.2005
Quarter ending 30th September, 2005	On or before 31.10.2005
Quarter ending 31st December, 2005	On or before 31.01.2006
Quarter and Audited Annual Financial Results ending 31st March, 2006	On or before 30.06.2006

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

1) Record date for Interim Dividend:	30th December, 2004
2) Book Closure for Final Dividend:	10.09.05 to 22.09.05, inclusive of both days.

(d) Dividend Payment Date — 30.9.2005 (tentative)

(e) Listing on Stock Exchanges

The shares of the Company are listed on the Stock Exchange of Mumbai, Calcutta and the National Stock Exchange. Calcutta Stock Exchange has accorded its approval for de-listing the shares of the Company during the year.

(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

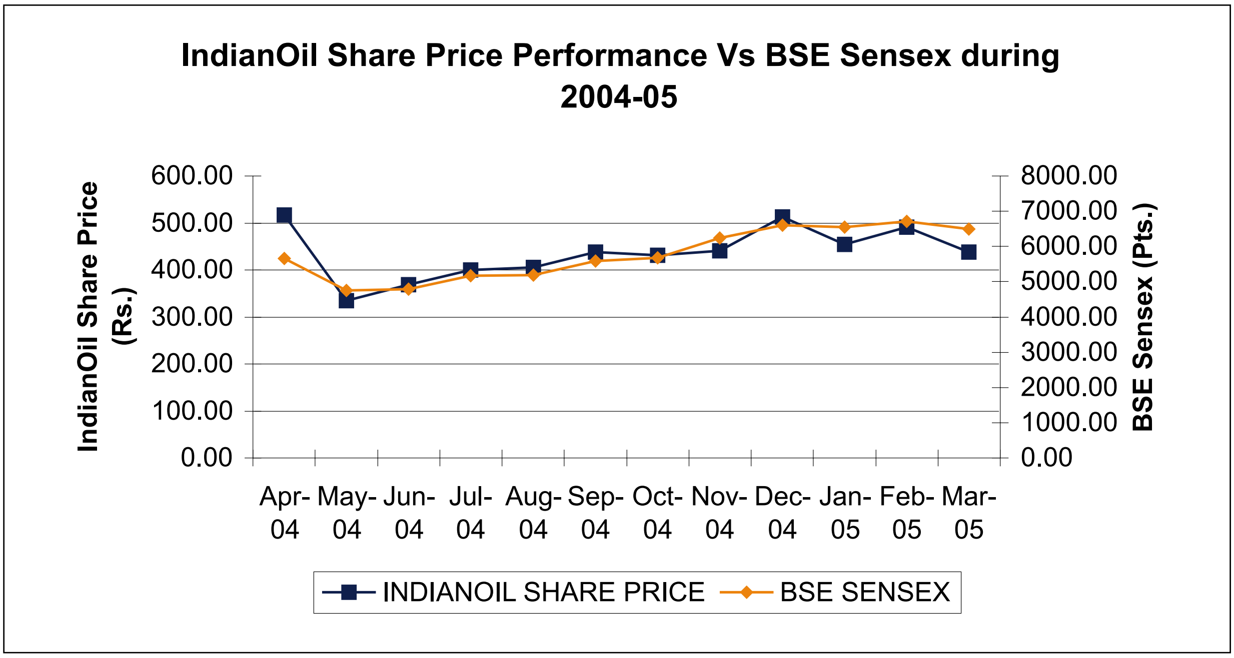
(i) Market Price Data

Month	Mumbai Stock Exchange Price			National Stock Exchange Price		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April, 04	580.25	496.50	7,299,606	581.00	497.00	18,059,894
May, 04	544.90	275.05	6,499,790	595.45	295.00	19,515,639
June, 04	404.90	335.55	5,280,860	404.70	335.90	16,770,831

Month (Contd.)	Mumbai Stock Exchange Price			National Stock Exchange Price		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
July, 04	403.75	316.65	4,616,642	403.80	315.00	14,965,951
August, 04	427.70	365.40	4,521,950	427.70	360.00	15,686,971
September, 04	446.00	400.00	3,223,365	446.00	400.20	10,534,262
October, 04	458.70	413.50	3,467,125	458.00	413.00	10,614,315
November, 04	490.00	421.00	2,288,829	489.75	421.00	8,628,227
December, 04	546.00	440.60	2,900,682	546.20	440.60	12,704,151
January, 05	525.90	433.00	2,427,069	529.40	431.00	8,678,026
February, 05	519.70	447.15	2,545,313	519.85	447.10	9,274,819
March, 05	498.50	421.00	3,201,207	505.65	412.00	9,760,849
52 Week	**580.25**	**275.05**		**595.45**	**295.00**	

(j) Share Price Performance in comparison to broad-based BSE Sensex

The comparison of monthly closing share price of IndianOil with monthly closing BSE sensex during the period April, 2004 - March, 2005 is given below:



(k) Registrar & Transfer Agents

Karvy Computershare Pvt. Ltd.
Karvy House
46, Avenue 4, Street No.1
Banjara Hills
Hyderabad-500 034.
Tel. Nos. 040-23312454 / 23320251 / 23320751 / 23320752
Fax No. 040-23311968 / 23323049
E-mail Address: mailmanager@karvy.com
Website: www.karvycomputershare.com

(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 Computershare Pvt. Ltd.'.

(m) Distribution of shareholding as on 31.03.2005

Sr.No.	No. of Equity Shares held	Number of Shareholders	% of Shareholders	Amount	% of Amount
1.	1-5000	37595	60.91	44638940	0.38
2.	5001-10000	7195	11.66	55901930	0.49
3.	10001-20000	16336	26.47	266809890	2.28
4.	20001-30000	209	0.34	5179440	0.04
5.	30001-40000	82	0.13	2903820	0.02
6.	40001-50000	38	0.06	1792860	0.02
7.	50001-100000	74	0.12	5517800	0.05
8.	Above 100001	190	0.31	11297377320	96.72
	Total	**61719**	**100.00**	**11680122000**	**100.00**

Categories of Shareowners as on 31.03.2005

Category	No. of Shareholders	% of Shareholders	No.of Shares	% of Shares
President of India	1	0.00	958077855	82.03
Governor of Gujarat	1	0.00	1350000	0.12
Government Company (ONGC Ltd.)	1	0.00	106453095	9.11
Corporate Bodies	1217	2.56	3169741	0.27
FIIs/NRI	515	0.56	22403613	1.92
Banks	24	0.04	1315162	0.11
Indian Financial Institutions	2	0.01	20020	0.00
Mutual Funds	63	0.11	8407348	0.72
Insurance Companies	10	0.03	29037922	2.49
Public	59883	96.69	37697867	3.23
Clearing Members A/c				
(NSDL/CDSL)	2	0.00	79577	0.01
Total	**61719**	**100.00**	**1168012200**	**100.00**

(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, 93.63% is in dematerialised form as on 31.03.2005.

(o) Plant locations

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

(p) Address for Correspondence

ED & Company Secretary
Indian Oil Corporation Ltd.
IndianOil Bhavan
G-9, Ali Yavar Jung Marg
Bandra(East)
Mumbai-400 051.
Tel.No. 022-26427363 / 26423272 Extn: 7616 / 7528
Fax: 022-26427384
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, 2005, 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 CHATTERJEE & CO. Chartered Accountants	**For B.K. KHARE & CO.** Chartered Accountants	**For SURESH CHANDRA & ASSOCIATES** Chartered Accountants
Sd/- **(S.K. CHATTERJEE)** Partner	Sd/- **(SANTOSH PARAB)** Partner	Sd/- **(S.C. GUPTA)** Partner

Place : New Delhi
Date : 12th August 2005

Auditors’ Report

AUDITORS’ REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 2005 and the Profit and Loss Account and also the Cash Flow Statement 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 the auditing standards generally accepted in India, which 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 Companies (Auditor’s Report) Order, 2003 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 paragraph 4 and 5 of the said Order.

2. Further to our comments in the Annexure referred to above, we report that:

   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 the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

   c) The Branch Auditor’s Report have been appropriately dealt with while preparing our report;

   d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;

   e) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub- section (3C) of Section 211 of the Companies Act, 1956;

   f) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs;

   g) We invite attention to note no.24 regarding impairment loss wherein, we have relied on the estimates and assumptions made by the company in arriving at recoverable value of assets, which does not qualify our opinion.

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 significant accounting policies (Schedule 'Q') and 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;

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

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

SURESH CHANDRA & ASSOCIATES	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(MADHUR GUPTA)	**(PADMINI KHARE KAICKER)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner
M. No. 90205	M. No. 44784	M. No. 3124

Place : New Delhi
Date : May 30, 2005

Annexure to the Auditor's 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:

i) The Company has generally maintained proper records showing 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 program of three years 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 by the Management, no material discrepancies were noticed during such verification.

Fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.

ii) In our opinion, the physical verification of inventory has been conducted at reasonable intervals by the management.

In our opinion, the procedures of physical verification of stock followed by the management are by and large reasonable and adequate in relation to the size of the Company and nature of its business. The Company has taken necessary steps for strengthening the procedures of verification/reconciliation.

The Company has maintained proper records of inventory. No material discrepancies have been noticed on verification between physical stock and book records.

iii) The Company has not taken / granted any loans secured/ unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.

iv) 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 nature of the business for the purchase of inventory and fixed assets and sale of goods and services. We have not observed any major weakness in the internal controls during the course of audit.

v) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year.

vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rule, 1975 with regard to the deposits accepted from the public.

vii) In our opinion, the company has an internal audit system commensurate with its size and the nature of its business.

viii) 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 under section 209(1)(d) of the Companies Act, 1956 and we 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.

ix) a) According to information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, service tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

According to the records examined by us and information and explanations given to us, no undisputed dues payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2005 for more than six months from the date they became payable.

b) The details of disputed dues of sales tax, service tax, income tax, customs duty, wealth tax, excise duty and cess, which have not been deposited, are given in **Annexure** to this report.

x) The Company neither has any accumulated losses as on 31st March 2005, nor has it incurred any cash loss during the financial year ended on that date or in the immediately preceding financial year.

xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The company is not a chit fund or a Nidhi/Mutual benefit fund/ society.

xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments.

xv) The Company has given guarantees for loans taken by others from banks or financial institutions, aggregating to Rs.153.12 crore (USD 35 Million) where the terms and conditions, according to the information and explanations given to us, and in our opinion, are not prima facie prejudicial to the interest of the Company.

xvi) On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company have been utilized for the purposes for which they are obtained.

xvii) On the basis of review of utilization of funds, which is based on overall examination of the balance sheet of the Company, related information as made available to us and as represented to us by the Management, funds raised on short-term basis have not been used for long-term investment.

xviii) The Company has not made any preferential allotment of shares during the year.

xix) The Company has created necessary securities or charge as per the debenture trust deed in respect of debentures issued and outstanding at the year end.

xx) The Company has not raised any money by way of public issue during the financial year.

xxi) As represented to us by the management and based on our examination in the normal course of audit, no material frauds on or by the Company have been noticed or reported during the year.

SURESH CHANDRA & ASSOCIATES	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(MADHUR GUPTA)	**(PADMINI KHARE KAICKER)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner
M. No. 90205	M. No. 44784	M. No. 3124

Place : New Delhi
Date : May 30, 2005

REPORTING AS PER COMPANIES (AUDITORS REPORT) ORDER 2003 (DISPUTED CASES)

(Rs. in Crore)

	Name of the Statute	Forum where dispute is pending	31.03.05	31.03.04
1	**Central Excise**	Supreme Court	0.39	3.65
		High Court	0.19	0.19
		Tribunal	593.04	520.31
		Revisionary Authorities	47.89	3.03
		Appellate Authorities (Below Tribunal)	13.27	105.47
		Sub-Total	**654.78**	**632.65**
2	**Customs**	Tribunal	4.88	32.65
		Appellate Authorities (Below Tribunal)	0.22	59.01
		Sub-Total	**5.1**	**91.66**
3	**Sales Tax**	Supreme Court	0	210.29
		High Court	141.01	137.10
		Tribunal	295.12	251.61
		Appellate Authorities (Below Tribunal)	2898.14	2915.46
		Sub-Total	**3334.27**	**3514.46**
4	**Income Tax**	Tribunal	7.78	635.97
		Revisionary Authorities	0	0
		Appellate Authorities (Below Tribunal)	194.39	70.72
		Sub-Total	**202.17**	**706.69**
5	**Entry Tax**	High Court	8.91	8.91
		Tribunal Trade Tax, Lucknow	128.88	128.88
		Joint Commissioner (Appeals) Trade Tax, Lucknow	106.99	77.56
		Sub-Total	**244.78**	**215.35**
6	**Local Area Dev. Tax Act 2000**	Sale Tax Tribunal	4.54	3.56
		Appellate Authorities (Below Tribunal)	0	24.05
		Sub-Total	**4.54**	**27.61**
7	**Land Revenue**	High Court	1.78	17.78
8	**Service Tax**	Appellate Authorities (Below Tribunal)	0.24	0.24
9	**Local Municipal Tax**	Tribunal	2.16	3.08
10	**ESI ACT**	Employee Insurance Court	0.25	0.14
		Appellate Authorities (Below Tribunal)	0.23	0.23
		Sub-Total	**0.48**	**0.37**
11	**Local Octroi Act**	High Court	0.3	0.30
		TOTAL	**4450.6**	**5210.19**

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BALANCE SHEET as at 31st March 2005

(Rs. in Crore)

	Schedule		March-05	March-04
SOURCES OF FUNDS:				
1. Shareholders' Funds:				
a) Capital	"A"	**1,168.01**		1,168.01
b) Reserves and Surplus	"B"	**24,816.35**		21,879.40
			25,984.36	23,047.41
2. Loan Funds:				
a) Secured Loans	"C"	**2,491.23**		3,175.21
b) Unsecured Loans	"D"	**14,829.01**		9,003.35
			17,320.24	12,178.56
3. Deferred Tax Liability (Net)			**4,305.34**	4,283.73
TOTAL			**47,609.94**	39,509.70
APPLICATION OF FUNDS:				
1. Fixed Assets & Intangible Assets:				
1.1. Fixed Assets:				
a) Gross Block	"E"	**39,782.44**		36,341.36
b) Less: Depreciation		**16,443.16**		14,339.55
c) Less: Impairment Loss		**35.56**		0.00
d) Net Block		**23,303.72**		22,001.81
1.2 Intangible Assets:				
a) Gross Block	"E-1"	**86.82**		46.94
b) Less: Amortisation		**9.75**		2.14
c) Less: Impairment Loss		**0.00**		0.00
d) Net Block		**77.07**		44.80
1.3 Dismantled Capital Stores		**14.44**		25.27
1.4 Capital Work-in-Progress	"F"	**8,719.47**		5,261.30
			32,114.70	27,333.18
2. Investments	"G"		**5,554.93**	5,595.43
3. Advances for Investments	"G-1"		**150.00**	0.50
4. Finance Lease Receivables			**95.49**	119.46
5. Current Assets, Loans and Advances:				
a) Inventories	"H"	**19,504.82**		14,951.08
b) Sundry Debtors	"I"	**5,689.87**		3,973.12
c) Cash and Bank Balances	"J"	**446.32**		698.07
d) Loans and Advances	"K"	**6,045.79**		5,613.95
		31,686.80		25,236.22

(Rs. in Crore)

	Schedule		March-05	March-04
APPLICATION OF FUNDS (Contd.):				
6. Less: Current Liabilities and Provisions	"L"			
a) Current Liabilities		**20,075.07**		16,486.00
b) Provisions		**1,950.00**		2,362.38
		22,025.07		18,848.38
7. Net Current Assets (5-6)			**9,661.73**	6,387.84
8. Miscellaneous Expenditure (to the extent not written off or adjusted)	"L-1"		**33.09**	73.29
TOTAL			**47,609.94**	**39,509.70**
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/-
(S. Behuria)	**(P. Sugavanam)**	**(R. Narayanan)**
Chairman	Director (Finance)	Company Secretary

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES	**B. K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(MADHUR GUPTA)	**(PADMINI KHARE KAICKER)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner
M. No. 90205	M. No. 44784	M. No. 3124

Place : New Delhi
Date : May 30, 2005

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2005

(Rs. in Crore)

	Schedule		March-05	March-04
INCOME:				
1. Sale of Products and Crude		**151,950.24**		131,007.20
Less: Commission and Discounts		**1,273.17**		804.25
Sale (Net of Commission & Discounts)		**150,677.07**		130,202.95
Less: Excise Duty		**14,022.70**		16,504.55
Sale (Net of Commission, Discount & Excise Duty)			**136,654.37**	113,698.40
2. Company's use of own Products and Crude			**251.09**	188.64
3. Net claim from/(surrender to) PPAC/GOI *			**(9.08)**	194.16
4. Subsidy From Government of India **			**1,356.96**	2,694.37
5. Increase/(Decrease) in Stocks	"M"		**1,653.90**	728.72
6. Interest and other Income	"N"		**1,529.77**	1,670.99
TOTAL INCOME			**141,437.01**	119,175.28
* Includes Rs.(-) 9.08 crore (2004 : Rs.194.16 crore) pertaining to previous years				
** Includes Rs.(-) 7.04 crore (2004: Rs.10.04 crore) pertaining to previous years				
EXPENDITURE:				
1. Purchase of Products and Crude for resale			**72,669.44**	58,064.91
2. Manufacturing, Admn., Selling & Other Expenses	"O"		**59,692.69**	48,630.50
3. Duties applicable on Products (Net)			**351.50**	518.02
4. Depreciation and Amortisation on:				
i) Fixed Assets		**2,065.21**		1,871.65
ii) Intangible Assets		**7.59**		2.14
			2,072.80	1,873.79
5. Interest Payments on:				
a) Fixed period loans from Banks/Financial Institutions/Others [Includes exchange loss of Rs.27.59 crore (2004 : Rs.0.70 crore) considered borrowing cost]		**197.29**		203.25
b) Bonds		**70.12**		99.25
c) Short term loans from Banks [Includes exchange loss of Rs.43.40 crore (2004 : Rs.9.32 crore) considered borrowing cost]		**292.86**		132.31
d) Short term loans from Subsidiaries		**0.03**		0.00
e) Public Deposits		**1.31**		1.26
f) Others		**21.35**		6.21
		582.96		442.28
Less: Interest Capitalised		**0.00**		0.00
			582.96	442.28
TOTAL EXPENDITURE			**135,369.39**	109,529.50
PROFIT FOR THE YEAR			**6,067.62**	9,645.78
Income/(Expenses) pertaining to previous years (Net)	"P"		**(112.44)**	45.06
PROFIT BEFORE TAX			**5,955.18**	9,690.84
Provision for Current Tax ***			**1,029.43**	2,275.40
PROFIT BEFORE DEFERRED TAX			**4,925.75**	7,415.44
Provision for Deferred Tax			**34.37**	410.62
PROFIT AFTER TAX			**4,891.38**	7,004.82
Balance brought forward from last year's account			**0.00**	0.00
DISPOSABLE PROFIT			**4,891.38**	7,004.82

*** Includes write-back of excess provision of earlier years of **Rs.Nil** (2004: Rs.39.62 crore).

(Rs. in Crore)

	Schedule	March-05	March-04
APPROPRIATIONS:			
Interim Dividend		525.61	584.01
Final Dividend (Proposed)		1,168.01	1,868.82
Corporate Dividend Tax on			
Final Dividend of 2003-04 (education cess)		4.79	0.00
Interim Dividend		68.69	74.83
Final Dividend (Proposed)		163.81	239.44
Insurance Reserve Account		10.00	10.00
Bond Redemption Reserve		(585.61)	37.73
General Reserve		3,536.08	4,189.99
Balance carried to Balance Sheet		0.00	0.00
		4,891.38	7,004.82
6. a) Earning Per Share (Rupees)	"R"	**41.88**	59.97
(Basic & Diluted)	(Note no.21)		
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"		

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

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES	**B. K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(MADHUR GUPTA)	**(PADMINI KHARE KAICKER)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner
M. No. 90205	M. No. 44784	M. No. 3124

Place : New Delhi
Date : May 30, 2005

SCHEDULE "A" - CAPITAL

(Rs. in Crore)

	March-05	March-04
Authorised:		
250,00,00,000 Equity Shares of Rs.10 each	**2,500.00**	**2,500.00**
Issued, Subscribed and Paid up:		
116,80,12,200 Equity Shares of Rs.10 each	**1,168.01**	1,168.01
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: 106,62,95,000 shares of Rs.10 each		
TOTAL	**1,168.01**	**1,168.01**

SCHEDULE "B" - RESERVES AND SURPLUS

(Rs. in Crore)

		March-05	March-04
1. Capital Reserve:			
As per last Account		**0.16**	0.16
2. Share Premium Account:			
As per last Account		**175.86**	175.86
3. General Reserve:			
As per last Account	**20,637.92**		16,954.82
Add: Transferred from Profit and Loss Account	**3,536.08**		4,189.99
Less: Transferred for issue of Bonus Shares	**0.00**		389.34
Less: Adjustment in line with AS-26	**0.00**		117.55
Less: Adjustment of Impairment Loss (net of deferred tax credit) as on 1.4.2004	**22.80**		0.00
		24,151.20	20,637.92
4. Insurance Reserve:			
As per last Account	**30.00**		20.00
Add : Transferred from Profit and Loss Account	**10.00**		10.00
		40.00	30.00
5. Export Profit Reserve:			
As per last Account		**59.41**	59.41
6. Capital Grants:			
As per last Account	**11.24**		11.99
Add: Received during the year	**0.03**		0.00
Less: Amortised during the year	**0.75**		0.75
		10.52	11.24
7. Bond Redemption Reserve Account:			
As per last Account	**964.81**		927.08
Add: Transferred from Profit and Loss Account	**(585.61)**		37.73
		379.20	964.81
8. Profit and Loss Account:		**0.00**	0.00
As per Annexed Account			
TOTAL		**24,816.35**	**21,879.40**

SCHEDULE "C" - SECURED LOANS

(Rs. in Crore)

	Note		March-05	March-04
1. Bonds:				
a) Non-Convertible Redeemable Bonds - Series - III	A	**0.00**		723.60
b) Non-Convertible Redeemable Bonds - Series - V	B	**379.20**		410.80
Total of (1)			**379.20**	1,134.40
2. Loans and Advances from Banks:	C			
i) Working Capital Demand Loan		**1,900.00**		500.00
Interest accrued and due on above		**0.00**		0.00
Total of (i)		**1,900.00**		500.00
ii) Cash Credit		**211.79**		1,539.93
Interest accrued and due on above		**0.24**		0.88
Total of (ii)		**212.03**		1,540.81
Total of (2)			**2,112.03**	2,040.81
TOTAL			**2,491.23**	**3,175.21**

Notes:

A. 7236 Bonds of face value of Rs. 10,00,000 each, alloted on 21st February 2000, which carried an annual coupon rate of 10.85% payable annually, were redeemed at par on 21st February 2005.

B. 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. Accordingly, 1st instalment was paid on 30th September 2004. 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.

C. 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-05	March-04
1. Public Deposits: (including Rs.6.30 crore [2004 : Rs.1.57 crore] due for payment within one year)		**13.15**	13.59
2. Short Term Loans and Advances:			
i) From Banks & Financial Institutions:			
a) In Foreign Currency US $ 1331.01 Million, (2004 : US $ 524.05 Million)	**5,823.19**		2,290.10
b) In Rupee	**2,340.00**		600.00
Add: Interest accrued and due	**0.00**		0.00
	2,340.00		600.00
Total (2)(i)	**8,163.19**		2,890.10
ii) Export Packing Credit:			
In Foreign Currency US $ 25 Million (2004 : US $ 25 Million)	**109.38**		109.25
Total (2)		**8,272.57**	2,999.35
3. Other Loans and Advances:			
A) From Banks/Financial Institutions:			
i) In Foreign Currency			
a) Canara Bank: US $ 200 Million (2004 :US $ 200 Million) (US $ 100 Million repayable in September 2005 and US $ 100 Million repayable in December 2005)	**875.00**		874.00
b) CitiBank Syndication: US $ 200 Million (2004 :US $ 200 Million) (repayable in Dec. 2006) {US $ 200 million (2004 :US $ 114.89 Million) availed upto 31.3.2005}	**875.00**		502.05
c) Bank of India: US $ 100 Million (2004 :US $ 100 Million) (repaid in September 2004)	**0.00**		437.00

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SCHEDULE "D" - UNSECURED LOANS (Contd.)

(Rs. in Crore)

	March-05	March-04
d) Bank of Baroda: US $ 200 Million (2004 :US $ 200 Million) (repaid in September 2004)	**0.00**	874.00
e) Standard Chartered Bank Syndication: US $ 200 Million (2004: US $ Nil) (repayable 70 Million in January 2010, 60 Million in Feb 2010 and 70 Million in March 2010)	**875.00**	0.00
f) Leaseplan North America Inc US $ 75.05 million (2004 :US $ 75.05 million) {US $ 22.68 million (2004 :US $ 7.39 Million availed upto 31.3.2005} (fully guaranteed by Export Import Bank of US and repayable in 20 half yearly installment w.e.f. March 2006)	**99.22**	32.29
Total of 3. i)	**2,724.22**	2,719.34
ii) In Rupee		
a) ICICI Bank Limited (repaid in June, 2004)	**0.00**	500.00
b) ICICI Bank Limited (prepaid in June 2004)	**0.00**	750.00
c) ICICI Bank Limited (prepaid in June 2004)	**0.00**	650.00
d) IDBI (repayable in October 2014)	**500.00**	0.00
e) State Bank of India (repayable in March 2009)	**500.00**	500.00
Add: Interest accrued and due	**0.07**	0.07
	500.07	500.07
Total of 3. ii)	**1,000.07**	2,400.07

(Rs. in Crore)

		March-05	March-04
B) From Others:			
a) OIDB (Repayable in 8 equal annual installments w.e.f. May'05) (amount payable within one year Rs.108.87 crore)	**871.00**		871.00
b) OIDB (Repayable in 8 equal annual installments w.e.f. Sept'07)	**948.00**		0.00
c) OIDB (Repayable in 3 equal annual installments w.e.f. Sept'05) (amount payable within one year Rs.333.33 crore)	**1,000.00**		0.00
	2,819.00		871.00
Total of 3.		**6,543.29**	5,990.41
TOTAL		**14,829.01**	**9,003.35**

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SCHEDULE "E" - FIXED ASSETS

	Note	Gross Block as at 01.04.04	Additions during the year	Transfers from Construction Work-in-Progress (Refer Note B)	Disposals During the year	AT COST Transfers/ Deductions/ Reclassi-fications
Land-Freehold		652.48	15.40	0.00	0.00	(0.59)
-Leasehold		290.57	21.67	0.07	0.00	4.18
Buildings, Roads etc.	A	3,598.36	25.42	423.23	(7.56)	(26.91)
Plant and Machinery		30,927.37	753.13	2,317.95	(62.21)	(57.50)
Transport Equipments		283.83	15.26	0.00	(2.24)	(0.13)
Furnitures and Fixtures		170.00	9.38	5.85	(1.64)	(0.57)
Railway Sidings		223.36	0.36	8.17	(1.35)	(8.14)
Drainage, Sewage and Water Supply System		195.39	0.14	9.96	(0.14)	(0.11)
Total		**36,341.36**	**840.76**	**2,765.23**	**(75.14)**	**(89.77)**
Previous Year		34,203.88	398.27	2,015.17	(84.92)	(191.04)

Note:

A. i) Buildings include Rs. 0.01 crore (2004 : Rs. 0.01 crore) towards value of 1895 (2004 : 1895) Shares in Co-operative Housing Societies towards membership of such societies for purchase of flats.

ii) Net Block for Buildings includes an amount of Rs. 1.33 crore earmarked for disposal, on which no further depreciation is charged.

B. Additions to Fixed Assets include Rs. -0.06 crore (2004 : Rs.-17.34 crore) on account of exchange fluctuations.

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

D. Depreciation and amortisation for the year includes Rs. 110.51 crore (2004 : Rs. -4.82 crore) pertaining to prior year and Rs. 3.71 crore (2004 : Rs. 3.99 crore) relating to construction period expenses taken to Schedule F-1.

E. Represents Gross Impairment Loss as on 1st April 2004 adjusted against opening balance of General Reserve.

(Rs. in Crore)

					NET DEPRECIATED BLOCK	
Gross Block as at 31.03.05 (Refer Note C)	Depreciation and Amortisation during the year (Refer Note D)	Total Depreciation and Amortisation upto 31.03.05	Impairment Loss during the year (Refer Note E)	Total Impairment Loss upto 31.03.05	AS AT 31.03.05	AS AT 31.03.04
667.29	0.00	0.00	0.00	0.00	667.29	652.48
316.49	6.59	38.25	0.00	0.00	278.24	258.83
4,012.54	94.71	607.01	0.00	0.00	3,405.53	3,085.33
33,878.74	2,025.11	15,294.44	35.56	35.56	18,548.74	17,589.59
296.72	26.16	211.48	0.00	0.00	85.24	95.43
183.02	10.15	86.77	0.00	0.00	96.25	91.83
222.40	9.51	91.19	0.00	0.00	131.21	139.86
205.24	7.20	114.02	0.00	0.00	91.22	88.46
39,782.44	**2,179.43**	**16,443.16**	**35.56**	**35.56**	**23,303.72**	**22,001.81**
36,341.36	1,870.82	**14,339.55**	0.00	0.00	**22,001.81**	

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	Accumulated Impairment Loss	W.D.V. as at 31.03.05	W.D.V. as at 31.03.04
Land - Freehold	HPC/BPC/IBP	1.37	0.00	0.00	1.37	1.37
Land - Leasehold	HPC/BPC/IBP	0.78	0.14	0.00	0.64	0.65
Buildings	HPC/BPC	2.30	0.14	0.00	2.16	1.04
Plant and Machinery	HPC/BPC/IBP /GSFC/IPCL/ ACC/CSIR	87.24	15.22	0.00	72.02	76.42
Transport Equipment	RAILWAYS	183.05	141.11	0.00	41.94	57.74
Railway Sidings	HPC/BPC	29.38	9.35	0.00	20.03	19.02
Drainage,Sewage & Water Supply	GSFC	0.99	0.94	0.00	0.05	0.05
Total		**305.11**	**166.90**	**0.00**	**138.21**	**156.29**
Previous year		302.07	145.78	0.00	156.29	

SCHEDULE "E-1" - INTANGIBLE ASSETS

		AT COST				
	Note	Gross Block as at 01.04.04	Additions during the year	Transfers from Construction Work-in-Progress	Disposals During the year	Transfers/ Deductions/ Reclassi-fications
Right of Way	A	17.50	5.86	0.00	0.00	0.00
Licenses		28.61	0.08	22.00	0.00	0.00
Computer Software		0.83	2.56	8.12	0.00	1.26
Total		**46.94**	**8.50**	**30.12**	**0.00**	**1.26**
Previous Year		0.00	33.00	0.00	0.00	13.94

Note:

A. Right of way for laying pipelines is a perpetual right of use of land but does not bestow upon the company, the ownership of land and hence, treated as intangible asset. However, no amortisation is provided on the same, being perpetual in nature.

B. Amortisation for the year includes Rs. 0.08 crore (2004 : Rs. Nil) pertaining to prior year.

(Rs. in Crore)

Gross Block as at 31.03.05	Amortisation during the year (Refer Note B)	Total Amortisation upto 31.03.05	Impairment Loss during the year	Total Impairment Loss upto 31.03.05	NET BLOCK AS AT 31.03.05	NET BLOCK AS AT 31.03.04
23.36	0.00	0.00	0.00	0.00	23.36	17.50
50.69	4.47	6.40	0.00	0.00	44.29	26.68
12.77	3.20	3.35	0.00	0.00	9.42	0.62
86.82	**7.67**	**9.75**	**0.00**	**0.00**	**77.07**	**44.80**
46.94	2.14	**2.14**	0.00	0.00	**44.80**	

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SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

(Rs. in Crore)

	Note		**March-05**		March-04
1. Construction Work-in-Progress - Fixed Assets (including unallocated capital expenditure, materials at site)		**2,182.64**		1,295.80	
Less: Provision for Capital Losses		**11.24**		13.89	
			2,171.40		1,281.91
2. Advance for Capital Expenditure			**4,094.81**		2,485.98
3. Capital Stores	A	**1,087.71**		418.85	
Less: Provision for Capital Losses		**2.95**		0.25	
			1,084.76		418.60
4. Capital Goods-in-Transit			**368.67**		180.72
5. Construction period expenses pending allocation: Balance as at beginning of the year		**648.32**		816.85	
Add: Opening Balance Adjustment		**47.21**		(183.35)	
Add: Net Expenditure during the year (Sch. "F-1")		**206.61**		235.66	
		902.14		869.16	
Less : Allocated to Assets during the year		**176.78**		220.84	
			725.36		648.32
6. Work-in-Progress - Intangible Assets (including unallocated capital expenditure)			**274.47**		245.77
TOTAL			**8,719.47**		**5,261.30**

Note:

A. i) Includes Rs.0.20 crore (2004: Rs. Nil) on account of exchange fluctuations.

ii) Includes Stock lying with contractors — **192.18** — 47.11

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

(Rs. in Crore)

		March-05	March-04
1.	Payments to and Provision for Employees	**44.76**	36.96
2.	Repairs & Maintenance	**1.28**	1.42
3.	Consumption of Stores & Spares	**0.03**	0.07
4.	Power & Fuel	**2.54**	3.95
5.	Rent	**5.03**	3.89
6.	Insurance	**7.99**	5.05
7.	Rates & Taxes	**0.04**	0.14
8.	Travelling Expenses	**8.60**	5.84
9.	Communication Expenses	**1.07**	1.00
10.	Printing & Stationery	**0.43**	0.33
11.	Electricity & Water Charges	**0.30**	0.48
12.	Bank Charges	**0.14**	0.03
13.	Technical Assistance Fees	**0.00**	3.12
14.	Exchange Fluctuation	**0.05**	(8.60)
15.	Interest	**94.96**	152.76
16.	Depreciation	**3.71**	3.99
17.	Start up/Trial Run Expenses	**17.14**	17.39
18.	Others	**34.12**	14.87
	Total Expenses	**222.19**	242.69
	Less: Recoveries	**15.58**	7.03
	Net Expenditure during the year	**206.61**	**235.66**

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SCHEDULE "G" - INVESTMENTS

(Rs. in Crore)

	No. and Particulars of Shares	Face Value per Share (Rupees)	March-05	March-04
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 (Refer note no.14 of Schedule R - Notes to Accounts)	1,18,67,262 Equity Shares each fully paid in cash	10/-	**1,840.99**	1,840.99
iv) Lanka IOC Limited (Quoted in Colombo Stock Exchange, Sri Lanka w.e.f. 22.12.2004)	400,000,000 Equity Share fully paid in cash	10/- *	**194.14**	194.14
	Sub-total: (a)		**2,693.25**	2,693.25
b) In Joint Venture Companies:				
i) Petronet LNG Limited	93,750,000 Equity Shares fully paid in cash	10/-	**98.75**	98.75
	Sub-total (b):		**98.75**	98.75
c) 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) GAIL (India) Limited	4,08,39,549 Equity Shares each fully paid in cash	10/-	**245.04**	245.04
	Sub-total (c):		**2,470.19**	2,470.19
	TOTAL: 1		**5,262.19**	5,262.19

Aggregate Market Value of securities mentioned at (1) above **Rs.17995.29 crore** (2004: Rs.15502.85 crore) which includes **Rs.838.80 crore** (2004: Rs.Nil) in respect of Lanka IOC Limited, quoted on Colombo Stock Exchange, Sri Lanka, being equivalent in Indian currency.

(Rs. in Crore)

		No. and Particulars of Shares	Face Value per Share (Rupees)	March-05	March-04
2. UNQUOTED:					
A) Non-Trade Investments:					
i)	In Government - Securities (Refer Note A)	Deposited with various bodies		**0.01**	0.01
ii)	In Consumer Cooperative Societies:				
	Barauni :	250 Equity Shares each fully paid in cash	10/-		
	Guwahati :	750 Equity Shares each fully paid in cash (including 500 bonus fully paid Bonus Shares)	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 Indian Oil Cooperative Consumer Stores Ltd., Delhi :	375 Equity Shares each fully paid in cash	10/-		
		Sub-total: 2A		**0.01**	0.01
B) Trade Investments:					
a)	**In Subsdiary Companies**				
i)	Indian Oil Blending Ltd.	8,000 Equity Shares each fully paid in cash	500/-	**0.40**	0.40
ii)	Indian Oil Mauritius Ltd.	15,88,920 Equity Shares each fully paid in cash	100/- **	**25.50**	25.50
iii)	IndianOil Technologies Ltd.	5,50,000 (2004: 50,000) Equity Share fully paid in cash	10/-	**0.55**	0.05
iv)	Indian Strategic Petroleum Reserve Limited	10,00,000 (2004: Nil) Equity Share fully paid in cash	10/-	**1.00**	0.00
		Sub-total: (a)		**27.45**	25.95

* In Sri Lankan Rupees

** In Mauritian Rupees

(Rs. in Crore)

		No. and Particulars of Shares	Face Value per Share (Rupees)		March-05	March-04
b)	**In Joint Venture Companies**					
i)	Avi-Oil Private Limited	45,00,000 Equity Shares fully paid in cash	10/-		**4.50**	4.50
ii)	Petronet India Limited	1,60,00,000 Equity Shares fully paid up in cash	10/-	**16.00**		16.00
	Less: Provision for Diminution			**16.00**		0.00
					0.00	16.00
iii)	Indian Oil Tanking Ltd.	5,90,00,000 Equity Shares fully paid in cash	10/-		**75.72**	75.72
iv)	Petronet VK Limited	2,59,99,970 Equity Shares fully paid in cash	10/-	**26.00**		26.00
	Less: Provision for Diminution			**26.00**		0.00
					0.00	26.00
v)	Indian Oil Panipat Power Consortium Limited	1,01,64,503 Equity Shares fully paid in cash	10/-	**10.16**		10.16
	Less: Provision for Diminution			**3.79**		3.79
					6.37	6.37
vi)	Lubrizol India Private Limited	9,60,000 Equity Shares fully paid in cash	100/-		**118.67**	118.67
vii)	Indian Oil Petronas Private Limited	6,00,00,000 Equity Shares fully paid in cash	10/-		**60.00**	60.00
viii)	Petronet CI Limited	10,66,000 Equity Shares fully paid in cash	10/-	**1.07**		1.07
	Less: Provision for Diminution			**1.07**		1.07
					0.00	0.00
ix)	Petronet CTM Limited	26 Equity Shares fully paid in cash	10/-	**0.00**		0.00
	Less: Provision for Diminution			**0.00**		0.00
					0.00	0.00
x)	ONGIO International Private Limited	15,05,000 Equity Shares fully paid in cash	10/-	**1.51**		1.51
	Less: Provision for Diminution			**1.51**		1.51
					0.00	0.00
		Sub-total: (b)			**265.26**	**307.26**

(Rs. in Crore)

	No. and Particulars of Shares	Face Value per Share (Rupees)	March-05	March-04
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		**292.73**	**333.23**
	Total: 2		**292.74**	**333.24**
	Total: (1 + 2)		**5,554.93**	**5,595.43**

Note:

A. Investment of Rs.12000/- has been written off during the year.

SCHEDULE "G-1" - ADVANCES FOR INVESTMENT

(Rs. in Crore)

		March-05	March-04
A. Joint Venture Companies			
i) IndianOil TCG Petrochem Limited	**0.49**		0.49
Less: Provision for diminution	**0.49**		0.49
		-	-
ii) Petronet CI Limited	**1.87**		1.87
Less: Provision for diminution	**1.87**		1.87
		-	-
		-	-
B. Subsidiary Companies			
i) IndianOil Technologies Limited		**-**	0.50
C. Others			
i) Haldia Petrochemicals Limited		**150.00**	-
Total		**150.00**	**0.50**

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SCHEDULE "H"- INVENTORIES

(Rs. in Crore)

	Note		March-05	March-04
1. In Hand:				
a. Stores, Spares etc.	A	**742.68**		680.80
Less: Provision for Losses		**38.33**		39.23
			704.35	641.57
b. Raw Materials	B		**4,528.91**	2,985.76
c. Finished Products	C		**10,062.17**	8,760.19
d. Stock in Process			**1,175.56**	966.44
e. Barrels and Tins	D		**12.06**	6.42
Total (1)			**16,483.05**	**13,360.38**
2. In Transit:				
a. Stores & Spares			**81.18**	26.40
b. Raw Materials			**2,782.57**	1,549.08
c. Finished Products			**158.02**	15.22
Total (2)			**3,021.77**	**1,590.70**
TOTAL			**19,504.82**	**14,951.08**

Note: Includes:

	March-05	March-04
A. Stock lying with contractors	**14.50**	6.59
B. Stock lying with others	**108.77**	85.34
C. Stock lying with others	**246.11**	182.28
D. Stock lying with others	**1.54**	1.76

SCHEDULE "I" - SUNDRY DEBTORS

(Rs. in Crore)

	March-05	March-04
1. Over Six Months:		
a) From Subsidiary Companies		
i) Unsecured, Considered Good	**31.06**	67.41
b) From Others		
i) Unsecured, Considered Good	**14.07**	38.29
ii) Unsecured, Considered Doubtful	**267.51**	265.33
Total 1	**312.64**	371.03
2. Other Debts:		
a) From Subsidiary Companies		
i) Unsecured, Considered Good	**1,900.37**	918.11
b) From Others		
i) Unsecured, Considered Good	**3,744.37**	2,949.31
ii) Unsecured, Considered Doubtful	**0.52**	0.29
Total 2	**5,645.26**	3,867.71
Total : (1+2)	**5,957.90**	4,238.74
Less: Provision for Doubtful Debts	**268.03**	265.62
TOTAL	**5,689.87**	3,973.12

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SCHEDULE "J" - CASH AND BANK BALANCES

(Rs. in Crore)

	Note		**March-05**	March-04
1. Cash Balances:				
a) Cash Balances including imprest		**3.10**		3.18
b) Cheques in hand		**420.66**		682.78
			423.76	685.96
2. Bank Balances with Scheduled Banks:				
a) Current Account		**10.79**		11.44
b) Fixed Deposit Account		**11.62**		0.41
c) Blocked Account		**0.15**		0.16
			22.56	12.01
3. Bank Balances with Non-Scheduled Banks:				
a) Current Account				
i) Bhumiputra Commerce Bank, Malaysia [Maximum balance during the year - Rs. 0.10 crore (2004: Rs. 0.14 crore)]			**0.00**	0.10
TOTAL			**446.32**	698.07

SCHEDULE "K" - LOANS AND ADVANCES

(Rs. in Crore)

	Note		March-05	March-04
1. Advance recoverable in cash or in kind or for value to be received:	A			
a) From Subsidiary Companies				
i) Unsecured, Considered Good		**44.34**		182.71
Total (a)		**44.34**		182.71
b) From Others				
i) Secured, Considered Good		**993.84**		967.66
ii) Unsecured, Considered Good		**846.12**		552.17
iii) Unsecured, Considered Doubtful		**4.73**		4.43
Total (b)		**1,844.69**		1,524.26
Total		**1,889.03**		1,706.97
Less: Provision for Doubtful Advances		**4.73**		4.43
			1,884.30	1,702.54
2. Amount recoverable from PPAC (Net):				
Unsecured, Considered Good			**2,320.81**	2,296.16
3. Amount recoverable from Government of India:				
Unsecured, Considered Good			**155.63**	408.44
4. Claims Recoverable:				
a) From Subsidiary Companies				
i) Unsecured, Considered Good		**0.00**		0.05
b) From Others				
i) Secured, Considered Good		**0.10**		0.10
ii) Unsecured, Considered Good	B	**1,198.62**		1,045.44
iii) Unsecured, Considered Doubtful		**20.86**		24.75
Total		**1,219.58**		1,070.34
Less: Provision for Doubtful Claims		**20.86**		24.75
			1,198.72	1,045.59
5. Balance with Customs, Port Trust and Excise Authorities:				
Unsecured, Considered Good			**51.57**	63.91

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

(Rs. in Crore)

	Note		March-05	March-04
6. Materials given on loan				
a) From Subsidiary Companies				
i) Secured, Considered Good		0.38		0.00
Less: Deposits received		0.38		0.00
		0.00		0.00
ii) Unsecured, Considered Good		0.00		0.00
Total (a)		0.00		0.00
b) From Others				
i) Secured, Considered Good		0.09		0.00
Less: Deposits received		0.09		0.00
		0.00		0.00
ii) Unsecured, Considered Good		0.00		0.00
Total (b)		0.00		0.00
Total			0.00	0.00
7. Sundry Deposits (including amount adjustable on receipt of Final bills):				
a) From Subsidiary Companies				
i) Unsecured, Considered Good		0.00		0.07
Total (a)		0.00		0.07
b) From Others				
i) Secured, Considered Good		9.00		9.04
ii) Unsecured, Considered Good		425.76		88.20
iii) Unsecured, Considered Doubtful		0.00		0.00
Total (b)		434.76		97.24
Total		434.76		97.31
Less: Provision for Doubtful Deposits		0.00		0.00
			434.76	97.31
TOTAL			6,045.79	5,613.95

Notes:

A. Includes:

	March-05	March-04
1. Due from Directors	0.12	0.13
Maximum amount during the year	0.18	0.18
2. Due from other Officers	3.13	3.35
Maximum amount during the year	3.89	3.79
B. Includes Customs/Excise Duty Claims which are in the process of being lodged with the Department	81.41	96.63

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Crore)

	Note		March-05	March-04
1. Current Liabilities				
a) Sundry Creditors				
i) Total Dues of small scale industrial undertaking(s)	A	**44.35**		38.98
ii) Total Dues of creditors other than small scale industrial undertaking(s)		**11,203.57**		7,930.98
Total of (a)			**11,247.92**	7,969.96
b) Other Liabilities			**2,825.28**	3,031.21
c) Dues to Subsidiary Companies			**743.47**	598.76
d) Investor Education and Protection Fund shall be credited by the following amount namely:	B			
- Unpaid Dividend			**3.40**	2.84
- Unpaid Matured Deposits			**1.22**	1.32
e) Security Deposits		**5,190.74**		4,790.67
Less:Investments and Deposits with Banks lodged by outside parties		**0.06**		0.44
			5,190.68	4,790.23
f) Material taken on loan				
i) From Subsidiary Companies		**0.06**		0.45
Less: Deposits given		**0.00**		0.39
Total (i)		**0.06**		0.06
ii) From Others		**0.28**		0.01
Less: Deposits given		**0.28**		0.01
Total (ii)		**0.00**		0.00
Total:			**0.06**	0.06
g) Interest accrued but not due on loans			**63.04**	91.62
Total Current Liabilities			**20,075.07**	**16,486.00**
2. Provisions				
a) Provision for Taxation		**5,676.88**		5,624.84
Less: Advance payments		**5,312.68**		5,518.47
			364.20	106.37
b) Proposed Dividend			**1,168.01**	1,868.82
c) Corporate Dividend Tax			**163.81**	239.44
d) Provision for Retirement Benefits			**194.07**	147.75
e) Contingencies for probable obligations			**59.91**	0.00
Total Provisions			**1,950.00**	**2,362.38**
TOTAL			**22,025.07**	**18,848.38**

Note:

A. Names of Small Scale Industrial Undertakings to whom the Corporation owe a sum, which is outstanding for more than 30 Days, are given in Note no. 27 of Schedule 'R' - Notes to Accounts.

B. No amount is due as on March 31, 2005 for credit to Investor Education & Protection Fund (Fund) and the amount, if any, remaining due will be transferred on the respective due dates to the Fund.

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SCHEDULE “L-1”- MISCELLANEOUS EXPENDITURE

(Rs. in Crore)

		March-05	March-04
Deferred Revenue Expenditure			
Voluntary Retirement Compensation			
As per last accounts	**73.29**		98.92
Add: Expenditure during the year	**14.88**		26.47
Sub-Total		**88.17**	125.39
Less: Amortised during the year		**55.08**	52.10
TOTAL		**33.09**	73.29

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

(Rs. in Crore)

		March-05	March-04
Closing Stock			
a) Finished Products	**10,220.19**		8,775.41
b) Stock in Process	**1,175.56**		966.44
		11,395.75	9,741.85
Less:			
Opening Stock			
a) Finished Products	**8,775.41**		8,063.12
b) Stock in Process	**966.44**		950.01
		9,741.85	9,013.13
NET INCREASE/ (DECREASE)		**1,653.90**	728.72

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. in Crore)

	Note		**March-05**	March-04	
1. Interest on:					
a) Loans and Advances					
i) From Subsidiary Companies		**4.23**		2.21	
ii) From Others		**41.54**		45.50	
		45.77		47.71	
b) Fixed Deposits with Banks		**0.00**		0.03	
c) Short Term Deposits with Banks		**11.05**		0.15	
d) Customers Outstandings					
i) From Subsidiary Companies		**2.05**		0.91	
ii) From Others		**49.21**		43.17	
		51.26		44.08	
e) Others	A	**1.04**		0.01	
			109.12		91.98
2. Dividend:					
a) From Subsidiary Companies		**232.09**		135.99	
b) From Other Companies		**454.67**		410.66	
			686.76		546.65
3. Sale of Power and Water			**5.16**		6.37
4. Profit on sale and disposal of Assets			**9.50**		7.55
5. Unclaimed/Unspent liabilities written back			**133.89**		139.83
6. Provision for Doubtful Debts, Advances, Claims and Stores written back			**20.69**		13.52
7. Recoveries from Employees			**14.64**		19.71
8. Retail Outlet Licence Fees			**42.85**		34.16
9. Collection Charges for Outstation Cheques			**14.09**		15.15
10. Sale of Scrap			**29.48**		20.15
11. Financing Charges on Finance Leases			**12.13**		14.35
12. Amortisation of Capital Grants			**0.75**		0.75
13. Exchange Fluctuations (Net)			**145.99**		425.91
14. Commodity Hedging Gain (Net)			**0.00**		2.34
15. Terminalling Charges			**84.13**		109.14
16. Recovery towards Inventory Carrying Cost			**44.44**		84.00
17. Other Miscellaneous Income			**176.15**		139.43
TOTAL			**1,529.77**		1,670.99

Note:

A. Includes **Rs. 1.04 crore** (2004 : Rs. Nil) as interest received (net) under section 244 A of the Income Tax Act, 1961.

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

(Rs. in Crore)

		March-05		March-04
1. Raw Materials Consumed:				
Opening Balance	**4,534.84**		4,302.12	
Add: Opening Balance Adjustment	**0.00**		(50.45)	
Add: Receipts:				
Add: Purchases	**52,245.14**		39,579.27	
	56,779.98		43,830.94	
Less: Closing Stock	**7,311.48**		4,534.84	
		49,468.50		39,296.10
2. Consumption:				
a) Stores, Spares and Consumables	**255.43**		247.05	
b) Packages & Drum Sheets	**169.94**		169.64	
		425.37		416.69
3. Power & Fuel	**3,280.97**		2,902.90	
Less: Fuel for own production	**2,879.37**		2,552.58	
		401.60		350.32
4. Processing Fees, Blending Fees, Royalty & Other Charges		**42.22**		47.33
5. Octroi, Other Levies and Irrecoverable Taxes		**670.96**		796.76
6. Repairs and Maintenance:				
i) Plant and Machinery	**526.72**		391.86	
ii) Buildings	**62.35**		71.45	
iii) Others	**52.91**		36.16	
		641.98		499.47
7. Freight, Transportation Charges and Demurrage		**4,279.75**		3,915.07
8. Payments to and Provisions for Employees:				
(a) Salaries, Wages, Bonus etc.	**1,294.88**		1,085.03	
(b) Contribution to Provident & Other Funds	**196.37**		173.14	
(c) Amortisation of Voluntary Retirement Compensation	**55.08**		52.10	
(d) Staff Welfare Expenses	**337.85**		279.01	
		1,884.18		1,589.28
9. Office Administration,Selling and Other Expenses (Schedule "O-1")		**1,878.13**		1,719.48
TOTAL		**59,692.69**		48,630.50

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

(Rs. in Crore)

		Note		March-05	March-04
1.	Rent			**199.38**	184.11
2.	Insurance			**83.98**	88.69
3.	Rates & Taxes			**45.74**	35.37
4.	Donations			**26.54**	16.15
5.	Payment to Auditors:				
	a) Audit Fees		**0.41**		0.32
	b) Tax Audit Fees		**0.05**		0.05
	c) Other Services (for issuing certificates etc.)		**0.16**		0.11
	d) Out of Pocket Expenses		**0.04**		0.07
				0.66	0.55
6.	Travelling & Conveyance			**153.49**	162.42
7.	Communication Expenses			**36.86**	35.68
8.	Printing & Stationery			**18.36**	17.66
9.	Electricity & Water			**108.77**	94.93
10.	Bank Charges			**21.21**	28.58
11.	Bad Debts, Advances & Claims written off			**3.94**	1.58
12.	Loss on Assets sold, lost or written off			**23.96**	32.19
13.	Technical Assistance Fees	A		**223.88**	12.14
14.	Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores			**18.66**	56.12
15.	Provision for Investments/Advance against Investments			**42.00**	8.23
16.	Loss on Investments written off {Rs.12000/- (2004: Rs.Nil)}			**0.00**	0.00
17.	Security Force Expenses			**83.50**	78.47
18.	Sales Promotion Expenses			**202.83**	153.33
19.	Handling Expenses			**78.69**	88.53
20.	Inventory Carrying Cost			**17.76**	70.84
21.	Expenses on Enabling Facilities			**0.22**	1.44
22.	Terminalling Charges	B		**127.15**	217.56
23.	Commodity Hedging Loss (Net)			**10.53**	0.00
24.	Provision for Probable Contingencies			**59.91**	0.00
25.	Exploration Cost - Survey Expenditure			**58.37**	95.63
26.	Other Expenses			**231.74**	239.28
	TOTAL			**1,878.13**	1,719.48

Note:

A. Includes Rs. Nil (2004 : Rs.0.94 crore) pertaining to previous year.

B. Includes Rs. 54.76 crore (2004 : Rs.Nil) recovered/received during the year pertaining to previous year.

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

(Rs. in Crore)

	Note	March-05	March-04
Income:			
1. Interest	A	**(2.09)**	73.76
2. Miscellaneous Income		**1.93**	2.42
Total Income		**(0.16)**	76.18
Expenditure:			
1. Purchase of Products and Crude		**0.79**	0.58
2. Raw Material			
a) Opening Stock Adjustment		**0.00**	50.45
b) Consumption		**0.00**	(46.32)
3. Depreciation and Amortisation on:			
a) Fixed Assets		**110.51**	(4.82)
b) Intangible Assets		**0.08**	0.00
4. Consumption			
a) Stores, Spares and Consumables		**1.72**	2.20
5. Technical Fees		**0.00**	0.43
6. Power & Fuel		**0.36**	0.00
7. Repairs and Maintenance		**0.14**	3.59
8. Interest		**0.17**	10.46
9. Rent		**0.00**	1.81
10. Exchange Fluctuations (Net)		**0.00**	3.16
11. Insurance		**(0.31)**	0.00
12. Payment to and provision for employees		**(0.06)**	0.00
13. Other Expenses		**(1.12)**	9.58
Total Expenses		**112.28**	31.12
NET INCOME/(EXPENDITURE)		**(112.44)**	**45.06**

Note:

A. Includes Rs.Nil (2004 : Rs.72.54 crore) as interest received under section 244 A of the Income Tax Act, 1961.

SCHEDULE "Q" - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

1.1 The financial statements are prepared under historical cost convention in accordance with the mandatory accounting standards issued by The Institute of Chartered Accountants of India and the provisions of The Companies Act, 1956.

2. FIXED ASSETS

2.1 Land

2.1.1 Land acquired on perpetual lease as well as on lease for over 99 years is treated as free hold land.

2.1.2 Land acquired on lease for 99 years or less is treated as leasehold land.

2.2 Construction Period Expenses on Projects

2.2.1 Revenue expenses 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.

2.2.2 Financing cost incurred during the construction period on loans specifically borrowed and utilised for projects is capitalised on quarterly basis.

2.2.3 Financing cost, if any, incurred on General Borrowings used for projects is capitalised at the weighted average cost. The amount of such borrowings is determined on quarterly basis after setting off the amount of internal accruals.

2.3 Depreciation/Amortisation

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

2.3.2 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, upto 95% of the cost of the asset. Depreciation is charged pro-rata on quarterly basis on assets, from/upto the quarter of capitalisation/sale, disposal and dismantled during the year.

2.3.3 Assets, other than LPG Cylinders and Pressure Regulators, costing upto Rs.5,000/- are depreciated fully in the year of capitalisation.

2.3.4 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 unallocated capital expenditure and is charged to revenue in the year of capitalisation of such projects.

2.4 IMPAIRMENT OF ASSETS

2.4.1 Impairment of cash generating units/assets is ascertained and considered where the carrying cost exceeds the recoverable amount being the higher of net realizable amount and value in use.

3. INTANGIBLE ASSETS

3.1 Costs incurred on technical know-how/license fee relating to production process are charged to revenue in the year of incurrence.

3.2 Costs incurred on technical know-how/license fee relating to process design/plants/facilities are accounted as "Work-in Progress - Intangible Assets" during the construction period of the said plant/facility. At the time of capitalisation of the said plant/facility, such costs are capitalised as Intangible Asset and amortised on a straight line basis over a period of ten years or life of the said plant/facility, whichever is earlier beginning from the quarter in which the said plant/ facilities is capitalised.

3.3 Expenditure incurred on Research & Development, other than on capital account, is charged to revenue.

3.4 Costs incurred on computer software purchased/developed on or after 1st April 2003, resulting in future economic benefits, are capitalised as Intangible Asset and amortised over a period of three years beginning from the quarter in which such software is capitalised. However, where such computer software is still in development stage, costs incurred during the development stage of such software are accounted as as "Work-in Progress - Intangible Assets".

3.5 Cost of Right of Way for laying pipelines is capitalised. However, such Right of Way being perpetual in nature, is not amortised.

4. FOREIGN CURRENCY TRANSLATION

4.1 Transactions in foreign currency are recorded at exchange rates prevailing on the date of transactions.

4.2 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

4.3 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.

4.4.1 Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted for in the Profit & Loss Account either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to acquisition of fixed assets.

4.4.2 Exchange differences arising on liabilities incurred or on repayment of borrowings in foreign currency for acquisition of fixed assets are accounted in the following manner:

a) in respect of fixed assets acquired from a country outside India, exchange differences are adjusted in the carrying cost.

b) in respect of fixed assets acquired within India,

i. exchange differences on transactions in foreign currency entered prior to 1st April 2004, are adjusted in the carrying cost.

ii. exchange differences on transactions in foreign currency entered on or after 1st April 2004 are recognized in the Profit & Loss Account.

5. INVESTMENTS

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

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

6. INVENTORIES

6.1 Raw Materials

6.1.1 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.

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

6.2 Stock-in-Trade

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

6.2.2 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.

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

6.3 Stores and Spares

6.3.1 Stores and Spares (including Barrels and Tins) 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 other than capital stores (excluding barrels and tins) towards likely diminution in the value.

6.3.2 Stores & Spares in transit are valued at cost.

7. DEBTORS

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

8. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

8.1 CONTINGENT LIABILITIES

8.1.1 Show Cause Notices issued by various Government Authorities are not considered as Obligation.

8.1.2 When the demand notices are raised against such show cause notices and are disputed by the Corporation, these are classified as disputed obligations.

8.1.3 The treatment in respect of disputed obligations, in each case above Rs.5 lakh, are as under:

a) a provision is recognized in respect of present obligations where the outflow of resources is probable;

b) all other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

8.2 CAPITAL COMMITMENTS

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

9. REVENUE RECOGNITION

9.1 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.

9.2 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”.

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

a) When there is certainty that the claims are realizable

b) Generally at cost

9.4 Income and expenditure upto Rs.5 lakhs in each case pertaining to previous years are accounted for in the current year.

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

9.6 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.

10. RETIREMENT AND EMPLOYEES BENEFITS

10.1 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 & Loss Account.

10.2 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 & Loss Account.

11. GRANTS

11.1 Capital Grants

11.1.1 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.

11.2 REVENUE GRANTS

11.2.1 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.

12. OIL & GAS EXPLORATION ACTIVITIES

12.1 The Corporation is following the "Successful Efforts Method" of accounting for Oil & Gas exploration and production activities as explained below:

a) Survey costs are expensed in the year of incurrence.

b) Cost of undecided exploratory wells is carried as Exploratory Wells in Progress. Such Exploratory Wells in progress are either capitalised in the year in which the producing property is created or expensed in the year in which the same is determined to be dry.

12.2 The Corporation's proportionate share in the assets, liabilities, income and expenditure of joint venture operations are accounted as per the participating interest in such joint venture operations.

13 COMMODITY HEDGING

13.1 The realised gain or loss in respect of commodity hedging contracts, the pricing period of which has expired during the year, are recognised in the Profit & Loss Account. However, in respect of contracts, the pricing period of which extend beyond the balance sheet date, suitable provision for likely loss, if any, is provided.

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

Place : New Delhi
Date : May 30, 2005

SCHEDULE "R" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005

1. **Contingent Liabilities:**

   a) Contingent Liabilities amounting to **Rs. 4,806.41 crore** (2004 : Rs. 4,200.75 crore) include:

      i) **Rs. 456.26 crore** (2004 : Rs. 246.25 crore) being the demands raised by the Central Excise /Customs authorities.

      ii) **Rs. 3,055.88 crore** (2004 : Rs. 2,717.81 crore) in respect of Sales Tax/ Entry Tax demands.

      iii) **Rs. 645.46 crore** (2004 : Rs. 594.74 crore) including **Rs. 450.26 crore** (2004 : Rs. 379.14 crore) on account of Projects for which suits have been filed in the Courts or cases are lying with Arbitrators.

      iv) **Rs. 145.92 crore** (2004 : Rs.122.24 crore) in respect of Income Tax demands.

      v) **Rs. 87.86 crore** (2004 : Rs.104.33 crore) relating to projects.

      The Corporation has not considered those disputed demands/claims as contingent liabilities, the outflow of resources for which would be remote.

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

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

   d) The Corporation has issued corporate guarantee in favour of Citicorp Investment Bank (Singapore) Limited on behalf of Lanka IOC Limited (LIOC), a subsidiary of Corporation, for raising a syndication of Rs.153.12 crore (US $ 35 million) by LIOC.

   e) Pending finalisation of agreement, crude oil purchases from ONGC and Panna Mukta Oil Field are accounted for on provisional basis. Adjustments, if any, on this account shall be dealt with on finalisation of the agreement.

2. Estimated amount of contracts remaining to be executed on Capital Account in respect of Fixed Assets and not provided for **Rs. 6,404.38 crore** (2004 : Rs. 8740.04 crore).

3. Estimated amount of contracts remaining to be executed on Capital Account in respect of Intangible Assets and not provided for **Rs. 102.26 crore** (2004 : Rs.115.70 crore).

4. 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. 148.46 crore** (2004 : Rs.158.06 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.

5. The transactions with other Oil Companies are reconciled on an ongoing basis and are subject to confirmation.

6. The customs duty on crude oil are accounted for as per the prevailing Customs Valuation Rules and net claims recoverable amounting to **Rs. 445.42 crore** booked on self assessment basis for the period 1997-98 to 2004-05 are pending for final assessment/settlement by the authorities. The claims are considered good for recovery.

7. Bond Redemption Reserve of **Rs. 594.48 crore**, created in respect of Non-Convertible Redeemable Bonds – Series III as on 31.3.2004, has been written back during the year in view of the redemption of

said Bonds on 21st February 2005. Further, Bond Redemption Reserve of Rs. 8.87 crore has been created in respect of Non-Convertible Redeemable Bonds – Series V during the year.

8. During the year, an amount of **Rs.35.06 crore** pertaining to previous period has been paid to workmen, consequent to finalisation of Mini-LTS resulting in revision in various allowances.

9. During the year, an amount of **Rs.136.63 crore** on account of arrears liability payable to employees for enhanced Productive Incentive for the financial year 1997-98, 1998-99 and 1999-2000 has been provided.

10. Subsidy (including freight for far-flung areas) of **Rs.1,356.96 crore** (2004: Rs.2,694.37 crore) 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.

11. During the year, in line with the scheme formulated by Petroleum Planning and Analysis Cell (PPAC), the Corporation has received **Rs.3,292.74 crore** (2004: Rs. 1,853.42 crore) on account of discounts on Crude Oil/LPG/SKO purchased from ONGC/GAIL India Limited/OIL towards share of subsidy under-recovery on LPG (Domestic) and SKO (PDS). Such purchases of Crude Oil/LPG/SKO from ONGC/GAIL/OIL have been accounted net of the discount.

12. The corporation has export obligation to the extent of **Rs.3962.45 crore** (2004: Rs.1549.04 crore) on account of concessional rate of customs duty availed under EPCG license scheme on import of capital goods.

13. The Board at its meeting held on 8th June, 2004 had accorded its approval to the Scheme of Amalgamation of Indian Oil Blending Ltd. (a wholly owned subsidiary of the Corporation) with Indian Oil Corporation Ltd. The Scheme has been submitted to the Government Authorities for approval, which is awaited.

14. The Board at its meeting held on 22nd December, 2004 had accorded its approval to the Scheme of Amalgamation of IBP Co. Ltd. with Indian Oil Corporation Ltd and recommended swap ratio of 125 equity shares of Indian Oil Corporation Ltd for every 100 equity share of IBP Company Ltd. The Scheme has been submitted to the Government Authorities for approval, which is awaited. Any impact on this account is not determinable as of date. Pending such approval, the investment has been continued to be considered as a Long Term Investment.

15. In the absence of relevant 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 same is not determinable and hence, not provided.

16. Fluid Catalyst Cracker Unit (FCCU) at Gujarat Refinery was damaged by fire in October 2004, which is under repairs. The Corporation has recognised the expenditure net of insurance claim, which is pending final settlement.

17. In compliance of Accounting Standard – 11 (revised) on “The effects of changes in Foreign Exchange rates” issued by The Institute of Chartered Accountants of India, which is mandatory from 1st April 2004, exchange loss of **Rs.4.84 crore** arising on liabilities in foreign currency incurred on or after 1st April 2004 for acquisition of fixed assets within India, which were earlier adjusted to the cost of such assets, has been charged to Profit & Loss Account.

18. 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.

19. 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.

20. 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-05	March-04
A.	Gross Investments in Finance Lease	**384.46**	384.46
	Less: Unearned Finance Income	**32.54**	44.67
	Less: Finance Income Received	**125.77**	113.64
	Less: Minimum Lease payment received	**130.66**	106.69
	Net Investment in Finance Lease as on Date	**95.49**	119.46
B.	Unearned finance Income	**32.54**	44.67
C.	Present Value of Minimum Lease Payments Receivable		
	Not Later than one year	**24.91**	23.97
	Later than one year and not later than five years	**56.81**	77.32
	Later than Five years	**13.77**	18.17
	Total	**95.49**	119.46
D.	Break-up of un-earned income		
	Not Later than one year	**9.70**	12.13
	Later than one year and not later than five years	**16.55**	24.40
	Later than Five years	**6.29**	8.14
	Total	**32.54**	44.67

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-05	March-04
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	**0.00**	0.38

21. In compliance of Accounting Standard – 20 on “Earning Per Share” issued by Institute of Chartered Accountants of India, the calculation of Earning Per Share (Basic and Diluted) is as under:

	March-05	March-04
Profit After Tax (Rupees in Crore)	**4891.38**	7004.82
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)	**41.88**	59.97
Face value per share (Rupees)	**10/-**	10/-

22. 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. 34.37 crore** (2004 : Rs.410.62 crore) has been provided during the current year. Deferred Tax Credit amounting to

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Rs. 12.76 crore pertaining to impairment losses upto 1st April 2004 has been adjusted to General Reserve. The item-wise details of cumulative Deferred Tax Liability are as under:

(Rs. in Crore)

	As on 31.03.2005	As on 31.03.2004
Deferred Tax Liability:		
i) Depreciation / Impairment Loss	**4,478.57**	4,442.14
Total Deferred Tax Liability (A)	**4,478.57**	**4,442.14**
Deferred Tax Assets:		
ii) Provision for Retirement Benefits	**0.00**	0.00
iii) Provisions on Inventories, Debtors, Loans and advances	**121.41**	110.48
iv) 43B Disallowances	**48.28**	43.90
v) Capital Grants	**3.54**	4.03
Total Deferred Tax Assets (B)	**173.23**	158.41
Deferred Tax Liability (Net) (A – B)	**4,305.34**	**4,283.73**

23. 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.

24. Considering under-recovery on account of subsidies on sale of LPG (Domestic) and SKO (PDS) would be phased out over a period of two years i.e. 2005-06 and 2006-07, future cash flows have accordingly been estimated for testing of impairment of related Cash Generating Units. In accordance with AS-28 – Impairment of Assets, impairment loss of **Rs. 22.80 crore**, net of deferred tax credit, as on 1.4.2004 (Gross – Rs.35.56 crore) in respect of MTBE unit and Butane Plant at Gujarat Refinery has been arrived at, which is adjusted from the opening balance of General Reserve. There is no further impairment of assets as on 31st March 2005. The auditors have relied on the assumptions, being technical and policy matters.

25. In compliance of Accounting Standard – 29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, which is mandatory from 1st April 2004, provision for probable contingencies amounting to **Rs. 59.91 crore** has been made, the details of which are as under:

(Rs. in Crore)

	Opening Balance	**Additions**	**Utilisation**	**Reversals**	**Closing Balance**
Excise	0.00	1.36	0.00	0.00	1.36
Sales Tax	0.00	58.55	0.00	0.00	58.55
Total	**0.00**	**59.91**	**0.00**	**0.00**	**59.91**

26. 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.

27. 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:

    Aditya Forge Ltd., Advance Pectra - Tech Pvt. Ltd., AEP Company, Aero Engineers, Air Liquid North India, Associated Cables, Associated Industries, Associated Toolings India Pvt Ltd, Baliga Heighting Equipments, Begusarai Petrolium, Bharat Chemicals, Bliss Anand Pvt. Ltd., Brijbasi Udyog Mathura, Cd Engg & Co., Commercial Supplying Agency, Datre Corporation Ltd, Dee Development Engg Ltd., Dott Ing Scandura Calibration, EBY Fastners, Econovalves Pvt. Ltd., Ex Protecta, Fix Fit Fasteners Mfg Pvt Ltd, General Instruments Consortium, Golden Iron & Steel Works, Grand Prix Fab, Guru Nanak Engg Works, Hardwin Fastners, Hawa Ind. Pvt.Ltd., IGP Engg Pvt.Ltd., Isspat Engg., J M Enterprises, Jaishree Udyog, Joseph Leslie Drager, Econo Walves Pvt. Limited, Madras Indl Products, MS Fittings, Multitex Filtration Engineers, Niton Valves Industries, Panchvati Valves, Piping & Energy

Prod, Pyro Electricals Inst Goa Pvt. Ltd., Radiant Cables, Shah Bhogilal Jethalal & Bros., Sri Kusuma Harandhara, Swellore Engineering, Teekay Tubes Pvt. Ltd., Tractel Trifor, Tube Bend Calcutta, TVS Electricals, Vasu Chemicals, Yamuna Gases & Chemicals, Veekay Vikram & Co., Modern Lab Furnishers, Xytel India Pvt. Ltd., I T S Corporation, Hazarika & Co., Prasanna Weilding Industries, Manorama Press, Saneka Press, A K M N Cylinders Pvt.Ltd, Andhra Cylinders, Associated Cyls. & Access Pvt.Ltd., B.T.P. Structural (India) Pvt.Ltd, Balaji Pressure Vessels Ltd., Chandawat Udyog, Ecp Industries Ltd. (Cyl.Divn), Gdr Cylinders Ltd, Global Gas Cylinders Ltd, Indian Lpg Cylinders, International Cylinders (P) Ltd, Jagadamba Engg., Jesmajo Industrial Fab., Karnataka Pvt.Ltd., Kalsan Engg.Ind.Pvt., Kanyaka Parameshwari Eng. Pvt.Ltd., Karnataka Pressure Vessels Ltd., Khara Gas Equipment, Konark Cyls & Containers Pvt.Ltd., Kurnool Cyls. Unit – II, Lite Containers Pvt.Ltd., M Techno Engg., M.M. Cylinders, Mahaveer Cylinders Limited, Nandi Cylinders Pvt.Ltd., Om Containers, Padavi Engineers, Pankaj Gas Cylinders Limited, Pratima Industries, Presvels Pvt.Ltd., R.M. Cylinders, Sahuwala Cylinders Ltd, Salem Cylinders, Sanghvi Cylinders Pvt.Ltd., Sanmati Metals Ltd., Sapphire (India) Pvt.Ltd., Southern Cylinders Pvt.Ltd., Sri Balaji Cylinders Pvt.Ltd., Sri Shakti Cylinders Pvt.Ltd., Sri Srinivas Cylinders Pvt.Ltd., Sunrays Engineers Pvt.Ltd., Sri Vishanu Cylinders, Super Industries, Supreme Cylinders Ltd, Tirupati Cylinders Limited, Tirupati Lpg Industries Limited, Verny Containers Ltd, Verny Eng. (Skm), Verny Eng (Gagillapur), Vidhya Cylinders (P) Ltd., Winfab Equipment, Blow Packagings India Chennai, Essee Cans Chennai, Bose Enterprises.

The above information is given to the extent available with the Corporation and relied upon by the auditors.

28. Remuneration paid/payable to Directors:

(Rs. in crore)

		2004-05	**2003-04**
i)	Salaries & Allowances	**0.86**	0.66
ii)	Contribution to Provident Fund	**0.07**	0.06
iii)	Contribution to Gratuity Fund	**0.01**	0.01
Iv)	Other benefits and Perquisites	**0.27**	0.32
v)	Sitting Fees to Part Time Directors	**0.12**	0.09
	Total	**1.33**	1.14

In addition, whole-time Directors are also allowed the use of Corporation's car for private purposes upto 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.

29. The Profit and Loss Account includes:

a) Expenditure on Public Relations and Publicity amounting to **Rs. 21.30 crore** (2004 : Rs.22.00 crore) which is inclusive of **Rs. 5.07 crore** (2004 : Rs. 5.87 crore) on account of Staff and Establishment and **Rs. 16.23 crore** (2004 : Rs. 16.13 crore) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover (inclusive of excise duty) is 0.00014:1 (2004 : 0.00017:1).

b) Research and Development expenses **Rs. 60.57 crore** (2004 : Rs. 52.09 crore).

c) Entertainment Expenses **Rs. 0.26 crore** (2004 : Rs. 0.20 crore).

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

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

Place : New Delhi
Date : May 30, 2005

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Annexure-1

Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2005 is as under:

(Rs. in Crore)

	March-05				March-04			
	Petroleum Products (A)	Other Businesses (B)	Elimin-ations (C)	Total (D=A+B-C)	Petroleum Products (A)	Other Businesses (B)	Elimin-ations (C)	Total (D=A+B-C)
Revenue								
External Revenue	128,364.96	10,371.18		138,736.14	108,581.01	9,038.28	-	117,619.29
Inter-segment Revenue	217.68	47.69		265.37	52.83	-	-	52.83
Total Revenue	**128,582.64**	**10,418.87**		**139,001.51**	**108,633.84**	**9,038.28**	**-**	**117,672.12**
Result								
Segment Results	6,138.00	(236.48)	4.82	5,896.70	9,597.76	(138.97)	1.13	9,457.66
Less: Unallocated Expenses net of unallocated Income	-	-		-	-	-		-
Operating Profit	**6,138.00**	**(236.48)**	**4.82**	**5,896.70**	**9,597.76**	**(138.97)**	**1.13**	**9,457.66**
Less:								
Interest Expenditure				582.96				442.28
Provision for diminution in Investments				42.00				8.23
Loss on Sale of Investments				-				-
Prior year Expenditure				112.28				31.12
Add:								
Interest/Dividend Income				795.88				638.63
Provision for diminution in Investments written back				-				-
Prior year Income				(0.16)				76.18
Profit Before Tax				**5,955.18**				**9,690.84**
Less: Income Tax (including deferred tax)				1,063.80				2,686.02
Profit After Tax	**-**			**4,891.38**	**-**			**7,004.82**
Other Information								
Segment Assets	59,648.92	4,248.07		63,896.99	51,360.01	1,328.85		52,688.86
Corporate Assets				5,738.02				5,669.22
Total Assets				**69,635.01**				**58,358.08**
Segment Liabilities	18,775.27	1,553.78		20,329.05	16,087.28	546.47		16,633.75
Corporate Liabilities				23,321.60				18,676.92
Total Liabilities				**43,650.65**				**35,310.67**
Capital Expenditure	5,727.09	1,201.21		6,928.30	3,369.21	492.63		3,861.84
Depreciation	2,027.48	45.32		2,072.80	1,868.89	4.90		1,873.79
Impairment Loss	35.56	-		35.56				-
Non-cash expenses other than Depreciation (Amortisation of VRS Compensation)				55.08				52.10

Notes:

1. The Company is engaged in the following business segments:
   a) Sale of Petroleum Products
   b) Other Businesses, which comprises Sale of Imported Crude Oil, Sale of Gas, Petrochemicals and Oil & Gas Exploration Activities jointly undertaken in the form of unincorporated 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 (Net of Excise Duties)
   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) Petronet LNG Ltd.
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 India Ltd.
8) Petronet CTM Ltd.
9) Petronet CI Ltd.
10) IndianOil Panipat Power Consortium Limited
11) IndianOil TCG Petrochem Ltd
12) ONGIO International Pvt.Ltd.

B) Whole-time Directors

1) Shri S.Behuria (w.e.f. 01.03.2005)
2) Shri M.S.Ramachandran (upto 28.02.2005)
3) Shri P. Sugavanam
4) Shri A.M. Uplenchwar
5) Shri P.K. Aggarwal
6) Shri N.K.Nayyar
7) Shri N.R.Raje (upto 28.02.2005)
8) Shri Jaspal Singh
9) Dr. N.G.Kannan (w.e.f 01.09.2003)
10) Shri A.K. Mitra (upto 31.08.2003)
11) Shri B.M.Bansal (w.e.f. 01.03.2005)

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-05	March-04
i)	Sales	**1.88**	0.36
ii)	Interest received	**0.05**	0.01
iii)	Consultancy Services/Other Income	**4.02**	2.04
iv)	Purchase of Products	**298.47**	133.85
v)	Purchase of Chemicals/materials	**1.67**	0.00
vi)	Handling Expenses	**41.40**	34.92
vii)	Freight Expenses	**2.52**	4.95
viii)	Reimbursement of Expenses	**0.89**	0.56
ix)	Investments made during the year	**0.00**	71.24
x)	Fixed Assets purchased	**10.87**	0.00
xi)	Provisions made/(written off) during the year	**41.88**	2.57
xii)	Outstanding Receivables	**14.90**	132.52
xiii)	Outstanding Payables	**114.24**	37.78

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

(Rs. in Crore)

		March-05	March-04
i)	Remuneration	**1.20**	1.05
ii)	Recovery of Interest & Furniture Hire Charges	**0.01**	0.01
iii)	Outstanding loans/advances receivables	**0.12**	0.13
iv)	Assets on Hire	**0.14**	0.14

Note:

1) Remuneration includes Basic salary, 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 upto 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 (%) 31.03.2005	31.03.2004
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	20
CR-ON-90/1	35	35
Others		
BK-CBM-2001/1	20	20
NK-CBM-2001/1	20	20
AAP-ON-94/1	27	27
OUTSIDE INDIA		
FARSI BLOCK, IRAN	40	40
KUWAIT	5	5
LIBYA BLOCK	50	NA

(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(%) 31.03.2005	31.03.2004
(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

Proportionate share in assets, liabilities, income & expenditure of Petronet V.K.Ltd, Petronet CI Ltd, Petronet CTM Ltd, IndianOil Panipat Power Consortium Ltd, ONGIO International Pvt. Ltd, Petronet India Ltd & Indina Oil TCG Petrochem Ltd. has not been consolidated as the Management has either decided to exit from these companies or the amount of investment in these companies has been provided for.

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

(Rs. in Crore)

	31.03.2005	31.03.2004
(i) Assets		
- Long Term Assets	**544.16**	589.00
- Current Assets	**245.33**	202.24
(ii) Liabilities		
- Current Liabilities and Provisions	**105.41**	73.84
- Other Liabilities	**323.59**	335.26
(iii) Income	**630.83**	307.04
(iv) Expenses	**595.50**	271.56
(v) Contingent Liabilities	**10.50**	15.31
(vi) Capital Commitments	**25.73**	53.42

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

(Rs. in Crore)

	31.03.2005	31.03.2004
(a) Jointly Controlled Operations		
(i) Contingent Liabilities	-	-
(ii) Capital Commitments	29.72	47.20
(b) Jointly Controlled Assets		
(i) Contingent Liabilities	-	-
(ii) Capital Commitments	-	-

Annexure-4

Disclosures as required by Clause 32 of Listing Agreement

(Rs. in Crore)

	Amount as on		**Maximum Amount outstanding during the year ended**	
	31.03.2005	**31.03.2004**	**31.03.2005**	**31.03.2004**
I. Loans and Advances in the nature of loans:				
A) To Subsidiary Companies				
(i) IndianOil Blending Limited	-	-	-	-
(ii) Chennai Petroleum Corporation Limited	-	-	-	-
(iii) Bongaigoan Refinery & Petrochemicals Limited	-	-	-	-
(iv) IBP Company Limited	-	-	-	-
(v) IndianOil Mauritius Limited	40.62	18.10	40.62	18.10
(vi) Lanka IOC Limited	-	161.77	-	161.77
(vii) Indian Oil Technologies Limited	-	-	-	-
(viii) Indian Strategic Petroleum Reserves 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" - LICENCED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

(Fig. in Lakh)

		UNIT		Licenced Capacity (Refer Note A)		Installed Capacity (Refer Note B)		Actual Production	
				March-05	March-04	March-05	March-04	March-05	March-04
i)	Crude Processing	MTs		390.00	390.00	413.50	413.50	340.87	354.66
									(Refer Note D)
ii)	Lubricating Oil	MTs	Note C	1.68	1.68	1.28	1.28	0.57	0.64
			Note E	2.26	2.26	1.58	1.58	1.08	1.02
iii)	Wax/Bitumen/Asphalt Lube Oil Drums	Nos.		15.58	15.58	15.00	15.00	3.77	3.91
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	0.22	0.19
vi)	MTBE Unit	MTs		0.48	0.48	0.37	0.37	0.00	0.03
vii)	Butene Plant	MTs		0.17	0.17	0.17	0.17	0.00	0.00
viii)	LAB Plant	MTs		1.20	0.00	1.20	0.00	0.46	0.00

Note:

A. i) Licenced 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 relied upon by the auditors.

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)
A.									
1 Petroleum Products:	MTs								
Year ended 31.03.05		49.26	8554.39	286.57	62277.26	638.25	139255.67	44.01	9993.59
Year ended 31.03.04		43.18	7848.65	304.05	48626.81	639.23	119716.98	49.26	8554.39
2 Lubricants & Greases:	MTs								
Year ended 31.03.05		0.52	213.09	0.07	170.89	3.71	2114.96	0.43	195.05
Year ended 31.03.04		0.52	214.47	0.05	248.92	3.89	2100.69	0.52	213.09
3 Crude Oil:	MTs								
Year ended 31.03.05		0.00	0.00	74.73	9433.32	74.73	9433.32	0.00	0.00
Year ended 31.03.04		0.00	0.00	96.38	8935.89	96.38	8935.89	0.00	0.00
4 Base Oil & Additives:	MTs								
Year ended 31.03.05		0.00	0.00	0.77	197.05	0.77	240.79	0.00	0.00
Year ended 31.03.04		0.00	0.00	1.02	242.41	1.02	243.91	0.00	0.00
2 LAB:	MTs								
Year ended 31.03.05		0.00	0.00	0.00	0.00	0.40	277.05	0.06	22.17
Year ended 31.03.04		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
SUB TOTAL(A) :	MTs								
Year ended 31.03.05		49.78	8767.48	362.14	72078.52	717.86	151321.79	44.50	10210.81
Year ended 31.03.04		43.70	8063.12	401.50	58054.03	740.52	130997.47	49.78	8767.48
B.									
1 GAS:	MBTUs								
Year ended 31.03.05		7.28	7.93	357.80	590.92	358.98	628.45	6.10	9.38
Year ended 31.03.04		0.00	0.00	12.63	10.88	5.35	9.73	7.28	7.93
GRAND TOTAL(A+B):									
Year ended 31.03.05			8775.41		72669.44		151950.24		10220.19
Year ended 31.03.04			8063.12		58064.91		131007.20		8775.41

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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 consu-mption	Value Rupees (in crore)	% to total consu-mption	MTs (in lakh)	Rupees (in crore)
March-05						
Crude Oil	**37,851.78**	**78**	**10,914.37**	**22**	**366.45**	**48766.15**
Base Oil	**6.33**	**1**	**787.77**	**99**	**3.00**	**794.10**
Ethanol	**0.00**	**0**	**108.11**	**100**	**0.20**	**108.11**
MTBE	**49.24**	**89**	**5.84**	**11**	**0.20**	**55.08**
BENZENE	**0.00**	**0**	**6.78**	**100**	**0.02**	**6.78**
Additives	**14.87**	**7**	**211.73**	**93**	**0.26**	**226.60**
Packing Materials Consumed	**0.00**	**0**	**150.93**	**100**	**0.00**	**150.93**
Steel Coils/Sheets/ Stores/Component and Spare Parts	**118.53**	**30**	**275.11**	**70**	**0.07**	**393.64**
March-04						
Crude Oil	30,052.11	78	8,466.92	22	376.60	38519.03
Base Oil	39.10	6	668.63	94	3.47	707.73
Ethanol	0.00	0	190.77	100	0.33	190.77
Additives	27.59	11	217.51	89	0.34	245.10
Packing Materials Consumed	0.00	0	151.49	100	0.00	151.49
Steel Coils/Sheets/ Stores/Component and Spare Parts	101.32	34	200.63	66	0.07	301.95

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. 488.32 crore** (2004 : Rs. 366.53 crore) which is internally produced.

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

(Rs. in Crore)

	Note	**March-05**	March-04
1. Royalty		**211.46**	12.93
2. Professional, Consultation Fees and Technical Service Fees		**58.76**	14.86
3. Interest		**162.78**	91.08
4. Purchase of Products		**6720.59**	2328.47
5. Commodity Hedging		**11.29**	0.19
6. Others	A	**808.39**	393.88
TOTAL		**7973.27**	2841.41

Note:

A. Includes **Rs. 589.53 Crore** (2004 : Rs. 313.17 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.

SCHEDULE "W" - EARNINGS IN FOREIGN EXCHANGE

(Rs. in Crore)

	Note	**March-05**	March-04
1. Export of Crude Oil and Petroleum Products	A	**3540.62**	2473.20
2. Interest		**4.23**	0.00
3. Income from Consultancy Services		**1.69**	0.68
4. Management Contract Fees		**0.00**	0.00
5. Income from Royalty		**1.50**	0.82
6. Commodity Hedging		**0.76**	2.53
7. Others		**4.16**	0.40
TOTAL		**3552.96**	2477.63

Note:

A. Includes **Rs.1405.78 crore** (2004 : Rs. 950.87 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-05**	March-04
1.	Crude Oil	A	**45651.23**	35833.14
2.	Base Oil		**3.47**	4.42
3.	Additives		**17.49**	15.19
4.	Capital Goods		**666.18**	210.74
5.	Revenue Stores, Component, Spare and Chemicals		**156.07**	106.19
	TOTAL		**46494.44**	36169.68

Note:

A. i) Includes FOB value of Imports made by the Corporation on behalf of Other Oil Companies **Rs. 9765.09 crore** (2004 : Rs. 9036.75 crore)

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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 2005

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

PUBLIC ISSUE	RIGHTS ISSUE
NIL	NIL
BONUS ISSUE	PRIVATE PLACEMENT
NIL	NIL

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Crore)

Total Liabilities	Total Assets
47609.94	47609.94

Sources of Funds

Paid up Capital	Reserves & Surplus
1168.01	24816.35
Secured Loans	Unsecured Loans
2491.23	14829.01
Deferred Tax Liability	
4305.34	

Application of Funds

Fixed Assets/Intangible Assets (Net) (Incl. Dismantled Capital Stores & CWIP)	Investments
32114.70	5704.93
Finance Lease Receivables	Net Current Assets
95.49	9661.73
Misc. Expenditure	Accumulated Losses
33.09	NIL

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

Turnover	136654.37
Total Expenditure	135481.83
Profit Before Tax	+ 5955.18
Profit After Tax	+ 4891.38
Earnings per share in Rs. (Basic and Diluted)	41.88
Dividend Rate %	145

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

Statements as per SEBI Requirements

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in Crore)

			2004-05		2003-04
A	**Cash Flow from Operating Activities**				
1	Profit Before Tax		**5955.18**		9690.84
2	Adjustments for:				
	Depreciation	**2183.39**		1868.97	
	Loss/(Profit) on sale of Assets (Net)	**14.46**		24.64	
	Amortisation of Capital Grants	**-0.75**		-0.75	
	Amortisation of Voluntary Retirement Compensation	**55.08**		52.10	
	Provision for Probable Contingencies	**59.91**		0.00	
	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	**-2.03**		42.60	
	Provision for Loss on Investments	**42.00**		8.23	
	Dividend Income on Investments	**-686.76**		-546.65	
	Interest Expenditure	**583.13**		442.28	
			2248.43		1891.42
B	Operating Profit before Working Capital Changes (1+2)		**8203.61**		11582.26
C	i) Change in Working Capital: (Excluding Cash & Bank Balances)				
	Trade & Other Receivables	**-2147.41**		406.94	
	Inventories	**-4552.84**		-946.09	
	Trade and Other Payables	**3663.41**		264.20	
	Change in Working Capital	**-3036.84**		-274.95	
	ii) Unamortised Expenditure on Retirement Benefits	**-14.88**		-26.47	
			-3051.72		-301.42
D	Cash Generated From Operations (B+C)		**5151.89**		11280.84
E	Less: Taxes paid		**771.60**		2183.10
F	Net Cash Flow from Operating Activities (D-E)		**4380.29**		9097.74

(Rs. in Crore)

			2004-05		2003-04
G	**Cash Flow from Investing Activities:**				
	Sale/Transfer of Assets	**73.31**		121.55	
	Dividend Income on Investments	**686.76**		546.65	
	Purchase of Assets	**-849.26**		-431.27	
	Finance Lease Receivable	**23.97**		21.84	
	Acquisition of Controlling interest in Indian Strategic Petroleum Reserves Limited	**-1.00**		-0.55	
	Advance for investment in Haldia Petrochemicals Limited	**-150.00**		-169.47	
	Investment/Advance for Investments in Joint Venture Companies	**0.00**		-71.24	
	Expenditure on Construction Work in Progress	**-6144.07**		-3662.78	
	Net Cash used in Investing Activities		**-6360.29**		-3645.27
H	**Net Cash Flow From Financing Activities:**				
	Proceeds From Calls In Arrear/Issue of Shares including Premium	**0.00**		0.00	
	Receipt of Grant for Capital Projects	**0.03**		0.00	
	Proceeds from Long-Term Borrowings	**-202.76**		-308.71	
	Proceeds from/(Repayments of) Short-Term Borrowings	**5344.44**		-2007.82	
	Interest paid	**-706.67**		-616.49	
	Dividend\Dividend Tax paid	**-2706.79**		-2767.44	
	Net Cash Generated/(Used) from Financing Activities:		**1728.25**		-5700.46
I	**Net Change in Cash & Cash Equivalents (F+G+H)**		**-251.75**		-247.99
J	Cash & Cash Equivalents as at end of the Financial Year		**446.32**		698.07
K	Less: Cash & Cash Equivalents as at the beginning of Financial Year		**698.07**		946.06
	NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)		**-251.75**		-247.99

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2005 (Contd.)

(Rs. in Crore)

	2004-05	2003-04
Notes:		
1. Cash and Cash Equivalents include:		
Cash and Bank Balances		
As per Balance Sheet	**446.32**	698.07
Unrealised (gain)/loss on foreign exchange	**0.00**	0.00
Total Cash and Cash Equivalents	**446.32**	698.07

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

Sd/-
(S. Behuria)
Chairman

Sd/-
(P. Sugavanam)
Director (Finance)

Sd/-
(R. Narayanan)
Company Secretary

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

Sd/-
(MADHUR GUPTA)
Partner
M. No. 90205

B. K. KHARE & CO.
Chartered Accountants

Sd/-
(PADMINI KHARE KAICKER)
Partner
M. No. 44784

CHATTERJEE & CO.
Chartered Accountants

Sd/-
(S.K. CHATTERJEE)
Partner
M. No. 3124

Place : New Delhi
Date : May 30, 2005

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 Limited	IndianOil Techno-logies Ltd.	Indian Strategic Petroleum Reserves Limited
1. The extent of holding Company's interest in the subsidiary at the end of the financial year 31.3.2005 :								
- No. of Shares	8,000	77,265,200	148,793,826	11,867,262	1,588,920	400,000,000	550,000	1,000,000
- Paid up value of Shares (Rs.Crores)	0.40	77.27	148.79	11.87	25.50	194.14	0.55	1.00
- Percentage of Holding Company's interest in the total share capital of the subsidiary	100%	51.88%	74.46%	53.58%	100%	75.11%	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. in Crore							
- For the financial year ended 31.3.2005	(4.88)	309.71	266.86	31.54	0.92	77.21	0.42	-
- For all the previous financial years of the subsidiary (After adjusting for Deferred Tax Liability as on 1.4.2001)	70.00	196.78	(27.41)	84.00	(4.14)	32.58	(0.01)	-
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 31.3.2005	0.12	38.63	163.67	29.67	-	-	-	-
- For all the previous financial years of the subsidiary	2.45	61.83	80.34	40.36	-	-	-	-

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

Place : New Delhi
Date : May 30, 2005

IndianOil

Schedule of Fixed Assets (Township, etc.)

SCHEDULE OF FIXED ASSETS (TOWNSHIP) FOR THE YEAR ENDED 31.3.2005

(Rs. in Crore)

Particulars	Gross Block as on 01.04.2004 (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 31.3.2005 (At Cost)	Depern./ Amorts. provided during the year	Total Dep. Amorts. up to 31.3.2005	Net Depreciated Block As on 31.3.2005	Net Depreciated Block As on 31.3.2004
Land Freehold	13.31	-	-	8.61	21.92	-	-	21.92	13.31
Land-leasehold	6.70	-	-	-	6.70	0.08	1.04	5.66	5.74
Bldgs, Roads etc.	257.74	0.21	6.09	(0.22)	263.83	3.81	47.45	216.38	214.06
Plant & Mach.	28.99	0.02	0.71	0.04	29.76	1.36	11.94	17.82	18.43
Fur. & Fix.	5.29	0.36	-	(0.07)	5.58	0.31	3.16	2.42	2.43
Drainage, Sewage & Water Supply Sys.	25.37	0.12	-	-	25.49	1.01	13.54	11.95	12.84
Equipments & Appliances	21.04	1.99	-	(0.66)	22.37	2.23	10.15	12.22	12.85
Vehicles	2.11	0.01	-	(0.01)	2.12	0.22	1.95	0.16	0.31
Grand Total	360.55	2.71	6.80	7.69	377.77	9.02	89.23	288.53	279.97
Previous Year	351.12	8.00	2.79	(1.36)	360.55	9.13	80.58	279.97	

Income and Expenditure Account (Township, etc.)

INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005 ON PROVISION OF TOWNSHIP,EDUCATION, MEDICAL AND OTHER FACILITIES

(Rs. in Crore)

	March-05	March-04
Income:		
1. Recovery of House Rent	**4.73**	4.86
2. Recovery of Utilities-Power and Water	**2.85**	2.61
3. Recovery of Transport Charges	**0.10**	0.08
4. Other Recoveries	**3.39**	3.01
5. Excess of Expenditure over Income	**152.75**	142.26
TOTAL	**163.82**	152.82
Expenditure:		
1. Salaries, Wages and PF & Gratuity Contribution	**49.95**	45.10
2. Consumable Stores and Medicines	**7.78**	7.42
3. Repairs and Maintenance	**29.25**	26.71
4. Interest	**17.27**	15.21
5. Depreciation	**9.05**	9.12
6. Miscellaneous Expenses: Taxes, License Fees, Insurance etc.	**13.93**	7.71
7. Utilities-Power and Gas	**27.03**	29.24
8. Rent	**0.19**	0.18
9. Subsidies for Social & Cultural Activities	**4.83**	7.94
10. Bus Hire Charges	**1.28**	1.00
11. Club and Recreation	**0.49**	0.06
12. Others	**2.77**	3.13
TOTAL	**163.82**	152.82

IndianOil

REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2005 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Review of Accounts has been prepared without taking into account comments Under Section 619 (4) of the Companies Act, 1956 and qualifications contained in the Statutory Auditor's Report.

1. FINANCIAL POSITION:

The table below summarises the financial position of the Company under broad headings for the last three years:

(Rs. in Crore)

			2002-03	2003-04	2004-05
LIABILITIES:					
a)	Paid up Capital				
	i)	Government	639.62	959.43	959.43
	ii)	Others	139.05	208.58	208.58
b)	Reserves and Surplus				
	i)	Free Reserves & Surplus	17,034.23	20,727.33	24,250.61
	ii)	Share Premium	175.86	175.86	175.86
	iii)	Capital Reserves	12.15	11.40	10.68
	iv)	Bonds Redemption Reserves	927.08	964.81	379.20
c)	Borrowings				
	i)	From Government of India	-	-	-
	ii)	From Financial Institutions	5,087.29	4,134.40	-
	iii)	Foreign Currency Loans	5,259.90	5,118.69	8,656.79
	iv)	Cash Credit, EPC, Wkg. Capital demand loan	3,266.25	2,039.93	2,111.79
	v)	Others	881.17	884.59	6,551.35
	vi)	Interest accrued & due on loans	0.48	0.95	0.31
d)	Current Liabilities and Provisions				
	i)	Current Liabilities and Provisions	18,513.67	18,848.38	22,025.07
	ii)	Provision for Gratuity	-	-	-
e)	Deferred Tax Liability		3,873.11	4,283.73	4,305.34
	TOTAL		**55,809.86**	**58,358.08**	**69,635.01**
ASSETS:					
f)	Gross Block		34,203.88	36,388.30	39,869.26
g)	Less: Cumulative Depreciation		12,584.56	14,341.69	16,452.91
	Impairment Loss		-	-	35.56
h)	Net Block		21,619.32	22,046.61	23,380.79
h(i)	Finance Lease Receivables		141.30	119.46	95.49
	i)	Capital Work-in-Progress (including Dismantled Capital Stores)	3,609.15	5,286.57	8,733.91
j)	Investments/Advances for Investments		5,363.08	5,595.93	5,704.93
k)	Current Assets, Loans and Advances				
	i)	Interest accrued on Investments/ Bank Bal.	-	-	-
	ii)	Inventories	14,009.38	14,951.08	19,504.82
	iii)	Sundry Debtors	4,007.83	3,973.12	5,689.87
	iv)	Cash and Bank Balances	946.06	698.07	446.32
	v)	Loans and Advances	6,014.82	5,613.95	6,045.79
l)	Miscellaneous Expenditure (to the extent not written off or adjusted)		98.92	73.29	33.09
	TOTAL		**55,809.86**	**58,358.08**	**69,635.01**

(Rs. in Crore)

		2002-03	2003-04	2004-05
m)	Working Capital {(k-d(i)-c(vi)}	6,463.94	6,386.89	9,661.42
n)	Capital Employed (h+m)	28,083.26	28,433.50	33,042.21
o)	Net Worth {(a+b(i)+b(ii)-l)}	17,889.84	21,997.91	25,561.39
p)	Networth per rupee of equity capital (Rupees)	22.97	18.83	21.88

i) The existing holding of Government of India remains at 82.03% as on 31.3.2005.

ii) The working capital of the company for the year 2002-03, 2003-04 and 2004-05 was Rs. 6463.94 crore, Rs. 6386.89 crore and Rs. 9661.42 crore respectively. The increase in 2004-05 was mainly on account of increase in value of inventories and Sundry Debtors.

iii) The capital employed of the company for the year 2002-03, 2003-04 and 2004-05 was Rs. 28,083.26 crore, Rs. 28,433.50 crore and Rs. 33,042.21 crore respectively. The increase in Capital employed during 2004-05 is mainly due to increase in net fixed assets and working capital.

iv) The Net Worth of the company for the year 2002-03, 2003-04 and 2004-05 was Rs. 17,889.84 crore, Rs. 21,997.91 crore and Rs. 25,561.39 crore respectively. The increase in the networth is mainly due to increase in Reserves and Surplus due to profit.

2. RESERVES & SURPLUS

The free reserves and surplus of the company was 21 times of the paid up capital as on 31st March, 2005 as against 18 times as on 31st March, 2004. The increase is mainly due to profits earned.

3. INVESTMENTS/ ADVANCES FOR INVESTMENT IN SUBSIDIARIES & J.V. COMPANIES

The investment of the company together with advances for investments has increased from Rs. 5595.93 crore as on 31st March 2004 to Rs. 5704.93 crore as on 31st March, 2005. The increase in investment was mainly on account of advances of Rs. 150 crore for investments in Haldia Petrochemicals Limited against which equity is yet to be secured.

4. SOURCES AND UTILISATION OF FUNDS:

Funds amounting to Rs. 12,261.52 crore from Internal and External Sources were utilised during the year as given below:

SOURCES OF FUNDS:

(Rs. in crore)

Funds from operation:			
i)	Profit After Tax		4,891.38
ii)	Depreciation		2,111.22
iii)	Miscellaneous Expenditure (OVSS) (written off)		40.20
iv)	Provision for Diminution in Investments		42.00
v)	Capital Grants Received During the Year		0.03
vi)	Provision for Deferred Tax		34.37
vii)	Increase in Loans		5,142.32
			12,261.52

UTILISATION OF FUNDS:

i)	Capital Expenditure (including Finance Lease Receivables)		6,904.33
ii)	Dividend and Dividend Tax paid		2,706.79
iii)	Increase in Working Capital		2,498.65
	- Increase in Current Assets	6,450.58	
	- Increase in Current Liabilities	3,951.93	
iv)	Increase in Investments		151.00
v)	Capital Grants Amortised		0.75
			12,261.52

5. WORKING RESULTS:

I The working results of the Company during the last three years are given below:

(Rs. in Crore)

		2002-03	2003-04	2004-05
i)	Sales	119,883.71	130,202.95	150,677.07
ii)	Less: Duties	15,424.91	17,022.57	14,374.20
iii)	Net Sales	104,458.80	113,180.38	136,302.87
iv)	Other or Misc. Income (Interest & Claims/ (Surrender) to Industry Pool Account	1,419.68	1,865.15	1,520.69
v)	Profit/(Loss) before tax and prior period adjustments	8,397.43	9,645.78	6,067.62
vi)	Prior period adjustments	16.57	45.06	(112.44)
vii)	Profit/(Loss) before tax	8,414.00	9,690.84	5,955.18
viii)	Tax Provisions			
	- Current Tax	1,831.06	2,275.40	1,029.43
	- Deferred Tax	468.05	410.62	34.37
ix)	Profit after tax	6,114.89	7,004.82	4,891.38
x)	Proposed Dividend			
	- Interim Dividend	389.34	584.01	525.61
	- Final Dividend (Proposed)	1,868.82	1,868.82	1,168.01

II Unit-wise working levels at the close of last three years were as under:

The working results of the individual units of the company

(Rs. in Crore)

	2002-03	2003-04	2004-05
CONSOLIDATED POSITION:			
Profit (+) / Loss (-) for the year as per accounts	**8,397.43**	**9,645.78**	**6,067.62**
Unclaimed/Unspent liabilities written back	**109.97**	**139.83**	**133.89**
Prior period adjustments	**16.57**	**45.06**	**(112.45)**
Write back of Dev. Rebate Reserve	**-**	**-**	**-**
Profit Before Tax	**8,414.00**	**9,690.84**	**5,955.17**
REFINERIES DIVISION			
Profit (+) / Loss (-) for the year as per accounts	5,294.06	6,013.81	6,420.17
Unclaimed/Unspent liabilities written back	2.49	1.49	2.30
Prior period adjustments	(5.49)	(30.92)	(109.59)
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	5,288.57	5,982.89	6,310.58
PIPELINES DIVISION			
Profit (+) / Loss (-) for the year as per accounts	303.16	327.78	343.39
Unclaimed/Unspent liabilities written back	0.61	0.33	0.59
Prior period adjustments	(0.22)	0.42	(1.21)
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	302.94	328.20	342.18

II Unit-wise working levels (Contd.)

(Rs. in Crore)

	2002-03	2003-04	2004-05
MARKETING DIVISION			
Profit (+) / Loss (-) for the year as per accounts	2,726.13	2,686.01	(1,041.44)
Unclaimed/Unspent liabilities written back	104.22	137.56	128.34
Prior period adjustments	22.13	5.99	(1.65)
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	2,748.26	2,692.00	(1,043.09)
R & D CENTRE			
Profit (+) / Loss (-) for the year as per accounts	(0.09)	0.03	0.04
Unclaimed/Unspent liabilities written back	0.04	0.45	0.12
Prior period adjustments	0.15	-	-
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	0.06	0.03	0.04
ASSAM OIL DIVISION			
Profit (+) / Loss (-) for the year as per accounts	73.37	111.57	(133.29)
Unclaimed/Unspent liabilities written back	-	-	-
Prior period adjustments	-	(1.03)	-
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	73.37	110.54	(133.29)
REGISTERED OFFICE			
Profit (+) / Loss (-) for the year as per accounts	0.80	506.58	478.75
Unclaimed/Unspent liabilities written back	2.61	-	2.54
Prior period adjustments	-	70.60	-
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	0.80	577.18	478.75

6. 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:

(Rs. in Crore)

	2002-03	2003-04	2004-05
A. Liquidity Ratio:			
Current Ratio (Current Assets to Current Liabilities and provision and Interest Accrued and due but excluding provision for Gratuity) [k/(d(i)+c(vi)]	134.91	133.88	143.86
B. Debt Equity Ratio:			
Long Term Debt to Equity [c(i to v excldg. Short term)/o]	36.30	32.44	21.81
C. Profitability Ratios:			
a) Profit before tax to:			
i) Capital Employed	29.96	34.08	18.02
ii) Net Worth	47.03	44.05	23.30
iii) Sales (excluding duties)	8.05	8.56	4.37
b) Profit after tax to Equity	785.30	599.72	418.78
c) Earning per Share (Rs.)	52.35	59.97	41.88

- **i)** Liquidity ratio has decreased from 134.91 in 2002-03 to 133.88 in 2003-04 and during 2004-05 it increased to 143.86 mainly due to increase in the value of inventories and Sundry Debtors.
- **ii)** The percentage of Long Term debt equity ratio has gone down to 21.81 in 2004-05 from 32.44 in 2003-04 because of increase in networth (equity) during the year and decrease in Long Term Loans.
- **iii)** The percentage of Profit before tax to Sales (excluding duties) was 8.05 in 2002-03,8.56 in 2003-04 and 4.37 in 2004-05. The reduction is mainly due to reduction in Profit Before Tax for 2004-05 and increase in Sales.

7. INVENTORY:

Inventory position as at the end of the last three years is as under:

(Rs. in Crore)

		2002-03	**2003-04**	**2004-05**
i)	Raw Materials	4,302.12	4,534.84	7,311.48
ii)	Stores & Spares	687.40	667.97	785.53
iii)	Stock-in-trade	8,063.12	8,775.41	10,220.19
iv)	Stock-in-process	950.01	966.44	1,175.56
v)	Stock of empty barrels and tins	6.73	6.42	12.06

- **i)** The stock of raw materials was equivalent to about 1.8 month's consumption in 2004-05 as compared to 1.4 month's consumption in 2002-03 and 2003-04. The increase is mainly due to increase in the value of Raw Material on 31.3.2005. The inventory at the end of the year 2004-05 has increased by Rs. 4553.74 crore over the previous year 2003-04 mainly because of increase in Stock in Trade (Rs. 1444.78 crore) and raw materials (Rs. 2776.64 crore).
- **ii)** The stock of finished goods as on 31.3.2005 was equivalent to about 0.81 month's sales which is at the same level of 31.3.2004 and 31.3.2003.

8. SUNDRY DEBTORS:

i) The percentage of Sundry Debtors to Sales during the last three years is given below:

(Rs. in Crore)

		2002-03	**2003-04**	**2004-05**
i)	Sundry Debtors Considered good	4,007.83	3,973.12	5,689.87
ii)	Sundry Debtors Considered doubtful	235.99	265.62	268.03
iii)	Total Sundry Debtors	4,243.82	4,238.74	5,957.90
iv)	Sales	119,883.71	130,202.95	150,677.07
v)	Percentage of Sundry Debtors to Sales	3.54%	3.26%	3.95%

(A) The percentage of Sundry Debtors considered doubtful to Sundry Debtors decreased to 4.50 in 2004-05 as compared to 6.27 in 2003-04 and 5.56 in 2002-03 due to increase in total Sundry Debtors by Rs. 1719.16 crore.

(B) Percentage of Sundry Debtors to sales was 3.54% in 2002-03 which decreased to 3.26% in 2003-04. However, it has increased to 3.95% in 2004-05 due to increase in Sundry Debtors.

9. DIVIDEND:

The total dividend for the year 2004-05 works out to 145% as against 210% for the year 2003-04. The dividend payout ratio calculated as a percentage of total dividend paid/ proposed to Profit After Tax during the last three years ending 31st March, 2005 was 34.6 percent, 35.0 percent and 36.9 percent respectively.

Sd/-
(A.K. Singh)
Principal Director of Commercial Audit
& Ex-officio Member Audit Board-II

NEW DELHI
DATED: 16/8/05

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2005 AND REPLIES OF THE BOARD OF DIRECTORS

	COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	REPLIES OF THE BOARD OF DIRECTORS
1)	**Balance Sheet** **Schedule E : Fixed Assets** **Plant & Machinery : Gross Block – Rs. 33878.74 Crore** (i) Plant & Machinery and depreciation have been understated by Rs. 13.93 crore and Rs. 55.16 lakh respectively due to non-capitalization of mandatory stores and spares related to Linear Alkyne Benzene Project which was capitalised during the year.	The stores & spares are in the nature of consumable stores & spares required for operating and maintaining the Linear Alkyl Benzene Plant for two years from the date of commissioning and have been accounted as revenue stores & spare. Hence, there is no understatement of Plant & Machinery and Depreciation.
	(ii) Profit is overstated by Rs. 7.08 crore (including Rs. 4.42 crore for prior years) with corresponding overstatement of respective assets (Net Block) due to the following:- a) Undercharge of Rs. 5.26 crore (including Rs. 3.51 crore for prior years) due to providing depreciation @ 5.28% p.a. instead of 16.21% p.a. on offsite modernization of Haldia Refinery, a computerized blending operation system, b) Undercharge of depreciation of Rs. 1.82 crore (including Rs. 0.91 crore for prior years) due to providing depreciation @ 5.28% p.a. instead of 16.21% p.a. on Digital Control System on Solvent Dewaxing Unit of Digboi Refinery.	Noted.
2)	**Schedule E-1** **Intangible Assets : Gross Block – Rs. 86.82 crore** SAP Licences of Rs. 13.35 crore have been charged off to revenue instead of treating them as Intangible Assets as per AS-26. This has resulted in understatement of Intangible Assets by Rs. 13.35 crore and Amortization by Rs. 1.17 crore consequently resulting in understatement of profit by Rs. 12.18 crore.	Since the expenditure incurred on SAP implementation prior to AS-26 becoming mandatory (with effect from 1.4.2003) have already been charged to revenue, the subsequent expenditure of Rs.13.35 crore has also been charged to revenue in line with the provisions of Para 59 of AS-26 – Intangible Assets.

	COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	REPLIES OF THE BOARD OF DIRECTORS
3)	**Schedule- K : Loans and Advances** **(A) Claims Recoverable from others** **Unsecured Considered Good: Rs. 1198.62 crore** (i) The above included Rs. 386.13 crore towards claims on account of Customs Duty which have been accounted for on the basis of self-assessment for the period 1997-98 to 2004-05. The amount includes claims for Rs.70.29 crore which have been booked without filing the Bills of Entries for assessment. In view of the ongoing dispute with the Customs Department and consequent uncertainty attached to future events, recognition of revenue was not in conformity with the Accounting Policy No. 9.3 of the Company. This has resulted in overstatement of claims and profit by Rs. 386.13 crore.	The claims on account of Customs Duty which arise in the normal course of business, have been booked in accordance with the generally accepted accounting principles of "going concern" and "accrual basis". The claim has been booked based on self-assessment as per Customs Valuation Rules and refunds are receivable at the time of final assessment of the bill of entries. The total customs claims as on 31.03.2005 was Rs.445.42 crore, out of which Rs.59.29 crore has since been received and the Corporation is following up with the Customs Authorities at the highest level for expeditious settlement of the balance claim amount of Rs.386.13 crore. Adequate disclosure regarding the nature of the claim has also been made at note no.6 of Schedule "R" – Notes to the Accounts. Hence, there is no uncertainty over the settlement of the claims and the same have been booked in line with our Accounting Policy.
	(ii) The above included refund claim of Entry Tax of Rs. 9.42 crore for which acceptance of the Department is still awaited. Accounting of the same in contravention of Accounting policy 9.3 has resulted in overstatement of Loans & Advances and Profit by Rs. 9.42 crore.	The claim on account of Entry Tax on crude oil has arisen during 2003-04 due to downward revision in prices by the supplier retrospectively and the Assessing Authority has intimated that the same will be dealt with by the Department at the time of the assessment for the year 2003-04. In the view of Management, there is certainty in realization of the claim.
4)	**Schedule-L : Current Liabilities & Provisions** **Sundry Creditors : Rs. 11247.92 crore** The above includes Rs. 16.45 crore pertaining to disputed concessional customs duty withheld from the contractor. This has resulted in overstatement of Current Liabilities, Fixed Assets (Gross Block Rs. 16.45 crore and Depreciation Rs. 4.78 crore) and understatement of Contingent Liability to	The liability of Rs.16.45 crore has been provided as payable to the contractor and accordingly capitalized and depreciated in the books. However, the amount has been withheld as the party has not submitted the required documents for releasing the payment. The party has invoked arbitration proceedings over the withholding of

	COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	REPLIES OF THE BOARD OF DIRECTORS
	the extent of Rs. 16.45 crore.	payment and the final outcome of the arbitration is pending. Adjustments, if any, shall be carried out based on the final outcome of the arbitration.
5)	**General** **Notes on Accounts – Schedule R :** **Contingent Liabilities : Rs. 4806.41 crore** Income Tax Department raised a demand of Rs. 201.92 crore (including Interest) on the Company on account of income tax for assessment year 2002-03. Against this demand, the company provided a liability of Rs. 2.42 crore and disclosed Rs. 21.55 crore as contingent liability. The balance Rs. 177.95 crore has not been disclosed as contingent liability. This has resulted in understatement of Contingent Liabilities by Rs. 177.95 crore.	Demand of Rs.177.95 crore for the Assessment Year 2002-03 raised by the assessing officer relates to issues against which the Corporation has obtained favourable orders from Commissioner of Income Tax (Appeals) in respect of similar disallowances by the assessing officer relating to earlier assessment years which are also supported by various court decisions. In the opinion of the Management, the possibility of outflow of resources in respect of the above disallowances is remote and hence, the same is not required to be disclosed as contingent liability as per the provisions of Para 68 of AS-29 – 'Provisions, Contingent Liabilities and Contingent Assets'.
	Sd/-	**Sd/-**
	(A.K. SINGH) **PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-II,**	**(S. BEHURIA)** **CHAIRMAN** **FOR AND ON BEHALF OF BOARD OF DIRECTORS**
	Place: New Delhi **Dated: 16/8/2005**	**Place: New Delhi** **Dated: 17/8/2005**

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Annexure-III

Statement showing the particulars of employees who are in receipt of remuneration of not less than Rs. 24,00,000/- per annum during the financial year 2004-05 or not less than Rs. 2,00,000/- per month during part of the financial year 2004-05.

Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining	Qualification	Expe-rience	Remun. Gross Rs.
Aggarwal SK	JD	46	Ballarpur Ind.	App. Engineer	01/12/1983	B.Sc. (Eng.)	23	2648330
Balan V	PS-B	52	Dir. of Inspection	Stenographer	08/06/1981	B.Sc.	29	1704425
Banikya Dr. S	DGM (Medical)	56	Nil	DGM (Medical)	14/11/1981	M.B.B.S., M.S.	23	3366009
Bhangari Biswanath	Sweeper-III	48	Nil	Sweeper-III	12/05/1981	IV	23	865110
Bhawtankar CM	DMPN	60	Nil		11/05/1966	X	38	435009
Bosfore Mohan	Sweeper	40	Nil		29/04/1983	III	21	469242
Chandrakanth G	Sr. LPM (E)	56	Jamal Mohd. Collage	Lecturer	21/04/1970	DCE,AMIE	34	2869538
Chawla KL	Dy. Mgr.	60	Bal Bhavan	Asst.	27/03/1973	MA	36	606954
Chawla VK	ED (Ship)	59	Eat Eastern Ship.	Captain	16/06/1978	Master Marine	31	2135402
Choudhury D	DGM (RS)	60	N.A.		25/08/1965		0	1414773
Deb PK	VP (Tech. & Plg.)	56	PWD, Govt. of W.B.	AE	21/10/1975	BE (Civil)	28	3316047
Dhara Gopal Chand	Smk./Msgr.-I (SG-II)	57	Nil	Smk.Msgr.I (SG-II)	08/01/1975	VI	29	1172713
Guria Madan Mohan	Smk./Msgr.-I (SG)	52	Nil	Smk.Msgr.I (SG)	04/01/1979	VIII	25	1228371
Gupta RK	GM (BD-M)	60	Const. & Equip. Co.	Sales Engr.	13/10/1969	B.Sc. (Eng.), MBA	36	1635990
Jaladhar Pradhan	Smk./Msgr.-I (SG)	51	Nil	Smk.Msgr.I (SG)	27/03/1980	VIII	24	990224
Joshi MN	FP OPTR.	60	Nil		09/10/1964	VI	40	556667
Kandulna William	SACO	54	Nil		31/10/1974	B.Com	30	1623201
Khaneja VK	SMNMEL	59	Nil		02/05/1967	Dip. in Elec.	37	867139
Kumar Rajeev	Op B	44	Nil		06/11/1981	B.Sc.	23	996468
Mehta BU	Teacher	58	Nil		13/08/1976	BA, B.Ed.	29	834103
Mistry Kalipada	Smk./Msgr.-I (SG)	51	Nil	Smk.Msgr.I (SG)	07/12/1981	III	22.5	1067627
Mukhopadhyay JK	PNE	50	Nil	PNE	19/01/1982	B.Sc. (H)/AMIE	22	1550710
Nanjundan AM	ED (RD)	60	N.A.		13/10/1969		35	1737889
Nayudu VK	DGM (Cons.)	59	N.A.		09/02/1970	B.A., M.A.	34	1096111
Parmar PM	CPJM	56	Nil		12/07/1977	BE	26	2455620
Patel AC	DMPN	56	Nil		01/06/1971	B.Sc.	34	2348859
Pandey RK	Messenger	53	RVG Centre	Attendant	27/07/1983	VIII	33	797395
Prasad Narayan	ED (P&M&I)	58	N.A.		08/08/1973	B.Sc. (Engg.(E)	0	1939867
Ramachandran MS	Chairman	60	Ashok Leyland		02/06/1971	B.E. (Mech.)	39	2466577
Raghavaiah T	Dy. GM (CS)	60	N.A.		09/12/1969	N.A.	34	1317639
Rai DB	JD	60	NTPC	Computist	13/08/1974	MA, LLB	41	121461
Rao PS	ED (OPS)	60	Onal Ryan Corpn.	Trainee	01/12/1970	B. Tech.	35	755090
Raval VJ	SPJM	59	Nil		12/10/1981	BE, BOE	22	1343549
Rawat BS	HD-Cook	56	Nil		15/11/1971	Illiterate	34	1411522
Ravi J	DMIP	51	Nil		19/01/1984	B.Sc. (Eng.)	20	1487473
Sawant VR	Mgr. (Admn.)	60	N.A.		02/11/965	SSC	38	651023
Sarkar Prasanta Kumar	Tech.-I (SG) (CC)	59	Nil	Tech.-I (SG) (CC)	15/11/1974	VIII	30	777456
Sarkar SR	PUM	45	Nil		26/08/1988	AMIE, BOE	16	1337427
Saxena DK	JD	60	Dir. of Employment	Asst.	11/06/1973	MA, BGL.	38	1016195
Singh Amar	Shrmiki	55	Nil		02/11/1982	VIII	22	944040
Sriwas RP	DGM (Maint.)	56	Balco, Karba (MP)	TA (Mech.)	16/07/1976	BE (Mech.)	28	3421190
Shah R	ED (M&I)	60	B.T. Education Board	Lecturer	12/06/1965	B.Sc. (Eng.)	39	999225
Soni JN	PSM	53	Britelite Carbons Ltd.	Supervisor	12/12/1980	B.E. (Chem.)	27	2575757
Talukdar PC	M Optr.	60	Nil		04/05/1965	VIII	39	519098
Trivedi PM	MO (PN)	59	Nil		01/08/1971	X	34	624661
Upadhyay NB	TCH5	59	Nil		05/01/1977	BA, B.Ed	27	975959
Vankar DH	MNM (CL)	56	Nil		18/09/1978	Diploma (Civil)	24	2169254
Vasava BJ	OPT3	47	Nil		23/05/1979	X	25	978680
Vasudev MU	CESM	51	Nil		07/08/1980	B.Sc. (Eeng.)	23	2087124
Verma JK	ED (PJ)	60	Nil		01/01/1967	B.Sc. (Eng.)	37	1209172

Consolidated Accounts
2004-2005

इंडियनऑयल

INDIAN OIL CORPORATION LIMITED
(Group Companies)

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF INDIAN OIL CORPORATION LIMITED, 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 2005 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.10,706.77 crore (net) as on March 31, 2005 and total revenue of Rs.36,858.97 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 statements of Indian Oil Corporation Limited, its subsidiaries and its joint ventures included in the consolidated financial statements.

We invite attention to note no. 22 regarding impairment loss wherein, we have relied on the estimates and assumptions made by the Company in arriving at recoverable value of assets, which does not qualify our opinion.

Subject to non confirmation of balances in Sundry Debtors, Advances, Creditors, Deposits and stock with third parties in case of a subsidiary (Bongaigaon Refinery and Petrochemicals Limited), 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 2005;

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.

SURESH CHANDRA & ASSOCIATES	**B.K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(MADHUR GUPTA)	**(PADMINI KHARE KAICKER)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner
M. No. 90205	M. No. 44784	M. No. 3124

Place : New Delhi
Date : May 30, 2005

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Indian Oil Corporation Limited - Consolidated Financial Statements

BALANCE SHEET as at 31st March 2005

(Rs. in Crore)

	Schedule		March-05	March-04
SOURCES OF FUNDS:				
1. Shareholders' Funds:				
a) Capital	"A"	1,168.01		1,168.01
b) Reserves and Surplus	"B"	26,281.96		22,783.56
			27,449.97	23,951.57
2. Loan Funds:				
a) Secured Loans	"C"	3,902.03		4,441.74
b) Unsecured Loans	"D"	16,427.80		10,504.32
			20,329.83	14,946.06
3. Deferred Tax Liability (Net) (Rs.24.74 crore {2004: Rs.17.32 crore} towards share of jointly controlled entities)			5,055.53	4,816.44
4. Minority Interest			1,706.65	1,293.98
TOTAL			54,541.98	45,008.05
APPLICATION OF FUNDS:				
1. Fixed Assets & Intangible Assets:				
1.1 Fixed Assets:				
a) Gross Block	"E"	47,608.71		42,690.21
b) Less: Depreciation		18,859.19		16,473.26
c) Less: Impairment Loss		35.56		0.00
d) Net Block		28,713.96		26,216.95
1.2 Intangible Assets:				
a) Gross Block	"E-1"	159.89		68.04
b) Less: Amortisation		16.95		2.98
c) Less: Impairment Loss		0.00		0.00
d) Net Block		142.94		65.06
1.3 Dismantled Capital Stores (Rs.2.12 crore {2004 : Rs.2.18 crore} towards share of jointly controlled entities)		17.48		28.43
1.4 Capital Work-in-Progress	"F"	8,907.57		6,460.14
			37,781.95	32,770.58
2. Goodwill on Acquisition			1,748.06	1,791.34
3. Investments	"G"		2,719.46	2,701.71
4. Advances for Investments (Rs.Nil {2004 : Rs.6.88 crore} towards share of jointly controlled entities)			150.00	6.88
5. Finance Lease Receivables			103.00	129.06
6. Current Assets, Loans and Advances:				
a) Inventories	"H"	23,237.83		17,164.92
b) Sundry Debtors	"I"	4,447.41		3,272.87
c) Cash and Bank Balances	"J"	1,373.71		1,465.45
d) Other Current Assets - Interest accrued on Investments/Bank Deposits (Rs.0.10 crore {2004 : Rs.0.12 crore} towards share of jointly controlled entities)		2.21		1.93
e) Loans and Advances	"K"	6,573.82		5,955.56
		35,634.98		27,860.73

Indian Oil Corporation Limited - Consolidated Financial Statements

BALANCE SHEET as at 31st March 2005

(Rs. in Crore)

	Schedule		March-05	March-04
APPLICATION OF FUNDS (Contd.):				
7. Less: Current Liabilities and Provisions	"L"			
a) Current Liabilities		**21,540.05**		17,834.32
b) Provisions		**2,095.95**		2,502.95
		23,636.00		20,337.27
8. Net Current Assets (6-7)			**11,998.98**	7,523.46
9. Miscellaneous Expenditure (to the extent not written off or adjusted) (Rs.2.72 crore {2004 : Rs.5.33 crore} towards share of jointly controlled entities)			**38.78**	85.02
10. Deferred Tax Asset (Rs.1.75 crore {2004 : Rs.Nil} towards share of jointly controlled entities)			**1.75**	0.00
TOTAL			**54,541.98**	45,008.05
11. Notes on Accounts	"Q"			

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

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES	**B. K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(MADHUR GUPTA)	**(PADMINI KHARE KAICKER)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner
M. No. 90205	M. No. 44784	M. No. 3124

Place : New Delhi
Date : May 30, 2005

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Indian Oil Corporation Limited - Consolidated Financial Statements

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2005

(Rs. in Crore)

	Schedule		March-05	March-04
INCOME:				
1. Sale of Products and Crude		**149,715.51**		132,149.92
Less: Commission and Discounts		**1,309.44**		825.22
Sale (Net of Commission & Discounts)		**148,406.07**		131,324.70
Less: Excise Duty		**16,762.03**		17,923.21
Sale (Net of Commission, Discount & Excise Duty)			**131,644.04**	113,401.49
2. Company's use of own Products and Crude			**272.58**	214.34
3. Net claim from/(surrender to) PPAC/GOI			**77.97**	206.23
4. Subsidy From Government of India			**1,415.00**	2,809.92
5. Increase/(Decrease) in Stocks	"M"		**2,169.30**	831.03
6. Interest and other Income	"N"		**1,418.59**	1,637.07
TOTAL INCOME			**136,997.48**	119,100.08
EXPENDITURE:				
1. Purchase of Products and Crude for resale			**57,215.02**	44,932.02
2. Manufacturing, Admn., Selling & Other Expenses	"O"		**68,525.21**	60,068.39
3. Duties applicable on Products (Net)			**425.80**	533.80
4. Depreciation and Amortisation on:				
i) Fixed Assets		**2,400.34**		2,093.33
ii) Intangible Assets		**13.58**		2.48
			2,413.92	2,095.81
5. Interest Payments on:				
a) Fixed period loans from Banks/Financial Institutions/Others		**335.58**		251.79
b) Bonds		**70.12**		99.25
c) Short term loans from Banks		**330.89**		156.92
d) Public Deposits		**1.45**		4.39
e) Others		**29.89**		13.24
		767.93		525.59
Less: Interest Capitalised		**0.01**		0.11
			767.92	525.48
6. Deferred Revenue Expenditure written off:			**2.79**	0.99
TOTAL EXPENDITURE			**129,350.66**	108,156.49
PROFIT FOR THE YEAR			**7,646.82**	10,943.59
Income/(Expenses) pertaining to previous years (Net)	"P"		**(111.07)**	16.88
PROFIT BEFORE TAX			**7,535.75**	10,960.47
Provision for Current Tax			**1,384.75**	2,605.82
PROFIT BEFORE DEFERRED TAX			**6,151.00**	8,354.65
Provision for Deferred Tax			**250.09**	517.34
PROFIT AFTER TAX			**5,900.91**	7,837.31
Add: Transfer from Burma Current A/c			**0.08**	(0.06)
Less: Share of Minority Interest			**431.76**	345.63
PROFIT FOR THE GROUP			**5,469.23**	7,491.62
Balance brought forward from last year's account			**16.51**	1.45
DISPOSABLE PROFIT			**5,485.74**	7,493.07

Note:

Total Income includes Rs. 630.53 crore (2004 : Rs. 305.33 crore) share of jointly controlled entities.

Total Expenditure includes Rs. 595.50 crore (2004 : Rs. 271.59 crore) share of jointly controlled entities.

Indian Oil Corporation Limited - Consolidated Financial Statements

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2005

(Rs. in Crore)

	Schedule	March-05	March-04
APPROPRIATIONS:			
Interim Dividend		**525.61**	590.00
Final Dividend (Proposed)		**1,180.79**	1,870.02
Share of Minority Interest in Interim Dividend		**30.61**	24.06
Corporate Dividend Tax on			
- Final Dividend of 2003-04(education cess)		**5.12**	0.00
- Interim Dividend		**84.62**	85.35
- Final Dividend (Proposed)		**210.51**	269.04
Insurance Reserve Account		**10.00**	10.00
Bond Redemption Reserve		**(583.61)**	37.73
Devaluation Exchange Difference Reserve		**0.08**	(0.06)
General Reserve		**4,006.58**	4,605.05
Balance carried to Balance Sheet		**15.43**	1.88
		5,485.74	7,493.07
7. a) **Earning Per Share (Rupees) (Basic & Diluted)**	"Q" (Note no.20)	**46.83**	64.14
b) **Face Value Per Share (Rupees)**		**10/-**	10/-
8. Notes on Accounts	"Q"		

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

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES	**B. K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(MADHUR GUPTA)	**(PADMINI KHARE KAICKER)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner
M. No. 90205	M. No. 44784	M. No. 3124

Place : New Delhi
Date : May 30, 2005

Indian Oil Corporation Limited - Consolidated Financial Statements

SCHEDULE "A" - CAPITAL

(Rs. in Crore)

	March-05	March-04
Authorised:		
250,00,00,000 Equity Shares of Rs.10 each	**2,500.00**	2,500.00
Issued, Subscribed and Paid up:		
116,80,12,200 Equity Shares of Rs.10 each	**1,168.01**	1,168.01
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: 106,62,95,000 shares of Rs.10 each		
TOTAL	**1,168.01**	1,168.01

Indian Oil Corporation Limited - Consolidated Financial Statements

SCHEDULE "B" - RESERVES AND SURPLUS

(Rs. in Crore)

			March-05	March-04
1.	**Capital Reserve:**		**407.61**	408.09
	(includes Rs.Nil (2004 : Rs. 0.03 crore) on account of jointly controlled entities and Rs. 407.42 crore (2004 : Rs. 407.90 crore) on acquisition)			
2.	**Share Premium Account:**			
	As per last Account	**175.86**		175.86
	Add: on Fresh issue of shares of Lanka IOC Ltd.	**72.06**		0.00
	Add: Share of jointly controlled companies	**14.43**		14.43
			262.35	190.29
3.	**General Reserve:**			
	As per last Account	**21,116.45**		17,018.70
	Add: Transferred from Profit and Loss Account	**4,006.58**		4,605.05
	Less: Transferred for issue of Bonus Shares	**0.00**		389.34
	Less: Adjustment in line with AS-26	**0.31**		117.55
	Less: Adjustment of Impairment Loss (net of deferred tax credit) as on 1.4.2004	**22.80**		0.00
			25,099.92	21,116.86
	(Rs. 4.72 crore {1900 : Rs. (-) 2.24 crore} towards share of jointly controlled entities)			
4.	**Insurance Reserve:**			
	As per last Account	**30.00**		20.00
	Add: Transferred from Profit and Loss Account	**10.00**		10.00
			40.00	30.00
5.	**Export Profit Reserve:**			
	As per last Account		**59.41**	59.41
6.	**Capital Grants:**			
	As per last Account	**11.24**		11.99
	Add: Received during the year	**0.03**		0.00
	Less: Amortised during the year	**0.75**		0.75
			10.52	11.24
7.	**Bond Redemption Reserve Account:**			
	As per last Account	**964.81**		927.08
	Add: Transferred from Profit and Loss Account	**(583.61)**		37.73
	(Rs.2.00 crore {2004: Rs.Nil} towards share of jointly controlled entities)		**381.20**	964.81
8.	**Profit and Loss Account:**		**15.43**	1.88
	As per Annexed Account			
9.	**Devaluation Exchange Difference Reserve**			
	As per last Account	**0.98**		1.04
	Add: Transferred from Profit and Loss Account	**0.08**		(0.06)
	Add: on translation	**4.46**		0.00
			5.52	0.98
	TOTAL		**26,281.96**	22,783.56

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Indian Oil Corporation Limited - Consolidated Financial Statements

SCHEDULE "C" - SECURED LOANS

(Rs. in Crore)

		March-05	March-04
1. Bonds			
a) Non-Convertible Redeemable Bonds - Series - III	**0.00**		723.60
b) Non-Convertible Redeemable Bonds - Series - V	**379.20**		410.80
Total of (1)		**379.20**	1,134.40
2. Loans and Advances from Banks:			
i) Working Capital Demand Loan	**2,221.47**		612.99
Interest accrued and due on above	**0.00**		0.00
Total of (i)	**2,221.47**		612.99
ii) Term Loan	**804.98**		994.54
Interest accrued and due on above	**0.00**		0.00
Total of (ii)	**804.98**		994.54
iii) Cash Credit	**408.64**		1,608.02
Interest accrued and due on above	**0.24**		0.88
Total of (iii)	**408.88**		1,608.90
iv) Foreign Currency Loans	**87.50**		90.91
Total of (2)		**3,522.83**	3,307.34
TOTAL		**3,902.03**	4,441.74

Notes:

A. Includes Rs.280.09 crore (2004 : Rs.279.84 crore) share of jointly controlled entities.

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SCHEDULE “D” - UNSECURED LOANS

(Rs. in Crore)

		March-05	March-04
1. Public Deposits:		**13.15**	16.90
2. Short Term Loans and Advances:			
i) From Banks & Financial Institutions:			
a) In Foreign Currency	**6,024.03**		2,465.32
b) In Rupee	**2,634.36**		757.61
Add: Interest accrued and due	**0.00**		0.00
	2,634.36		757.61
Total (2)(i)	**8,658.39**		3,222.93
ii) Export Packing Credit:			
In Foreign Currency	**109.38**		109.25
iii) From Others (OIDB):	**2.50**		0.00
Total (2)		**8,770.27**	3,332.18
3. Other Loans and Advances:			
A) From Banks/Financial Institutions:			
i) In Foreign Currency			
a) Canara Bank: US $ 200 Million (2004 : US $ 200 Million) (US $ 100 Million repayable in September 2005 and US $ 100 Million repayable in December 2005)	**875.00**		874.00
b) CitiBank Syndication: US $ 200 Million (2004 : US $ 200 Million) (repayable in Dec. 2006) { US $ 200 million (2004 : US $ 114.89 Million) availed upto 31.3.2005}	**875.00**		502.05
c) Bank of India: US $ 100 Million (2004 : US $ 100 Million) (repaid in September 2004)	**0.00**		437.00
d) Bank of Baroda: US $ 200 Million (2004 :US $ 200 Million) (repaid in September 2004)	**0.00**		874.00
e) Standard Chartered Bank Syndication: US $ 200 Million (2004: US $ Nil) (repayable 70 Million in January 2010, 60 Million in Feb 2010 and 70 Million in March 2010)	**875.00**		0.00

Indian Oil Corporation Limited - Consolidated Financial Statements

SCHEDULE "D" - UNSECURED LOANS (Contd.)

(Rs. in Crore)

		March-05	March-04
f) Leaseplan North America Inc US $ 75.05 million (2004 :US $ 75.05 million) {US $ 22.68 million (2004 :US $ 7.39 Million availed upto 31.3.2005} (fully guaranteed by Export Import Bank of US and repayable in 20 half yearly installment w.e.f. March 2006)	**99.22**		32.29
Total of (3) (i)	**2,724.22**		2,719.34
ii) In Rupee			
a) ICICI Bank Limited (repaid in June, 2004)	**0.00**		500.00
b) ICICI Bank Limited (prepaid in June 2004)	**0.00**		750.00
c) ICICI Bank Limited (prepaid in June 2004)	**0.00**		650.00
d) IDBI (repayable in October 2014)	**500.00**		0.00
e) State Bank of India (repayable in March 2009)	**500.00**		500.00
Add: Interest accrued and due	**0.07**		0.07
	500.07		500.07
f) Others	**57.06**		0.99
Total (3) (ii)	**1,057.13**		2,401.06
B) From Others:			
a) OIDB	**3,863.03**		2,034.84
Total (3)		**7,644.38**	7,155.24
TOTAL		**16,427.80**	10,504.32

Note:

Includes Rs. 18.76 crore (2004 : Rs. 38.10 crore) share of jointly controlled entities.

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SCHEDULE "E" - FIXED ASSETS

(Rs. in Crore)

	At Cost											
	Gross Block as at 1-Apr-04	Additions during the year	Transfers from Construction Work-in-Progress	Disposals During the year	Transfers/ Deductions/ Reclassi-fications	Gross Block as at 31-Mar-05	Depreciation and Amortisation for the year	Total Depr-eciation and Amortisation up to 31-Mar-05	Impairment Loss for the year	Total Impairment Loss up to 31-Mar-05	Net Depreciated Block As at 31-Mar-05	As at 31-Mar-04
Land-Freehold	782.47	20.32	0.00	(0.09)	38.82	841.52	0.00	0.00	0.00	0.00	841.52	782.47
-Leasehold	343.24	21.67	0.07	0.00	4.18	369.16	7.34	43.27	0.00	0.00	325.89	307.11
Buildings, Roads etc.	4,228.03	128.89	445.33	(8.64)	(26.94)	4,766.67	112.59	727.85	0.00	0.00	4,038.82	3,611.26
Plant and Machinery	36,289.48	2,108.51	2,356.22	(69.38)	(58.50)	40,626.33	2,335.93	17,533.75	35.56	35.56	23,057.02	21,017.82
Transport Equipments	308.34	17.62	0.00	(2.59)	(0.23)	323.14	27.67	225.36	0.00	0.00	97.78	107.06
Furnitures and Fixtures	206.95	13.00	5.85	(2.16)	(0.60)	223.04	13.00	110.81	0.00	0.00	112.23	106.85
Railway Sidings	248.64	0.36	8.17	(2.64)	(8.14)	246.39	10.73	101.88	0.00	0.00	144.51	155.40
Drainage, Sewage and Water Supply System	200.18	2.57	9.96	(0.14)	(0.11)	212.46	7.30	116.27	0.00	0.00	96.19	91.09
Total	42,607.33	2,312.94	2,825.60	(85.64)	(51.52)	47,608.71	2,514.56	18,859.19	35.56	35.56	28,713.96	26,179.06
Previous Year	38,732.72	2,227.06	2,036.96	(94.20)	(212.33)	42,690.21	2,098.51	16,473.26	0.00	0.00	26,216.95	

Note: Net Fixed Assets includes Rs.290.82 crore (2004: Rs.328.71 crore) share of jointly controlled entities

SCHEDULE "E-1" - INTANGIBLE ASSETS

(Rs. in Crore)

	At Cost											
	Gross Block as at 1-Apr-04	Additions during the year	Transfers from Construction Work-in-Progress	Disposals During the year	Transfers/ Deductions/ Reclassi-fications	Gross Block as at 31-Mar-05	Amortisation for the year	Total Amortisation up to 31-Mar-05	Impairment Loss for the year	Total Impairment Loss up to 31-Mar-05	Net Depreciated Block As at 31-Mar-05	As at 31-Mar-04
Right of Way	19.14	5.86	0.00	0.00	0.00	25.00	0.03	0.07	0.00	0.00	24.93	19.09
Licenses	41.91	51.13	22.00	(0.60)	(0.00)	114.44	9.85	12.89	0.00	0.00	101.55	38.83
Computer Software	0.83	2.56	15.80	0.00	1.26	20.45	3.84	3.99	0.00	0.00	16.46	0.62
Total	61.88	59.55	37.80	(0.60)	1.26	159.89	13.72	16.95	0.00	0.00	142.94	58.54
Previous Year	0.84	41.87	3.59	0.00	21.74	68.04	2.48	2.98	0.00	0.00	65.06	

Note: Net Fixed Assets includes Rs.1.87 crore (2004: Rs.7.47 crore) share of jointly controlled entities

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SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

(Rs. in Crore)

			March-05	March-04
1.	Construction Work-in-Progress - Fixed Assets (including unallocated capital expenditure, materials at site)	**2,286.47**		2,285.65
	Less: Provision for Capital Losses	**14.10**		16.16
			2,272.37	2,269.49
2.	Advance for Capital Expenditure	**4,147.58**		2,508.74
	Less: Provision for Doubtful Advance	**0.47**		0.43
			4,147.11	2,508.31
3.	Capital Stores	**1,120.55**		516.44
	Less: Provision for Capital Losses	**4.82**		2.28
			1,115.73	514.16
4.	Capital Goods-in-Transit		**371.55**	213.67
5.	Construction period expenses pending allocation:			
	Balance as at beginning of the year	**649.91**		840.03
	Add: Opening Balance Adjustment	**47.21**		(186.03)
	Add: Net Expenditure during the year (Sch. "F-1")	**245.20**		416.58
		942.32		1,070.58
	Less: Allocated to Assets during the year	**215.98**		392.65
			726.34	677.93
6.	Work-in-Progress - Intangible Assets (including unallocated capital expenditure)		**274.47**	276.58
	TOTAL		**8,907.57**	6,460.14

Note:

Includes Rs. 11.46 crore (2004 : Rs. 224.97 crore) share of jointly controlled entities.

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

(Rs. in Crore)

	March-05	March-04
1. Payments to and Provision for Employees	**47.18**	45.34
2. Repairs & Maintenance	**1.42**	1.80
3. Consumption of Stores & Spares	**0.06**	0.07
4. Power & Fuel	**4.58**	16.52
5. Rent	**5.13**	5.21
6. Insurance	**8.00**	5.06
7. Rates & Taxes	**0.04**	0.18
8. Travelling Expenses	**8.88**	7.14
9. Communication Expenses	**1.09**	1.08
10. Printing & Stationery	**0.44**	0.35
11. Electricity & Water Charges	**0.30**	0.48
12. Bank Charges	**0.14**	0.03
13. Technical Assistance Fees	**0.22**	3.17
14. Exchange Fluctuation	**0.05**	(8.60)
15. Interest	**108.85**	275.79
16. Depreciation	**3.71**	4.13
17. Start up/Trial Run Expenses	**17.14**	17.39
18. Company's use of own products	**19.30**	23.36
19. Others	**34.25**	43.28
Total Expenses	**260.78**	441.78
Less: Recoveries	**15.58**	25.20
Net Expenditure during the year	**245.20**	416.58

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SCHEDULE "G" - INVESTMENTS

(Rs. in Crore)

	March-05	March-04
LONG TERM INVESTMENTS:		
1. Quoted		
Trade Investments:	**2,470.19**	2,470.19
2. UNQUOTED:		
a) Non-Trade Investments:		
i) 6.96% Oil Companies GOI SPL Bonds 2009	**56.00**	56.00
ii) In Government - Securities	**2.25**	0.01
iii) Others	**4.21**	4.21
iv) In Consumer Cooperative Societies:	**0.01**	0.01
sub-total (a)	**62.47**	60.23
b) Trade Investments:		
i) In Joint Venture Companies/PII	**186.77**	171.26
ii) In Others	**0.03**	0.03
sub-total (b)	**186.80**	171.29
sub-total (2)	**249.27**	231.52
sub-total (I)	**2,719.46**	2,701.71
TOTAL	**2,719.46**	2,701.71

Note:
Includes Rs. 9.34 crore (2004 : Rs. 13.12 crore) share of jointly controlled entities

SCHEDULE "H"- INVENTORIES

(Rs. in Crore)

		March-05	March-04
1. In Hand:			
a. Stores, Spares etc.	**889.53**		869.61
Less: Provision for Losses	**57.97**		57.81
		831.56	811.80
b. Raw Materials		**5,708.66**	3,652.76
c. Finished Products		**11,527.21**	9,772.98
d. Stock in Process		**1,401.78**	1,135.43
e. Work-in-Progress - Construction Contracts		**27.97**	5.02
f. Barrels and Tins		**12.27**	6.50
Total (1)		**19,509.45**	15,384.49
2. In Transit:			
a. Stores & Spares		**85.24**	32.98
b. Raw Materials		**3,458.85**	1,711.88
c. Finished Products		**184.29**	35.57
Total (2)		**3,728.38**	1,780.43
TOTAL		**23,237.83**	17,164.92

Note:
Includes Rs.91.76 crore (2004 : Rs.59.40 crore) share of jointly controlled entities.

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SCHEDULE "I" - SUNDRY DEBTORS

(Rs. in Crore)

	March-05	March-04
1. Over Six Months:		
i) Secured, Considered Good	**0.12**	0.12
ii) Unsecured, Considered Good	**44.27**	50.99
iii) Unsecured, Considered Doubtful	**276.43**	274.67
Total (1)	**320.82**	325.78
2. Other Debts:		
i) Secured, Considered Good	**9.46**	9.99
ii) Unsecured, Considered Good	**4,393.56**	3,211.77
iii) Unsecured, Considered Doubtful	**0.52**	0.29
Total (2)	**4,403.54**	3,222.05
Total (1+2)	**4,724.36**	3,547.83
Less: Provision for Doubtful Debts	**276.95**	274.96
TOTAL	**4,447.41**	3,272.87

Note:
Includes Rs.79.67 crore (2004 : Rs.55.40 crore) share of jointly controlled entities.

SCHEDULE "J" - CASH AND BANK BALANCES

(Rs. in Crore)

		March-05	March-04
1. Cash Balances			
a) Cash Balances including imprest	**87.34**		18.38
b) Cheques in hand	**477.21**		718.26
		564.55	736.64
2. Bank Balances with Scheduled Banks:			
a) Current Account	**123.51**		140.85
b) Fixed Deposit Account	**597.31**		586.02
c) Call Deposit Account	**87.30**		0.75
d) Blocked Account	**0.15**		0.28
		808.27	727.90
3. Bank Balances with Non-Scheduled Banks:			
a) Current Account			
i) Bhumiputra Commerce Bank, Malaysia [Maximum balance during the year - Rs.0.10 crore (2004: Rs.0.14 crore)]	**0.00**		0.10
ii) Myanmar Economic Bank Branch (5), Rangoon [Maximum balance during the year - Rs.0.89 crore (2004: Rs.0.88 crore)]	**0.89**		0.81
		0.89	0.91
TOTAL		**1,373.71**	1,465.45

Note:
Includes Rs.50.40 crore (2004 : Rs.65.10 crore) share of jointly controlled entities.

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SCHEDULE "K" - LOANS AND ADVANCES

(Rs. in Crore)

		March-05	March-04	
1. Advance recoverable in cash or in kind or for value to be received:				
i) Secured, Considered Good	1,135.26			1,100.11
ii) Unsecured, Considered Good	950.52			664.35
iii) Unsecured, Considered Doubtful	6.63			6.93
Total (b)	2,092.41			1,771.39
Total	2,092.41			1,771.39
Less: Provision for Doubtful Advances	6.63			6.93
		2,085.78		1,764.46
2. Amount recoverable from PPAC (Net): Unsecured, Considered Good		2,484.66		2,418.19
3. Amount recoverable from Government of India: Unsecured, Considered Good		155.63		408.44
4. Claims Recoverable:				
i) Secured, Considered Good	0.10			0.10
ii) Unsecured, Considered Good	1,254.53			1,092.11
iii) Unsecured, Considered Doubtful	22.40			26.41
Total	1,277.03			1,118.62
Less: Provision for Doubtful Claims	22.40			26.41
		1,254.63		1,092.21
5. Balance with Customs, Port Trust and Excise Authorities: Unsecured, Considered Good		112.85		147.96
6. Advance Tax (net)		36.65		17.09
7. Materials given on loan				
i) Secured, Considered Good	0.12			0.19
Less: Deposits received	0.09			0.00
	0.03			0.19
ii) Unsecured, Considered Good	0.14			0.12
Total (b)	0.17			0.31
Total		0.17		0.31
8. Sundry Deposits (including amount adjustable on receipt of Final bills):				
i) Secured, Considered Good	9.02			9.06
ii) Unsecured, Considered Good	434.43			97.84
iii) Unsecured, Considered Doubtful	0.00			0.01
Total (b)	443.45			106.91
Total:	443.45			106.91
Less: Provision for Doubtful Deposits	0.00			0.01
		443.45		106.90
TOTAL		6,573.82		5,955.56

Notes:

Includes Rs.23.40 crore (2004 : Rs.20.53 crore) share of jointly controlled entities.

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SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Crore)

		March-05	March-04
1. Current Liabilities			
a) Sundry Creditors			
i) Total Dues of small scale industrial undertaking(s)	**46.88**		41.38
ii) Total Dues of creditors other than small scale industrial undertaking(s)	**12,547.05**		9,247.42
Total (a)	**12,593.93**		9,288.80
b) Other Liabilities	**3,255.30**		3,309.92
c) Investor Education and Protection Fund shall be credited by the following amount namely:			
- Unpaid Dividend	**7.75**		6.29
- Unpaid Matured Deposits	**1.25**		1.46
d) Security Deposits	**5,309.07**		4,894.52
Less: Investments and Deposits with Banks lodged by outside parties	**0.06**		0.44
	5,309.01		4,894.08
e) Material taken on loan			
i) From Others	**307.72**		241.81
Less: Deposits given	**0.28**		0.22
Total (i)	**307.44**		241.59
Total	**307.44**		241.59
f) Interest accrued but not due on loans	**65.37**		92.18
Total Current Liabilities		**21,540.05**	17,834.32
2. Provisions			
a) Provision for Taxation	**6,678.84**		6,285.30
Less:Advance payments	**6,311.06**		6,144.74
	367.78		140.56
b) Proposed Dividend	**1,171.19**		1,870.02
c) Corporate Dividend Tax	**209.25**		269.04
d) Provision for Retirement Benefits	**287.82**		221.57
e) Contingencies for probable obligations	**59.91**		1.76
Total Provisions		**2,095.95**	2,502.95
TOTAL		**23,636.00**	20,337.27

Note:
Includes Rs.105.41 crore (2004 : Rs.73.84 crore) share of jointly controlled entities.

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Indian Oil Corporation Limited - Consolidated Financial Statements

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

(Rs. in Crore)

		March-05	March-04
Closing Stock			
a) Finished Products	11,711.50		9,808.55
b) Stock in Process	1,401.78		1,135.43
		13,113.28	10,943.98
Less:			
Opening Stock			
a) Finished Products	9,808.55		9,042.41
b) Stock in Process	1,135.43		1,070.54
		10,943.98	10,112.95
NET INCREASE/ (DECREASE)		2,169.30	831.03

Indian Oil Corporation Limited - Consolidated Financial Statements

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. in Crore)

		March-05	March-04
1. Interest on:			
a) Loans and Advances			
i) From Others	49.07		53.02
	49.07		53.02
b) Fixed Deposits with Banks	1.99		1.13
c) Short Term Deposits with Banks	44.30		33.02
d) Customers Outstandings			
i) From Others	51.05		49.98
	51.05		49.98
e) 6.96% Oil Companies GOI SPL Bonds 2009	3.90		3.98
f) Others	2.56		3.25
		152.87	144.38
2. Dividend:		456.10	468.22
3. Profit on sale of Investments		1.00	1.97
4. Sale of Power and Water		15.61	14.63
5. Profit on sale and disposal of Assets		11.56	8.22
6. Unclaimed/Unspent liabilities written back		166.17	145.28
7. Provision for Doubtful Debts, Advances, Claims and Stores written back		24.66	18.55
8. Recoveries from Employees		16.63	22.00
9. Retail Outlet Licence Fees		51.73	41.12
10. Collection Charges for Outstation Cheques		14.09	15.15
11. Sale of Scrap		36.97	25.17
12. Financing Charges on Finance Leases		12.13	14.35
13. Amortisation of Capital Grants		0.75	0.75
14. Exchange Fluctuations (Net)		164.94	393.66
15. Commodity Hedging Gain (Net)		0.00	2.34
16. Terminalling Charges		52.65	83.65
17. Recovery towards Inventory Carrying Cost		29.83	84.00
18. Other Miscellaneous Income		210.90	153.63
TOTAL		**1,418.59**	**1,637.07**

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Indian Oil Corporation Limited - Consolidated Financial Statements

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

(Rs. in Crore)

			March-05	March-04
1.	Raw Materials Consumed:			
	Opening Balance	5,364.64		5,061.02
	Add: Opening Balance Adjustment	0.00		(50.45)
	Add: Receipts:			
	Add: Purchases	60,522.52		49,891.39
		65,887.16		54,901.96
	Less: Closing Stock	9,167.51		5,364.64
			56,719.65	49,537.32
2.	Consumption:			
	a) Stores, Spares and Consumables	349.86		311.87
	b) Packages & Drum Sheets	175.31		173.60
			525.17	485.47
3.	Power & Fuel	4,455.99		3,605.74
	Less: Fuel for own production	3,974.45		3,205.31
			481.54	400.43
4.	Processing Fees, Blending Fees, Royalty & Other Charges		31.42	31.76
5.	Octroi, Other Levies and Irrecoverable Taxes		1,030.35	1,041.79
6.	Repairs and Maintenance:			
	i) Plant and Machinery	611.43		469.66
	ii) Buildings	72.57		81.33
	iii) Others	63.46		44.20
			747.46	595.19
7.	Freight, Transportation Charges and Demurrage		4,556.73	4,018.65
8.	Payments to and Provisions for Employees:			
	(a) Salaries, Wages, Bonus etc.	1,566.95		1,343.82
	(b) Contribution to Provident & Other Funds	222.23		225.52
	(c) Voluntary Retirement Compensation	4.09		0.00
	(d) Amortisation of Voluntary Retirement Compensation	59.33		59.68
	(e) Staff Welfare Expenses	404.63		342.90
			2,257.23	1,971.92
9.	Office Administration,Selling and Other Expenses (Schedule "O-1")		2,175.66	1,985.86
	TOTAL		**68,525.21**	60,068.39

Indian Oil Corporation Limited - Consolidated Financial Statements

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

(Rs. in Crore)

			March-05	March-04
1.	Rent		**246.27**	231.36
2.	Insurance		**115.06**	110.54
3.	Rates & Taxes		**54.08**	44.39
4.	Donations		**29.46**	17.13
5.	Payment to Auditors:			
	a) Audit Fees	**0.62**		0.52
	b) Tax Audit Fees	**0.07**		0.07
	c) Other Services (for issuing certificates etc.)	**0.23**		0.15
	d) Out of Pocket Expenses	**0.08**		0.14
			1.00	0.88
6.	Travelling & Conveyance		**191.37**	196.39
7.	Communication Expenses		**43.92**	42.75
8.	Printing & Stationery		**22.56**	21.88
9.	Electricity & Water		**114.89**	100.46
10.	Bank Charges		**27.37**	35.04
11.	Bad Debts, Advances & Claims written off		**4.96**	3.63
12.	Loss on Assets sold, lost or written off		**28.95**	38.16
13.	Technical Assistance Fees		**224.60**	12.14
14.	Exchange Fluctuation (Net)		**0.00**	0.06
15.	Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores		**23.01**	63.18
16.	Provision for Investments/Advance against Investments		**42.00**	9.41
17.	Loss on Investments written off {Rs.12000/- (2004: Rs.Nil)}		**0.00**	0.00
18.	Security Force Expenses		**97.05**	90.41
19.	Sales Promotion Expenses		**221.83**	172.00
20.	Handling Expenses		**104.50**	111.98
21.	Inventory Carrying Cost		**3.15**	72.00
22.	Expenses on Enabling Facilities		**0.22**	1.44
23.	Terminalling Charges		**59.72**	169.20
24.	Commodity Hedging Loss (Net)		**10.53**	0.00
25.	Provision for Probable Contingencies		**59.91**	0.00
26.	Exploration Cost - Survey Expenditure		**58.37**	95.63
27.	Amortisation of Goodwill		**5.34**	0.00
28.	Other Expenses		**385.54**	345.80
	TOTAL		**2,175.66**	1,985.86

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Indian Oil Corporation Limited - Consolidated Financial Statements

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

(Rs. in Crore)

	March-05	March-04
Income:		
1. Net claim from/(surrender to) Industry Pool Accounts	**0.00**	(0.44)
2. Interest	**(2.09)**	73.76
3. Miscellaneous Income	**5.35**	3.32
4. Company's use of own products	**(2.37)**	0.00
Total Income	**0.89**	76.64
Expenditure:		
1. Purchase of Products and Crude	**0.79**	0.58
2. Raw Material		
a) Opening Stock Adjustment	**0.00**	50.45
b) Consumption	**0.00**	(45.97)
3. Depreciation and Amortisation on:		
a) Fixed Assets	**110.51**	0.80
b) Intangible Assets	**0.14**	0.00
4. Consumption		
a) Stores, Spares and Consumables	**1.53**	2.28
5. Technical Fees	**0.00**	0.43
6. Power & Fuel	**0.36**	0.00
7. Repairs and Maintenance	**(0.02)**	3.59
8. Interest	**0.14**	11.78
9. Rent	**0.00**	1.81
10. Exchange Fluctuations (Net)	**0.00**	3.16
11. Insurance	**(0.31)**	0.00
12. Payment to and provision for employees	**(0.06)**	0.00
13. Other Expenses	**(1.12)**	30.85
Total Expenses	**111.96**	59.76
NET INCOME/(EXPENDITURE)	**(111.07)**	16.88

Indian Oil Corporation Limited - Consolidated Financial Statements

SCHEDULE "Q" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005

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 unrealized profits or losses in accordance with Accounting Standard (AS-21) on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India. The share of Minority Interest in the Subsidiaries have been disclosed separately in the Consolidated Financial Statements.

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 unrealized 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 recognized 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:

Sr. No.	Name of Company	Country of incorporation	Relation	Ownership Interest
1.	Indian Oil Blending Ltd (IOBL)	India	Subsidiary	100%
2.	Indianoil Technologies Ltd	India	Subsidiary	100%
3.	Chennai Petroleum Corporation Ltd (CPCL)	India	Subsidiary	51.88%
4.	Bongaigaon Refinery and Petrochemicals Ltd (BRPL)	India	Subsidiary	74.46%
5.	IBP Co Ltd. (IBP)	India	Subsidiary	53.58%
6.	Indian Oil Mauritius Ltd (IOML)	Mauritius	Subsidiary	100%
7.	Lanka IOC Ltd (LIOC)	Sri Lanka	Subsidiary	75.11%
8.	Indian Strategic Petroleum Reserves Limited	India	Subsidiary	100%
9.	Indian OilTanking Ltd (IOTL)	India	Joint Venture	50%
10.	Lubrizol India Pvt. Ltd	India	Joint Venture	50%
11.	AVI-OIL India Pvt. Ltd	India	Joint Venture	25%
12.	Petronet LNG Ltd	India	Joint Venture	12.5%
13.	IndianOil Petronas Pvt.Ltd.	India	Joint Venture	50%

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Note: Proportionate consolidation in respect of Investments in the Joint Venture Companies M/s. Indian Oil TCG Petrochem Ltd, Petronet CTM Ltd., Petronet CI Ltd., Petronet VK Ltd; Petronet India Ltd; Indianoil Panipat Power Consortium Ltd. and ONGIO International Pvt. Ltd. have not been incorporated in the preparation of consolidated financial statements as the Management has either decided to exit from these Joint Ventures or provided for full diminution in the value of investment.

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 Mauritius Rupees and Sri Lankan Rupees respectively. The transactions with IOML and LIOC are considered non integral operation as per AS-11 "The Effects of Changes in Foreign Exchange Rates" and accordingly, the Financial Statements have been translated to Indian Rupees for the purpose of Consolidated Financial Statements.

4. **Contingent Liabilities**:

   a) Claims not acknowledged as debts **Rs. 5207.23 crore** (2004 : Rs. 4625.98 crore). These include:

      i) **Rs. 3712.67 crore** (2004 : Rs. 3196.39 crore) being the demands raised by the Central Excise /Customs / Sales tax authorities.

      ii) **Rs. 661.33 crore** (2004 : Rs. 466.40 crore) for which suits have been filed in the Courts or cases are lying with Arbitrators.

      iii) **Rs. 241.93 crore** (2004 : Rs. 210.86 crore) in respect of Income Tax demands.

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

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

   d) The Corporation has issued corporate guarantee in favour of Citicorp Investment Bank (Singapore) Limited on behalf of Lanka IOC Limited (LIOC), a subsidiary of Corporation, for raising a syndication loan of Rs.153.12 crore (US $ 35 million) by LIOC.

   e) Pending finalisation of agreement, crude oil purchases from ONGC and Panna Mukta Oil Field by the Corporation are accounted for on provisional basis. Adjustments, if any, on this account shall be dealt with on finalisation of the agreement.

5. Estimated amount of contracts remaining to be executed on Capital Account in respect of Fixed Assets and not provided for **Rs. 6662.12 crore** (2004 : Rs. 9117.76 crore).

6. Estimated amount of contracts remaining to be executed on Capital Account in respect of Intangible Assets and not provided for **Rs. 102.26 crore** (2004 : Rs. 115.70 crore).

7. The Group has numerous transactions with other Oil Companies, which are reconciled on an ongoing basis and are subject to confirmation.

8. Bond Redemption Reserve of **Rs. 592.48 crore**, created in respect of Non-Convertible Redeemable Bonds – Series III as on 31.3.2004, has been written back by the Corporation during the year in view of the redemption of said Bonds on 21st February 2005. Further, Bond Redemption Reserve of **Rs. 8.87 crore** has been created by the Corporation in respect of Non-Convertible Redeemable Bonds – Series V during the year.

9. Subsidy (including freight for far-flung areas) of **Rs. 1,415.00 crore** (2004 : Rs.2,809.92 crore) on

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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.

10. The Corporation and its subsidiaries have export obligation to the extent of **Rs. 4002.55 crore** (2004 : Rs.1575.28 crore) on account of concessional rate of customs duty availed under EPCG license scheme on import of capital goods.

11. During the year, in line with the scheme formulated by Petroleum Planning and analysis Cell (PPAC), the Indian Oil Corporation Limited and IBP Company Limited have received **Rs. 3468.46 crore** (2004 : Rs. 1980.61 crore) on account of discounts on Crude Oil/ LPG/SKO purchased from ONGC/ GAIL India Limited/ OIL towards share of subsidy under-recovery on LPG (Domestic) and SKO (PDS).

12. The Board of Indian Oil Corporation Limited at its meeting held on 8th June, 2004 had accorded its approval to the Scheme of Amalgamation of Indian Oil Blending Ltd. (a wholly owned subsidiary of the Corporation) with Indian Oil Corporation Ltd. The Scheme has been submitted to the Government Authorities for approval, which is awaited.

13. The Board of Indian Oil Corporation Limited at its meeting held on 22nd December, 2004 had accorded its approval to the Scheme of Amalgamation of IBP Co. Ltd. with Indian Oil Corporation Ltd and recommended swap ratio of 125 equity shares of Indian Oil Corporation Ltd for every 100 equity share of IBP Company Ltd. The Scheme has been submitted to the Government Authorities for approval, which is awaited. Any impact on this account is not determinable as of date. Pending such approval, the investment has been continued to be considered as a Long Term Investment. Under these circumstances, Goodwill on consolidation amounting to **Rs. 1605.03 crore** has not been amortised.

14. In the absence of relevant 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 same is not determinable and hence not provided.

15. In respect of certain Subsidiaries and Joint Venture Companies, the following additional notes to accounts are disclosed:

    Chennai Petroleum Corporation Ltd.

    (i) As per the terms of Memorandum of Settlement (MoS) approved by the Government of India for the withdrawal by the corporation from the joint venture AROCHEM, with SPIC Ltd., the amount due to the corporation as on 31st March 2005 stood at Rs. 14.40 Crores. As SPIC Ltd. has expressed it's keenness to implement its projects and clear the dues to the corporation, the corporation is confident of recovering the investment made in the project.

    Lanka IOC Ltd.

    (i) As per Government policy in Sri Lanka towards liberalization and promotion of market competition in the retail operations of the petroleum sector, all storage and pipeline facilities of Ceylon Petroleum Corporation (CPC) were transferred into one company known as the "Common User Facility" (CUF) or Ceylon Petroleum Storage Terminal Limited (CPSTL) of which Lanka IOC Limited owns 1/3rd share. The company paid US $ 45 million to Ceylon Petroleum Corporation on 22nd January 2004 to obtain 1/3rd ownership. The net assets of CUF at the date of acquisition comprise share capital of Rs. 3676 billion and retained profit of Rs. 77,322,733 and 1/3rd of the net assets acquired by the company amounting to Rs. 1,250,597,774. The excess of the purchase consideration over the share of net assets amounting to Rs. 1,842,780,541 has been identified as goodwill arising on acquisition and would be amortised over a period of 20 years commencing from January 2004, based on the Petroleum Products License granted to the Company.

    (ii) Goodwill has arisen due to the excess of purchase consideration paid to the Government of Sri Lanka and Ceylon Petroleum Corporation over the net assets value representing applicable share allotted in the acquisition of the 100 Retail Outlets and 1/3rd share in the Ceylon Petroleum Storage Terminals Limited (CPSTL). Goodwill arising on acquisition would be amortised over a period of 20 years commencing from January 2004, based on the Petroleum Products License granted to the Company.

(iii) In terms of the agreement entered into with the Board of Investment of Sri Lanka of the Greater Colombo Economic Commission Law No.4 of 1978, the company is exempt from income tax for a period of 10 years commencing from 14.02.2003.However, the current year tax charge consists of tax on interest income @ 32.5%.

(iv) Subsidy receivable from GOSL consists of the subsidy claimed by the company from GOSL as compensation for the loss arising from the price differential suffered by the Company due to price revisions not being carried out by the GOSL as per the pricing formula entered into by the Company, Ceylon Petroleum Corporation and Energy Supply Committee. The amount of **Rs. 204.08 crore** represents claim from January 2004 to March 2005.

Bongaigaon Refinery and Petrochemicals Ltd.

(i) Production in Petrochemicals and PSF units remain suspended since October 2001 has been restarted under an alliance agreement with M/s. Reliance Industries Limited from 26th December 2003. However, Reformer unit of Xylenes plant continue to run to produce MS.

Petronet LNG Limited

(i) The Company is in the process of finalizing the LNG Port Terminal Concession Agreement with Gujarat Maritime Board (GMB) and the Government of Gujarat. In accordance with the terms of the proposed lease agreement, lease rental payable from 30th August 2001 to 31st March 2005 has been provided on estimated basis pending receipt of demand from GMB. Provision for stamp duty on the transaction has not been made in the accounts, as it is not ascertainable.

(ii) In respect of LNG Vessels arrived at Petronet LNG Port, Dahej, the Company has paid port dues and waterfront royalty to GMB as per the existing schedule of port charges applicable to all vessels calling on the port. The rates are, however, subject to finalisation in accordance with the terms and conditions provided in the proposed concession agreement to be executed by the Company with GMB.

(iii) In terms of the provisions contained in the letter of intent issued by GMB while allotting the plot for LNG Regasification Plant, the Company has to develop a Solid Cargo Port along with LNG Terminal. The Board has approved the maximum equity investment of Rs. 2393 lakhs (towards 26% equity) in the Joint Venture Company to be formed for implementation of the Solid Cargo Project. Expenses to the tune of Rs. 238 lakhs have been incurred on this account which includes a deposit of Rs. 170 lakhs with Gujarat Industrial Development Corporation classified under “Loans & Advances”.

(iv) The Company has raised Rs. 39147 lakhs through public issue of shares in the previous year and utilized Rs. 21788 lakhs (previous year Rs. 847 lakhs) for project payments and the balance of Rs. 17359 lakhs (previous year Rs.38300 lakhs) deposited in short term deposits with a scheduled bank.

(v) Custom duty on import of project material/equipment has been assessed provisionally and additional liability, if any, on this account will be provided on final assessment.

(vi) As regards expenditure in Cochin, the project construction has not commenced.

16. 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.

Indian Oil Corporation Limited - Consolidated Financial Statements

17. 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.

18. 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.

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

Finance Lease of Tank Wagons:

(Rs. in Crore)

	Particulars	**March-05**	March-04
A.	Gross Investments in Finance Lease	**416.96**	416.96
	Less: Unearned Finance Income	**35.05**	48.15
	Less: Finance Income Received	**136.64**	123.54
	Less: Minimum Lease payment received	**142.27**	116.21
	Net Investment in Finance Lease as on Date	**103.00**	129.06
B.	Unearned finance Income	**35.05**	48.15
C.	Present Value of Minimum Lease Payments Receivable		
	Not Later than one year	**27.12**	26.06
	Later than one year and not later than five years	**61.00**	83.31
	Later than Five years	**14.88**	19.69
	Total	**103.00**	129.06
D.	Break-up of un-earned income		
	Not Later than one year	**10.46**	13.10
	Later than one year and not later than five years	**17.80**	26.25
	Later than Five years	**6.79**	8.80
	Total	**35.05**	48.15

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-05	March-04
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	**0.00**	0.38

Indian Oil Corporation Limited - Consolidated Financial Statements

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

	March-05	March-04
Profit After Tax for the Group (Rs. Crore)	**5469.23**	7491.62
Weighted Average number of equity shares	**1,168,012,200**	1,168,012,200
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)	**46.83**	64.14
Face value per share (Rupees)	**10/-**	10/-

21. 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 31.03.2005	As on 31.03.2004
Deferred Tax Liability:		
i) Depreciation	**5286.18**	5018.09
ii) Interest		
iii) Others	**1.09**	1.87
Total deferred tax liability (A)		
Deferred Tax Assets:	**5287.27**	5019.96
i) Compensation under voluntary retirement scheme	**3.34**	4.79
ii) Provision for doubtful advances /claims / materials.	**121.41**	117.01
iii) Provision for Retirement Benefits	**11.00**	9.12
iv) Carry forward losses	**4.19**	-
v) Unabsorbed Depreciation		-
vi) Others	**93.55**	72.60
Total deferred tax assets (B)	**233.49**	203.52
Deferred Tax Liability (Net) (A-B)	**5053.78**	4816.44

22. Considering under-recovery on account of subsidies on sale of LPG (Domestic) and SKO (PDS) would be phased out over a period of two years i.e. 2005-06 and 2006-07, future cash flows have accordingly been estimated by the Corporation for testing of impairment of related Cash Generating Units. In accordance with AS-28 – Impairment of Assets, impairment loss of **Rs. 22.80 crore**, net of deferred tax credit, as on 1.4.2004 (Gross – Rs. 35.56 crore) in respect of MTBE unit and Butane Plant at Gujarat Refinery has been arrived at, which is adjusted from the opening balance of General Reserve of the Corporation. There is no further impairment of assets as on 31st March 2005. The auditors have relied on the assumptions, being technical and policy matters.

Indian Oil Corporation Limited - Consolidated Financial Statements

23. In compliance of Accounting Standard – 29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, which is mandatory from 1st April 2004, Corporation has made a provision for probable contingencies amounting to **Rs. 59.91 crore** has made, the details of which are as under:

(Rs. in Crore)

	Opening Balance	Additions	Utilisation	Reversals	Closing Balance
Excise	0.00	1.36	0.00	0.00	1.36
Sales Tax	0.00	58.55	0.00	0.00	58.55
Total	**0.00**	**59.91**	**0.00**	**0.00**	**59.91**

24. Previous year's comparative figures have been regrouped and recast to the extent practicable, wherever necessary. Figures in brackets indicate deductions. Further, to the extent of JVs not considered for consolidation (Refer Note 1.2), the previous year's figures are not comparable.

Sd/-
(S. Behuria)
Chairman

Sd/-
(P. Sugavanam)
Director (Finance)

Sd/-
(R. Narayanan)
Company Secretary

Place : New Delhi
Date : May 30, 2005

Indian Oil Corporation Limited - Consolidated Financial Statements

Annexure-1

INFORMATION REGARDING PRIMARY SEGMENT REPORTING AS PER AS-17 FOR THE YEAR ENDED MARCH 31, 2005 IS AS UNDER:

(Rs. in Crore)

	March-05				March-04			
	Petroleum Products	Other Businesses	Eliminations	Total	Petroleum Products	Other Businesses	Eliminations	Total
Revenue								
External Revenue	123,030.47	10,915.16	-	133,945.63	108,276.21	9,163.93		117,440.14
Inter-segment Revenue	270.35	227.09	-	497.44	81.75	103.80		185.55
Total Revenue	**123,300.82**	**11,142.25**	**-**	**134,443.07**	**108,357.96**	**9,267.73**	**-**	**117,625.69**
Result								
Segment Results	8,127.12	(275.53)	4.82	7,846.77	11,042.26	(177.22)	1.13	10,863.91
Less: Unallocated Expenses net of unallocated Income	-	-		-	-	-		-
Operating Profit	**8,127.12**	**(275.53)**	**4.82**	**7,846.77**	**11,042.26**	**(177.22)**	**1.13**	**10,863.91**
Less:								
Interest Expenditure				767.92				525.48
Provision for diminution in Investments				42.00				9.41
Loss on Sale of Investments				-				-
Prior year Expenditure				111.96				59.76
Add:								
Interest/Dividend Income				608.97				612.60
Provision for diminution in Investments written back				-				-
Profit on sale of investments				1.00				1.97
Prior year Income				0.89				76.64
Profit Before Tax				**7,535.75**				**10,960.47**
Less: Income Tax (including deferred tax)				1,634.84				3,123.16
Profit After Tax				**5,900.91**				**7,837.31**
Other Information								
Segment Assets	68,608.79	4,874.49	-	73,483.28	58,813.02	1,930.27	-	60,743.29
Corporate Assets				2,946.64				2,810.70
Total Assets				**76,429.92**				**63,553.99**
Segment Liabilities	20,221.01	1,666.77	-	21,887.78	17,422.67	634.99	-	18,057.66
Corporate Liabilities				27,133.58				22,042.12
Total Liabilities				**49,021.36**				**40,099.78**
Capital Expenditure	6,299.38	1,236.50	-	7,535.88	4,638.20	580.10	-	5,218.30
Depreciation & Amortisation	2,344.63	69.29	-	2,413.92	2,080.34	15.47	-	2,095.81
Impairment Loss	35.56	-	-	35.56	-	-	-	-
Non-cash expenses other than Depreciation (Deferred Revenue Expenditure written off)				62.12				60.67

Notes:

1. The activities of the Company and its subsidiaries comprise:
   a) Sale of Petroleum Products
   b) Other business primarily comprising of sale of Imported Crude Oil, Sale of Gas, Oil & Gas Exploration activities, Petrochemicals, Polyster Staple Fibre Chemicals and Engineering.
2. Segment Revenue comprises of the following:
   i) Turnover (Net of Excise Duty)
   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.

Indian Oil Corporation Limited - Consolidated Financial Statements

Annexure-2

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

1. Relationships:

A) Join Venture Companies

1) Avi-Oil India Pvt. Ltd.
2) Indian Oiltanking Ltd.
3) Lubrizol India Pvt. Ltd.
4) IndianOil Petronas Pvt. Ltd.
5) Petronet VK Ltd.
6) Petronet India Ltd.
7) Petronet LNG Ltd.
8) Indian Additives Limited
9) National Aromatics & Petrochemicals Corp. Ltd.
10) Petronet CTM Ltd.
11) Petronet CI Ltd.
12) IndianOil Panipat Power Consortium Limited
13) IndianOil TCG Petrochem Ltd.
14) ONGIO International Pvt. Ltd.

B) Whole-time Directors

1) Shri S.Behuria (w.e.f. 01.03.2005)
2) Shri M.S.Ramachandran (upto 28.02.2005)
3) Shri P. Sugavanam
4) Shri A.M. Uplenchwar
5) Shri P.K. Aggarwal
6) Shri N.K.Nayyar
7) Shri N.R.Raje (upto 28.02.2005)
8) Shri Jaspal Singh
9) Dr. N.G.Kannan (w.e.f 01.09.2003)
10) Shri A.K. Mitra (upto 31.08.2003)
11) Shri B.M.Bansal (w.e.f. 01.03.2005)
12) Shri S.V.Narasimhan
13) Shri K.Narayanan (upto 31.01.2004)
14) Shri R.Sankaran (w.e.f.01.01.03)
15) Shri N.C.Sridharan (w.e.f.05.03.04)
16) Shri A. Kasturi Rangan
17) Shri Arun Jyoti (upto 30th April 2004)
18) Shri A.K.Sinha
19) Shri R.S.Guha (upto 31.12.2003)
20) Shri A K Sarmah
21) Shri B.K.Gogoi
22) Shri R.M.Hazarika
23) Shri R.N.Das
24) Shri R.D.Shira
25) Shri J.L.Raina (upto 30.11.2003)
26) Shri R.P.Pandey
27) Shri D.K.Borgohain
28) Shri K.C.Senapati
29) Shri K.R.Pillai

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-05	March-04
i) Sales	**29.42**	2.50
ii) Sale of Land	**-**	-
iii) Interest received	**0.05**	0.01
iv) Consultancy Services/Other Income	**4.02**	2.04
v) Purchase of Products	**298.47**	133.85
vi) Purchase of Chemicals / materials	**1.67**	-

IndianOil

Indian Oil Corporation Limited - Consolidated Financial Statements

(Rs. in Crore)

	March-05	March-04
vii) Handling Expenses	**41.40**	34.92
viii) Operating and Maintenance Expenses	**-**	-
ix) Freight Expenses	**2.52**	4.95
x) Reimbursement of Expenses	**11.93**	3.71
xi) Fixed assets purchased	**10.87**	-
xi) Investments made during the year	**-**	71.24
xii) Provisions made during the year	**41.88**	2.57
xi) Outstanding Receivables	**41.65**	165.00
xii) Outstanding Payables	**121.24**	40.82

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

(Rs. in Crore)

	March-05	March-04
i) Remuneration	**2.35**	2.19
ii) Recovery of Interest & Furniture Hire Charges	**0.01**	0.01
iii) Outstanding loans/advances receivables	**0.13**	0.16
iv) Assets on Hire	**0.17**	0.17

Note:

1. In case of Joint Venture Companies constituted/acquired during the year, transactions w.e.f. date of constitution/acquisition is disclosed.
2. In case of Joint Venture Companies which have been closed/divested during the year, transactions upto the date of closure/disinvestment only are disclosed.
3. No disclosure is required for 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 state controlled enterprise)
4. Remuneration includes Basic salary, allowances, reimbursements, contribution to P.F. and perquisities (valued as per tax laws)

Indian Oil Corporation Limited - Consolidated Financial Statements

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 (%) 31.03.2005	31.03.2004
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	20
CR-ON-90/1	35	35
Others		
BK-CBM-2001/1	20	20
NK-CBM-2001/1	20	20
AAP-ON-94/1	27	27
OUTSIDE INDIA		
FARSI BLOCK, IRAN	40	40
KUWAIT	5	5
LIBYA BLOCK	50	NA

(b) Jointly Controlled Assets:-

(Rs. in Crore)

Particulars of Assets	Name of Joint Owner	31.03.2005 Original Cost	31.03.2005 Accumulated Depreciation & Amortisation	31.03.2005 W.D.V.	31.03.2004 Original Cost	31.03.2004 Accumulated Depreciation & Amortisation	31.03.2004 W.D.V.
Land-Freehold	HPC/IBP	1.37	-	1.37	1.37	-	1.37
Land-Leasehold	BPC/IBP	0.78	0.14	0.64	0.78	0.13	0.65
Buildings	HPC	2.30	0.14	2.16	1.14	0.10	1.04
Plant and Machinery	HPC/BPC/IBP/GSFC/ IPCL/ACC/CSIR	87.24	15.22	72.02	87.68	11.26	76.42
Transport Equipment	RAILWAYS	183.05	141.11	41.94	183.05	125.31	57.74
Railway Sidings	HPC/BPC	29.38	9.35	20.03	27.06	8.04	19.02
Drainage,Sewage and Water Supply	GSFC	0.99	0.94	0.05	0.99	0.94	0.05
		305.11	**166.90**	**138.21**	**302.07**	**145.78**	**156.29**

Indian Oil Corporation Limited - Consolidated Financial Statements

(c) Jointly Controlled Entities:-

	Name	Country of Incorporation	Ownership Interest of IOC(%) 31.03.2005	31.03.2004
(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

Proportionate share in assets, liabilities, income & expenditure of Petronet V.K.Ltd, Petronet CI Ltd, Petronet CTM Ltd, IndianOil Panipat Power Consortium Ltd, ONGIO International Pvt. Ltd, Petronet India Ltd & Indina Oil TCG Petrochem Ltd. has not been consolidated as the Management has either decided to exit from these companies or the amount of investment in these companies has been provided for.

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

(Rs. in Crore)

		31.03.2005	31.03.2004
(i)	Assets		
	- Long Term Assets	**544.16**	589.00
	- Current Assets	**245.33**	202.24
(ii)	Liabilities		
	- Current Liabilities and Provisions	**105.41**	73.84
	- Other Liabilities	**323.59**	335.26
(iii)	Income	**630.83**	307.04
(iv)	Expenses	**595.50**	271.56
(v)	Contingent Liabilities	**10.50**	15.31
(vi)	Capital Commitments	**25.73**	53.42

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

(Rs. in Crore)

		31.03.2005	31.03.2004
(a)	Jointly Controlled Operations		
	(i) Contingent Liabilities	**-**	-
	(ii) Capital Commitments	**29.72**	47.20
(b)	Jointly Controlled Assets		
	(i) Contingent Liabilities	**-**	-
	(ii) Capital Commitments	**-**	-

Indian Oil Corporation Limited - Consolidated Financial Statements

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in Crore)

				2004-05		2003-04
A		**Cash Flow from Operating Activities**				
	1	Profit Before Tax		**7,535.75**		10,960.47
	2	Adjustments for:				
		Depreciation	**2,524.57**		2,096.61	
		Loss/(Profit) on sale of Assets (Net)	**17.39**		29.94	
		Amortisation of Capital Grants	**(0.75)**		(0.75)	
		Amortisation of Goodwill	**5.34**		2.01	
		Amortisation of Voluntary Retirement Compensation	**49.03**		60.82	
		Profit on sale of Investments (Net)	**(1.00)**		(0.50)	
		Provision for Probabale Contingencies	**59.91**		-	
		Loss on Sale on Investments	**-**		0.12	
		Unrealised (gain)/loss on foreign exchange	**-**		-	
		Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	**(1.65)**		45.34	
		Provision for Loss on Investments	**42.00**		8.70	
		Interest Income on Investments	**(3.90)**		(3.98)	
		Dividend Income on Investments	**(456.10)**		(468.22)	
		Interest Expenditure	**767.92**		525.48	
				3,002.76		2,295.57
B		Operating Profit before Working Capital Changes (1+2)		**10,538.51**		13,256.04
C	i)	Change in Working Capital: (Excluding Cash & Bank Balances)				
		Trade & Other Receivables	**(1,771.19)**		605.37	
		Inventories	**(6,073.07)**		(1,167.74)	
		Trade and Other Payables	**3,797.33**		604.50	
		Change in Working Capital	**(4,046.93)**		42.13	
	ii)	Unamortised Expenditure on Retirement Benefits	**-**		(32.41)	
				(4,046.93)		9.72
D		Cash Generated From Operations (B+C)		**6,491.58**		13,265.76
E		Less: Taxes paid		**1,177.09**		2,560.09
F		Net Cash Flow from Operating Activities (D-E)		**5,314.49**		10,705.67

Indian Oil Corporation Limited - Consolidated Financial Statements

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2005 (Contd.)

(Rs. in Crore)

		2004-05		2003-04	
G	Cash Flow from Investing Activities:				
	Sale of Assets	**35.71**		132.00	
	Sale / Maturity of Investments				
	Interest Income on Investments	**3.90**		3.98	
	Dividend Income on Investments	**456.10**		411.71	
	Purchase of Assets	**(2,372.49)**		(2,268.97)	
	Goodwill on Purchase of Business			(154.03)	
	Adjustment for Finance Lease Receivable	**26.06**		23.73	
	Advance for Investment in Haldia Petrochemicals Limited	**(150.00)**		-	
	Investment/Advance for Investments (Net of JV Adjustments)	**(66.38)**		(73.89)	
	Expenditure on Construction Work in Progress	**(5,188.15)**		(3,079.77)	
	Net Cash used in Investing Activities		**(7,255.25)**		(5,005.24)
H	Net Cash Flow From Financing Activities:				
	Proceeds Issue of Shares including premium (Lanka IOC Limited)	**152.36**		-	
	Receipt of Grant for Capital Projects	**0.03**		-	
	Proceeds from Long-Term Borrowings	**(269.81)**		(888.32)	
	Proceeds from/(Repayments of) Short-Term Borrowings	**5,653.58**		(1,108.40)	
	Interest paid	**(903.58)**		(849.15)	
	Change in Minority Interest			-	
	Dividend\Dividend Tax paid	**(2,783.56)**		(2,880.30)	
	Net Cash Generated/(Used) from Financing Activities:		**1,849.02**		(5,726.17)
I	Net Change in Cash & Cash Equivalents (F+G+H)		**(91.74)**		(25.74)

Indian Oil Corporation Limited - Consolidated Financial Statements

CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2005 (Contd.)

(Rs. in Crore)

		2004-05	2003-04
J	Cash & Cash Equivalents as at end of the Financial Year	**1,373.71**	1,465.45
K	Cash & Cash Equivalents on Consolidation of JV	**-**	-
L	Less: Cash & Cash Equivalents as at the beginning of Financial Year	**1,465.45**	1,491.19
	NET CHANGE IN CASH & CASH EQUIVALENTS (J+K-I)	**(91.74)**	(25.74)

Notes:

(Rs. in Crore)

		2004-05	2003-04
1.	Cash and Cash Equivalents include:		
	Cash and Bank Balances		
	As per Balance Sheet	**1373.71**	1465.45
	Unrealised (gain)/loss on foreign exchange	**0.00**	0.00
	Total Cash and Cash Equivalents	**1373.71**	1465.45
2.	The previous year's figures have been regrouped wherever necessary.		

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

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES	**B. K. KHARE & CO.**	**CHATTERJEE & CO.**
Chartered Accountants	Chartered Accountants	Chartered Accountants
Sd/-	Sd/-	Sd/-
(MADHUR GUPTA)	**(PADMINI KHARE KAICKER)**	**(S.K. CHATTERJEE)**
Partner	Partner	Partner
M. No. 90205	M. No. 44784	M. No. 3124

Place : New Delhi
Date : May 30, 2005

ANNUAL REPORT 2004-2005

इंडियनऑयल

आई.ओ.बी.एल.

INDIAN OIL BLENDING LIMITED

(A Wholly Owned Subsidiary of Indian Oil Corporation Limited)

इंडियनऑयल
आई.ओ.बी.एल.

Board of Directors

Shri S.K. Swaminathan	Director-in-Charge
Shri S.S. Soni	Finance Director
Shri B.R. Choudhury	Director
Shri A.K. Mehta	Director (up to 30.11.2004)
Shri Raju Ranganathan	Company Secretary

BANKERS

ICICI Bank
Mumbai and Kolkata

STATUTORY AUDITORS

M/s. V.C. Shah & Co.,
Chartered Accountants,
Rajgir Chambers, 3rd floor,
12-14, Shahid Bhagat Singh Road,
Opp. Old Custom House,
Mumbai – 400 001.

REGISTERED OFFICE

Pir Pau, Trombay,
Mumbai – 400 074.

HEAD OFFICE

254-C, Dr. Annie Besant Road,
Prabhadevi,
Mumbai – 400 025.

PLANTS

Mumbai, Vashi (Navi Mumbai) and Kolkata.

Directors' Report

To
The Shareholders,
Indian Oil Blending Limited

On behalf of the Board of Directors, I present the 42nd **Annual Report** on the operation of the Company and Audited Accounts and Auditors' Report thereon for the financial year ended 31st March 2005.

The Highlights of the financial results of the company for the financial year ended March 31, 2005 are as under:

(Rs. in Lakh)

	2004-05	2003-04	% Growth
Blending & Processing charges	**2723**	2957	- 8
Other reimbursement by Holding Co.	**466**	823	- 43
Interest & other income	**118**	131	- 10
Operating expenses	**3858**	3510	+ 10
Depreciation & amortisation	**368**	371	- 1
Net Profit/(Loss) before Tax	**(919)**	30	
Provision for Tax (incl. deferred tax)	**(431)**	(27)	
Net Profit/(Loss) after Tax	**(488)**	57	
Proposed Dividend	**—**	12	
Dividend Tax	**—**	1	
Surplus carried over to Balance Sheet	**(488)**	44	

Your Company produced 211 TMT of Lubricants and Greases as compared to 223 TMT produced during previous year, thereby recorded a capacity utilization of 88% (2003-04 : 94%). The production performance of the company has been materially affected due to lower indent of finished lubricants from the Holding Company. This, coupled with shortage of critical inputs like PIB and shortage in barrel availability, resulted into significant dent into the productivity of the company. Demand cut from Railways, one of the biggest customer of the holding company, also adversely affected production of your company. The combined effect of the above have dragged the production numbers down substantially during current Financial Year, which is more pronounced in case of Mumbai Plant, which recorded a negative growth of approx. 16 TMT of finished lubricants vis-à-vis previous year.

The last Blending Fee revision, which took place in 2001-02, saw massive lowering of Process Oil fees from Rs. 945/KL to Rs. 200/KL. Since last revision in blending fee, there has been substantial increase in the manpower cost, which contributes nearly 75% of IOBL's operating cost. During the current financial year, substantial amount has been paid/provided in the accounts towards the impact of various allowances benefits to employees arising out of MOU entered with the collectives having retrospective effect. Further, provision has also been made for PIS differential payable for the year 1997-98 to 1999-2000 due to removal of ceiling for PIS. These additional outgo has impacted IOBL's financial performance substantially. The lower Blending Fee Income due to lower capacity utilization coupled with increase in fixed costs as above put a dent in IOBL's profitability during current year. Consequently, your company has recorded a substantial loss to the tune of Rs. 919 lakhs as against pre-tax profit of Rs. 30 lakhs during 2003-04. It will not be out of context to mention that during previous year, the holding company contributed Rs. 400 lakhs as one-time compensation to your company as against a nil compensation during current year, which has also significantly contributed towards the loss.

On the face of rising manpower cost, the company has continued its efforts of cost reduction through enforcement of various control measures and has been able to make a good savings in controllable cost of approx. Rs. 70 lakhs and also able to contain its controllable cost within the budget.

PAYMENT OF DIVIDEND:

In view of book loss, your Directors have decided not to recommend any dividend for the financial year 2004-05. Cumulative dividend paid upto previous year was Rs. 308.89 lakhs as against the original equity capital of Rs. 40 lakhs.

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)

	2004-2005	2003-2004
Earnings Per Share	**(6099)**	714
Book Value per share	**83681**	95164

The negative earnings per share is due to IOBL having incurred loss during current financial year. For the similar reason, the book value per share has gone down as compared to previous year.

CONTRIBUTION TO EXCHEQUER

Your Company has made a contribution of Rs. 373 lakhs (2003-04 : Rs. 321 lakhs) to the exchequer during the year, out of which Rs. 320 lakhs (2003-04 : Rs. 289 lakh) was made to the Central Exchequer in the form of Income Tax .

PROJECTS

Your company accords very high priority to timely implementation of projects within specific time targets. The equipments in laboratory are also continuously upgraded to give speedy and qualitative customer services. The projects are undertaken keeping in view the operational necessity, quality improvement, safety, security and environmental protection.

Major Projects Completed

- Automation of Blending Facilities at Mumbai Plant.
- Auto Guaging System for Base oil and additive tanks at Kolkata Plant
- 1 No. Forklift at Vashi Plant
- 1 No. Acoustic Enclosure for 100 K.V. DG Set at Vashi Plant
- Equipment for testing of packaging materials at Vashi Plant.
- Automatic self cleaning filter at Vashi Plant
- UPS for DCS System at Vashi Plant.
- Increasing the height of Boundary wall at Vashi Plant.

Major Ongoing Projects

- 2 Nos. of Industrial Chimney at Vashi Plant.
- Revival of Philips Auto Batch Blending System at Kolkata Plant.
- Installation of Mechanical Stirrers for Blending kettles at Mumbai Plant.
- 1 No. 5 MTs Reactor for Vashi Plant.

Besides the above-mentioned ongoing projects, various other small projects are also in progress, which will improve Plant operation and customer satisfaction.

QUALITY ASSURANCE AND PRODUCT DEVELOPMENT

All the three Plants of the Company have retained ISO-14001 towards Environment Management System and QS 9000 accreditation for Quality Management Systems during the year after Surveillance Audit by the agency. IOBL is a fully integrated ISO certified company with its Head Office accredited with ISO-9001-2000 certification.

In addition to the above, IOBL Vashi & Kolkata plants, are in the process of obtaining NABL (National Accreditation Board for Testing & Calibration Laboratories) accreditation for their laboratories. Mumbai Plant has obtained NABL Certification during May, 2005.

All the Plant Laboratories are equipped with the most modern automated equipment to maintain high quality standards of Lubricants and Greases. The Company is fully geared in a rapidly changing environment using its enhanced strength, which includes strong R&D support, various ISO and QS accreditation and available infrastructure.

ECOLOGY/ENVIRONMENT, SAFETY AND ENERGY CONSERVATION

In pursuit of its commitment to environment protection and preservation of ecological balance, regular testing of storm water drain samples and exhaust gas samples are analysed and report sent to the concerned State Pollution Control Board. The results of analysis were always found to be within the prescribed parameters.

As a part of continuous process towards minimizing pollution level, Oil Water Separator is already installed at all IOBL 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. IOBL Vashi Plant received 2nd best OISD award for over all safety performance amongst Lube Oil Blending Plants (Gr.VI).

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).

Tree plantation in our plants is above prescribed norms of ecology preservation.

Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings/Outgo

Accelerated growth took place in the field of new technology adoption during last few years, which includes automation, e-banking, e-auction of once used containers & scrap materials, implementation of SAP R-3 at all IOBL Plants, upgradation of existing computer hardwares at regular intervals etc. This has put IOBL firmly on road to IT transformation and a technologically advanced 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 the **Annexure - 1**.

HUMAN RESOURCES

IOBL's greatest strength is the reservoir of skilled and highly competent team of employees with a strong commitment and ambition for growth. Human Resource Development is key to organizational excellence and in line with this philosophy high priority has been accorded for creation of 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 432 (2004 : 464) comprising of 75 officers (2004 : 82) and 357 workmen (2004 : 382).

The Company continues to provide encouragement to developmental activities, quality circles, suggestion scheme etc.Industrial relations in the company continued to be cordial and harmonious during the year. Indian Oil Day was celebrated on 1st September, 2004 and Long Service Awards were distributed.

In line with the existing policies of the Holding Company, IOBL continues to provide comprehensive welfare facilities to all members of the IOBL family. Similar support is also provided to approx. 186 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.

The Management and Employees manage efficiently the activities of the Provident Fund Trust of IOBL jointly.

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 Scheduled 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

As a part of national obligation, efforts were intensified for the progressive use and development of Hindi in official work at all its locations, in accordance with the Provisions of Official Languages Act (OLA) 1963. First Sub-Committee of the Committee of Parliament on Official Language and a team of Officials of MOP&NG visited Mumbai on 19th Jan,2005 to review the progress made by IOBL HO and appreciated the efforts being made in inculcating the use of Hindi.

Hindi training programmes/workshops, competitions were conducted. Necessary software support was also extended to encourage the use of Hindi for official work. Quarterly meetings of Hindi implementation committee were held to review the progress made during the year.

PARTICULARS OF EMPLOYEES

The information about particulars of employees u/s 217(2A) of the Companies Act, 1956, and the Companies Particulars of Employees (Amendment) Rules, 1999 for the current year has been given in **Annexure- III.**

FUTURE OUTLOOK

Indian Oil Corporation Limited, the Holding Company, has proposed to merge your company with it. The merger has been proposed from the point of view of optimal utilization of IOBL's plant capacity, tax benefits, improved synergies (in procurement of raw materials, production and distribution) and cost effective integrated operations. The Board of IndianOil and IOBL have approved the Scheme of Amalgamation, which has been approved by the Government of India, since IOBL is a Government Company. The process of merger would be completed after compliance of the procedure laid down in the Provisions of the Companies Act.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 2004-05 were Rs. 7,600/- (Rs. 23,600/- in 2003-04)

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, 2005, 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, 2005 on a 'going concern' basis.

BOARD OF DIRECTORS

Shri A.K.Mehta ceased to be Director of the Company with effect from 30.11.2004 upon his superannuating from service.

The following Directors are liable to retire at the conclusion of the next Annual General Meeting and are eligible for re-appointment :

- Shri S.K. Swaminathan
- Shri S.S. Soni
- Shri B.R. Choudhury

ACKNOWLEDGEMENTS

The Board of Directors wishes to place on record its deep sense of appreciation and gratitude for excellent contributions provided by Shri. A.K.Mehta during his tenure as Director for the progress of IOBL. The Board also places on record its sincere appreciation to the company's valued internal and external customers and Bankers for their support and confidence reposed on the company. The Board also wishes to place on record their appreciation for the total dedication and whole-hearted efforts made by the employees of the Company as well as of its Holding Company at all levels. 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 Government and Indian Oil Corporation Ltd., the Holding Company.

For and on behalf of
Board of Directors,

Sd/-
(S.K. SWAMINATHAN)
Director in Charge

Mumbai,
Dated : 20th July 2005

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:

- Various recommendations of PCRA, arising out of their Electrical Energy and Thermal Audit of the plants are under implementation.
- Energy Saving devices for High Mast Towers, for room air-conditioners installed in one of the plants resulting into saving in energy bill.
- Capacitor Bank installed at all the 3 plants to improve the power factor and saving in energy bill.
- Auto gauging system installed at Kolkata Plant during the year with the objective of accurate charging of inputs and decrease in the volume of subsequent correction.
- Commissioning of auto batch blending system at Mumbai Plant to achieve greater accuracy in blending and reduction in batch corrections.
- Steam System revamped at Mumbai Plant resulted into optimal utilization of Thermal Energy and saving of LDO.

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

- The benefit of substantial energy savings are accruing to the company annually with the installation of energy saving devices for Air Conditioners/High Mast Towers, capacitor banks etc. and also due to revamping of steam system.
- By implementing recommendations of PCRA, there are optimum utilization of energy 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:

- All the 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. 3.24 lakhs towards revenue expenditure.

FORM "A"
(See Rule – 2)

Form for disclosure of particulars with respect to Conservation of Energy

A. POWER & FUEL CONSUMPTION

1. ELECTRICITY:

	2004-2005	2003-2004
a) Purchased:		
Unit (KWH)	**32,45,700**	31,97,920
Rate/Unit (Rupees)	**5.25**	5.30
Total amount (Rs. in Lakh)	**170.53**	169.61
b) Own Generation		
i) Through Diesel Generators		
Unit (KWH)	**42,665**	47,632
Unit/Ltr. of diesel oil	2.58	2.85
Cost/Unit	*	*
ii) Through Steam Turbine/ Generator	-	-
2. COAL	-	-
3. FURNACE OIL/LDO		
Quantity (KL)	**816.41**	836.02
Total amount (Rs. in Lakh)	*	*
Average rate (Rs./KL)	*	*
4. **OTHER/INTERNAL GENERATION**	-	-

* Fuel Oils are received from the Holding Company, IOCL, on stock transfer basis.

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCTS	**2004-2005**	2003-2004
Electricity (KWH/Ton)	**15.60**	14.53
FO / LDO (Ltr/Ton)	**3.48**	3.74
Coal (Specify Qty)	-	-
Others (Specify)	-	-

FORM "B"
(See Rule – 2)

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

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 been making remarkable achievements in the IT sector during past couple of years, which have resulted into substantial cost saving besides saving in time, safety, security and host of other benefits associated with the systems implemented.

- Implemented *E_Banking* for total fund management amongst all the units at Mumbai and Kolkata using on line electronic transaction processing system (OLTP).
- As a part of on-going ERP implementation across the Holding Company under *Project Manthan*, all IOBL Plants have implemented state-of-the-art SAP R-3.
- In its endeavour to embrace e_commerce more and more, IOBL adopted the system of e_auction for disposal of surplus / scrap materials including barrels and containers through M/s. MSTC by entering into corporate contract for all its plants.

2. Upgradation of Communication Facilities

- Lotus Notes Mailing System has been implemented at all units of IOBL, resulted into significant saving in communication expenses besides faster communication/data transmission with the holding company and outside world and usage of other groupware packages already developed.
- IOBL plant at Kolkata, Mumbai and Head Office are connected with IP telephones 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. Future plans for Technology Adoption

- Revival of Auto Batch Blending System at Kolkata Plant is under progress.

ANNEXURE-II

SC/ST/OBC REPORT-I

Annual statement showing the representation of SCs, STs and OBCs as on 1st January 2005 and number of appointments made during the preceding calendar year

	Representation of SCs/STs/OBCs (as on 01/01/2005)				Number of appointments made during the calendar year 2004									
					By direct recruitment				By promotion			By deputation/ absorption		
Group	Total No. of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A	77	9	3	-	-	-	-	-	9	2	-	-	-	-
B	108	15	7	-	-	-	-	-	5	1	-	-	-	-
C	243	59	25	-	-	-	-	-	33	8	3	-	-	-
D (Excluding sweeper)	12	1	1	-	2	-	-	-	-	-	-	-	-	-
D (Sweeper)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**440**	**84**	**36**	**-**	**2**	**-**	**-**	**-**	**47**	**11**	**3**	**-**	**-**	**-**

SC/ST/OBC REPORT-II

Annual statement showing the representation of SCs, STs and OBCs in various Group A services as on 1st January 2005 and number of appointments made in their service in various grades in the preceding calender year

	Representation of SCs/STs/OBCs (as on 01/01/2005)				Number of appointments made during the calendar year 2004									
					By direct recruitment				By Promotion			By deputation/ absorption		
Pay Scale (in Rupees)	Total No. of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
12000-17500	18	3	1	-	-	-	-	-	-	-	-	-	-	-
13750-18700	22	2	1	-	-	-	-	-	3	1	-	-	-	-
16000-20800	14	-	1	-	-	-	-	-	3	-	-	-	-	-
17500-22300	9	2	-	-	-	-	-	-	2	1	-	-	-	-
18500-23900	9	1	-	-	-	-	-	-	1	-	-	-	-	-
19000-24750	3	1	-	-	-	-	-	-	-	-	-	-	-	-
19500-25800	1	-	-	-	-	-	-	-	-	-	-	-	-	-
20500-26500	1	-	-	-	-	-	-	-	-	-	-	-	-	-
23750-28550	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**77**	**9**	**3**	**-**	**-**	**-**	**-**	**-**	**9**	**2**	**-**	**-**	**-**	**-**

ANNEXURE-III

Statement showing the particulars of employees who are/were in receipt of remuneration of not less than Rs. 24,00,000/- per annum during the Financial Year 2004-05 or not less than Rs. 2,00,000/- per month during part of the year

Sl No.	Name	Emp No	Age	Last Emplo-yment	Date of commence-ment of employment in IOCL/IOBL	Designation	Qualification	Experience (Years)	Total Earning (Gross) (Rs)	Earning per Month (Rs.)
1	G.K.Lama	325	55	-	13.04.1972	Sr.F/Man	Non-matric	32	**983176**	983176
2	Arjun Lepcha	574	49	-	19.02.1979	Chargeman	Class IV	25	**719027**	719027
3	K T Chavan	416	59	-	01.09.1973	Chargeman		32	**530846**	265423
4	K B Rokade	451	58	-	16.10.1973	Sr.Operator		32	**948531**	474266
5	L.D.Jagdale	420	56	-	01.09.1973	Foreman	Xth Std.	32	**1314023**	262805
6	V.R.Jadhav	471	56		14.01.1974	Chargeman	VIII th Std.	31	**1215064**	243013
7	B S Noorpuri	637	56	-	25.05.1981	Foreman	Xth Std.	23	**922720**	230680
8	Dilnaz Karanzia	43169	44	-	12.09.1983	AM (Fin.)	B.Com	21	**1128230**	1128230

Auditors’ Report

AUDITORS’ REPORT TO THE MEMBERS OF INDIAN OIL BLENDING LIMITED

1. We have audited the attached Balance Sheet of Indian Oil Blending Limited as at 31st March 2005 and the Profit and Loss Account of the company 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.

2. We have 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 management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by Companies (Auditor’s Report) Order, 2003 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 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit;

   ii) In our opinion, proper books of account as required by law have been kept by the company, so far as 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 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 the written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the statement of significant accounting policies and Notes on the Accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005; and

      b) In the case of Profit and Loss Account, of the loss for the year ended on that date.

For V.C. Shah & Co.
Chartered Accountants

Sd/-
V.C. Shah
Partner.
Membership No.: 10360

Place : Mumbai
Dated : 13th May 2005

इंडियनऑयल
आई.ओ.बी.एल.

Annexure to the Auditors' Report

Referred to in (Paragraph 3 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:

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

(b) We are informed that 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 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;

(c) The Company has not disposed off any fixed assets during the year under report;

ii. (a) The company does not hold any stock of Raw Materials and Finished Goods, except stock of consumables and maintenance stores & spares;

(b) The procedures for physical verification of stock of consumables and maintenance stores & spares by the management are reasonable and adequate in relation to the size of the Company and nature of its business;

(c) The Company has maintained proper records of stock of consumables and maintenance stores & spares. No material discrepancies were noticed between physical stock of consumables and maintenance stores & spares and the book stock;

iii. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act and hence sub-clauses (b), (c) and (d) of this clause are not applicable;

(b) The Company had not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act and hence sub-clauses (f) and (g) of this clause are not applicable;

iv. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and the nature of its business for purchase of fixed assets and for the services. However there are no purchase of inventory and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls;

v. (a) In our opinion there are no contracts or arrangements that need to be entered into a register maintained in pursuance of Section 301;

vi. The Company has not accepted any deposits from the public to which the provisions of sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under apply, during the year under report;

vii. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business;

viii. We are informed that detailed record pertaining to labour cost, power and fuel, consumable stores etc., are maintained as prescribed in Proforma- G of the Notification Vide No. GSR 686 (E) dated 8th October, 2002 issued by Ministry of Finance and Company Affairs under the provisions of Section 209(1)(d) of the Companies Act, 1956 as it applies to the activities carried out by the Company;

ix. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, if any, applicable to it;

(b) According to the information and explanations given to us, there are no amounts in respect of income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess that have not been deposited with the appropriate authorities on account of any dispute except an amount of Rs.9.62 lacs and interest, if any, has been disclosed as contingent liability in respect of appeals by Income Tax Department which is pending with the CIT (Appeals);

x. In our opinion, the Company does not have any accumulated losses at the end of the financial year. The Company has incurred cash loss in such financial year but not in the immediately preceding financial year;

xi. The company has not taken any loans or advances from any Financial Institution or Bank or by way of debenture;

xii. According to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities except to its employees for construction / purchase of residential accommodation and vehicle against mortgage / hypothecation deed as per laid down policy of the company;

xiii. The Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company;

xiv. The Company is not dealing or trading in shares, securities, debentures or other investments and accordingly clause (xiv) of the said order is not applicable;

xv. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions;

xvi. The Company has not taken any term loans during the year under report;

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long term investment;

xviii. The Company has not issued any preferential allotment of shares during the year.

xix. The Company did not issue any debentures and hence clause (xix) of the said order is not applicable;

xx. The Company has not raised any money by public issues, during the year under report;

xxi. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year under report;

For V.C. Shah & Co.
Chartered Accountants

Sd/-
V.C. Shah
Partner.
Membership No.: 10360

Place : Mumbai
Dated : 13th May 2005

BALANCE SHEET as at 31st March, 2005

(Rupees)

	Schedule	March 2005	March 2005	March 2004
SOURCES OF FUNDS:				
1. Shareholders' Funds				
a) Share Capital	"A"	**4000000**		4000000
b) Reserves and Surplus	"B"	**650947552**		699741268
			654947552	703741268
2. Deferred Tax Liability			**14498000**	57573000
TOTAL			**669445552**	761314268
APPLICATION OF FUNDS:				
1. Fixed Assets				
a) Gross Block	"C"	**770690899**		753409492
b) Less: Depreciation		**399063548**		362911302
c) Net Block		**371627351**		390498190
d) Capital Work-In-Progress	"D"	**9657105**		9289695
			381284456	399787885
2. Current Assets, Loans and Advances				
a) Inventories	"E"	**1501299**		1422431
b) Book Debts	"F"	**88261669**		184258352
c) Cash and Bank Balances	"G"	**6457236**		6485220
d) Other Current Assets - Interest Accrued on Bank Deposits		**190137**		2822670
e) Loans and Advances	"H"	**337432352**		293397114
		433842693		488385787
3. Less: Current Liabilities and Provisions	"I"			
i) Current Liabilities		**120563624**		111089176
ii) Provisions		**40652865**		36478818
		161216489		147567994
4. Net Current Assets (2-3)			**272626204**	340817793
5. Miscellaneous Expenditure (to the extent of not written off or adjusted)	"I-1"		**15534892**	20708590
TOTAL			**669445552**	761314268
Statement of Significant Accounting Policies	"L"			
Notes on Accounts	"M"			
Other Schedules forming Part of Accounts	"N"to"R"			

Place : Mumbai Dated : 13th May 2005	Sd/- **(S.S. SONI)** Finance Director	Sd/- **(B.R. CHOUDHURY)** Director	Sd/- **(R. RANGANATHAN)** Company Secretary

As per our Report attached of even date

V.C. Shah & Co
Chartered Accountants

Sd/-
(V.C. Shah)
Partner

Place : Mumbai
Dated : 13th May 2005

PROFIT & LOSS ACCOUNT for the year ended 31st March, 2005

(Rupees)

	Schedule		March 2005	March 2004
INCOME:				
1. Blending and Processing Charges		**272293171**		295746032
Less: Operational Loss		**0**		72733
			272293171	295673299
2. Reimbursement in lieu of Blending/Processing Chgs.			**46658430**	82270319
3. Interest and Other Income	"J"		**11821999**	13110638
TOTAL			**330773600**	391054256
EXPENDITURE:				
1. Manufacturing, Administration and Other Expenses	"K"		**385817927**	350953637
2. Depreciation and Amortisation			**36824389**	37100820
TOTAL			**422642316**	388054457
PROFIT/(LOSS) FOR THE YEAR			**(91868716)**	2999799
Income /(Expenditure) relating to Prior Period (Net)			**0**	0
PROFIT/(LOSS) BEFORE TAX			**(91868716)**	2999799
Provision for Current Tax (Net)			**0**	230600
PROFIT/(LOSS) BEFORE DEFERRED TAX			**(91868716)**	2769199
Provision for Deferred Tax			**(43075000)**	(2944000)
PROFIT/(LOSS) AFTER TAX			**(48793716)**	5713199
Balance Brought Forward from Last Year's Account			**6730**	47281
DISPOSABLE PROFIT:			**(48786986)**	5760480
APPROPRIATIONS:				
1. Proposed Dividend			**0**	1200000
2. Tax on Proposed Dividend			**0**	153750
3. General Reserve			**0**	4400000
4. Balance Carried to Balance Sheet			**(48786986)**	6730
TOTAL			**(48786986)**	5760480
Earning Per Share (Rupees)	"M"		**(6099)**	714.15
Statement of Significant Accounting Policies	"L"			
Notes on Accounts	"M"			
Other Schedules Forming Part of Accounts	"N"to"R"			

Place : Mumbai
Dated : 13th May 2005

Sd/-
(S.S. SONI)
Finance Director

Sd/-
(B.R. CHOUDHURY)
Director

Sd/-
(R. RANGANATHAN)
Company Secretary

As per our Report attached of even date

V.C. Shah & Co.
Chartered Accountants

Sd/-
(V.C. Shah)
Partner

Place : Mumbai
Dated : 13th May 2005

SCHEDULE "A" - SHARE CAPITAL

(Rupees)

	March 2005	March 2004
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

(Rupees)

		March 2005	March 2004
1) **General Reserve** As per Last Account	**699734538**		695334538
Add : Transferred from Profit & Loss Account	**0**		4400000
		699734538	699734538
2) **Profit and Loss Account** **As per annexed Account**		**(48786986)**	6730
TOTAL		**650947552**	699741268

SCHEDULE "C" - FIXED ASSETS

(Rupees)

	Note	At Cost: Gross Block as at 1.4.2004	Additions during the year	Transfers from Construction Work-in-progress	Disposals during the year	Transfers/ Deductions/ Reclassifications	Gross Block as at 31.3.2005	Depreciation and Amortisation charged this year	Total Depreciation and Amortisation up to 31.03.2005	Net Depreciated Block: As at 31.3.2005	As at 31.3.2004
Land Leasehold		8006000	0	0	0	0	**8006000**	75018	1666968	**6339032**	6414050
Office/Factory Building	"A"	108062016	899776	0	0	0	**108961792**	2878335	37813645	**71148147**	73126705
Residential Flats	"B"	162336	0	0	0	0	**162336**	2646	76736	**85600**	88246
Drainage/Sewage		3734082	-	-	-	0	**3734082**	144727	1083256	**2650826**	2795553
Railway Sidings		1834605	0	0	0	0	**1834605**	0	1742875	**91730**	91730
Plant & Machinery		575568011	12914242	49000	0	464329	**588066924**	28872639	311666067	**276400857**	292250758
Furnitures, Fixtures & Office Equipment	"C"	38511661	3165630	-	0	61300	**41615991**	3818002	32170383	**9445608**	10010962
Transport Equipment		17530781	778388	0	0	0	**18309169**	1033022	12843618	**5465551**	5720186
TOTAL		753409492	17758036	49000	0	525629	**770690899**	36824389	399063548	**371627351**	390498190
Previous Year		740244447	6733429	9138357	1776192	15500536	753409492	37100820	362911302	390498190	412871768

Note:

A. Includes a Compound Wall jointly owned with Herdilia Unimers Limited as detailed below:
- Share of Original Cost : **Rs. 130706** (2004 : Rs. 130706)
- Accumulated Depreciation : **Rs. 40398** (2004 : Rs. 36016)
- Written Down Value : **Rs. 90308** (2004 : Rs. 94690)

B. Residential flats includes Rs. 3500 (2004 : Rs.3500) towards value of 70 (2004 : 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 acounted at original cost to the Holding Company.

SCHEDULE "D" - CAPITAL WORK-IN-PROGRESS

(Rupees)

	March 2005	March 2004
1. Work-in-Progress	**9487275**	9119865
2. Capital Stores	**169830**	169830
TOTAL	**9657105**	9289695

SCHEDULE "E" - INVENTORIES

(Rupees)

	March 2005	March 2004
In Hand		
Stores, Spares etc.	**1501299**	1422431
TOTAL	**1501299**	1422431

SCHEDULE "F" - SUNDRY DEBTORS

(Rupees)

	March 2005	March 2004
a. Debts outstanding for a period exceeding over six months	**0**	0
b. Other Debts		
Unsecured, Considered Good		
- Due from Indian Oil Corporation Limited, the Holding Company	**88261669**	184258352
TOTAL	**88261669**	184258352

SCHEDULE "G" - CASH AND BANK BALANCES

(Rupees)

		March 2005	March 2004
1. Cash Balances			
Cash balances including Imprest	**259001**		218527
		259001	218527
2. Bank Balances with Scheduled Banks			
a) Current Account	**1243285**		1311743
b) Fixed Deposit lodged with Outside Party	**4954950**		4954950
		6198235	6266693
TOTAL		**6457236**	6485220

SCHEDULE "H" - LOANS AND ADVANCES

(Rupees)

	Note			March 2005	March 2004
1. Advances Recoverable in Cash or in Kind or for Value to be received	**"A"**				
a) Secured, Considered Good			**56159647**		58486671
b) Unsecured, Considered Good					
- Due from Indian Oil Corporation Limited, the Holding Company		**179252897**			140594721
- Others		**84029493**			82595772
			263282390		223190493
				319442037	281677164
2. Sundry Deposits (Including amount adjustable on receipt of final bills)					
a) Secured Considered Good			**0**		0
b) Unsecured, Considered Good			**6095078**		5955261
				6095078	5955261
3. Advance Tax (Net)				**11895237**	5764689
TOTAL				**337432352**	293397114

Note "A" : Includes:

1.	Due from Directors	**Nil**	Nil
	Maximum amount during the year	**Nil**	10260
2.	Due from other officers	**Nil**	Nil
	Maximum amount during the year	**Nil**	Nil

SCHEDULE "I" - CURRENT LIABILITIES AND PROVISIONS

(Rupees)

			March 2005	March 2004
1.	**Current Liabilities**			
	a) Sundry Creditors		**5137807**	7580964
	b) Other Liabilities		**108966430**	96431914
	c) Security Deposits		**6459387**	7076298
	Total Current Liabilities:		**120563624**	111089176
2.	**Provisions**			
	a) Provision for Retirement Benefits		**40652865**	35125068
	b) Provision for Taxation	**9711537**		9782368
	Less: Advance Tax Paid	**9711537**		9782368
			0	0
	c) Proposed Dividend	**0**		1200000
	Tax on Proposed Dividend	**0**		153750
			0	**1353750**
	Total Provisions:		**40652865**	36478818
	Total Current Liabilities & Provisions		**161216489**	147567994

* 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 2005	March 2004
Deferred Revenue Expenditure		
Voluntary Retirement Compensation As per Last Accounts	**20708590**	27652142
Add: Expenditure during the year	**9746687**	6027496
Less: Amortised during the year	**14920385**	12971048
	15534892	20708590

SCHEDULE "J" - INTEREST AND OTHER INCOME

(Rupees)

			March 2005	March 2004
1.	Interest On			
	a) Loans and Advances	**4433643**		4971491
	b) Fixed Deposits with Banks	**454055**		819108
			4887698	5790599
2.	Profit on Sale and Disposal of Assets		**889**	141509
3.	Unclaimed / Unspent Liabilities written back		**3382518**	2068893
4.	Provision no longer required written back		**0**	948808
5.	Recoveries from Employees for rent etc.		**3133212**	3624782
6.	Sale of Scrap etc.		**27172**	393691
7.	Other Miscellaneous Income		**390510**	142356
	TOTAL		**11821999**	13110638

SCHEDULE "K" - MANUFACTURING, ADMINISTRATION AND OTHER EXPENSES

(Rupees)

			March 2005	March 2004
1. Consumption of Stores, Spares and Consumables			1418869	1748125
2. Power, Fuel and Water			18151647	18269114
3. Repairs and Maintenance				
a) Plant and Machinery		7726414		12269860
b) Building		2898961		3088599
c) Others		7366720		5112166
			17992095	20470625
4. Handling Expenses			6045092	5973329
5. Payments to and provisions for employees				
a) Salaries, Wages, Bonus etc		187266725 *		155240047
b) Contribution to Provident Fund and Other Funds		23056512		21930142
c) Staff Welfare Expenses		59259162 **		55391371
d) Amotisation of Vol. Retirement Compensation		14920385		12971048
			284502784	245532608
6. Office Administration and Other Expenses	"K-1"		57707440	58959836
TOTAL			385817927	350953637

Includes:

* - Rs.29.29 lacs for Prior year (2003-04 : Rs.0.58 lacs) on account of enhancement of allowance and benefits of employee w.e.f. 1.10.2001.
  - Rs.231.02 lacs for Prior year (2003-04 : Nil) on account of PIS for the year 1997-1998 to 1999-2000 on removal of ceiling.

** - Rs.4.39 lacs for prior year (2003-04 : NIL) on account of enhancement of allowance and benefits of employees w.e.f. 1.10.2001.

SCHEDULE "K-1" - OFFICE ADMINISTRATION AND OTHER EXPENSES

(Rupees)

		March 2005	March 2004
1. Rent		32103716	32130059
2. Insurance		1063515	1465392
3. Rates and Taxes		3157769	3139617
4. Payment to Auditors			
a) Audit Fees	55100		54000
b) Tax Audit Fees	11020		10800
c) Out of Pocket Expenses	6086		19820
		72206	84620
5. Travelling and Conveyance		7583384 *	9594043
6. Communcation Expenses		1816020	2236614
7. Printing and Stationery		592679	707037
8. Bank Charges		36149	8578
9. Loss on Assets Sold, Lost or Written Off		29775	275404
10. Security Force Expenses		2654080	2178127
11. Pollution Control Expenses		91610	185209
12. Other Expenses		8506537	6955136
TOTAL		57707440	58959836

Includes:

* Rs. 10.76 lacs for prior year (2003-04 : Rs. 4.14 lacs) on account of transport subsidy, DA, local conveyance on tour, transfer benefit to employees etc. w.e.f. 1.10.2001.

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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 capitalized. 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 capitalized 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 upto 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, upto 95% of the cost of asset. Depreciation is charged pro-rata on quarterly basis on assets from/upto the quarter of capitalization/sale, disposal and dismantled during the year.

1.4 Impairment of Assets:

Carrying amount of cash generating assets is reviewed for impairment. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

2. EXCHANGE RATE:

2.1 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, are accounted in the Profit and Loss Account either under the head foreign exchange fluctuation or interest cost, as the case may be.

2.2 Exchange differences arising on liabilities incurred or on repayment of borrowings in foreign currency for acquisition of fixed assets are accounted in the following manner:

(a) in respect of fixed assets acquired from a country outside India, exchange differences are adjusted in the carrying cost.

(b) in respect of fixed assets acquired within India,

(i) exchange differences on transactions in foreign currency entered prior to 1st April, 2004 are adjusted in the carrying cost.

(ii) exchange differences on transactions in foreign currency entered on or after 1st April, 2004 are recognized in the Profit & Loss Account under the head foreign exchange fluctuation or interest cost, as the case may be.

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 Show Cause Notices issued by various Government Authorities are not considered as Obligation.

4.2 When the demand notices are raised against such Show Cause Notices and are disputed by the company, then these are classified as obligations.

4.3 The treatment in respect of disputed obligations, in each case above Rs. 5 lakhs, are as under:

(a) a provision is recognized in respect of present obligations where the outflow of resources is probable;

(b) all other cases are disclosed as contingent liabilities, unless the possibility of outflow of resources is remote.

4.4 Estimated amount of contracts remaining to be executed on Capital account are disclosed in each case exceeding Rs. 5 lakhs.

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 & 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 upto Rs. 0.50 lakhs in each case are charged to Revenue.

5.4 Income and Expenditure upto Rs.5 lakhs 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/-
Place : Mumbai	**(S.S. SONI)**	**(B. R. CHOUDHURY)**	**(R. RANGANATHAN)**
Dated : 13th May 2005	Finance Director	Director	Company Secretary

SCHEDULE "M" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005

1. CONTINGENT LIABILITIES:

(a) Claims against the Company not acknowledged as debts Rs. 33.32 Lakhs (2004 : Rs. 33.32 Lakhs).

These include:

(i) Rs. 9.62 Lakhs (2004 : Rs. 9.62 Lakhs) in respect of appeals by Income Tax Department. Interest, if any, on some of the claims is unascertainable.

(ii) Rs. 23.70 Lakhs (2004 : Rs. 23.70 Lakhs) 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. 60.45 Lakhs (2004 : Rs. 58.66 Lakhs).

3. Remuneration to whole time Director:

(Rs. in Lakh)

	2004-05	2003-04
(i) Salaries & Allowances	**-**	13.05
(ii) Contribution to Provident & Other Funds	**-**	1.96
(iii) Other Benefits and Perquisites	**-**	0.55
Total	**Nil**	15.56 *

* The above remuneration was paid to whole time Chairman and Managing Director during previous year, who superannuated on 30th of November, 2003.

4. 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. 1/5th of this amounting to Rs. 1,49,20,385/- has been amortised and charged to Profit & Loss Account during the year and the balance amount of Rs. 1,55,34,892/-, has been carried forward as "Deferred Revenue Expenses" to be amortised in the subsequent years.

5. 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 are as under:

	March 2005	March 2004
Profit/(Loss) After Tax (Rupees)	**(487,93,716)**	57,13,199
Total no.of Equity Shares (Face Value Rs. 500/per share)	**8,000**	8,000
Earning Per Share (Rupees)	**(6099)**	714.15

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, element-wise break-up as on 31st March `05 is as under:

(Fig. in Rupees)

	As on 31.03.05	As on 31.3.04
A. Deferred Tax Liability:		
i. Depreciation	**7,20,79,000**	7,57,52,000
B. Deferred Tax Assets:		
i. Provision for retirement benefits	**1,36,83,000**	1,26,01,000
ii. 43 B Disallowances	**20,40,000**	1,79,000
iii. Unabsorbed Loss	**4,18,58,000**	53,99,000
C. Deferred Tax Liability (Net):	**1,44,98,000**	5,75,73,000

7. In compliance of Accounting Standard (AS-28), "Impairment of Assets" issued by The Institute of Chartered Accountants of India, the carrying amount of cash generating units of the Company have been reviewed and the review indicates that there is no impairment of assets.

8. 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 I** to this Schedule.

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

	Sd/-	Sd/-	Sd/-
Place : Mumbai	**(S.S. SONI)**	**(B. R. CHOUDHURY)**	**(R. RANGANATHAN)**
Dated : 13th May 2005	Finance Director	Director	Company Secretary

ANNEXURE–I

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
NIL

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)	2722.93
		ii) Outstanding Receivables	2675.15
2	(b)	Details relating to parties referred to in item no. 1 (B) above:	
		i) Remuneration	NIL
		ii) Other benefits / perquisites	NIL

ANNEXURE-II

PROFORMA G
NAME OF THE COMPANY : **INDIAN OIL BLENDING LIMITED**
STATEMENT SHOWING THE SUMMARY OF COST OF PRODUCTION FOR THE YEAR ENDING 31.03.2005.
NAME OF THE PRODUCT : LUBRICANTS (INCLUDING GREASES)

I. QUANTITATIVE INFORMATION:

	Particulars	UNIT	**Current Year**	**Previous Year**
1	Installed capacity	TMT/PA	238	238
2	Lubes & Greases Produced	TMT/PA	211	223
3	Capacity utilisation	%AGE	88.66	93.70
4	Fuel & loss (qty)	TMT	0.1314	0.1472
5	Fuel & loss (%)	%AGE	0.0623	0.0660

*TMTPA - Thousand Metric Tone Per Annum

II. COST INFORMATION:

SR. No.	PARTICULARS	Qty Mts	Rate (Rs./Tonne)	Amount (Rs. in Lakh)	Cost Per Unit (Rupees) Current year	Cost Per Unit (Rupees) Previous year
A1	RAW MATERIAL					
	a. Opening Stock					
	Add:					
	b. Transfers from own refineries					
	c. Purchases from others			Not Applicable		
	- indigenous					
	- Imported					
	d. Transportation cost					
	e. Others, if any.					
	Less:					
	f. Closing stock					
	Consumption during the year					
2	Process material, consumable stores & spares			14.19	6.35	7.82
3	Utilities					
	a. Water			10.87	4.87	5.65
	b. Steam					
	c. Power			170.65	76.41	76.15
	d. Others (specify)					
	f. Total			181.52	81.27	81.80
4	Wages & salaries			2418.15	1082.70	1050.79
5	Repair & Maintenance			124.57	55.77	65.85
6	Depreciation			362.20	162.17	162.71
7	Royalty or technical know-how or Lease rent			147.97	66.25	45.73
8	Quality Control					
9	Research and development					
10	Packing cost					
11	Other direct expenses (to be specified)			140.70	63.00	57.95
12	Administrative Overhead					
	a. Salaries & Wages			675.54	302.46	184.02
	b. Travelling & Conveyance			45.81	20.51	27.92
	c. Printing & Stationery			5.96	2.67	3.17
	d. Communication			18.13	8.12	10.02
	e. Bank charges			0.16	0.07	0.04
	f. Others (specify)			91.52	40.98	39.46
	Total (a to f)					
13	Total (1 to 12)			4226.42	1892.33	1737.30
14	Less: Credit for wastage or by products			0	0	
	a. (Specify)					
	b.					
	c.					
15	Total cost			**4226.42**	**1892.33**	1737.30

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SCHEDULE “N” - LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

	2005			2004		
	LUBES		GREASES	LUBES		Greases
	IN SU	IN MT Equivalent	MT	IN SU	IN MT Equivalent	MT
Licenced Capacity	**250000**	**224417**	**14000**	250000	224417	14000
Installed Capacity *	**250000**	**224417**	**14000**	250000	224417	14000
Actual Production	**220362**	**197811**	**12959**	234762	210738	12607

* (As certified by the Management and accepted by the Auditors without verification).

SCHEDULE “O” - FINISHED PRODUCTS - QUANTITY AND VALUE PARTICULARS

	2005		2004	
	QUANTITY	VALUE	QUANTITY	VALUE
	IN SU	Rupees	IN SU	Rupees
Lubes	**220362 KL**	**210738351**	234762 KL	235864069
Greases	**12959 MT**	**61554820**	12607 MT	59881963
TOTAL		**272293171**		295746032

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

	2005		2004	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
Imported	**324078**	**23**	38447	2
Indigenous	**1104494**	**77**	1709678	98
TOTAL	**1428572**	**100**	1748125	100

SCHEDULE “Q” - EXPENDITURE IN FOREIGN CURRENCY

(Rupees)

	2005	2004
Books and Periodicals	**0**	0
Others	**0**	76609
TOTAL	**0**	76609

SCHEDULE “R” - C I F VALUE OF IMPORTS

(Rupees)

	2005	2004
Chemicals and Revenue Stores	**324078**	359791
Capital Goods	**0**	0
TOTAL	**324078**	359791

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 2005

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

PUBLIC ISSUE	RIGHTS ISSUE
NIL	NIL
BONUS ISSUE	**PRIVATE PLACEMENT**
NIL	NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakh)

Total Liabilities	Total Assets
8307	8307

Sources of Funds

Paid-Up Capital	Reserves & Surplus
40	6549
Secured Loans	**Unsecured Loans**
NIL	NIL

Application of Funds

Net Fixed Assets	Investments
3813	NIL
Net Current Assets	**Misc. Expenditure**
2726	155
Accumulated Losses	
NIL	

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

Turnover	Total Expenditure
2722	4226
Profit/(Loss) Before Tax	**Profit/(Loss) After Tax**
- 919	- 488

(Please tick appropriate box + for Profit, - for Loss)

Earnings per share in Rs.	Dividend %
- 6099	-

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No. (ITC Code)	NIL
Products/Services Description	LUBE BLENDING
Item Code No. (ITC Code)	NIL
Products/Service Description	GREASE MANUFACTURING
Item Code No. (ITC Code)	NIL

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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 2005.

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 2005.

Sd/-
Revathy Iyer
Principal Director of Commercial Audit
& *ex-officio* Member, Audit Board-II, Mumbai

Place : Mumbai
Date : 28th June 2005

ANNUAL REPORT 2004-2005

CHENNAI PETROLEUM CORPORATION LIMITED
(A Subsidiary of
Indian Oil Corporation Limited)

Board of Directors

Shri S. Behuria	Chairman
Shri S.V. Narasimhan	Managing Director (up to 30.6.2005)
Shri R. Sankaran	Director (Technical) (& Managing Director i/c from 1.7.2005)
Shri N.C. Sridharan	Director (Finance)
Shri A. Kasturi Rangan	Director (Operations)
Shri A.M. Uplenchwar	Director (Pipelines), Indian Oil Corporation Limited
Shri B.N. Bankapur	Executive Director (Operations), Indian Oil Corporation Limited
Shri M. Vaezi	Director, Naftiran Intertrade Company Limited
Shri M.B. Samiei Khonsari	Deputy Finance Director, National Iranian Oil Company
Shri Prabh Das, I.A.S.	Joint Secretary to Government of India, Ministry of Petroleum & Natural Gas
Shri L. Sabaretnam	Chief Executive Officer, ICL Sugars Limited
Shri K. Suresh, I.A.S.	Chairman, Chennai Port Trust
Shri Venkatraman Srinivasan	Senior Partner, V. Sankar Aiyar & Co., Chartered Accountants

Directors' Report, including Management Discussion & Analysis

To the Shareholders of
Chennai Petroleum Corporation Limited,

On behalf of the Board of Directors of your Company, I have great pleasure in presenting the 39th Annual Report, alongwith the Audited Statement of Accounts of the Company, for the Financial Year ended March 31, 2005.

HIGHLIGHTS OF THE YEAR

- Highest ever crude throughput (post expansion) of 8.18 Million Metric Tonnes (MMT) against the previous best of 6.97 MMT (1997-98) in Manali Refinery.
- Highest ever crude throughput of 742.2 Thousand Metric Tonnes (TMT) against the previous best of 653.2 TMT (2003-04) in Cauvery Basin Refinery.
- Successfully commissioned all the new process units of 3 MMTPA Project and the revamped FCC Unit, thereby augmenting crude processing capacity to 10.5 MMTPA and achieving complete integration of the expansion project with the existing Refinery.
- Commenced production and supply of EURO III Grade of Motor Spirit (MS) and High Speed Diesel (HSD) from January 2005, well ahead of the scheduled date of April 2005.
- Highest ever production of Liquefied Petroleum Gas (LPG), Motor Spirit (MS), Aviation Turbine Fuel (ATF) and High Speed Diesel (HSD).
- Achieved all time high sales of Paraffin Wax.
- Ranked 20th among India's top 500 Companies in 2004 by Dun & Bradstreet, the world's leading provider of Business Information Services
- Achieved a record 10 Million accident free employee man-hours,
- Awarded the British Safety Council, UK – Safety Certificate and Safety Plaque for the year 2003 for low Accident Incidence Rate (AIR) for the 5th consecutive year.
- Awarded the Shield for commendation in "Safety, Health and Environment" performance for the year 2003-04 by the Confederation of Indian Industry (CII), Southern Region.
- Award of Honour received from National Safety Council, Tamil Nadu Chapter for the year 2003-04.

MANAGEMENT DISCUSSION & ANALYSIS

Industry Structure & Developments

The international oil market has witnessed a steep increase in the oil prices in recent times. The upward movement of crude oil price and its volatility has an adverse impact on India in a big way since the current level of crude oil imports is to the tune of 70%. India is one of the ten largest growing economies in the world having an average growth at 6.2%. In order to fuel the fast pace of growth, the oil majors in India have been actively considering acquisition of stakes in Exploration & Production (E&P) ventures abroad to provide oil security to the nation on the one hand and to mitigate the volatility in the crude oil prices on the other.

The Government of India has also launched aggressive diplomatic initiatives to source oil and gas from the Persian Gulf, Russia and eastern countries on a long-term basis and stepped up its efforts to enhance domestic production and to attract foreign investment in oil and gas blocks under the new round of the New Exploration Licensing Policy.

The refining capacity in the country is currently 127.4 million metric tonnes per annum taking into account the latest capacity additions. The availability of petroleum products exceeded the domestic demand, except for LPG, which made India a net exporter of petroleum products. Refining companies are planning new strategic initiatives for growth by adopting the latest available process technologies to meet international quality standards.

The Government has set up a high-level Advisory Committee on "Synergy in Energy" to look into possibilities of restructuring the Public Sector Oil Companies.

Euro III Auto Fuel Policy specifications for 11 cities and Bharat Stage II specifications for the rest of the country have come into force from April 1, 2005.

Opportunities and Threats

The dynamics of the global gas market is changing at an unprecedented pace, indicating that, with prevalence of high crude oil price, natural gas may soon become a better alternative to crude oil. This has opened the doors of opportunity to many oil companies, which are venturing into gas business for supplying Liquefied Natural Gas (LNG) to cater to the domestic requirements. They are also planning for equity partnership in LNG carriers so as to have advantages in the landed price of LNG.

Yet another avenue of opportunity for the Indian refining companies is that they can now trade in oil futures, which was launched since February 2005 at the Multi Commodity Exchange (MCX).

Oil imports constitute over 70% of the country's import bill today and are likely to go up to 85% by 2020. This has necessitated the need to look for alternative sources of fuel. One such source is Natural Gas. The growth of Natural Gas is significant when compared to that of coal and oil and it is apparent that Natural gas, being an environment-friendly fuel, is fast becoming the most viable fuel for power generation and feedstock for fertilizer industries and is emerging as an alternative fuel in the form of Compressed Natural Gas (CNG) in transportation sector. The Refining Sector is gearing itself to frame its future strategies keeping these developments in view.

Risks, Concerns and Outlook

The increasing trend of gross refining margins of the refining Companies has been affected consequent to the reduction in the customs duty on crude oil from 10% to 5% and reduction in the duty on products by 5% in respect of LPG, Kerosene, MS and HSD and by 10% in case of Furnace Oil (FO), Low Sulphur Heavy Stock (LSHS), Bitumen and Lube Oil Base Stock (LOBS) in February 2005.

The oil industry is all set to witness intense competition in the petroleum retail business, with the advent of private players in the marketing arena. The pricing and other strategies adopted by them are expected to be matched by the existing PSU players to ensure that the market share is not seriously eroded.

The growth in GDP, changes in the rural-urban demographic profile, and the continuing structural reforms linked with economic growth will have an upward demand for energy. Substitute fuels like Natural Gas, Compressed Natural Gas, Auto LPG, Bio-Diesel and Ethanol-blended fuels will come into vogue in the years to come, due to enhanced concerns on environment protection, ably supported by the interventions from the judiciary and the directions provided by the policy makers. This is likely to alter the energy supply mix for the future.

The refinery transfer prices have been fixed upto 2004-05 on full import parity basis and hence, the steep rise in crude oil price did not affect the profitability of the Company as product price also rose simultaneously with a good spread between the crude oil and product prices. The consumers of major products, viz., LPG, SKO, MS and HSD, have not been burdened with these increases for the last several months and the entire burden of under-recoveries was borne by oil marketing companies and to some extent by upstream companies. However, from 2005-06, there is a possibility of such product subsidies being borne by the refining companies as well, in which case, this will impact the profitability of your Company. The scheme of sharing this burden is under finalisation as on date.

Internal Control Systems and their Adequacy

Your Company has an adequate system of internal controls to ensure that all assets of the Company are safeguarded and the financial transactions are appropriately reported. With a view to ensure that all transactions are authorized at appropriate levels, the Company has a well-defined Delegation of Authority. Moreover, each Department of your Company has developed manuals detailing the policies, rules and procedures to be followed in carrying out all the vital functions. A Manual of Manuals has also been prepared to provide a bird's eye view of the contents of all the Manuals in one place. The internal control system ensures that all instructions/guidelines are duly complied with.

The Internal Audit Department of your Company is duly supported by personnel well experienced in fields like Technical and Finance. This helps the Department to expand its scope to cover activities in all gamuts of operations of your Company. The Audit Committee of your Company periodically reviews the Internal Audit Reports and the Internal Control Systems and offers guidance for the improved effectiveness of such control systems.

PERFORMANCE AT A GLANCE

Physical Performance

The total crude processed by Manali Refinery and Cauvery Basin Refinery during the year was 8.92 Million Metric Tonnes (MMT), which is 27% higher than the previous year's figure of 7.04 MMT.

The salient features of Manali refinery's operation during the year include the following:

- Highest ever crude throughput of 8.18 MMT (post expansion) against the previous best of 6.97 MMT (1997-98).
- To maximize freight economics, 36 Nos. of Suez Max Tankers were received directly at Chennai Port, as compared to 14 in the previous year.
- Highest ever production of Liquefied Petroleum Gas (238.6 TMT), Motor Spirit (582.9 TMT), Aviation Turbine Fuel (430.2 TMT), High Speed Diesel (2749.0 TMT) and Sulphur (20.6 TMT).

The salient features of Cauvery Basin Refinery's operation during the year include:

- Highest ever crude throughput of 742.2 TMT as against the previous year thruput of 653.2 TMT.
- Highest ever production of LPG (28.5 TMT), Naphtha (182.7 TMT) and Diesel (320.1 TMT).
- Lowest Fuel & Loss of 4.22%.

Financial Performance

(Rs. in Crore)

	2004-05	**2003-04**	**%age Increase**
Gross Turnover	**16270.64**	9430.45	72.53
Profit before Interest, Depreciation and Tax	**1299.67**	736.52	76.46
Interest	**156.66**	46.80	234.70
Depreciation and Amortisation	**209.38**	117.46	78.20
Profit before Tax	**933.63**	572.26	63.10
Provision for Taxation			
- Current Tax (Net)	**132.19**	99.10	33.30
- Deferred Tax	**204.47**	73.11	179.60
Profit after Tax	**596.97**	400.05	49.22
Value Added	**1640.48**	1052.63	55.80

The Internal Resources generated during the current year were Rs. 807.39 crore, compared to Rs. 513.10 crore during the previous year and the value addition was at Rs. 1640.48 crore during the current year as against Rs. 1052.63 crore during the previous year.

The Reserves & Surplus as on 31.3.2005 stood at Rs. 1855.33 crore, as against Rs. 1462.33 crore as on 31.3.2004, showing an increase of 26.87%.

The book value per share of your Company has increased from Rs.108.09 in the year 2003-04 to Rs.134.51 in the year 2004-05.

The expenditure against Plan Projects during the year amounted to Rs. 235.12 crore (previous year – Rs. 858.66 crore). The expenditure against Non-Plan Projects during the year was Rs. 41.96 crore (previous year – Rs. 35.34 crore).

During the year, your Company has repaid all outstanding Public Deposits, except the unclaimed deposits. Your Company has not accepted any fresh public deposits.

Your Company has 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 proud to recommend an all-time high record Dividend of 120% on the paid-up share capital of the Company, as compared to 50% declared last year. This Dividend will absorb a sum of Rs.203.77 crore, including dividend distribution tax and the surcharge thereon. The Dividend is free of tax in the hands of the shareholders.

MoU PERFORMANCE

Your Company excelled in performance in various parameters covered under the MoU with the Parent Company, Indian Oil Corporation Limited, for the year 2004-2005. As per the provisional assessment, the rating is "Excellent".

MARKETING

Indian Oil Corporation Limited (IOCL), the holding Company, continues to market the major products produced by your Company.

IOCL is laying a pipeline of 683 kms at a cost of about Rs.412 crore for transporting HSD, SKO and MS from your Manali Refinery to interior parts of Tamilnadu upto Madurai. This Project will ensure cost effective and uninterrupted transportation of products to these consumption centres.

Your Company continued to supply Petrochemical feedstocks to neighbouring industries and Naphtha to Madras Fertilizers Limited directly.

The salient features of the marketing activities of your Company during the year include:

- Sale of Paraffin Wax was at an all time high of 26,715 MT in 2004-05, as compared to 25,741 MT in 2003-04.
- Sale of Sulphur recorded an all time high figure of 20,585 MT in 2004-05 as against 11,547 MT in 2003-04.
- Naphtha sales to Madras Fertilizers Limited witnessed an increase of 12% as compared to previous year.
- Total Customer base for speciality products increased to 4480 in 2004-05 from 4200 in 2003-04.

PROJECTS

Completed Projects

3 MMTPA Refinery Project

Your Company has successfully commissioned the Visbreaker and Hydrocracker Units of the 3 MMTPA Refinery Project during the year.

With the commissioning of the Hydrocracker Unit, your Company will have the advantage of processing a wide range of crudes, thus providing sufficient flexibility to its operations. Moreover, the superior quality of products from this unit would also enable the Company to meet the Auto Fuel quality norms of Bharat Stage-II and Euro III equivalent. The 3 MMTPA Project has been completed at a cost of Rs. 2280 crore, as against the approved cost of Rs. 2360.38 crore.

FCCU Revamp Project

The revamp of your Company's Fluidized Catalytic Cracking Unit (FCCU) has been successfully completed and commissioned in October 2004 at a cost of Rs.91.45 crore. This projects helps in substantial increase in the yields of value added products like LPG and Motor Spirit.

TTP Revamp Project

A project to revamp the existing Tertiary Treatment Plant by replacing the chemical treating facilities with Ultra-Filtration Technology was completed in October 2004 at a cost of Rs. 8.00 crore.

On-going Projects

New Zero Discharge Project

A Project for treating the effluents from Refinery III and re-using the water is under implementation at an estimated cost of Rs. 11 crore. The Project is expected to be completed in the second quarter of 2005-06. This Project will significantly contribute to improving the water availability position for Manali Refinery operations.

Additional 2.5 MGD Capacity Sewage Reclamation Plant

With a view to further augment the water availability position of Manali Refinery, a project for installation of additional 2.5 MGD Capacity Sewage Reclamation Plant at an estimated cost of Rs. 43.00 crore is being implemented. This project ensures 1.88 MGD of high quality Reverse Osmosis permeate water supply to refinery by reclaiming 2.5 MGD of city sewage. This Project is expected to be completed by May 2006.

Replacement of existing 2 boilers with new 100 TPH Boiler

A project to replace the existing 2 boilers with new 100 TPH Boiler at a cost of Rs. 23.75 crore is under implementation. This Project will ensure reliable power availability for the operations of Manali Refinery.

New Project Initiatives

Desalination Project

In order to overcome the acute water shortage faced by Manali Refinery on account of monsoon failures, your Company had decided to have a captive and perennial supply of water by setting up a 5.8 MGD seawater Desalination Plant. A Detailed Project Report (DPR) was prepared and based on the economics indicated in the DPR, the Company is proceeding to implement the Project at a cost of Rs. 193.31 crore. Your Company is in the process of obtaining necessary environmental and other clearances for the project. Simultaneously, tendering process has also been initiated for commencing the construction activities, so that the project could be completed expeditiously.

New Crude Oil pipeline

To replace the existing and ageing old crude oil pipelines, your Company proposes to lay a new 42 inch crude oil pipeline from Chennai Port to Manali Refinery along the route of the proposed Port Connectivity Project, at an estimated cost of Rs. 52 crore. The detailed route alignment survey and soil geo-tech studies have been completed. Indian Oil Corporation Limited (IOC) has been appointed by your Company as the Project Management Consultant. The Pipelines Division of IOC is in the process of preparing the project report for this Project. The project is expected to be completed by end 2006.

Power Project

Your Company is continuing to pursue with Neyveli Lignite Corporation Limited (NLC), the implementation of a 492 MW Power Project at Manali, based on heavy residue as fuel. NLC is currently in the process of selecting a consultant for updating the Detailed Feasibility Report (DFR). In view of very high fuel oil prices and expected lower power tariff, the viability of the project will be assessed in the DFR. However, your Company is committed to implementing this project considering the long-term perspective of a committed outlet for the vistar residue.

DEVELOPMENT STRATEGIES

In the emerging competitive scenario, there is a continuing need for identification, development and implementation of business strategies to meet the challenges of the business environment effectively. Realizing such a need, your Company has embarked upon certain developmental plans that would place it firmly on the path of further growth.

One such plan is to set up a 150,000 TPA Polypropylene Plant to enhance value addition of its product chain. Your Company has initiated necessary activities for the preparation of Detailed Feasibility Report (DFR) for the setting up of this plant near the Manali Refinery. The estimated cost of this project is Rs. 1155.88 crore.

Yet another major proposition is that your Company will be associated in the setting up of Re-gassified LNG Plant at Ennore Port near Chennai, as a lead promoter, alongwith Indian Oil Corporation Limited. The project would be of 2.5 MMTPA capacity expandable to 5.0 MMTPA. A Detailed Feasibility Report is under preparation by IOC and as per the initial estimates, the cost is about Rs. 1700 crore. This proposal is likely to be implemented by the year 2010.

With a view to improve the quality of Motor Spirit and High Speed Diesel and meeting the requirements of auto fuel quality specifications of Euro-IV by April 2010, your Company is studying the feasibility of installing an Isomerisation Plant, augmenting the capacity of the existing DHDS Unit and Diesel Hydro-treating Plant.

INDIAN ADDITIVES LIMITED

During the year 2004-2005, Indian Additives Limited (IAL), a joint venture of your Company with M/s.Chevron Oronite Company LLC, manufacturing lubricant additives, achieved a turnover of Rs.126.55 crore, as compared to Rs. 119.56 crore in the previous year. The Profit before Tax was higher at Rs. 5.39 crore (previous year Rs.1.53 crore) and the Profit after Tax was at Rs. 3.88 crore (previous year Rs. 0.92 crore). The Board of Directors of IAL has recommended a Dividend of 7.5% on the paid-up capital for the year 2004-2005.

INFORMATION TECHNOLOGY

Your Company has always been in the forefront in respect of effectively harnessing the power of Information Technology to achieve the objective of timely decision-making in a dynamic business scenario.

Your Company has implemented the recommendations of the external consultants on ERP improvement. The ERP system is periodically modified to incorporate the changes in the business processes. Concerted efforts are being made to integrate ERP and Process Information Systems for enhancing the information availability across the organization. Integration has been completed in the area of crude and products storage information.

In order to facilitate increased data flow through the Local Area Network (LAN), your Company has upgraded the LAN capacity to 1.0 GBPS and also integrated the 3.0 MMTPA expansion refinery areas into the network. In addition, steps have also been taken to improve the information security level in the organization by implementing Intrusion Detection System (IDS) and upgrading the firewall system. The concept of VLAN is also implemented to enhance information security.

To encourage close interaction between the employees at all levels, your Company has developed an Intranet Message Board (IMB), which is being extensively used by the employees to share technical, procedural and other information with one another and also to seek clarifications on Operational issues from others.

Your Company is planning to take proactive measures in the areas of e-commerce, data-warehousing and business intelligence.

RESEARCH & DEVELOPMENT (R&D)

Building up R&D capabilities continues to form an integral part of the Company's efforts to remain current and upgrade its competitive edge. Your Company's R&D Wing has been providing technical support to refinery operations in the evaluation of catalysts and feedstock for various process units. The R&D pilot plants provide data for optimization of process parameters.

The R&D Centre of your Company continues to provide crude assay data, develop process simulation model for Diesel Hydro-desulphurisation and associate/advise in the selection of catalysts for FCC and for Hydro processing Units.

Your Company's R&D Centre has also been involved in the development of the following collaborative projects:

- The catalyst developed for production of ultra low sulfur diesel at laboratory scale in collaboration with National Chemical Laboratory (NCL), Pune has been scaled up to 100 kg level. Study on the deactivation rate and cycle length of the developed catalyst was completed.
- Completed the development of Isomerisation catalyst in collaboration with Indian Institute of Petroleum (IIP) for improving the octane of naphtha.
- Carried out Laboratory scale studies on Adsorptive de-sulphurisation of diesel with metal exchanged Zeolites as adsorbents.
- Carried out Iso-dewaxing studies in pilot plant scale for improving the distillation recovery of diesel in line with emerging specifications.
- Development of value added product, namely, polymer modified bitumen in collaboration with IIP and Central Road Research Institute (CRRI) is planned for road trials.
- Development of solvent resistant membrane for the separation of de-waxed lube oil in collaboration with Central Salt and Marine Chemicals Research Institute (CSMCRI) and IOC R&D.
- Completed the activities related to screening and selection of commercial polymers for membrane development and prototype for evaluating the membrane.

SAFETY MANAGEMENT

Your Company adopts a comprehensive approach to ensure a safe working culture in the organization. This approach encompasses implementation of safe practices, ensuring continuous awareness on safety, training people and conducting safety audits and safety studies. All the action plans center around this approach so that the Company continues to sustain and improve upon its safety record.

A short duration safety video film is screened for the visitors to the Manali Refinery to create and promote safety awareness among all visitors. Regular and periodic training programmes are organized not only for the benefit of employees, but also for the contractors' workmen, truck crew and security personnel.

The various recommendations of the Safety Audit teams are scrutinized and implemented. Your Directors review the implementation of such recommendations periodically.

The Company took a proactive and a leading role in completing the installation of oil spill response facilities in Chennai Port during the year.

A safety perception study for Manali Refinery was carried out by an external specialized agency and recommendations were implemented. All the safety related infrastructure requirements have been reviewed and upgraded. A Material Safety Data Sheet (MSDS) has been prepared for all the CPCL products and crude oil. A comprehensive risk assessment study has also been carried out for the entire refinery complex, including the new 3 MMTPA Refinery unit, by the Central Leather Research Institute (CLRI), Chennai. Your Company has adopted a comprehensive Quality, Environment, Health and Safety (QEHS) Policy, which aims at zero accident and prevention of occupational injury at work place. One of the highlights of the safety performance of the Company during the year was the achieving of a record 10 million accident free man-hours at Manali Refinery on 2nd March 2005.

SAFETY RECOGNITIONS

In recognition of your Company's Safety initiatives, the following awards were conferred during the year:

- Award of Honour from National Safety Council, Tamilnadu Chapter for the year 2003-04.
- Shield for commendation in "Safety, Health and Environment" performance for the year 2003-04 by Confederation of Indian Industry (Southern Region).

CONCERN FOR ENVIRONMENT

Your Company strives to maintain highest standards of environmental care and ensures that increasing levels of operation do not adversely impact the standards of health and environment. The environmental initiatives taken by your Company are guided by its commitment to attain excellence in the field of environment management.

The highlights of the steps taken in this direction include:

- Installation of new Sulphur Recovery Unit of 125 Tonnes Per Day (TPD) capacity (with 99.3% recovery) in the expansion refinery.
- Initiated a comprehensive approach of mechanical treatment and bioremediation for liquidating the entire accumulated oily sludge.
- Uninterrupted operation of all the three effluent treatment plant facilities with a total capacity of 550 KL/Hr. to conserve water by using it for cooling water and as a feed to Zero Discharge Plant.
- Monitoring of ambient air at eight locations inside the refinery with continuous monitoring analyzers to preserve the air quality.
- Commissioning of the new Effluent Treatment Plant in June 2004 for treating Refinery-III effluents at a cost of Rs. 19.70 crore.
- De-bottlenecking the existing conventional Tertiary Treatment Plant to Ultra-filtration was carried out as a technology change over in the city sewage reclamation plant.
- Installation of thermal DeNOx facility in the major process heaters of expansion refinery for reducing NOx emissions is under implementation.

In addition to the above initiatives, your Company is also implementing a new Zero Discharge project so as to re-use the treated effluents from Refinery-III back in the refinery process.

A Reverse Osmosis (RO) reject recycle plant to reclaim 40 KL/hr of water from the RO rejects is also under construction. All these water related projects not only contribute to cleaner water bodies but also augment availability of water for the refineries' operations.

The Cauvery Basin Refinery is also continuously meeting the Environment Compliance Standards for Treated Effluent and Ambient Air Quality, prescribed by the environmental regulatory agencies.

ENERGY CONSERVATION MEASURES

Energy conservation continues to receive the focussed attention of your Company, which continued with its ceaseless efforts by constant monitoring and control of operational activities aimed towards reducing fuel and loss percentage.

The Refinery Linear Programming model is extensively utilized to optimize various process units, to maximize profit with energy conservation as focus. The overall fuel and loss of the combined operations of Manali and Cauvery Basin Refinery during the year 2004-05 was 9.1%, as compared to 7.7% for the previous year. The Energy Index was also marginally higher at 128.9, as compared to the previous year Index of 120.2. The highly energy intensive new facilities added in the expansion refinery contributed to this higher energy consumption figures. However, the various steps taken by the Company at every stage has enabled the Company to contain the increase in energy consumption levels to the barest minimum.

As part of the long-term efforts to plan and implement energy conservation techniques in a sustainable manner, your Company is participating in the benchmarking exercise by M/s.Shell Global Solutions Inc., for its Manali Refinery to identify the gaps in each area for further corrective action.

In addition, an Energy Audit of Manali Refinery is being carried out by the Centre for High Technology (CHT) and Engineers India Limited (EIL), New Delhi to improve the energy performance.

Your Company is also embarking on plans to use Natural Gas as fuel in place of Fuel oil, as it offers the advantages of being a clean environment friendly fuel.

Your Company is working out a comprehensive plan of action to reduce the fuel and loss levels gradually in the next five year period, so that the refinery's energy performance could reach exemplary levels in the years to come.

Your Company spread the message of energy conservation among different sections of society during the Energy Conservation Fortnight by conducting various useful programmes for housewives, truck drivers and students.

OPTIMIZATION

Your Company is conscious of the fact that the influences of the competitive factors in the business are likely to become stronger posing a threat on the operating margins and disturb the market share as well. Your Company is well geared to counter these challenges by formulating well defined corporate business objectives, adopting suitable methodology to transform these business objectives into plan targets, and implementing world best practices in all strategic operational areas. Your

Company has been a pioneer in implementing Optimization techniques for both its Business and Process requirements.

The following activities are undertaken in the area of process optimization:

- Implemented Advanced Process Control Technology (DMC Plus) from M/s.Aspentech, USA, in all its major 3MMTPA refinery process units to achieve the best in process automation through its constant in-house endeavours, continuous technological upgrades and consistent uptime maintenance.
- Manufacturing Execution System (MES), a cyclic approach to integrate Business Optimization Systems like Planning, Scheduling, Yield accounting with real-time process systems like Process information system, Advanced Process Control, Laboratory information system, Blending Optimization and Performance monitoring, is in an advanced stage of implementation.
- Established a centralized, powerful, integrated, reliable web-based real time Process Information Network (PIN) interfacing 12 different Distributed Control Systems (DCS) models. PIN also covers the Off-site Tank Farm Information Management System and Laboratory Information Management System.
- Launched the Refinery's real time process information through Internet to monitor the performance of all process units from outside the refinery.

The following activities are undertaken in the areas of Business Optimization:

- Implementation of the Process Industry Modeling System (PIMS) from M/s.Aspentech, to have a consistent focus on the overall business objective.
- Refinery Business Optimization (RBO) group continuously orienting the business planning processes to the ever-changing dynamic market conditions, using state-of-the-art Linear Programming (LP) techniques and effective implementation of the plan.
- State-of-the-art scheduling solution, covering crude scheduling, Fuel refinery scheduling, Lube refinery scheduling and Multi period product blending, is being implemented to further reduce the gap between the plan and actuals.

TOTAL PRODUCTIVE MAINTENANCE (TPM)

During the year, your Company embarked upon an ambitious Total Productive Maintenance (TPM) programme. The Propane De-Asphalting (PDA) unit was chosen as the Manager Model Plant (MMP) and the TPM activities were carried out and successfully completed in that plant during March 2005.

Your Company has understood the need for extending this concept to all other parts of the Refinery and in this regard, a plan has already been drawn up for implementation. The kick-off for the TPM activities for the entire Manali Refinery has also been done.

The following benefits will accrue to the Company as a result of implementation of TPM:

- Employees are motivated, committed and excited to achieve zero defect product, zero break down of equipment, zero customer complaints and zero accidents.
- TPM develops a highly positive and collaborative work culture.
- TPM increases empowerment and team spirit.
- TPM enhances reliability and flexibility of the plant.
- TPM results in reduction in wastage and losses.
- TPM enhances the profitability of the Company.
- TPM brings proactive maintenance into forces.

HUMAN RESOURCES

Your Company has always recognized the vital role of Human Resources in achieving organizational excellence. Emphasis was given to continuous learning and upgradation of skills at all levels to empower the employees to remain technologically competitive in order to deliver high quality and consistent results.

The Company's annual training calendar was framed with this objective and the training was imparted to the cross section of the employees.

During the year 2004-05, your Company performed well to achieve "excellent" rating in all the four parameters pertaining to training in the MoU with Indian Oil Corporation Limited, the Holding Company. The total training man-days achieved were 5246 as against the target of 3500.

During the year, 49 Diploma holders and 32 ITI Trade Apprentices were inducted for one year Apprenticeship training. 38 Diploma holders and 35 ITI Trade Apprentices completed their one-year training during the year.

The Refinery Engineering School of Training (RESOT) of CPCL continues to play a prominent role as a premier training institute in the field of petroleum technology in the country. A four-module Core Course of 8 weeks duration was conducted during the year. In addition, short duration programmes on Information Technology, Quality Control and Environment Management System were also conducted.

Your Company has upgraded the position of panel operations of the sophisticated Distributed Digital Control Systems, which controls the refinery process operations, from Non-supervisory level to Supervisory level.

HR systems improvement, carried out during the year, includes introduction of Access Control System for all the employees and also for a section of Contractors' Labourers.

A separate Contract Labour Management Cell has also been formed to advise the concerned Departments on the statutory compliances and to monitor the same at regular intervals. This Cell is also committed to improve the welfare facilities of Contractors' Labourers. A new group insurance scheme, which would benefit the Contractors' Labourers, was introduced by the Company during the year.

Employees' welfare continued to receive focused attention of your Company. Several welfare schemes and policies, which would benefit the employees and their families, were continued to be implemented throughout the year. The benefits under the schemes were periodically reviewed and upgraded to meet the requirements.

The manpower strength of your Company, as on 31.03.2005, was 1699, including 670 employees in the Officers Cadre.

Industrial Relations

The Industrial Relations climate in your Company continued to be harmonious and cordial during the year.

Report on Women Employment

The number of women employees in the Company as on 31.3.2005 was 70, of whom 18 are in the Supervisory Grade and 52 are in Non-supervisory Grade. The number of women employees constituted 4.12% of the total number of employees.

Special focus was given by your Company to the various facets of women development by conducting programmes, which would help their knowledge updation, skill acquisition and, ultimately, their empowerment. Women employees were trained on various subjects for a total of 251 training man-days during the year 2004-05.

International Women's Day was celebrated on 10.03.2005. A seminar on "Women Empowerment – A Road Map for Sustainable Development and Global Competitiveness" was organized on the occasion.

Selected women employees attended National and Regional Meets of "Women in Public Sector" Forum.

Welfare of Weaker Sections

Your Company continued to comply with the Presidential Directives and various instructions of the Government relating to the welfare of the Scheduled Caste (SC), Scheduled Tribe (ST), Other Backward Class (OBC) and Physically Challenged persons. The percentage of employees belonging to SC / ST at the end of the year was 26.78%.

The statistics relating to representation of SCs / STs / OBCs in the proforma prescribed by the Government of India is placed as Annexure-I.

Sports Development

Your Company continues to nurture and promote sports as an active member of the Petroleum Sports Promotion Board (PSPB). A policy for the promotion of sports and providing guidelines for employees' participation in sports events was framed and implemented.

A sum of Rs. 50 lakh was contributed for the Chennai Open Tennis Tournament organized by the Association of Tennis Professionals (ATP) during the financial year 2004-05. Your Company has committed to co-sponsor the event to be conducted at Chennai for the next four years.

During the year, 39 employees of your Company participated in various events like Football, Volleyball, and Kabaddi organized by the member organizations of PSPB.

Corporate Social Responsibility

Your Company's commitment towards the Corporate Social Responsibility was rightly manifested in substantial contributions to various welfare and community development programmes, particularly, in the vicinity of its refineries.

The "Tsunami", which attacked the south-eastern coast of India on 26.12.2004, has caused death and destruction of a magnitude that required relief and rehabilitation on a massive scale. Nagapattinam, where your Company's Cauvery Basin Refinery is located, was one of the worst affected areas.

CPCL joined hands in the humanitarian task of helping the victims and provided various household articles, like vessels, kerosene-stove, blankets, mats and dresses to the affected people near Nagapattinam on an emergency basis. In addition, your Company contributed Rs. 2.5 crore to the Prime Minister's National Relief Fund to provide relief and assistance to the 'Tsunami' victims.

The employees of your Company contributed their one-day salary to the Chief Minister's Public Relief Fund for the above cause.

Your Company introduced during the year a Scholarship Scheme to the eligible and the needy students of the educational institutions in the vicinity of its Manali Refinery. A sum of Rs. 1.30 lakh was distributed as Scholarship amount for the year 2004-05.

Other notable community development programmes sponsored by your Company are:

- Eye camps for cataract identification in the Manali neighbourhood in association with Sankara Netralaya, a renowned eye-care institution; conducted cataract operations for 105 identified cases as a follow-up.
- Promotion of Sports by conducting a football tournament for the youth of Manali and neighbouring villages at Chinnasekkadu.
- Provision of Laboratory equipment and furniture to the needy educational institutions near the Manali Refinery.
- Provision of Computers to Grama Seer Amaippu Seva Sangam, Manali.
- Providing Tailoring and Embroidery Training programme for the women of Manali and Chinnasekkadu villages with a view to equip them for self-employment.
- Running of the health centre, crèche and library at Manali Village.
- Distribution of scholarship and providing necessary infrastructure facilities for the students of educational institutions around the Cauvery Basin Refinery.

Your Company has been complying with the provisions of the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995, by extending 3% reservation in employment for Physically Challenged and Disabled persons. Even before the enactment of the Act, your Company had been extending reservations for Physically Challenged persons in recruitment to the post in Group "C" and "D". With the enactment of this Act, the reservation for physically challenged persons has been extended to the posts in Group A & B as well effective 07.02.1996.

Global Compact

Your Company is a member of United Nations Global Compact, which has enshrined ten principles encompassing the areas of Human rights, Labour, Environment and anti-corruption. Your Company endeavours to comply with all the principles of the Global Compact initiatives and also communicates the measures adopted in implementing them. This year, a big thrust has been given to the environmental concerns and the measures implemented on this account are elaborated separately in this report under "Concern for Environment". Further, your Company has reaffirmed its commitment to the principle pertaining to collective bargaining with the representative bodies of collectives functioning in the Company. Ensuring transparency and accountability in business dealings by creating general vigilance awareness through training programmes, interactions and improvement to systems and procedures, wherever warranted, have been the focus areas of your company in addressing corruption. As a responsible member of this UN initiative, your Company will conscientiously take proactive measures to sustain the Global Compact programme.

OCCUPATIONAL HEALTH SERVICES (OHS)

The OHS Centre of your Company continued to follow a comprehensive, multi-pronged approach to provide improved work environment focusing primarily on the employees' health and work place monitoring. It includes

(a) Prevention of illness and injuries by regular occupational hygiene monitoring of health environment;

(b) Counselling on general health issues including on life style matters; and

(c) Continuous education and training of employees through structured programmes and newsletters.

The OHS activities are directed towards epidemiological approach to study the work related factors on the health of people in different occupations and development of appropriate techniques to adopt best occupational health practices and also develop necessary intervention strategies.

Your OHS Centre, which is fully equipped and manned by experienced and trained personnel, is in the forefront for undertaking consultancy services to other institutions in the field of occupational health.

INVESTOR RELATIONS

It has always been the endeavour of your Company to keep the response time to Shareholders' Grievances / requests at the minimum. The Complaints Committee, with representatives of the Company and the Share Transfer Agents, discussed the grievances periodically and action was taken expeditiously.

The Shareholders'/Investors' Grievance Committee met periodically and reviewed the redressal of shareholders' grievances and offered valuable suggestions for further improving the investor relations practices. Your Company continues to provide all relevant corporate data, which the shareholders would be interested to know, in the Company's website and updation is carried out at periodic intervals.

The Company's shares are listed in Madras Stock Exchange Limited, the Stock Exchange, Mumbai and National Stock Exchange of India.

The Company's shares have been voluntarily de-listed from the Calcutta Stock Exchange Association Limited with effect from 09.12.2004. Earlier, the Company's shares were voluntarily de-listed from Ahmedabad, Bangalore and Delhi Stock Exchanges.

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 31.3.2005, 14,54,62,362 equity shares of the Company, constituting 97.66% of the subscribed capital of the Company, have been dematerialised.

VIGILANCE

· The vigilance function in the organization laid greater emphasis on preventive vigilance and initiated certain pro-active measures in that direction.

A Customer / Client / Contractor / Vendor meet was organized. Based on the deliberations at the meet, appropriate actions were initiated for an improved customer/contractor management. Based on the advice of the Vigilance Department, some of the existing systems were improved upon and/or new systems were introduced for ensuring improved governance of business practices.

Your Company has evolved a Mechanism for redressing the grievances of the tendering parties, participating in the tenders of your Company.

OFFICIAL LANGUAGE IMPLEMENTATION

Your Company continued to lay stress on the usage of Hindi in its official work in line with the policy of the Government of India. Greater emphasis has been laid on the use of Hindi in business communications, publication of House Journals and exposing more number of employees to acquire knowledge of Hindi.

In recognition of your Company's efforts, a Shield for First place (under the category of more than 1000 employees) for the excellent work in implementing Official Language Policy in the Company for the year 2003-04, instituted by Town Official Language Implementation Committee (TOLIC), Chennai, was awarded to CPCL.

The Official Language Implementation Committee of the Company met periodically and reviewed the implementation of the Official Language Policy in the Organization. The suggestions that emerged from the meetings of the Committee led to improved practices in implementing Official Language Policy in the Company. Hindi classes were conducted in Manali Refinery, Corporate Office and Cauvery Basin Refinery for employees during Office hours. 41 employees passed various Hindi examinations during the year 2004-05. Ten employees received cash incentive for doing Official work in Hindi.

Orientation programme on Official Language Policy was conducted for senior executives to apprise them about the Official Languages Act and Rules, and implementation of Official Language Policy in the Company. Hindi Workshops and competitions in Hindi were organized for the employees, their spouses and children during the celebration of Hindi Week.

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 – Nil.
- 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-II).
- 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-III).

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 2005, 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 2005, on a going concern basis.

AUDITORS

The Comptroller and Auditor General of India has appointed M/s.Padmanabhan Prakash & Co., Chartered Accountants, Chennai and M/s.B.Purushottam & Co., Chartered Accountants, Chennai, as Joint Statutory Auditors of the Company for the financial year 2004-05. The Board of Directors of the Company fixed a remuneration of Rs.4.0 lakh (Rs.2.00 lakh to each of the Joint Statutory Auditors) in addition to the out-of-pocket expenses, if any, and applicable service tax.

DIRECTORS

Mr. A.Kasturi Rangan, Executive Director (Operations) of the Company was appointed as Director (Operations) effective 13.8.2004.

Mr. K.Suresh, Chairman, Chennai Port Trust, was appointed as a Part-time Director effective 19.10.2004.

Mr. B.N. Bankapur, Executive Director (Operations), Indian Oil Corporation Limited, was appointed as a Part-time Director effective 17.1.2005, in place of Mr. K.K. Acharya.

Mr. S. Behuria, Chairman, Indian Oil Corporation Limited, was appointed as a Director and Non-Executive Chairman effective 1.3.2005, in place of Mr. M.S. Ramachandran, who superannuated on 28.2.2005.

Mr. A.M. Uplenchwar, Director (Pipelines), Indian Oil Corporation Limited, was appointed as a part-time Director effective 28.3.2005, in place of Mr.Jaspal Singh.

Mr. Venkatraman Srinivasan, Senior Partner, M/s. V. Sankar Aiyar & Co., Chartered Accountants, Mumbai, was appointed as a Director effective 15.4.2005.

Mr. S.K. Swaminathan, Executive Director (Lubes), Indian Oil Corporation Limited and Mr. P.K. Goyal, Executive Director (Corporate Finance), Indian Oil Corporation Limited ceased to be Directors effective 23.3.2005.

Your Directors place on record their appreciation of the valuable contributions made by Mr. M.S. Ramachandran, Mr. Jaspal Singh, Mr. K.K. Acharya, Mr. S.K. Swaminathan and Mr. P.K. Goyal during their tenure.

ACKNOWLEDGEMENT

The Board of Directors of your Company gratefully acknowledge the guidance and support received from the Ministry of Petroleum & Natural Gas, Indian Oil Corporation Limited, Petroleum Planning and Analysis Cell, Oil Industry Development Board, Oil Industry Safety Directorate, Centre for High Technology, the other Ministries of Government of India, Government of Tamilnadu and the Comptroller & Auditor General of India. The Directors place on record their special appreciation to M/s.National Iranian Oil Company and their affiliate, M/s. Naftiran Intertrade Company Limited, for their continued support.

The Board of Directors of your Company convey their appreciation of the sincere and dedicated efforts of the employees of the Company at all levels, who have played a significant role in the Company achieving top notch performance during the year.

The Directors thank all the shareholders for their continued support and the confidence reposed by them on the Company's Board and Management.

For and on behalf of the Board of Directors

Sd/-
S. Behuria
Chairman

Date : 27.06.2005
Place : New Delhi

ANNEXURE-I

(SC/ST/OBC REPORT-I)

Annual statement showing the representation of SCs/STs and OBCs as on 01.01.2005 and number of appointments made during the preceding calendar year

	Representation of SCs/STs/OBCs as on 01.01.2005				No. of appointments made during the calendar year 2004 (Jan-Dec. 2004)									
					By Direct Recruitment				By Promotion			By Deputation/ Absorption		
Groups	Total No. of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Group A	471	117	15	21	Nil	Nil	Nil	Nil	15[$]	4	1	3	Nil	Nil
Group B	199	38	3	12	5	2[@]	0	2	61	10	1	Nil	Nil	Nil
Group C	878	204	12	195	2	1	0	1[#]	40	11	2	Nil	Nil	Nil
Group D	156	62	2	58	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group D (Excldg. sweepers)	0	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group D (Sweepers)	0	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	**1704**	**421**	**32**	**286**	**7**	**3**	**0**	**3**	**116**	**25**	**4**	**3**	**0**	**0**

[@] includes SC candidate recruited on Merit in Group B.

[#] includes OBC candidate recruited on Merit in Group C.

[$] applicable up to lowest rung of Group A.

SC/ST/OBC REPORT-II

Annual statement showing the representation of SCs, STs and OBCs in various Group "A" services as on 01.01.2005 and number of appointments made in their service in various grades in the preceding calendar year

	Representation of SCs/STs/OBCs as on 01.01.2005				No. of appointments made during the calendar year 2004 (Jan-Dec. 2004)									
					By Direct Recruitment				By Promotion			By Deputation/ Absorption		
Pay Scale (in Rupees)	Total No. of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
13750-18700	116	30	5	13	Nil	Nil	Nil	Nil	15	4	1	Nil	Nil	Nil
16000-20800	116	30	6	7	Nil	Nil	Nil	Nil	13	4	1	Nil	Nil	Nil
17500-22300	102	30	2	1	Nil	Nil	Nil	Nil	16	3	1	Nil	Nil	Nil
18500-23900	74	17	2	0	Nil	Nil	Nil	Nil	6	1	0	Nil	Nil	Nil
19000-24750	36	6	0	0	Nil	Nil	Nil	Nil	6	0	0	Nil	Nil	Nil
19500-25600	16	3	0	0	Nil	Nil	Nil	Nil	4	1	0	Nil	Nil	Nil
20500-26500	11	1	0	0	Nil	Nil	Nil	Nil	3	0	0	Nil	Nil	Nil
Total	**471**	**117**	**15**	**21**	**Nil**	**Nil**	**Nil**	**Nil**	**63**	**13**	**3**	**Nil**	**Nil**	**Nil**

ANNEXURE-II

Annexure to Directors' Report on Energy Conservation

FORM A

Form for disclosure of particulars with respect to Conservation of Energy

		Current year 2004-2005	Previous year 2003-2004
A	**Power and Fuel Consumption**		
1	**Electricity**		
	a) Purchased		
	Unit (in million KW Hr.)	**1.917**	3,792
	Total Amount (Rs. in Crore) (excluding demand and other charges)	**0.76**	1.48
	Demand and other charges (Rs. in Crore)	**7.91**	8.95
	Rate/Unit (average) (Rs./KW Hr.) (excluding demand and other charges)	**3.99**	3.91
	b) Own generation		
	Through diesel generator	**Not applicable**	Not applicable
	Through steam turbine/generator Unit (in million KW Hr.)	**347.919**	400.525
	Units per litre of fuel oil/gas	**3.23**	3.24
	Fuel Cost/Unit (Rs.)	**3.04**	2.79
2	**Coal**	**Not applicable**	Not applicable
3	**Furnace Oil**		
	Quantity (in thousand K.Litres)	**452.660**	385.786
	Average rate (Rs./MT)	**10378.60**	9505.19
4	**Others/Internal generation fuel gas**		
	For Manali Refinery only		
	Gas Turbine		
	Quantity		
	Power (in million KW Hr.)	**237.290**	19.905
	Fuel (in thousand MTs)	**92.991**	11.166
	Total cost (Rs. in Crore)	**179.35**	14.70
	Fuel cost/Unit (Rs.)	**7.56**	7.39
	Fuel Gas (TMT) (including CBR)	**103.527**	78.509
B.	**Consumption Per Unit of Production**		
	Electricity (KW Hr/MT of Crude)	**58.38**	51.07
	Furnace oil (Kg/MT of Crude)	**48.17**	54.64
	Coal	**Not applicable**	Not applicable
	Other (specify)		
	FCCU Coke (Kg/MT of Crude)	**3.61**	6.12
	Fuel Gas (Kg/MT of Crude)	**11.60**	11.152

ANNEXURE-II (Contd.)

FORM B

RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES

1. Specific areas in which R&D was carried out by the Company:

- Evaluation/Selection of crudes
- Selection of catalysts for hydro-processing units
- Process optimization studies
- New Processes for De-sulphurisation of Fuels
- Iso-dewaxing of Diesel for Endpoint Reduction

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

As per Annexure

3. Future plan of action:

- Development of catalyst for Ultra Deep Hydro-desulfurisation of Diesel.
- Reverse Osmosis membrane process for solvent recovery from De-waxed oil for lube production.
- Stability studies on Bio Diesel
- Formulation of Polymer Modified Bitumen
- Adsorptive and Oxidative De-sulphurisation.

4. Expenditure on R&D: **(Rs. in Lakh)**

	2004-05	2003-04
Capital	**109.12**	38.81
Recurring	**215.18**	260.75
Total	**324.30**	299.56
Total R&D exp. as % of Turnover	**0.02**	0.03

5. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

   Studies for Hydro-cracker Unit:

   - Optimization of VGO cut point for its suitability as Hydro-cracker Feed: Detailed studies were carried out on the effect of cut point on asphaltenes and polycyclic index (PCI) of VGO fraction and its suitability as Hydro-cracker feedstock.
   - Evaluation of Hydro-cracker catalyst: The performance of hydro-cracker catalyst loaded in our OHCU was evaluated in High Pressure Pilot Plant system with VGO as feedstock and the conversion and yield pattern was studied for different operating conditions.

   Evaluation of Catalysts and Additives for Revamped FCC unit:

   - Evaluation of FCC catalysts was carried out to select a suitable catalyst for revamped FCC unit with UCO as feedstock. The suitability of CO Promoters for the revamped FCC unit was evaluated in Micro Activity Test unit.

   Studies on Hydro-desulphurisation:

   Accelerated Ageing studies of HDS catalyst was carried out to predict and compare cycle lengths of different DHDS catalysts.

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 Additives. R&D studies were also carried out for improving the quality of LOBS and for sourcing additional feed stocks for FCC unit / OHCU.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of Financial year) 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-II (Contd.)

ANNEXURE TO FORM B:

Benefits derived as a result of R&D activities

Crude Assay:

Detailed assay on several crudes processed in the refinery helped in optimizing the distillate yields in CDU.

Process Optimization Studies:

Evaluation of Catalyst and Additives was carried out to support Revamped FCC unit. Suitable CO Promoter was suggested for the revamped FCC unit to process UCO from Hydro-cracker unit.

Studies for Hydro-cracker unit:

Studies on HVGO from various crude sources for its suitability as feedstock.

Studies on usage of Co Solvents for Lube Extraction.

The collaborative project on development of catalyst for production of ultra low sulfur diesel (<50ppm) in association with NCL, Pune and Sud-Chemie has been scaled up to 100 kg batch.

Analytical Method was developed for the determination of Polycyclic Aromatic Hydrocarbons in diesel fraction to ascertain their quality with respect to emerging specification for Euro III norms.

Various Polymers were screened to study their suitability for making High Performance Bitumen.

Pilot Plant studies were carried out with commercial iso-dewaxing catalyst to meet the Emerging Lower Distillation Recovery Specifications for Diesel fuel.

ICP - OES trace metal analyzer was commissioned to monitor metals in feeds to secondary processing units.

Papers Presented:

1. Lumped Kinetics of Hydro-cracking of Vacuum Gas Oils based on various reaction schemes, Chemcon - 2004, 27 - 30 Dec. 2005, Mumbai, India.
2. Three Phase Reactor Model to simulate the performance of Pilot Plant and Industrial Trickle Bed Reactors sustaining hydro-treating reactions, Ind. & Engg. Chem. Research, 43(21), 2004.
3. Production of Ultra Low Sulfur Diesel - Process and Catalyst options, XII Refinery Technology Meet, 23 - 25 September 2004, Goa, India.
4. Reduction of Sulfur, Aromatics and Olefins from Gasoline Pool - a review of technological options, XII Refinery Technology Meet, 23 - 25, Goa, India.
5. A four lump kinetic model for the simulation of hydro-cracking process, Accepted for Publication in Petroleum Science and Technology, Marcel Dekker Inc., U.S.A.
6. Performance Evaluation of certain commercial hydro-treating catalysts in a pilot plant reactor, Accepted for Publication in Petroleum Science and Technology, Marcel Dekker Inc., U.S.A.

ANNEXURE-III

Foreign Exchange earning and outgo:

1. **Activities relating to exports:**

   During the year 2004-05, the Company exported 478.1 TMT of products to various destinations in Asia Pacific Region and the product-wise break up is as under:

   (in TMT)

   Naphtha – 26.3; ATF – 18.2; SKO – 6.3; HSD – 187.9 and FO – 239.4

2. Total foreign exchange used and earned:

(Rs. in lakh)

		2004-05	2003-04
a)	Used	**4427.31**	1944.67
b)	Earned	**Nil**	Nil

Auditors' Report

REPORT OF THE AUDITORS TO THE MEMBERS OF CHENNAI PETROLEUM CORPORATION LIMITED

1. We have audited the attached balance sheet of Chennai Petroleum Corporation Limited, as at 31st March 2005, the profit and loss account and also the cash flow statement 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.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 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-I, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure-I referred to above, we report that:

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (ii) In our opinion, proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;

   (iii) The balance sheet, profit and loss account and cash flow statement 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 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 as on 31st March 2005 from being appointed as a director in terms clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      (a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2005

      (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 the cash flow statement, of the cash flows for the year ended on that date.

For B. PURUSHOTTAM & CO.	For PADMANABHAN PRAKASH & CO.
Chartered Accountants	Chartered Accountants
Sd/-	Sd/-
B.S. Purushottam	**E. Prakash**
Partner	Partner
Membership No: 26785	Membership No: 19388

Place : Chennai
Date : May 12, 2005

ANNEXURE-I

Annexure to Auditors' Report

Referred to in paragraph 3 of our report of even date

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

(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed on physical verification, are not material in relation to the size of the company.

(c) During the year, no substantial part of the fixed assets of the company were disposed off.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records have been appropriately dealt with in the books of account.

(iii) 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 clauses 4 (iii) (a), 4 (iii) (b), 4 (iii) (c), 4 (iii) (d), 4 (iii) (e), 4 (iii) (f) and 4 (iii) (g)of the Companies (Auditor's Report) Order, 2003.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) 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 clauses 4 (v) (a) and 4 (v) (b) of the Companies (Auditor's Report) Order, 2003.

(vi) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and other relevant provisions of the Companies Act, 1956 with regard to the deposits accepted from the public. The company has not defaulted in repayment of deposits and hence we have no comments to offer on the compliance with the provisions of Section 58 AA of the Companies Act, 1956, Company Law Board order, National Company Law Tribunal, Reserve Bank of India, any Court and any other Tribunal.

(vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

(ix) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. We are informed that no employee of the company is covered by Employees' State Insurance Scheme

(b) The details of disputed dues of Income tax, Sales tax, Wealth tax, Service tax, Customs duty, Excise duty and Cess, which have not been deposited, are given in Annexure - II to our report.

(x) The company does not have any accumulated losses as on 31st March 2005. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence we have no comments to offer in respect of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003.

(xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clauses 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) The company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions and hence we have no comments to offer in respect of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003.

(xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The company has not issued shares during the year and hence we have no comments to offer in respect of clause 4 (xviii) of the Companies (Auditor's Report) Order, 2003.

(xix) The company has not issued any debentures during the year nor there is any outstanding as on 31st March 2005 and hence we have no comments to offer in respect of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003.

(xx) The company has not raised money by public issues in the recent past and hence we have no comments to offer in respect of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For B. PURUSHOTTAM & CO.	For PADMANABHAN PRAKASH & CO.
Chartered Accountants	Chartered Accountants
Sd/-	Sd/-
B.S. Purushottam	**E. Prakash**
Partner	Partner
Membership No: 26785	Membership No: 19388

Place : Chennai
Date : May 12, 2005

ANNEXURE-II

STATEMENT OF DISPUTED DUES

Name of the Statute	Nature of the dues	Amount (Rs. in Lakh)	Period to which the amount relates	Forum where the dispute is pending
TamilNadu General Sales Tax Act	Sales Tax Dues	5.30	1992-93	TN State Appellate Tribunal
TamilNadu General Sales Tax Act	Penal Interest	29.66	1987-88	Appellate Deputy Commissioner (CT)
TamilNadu General Sales Tax Act	Penal Interest	34.91	1988-89	Appellate Deputy Commissioner (CT)
Central Sales Tax Act	Sales Tax Dues	164.57	1991-92	TN State Appellate Tribunal
Income Tax Act	Income Tax Dues	885.06	A.Y 1999-00	Income Tax Appellate Tribunal
Income Tax Act	Income Tax Dues	1657.63	A.Y. 2002-03	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax Dues	822	A.Y. 2003-04	Chief Commissioner of Income Tax
Central Excise Act	Excise Dues	795.28	Apr 2002 to Oct 2004	Central Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	1420.64	Nov 1998 to July 2004	Central Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	178.56	Jan 2003 to Jan 2004	Central Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	11.59	Apr 2001 to Nov 2003	Commissioner of Central Excise (Appeals)
Central Excise Act	Excise Dues	261.62	Mar 1994 to Feb 1995	Commissioner of Central Excise (Appeals)
Central Excise Act	Excise Dues	34.32	Aug 2000 to Sep 2001	Central Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	46.00	Oct 2001 to Feb 2003	Commissioner of Central Excise (Appeals)
Central Excise Act	Excise Dues	105.49	Jul 2000 to Jun 2001	Commissioner of Central Excise (Appeals)
Central Excise Act	Excise Dues	162.19	Sep 2002 to Jul 2003	Central Excise and Service Tax Appellate Tribunal
Central Excise Act	Excise Dues	966.08	Aug 1999 to Mar 2002	Commissioner of Central Excise (Appeals)
Central Excise Act	Excise Dues	506.98	Mar 1994 to Mar 1999	Central Excise and Service Tax Appellate Tribunal
Central Excise Act	Service Tax dues	25.99		Commissioner of Central Excise (Appeals)

BALANCE SHEET as at 31st March 2005

(Rs. in Lakh)

	Schedule		31 Mar 2005	31 Mar 2004
SOURCES OF FUNDS:				
1. Shareholders' Funds:				
a) Capital	A	**14900.46**		14900.46
b) Reserves and Surplus	B	**185533.23**		146232.58
			200433.69	161133.04
2. Loan Funds:				
a) Secured Loans	C	**94344.07**		94728.99
b) Unsecured Loans	D	**145476.99**		141801.83
			239821.06	236530.82
3. Deferred Tax Liability (Net)			**55082.27**	34635.60
TOTAL			**495337.02**	432299.46
APPLICATION OF FUNDS:				
1. Fixed Assets				
a) Gross Block	E	**470804.58**		375992.81
b) Less: Depreciation and Amortisation		**138924.88**		118919.56
c) Net Block		**331879.70**		257073.25
d) Capital Goods, Work-in-Progress	F	**4518.00**		82319.11
			336397.70	339392.36
2. Intangible Assets				
a) Gross Block	E-I	**5979.52**		917.07
b) Less: Amortisation		**505.99**		22.04
c) Net Block		**5473.53**		895.03
d) Capital Work-in-Progress	F-II	**0.00**		3081.13
			5473.53	3976.16
3. Investments	G		**1196.80**	1196.80
4. Current Assets, Loans and Advances:				
a) Inventories	H	**241615.73**		120313.33
b) Sundry Debtors	I	**89117.01**		52527.51
c) Cash and Bank Balances	J	**970.11**		1242.89
d) Other Current Assets - Interest accrued on Investments/Bank Deposits		**3.65**		16.51
e) Loans and Advances	K	**29463.90**		29472.90
		361170.40		203573.14
5. Less: Current Liabilities and Provisions				
a) Current Liabilities	L	**185750.36**		104460.68
b) Provisions	L-I	**23239.01**		11519.59
		208989.37		115980.27
6. Net Current Assets (4 - 5)			**152181.03**	87592.87
7. Miscellaneous Expenditure (to the extent not written off or adjusted)	L-II		**87.96**	141.27
TOTAL			**495337.02**	432299.46
8. Statement of Significant Accounting Policies	Q			
9. Notes on Accounts	R			
10. Other Schedules forming part of Accounts	S to X			
11. Balance Sheet Abstract and Company's General Business Profile	Y			
12. Cash Flow Statement	Z			

Sd/-
(S.V.Narasimhan)
Managing Director

Sd/-
(N.C.Sridharan)
Director (Finance)

Sd/-
(V.Srinivasan)
Company Secretary

As per our Report of even date

B. PURUSHOTTAM & CO.
Chartered Accountants
Sd/-
B.S. Purushottam
Partner
Membership No.26785

PADMANABHAN PRAKASH & CO.
Chartered Accountants
Sd/-
E. Prakash
Partner
Membership No.19388

Place : Chennai
Date : May 12, 2005

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2005

(Rs. in Lakh)

	Schedule		31 Mar 2005	31 Mar 2004
INCOME:				
1. Sale of Products (Gross)		1627988.79		943423.81
Less: Excise Duty		208228.03		73693.39
		1419760.76		869730.42
Less: Commission and Discounts		924.91		379.07
Sale of Products (Net)			1418835.85	869351.35
2. Company's use of own Products			2149.20	2569.88
3. Net claim from/(surrender to) Industry Pool Accounts			375.37	1981.87
4. Increase/(Decrease) in Stock	M		39740.36	5950.63
5. Interest and other Income	N		7597.10	3041.36
TOTAL INCOME			1468697.88	882895.09
EXPENDITURE:				
1. Purchase of products for resale			3308.48	0.00
2. Manufacturing, Admn., Selling & Other Expenses	O		1327225.32	808908.63
3. Duties other than Excise Duty on Sales			7968.63	(445.18)
4. Depreciation and Amortisation			20938.04	11745.90
5. Interest Payments on:				
a) Fixed period loans from Banks/ Financial Institutions/Others		11550.47		2511.01
b) Short Term Loans from banks		3300.74		1855.83
c) Public Deposits		13.68		312.92
d) Others		800.83		0.00
			15665.72	4679.76
TOTAL EXPENDITURE			1375106.19	824889.11
PROFIT FOR THE YEAR			93591.69	58005.98
Income/(Expenses) pertaining to previous years (Net)	P		(228.61)	(779.76)
PROFIT BEFORE TAX			93363.08	57226.22
Provision for Tax (net)				
- Current year		15715.73		9910.00
- Previous year		(2496.13)		0.00
			13219.60	9910.00
PROFIT BEFORE DEFERRED TAX			80143.48	47316.22
Provision for Deferred Tax			20446.67	7311.60
PROFIT AFTER TAX			59696.81	40004.62
DISPOSABLE PROFIT			59696.81	40004.62
APPROPRIATIONS:				
Proposed Dividend			17870.71	7446.13
Dividend Distribution Tax			2525.45	954.04
General Reserve			39300.65	31604.45
			59696.81	40004.62
6. Earning Per Share (Rupees) (Basic & Diluted)			40.08	26.86
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/-
(S.V.Narasimhan)
Managing Director

Sd/-
(N.C.Sridharan)
Director (Finance)

Sd/-
(V.Srinivasan)
Company Secretary

As per our Report of even date

B. PURUSHOTTAM & CO.
Chartered Accountants
Sd/-
B.S. Purushottam
Partner
Membership No.26785

PADMANABHAN PRAKASH & CO.
Chartered Accountants
Sd/-
E. Prakash
Partner
Membership No.19388

Place : Chennai
Date : May 12, 2005

SCHEDULE "A" - CAPITAL

(Rs. in Lakh)

	Note		31 Mar 2005	31 Mar 2004
Authorised:				
40,00,00,000 Equity Shares of Rs.10 each	A		**40000.00**	40000.00
Issued:				
17,00,00,000 Equity Shares of Rs.10 each			**17000.00**	17000.00
Subscribed, Called-up and Paid-up:				
14,89,43,200 Equity Shares of Rs. 10 each (2004: 14,89,43,200 Equity Shares of Rs.10 each)	B	**14894.32**		14894.32
Less: Calls in Arrears (Other than Directors)		**2.06**		2.06
		14892.26		14892.26
Add: Forfeited Shares	C	**8.20**		8.20
TOTAL			**14900.46**	14900.46

Note:

A. 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.

B. Includes 7,72,65,200 Equity Shares of Rs.10 each (51.88%) fully paid-up, held by Indian Oil Corporation, the Holding Company.

C. 1,87,900 Equity shares were forfeited with effect from 26.09.2003 as decided by Board of Directors at the 226th Board Meeting held on 25.09.2003. 31,800 Equity Shares of Rs.10 each are pending for forfeiture due to litigation pending in the Honourable High Court of Madras.

SCHEDULE "B" - RESERVES AND SURPLUS

(Rs. in Lakh)

			31 Mar 2005	31 Mar 2004
1.	**Share Premium Account:**			
	As per last account	**25018.21**		25018.21
	Less: Calls in Arrears (Other than Directors)	**14.39**		14.39
			25003.82	25003.82
2.	**General Reserve:**			
	As per last account	**121228.76**		89624.31
	Add: Transferred from Profit and Loss Account	**39300.65**		31604.45
			160529.41	121228.76
	TOTAL		**185533.23**	146232.58

SCHEDULE "C" - SECURED LOANS

(Rs. in Lakh)

		Note	31 Mar 2005	31 Mar 2004
Loans and Advances from Banks				
i)	Working Capital Demand Loan	A	**30000.00**	11000.00
ii)	Cash Credit	A	**312.70**	228.99
iii)	Foreign Currency Loans (USD 20 million; 2004 : USD 20 million)	B	**8750.00**	9091.10
iv)	Term Loans (includes interest accrued and due - Rs. 281.37 lakhs; 2004 : Rs.10.77 lakhs)	B & C	**55281.37**	74408.90
	TOTAL		**94344.07**	94728.99

Note:

A. Against hypothecation of inventories, book-debts, outstanding monies, receivables present and future to the extent of Rs. 72500 lakhs (2004 : Rs. 49500 Lakhs).

B. First paripassu charge on the company's fixed assets at Manali Refinery with State Bank of India to the extent of Rs. 68500 Lakhs.

C. Against hypothecation of all movable plant and machinery at Manali Refinery on a paripassu basis with HDFC Bank alongwith State Bank of India to the extent of Rs. 15000 Lakhs.

SCHEDULE “D” - UNSECURED LOANS

(Rs. in Lakh)

		31 Mar 2005	31 Mar 2004
1. Fixed Deposits: (including payment within one year **Rs.Nil;** 2004: Rs.330.65 lakhs)		0.00	330.65
2. Short Term Loans and Advances:			
From Banks/Financial Institutions			
i) In Rupee (Book Overdraft)	**449.49**		7049.98
ii) Working Capital Demand Loan	**27500.00**		5000.00
iii) In Foreign Currency (USD 30 million;2004:USD 38.75 million)	**13125.00**		17522.45
		41074.49	29572.43
3. Other Loans and Advances:			
From Others			
Oil Industry Development Board (due for payment within one year **Rs.12496.25 lakhs**; 2004: Rs.7496.25 lakhs)		**104402.50**	111898.75
TOTAL		**145476.99**	141801.83

SCHEDULE “E” - FIXED ASSETS

(Rs. in Lakh)

	Note	At Cost						Depreciation/Amortisation		Net Depreciated Block	
		Gross block As at 01-Apr-04	Additions/ Adjustments during the year (Ref. Note No.A)	Transfers from construct-ion WIP	Disposals/ Transfer during the year	Transfers/ Deductions/ Reclassifications	Gross Block as at 31-Mar-05 (Ref.Note No.B)	Depreciation and Amortisation for the year (Ref. Note No.C)	Total Depreciation and Amortisation up to 31-Mar-05	As at 31-Mar-05	As at 31-Mar-04
Land											
- Freehold		3695.59	134.97		-		**3830.56**	-	**-**	**3830.56**	3695.59
- Leasehold		768.79	-		-		**768.79**	7.61	**42.86**	**725.93**	733.54
Buildings, Roads etc.		11713.08	922.15		-		**12635.23**	247.90	**3502.73**	**9132.50**	8458.25
Plant and Machinery		356547.10	93692.76		479.55		**449760.31**	20031.19	**133349.06**	**316411.25**	242808.04
Transport Equipments		1600.74	162.53				**1763.27**	75.18	**892.39**	**870.88**	783.53
Furniture and Fixtures		955.12	176.40		41.27		**1090.25**	71.67	**690.91**	**399.34**	308.31
Railway Sidings		270.72	-		-		**270.72**	11.85	**232.69**	**38.03**	49.88
Drainage, Sewage and Water Supply System		441.67	243.78		-		**685.45**	8.69	**214.24**	**471.21**	236.11
Total		**375992.81**	**95332.59**	**0.00**	**520.82**	**0.00**	**470804.58**	**20454.09**	**138924.88**	**331879.70**	**257073.25**
Previous Year		226518.60	149616.98	0.00	142.77	0.00	**375992.81**	12317.81	**118919.56**	**257073.25**	119827.06

Note:

A. Addition to fixed assets includes Rs.42.63 lakhs on account of Foreign Exchange variation (2004 : Rs. 11.43 lakhs)

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

C. Depreciation for the year includes Rs. Nil (2004 : Rs. 587.01 lakhs) pertaining to prior year. Depreciation and amortisation for the year includes Rs.Nil charged to capital work-in-progress (2004 : Rs. 6.94 lakhs)

SCHEDULE “E-I” - INTANGIBLE ASSETS

(Rs. in Lakh)

	Note	At Cost						Amortisation		Net Depreciated Block	
		Gross block As at 01-Apr-04	Additions/ Adjustments during the year	Transfers from construction WIP	Disposals during the year	Transfers/ Deductions/ Reclassifications	Gross Block as at 31-Mar-05	Amortisation for the year	Total Amortisation up to 31-Mar-05	As at 31-Mar-05	As at 31-Mar-04
Right of Way	A	30.68	0.00		-		30.68	-	-	30.68	30.68
Technical Know-How, Royalty and License Fees		886.39	5062.45		-		5948.84	483.95	505.99	5442.85	864.35
Total		**917.07**	**5062.45**	**0.00**	**0.00**	**0.00**	**5979.52**	**483.95**	**505.99**	**5473.53**	**895.03**
Previous Year		30.68	886.39	0.00	0.00	0.00	917.07	22.04	22.04	895.03	

Note:

A. No amortisation provided, the right being perpetual in nature.

B. Addition to Intangible assets includes Rs. 27.35 lakhs (2004 : Rs. Nil) on account of Foreign Exchange variation

SCHEDULE "F" - CAPITAL GOODS, WORK-IN-PROGRESS

(Rs. in Lakh)

	Note		31 Mar 2005	31 Mar 2004
1. Construction Work in progress (including unallocated capital expenditure)			**3338.31**	71233.84
2. Advance for Capital Expenditure			**116.39**	56.67
3. Capital Stores		**1164.58**		7902.41
Less: Provision for Losses		**101.28**		148.55
			1063.30	7753.86
4. Capital goods in transit			**0.00**	3274.74
5. Construction period expenses pending allocation: Expenditure during the year		**3791.32**		16889.40
Less: Allocated to Assets/Work-in-Progress during the year		**3791.32**		16889.40
			0.00	0.00
TOTAL	A		**4518.00**	82319.11

Note: A Includes Rs.Nil (2004 : Rs. 27.48 lakhs) on account of foreign exchange variation

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

(Rs. in Lakh)

	31 Mar 2005	31 Mar 2004
1. Payments to and Provision for Employees	**234.09**	777.48
2. Power, Water and Fuel	**203.54**	1256.85
3. Consumables	**2.29**	0.00
4. Company's use of own products (Net)	**1929.94**	2336.17
5. Repairs & Maintenance	**14.27**	38.21
6. Rent	**10.18**	65.24
7. Travelling & Conveyance	**21.03**	83.25
8. Communication Expenses	**0.95**	3.07
9. Printing & Stationery	**0.81**	1.52
10. Security Force Expenses	**0.00**	48.65
11. Other Expenses	**0.95**	0.46
12. Depreciation	**0.00**	6.94
13. Interest	**1373.27**	12271.56
	3791.32	16889.40
Less: Allocated to Assets/Work-in-Progress during the year	**3791.32**	16889.40
TOTAL	**0.00**	0.00

SCHEDULE "F-II" - CAPITAL WORK-IN-PROGRESS - PENDING AMORTISATION

(Rs. in Lakh)

	31 Mar 2005	31 Mar 2004
Intangible Assets - Pending Amortisation	**0.00**	3081.13
TOTAL	**0.00**	3081.13

SCHEDULE "G" - INVESTMENTS

(Rs. in Lakh)

	No. and Particulars of Shares/ Units	Face value per share Rupees	31st Mar 2005	31st Mar 2004
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) BioTech Consortium India Ltd.	100000 Equity Shares fully paid	10	**10.00**	10.00
			10.90	10.90
2) Trade Investments:				
In Joint Venture Companies:				
Indian Additives Ltd.	1183401 Equity Shares fully paid	100	**1183.40**	1183.40
In Others:				
National Aromatics and Petrochemical Corporation Limited	25000 Equity Shares fully paid	10	**2.50**	2.50
			1185.90	1185.90
TOTAL			**1196.80**	1196.80

SCHEDULE "H" - INVENTORIES

(Rs. in Lakh)

			31st Mar 2005	31st Mar 2004
1.	**In Hand:**			
	a) Stores, Spares etc.	**10491.88**		8826.84
	Less: Provision for losses	**1749.50**		1617.77
			8742.38	7209.07
	b) Raw Materials		**69836.67**	40365.11
	c) Finished Products		**80001.10**	43920.42
	d) Stock in Process		**13736.53**	12177.26
			172316.68	103671.86
2.	**In Transit:**			
	a) Stores and Spares		**361.03**	558.01
	b) Raw Materials		**66837.61**	16083.46
	c) Finished Products		**2100.41**	0.00
			69299.05	16641.47
	TOTAL		**241615.73**	120313.33

SCHEDULE "I" - SUNDRY DEBTORS

(Rs. in Lakh)

		Note	31st Mar 2005	31st Mar 2004
1.	**Over Six Months:**			
	Unsecured, Considered Good		**2353.45**	376.96
2.	**Other Debts:**			
	Unsecured, Considered Good	A	**86763.56**	52150.55
	TOTAL		**89117.01**	52527.51

Note: A - Includes due from Indian Oil Corporation Ltd., the holding company - Rs.61500.40 Lakhs (2004: Rs.42423.49 Lakhs)

SCHEDULE "J" - CASH AND BANK BALANCES

(Rs. in Lakh)

		Note		31st Mar 2005	31st Mar 2004
1.	Cash Balances				
	a) Cash balances including imprest	A		**1.75**	4.04
	b) Cheques in hand			**67.37**	0.00
2.	Bank Balances with Scheduled Banks:				
	a) Current Account		**597.12**		758.70
	b) Fixed Deposit Account		**303.87**		480.15
				900.99	1238.85
				970.11	1242.89

Note : A - Includes 38 (2004: 163) Gold Medals valued at Rs.1.30 lakhs (2004: Rs.2.77 lakhs)

SCHEDULE "K" - LOANS & ADVANCES

(Rs. in Lakh)

	Note		31st Mar 2005	31st Mar 2004
1. Advances recoverable in cash or in kind or for value to be received:				
a) Secured, Considered Good	A	**5192.34**		5375.13
b) Unsecured, Considered Good		**2866.91**		2771.44
c) Unsecured, Considered Doubtful		**0.87**		0.90
		8060.12		8147.47
Less: Provision for Doubtful Advances		**0.87**		0.90
			8059.25	8146.57
2. Amount recoverable from Industry Pool Account (Net) :				
Unsecured, Considered Good			**9170.64**	8795.27
3. Claims recoverable:	B			
a) Unsecured, Considered Good		**4904.26**		4003.90
b) Unsecured, Considered Doubtful		**33.89**		52.99
		4938.15		4056.89
Less: Provision for Doubtful Claims		**33.89**		52.99
			4904.26	4003.90
4. Balance with Customs, Port Trust & Excise Authorities:				
Unsecured, Considered Good			**5178.32**	7789.55
5. Advance Tax (Net)			**1863.77**	473.99
6. Materials given on Loan	C	**18.60**		54.41
Less: Deposits received		**18.60**		54.41
			0.00	0.00
7. Excess deposits given for materials taken on loan	D		**1.30**	32.08
- Unsecured, Considered Good				
8. Sundry Deposits (including amounts adjustable on receipt of Final bills):				
Unsecured, Considered Good			**286.36**	231.54
TOTAL	E		**29463.90**	29472.90

Note:

		31st Mar 2005	31st Mar 2004
A.	Includes:		
	1. Due from Directors	**1.26**	1.48
	Maximum amount due during the year	**1.48**	1.67
	2. Due from other Officers	**3.60**	4.30
	Maximum amount due during the year	**4.30**	4.93
B.	Includes due from Indian Oil Corporation Ltd., the holding company	**13.85**	24.93
C.	Includes materials given on loan to Indian Oil Corporation Ltd., the holding company	**18.28**	54.41
D.	Includes due from Indian Oil Corporation Ltd., the holding company	**1.30**	30.18
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	**Nil**	Nil
	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

SCHEDULE "L" - CURRENT LIABILITIES

(Rs. in Lakh)

		Note		31st Mar 2005	31st Mar 2004
1.	Sundry Creditors				
	a) Total dues of small scale industrial undertaking(s)	A	**44.85**		53.03
	b) Total dues of creditors other than small scale industrial undertakings	B	**166468.53**		90702.43
				166513.38	90755.46
2.	Other Liabilities	C		**16965.35**	11186.38
3.	Investor Education and Protection Fund shall be credited by:				
	a) Unpaid Dividend		**198.72**		185.27
	b) Unpaid Matured Deposits		**3.19**		12.82
	c) Interest accrued on b) above		**0.14**		1.13
				202.05	199.22
4.	Security Deposits			**1808.00**	2251.28
5.	Materials taken on loan		**0.00**		21.48
	Less: Deposits given		**0.00**		21.48
				0.00	0.00
6.	Excess deposits received for materials given on loan	D		**34.39**	35.48
7.	Interest accrued but not due on loans			**227.19**	32.86
	TOTAL			**185750.36**	104460.68

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.117603.68 Lakhs (2004: Rs.49387.51 Lakhs)

C. Includes due to Indian Oil Corporation Ltd., the holding company - Rs.11.66 Lakhs (2004: Rs.29.27 lakhs)

D. Includes due to Indian Oil Corporation Ltd., the holding company - Rs.9.63 Lakhs (2004: Rs.35.48 Lakhs)

SCHEDULE "L-I" - PROVISIONS

(Rs. in Lakh)

			31st Mar 2005	31st Mar 2004
1.	Provision for Taxation	**39944.00**		26724.40
	Less: Advance Payments	**39944.00**		26724.40
			0.00	0.00
2.	Proposed Dividend		**17870.71**	7446.13
3.	Dividend Distribution Tax		**2506.37**	954.04
4.	Provision for Retirement Benefits		**2861.93**	3119.42
	TOTAL		**23239.01**	11519.59

SCHEDULE "L-II" - MISCELLANEOUS EXPENDITURE

(Rs. in Lakh)

		31st Mar 2005	31st Mar 2004
Deferred Revenue Expenditure			
Voluntary Retirement Compensation			
As per last accounts	**141.27**		194.58
Less: Amortised during the year	**53.31**		53.31
TOTAL		**87.96**	141.27

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

(Rs. in Lakh)

		31st Mar 2005	31st Mar 2004
Closing Stock			
a) Finished products	**82101.51**		43920.42
b) Stock in process	**13736.53**		12177.26
		95838.04	56097.68
Less:			
Opening Stock			
a) Finished products	**43920.42**		40792.82
b) Stock in process	**12177.26**		9354.23
		56097.68	50147.05
TOTAL		**39740.36**	5950.63

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. in Lakh)

		Note		31st Mar 2005	31st Mar 2004
1.	Interest on:				
	a) Loans and Advances		**418.56**		432.37
	b) Fixed Deposits with Banks		**4.03**		23.26
	c) Short Term Deposits with Banks		**42.39**		39.89
	d) Customer Outstandings		**167.06**		659.10
	e) 6.96% Oil Companies, GOI Special Bonds 2009	A	**0.00**		7.89
				632.04	1162.51
2.	Dividend				
	From Others	B		**0.01**	0.38
3.	Sale of Power			**872.20**	679.76
4.	Profit on sale and disposal of assets			**155.54**	37.68
5.	Profit on sale of investments			**0.00**	50.52
6.	Unclaimed/Unspent Liabilities written back			**2172.79**	1.32
7.	Provision for Doubtful Debts, Advances, Claims and Stores written back			**230.42**	319.78
8.	Sale of scrap			**637.68**	384.45
9.	Exchange Fluctuations (Net)			**1511.77**	0.00
10.	Other Miscellaneous Income			**1384.65**	404.96
	TOTAL			**7597.10**	3041.36

Note:

A. Represents income on Current, Non-Trade Investments

B. Represents income on Long-Term, Non-Trade Investments

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

(Rs. in Lakh)

		Note		31st Mar 2005	31st Mar 2004
1.	Raw Material Consumed:				
	Opening Balance		**56448.57**		61686.70
	Add: Receipts		**1355391.85**		762912.72
			1411840.42		824599.42
	Less: Closing Stock		**136674.28**		56448.57
				1275166.14	768150.85
2.	Consumption:				
	a) Stores, Spares and Consumables		**3835.83**		4064.07
	b) Packages and Drum Sheets		**53.38**		52.53
				3889.21	4116.60
3.	Power, Water and Fuel		**97743.78**		54280.54
	Less: Own Fuel		**92214.68**		51286.12
				5529.10	2994.42
4.	Octroi, Other Levies and Irrecoverable Taxes	A		**13651.73**	8470.09
5.	Repairs and Maintenance:				
	i) Buildings		**476.27**		411.79
	ii) Plant & Machinery		**6578.05**		6401.54
	iii) Others		**437.38**		340.94
				7491.70	7154.27
7.	Freight, Transportation charges and Demurrage			**2062.86**	454.60
8.	Payments to and Provisions for Employees:				
	a) Salaries, wages, bonus etc.	B	**7094.46**		5352.64
	b) Contribution to Provident and other Funds		**836.91**		3453.70
	c) Amortisation of Voluntary Retirement Compensation		**53.31**		53.31
	d) Staff Welfare Expenses		**1372.21**		1170.97
				9356.89	10030.62
9.	Office Administration, Selling and Other Expenses (Schedule O - I)			**10077.69**	7537.18
	TOTAL			**1327225.32**	808908.63

Note:

A. Includes CST under recovery amounting to Rs.11349.32 lakhs (2004: Rs.6538.90 lakhs).

B. Includes towards previous years Rs.514.73 lakhs (2004: 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 2005	31st Mar 2004
1.	Rent		**1669.61**	1310.53
2.	Insurance		**1893.02**	1190.26
3.	Rates & Taxes		**134.05**	108.65
4.	Donations		**260.35**	69.45
5.	Payment to Auditors:			
	a) Audit Fees	**4.41**		4.32
	b) Other Services (for issuing certificates etc.)	**2.03**		0.43
			6.44	4.75
6.	Travelling and Conveyance		**889.29**	712.54
7.	Communication Expenses		**167.64**	157.07
8.	Printing and Stationery		**64.07**	60.97
9.	Electricity and Water		**68.33**	62.26
10.	Bank Charges		**51.72**	33.21
11.	Bad Debts, Advances, Claims and Materials written off		**81.49**	105.44
12.	Loss on Assets sold, lost or written off		**44.66**	228.25
13.	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores		**295.75**	446.97
14.	Security Force Expenses		**499.18**	391.29
15.	Handling Expenses		**380.82**	484.54
16.	Other Expenses		**3571.27**	2171.00
	TOTAL		**10077.69**	7537.18

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

(Rs. in Lakh)

		31st Mar 2005	31st Mar 2004
Income:			
1.	Net claim from / surrender to Industry Pool Accounts	**0.00**	(44.07)
2.	Company's use of own Products	**(236.60)**	0.00
	Total Income	**(236.60)**	(44.07)
Expenditure:			
1.	Depreciation and Amortisation	**0.00**	587.01
2.	Repairs and Maintenance	**(15.87)**	0.00
3.	Interest	**7.88**	148.68
	Total Expenses	**(7.99)**	735.69
	NET INCOME / (EXPENDITURE)	**(228.61)**	(779.76)

SCHEDULE "Q" - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The financial statements are prepared under historical cost convention in accordance with the mandatory accounting standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. FIXED ASSETS

2.1 Land

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

2.2 Capitalisation of construction period expenses

(a) Revenue expenses exclusively attributable to projects incurred during construction period are capitalised.

(b) Financing cost incurred during the construction period on loans specifically borrowed and utilised for projects is capitalised at the actual borrowing rates.

Financing cost, if any, incurred on general borrowings used for projects is capitalised at the weighted average cost.

2.3 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, upto 95% of the cost of the asset. Depreciation is charged pro-rata on quarterly basis on assets, from/upto 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 leasehold land (including premium) for 99 years or less is amortised during the lease period.

3. **IMPAIRMENT OF ASSETS**

Carrying amount of cash generating units/assets is reviewed for impairment. Impairment, if any, is recognised where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

4. INTANGIBLE ASSETS

(a) Costs incurred on Technical know-how/license fee relating to production processes are charged to revenue in the year of incurrence.

(b) Costs incurred on technical know-how/license fee relating to process design/plants/facilities are accounted as "Intangible Assets Pending Amortisation" during the construction period of the said plant/facility. At the time of capitalisation of the said plant/facility, such costs are also capitalised as intangible asset and amortised on a straight line basis over a period of ten years or life of the said plant/facility whichever is earlier, beginning from the quarter in which the said plant/facility is capitalised. However, such costs which have been capitalised along with plant/facility prior to 1st April,2003, continue to form part of cost of the plant/facility.

(c) Expenditure incurred on Research and Development, other than on capital account, is charged to revenue.

(d) Costs incurred on computer software purchased/developed on or after 1st April 2003, resulting in future economic benefits, are capitalised as Intangible Asset and amortised over a period of three years beginning from the quarter in which such software is capitalised. However, where such computer software is still in development stage, costs incurred during the development stage of such software are accounted as "Intangible Assets Pending Amortisation".

(e) Cost of Right of Way for laying pipelines is capitalised and where Right of Way is of perpetual nature, amortisation is not provided.

5. INVESTMENTS

Long-term investments are carried at cost and provision for diminution in the value thereof, other than temporary in nature, is accounted for. Current investments are carried at lower of cost or market value.

6. 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. Necessary provisions are also made in respect of non-moving stores and spares after review.

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.

7. FOREIGN CURRENCY TRANSLATION

(a) Transactions in foreign currency are recorded at exchange rates prevailing on the date of transactions.

(b) 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.

(c) 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.

(d) Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted for in the Profit & Loss account either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to acquisition of fixed assets.

(e) Exchange differences arising on liabilities incurred or on repayment of borrowings in foreign currency for acquisition of fixed assets are accounted in the following manner:

i) in respect of fixed assets acquired from a country outside India, exchange differences are adjusted in the carrying cost.

ii) In respect of fixed assets acquired within India,

- exchange differences on transactions in foreign currency entered prior to 1st April, 2004, are adjusted in the carrying cost.
- exchange differences on transactions in foreign currency entered on or after 1st April 2004 are recognized in the Profit & Loss Account under the head foreign exchange fluctuation or interest cost, as the case may be.

8. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

8.1 CONTINGENT LIABILITIES

(a) Show Cause Notices issued by various Government Authorities are not considered as Obligation.

(b) When the demand notices are raised against such show cause notices and are disputed by the Corporation, then these are classified as obligations.

(c) The treatment in respect of disputed obligations, in each case above Rs.5 lakhs, is as under:

i) A provision is recognized in respect of present obligations where the outflow of resources is probable

ii) All other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

8.2 CAPITAL COMMITMENTS

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

9. 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) 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”.

(c) Other claims (including interest on outstanding) are accounted:

i) When there is certainty that the claims are realizable

ii) Generally at cost

(d) Prepaid Expenses upto Rs.50,000/- in each case is charged to revenue.

(e) Income and expenditure are disclosed as prior period items only when the value exceeds Rs.5,00,000/- in each case.

(f) (i) Superannuation Schemes

The liability towards Superannuation Schemes as at the year-end is ascertained on the basis of actuarial valuation. The company’s liability is restricted to the fixed premium paid towards the ‘Cash Accumulation Scheme’ maintained by LIC. Balance liability, if any, will be met by contribution from employees.

(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.

(g) Expenditure incurred on Voluntary Retirement Schemes is treated as Deferred Revenue Expenditure and is amortised over a period of five years

SCHEDULE "R" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005

1. **Contingent Liabilities:**

   a) Claims against the Corporation not acknowledged as debts Rs.11135.11 lakhs (2004 : Rs. 12,459.59 lakhs).

      These include:

      i) Rs.4409.25 lakhs (2004 : Rs. 6109.55 lakhs) being the demands raised by the Central Excise authorities.

      ii) Rs.234.44 lakhs (2004 : Rs. 234.44 lakhs) in respect of Sales Tax demands.

      iii) Rs.3364.69 lakhs (2004 : Rs. 3088.97 lakhs) in respect of Income Tax demands.

      iv) Rs.2955 lakhs (2004 : Rs. 2955 lakhs) relating to projects.

   b) Interest/Penalty, if any, on the above claims is unascertainable.

   c) Estimated amount of contracts remaining to be executed on Capital Account and not provided for Rs.11207.70 lakhs (2004: Rs. 21206.36 lakhs).

2. The corporation has export obligation to the extent of Rs.4009.63 lakhs (2004:Rs.2624.26 lakhs) on account of concessional rate of customs duty availed under EPCG license scheme on import of capital goods.

3. Thirty nine acres and twenty 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. Twenty Five acres of land of the corporation is in the possession of IndianOil Tanking Ltd. under a lease agreement.

5. The cost of land includes provisional payments towards cost, compensation, and other accounts for which detailed accounts are yet to be received from concerned authorities. The title of the land will pass on thereafter to the corporation on completion of legal formalities.

6. As per the terms of Memorandum of Settlement (MoS), approved by the Government of India for the withdrawal by the corporation from the Joint Venture AROCHEM, with SPIC Ltd, the amount due to the corporation as on 31.03.2005 stood at Rs.1440.36 lakhs. As SPIC has expressed its keenness to implement its project and clear the dues to the corporation, the corporation is confident of recovering the investment made in the project.

7. The corporation, 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 corporation, has not provided for cess towards formation of Rehabilitation and Revival Fund.

8. During the year, Rs.100.00 lakhs has been provided towards unavailed LTC/LTA facility by employees of the corporation as on 31st March 2005 which was being charged in the previous years on payment basis.

9. The corporation operates in a single segment viz. downstream petroleum sector. As such reporting is done on a single segment basis.

10. 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.

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

    Operating Leases:

    The corporation has taken on operating lease, Product Tankages from IOC/IBP on a renewal basis. The lease rentals incurred for the current year amounting to Rs. 752.30 lakhs are included in Rent (2004: Rs. 499.54 lakhs).

    The lease rent payable for the next financial year is estimated to be Rs.1295.77 Lakhs and lease rent for the five year period after the next year is estimated to be Rs.6478.83 Lakhs.

12. 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 2005	March 2004
Profit After Tax (Rupees in Lakhs)	**59696.81**	40004.62
Weighted Average number of equity shares	**148943200**	148943200
Earning Per Share (Basic and Diluted) (Rupees)	**40.08**	26.86
Face value per share (Rupees)	**10**	10

13. In compliance of Accounting Standard – 22 on "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India, Deferred Tax Liability for the financial period ended 31st March 2005 amounting to Rs.20446.67 lakhs has been provided.

The item-wise details of Deferred tax liability (net) are as under:

(Rs. in Lakh)

		As on 31.03.2005	As on 31.03.2004
Deferred Tax Liability:			
	Depreciation	**56680.27**	36074.70
Less: Deferred Tax Assets:			
i)	Provision for Retirement Benefits	**963.33**	786.10
ii)	Provisions on inventories, debtors, loans and advances	**634.67**	653.00
Deferred Tax Liability (Net)		**55082.27**	34635.60

14. No disclosure is required under Accounting Standard - 24 on "Discontinuing Operations", as the corporation has not discontinued any line of its activity/product line during the year.

15. 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. in Lakh)

Corporation's share of	2004-05 #	2003-04
Assets	**3359.25**	3038.36
Liabilities	**886.34**	759.28
Income	**5589.10**	5222.97
Expenditure	**5319.62**	5146.74
Contingent Liabilities	**88.15**	563.65

Unaudited figures

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 (Also, refer Note No.6).

16. During the year, the Corporation has undertaken a review of all fixed assets in line with the requirements of AS- 28 on "Impairment of Assets issued by the Institute of Chartered Accountants of India. Based on such review, no provision for impairment is required to be recognised for the year.

17. 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.

18. Remuneration paid/payable to Directors:

(Rs. in Lakh)

		2004-05	2003-04
i)	Salaries and Allowances	**22.01**	16.75
Ii)	Contribution to Provident Fund	**2.20**	1.69
iii)	Contribution to Gratuity / Superannuation Fund, etc.	**3.49**	2.00
iv)	Other benefits and Perquisites	**9.45**	8.18
v)	Sitting Fees to Part Time Directors	**0.75**	0.60
	TOTAL	**37.90**	29.22

19. The Profit and Loss Account includes:

a) Expenditure on Public Relations and Publicity amounting to Rs.108.12 lakhs (2004: Rs. 57.97 lakhs). The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is 0.00761 : 1 (2004: 0.00663 : 1).

b) Expenditure on Advertisement amounting to Rs.72.83 lakhs (2004: Rs.269.31 lakhs). The ratio of annual expenditure on Advertisement to the annual turnover is 0.00512 : 1 (2004: 0.00308 : 1).

c) Research and Development expenses Rs.215.18 lakhs (2004: Rs. 260.75 lakhs).

d) Entertainment Expenses Rs. 14.65 lakhs (2004: Rs. 16.19 lakhs).

20. Previous year's comparative figures have been regrouped and recast, wherever necessary, to the extent practicable.

Sd/-	Sd/-	Sd/-
(S.V.Narasimhan)	**(N.C.Sridharan)**	**(V.Srinivasan)**
Managing Director	Director (Finance)	Company Secretary

Place : Chennai
Date : May 12, 2005

ANNEXURE - I

Disclosure requirements under AS –18 as per Note No. 10

(Rs. in Lakh)

Details of Transactions	Key Management Personnel		Joint Ventures		Others		Total	
	31-Mar-05	31-Mar-04	**31-Mar-05**	31-Mar-04	**31-Mar-05**	31-Mar-04	**31-Mar-05**	31-Mar-04
Payables (Trade)	-	-	-	3.15	-	-	-	3.15
Terminalling charges	-	-	-	-	**1103.92**	314.79	**1103.92**	314.79
Remuneration	**27.70**	20.44	-	-	-	-	**27.70**	20.44
Other Benefits/Recoveries	**9.45**	8.18	-	-	-	-	**9.45**	8.18
Outstanding Loans/ advances receivables	**1.26**	1.48	-	-	-	-	**1.26**	1.48
Assets on Hire	**2.94**	1.50	-	-	-	-	**2.94**	1.50

Key Management Personnel

Whole-time Directors

1) Shri S.V.Narasimhan

2) Shri R.Sankaran

3) Shri N.C.Sridharan

4) Shri.A. Kasturi Rangan

Joint Venture Companies

1) Indian Additives Limited

2) National Aromatics and Petrochemicals Corporation Ltd.

Companies under common control

IndianOil Tanking Limited

ANNEXURE - II

Details for Note No. 17

EBY Industries, I.G.P. Engineers Private Limited, INSAP Engineers Pvt. Ltd., Tamilnadu Air Products, Paitandi Flurocarbons and Seals, Godrich Gaskets Pvt Ltd, Econo Valves, Metal Forgings Pvt. Ltd., Newage Industries, Petrochemical Engineering Enterprises, Placka Instruments India Pvt. Ltd., Micro Finish Valves, Teekay Tubes Pvt. Ltd., Alvel Sales, Avon Hydraulics & Engg. Private Ltd., Banaraswala Metal Crafts P Ltd., Basic Engineers & Traders, Bsb Info Centre Pvt.Ltd., Dynamic Gaskets Private Ltd., Echjay Industries Limited, F.C.G. Power Industries P. Ltd., Fix Fit Fasteners Mfg. Pvt Ltd, Flash Forge P Limited, Floway Valves (P) Ltd., Gaj Poly Chem., Garden Electric Co., Gem Plastic Industries, Geofluid Processors Pvt. Ltd., Hat Rubbers, Hbl Nife Power Systems Ltd., J.R. Mullick & Co P Ltd., Jasubhai Engineering Limited, Kineco Pvt Ltd., Lakshmi Engineering Works, M.M.Shoes, M/S.Gaskets India Private Limited, Madras Industrial Products, Mechanical Packing Industries Pvt. Ltd., Mod Fabricators, Modern Fabricators & Engineers (Agencies), Multi Pressings, Newage Industries Fire Protection Engineers, Nirma Pipes & Fittings Industries, Perfect Packings & Seals, Press-N-Forge, Quality Rubber Industries, Rajaysri Tech. Service, Ranka Weld Products (P) Limited, S.M.B. Traders, Shravana Engineers, Soni Rubber Products Ltd., Sri Kannan Engg. Enterprises, Sri Venkateswara Engineering Works, Sudeep Industries Pvt.Limited, Summit Tools Corporation, Suresh Engineering Company, Swan Enterprises (Pvt) Limited, Tawde Engineering Works, Thermal Instrument (India) Pvt. Limited, Usha Fire Safety Equipments Pvt. Ltd., V.J. Industries, Vircap Sealingtech Private Limited, Lak Control, The National Scientific suppliers, Abasi Engineering Works.

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

(Fig. in Lakhs)

		UNIT	Licensed Capacity		Installed Capacity		Actual Production		
			31 March 2005 (Refer Note A)	31 March 2004	**31 March 2005 (Refer Note B)**	31 March 2004	**31 March 2005**		31 March 2004
i)	Crude Processing	MTs	**70.00**	70.00	**105.00**	105.00	**89.23**		70.39
ii)	Propylene Recovery Unit	MTs	**0.17**	0.17	**0.17**	0.17	**0.18**	**B**	0.22
iii)	Wax Plant	MTs	**0.30**	0.30	**0.30**	0.30	**0.25**	**B**	0.27

Note:

A. License Capacity in respect of 3 MMTPA expansion at Manali Refinery has been applied for.

B. Represents finished petroleum products.

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

(Fig. in Lakhs)

		Opening Stock		Purchases		Sales		Closing Stock	
		Quantity MTs	Value Rupees	Quantity MTs	Value Rupees	Quantity MTs	Value Rupees	Quantity MTs	Value Rupees
1.	**PETROLEUM/ PETROCHEMICAL PRODUCTS:**								
	Year ended 31.03.05	**2.60**	**43015.65**	**0.17**	**3308.48**	**79.57**	**1618462.92**	**3.65**	**81696.44**
	Year ended 31.03.04	2.20	40079.72	0.00	0.00	64.25	934947.97	2.60	43015.65
2.	**WAX**								
	Year ended 31.03.05	**0.03**	**904.77**	**0.00**	**0.00**	**0.27**	**9525.87**	**0.01**	**405.07**
	Year ended 31.03.04	0.02	713.10	0.00	0.00	0.26	8475.84	0.03	904.77
3.	**TOTAL**								
	Year ended 31.03.05	**2.63**	**43920.42**	**0.17**	**3308.48**	**79.84**	**1627988.79**	**3.66**	**82101.51**
	Year ended 31.03.04	2.22	40792.82	0.00	0.00	64.51	943423.81	2.63	43920.42

SCHEDULE "U" - CONSUMPTION PARTICULARS OF RAW MATERIAL, 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 Lakh)	Rs. (in Lakh)
31 March 2005						
Crude Oil and Gas	**1000297.19**	**78**	**274868.95**	**22**	**89.23**	**1275166.14**
Packing Materials Consumed	**0**	**0**	**53.38**	**100**	**0**	**53.38**
Steel Coils/Sheets/Stores/ Component and Spare Parts	**1521.72**	**18**	**6755.14**	**82**	**0**	**8276.86**
31 March 2004						
Crude Oil and Gas	580015.65	76	188135.20	24	68.40	768150.85
Packing Materials Consumed	0	0	52.53	100	0	52.53
Steel Coils/Sheets/Stores/ Component and Spare Parts	2026.76	24	6266.84	76	0	8293.60

SCHEDULE "V" - EXPENDITURE IN FOREIGN CURRENCY FOR ROYALTY, KNOW-HOW, PROFESSIONAL & CONSULTATION FEES, DIVIDEND & OTHER MATTERS

(Rs. in Lakh)

	Note	**31st Mar 2005**	31st Mar 2004
1. Professional, Consultation Fees and Technical Fees		**1890.09**	736.95
2. Interest		**1279.76**	369.91
3. Dividend (Net of taxes)	A	**1153.38**	807.63
4. Others		**104.08**	30.18
TOTAL	B	**4427.31**	1944.67

Note:

A. Represents payment made to 516 Non-Resident Shareholders for the year 2003-04 holding 23067500 number of shares (2004 : 553 Non-Resident Shareholders for the year 2002-03 holding 23075000 number of shares)

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

SCHEDULE "W" - EARNINGS IN FOREIGN CURRENCY

(Rs. in Lakh)

	31st Mar 2005	31st Mar 2004
Export of Petroleum Products	**0.00**	0.00
TOTAL	**0.00**	0.00

SCHEDULE - "X" - CIF VALUE OF IMPORTS

(Rs. in Lakh)

	Note	**31st Mar 2005**	31st Mar 2004
1. Crude Oil	A	**983198.51**	519883.23
2. Capital Goods		**1588.85**	9958.13
3. Revenue Stores, Component, Spare and Chemicals		**995.72**	890.47
TOTAL		**985783.08**	530731.83

Note:

A. Includes value of imports made through Indian Oil Corporation, canalising agent.

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
3 1	0 3	2 0 0 5

II. Capital Raised during the Year (Amount in Rs. Thousand)

Public Issue	Rights Issue
N I L	N I L
Bonus Issue	**Private Placement**
N I L	N I L

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets
4 9 5 3 3 7 0 2	4 9 5 3 3 7 0 2

Sources of Funds

Paid-Up Capital	Reserves & Surplus
1 4 9 0 0 4 6	1 8 5 5 3 3 2 3
Secured Loans	**Unsecured Loans**
9 4 3 4 4 0 7	1 4 5 4 7 6 9 9
Deferred Tax Liability	
5 5 0 8 2 2 7	

Application of Funds

Net Fixed Assets	Intangible Assets
3 3 6 3 9 7 7 0	5 4 7 3 5 3
Investments	**Net Current Assets**
1 1 9 6 8 0	1 5 2 1 8 1 0 3
Misc. Expenditue	**Accumulated Losses**
8 7 9 6	N I L

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

Turnover	Total Expenditure
1 4 2 1 3 6 0 4 2	1 3 7 5 3 3 4 8 0
+ - Profit/Loss before Tax	**+ - Profit/Loss After Tax**
+ 9 3 3 6 3 0 8	+ 5 9 6 9 6 8 1

(Please tick Appropriate box + for - for Loss)

Earning Per Share in Rs.	Dividend Rate %
4 0 . 0 8	1 2 0

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No. (ITC Code)	Product Description
2 7 1 0	HIGH SPEED DIESEL
2 7 1 0	MOTOR SPIRIT
2 7 1 0	SUPERIOR KEROSENE OIL

CASH FLOW STATEMENT for the year ended March 31, 2005

(Rs. in Lakh)

PARTICULARS		Year ended March 31, 2005		Year ended March 31, 2004
A. Cash Flow from Operating Activities				
Profit Before Tax	**93363.08**		57226.22	
Adjustments for:				
Depreciation	**20938.04**		12339.85	
Deferred Revenue Expenditure Written Off	**53.31**		53.31	
Income from Long Term Investment	**(66.88)**		(154.87)	
Profit on Sale of Assets	**(155.54)**		(37.68)	
Profit on sales of investments	**0.00**		(50.52)	
Liabilities/Prov. for Claims written back	**(2403.21)**		(321.10)	
Advances, Claims and Material written off	**81.49**		105.44	
Provision for Doubtful Claims and obsolescence of stores	**295.75**		446.97	
Loss on Sale of Assets	**44.66**		228.25	
Interest on Borrowings	**15665.72**		4679.76	
Interest income from short term investment	**(46.42)**		(63.15)	
B. Operating Profit Before Working Capital Changes	**127770.00**		74452.48	
C. Changes in Working Capital (Excluding Cash & Bank Balances)				
Trade and Other Receivables	**(35185.80)**		8308.33	
Inventories	**(121671.70)**		(557.93)	
Trade and Other Payables	**83227.62**		4149.63	
Change in Working Capital	**(73629.88)**		11919.00	
D. Cash generated from Operations	**54140.12**		86371.48	
E. Adjustments for				
Direct Taxes Paid	**(14609.38)**		(17140.23)	
Direct Taxes Received	**0.00**		0.00	
F. Net Cash Flow from Operating Activities		**39530.74**		69231.25
G. Cash Flow from Investing Activities				
Purchase of Fixed Assets	**(18139.53)**		(83924.99)	
Sale of Assets	**182.93**		46.95	
Investments (Net)	**0.00**		1250.89	
Interest received from short term investment	**46.42**		63.15	
Income from long term investment	**66.88**		154.87	
Net Cash used in Investment Received		**(17843.30)**		(82409.13)
H. Net Cash Flow from Financing Activities				
Proceeds from Calls in Arrears/Issue of Shares including premium	**0.00**		0.55	
Proceeds from/(Repayments of) Long Term Borrowings	**(34155.90)**		135000.00	

(Rs. in Lakh)

PARTICULARS		Year ended March 31, 2005		Year ended March 31, 2004
Proceeds from / (Repayments of) Short Term Borrowings	**37175.54**		(96047.00)	
Interest Paid	**(16574.06)**		(19570.09)	
Dividend Paid	**(7432.68)**		(5195.78)	
Corporate Dividend Tax Paid	**(973.12)**		(668.19)	
Net Cash Generated/(Used) from Financing Activities		**(21960.22)**		13519.49
I. Net change in Cash & Cash Equivalents (F + G + H)		**(272.78)**		**341.61**
J. Cash and Cash Equivalents at the end of Financial Year		**970.11**		**1242.89**
K. Cash and Cash Equivalents at the beginning of Financial Year		**1242.89**		**901.28**
Net Change in Cash and Cash equivalents (J-K)		**(272.78)**		**341.61**

Sd/-
(S.V.Narasimhan)
Managing Director

Sd/-
(N.C.Sridharan)
Director (Finance)

Sd/-
(V.Srinivasan)
Company Secretary

As per our Report of even date

B. PURUSHOTTAM & CO.
Chartered Accountants
Sd/-
B.S. Purushottam
Partner
Membership No.26785

PADMANABHAN PRAKASH & CO.
Chartered Accountants
Sd/-
E. Prakash
Partner
Membership No.19388

Place : Chennai
Date : May 12, 2005

Review of Accounts of Chennai Petroleum Corporation Limited, Chennai for the year ended 31st March 2005 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)

	2002-03	2003-04	2004-05
Liabilities			
a) Paid-up Capital			
i) Government	Nil	Nil	**Nil**
ii) a) Other Central Government PSUs	7726.52	7726.52	**7726.52**
b) Others	7173.87	7173.94	**7173.94**
Share application money	Nil	Nil	**Nil**
b) Reserves & Surplus			
i) Free Reserves & Surplus	89624.31	121228.76	**160529.41**
ii) Share Premium Account	25003.34	25003.82	**25003.82**
iii) Capital Reserves	-	-	**-**
c) Borrowings			
i) From Govt. of India	0.00	0.00	**0.00**
ii) From Financial Institutions	150000.13	111898.75	**104402.50**
iii) Foreign Currency Loans	0.00	26613.55	**21875.00**
iv) Cash Credit	3194.65	7278.97	**762.19**
v) Others	44372.27	90728.78	**112500.00**
vi) Interest accrued and due	-	10.77	**281.37**
d) i) Current Liabilities and Provisions (Excluding Provision for Gratuity)	118477.45	115599.30	**208819.89**
ii) Provision for Gratuity	522.78	380.97	**169.48**
e) Deferred Tax Liability	27324.00	34635.60	**55082.27**
TOTAL	473419.32	548279.73	**704326.39**
Assets			
f) Gross Block	226518.60	376909.88	**476784.10**
g) Less: Depreciation	106691.54	118941.60	**139430.87**
h) Net Block	119827.06	257968.28	**337353.23**
i) Capital Work-in-progress	139922.28	85400.24	**4518.00**
j) Investments	2397.17	1196.80	**1196.80**
k) Current Assets, Loans and Advances	211078.23	203573.14	**361170.40**
l) Misc. expenditure not written off	194.58	141.27	**87.96**
m) Accumulated Losses	-	-	**-**
TOTAL	473419.32	548279.73	**704326.39**
n) Working Capital [k-d(i)-c(vi)]	92600.78	87963.07	**152069.14**
o) Capital Employed [h+n]	212427.84	345931.35	**489422.37**
p) Net Worth [a+b(i)+b(ii)-l-m]	129333.46	160991.77	**200345.73**
q) Net Worth per rupee of paid-up capital (in Rs.)	8.68	10.80	**13.45**

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)

	2002-03	2003-04	**2004-05**
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)} x 100] 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.	178.16	176.09	**172.73**
B. Debt Equity Ratio			
Long term debt to Equity [c (i to v but excluding short term loans)/p] The decrease in the ratio in the current year contributed by repayment of borrowings during the year and increase in reserves	116.66	123.68	**113.33**
C. Profitability Ratios			
a) Profit Before Tax to			
i) Capital Employed	22.97	16.54	**19.08**
ii) Networth The increase in the ratio indicates increase in the Rate of Return on shareholders' funds.	37.73	35.55	**46.60**
iii) Sales	5.65	6.04	**5.73**
b) Profit after tax to networth	23.42	24.85	**29.80**
c) Profit after tax to equity capital	203.28	268.48	**400.64**
d) Earnings per share (in Rupees)	20.33	26.85	**40.06**

3. SOURCES AND UTILISATION OF FUNDS

(Rs. in Lakh)

		2004-2005
Sources of Funds:		
1. Funds from operations:		
Profit after Tax	**59696.81**	
Add: Depreciation	**20938.04**	
		80634.85
Less: Profit on Sale of Assets (net)	**110.88**	
		110.88
		80523.97
2. Increase in Share Capital		**0.00**
3. Increase in Share Premium A/C.		**0.00**
4. Increase in Gratuity Provision		**0.00**
5. Decrease in Misc. Expenditure		**53.31**
6. Increase in Borrowed Funds		**3290.24**
7. Sale Proceeds of Fixed Assets		**182.93**
8. Decrease in Investments		**0.00**
9. Increase in Deferred Tax Liability		**20446.67**
TOTAL		**104497.12**
Utilisation of Funds:		
1. Increase in Fixed Assets	**100395.04**	
2. Increase in Capital Work-in-Progress	**-80882.24**	
		19512.80
3. Dividend paid (including Corporate Dividend Tax)		**8405.80**
4. Increase in Working Capital *		**76367.03**
5. Decrease in Gratuity Provision		**211.49**
TOTAL		**104497.12**

* After adjusting for provision for Gratuity, Dividend and Dividend Distribution Tax.

4. WORKING CAPITAL

The Working Capital decreased from Rs.92600.78 lakhs in 2002-03 to Rs.87963.07 lakhs in 2003-04 and increased to Rs.152069.14 lakhs in 2004-05. As a percentage of sales, it decreased from 10.73 in 2002-03 to 9.28 in 2003-04 and increased to 9.33 in 2004-05 thereby indicating increase in the turning over of working capital in 2003-04 as compared to 2002-03 and a decrease in the turning over of working capital in 2004-05 as compared to 2003-04.

5. WORKING RESULTS

The working results of the Company in the last three years were as given below:

(Rs. in Lakh)

	2002-03	2003-04	2004-05
1. Sales	862995.08	947596.49	**1629588.45**
2. Profit Before Tax	48795.92	57226.22	**93363.08**
3. Profit After Tax	30288.82	40004.62	**59696.81**
4. Intermediate Products	9354.23	12177.26	**13736.53**
5. Closing Stock of Finished Goods	40792.82	43920.42	**82101.51**
6. Value of Production	880698.84	953547.12	**1669328.81**

6. INVENTORY LEVELS

I. The overall inventory increased in the year 2004-05 over 2003-04 and has increased in the current year as shown below:

(Rs. in Lakh)

	2002-03	2003-04	2004-05
i. Raw Materials (Crude in stock including in transit)	61686.70	56448.57	**136674.28**
ii. Stores & Spares	8474.06	7767.08	**9103.41**
iii. Intermediate products	9354.23	12177.26	**13736.53**
iv. Finished Products.	40792.82	43920.42	**82101.51**
TOTAL	120307.81	120313.33	**241615.73**
II. Value of finished products in terms of number of months of production.	0.56	0.55	**0.59**

The value of finished products in terms of number of months of production for the year 2004-05 has increased compared to 2003-04

7. SUNDRY DEBTORS

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
2003	61635.06	NIL	862995.08	7.14
2004	52527.51	NIL	947596.49	5.54
2005	**89117.01**	**NIL**	**1629588.45**	**5.47**

Sd/-
(U. Sankar)
Principal Director of Commercial Audit &
Ex-Officio Member Audit Board, Chennai

Place : Chennai
Date : 4th July 2005

Comment 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, Chennai for the year ended 31st March 2005

I have to state that the Comptroller and 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 Chennai Petroleum Corporation Limited, Chennai for the year ended 31st March 2005.

Sd/-
(U. Sankar)
Principal Director of Commercial Audit &
Ex-Officio Member Audit Board, Chennai

Place : Chennai
Date : 4th July 2005

ANNUAL REPORT
2004-2005

BONGAIGAON REFINERY & PETROCHEMICALS LIMITED
(A Subsidiary of
Indian Oil Corporation Limited)

Board of Directors

Shri Sarthak Behuria	Chairman
Shri A K Sarmah	Managing Director
Shri R M Hazarika	Director (Operations)
Shri R N Das	Director (Finance)
Shri P C Sharma, IAS	Director
Shri B M Bansal	Director
Shri C P Joshi	Director
Shri P K Choudhury	Director
Shri J L Raina	Director
Prof. Sougata Ray	Director
Shri V N Murthy	Company Secretary

Directors' Report, including Management Discussion & Analysis

Dear Shareholders,

Board of Directors of your Company have the pleasure to present their report on the business and operations of the Company for the year ended 31st March 2005 along with the audited Accounts, Auditors' Report and Comments & Review of the Comptroller & Auditor General of India for the year ended 31st March 2005.

Your Company has surpassed all the previous records and achieved a creditable growth in almost all spheres of its activities. As you will observe from the financial and the physical performance highlights, your Company has exceeded the US $ 1 billion mark in turnover, a milestone for a three decade old single unit refining company.

FINANCIAL RESULTS & HIGHLIGHTS

(Rs. in Crore)

	2004-05	2003-04
TURNOVER		
- Refinery	**4795**	3178
- Petrochemicals	**-**	-
- PSF	**197**	26
- Total	**4992**	3204
PROFIT		
Profit/Loss (-) before Interest, Depreciation & Tax (PBDIT)	**715**	486
Interest payment	**4**	15
Depreciation, amortisation & write off	**34**	31
Profit/Loss (-) after Interest & Depreciation (PBT)	**677**	440
Provision for Tax	**204**	111
Deferred Tax Adjustment	**(5)**	25
Profit/Loss (-) after tax (PAT)	**478**	304
APPROPRIATIONS		
Interim Dividend and Provisions for final Dividend including Dividend Tax	**273**	174
Transfer to General Reserves	**205**	130

- Highest ever turnover of Rs. 4992 crore during 2004-05, an increase of 56% compared to 2003-04.
- Highest ever net profit of Rs. 478 crore during 2004-05 clocking an increase of 57% over previous year.
- Highest ever dividend of Rs. 12/- per equity share of Rs. 10/- each for the year 2004-05 (Interim dividend of Rs. 6/- per share already paid and recommended final dividend of Rs. 6/- per share).
- Highest ever Earning Per Share (EPS) of Rs. 23.94 for 2004-05 (Rs.15.20 for 2003-04).

HIGHLIGHTS OF PHYSICAL PERFORMANCE

- Crude throughput went up to 2.31 million tonnes (capacity utilization of 98.35 %) surpassing the previous highest of 2.13 million tonnes of 2003-04.
- LPG production of 49.1 TMT in 2004-05 broke the earlier record of 47.75 TMT in 2003-04.
- The production of MS, which is a high value added product, was 212.2 TMT in 2004-05 which again toppled the previous year's record of 196 TMT.
- Highest ever Polyester Staple Fibre (PSF) production of 23,251 MT was achieved in 2004-05 as against the previous highest of 22,251 MT in 1994-95.
- Lowest ever Fuel & Loss of 5.46% on crude throughput (which includes hydrocarbon loss of 0.25%) was achieved in 2004-05 (the previous lowest being 5.60% in 2003-04)
- Highest ever Loss Time Accident free period of 1132 days (12.5 Million Manhours) was achieved as on 31.3.2005.
- OHSAS-18001:1999 certificate was obtained on 22.01.2005.

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY SCENARIO

Refinery

The year 2004-05 witnessed unprecedented spurt in the prices of crude oil globally. There was a continuous upward movement in the price of crude which crossed the $ 50/barrel mark for the first time against all expectations. This had a direct impact on the margins of domestic oil companies especially the marketing oil companies. However, for the refining companies,, like yours', the product prices also rose in tandem, thereby ensuring adequate refining margin.

Our country continues to depend heavily on imports of crude oil as there was no significant increase in domestic crude production. The spurt in crude prices therefore puts the industry in a volatile position.

Surplus crude processing capacity exists in the country. This resulted in more petroleum products being exported from various locations than previous years.

Petrochemicals & PSF

A few major players continued to dominate the fibre intermediaries Dimethyl Terephthalate (DMT)/Purified Toulic Acid (PTA) & Polyester Staple Fibre (PSF) business with no significant developments in the market during the year. The small manufacturers continued to suffer due to uneconomic capacity and limited product spectrum. Market in the Eastern sector continued with its sluggish growth. Increase in raw material price on account of steep rise in crude oil price, but stagnant domestic price of PSF put pressure on margin of PSF manufacturers. PSF market is also facing demand pressure due to availability of cheap cotton arising out of record production of cotton crop in India & elsewhere worldwide.

In addition tariff restructuring by the Government has put PSF in a more disadvantageous position now vis-à-vis other yarn products.

OPPORTUNITIES & THREATS

Ravva crude oil continues to be available to BRPL on a sustained basis thereby improving the capacity utilization of North East refineries. This should help in sustaining profitability by the refineries. However, with more or less stagnant production of crude from North East oil fields, increased dependency on Ravva crude constitutes a threat with aging of Ravva oil fields.

Implementation of improved quality specification BS- II for HSD and MS has commenced w.e.f. 1st January 2005. Diesel (from Ravva Crude Oil) as well as Motor Spirit produced in the refinery of your Company meets BS-II specification. However, diesel produced from Assam Crude Oil does not meet the BS-II specification and requires further processing. This portion of diesel is being transported and processed at Guwahati and Barauni Refineries of Indian Oil Corporation Limited (IOCL). The required processing facilities at your refinery are expected to be put up shortly. The logistic limitations which may occur on this account are being accordingly smoothened to lessen the impact on refinery operations.

RISKS & CONCERNS

The volatility in the prices of Crude and petroleum products globally would have a direct bearing on margins of your refinery. The future profit is also subject to change in Government Policy on duty structure, as well as the reimbursement of refinery transfer prices commensurate with the international prices of the products.

Falling demand of Naphtha and LSHS continues to be major concern for sustaining refinery operations. Availability of customers, which as such is limited, at far away locations, is adding to transportation cost thereby reducing margins. Crude processing is becoming increasingly dependent on disposal of Naphtha & LSHS.

With more petroleum products being available from NE refineries consequent to their higher capacity utilization, more and more products from your refinery need to be transported to far away locations outside Eastern region. Apart from the cost involved, such operation is putting a strain on the limited & already saturated transport infrastructure available in the region. With 100% capacity utilisation entailing crude processing of 2.35 million tonnes targeted in 2005-06, smooth & timely transportation of products is an emerging concern.

Apart from improved refinery margins, fiscal support by the Government in the form of 50% Excise Duty benefit to NE refineries constitute a major element of improved financial performance of your Company. Any change in the Government's fiscal policy in this regard would have a direct & major impact on your Company's profitability.

The Government of Assam has introduced Entry Tax effective October 2004 on crude oil being processed by your refinery. Considering that crude cost constitutes majority of the cost at your refinery, the additional burden of Entry Tax would substantially erode the profits from refining operation.

Production of PSF had to be suspended from December 2004 till April 2005 due to economic reasons. Unless there is significant positive development in the market in near future long term viability of Petrochemicals and PSF business of your Company is emerging as a concern.

OUTLOOK

In view of the shortfall in Crude production in the North East region vis-à-vis the available refining capacity, the allocation of Ravva crude oil to BRPL is vital for the economic operations of the Oil Refineries in the North East. This is helping the North East refineries including BRPL to achieve better capacity utilization.

Crude processing plan of your refinery for the year 2005-06 is 2.35 million tonnes corresponding to 100 % capacity utilization of the refinery. This includes 1.50 million tonnes of Ravva crude.

Production of PSF has resumed in May 2005 after a gap of about 5 months. Sustained PSF production will primarily depend on economics of operation.

The Board of Directors of your Company have in its meeting held on 7th July 2005 passed a resolution seeking "in principle" approval of Government of India for merger of your Company with holding Company Indian Oil Corporation Limited. Earlier, the Board of Directors of holding Company Indian Oil Corporation Limited have passed similar resolution. The Board of Directors of your Company is of the view that merger would result in synergic benefit and would be in the interest of all stakeholders of the Company.

PHYSICAL PERFORMANCE

REFINERY:

Crude Throughput:

The Annual plan target, actual crude receipts, quantities processed for the year 2004-05 & 2003-04 are given below:

(Figures in MT)

	2004-05	2003-04
Annual Plan Target		
Ravva Crude Oil	**1,500,000**	1,500,000
Assam Crude Oil	**500,000**	500,000
Total	**2,000,000**	2,000,000
Actual Receipt of Crude Oil		
Ravva Crude Oil	**1,283,072**	1,465,604
Assam Crude Oil	**995,018**	697,243
Total	**2,278,090**	2,162,847
Actual Crude Oil Throughput		
Ravva Crude Oil	**1,310,551**	1,419,309
Assam Crude Oil	**1,000,694**	707,374
Total	**2,311,245**	2,126,683

The crude throughput showed an increase of 8.7% over the previous year due to higher availability of crude oil.

Secondary Processing:

The throughput of Secondary Processing units is given below:

(Figures in MT)

Unit	**2004-05**	2003-04
Delayed Coker Unit	**880,899**	802,094
Coke Calcination Unit	**12,816**	6,061

Production & Yield Pattern:

The production & yield pattern on crude throughput for the year 2004-05 and 2003-04 were as follows:

Particulars	**2004-05**		2003-04	
	(MT)	**(%)**	(MT)	(%)
Light Distillates	**434,539**	**18.80**	416,412	19.58
Middle Distillates	**1,509,971**	**65.33**	1,408,750	66.24
Total Distillates	**1,944,510**	**84.13**	1,825,162	85.82
Heavy ends	**226,547**	**9.80**	172,258	8.10
Fuel & Loss	**126,333**	**5.46**	119,115	5.60
Others *	**13,855**	**0.61**	10,148	0.48
Total	**2,311,245**	**100.00**	2,126,683	100.00

* Intermediate Stock Differential

PETROCHEMICALS AND POLYESTER STAPLE FIBRE (PSF):

The DMT and PSF plants, which were idle since October 2001 due to economic reasons, were restarted in December 2003 under an alliance with M/s. Reliance Industries Ltd. and operated till December 2004. In December 2004 DMT & PSF Plants were again put under temporary shutdown due to unfavourable market developments. During this period of temporary shutdown, your Company has carried out required maintenance/modification jobs in PSF plant. DMT & PSF plants were again re-started in May 2005.

The total production of DMT and PSF during the year 2004-05 and 2003-04 were as follows:

(Figures in MT)

Production	2004-05	2003-04
DMT	23,581	7,696
PSF	23,251	6,666

The Reformer unit of the Xylenes Plant is being operated on MS mode due to high value addition. Para-Xylene required for operating the DMT plant is being outsourced.

OPERATION OF LPG BOTTLING PLANT:

LPG Bottling Plant is being operated by IOCL (Marketing) under an operational Agreement.

Out of the total LPG dispatch of 48,559 MT during the year 2004-05, 31,838 MT of LPG was bottled. LPG bottling during the year 2003-04 was 11,610 MT.

MARKETING

Petroleum Products:

IOCL continues to market petroleum products of BRPL except RPC and CPC.

Highest ever POL products sale of 2,008,341 MT was achieved during the year 2004-05 as against the previous highest sale of 1,808,299 MT in 2003-04.

Petrochemicals and PSF:

BRPL's PSF "BONPOLY" is being sold through M/s. RIL under an alliance. DMT produced in the Petrochemicals unit is exclusively used for captive consumption in the PSF plant. There is no outside sale of DMT.

(Figures in MT)

Sale	2004-05	2003-04
PSF	26,375	3,640

Customer Satisfaction and Redressal Mechanism/System

Your Company has an established system for assessing customer satisfaction in respect of products, which are being directly marketed to the customers by your Company. Customers satisfaction level are being evaluated periodically on the basis of feedback from customers in designed format consisting of 7 rating criteria.

Corrective steps are being taken against deficient areas of concern. It is the endeavour of the Company to achieve cent percent rating on customer satisfaction. Your Company gives top most priority to redressal of customer's complaints in a transparent and fair manner.

FINANCIAL PERFORMANCE

Profitability

The Sales Turnover during 2004-05 witnessed an increase of 56%. The Company achieved highest ever turnover of Rs. 4992 Crore compared to Rs. 3204 Crore during the previous year. About 96% of the turnover is from Refinery Segment.

Your Company has earned highest ever Profit Before Tax (PBT) and Profit After Tax (PAT) of Rs. 677 Crore and Rs. 478 Crore respectively during 2004-05 breaking the previous record of highest PBT and PAT of Rs. 440 Crore and Rs. 304 Crore respectively during 2003-04. The rise in profit compared to previous year is mainly due to higher capacity utilisation, better yield pattern of Ravva Crude and increased refinery margin. The PBT of Rs. 677 Crore includes excise duty benefit of Rs. 428 Crore.

During the year 2004-05 an amount of Rs. 124.02 Crore (Rs. 81.18 Crore in the previous year 2003-04) has been incurred towards under -recovery of CST on petroleum products.

The Company paid an amount of Rs. 130 Crore (Rs. 53 Crore in the previous year 2003-04) to IOCL towards freight under-recovery for movement of petroleum products to outside North-East Region during 2004-05.

The Government of Assam has introduced Entry Tax on crude oil @ 4% w.e.f. 01-10-2004, which has been reduced to 2% w.e.f. 19-03-2005. This has resulted in reduction of profit by Rs. 46.90 crore up to 31-03-2005.

Depreciation for the year 2004-05 increased to Rs. 32 Crore as compared to Rs. 30 Crore for the year 2003-04.

The interest expenditure has been substantially reduced from Rs. 15 Crore during 2003-04 to Rs. 4 Crore during the year 2004-05.

During the year 2004-05 Rs. 38 Crore (Rs. 2 Crore in the previous year 2003-04) was invested in capital assets.

Dividend

The Board of Directors of your Company have recommended a final dividend of Rs. 6/- per share (60% on the paid up share capital) for the year 2004-05. Together with the interim dividend of 60% already paid in November 2004, the total payout on this account including dividend tax comes out to Rs. 272.52 Crores. This is the highest ever dividend in the history of BRPL.

Transfer to General Reserves

The Board Directors of your company have proposed to transfer the entire remaining balance of the Profit & Loss Account amounting to Rs. 205.77 crore, after appropriation for dividend, to General Reserves.

Share value

During the year under review the share price of your Company rose to a high of Rs. 107.40 in November 2004 (previous year Rs. 98.75 in January 2004). The lowest share price was Rs. 40.15 in May 2004 (previous year Rs. 13.75 in April 2003).

The details of book value, Earning Per Share are:

(In Rs.)

Particulars	31.03.2005	31.03.2004
Book value	37.93	27.67
Market value (closing price)	90.45	77.55
Earning Per Share	23.94	15.20

Market capitalisation as on 31st March 2005 stands at Rs. 1807 crore compared to Rs. 1550 Crore as on 31st March 2004.

Contribution to Exchequer

During the year 2004-05, your Company made contribution of Rs.685 Crore (Rs. 400 Crore in the previous year 2003-04) to the Central Exchequer and Rs. 176 Crore (Rs. 90 Crore in the previous year 2003-04) to the States' Exchequer in the form of duties and taxes.

Export Earnings

There were no export earnings by the Company during 2004-05.

Segment wise financial performance during 2004-05:

(Rs. in lakh)

Particulars	Refinery Segment	Petrochemicals Segment	PSF Segment	Consolidated Total
REVENUE				
External Revenue	481344	116	19715	501175
Inter segment Revenue	5267	16797	1143	23207
Total Revenue	486611	16913	20858	524382
RESULTS				
Segment Results	70426	1357	(4303)	67480
Operating Profit/(loss)	70426	1357	(4303)	67480
Interest Expenses				(363)
Interest/Dividend Income				577
Income Taxes				(20421)
Deferred Tax-liability				533
Profit from ordinary activities				-
Extra ordinary items				24
Net profit	70426	1357	(4303)	47830
OTHER INFORMATION				
Segment Assets	116379	10641	12027	139047
Unallocated Corporate Assets				13347
Total Assets	116379	10641	12027	152394
Segment Liabilities	50081	1262	1623	52966
Unallocated Corporate Liabilities				13688
Total Liabilities	50081	1262	1623	66653
Capital Expenditure	1804	329	65	2199
Depreciation	2270	263	653	3186

PROJECTS

Project completed during 2004-05

- Your Company has successfully implemented project "SYNERGY" - Enterprise Resource Planning (ERP) system on 31st March 2005. From the financial year 2005-06 onwards, the business processes of the Company shall be performed using ERP system provided by M/s. SAP AG, Germany. Your Company, being a group company of M/s. Indian Oil Corporation Limited is using SAP ERP Server set up by IOCL at Gurgaon.
- Due to usage of common server with IOCL, BRPL has information access to vendors, suppliers and materials of IOCL resulting in greater synergy. ERP shall facilitate in ensuring a tight control on business processes, avoidance of redundant data in system, data punching errors and data reconciliation problems in future.

In addition to ERP the following efficiency improvement and system modernization schemes were also completed and commissioned during the year 2004-05:

- Structured packing for CDU main distillation column completed and commissioned. The project was taken up to improve middle distillate yields and to reduce RCO generation.
- Advanced Process Control (Phase-I) commissioned and Site Acceptance Test (SAT) completed. The project was taken up to facilitate throughput and yield optimization by maintaining required quality.

On-going Projects

The following schemes aimed at infrastructure development, quality improvement and modernization of equipments/ systems are in various stages of progress:

- Petrochemicals Instrument Modernization to replace obsolete pneumatic control system and relay interlock logics with DCS and PLC for better control and productivity and quality improvement.
- Revamping of power Distribution System in Captive Power Plant to provide better load shedding facility and improve reliability of system and flexibility with a provision for future expansion of power plant.
- Construction of one additional crude tank to augment crude storage capacity.
- Continuous Film Contactor (CFC) in DCU-I & II to improve the quality of LPG.
- Expansion of Township Quarters.

In addition to the above, your Company has initiated steps for implementation of the following two projects to meet the Euro-III quality specification of diesel and petrol, to be effective from January 2010:

- MS maximization and quality upgradation project
- Diesel quality upgradation project

The total estimated investment for these two projects is around Rs. 800 crore. Major portion of this investment will be made from internal resource generation. It is targeted to complete these two projects by 2009.

Your Company is also examining the feasibility of implementing a project on conversion of PSF plant feed from DMT to PTA and associated diversification.

RESEARCH AND DEVELOPMENT

In house R&D activities are primarily concentrated towards product quality upgradation. Specific areas in which R&D was carried out are as follows:

a) BRPL in collaboration with IOC (R&D) is carrying out field trial-run in DCU & CCU plant of BRPL for production of Needle coke of improved quality using suitable blend of feedstock. Based on the study, BRPL is planning to produce Needle coke on a regular basis.

b) Since there was no DHDT unit at BRPL, study was carried out to establish HSD blend from Ravva crude to meet the more stringent quality requirement as per BS-II HSD specification and also to utilize part of diesel streams from Assam crude (which as such does not meet BS-II specification) in diesel pool in order to maximize HSD production.

c) LDO blend was redesigned by changing the blend components & blend mix to produce LDO of better quality to meet customer requirement.

ENERGY CONSERVATION

The Company continued its efforts on Energy Conservation through continuous monitoring & control of operational activities and implementing new energy conservation schemes. Various energy conservation schemes have been taken up to conserve process steam and increasing overall efficiency of boilers etc in the plant.

AWARDS

Your Company has received the following awards during the year 2004-05 in the field of Environment Management and energy conservation:

a) Greentech Environment Excellence Award (Gold Award) for the year 2003-04 in Petroleum Refinery Sector for outstanding achievement in Environment Management.

b) Adjudged third best in overall Safety Performance amongst Refineries (Group-I) for the year 2002-03 by Oil Industry Safety Directorate.

c) Second Prize in the area of Furnace and Boiler Efficiency based on the Joint Oil Conservation Survey-2004 conducted during OGCF 2004 by Centre for High Technology (CHT).

SAFETY, HEALTH & ENVIRONMENT

Your Company has put in place a comprehensive Safety Health and Environment (SHE) policy which embodies its commitment to conduct its business by (i) maintaining the highest possible standards of safety for both the machine and the man behind it, (ii) constant monitoring of the environment parameters of plant, effluents and work and habitation areas; and (iii) keeping the health of the worker and his dependents paramount in mind.

As a reflection of these measures your Company did not have any lost time accident since 24.02.2002 and achieved continuous 1132 days (12.46 million man-hours) without any lost time accident as on 31.03.2005. It received the OISD Safety Award 2002-03 for overall third best Safety Performance amongst the Refineries. In addition, it has been certified with OHSAS 18001 : 1999 by M/s. DNV dated 22.01.2005 for its Occupational Health and Safety Management System.

RISK MANAGEMENT

Your Company is constantly assessing the risks that are being faced by the Company and is taking required measures for minimisation of such risks.

Your Company is having comprehensive insurance coverage for its assets. Loss against terrorist attack is also covered.

Your Company evaluates its business opportunities based on predictability, sustainability and profitability with a view to minimise probability of adverse impact of unforeseen risk.

HUMAN RESOURCES

Employee profile

The manpower of the Company as on 31.3.2005 was 1741 (1761 as on 31.3.2004). During the year 2004-2005, there was no recruitment in the Company. There were 20 attritions during the year on account of superannuation and death.

Welfare of Weaker Sections

Your Company follows the Presidential Directives and Government guidelines issued from time to time in the matters of recruitment and promotion of SCs/STs and in direct recruitment of OBCs, Persons with Disabilities and Ex-servicemen. Constant endeavour has been made for promoting welfare of weaker sections of the society. Overall representation of weaker sections as on 31st March 2005 is given below:

[A] Scheduled Castes and Scheduled Tribes	-	Overall representation is 26.94% which was 26.80% as on 31.03.2004.
[B] Other Backward Classes	-	Overall intake has been 27.83% in all Groups combined after 8.9.93 when reservation for OBCs were made applicable.
[C] Persons With Disabilities (PWD)	-	Overall representation is 1.61% (2.17% in Group ‘C’ & ‘D’ posts).

Statements showing the representation level of SCs/STs in each Group, the number of vacancies filled by the members of Scheduled Castes and Scheduled Tribes during the calendar year 2004 in direct recruitment and posts filled by promotion are enclosed as Annexure-III and IV respectively.

Women employment

The number of women employees in your Company as on 31st March 2005 is 76 consisting of 15 executives (out of total 545 executives) and 61 non-executives (out of total 1196 non-executives). The overall representation is 4.37%.

Your Company provides equal facilities to its women employees and encourages them in leadership roles. Training in developmental/functional programmes including participation in seminars/workshops is being imparted. Female employees exercise the same delegation of powers as are being exercised by male employees.

Employment of Ex-servicemen (ESM)

The Overall representation of Ex-servicemen (ESM) in your Company as on 31st March 2005 is 2.58% (3.51%in target Group ‘C’ & ‘D’ posts).

Employment of Minorities

The overall representation of minorities in your Company as on 31st March 2005 is 10.74%.

INDUSTRIAL RELATIONS & WELFARE

Industrial Relations

The industrial relations climate in your Company continued to remain peaceful, harmonious and cordial during the year and no plant interruption was caused due to any industrial relations issue.

During the year 2004-05 your Company has settled a revised Promotion Policy for Workmen through a tripartite settlement giving effect from 2004 for a period of five years. The perquisites and allowances for officers and workmen of your Company were also revised during the year.

A voluntary and self-contributory Pension scheme was launched during the year.

Employees Welfare

Your Company continued in 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 are being provided with comprehensive medical benefit.

HUMAN RESOURCES DEVELOPMENT

Your Company lays serious emphasis on Human Resources Development (HRD) and while it treats training & development activities as a useful investment both for individual and organizational growth, it carries out such activities primarily based on identified training needs and mandatory requirements. The major objective of training is to upgrade functional knowledge and skills and build up the right attitude & mental makeup for enhanced job performance, besides for development of potential to assume higher responsibilities. During the year, as many as 1445 employees (458 executives and 987 non-executives) were trained in various training programmes which works out to a satisfaction level of over 80%. This also includes training to build up safety consciousness and fire-fighting & first-aid capabilities as per OISD directives, besides training to promote awareness and capability under ISO, EMS, OHSAS, ERP and TPM systems. As many as 273 executives & 80 non-executives were deputed for external training and 7 executives were deputed overseas for training.

Several officers were also deputed for national & international conferences/seminars etc to keep them informed about the latest technical/technological/professional developments and facilitate development of a modern outlook and global perspective. Top and senior-level executives also received appreciation of Six Sigma Concept to build up preparedness and to pave the way for smooth introduction of this initiative in BRPL. Under its HRD plan, the Company also developed four officers as qualified Energy Managers.

Your Company also carried out a rational re-organisation of the manpower structure to build up synergy levels and tone up overall organizational performance. As a part of this major organizational development initiative, job rotations of officers and non-executives were carried out to optimize effectiveness of placements and promote multi-skilling.

USE OF HINDI

Your Company is fully committed to implement the Official Language Act 1963, Official Language Rules 1976 and orders issued by the Government of India from time to time with regard to implementation of Official Language. Towards this end the Company continued training of the employees under various Hindi teaching schemes of the Ministry of Home Affairs, awarding of various incentives under the Hindi Noting & Drafting competition as well as organising of various workshops through external faculty.

Employees of the Company are being sent to the Hindi Computer Training programme sponsored by the Official Language department, Ministry of Home Affairs to acquire proficiency in word processing in Windows environment.

In harmony with its dedication towards spread and propagation of the Official Language, your Company continued to manage and regulate the activities of Town Official Language Implementation Committee (TOLIC), Bongaigaon, besides sponsoring the TOLIC Shield.

Your Company has received "Sahasrabdi Rastriya Rajbhasha Shield Samman" for its noteworthy achievements in the field of Official Language Implementation awarded by Rastriya Hindi Academy a premier NGO working for promotion of Official Language.

To promote Hindi right from the school stage, your Company continued its cash award scheme to the students securing highest and second highest marks in Hindi subject of class X Examination of CBSE at the District Level.

SPORTS

Your Company recognises sports as an essential ingredient in Nation building. Towards this end, your Company lays special emphasis in promoting sports within and outside the organisation. During the year 2004-05 Inter-Departmental Competitions in Chess, Bridge, Carrom, Football, Table Tennis, Badminton, Volleyball, Basketball, Kabaddi, Cricket and Athletics were conducted with active participation from all employees. Your Company's team also participated in all the major Petroleum Sports Promotion Board (PSPB) activities during the year 2004-05.

One of the highlights of the year was the XVI PSPB Inter Unit Basketball Tournament hosted from 9th to 12th February 2005 at BRPL Sports Complex. A couple of International and National level players participated in this tournament.

It has been the endeavour of the Company to nurture young talent in sports. Various sports tournaments and coaching programme were organized amongst the students of BRPL Township and neighbouring schools.

COMMUNITY DEVELOPMENT

With an aim to contribute towards upliftment of the quality of life of the society in and around its operational area, predominantly inhabited by Scheduled Caste/Scheduled Tribes (SC/ST) communities, and to maintain good relations with them, your Company has undertaken various welfare schemes under Special Component Plan (SCP) and Tribal Sub-Plan (TSP). These include:

- Extending financial assistance for installation of pucca ring wells for clean drinking water in schools, public places and nearby villages.
- Providing free medical services and medicines to the inhabitants in the vicinity of plant area. Sponsored medical health check up camps and health awareness programmes in the rural area.
- Providing scholarships to deserving and meritorious SC/ST students pursuing studies in full-time undergraduate courses in Engineering, Medical, Nursing and Post Graduate courses in Agriculture, Business Administration and Post Matric for Higher Secondary Schools in rural areas.

- Power tillers provided to the Field Management Committees.
- Assistance provided to women cooperative society for fishery cum duckery scheme.
- For promotion of sports & culture, financial assistance provided for football tournaments and construction of community hall in the neighbouring areas.
- Imparted training on tailoring, cutting and embroidery to the unemployed youth and provided sewing machines to the trainees.
- Extending financial assistance for plantation of som/ mulberry plants for sericulture schemes by the local entrepreneurs.
- Adult education programme implemented amongst the SC/ST communities in the adjoining villages.
- Extending financial assistance for construction and renovation of educational institutions in the neighbouring areas.

Gender budgeting:

The Company has constituted a "Gender Budgeting Cell" to initiate special proposals for the benefit of women, making budget provisions and monitoring the performance in this regard. These activities are planned to commence during the year 2005-06. The activities presently being undertaken by the Company for benefit of women are as under:

(i) Under Special Component Plan (SCP) and Tribal Sub-Plan (TSP) the schemes specially undertaken for female members of the surrounding village communities include imparting training for self-employment under the Handloom Skill Up-Gradation Scheme and financial assistance to the Women Handloom Cooperative Societies for construction of weaving centres; providing training and distributing machines for embroidery, knitting & tailoring which help in self-employment; financial assistance to Lady's Self Help Group for Fishery-cum-Duckery Farm & contribution for establishment of local Women/Girls College as well as Women's College Hostel.

(ii) BRPL Women's Cell and BRPL Ladies Association are provided with financial assistance by the Company for developmental and socio-cultural activities.

MEMORANDUM OF UNDERSTANDING (MoU)

During the year 2003-04, your Company improved upon its overall performance under the MoU system and maintained its excellent rating.

It is provisionally estimated that the overall rating for 2004-05 would also be Excellent.

Your Company has signed a performance MoU for the period 2005-06 with its holding company Indian Oil Corporation Limited (IOCL) in March 2005. The MoU contains various performance targets that your Company is aiming to achieve during the year. Apart from covering various aspects of the Company's business, it also includes criteria related to business growth plans of the Company.

INTERNAL CONTROL SYSTEM AND ITS ADEQUECY

Your Company is having well laid down internal control system and procedures to safeguard its assets and prevent the misuse of assets and funds. The existence of the following systems and procedures ensures effective internal control throughout the organisation:

a) Procedures for various functions have been systematised and standardised through written manuals like Contract Manual, Marketing Manual, Purchase Manual, Accounts Manual, etc.

b) The Company has a streamlined Delegation of Powers, which has recently been overhauled, for functioning at various levels. This delegation of power ensures scrutiny and approval for procurement at fairly high levels for high value items.

c) The Company being a Public Sector Enterprise follows various guidelines issued by the Government of India from time to time including guidelines of Department of Public Enterprises and Central Vigilance Commission.

d) The Company maintains registers of fixed assets and other assets.

e) Physical verification of assets is carried out at periodic intervals.

f) All investments in new projects are done only after techno-economic evaluation. Presently major project investments are also being evaluated by IOCL.

j) Your Company has a full-fledged vigilance department headed by Chief Vigilance Officer.

k) In addition to the above monthly review meetings are being held to review the performance of various functions.

No instances of major fraud and irregularities have come to the notice of the management. Internal Audit has not found any suspected fraud or irregularities or failure of internal control system, which was material in nature. The Audit Committee has also reviewed the Internal Control System of your Company and found them adequate.

Internal Audit

Your Company is having a full-fledged Internal Audit Department staffed with professional and experienced personnel. Internal Audit Department carries out extensive audits of various areas of Company's operation throughout the year. The Management Audit Committee and Audit Committee of the Board periodically review the report of the Internal Audit Department and give directions for corrective actions wherever necessary.

Audit Committee has reviewed the strength of the Internal Audit Department of your Company and found it commensurate with the size of the Company.

Management Systems

Your Company has been awarded OHSAS-18001 (Occupational Health & Safety Assessment Series) certificate on January 22, 2005. The certificate has been awarded in recognition of BRPL's commitment to establish Occupational Health & Safety Management System in the Company. The system ensures safety to the people, equipments, materials and the environment while taking care of the occupational health of the employees. The certificate has been awarded by M/s. DNV after carrying out an audit of the Company's Safety & Occupational Heath System. Two other Management Systems i.e. Quality & Environmental Management System

(ISO 9001 & 14001) are already in place and are functioning effectively.

Vigilance

The Vigilance Department of your Company continues to play its due role in helping the management to maintain an environment of transparency within the organisation. Attention was focused on preventive inspections, which were carried out in selective areas of operation and steps needed for system improvement were recommended.

As a principle, the aim has been to inculcate vigilance consciousness among 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.

CORPORATE GOVERNANCE

Your Company recognises the inalienable rights of the shareholders as true owners of this Company and the role of the management as trustees on behalf of the shareholders. BRPL believes in making consistent efforts for maximisation of stakeholders' value. It recognises its commitment to values and ethical conduct of business in a transparent manner. Towards this end the Company has complied with all the provisions of the Corporate Governance as specified from time to time in clause 49 of the listing agreement. A separate report on corporate governance is annexed as Annexure- VI to this report. A management discussion and analysis on performance of the Company, industry scenario, opportunities and threats, risk and concerns, future outlook, etc forms an integral part of the Directors' Report.

The certificate of the statutory auditors regarding compliance of conditions of corporate governance as stipulated in clause 49 of the listing agreement is annexed as Annexure-V.

In terms of directives of SEBI, the stock exchanges have modified the clause 49 of the listing agreement regarding conditions for Corporate Governance. Extension of time has been granted by SEBI for compliance of the provisions of modified clause 49 upto 31st December 2005.

Your Company has been complying with most of the provisions of the modified clause 49 of the listing agreement and steps have already been initiated for compliance of the remaining provisions of clause 49 of the listing agreement well within the extended time of 31st December 2005.

DIRECTORS

In the 30th Annual General Meeting held on 4th September 2004 Shri P C Sharma, Shri Ajay Tyagi, Shri C P Joshi and Shri K K Acharya were re-appointed as Directors of the Company in terms of Section 257 of the Companies Act, 1956.

The tenure of Shri B K Gogoi as Chairman & Managing Director ended on 31.12.2004 consequent upon his retirement from the services of BRPL on reaching the age of superannuation. Shri A K Sarmah joined as Managing Director of your Company on 01.01.2005.

Shri M S Ramachandran, Chairman, IOCL was appointed as Director and part-time Chairman on BRPL Board w.e.f. 27.01.2005 and his tenure concluded on 28.02.2005 consequent upon his retirement as Chairman, IOCL. Subsequently, Shri Sarthak Behuria, Chairman, IOCL has been appointed as Director and part-time Chairman on BRPL Board w.e.f. 22.03.2005 consequent upon his joining as the Chairman of IOCL.

Shri P K Goyal, Executive Director (CF), IOCL was appointed as a Director w.e.f. 28.10.2004 and Shri B N Bankapur, Executive Director (Operations), IOCL was appointed as a Director in place of Shri K K Acharya w.e.f. 10.01.2005. Subsequently Shri P K Chakraborti, Shri P K Goyal and Shri B N Bankapur ceased to be Directors of the Company w.e.f. 23.03.2005 consequent upon withdrawal of their nominations by IOCL.

Shri B M Bansal, Director (R&D), IOCL has been appointed as a Director of the Company w.e.f. 23.03.2005. Shri P K Choudhury, Executive Director (Refineries Division), IOCL, Guwahati Refinery, Shri J L Raina, Ex. CMD, IOBL & Pro Vice Chancellor, University of Petroleum & Energy Studies, Dehra Dun and Prof. Sougata Ray, Professor on Strategic Management, Indian Institute of Management, Calcutta have been appointed as Directors of the Company w.e.f. 05.04.2005.

Shri Ajay Tyagi has resigned from the Board and the same has been accepted by the Board of Directors in its meeting held on 7th July 2005.

In terms of the provisions of the Companies Act, 1956 Shri Sarthak Behuria, Shri A K Sarmah, Shri B M Bansal, Shri P K Choudhury, Shri J L Raina and Prof. Sougata Ray will hold the office of Directors upto the date of the ensuing 31st Annual General Meeting of the Company. The Company has in the meanwhile received notices pursuant to the provisions of Section 257 of the Companies Act, 1956 proposing Shri Sarthak Behuria, Shri A K Sarmah, Shri B M Bansal, Shri P K Choudhury, Shri J L Raina and Prof. Sougata Ray as candidates for the office of Directors. Necessary resolutions in this regard have been incorporated in the notice for the 31st Annual General Meeting.

Shri R M Hazarika and Shri R N Das shall retire by rotation at the 31st Annual General Meeting and being eligible offer themselves for re-appointment as Directors at the said meeting. Necessary resolutions in this regard have been incorporated in the notice for the 31st Annual General Meeting.

Directors of your Company place on record its appreciation for the excellent contribution rendered by Shri B K Gogoi, Ex-Chairman & Managing Director, BRPL (who has superannuated on 31.12.2004) to the growth of BRPL in his capacity as the Chairman & Managing Director, Director (Production) and in various other capacities prior to his becoming a member of the Board.

Directors of your Company also place on record their deep appreciation for the valuable guidance and contribution made by Shri M S Ramachandran during his tenure as the Chairman of the Board. The Board of Directors further place on record their deep appreciation for the valuable guidance and contribution made by Shri Ajay Tyagi, Shri P K Chakraborti, Shri K K Acharya, Shri P K Goyal and Shri B N Bankapur during the tenure of their association as Directors of the Company.

STATUTORY INFORMATION

Particulars of Employees

The statement of particulars of employees under Section 217[2-A] 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. S Ghose & Co., Chartered Accountants, Kolkata as the Statutory Auditors of the Company for the financial year 2004-05.

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 2004-05 at Rs. 2,00,000 (Rupees two lakh only) plus service tax plus actual TA and Out of Pocket Expenses as may be mutually agreed between the Company and the Statutory Auditors.

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 2004-05.

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 2004-05 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

Directors of your Company acknowledge with deep appreciation the valuable guidance and support extended by the Ministry of Petroleum & Natural Gas and other Ministries and organizations of Government of India & Government of Assam and the holding Company Indian Oil Corporation Limited throughout the year which has helped in strengthening the Company's competitiveness in all its business activities.

Directors of your Company express their sincere gratitude to its valued customers, for the loyalty and faith in the Company's abilities to service them.

Directors of your Company convey their gratitude to the Company's clients, suppliers, vendors, bankers and other stakeholders for their continued support during the year.

Your Directors thank all the shareholders and investors for the trust reposed by them in the Company.

Last but not the least, your Directors wish to place on record their appreciation of the sincere and dedicated services rendered by the employees at all levels.

For & on behalf of the Board of Directors

Bongaigaon Refinery & Petrochemicals Ltd.

Sd/-	Sd/-	Sd/-
A K Sarmah	**R N Das**	**V N Murthy**
Managing Director	Director (Finance)	Company Secretary

Place : Delhi
Date : 28th July 2005

ANNEXURE-I TO THE DIRECTORS' REPORT

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 plants to make the operations more efficient, which are outlined below:

1) Steam Leak survey were conducted by external members, constituted by the Centre For High Technology, New Delhi during Oil & Gas Conservation Fortnight, 2005.

2) Quarterly System Audit of Captive Power Plant was conducted by an in-house team to identify the improvement in the area of STG efficiency, process steam generation indices, power generation indices, thermal efficiency etc.

3) Annual system audit of Crude Distillation Unit-II & Delayed Coking Unit-II was conducted by the in-house team to do the energy balance of these process units.

4) Steam & Condensate audit of the refinery units, DMT, CPP, Offsites & utilities areas were conducted by M/s. Forbes Marshall, Pune during April –July 2004 to carry out a detailed audit of the system.

5) Increase of coker chamber cycle from 30 hrs to 36 hrs in DCU-I & II w.e.f. January 2005 resulting in reduction in energy consumption and loss due to extended chamber cycle on account of lower steam consumption, power consumption, slop generation and flare loss.

6) Slop generated from DCU-I & II during vapour heating is being diverted at 150-160^{o}C to the Fractionator column (C-002) instead of 220^{o}C w.e.f May 2004 leading to energy saving in reprocessing of slop.

7) Flare Knock Out Drum condensate is being diverted to crude tank instead of slop tank from February 2005 leading to reduction in the hydrocarbon loss on account of lower evaporation loss from the floating roof tank.

8) Installation of mass flow meter in the Fuel Oil supply & return lines of CPP & CDU-I during August 2004 & September 2004 respectively for correct accounting of fuel consumption.

9) Implementation of Advance Process Control (APC) in CDU-II & DCU-II for maximisation of yield of value products and process optimisation.

10) Installation of overflash meter in CDU-I &II for COT optimization during September 2004 & May 2004 respectively.

11) Centre For High Technology, New Delhi awarded the job to M/s. Shell Global Solution International, Netherlands for performance evaluation & benchmarking of PSU refineries to evaluate the performance of Indian refineries vis-à-vis international refineries to identify gaps for improving their performance in several benchmarking areas such as Energy & loss , yield , utilization etc. BRPL also participated in the performance evaluation & benchmarking exercise.

(ii) The following energy conservation schemes were commissioned during the year :

1) Destaging of two nos. of wash water pump (11-P-161 A & B) from 12 to 9 stages in CDU-II was done in October 2004 & December 2004 respectively resulting in drop of current by 12 amperes.

2) Diversion of REP drinking water reservoir overflow to cooling water sump resulted in water saving of 30 M^3/hr. The scheme was implemented in August 2004.

3) Reinsulation of 400 m process steam line with better insulation material – Perlite and calcium silicate. The job was completed in May 2004.

4) Replacement of metallic fin fan cooler blades with FRP blades of 14-E-29-B1 and 14-E-32A in DCU-I resulted in drop of current by 5 & 8 amperes respectively. The job was completed in August, 2004.

b) Additional investments and proposals, if any, being implemented for reduction of energy consumption

Following energy conservation schemes are being implemented:

1) Replacement of balance process steam line insulation with better insulation material.

2) Replacement of steam traps by improved steam traps in refinery & process plants.

3) Steam condensate recovery from steam traces in CDU-I & II, DCU-I & II, Offsites, RCO tanks etc.

4) Replacement of balance metallic blades with FRP blades in DCU-I & II air fin fan coolers.

5) Replacement of existing burners of DCU-I with high efficiency burners.

6) Reinsulation of 4 nos. of RCO tanks.

7) Replacement of 6 nos. of sootblowers in CDU-I.

8) Installation of 6 Nos. of Belfield Decantation Valve in product tanks.

9) Reuse of steam condensate from DCUs reboilers within DCUs for steam generation instead of sending to DM water tank of CPP.

(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 for schemes under (a) (i) & (ii) is Rs. 120.0 lakh during 2004-05 based on fuel price of Rs.10190 per SRFT which was the weighted average cost of fuel during 2004-05.

The estimated savings for schemes under (b) is Rs. 443 lakh based on the fuel price of Rs.10190 per SRFT.

d) Total energy consumption and energy consumption per unit of production

FORM-A
FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	2004-05	2003-04
A. Power & Fuel Consumption		
1. Electricity		
(a) Purchased - Unit (MWH)	**318.63**	347.94
Total Amount (Rs. Lakhs)	**135.56**	131.66
(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)	**155,373**	128,186
Liquid Fuel used for Power Generated ('000 MTs)	**46.603**	40.821
Fuel Gas used for Power Generated ('000 MTs)	**6.400**	4.723
Liquid Fuel Oil & Fuel Gas for Power Generated (in MWH/SRFT)	**2.924**	2.814
Cost per unit (Rs./KWH)	**3.834**	3.894
2. Coal Quantity :		
Quantity ('000 MTs)	**—**	—
Total Cost (Rs. Lakhs)	**—**	—
Average Rate (Rs./MT)	**—**	—
3. Liquid Fuel (LSHS) (For steam consumed in process and as direct fuel) :		
Quantity ('000 MTs)	**75.519**	62.091
Total Cost (Rs. Lakhs)	**7695.39**	5802.88
Average Rate (Rs./MT)	**10190.00**	9345.76

	2004-05	2003-04
4. Fuel Gas (For steam consumed in process and as direct fuel):		
Quantity ('000 MTs)	**41.182**	37.884
Total Cost (Rs. Lakhs)	**4196.45**	3540.55
Average Rate (Rs./MT)	**10190.00**	9345.76
B. Consumption per unit of production		
1. Refinery Sector:		
(a) Electricity (including purchased power), MWH/MT of crude throughput.	**0.0334**	0.0334
(b) Fuel (Fuel oil/gas) for Steam & direct fuel SRFT/MT of crude throughput	**0.0425**	0.0435
(c) Coal	**—**	—
(d) Others	**—**	—
2. Petrochemicals Sector:		
(a) Electricity (including purchased power), MWH/MT of DMT production	**1.9617**	5.0205
(b) Fuel (Fuel oil/gas) for Steam & direct fuel SRFT/MT of DMT production	**0.4990**	0.9356
(c) Coal	**—**	—
(d) Others	**—**	—
3. Polyester Staple Fibre Sector:		
(a) Electricity (including purchased power), MWH/MT of PSF production	**1.3262**	2.8106
(b) Fuel (Fuel oil/gas) for Steam & direct fuel SRFT/MT of PSF production	**0.4578**	0.6261
(c) Coal	**—**	—
(d) Others	**—**	—

B. TECHNOLOGY ABSORPTION

FORM-B

I. RESEARCH & DEVELOPMENT (R&D)

1. **Specific areas in which R&D has been carried out by the Company:**

(a) BRPL in collaboration with IOC (R&D) is carrying out field trial-run in DCU & CCU plant of BRPL for production of Needle coke of improved quality using suitable blend of feedstock. Based on the study, BRPL is planning to produce Needle coke on a regular basis.

(b) Since there was no DHDT unit at BRPL, study was carried out to establish HSD blend from Ravva crude to meet the more stringent quality requirement as per Bharat Stage-II HSD specification and also to utilize part of diesel streams from Assam crude (which does not meet BS-II specification) in diesel pool in order to maximize HSD production.

(c) LDO blend was redesigned by changing the blend components & blend mix to produce LDO of better quality with respect to customer requirement.

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

(a) Production of Needle coke has eased out the disposal problem of heavy oil besides value addition.

(b) HSD quality improvement to meet the specified Bharat Stage-II requirement as per Auto Fuel Policy and also upgradation of part of the diesel streams from Assam crude to HSD conforming to BS-II specification.

(c) Improvement in quality of LDO has increased the level of customer satisfaction.

3. **Future Plan:**

BRPL Plans to continue R&D activities through its limited in-house resources primarily for product quality upgradation and value addition. However, since BRPL is a subsidiary of Indian Oil Corporation Ltd. (IOCL), which has a well established R&D division, BRPL shall utilize the R&D facilities of IOCL for optimizing other related R&D objectives.

4. **Expenditure on R&D:**

(Rs. in Lakh)

		2004-05	2003-04
(a)	Capital	**Nil**	Nil
(b)	Revenue	**2.04**	5.15
	Total	**2.04**	5.15

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

- Advance Process Control has been installed and commissioned in Crude Distillation Unit-II and Delayed Coking Unit-II on 25.12.2004 and 29.12.2004 respectively using the license provided by M/s. Yokogawa Ltd.
- ERP has been implemented. ERP has been rolled out at BRPL on 31.03.2005.
- Instrument modernization of Petrochemical instruments and modernization of electrical distribution system in Captive Power Plant are being implemented which would bring in better reliability in the systems.

2. **Benefits derived as a result of the above efforts:**

Implementation of Advance Process Control would improve value addition by process optimization. Implementation of ERP would enable to integrate the various functions of the business processes.

3. **Imported Technology, year of import and absorption of the imported technology:**

There was no import of technology and absorption of imported technology during the year.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange earnings and outgo during the year 2004-05 in comparison to 2003-04 are given below:

(Rs. in Lakh)

			2004-05	**2003-04**
i]	Earnings in Foreign Exchange :			
	a]	Exports	**—**	—
	b]	Others	**—**	—
ii]	Foreign Exchange Outgo:			
	a]	Capital goods	**114.19**	82.12
	b]	Stores & spares	**284.28**	144.10
	c]	Royalty/ know-how	**—**	—
	d]	Professional consultation	**—**	—
	e]	Travelling	**5.66**	14.18
	f]	Registration fees	**—**	—
	g]	Ravva Crude	**71782.53**	53441.03
	h]	Other expenses	**0.87**	—

ANNEXURE –II TO THE DIRECTORS' REPORT

Particulars of employees forming part of Directors' Report for the year ended 31st March 2005 in terms of Section 217 (2a) of the Companies Act, 1956

Name	Designation	Age (Years)	Quali-fication	TOTAL EXPERIENCE (YRS)	DATE OF JOINING	LAST EMPLOYMENT		REMUN-ERATION
						DESIG-NATION	ORGANI-SATION	
1	2	3	4	5	6	7	8	9
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								
Amal Kr. Das	Manager (PR)	60	MA, LL B	31	23.09.82	Public Relations Officer	Ashok Paper Mills, Jogighopa, Bongaigaon	10,78,144/-
Bali Ram Saloi	Project Engineer	60	HSLC, ITI (F), ESC (PART I.)	30	09.03.76	Electrician	Thermal Power Div, Guwahati	6,10,768/-
Damodar Sarma	Rigger/ Technician	46	IX PASS	33	24.11.78	Welder	Mukand Iron & S.W. Pvt. Ltd., BRPL Site	4,81,764/-

ANNEXURE III TO THE DIRECTORS' REPORT

Annual statement showing the representation of SCs, STs and OBCs on 01-01-2005 and number of appointments made during the preceding calendar year 2004

Groups	Representation of SCs/STs/OBCs (As on 01.01.2005)				Number of appointments made during the calendar year 2004									
					By Direct Recruitment				By Promotion			By Deputation/ Absorption		
	Total number of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**
Group A (excluding Directors)	518	68	43	37	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group B	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group C	1155	95	224	182	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group D (Excluding Sweepers)	67	10	23	9	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Group D (Sweepers)	8	7	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	1748	180	290	228	1	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

(1) In Group 'C', 1 unreserved vacancy was filled up during the year

(2) Within Group 'A', promotion being on selection basis, reservation is not applicable. During the period of the report, 116 Officers, including 10 SCs and 17 STs, were promoted within Group 'A' posts.

ANNEXURE IV TO THE DIRECTORS' REPORT

Annual statement showing the representation of SCs, STs and OBCs in various group "A" services as on 1st January 2005 and number of appointments made in the service in various grades in the preceding calendar year 2004

Pay Scale (in rupees)	Representation of SCs/STs/OBCs (As on 01.01.2005)				Number of appointments made during the calendar year 2004									
					By Direct Recruitment				By Promotion			By Deputation/ Absorption		
	Total number of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
12,000-17,500	74	3	9	9	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
13,750-18,700	135	19	10	10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
16,000-20,800	138	28	6	10	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
17,500-22,300	87	9	16	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
18,500-23,900	45	4	2	3	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
19,000-24,750	21	4	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
19,500-25,600	13	1	Nil	3	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
20,500-26,500	5	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total	518	68	43	37	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Note:

(1) The above Pay Scales are IDA pattern for Oil Sector Companies (Revised w.e.f. 01.07.1997)

(2) Within Group 'A', promotion being on selection basis, reservation is not applicable. During the period of report 116 Officers including 10 SCs and 17 STs were promoted within Group 'A' posts.

ANNEXURE V TO THE DIRECTORS' REPORT

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members of Bongaigaon Refinery & Petrochemicals Ltd.

We have examined the compliance of conditions of Corporate Governance by M/s. Bongaigaon Refinery & Petrochemicals Ltd. for the year ended 31st March 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company, with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the 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,

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor's grievance is pending for a period exceeding one month against the Company as per the record maintained by the Shareholders/Investors Grievance Committee.

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 **S. GHOSE & CO.**
Chartered Accountants

Sd/-
CHANDAN CHATTOPADHYAY
Partner

Place : Dhaligaon
Date : 3rd May 2005

Auditors' Report

TO THE MEMBERS OF BONGAIGAON REFINERY & PETROCHEMICALS LTD.

We have audited the attached Balance Sheet of M/S BONGAIGAON REFINERY AND PETROCHEMICALS LIMITED as at 31st March 2005, the Profit and Loss Account and also the Cash flow Statement 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 Companies (Auditor's Report) Amendment Order, 2004 issued by the 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 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, Profit and Loss account and Cash flow Statement 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(v) and 2(vi) below, the Balance Sheet, Profit and Loss Account and Cash flow Statement dealt with by this report comply with the Accounting Standards as referred to in sub-section (3C) of section 211 of the Companies Act 1956;

   (v) As indicated in schedule 'R', para 3.9, DMT production in Petrochemicals units and production in PSF units of the company remain suspended since Decemeber 2004 due to economic reasons after restarting in December 2003.

   (vi) As indicated in Schedule 'R', para 3.3, the Company has fully written off the remaining balances of catalysts amounting to Rs. 212.44 lakhs instead of annual proportionate charge as deferred revenue expenditure. This has resulted to increase in expenditure by Rs. 139.60 lakhs for the year.

   (vii) On the basis of Extra Ordinary Gazette Notification No. G.S.R. 829(E) dated 21-10-2003 issued by the Department of Company Affairs, Govt. of India, the provision of clause (g) of sub-section (1) of section 274 of the Companies Act 1956, regarding "Disqualification of Directors" for appointment as director of a Government Company shall not apply to BRPL, being a Govt. company.

   (viii) As indicated in Schedule 'R', para 4.1.6, balances of Advances, Sundry Debtors, Creditors, Deposits and Stores lying with contractors are not confirmed by the parties. Hence we are not in a position to express any opinion about these balances appearing in the financial statements.

   (ix) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Schedules "A" to "T" enclosed thereto and subject to our comments in Para 2(viii) 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 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 2005;

      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 the Cash flow statement, of the cash flows for the year ended on that date.

For S. GHOSE & CO.
Chartered Accountants

Sd/-
CHANDAN CHATTOPADHYAY
Partner

Place : New Delhi
Date : 16th May 2005

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

(b) The fixed assets are physically verified once in every three years, which is considered reasonable in relation to the size of the company. Discrepancies found on verification is being properly dealt with in the account.

(c) The company has not disposed off substantial part of fixed assets during the year.

(ii) (a) 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.

(b) The procedure of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

(c) The company is maintaining proper records of inventory and discrepanices found in physical vertification have been properly dealt with in the accounts. As stated by the company in clause 2.2(iv) of Notes on Accounts (Schedule R), obsolete and unserviceable items amounting to Rs. 33.10 lakhs have been identified and written off.

(iii) (a) As per information and explanation given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

(e) As per information and explanation given to us, the company has not taken any loans, secured or unsecured from companies, firms, or other parties covered in the register maintained under section 301 of the Companies Act.

(f) Not applicable.

(g) Not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in Internal Control system.

(v) (a) According to the information and explanations given to us, there were no contracts or arrangements during the year that need to be entered into the register maintained under section 301 of the Companies Act, 1956.

(b) Not applicable.

(vi) According to the information and explanations given to us, the company has not accepted any deposits from public during the year.

(vii) In our opinion, and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.

(ix) (a) In our opinion and according to the information and explanations given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other materials statutory dues applicable to it and according to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess were in arrears, as at 31.03.2005 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues outstanding over six months in respect of sales tax, income tax, customs duty, wealth tax, excise duty and cess which have not been deposited on account of any dispute except as stated as contingent liability in para (1) of 'Schedule S' enclosed.

(x) According to the information and explanations given to us, the company has neither any accumulated loss nor incurred cash losses in the current and immediately preceding financial years.

(xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to any financial institution or bank. The company has not issued any debenture.

(xii) As per information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares and debentures. However, the company has granted house-building loans to the employees against security/ mortgage of title deeds of the property. It has been observed that in 189 number of cases of house building loans so granted by the company, certified copies of title deeds have been placed by the company with the notified authority, irrespective of the concerned jurisdictions, for creation of equitable mortgage which is not legally tenable. In the absence of original title deed, IGR (which are presently in possession of employees), should have been kept in the company's safe custody for the purpose of protection of company's interests.

(xiii) The company is neither a chit fund nor a *nidhi*/mutual benefit fund/society. Therefore, the provisions of this clause 4(xiii)(a) to (d) are not applicable.

(xiv) In our opinion and according to the information and explanations given to us, the company is not engaged in dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of this clause 4(xiv) are not applicable.

(xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to information and explanations given to us, the term loans have been applied during the year for the purpose for which they were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no short-term funds have been used for long-term investment.

(xviii) According to the information and explanations given to us, during the period covered by our audit report, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The company has not issued any debenture during the year covered by our audit report.

(xx) The company has not raised any fund by public issue during the year covered by our audit report.

(xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For S. GHOSE & CO.
Chartered Accountants

Sd/-
CHANDAN CHATTOPADHYAY
Partner

Place : New Delhi
Date : 16th May 2005

BALANCE SHEET as at 31st March 2005

(Rs. in Lakh)

	Schedule		March 2005	March 2004
1. **SOURCES OF FUNDS:**				
Shareholders' Funds				
a) Capital	"A"	**19981.79**		19981.79
b) Reserves & Surplus	"B"	**55858.08**		35311.77
			75839.87	55293.56
2. Loan Funds				
a) Secured	"C"	**6245.82**		2596.62
b) Unsecured	"D"	**-**		4485.38
			6245.82	7082.00
3. Deferred Tax Liability (Net)			**7437.66**	7970.62
TOTAL			**89523.35**	70346.18
APPLICATION OF FUNDS:				
1. Fixed Assets	"E"			
a) Gross Block		**92998.24**		92399.60
b) Less: Depreciation		**55669.99**		52590.45
c) Net Block		**37328.25**		39809.15
d) Dismantled Capital Stores		**-**		-
e) Capital Work-in Progress	"F"	**3733.62**		1229.43
			41061.87	41038.58
2. Intangible Assets	"E1"			
a) Gross Carrying Amount		**1067.43**		358.59
b) Less: Accumulated Amortisation		**139.90**		8.96
c) Net Carrying Amount			**927.53**	349.63
3. Investment	"G"		**6682.64**	6615.77
4. Current Assets, Loans & Advances				
a) Inventories	"H"	**72436.89**		47126.37
b) Sundry Debtors	"I"	**17429.27**		9013.50
c) Cash & Bank Balances	"J"	**5339.59**		278.54
d) Other Current Assets - Interest accrued	"K-1"	**11.69**		2.23
e) Loans and Advances	"K"	**12237.54**		12037.33
		107454.98		68457.97
5. Less:				
a) CURRENT LIABILITIES	"L"	**51520.48**		33958.97
b) PROVISIONS		**15133.00**		12443.95
NET CURRENT ASSETS (4 -5)			**40801.50**	22055.05
6. Miscellaneous Expenditure (To the extent not written-off or adjusted)	"L-1"		**49.81**	287.15
TOTAL			**89523.35**	70346.18
7. Statement of Significant Accounting Policies	"Q"			
8. Notes on Accounts	"R"			
9. Statutory Information	"S"			
10. Segment Reporting	"T"			

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
V.N.MURTHY	**R.N.DAS**	**A.K.SARMAH**
Co. Secretary	Director (Finance)	Managing Director

This is the Balance Sheet referred to in our report of even date.

For S. Ghose & Co.
Chartered Accountants

Sd/-
Chandan Chattopadhya
Partner

Place : New Delhi
Date : 16th May 2005

PROFIT AND LOSS ACCOUNT for the year ended on 31st March 2005

(Rs. in Lakh)

	Particulars	Schedule		March 2005	March 2004
1.	**INCOME:**				
	Sale of Products		**499662.91**		320442.63
	Less: Commission & Discounts		**417.62**		49.13
			499245.29		320393.50
	Less: Excise Duty & Cess		**44714.66**		26826.79
				454530.63	293566.71
2.	Net claim from Industry Pool Account			**(219.07)**	(774.52)
3.	Increase/(Decrease) in Stock	"M"		**4913.45**	9,755.54
4.	Interest and Other Income	"N"		**2726.91**	2237.46
	TOTAL INCOME			**461951.92**	304785.19
1.	**EXPENDITURE:**				
	Manufacturing,Administrative, Selling and Other Expenses	"O"		**390612.80**	254871.40
2.	Duties applicable on Products(Net)			**(141.30)**	1300.60
3.	Depreciation and Amortisation	"P-1"		**3185.97**	3011.43
4.	Deferred Revenue Expenditure Written-off	"L-1"		**237.35**	97.74
5.	Interest Payments on:				
	a) Fixed period loans from OIDB		**127.25**		1154.39
	b) Short term loans from Banks		**224.45**		332.73
	c) Others		**13.09**		40.02
			364.79		1527.14
	Less: Interest Capitalised		**1.45**		11.05
				363.34	1516.09
	TOTAL EXPENDITURE			**394258.16**	260797.26
	PROFIT/(-)LOSS FOR THE YEAR			**67693.76**	43987.93
	Income/(Expenses) pertaining to previous years (net)	"P"		**24.10**	(0.66)
	PROFIT/(-) LOSS BEFORE TAX			**67717.86**	43987.27
6.	Less : Provision For Income Tax -				
	Current Year		**20421.15**		11154.11
	Previous Year		**-**	**20421.15**	-
	Less : Deffered Tax				
	Current Year			**(532.96)**	2458.64
				19888.19	13612.75
	PROFIT/(LOSS) AFTER TAX			**47829.67**	30374.52
	Add: Balance brought forward from last year's Account			**-**	-
	DISPOSABLE PROFIT			**47829.67**	30374.52
	APPROPRIATION:				
	Interim Dividend		**11989.07**		5395.09
	Proposed Final Dividend		**11989.07**	**23978.14**	9990.89
	Corporate Dividend Tax on -				
	Interim Dividend		**1592.67**		691.25
	Final Dividend		**1681.47**	**3274.14**	1279.83
	General Reserve			**20577.39**	13017.46
	Profit and Loss Account			**-**	-
				47829.67	30374.52
7.	Statement of Significant Accounting Policies	"Q"			
8.	Notes on Accounts	"R"			
9.	Statutory Information	"S"			
10.	Segment Reporting	"T"			
	Earning Per Share (Rupees) (Basic and Diluted)			**23.94**	15.20
	Face Value per Share (Rupees)			**10.00**	10.00

The Schedules referred to above and Significant Accounting Policies attached form an integral part of the Profit & Loss Account.

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-
V.N.MURTHY	**R.N.DAS**	**A.K.SARMAH**
Co. Secretary	Director (Finance)	Managing Director

This is the Profit & Loss Account referred to in our report of even date.

For S. Ghose & Co.
Chartered Accountants

Sd/-
Chandan Chattopadhya
Partner

Place : New Delhi
Date : 16th May 2005

SCHEDULE "A" - CAPITAL

(Rs. in Lakh)

	March 2005	March 2004
AUTHORISED:		
20,00,00,000 Equity Shares of Rupees ten each	**20000.00**	20000.00
ISSUED,SUBSCRIBED AND PAID-UP:		
19,98,17,900 Equity Shares of Rupees ten each fully paid-up	**19981.79**	19981.79
Out of the above shares, 148,793,826 shares (74.46%) of Rupees ten each are held by Indian Oil Corporation Limited, the Holding Company.	**19981.79**	19981.79

SCHEDULE "B" - RESERVES AND SURPLUS

(Rs. in Lakh)

		March 2005	March 2004
1. General Reserve -			
As per last account	**35311.77**		22294.31
Less: Adj. of Intangible Assets	**31.08**		-
Add: Transfer from Profit & Loss Account	**20577.39**		13017.46
		55858.08	
2. Profit and Loss Account			
As per Annexed Account		**-**	-
		55858.08	35311.77

SCHEDULE "C" - SECURED LOANS

(Rs. in Lakh)

	March 2005	March 2004
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	**5338.88**	1672.46
b) United Bank of India	**825.53**	717.87
c) State Bank of Hyderabad	**81.41**	206.29
	6245.82	2596.62

SCHEDULE "D" - UNSECURED LOANS

(Rs. in Lakh)

	March 2005	March 2004
1. Other Loans and Advances		
(I) From Banks/Financial Institutions:		
OIDB loans*	**-**	4485.38
	-	4485.38
*Out of which due for repayment within one year	**-**	1039.00

SCHEDULE "E" - FIXED ASSETS AS AT 31st March 2005

(Rs. in Lakh)

Sl No	Particulars	Gross Cost As on 1-4-2004	Additions/ Adj during the Period	Sold/Trans during the Period	Gross Block As on 31-03-2005	Depreciation Up to 31-3-2004
1.	Land - Freehold	82.38	–	–	**82.38**	–
	Land - Leasehold	409.21	–	–	**409.21**	–
2 .	Buildings, Roads & Culverts	7453.20	14.44	–	**7467.64**	2028.53
3 .	Railway Sidings	57.75	–	–	**57.75**	54.42
4 .	Plant & Machinery	80288.26	88.55	–	**80376.81**	47942.61
5 .	Furniture & Fixtures	350.76	12.70	(0.98)	**362.48**	282.99
6 .	Equipments & Appliances	3195.90	481.16	(2.30)	**3674.76**	1909.43
7 .	Transport Equipments	111.85	19.42	(14.35)	**116.92**	53.19
8 .	Const. Site Requirements	53.05	–	–	**53.05**	53.05
9 .	Other Capital Expenditures	389.54	–	–	**389.54**	258.53
10.	Sundry Assets	7.70	–	–	**7.70**	7.70
	Grand Total	92399.60	616.27	(17.63)	**92998.24**	52590.45
	Previous Year	88450.19	3976.62	(27.21)	**92399.60**	49561.80

(Rs. in Lakh)

SL No	Particulars	Adjustment of Depreciation for Previous Year	Depreciation Adjustment on Sold/Trans	Depreciation for the year	Total Depreciation up to 31-03-2005	Net Block as on 31-03-2005	Net Block as on 31-3-2004
1 .	Land - Freehold	–	–	–	–	**82.38**	82.38
	Land - Leasehold	–	–	–	–	**409.21**	409.21
2.	Buildings, Roads & Culverts	–	–	136.40	2164.93	**5302.71**	5424.67
3 .	Railway Sidings	–	–	0.43	54.85	**2.90**	3.33
4 .	Plant & Machinery	–	–	2629.64	50572.25	**29804.56**	32345.65
5 .	Furniture & Fixtures	–	(0.75)	45.52	327.76	**34.72**	67.77
6 .	Equipments & Appliances	–	(1.14)	193.60	2101.89	**1572.86**	1286.47
7 .	Transport Equipments	–	(10.60)	8.53	51.12	**65.82**	58.66
8 .	Const. Site Requirements	–	–	–	53.05	**–**	–
9 .	Other Capital Expenditures	–	–	77.91	336.44	**53.09**	131.01
10.	Sundry Assets	–	–	–	7.70	**–**	–
	Grand Total	–	(12.49)	3092.03	55669.99	**37328.25**	39809.15
	Previous Year	(25.56)	51.71	3002.47	52590.45	**39809.15**	38888.39

SCHEDULE “E-1” - INTANGIBLE ASSETS

(Rs. in Lakh)

	Gross Carrying Amount as on 1.4.2004	Additions during the year	Transfer from CWIP	Retirement/ Disposals/ Adj. during the year	Gross carrying amount as on 31.03.2005	Amortisation upto 31.03.04	Adjustments for prev. year	Amortisation during the year	Accumulated Amortisation as on 31.03.2005	Impairment losses	Accumulated impairment losses	Net Carrying Amount as on 31.03.2005
Technical Know-how fees (PSF Modernisation Project)	358.59	-	-	59.18	299.41	8.96	37.00	29.94	75.90	-	-	223.51
Computer Software	-		768.02	-	768.02	-	-	64.00	64.00			704.02
GRAND TOTAL	**358.59**	**-**	**768.02**	**59.18**	**1067.43**	**8.96**	**37.00**	**93.94**	**139.90**	**-**	**-**	**927.53**
PREVIOUS YEAR	-	-	358.59	-	358.59	-	-	8.96	8.96	-	-	349.63

SCHEDULE “F” - CAPITAL WORK-IN PROGRESS

(Rs. in Lakh)

	Note		**March 2005**		March 2004
1. Construction Work-in Progress (Including unallocated Capital expenditure, material at site)		**2834.14**		918.73	
Less: Provision		**245.21**	**2588.93**	186.03	732.70
2. Advance for Capital Expenditure		**311.58**		195.11	
Less: Provision for Doubtful Advances		**45.64**	**265.94**	43.33	151.78
3. Capital Stores	A	**541.00**		278.33	
Less: Provisions for losses		**9.34**	**531.66**	11.53	266.80
4. Capital Stores lying with Holding Company			**-**		-
5. Capital Goods-in-transit			**287.63**		20.14
6. Construction Period Expenses pending allocation:					
Opening Balance		**58.01**		321.97	
Add: Expenditure during the year - (Schedule- “F-1”)		**1.45**		28.05	
		59.46		350.02	
Less: Allocated to Assets during the year		**-**	**59.46**	292.01	58.01
			3733.62		1229.43

Note:

A. (i) Includes stores pending inspection	**353.64**	47.13
(ii) Includes stores lying with contractors	**0.58**	0.58

SCHEDULE “F-I” - CONSTRUCTION PERIOD EXPENSES DURING THE YEAR

(Rs. in Lakh)

		March 2005		March 2004
1. Interest				
a) Current year	**1.45**		11.05	
b) Previuos year	**-**	**1.45**	17.00	28.05
2. Management Expenses		**-**		-
		1.45		28.05

SCHEDULE "G" - INVESTMENT

(Rs. in Lakh)

	March 2005	March 2004
1. QUOTED:	**-**	-
2. UNQUOTED:		
A. Trade Investments:		
i) Petroleum India International (Association of Person- Oil Companies) Seed Capital	**5.00**	5.00
Share in accumulated surplus	**1077.64**	1010.77
B. Fully Paid 6.96% Oil Companies Govt. of India Special Bond 2009	**5600.00**	5600.00
	6682.64	6615.77

SCHEDULE "H" - INVENTORIES

(Rs. in Lakh)

	Note		March 2005		March 2004
1. **In Hand**					
a. Stores, Spares etc.	A	**3487.74**		3490.45	
Less: Provision for Losses		**199.95**		232.12	
			3287.79		3258.33
b. Raw Materials	B		**42443.79**		22056.46
c. Finished Products			**19501.79**		18749.44
d. Stock-in-process			**7158.75**		2997.65
			72392.12		47061.88
2. **Stores with others**			**-**		-
3. **In Transit:**					
a. Stores & Spares			**44.77**		64.49
TOTAL			**72436.89**		47126.37
Note: Includes					
A. (i) Stores, Spares includes stores under inspection			**-**		108.88
(ii) Stores lying with Holding Company			**3.92**		3.92
B. Finished products includes stocks lying at Gauhati and Barauni Ref.			**1280.75**		-
C. (i) Crude lying in pipe line/Tanks owned by Indian Oil Corporation Ltd.			**23063.73**		12956.04
(ii) Crude lying in pipe line owned by Oil India Ltd.			**9177.10**		5502.46
(iii) Para-Xylene in transit			**1839.37**		776.60

SCHEDULE "I" - SUNDRY DEBTORS

(Rs. in Lakh)

	Note		March 2005		March 2004
1. Over Six Months:					
(i) Unsecured,Considered Good		-		-	
(ii) Unsecured,Considered Doubtful		594.21		641.01	
	Total (1)		594.21		641.01
2. Other Debts:					
a) From Holding Comapany -					
Unsecured considered good			16407.29		8111.04
b) From Others -					
(i) Secured considered good		901.88		816.77	
(ii) Unsecured considered good		120.10		85.69	
			1021.98		902.46
	Total (2)		17429.27		9013.50
	Total (1+2)		18023.48		9654.51
Less: Provisions for Doubtful Debts			594.21		641.01
	TOTAL		17429.27		9013.50

SCHEDULE "J" - CASH AND BANK BALANCES

(Rs. in Lakh)

			March 2005		March 2004
1. Cash Balances					
a) Cash Balances including imprest		5.00		2.05	
b) Cheques in hand and in transit		218.29	223.29	196.73	198.78
2. Bank Balances with Scheduled banks:					
a) Current Accounts			63.23		56.06
b) Unclaimed Dividend			52.82		23.45
c) Short Term Deposit			5000.00		-
d) Fixed Deposit			0.25		0.25
	TOTAL		5339.59		278.54

SCHEDULE “K” - LOANS AND ADVANCES

(Rs. in Lakh)

	March 2005		March 2004	
1. Advances recoverable in cash or in kind or for value to be received:				
a) From Holding company -				
(I) Unsecured , considered Good				
Total (a)	-		-	
b) From Others:				
(i) Secured,considered good	3758.66		2950.64	
(ii) Unsecured,considered good	426.65		44.44	
(iii) Unsecured,considered doubtful	72.04		72.47	
Total (b)	4257.35		3067.55	
Total (a+b)	4257.35		3067.55	
Less: Provisions for doubtful loans & Advances	72.04		72.47	
		4185.31		2995.08
2. Amount recoverable from Industry Pool Account (net)		1063.77		1981.88
3. Claims Recoverable:				
a) From Holding Company				
Unsecured - considered good:	4955.82		5939.62	
b) From Others				
(i) Unsecured - considered good:	158.46		96.53	
(ii) Unsecured - considered doubtful:	-		-	
	5114.28		6036.15	
Less: Provisions for doubtful claims	-	5114.28	-	6036.15
4. Balances with Customs,Port trust and Excise Authority:				
(i) Unsecured - considered good:		451.25		127.82
5. Advance Tax	35479.50		14545.62	
Less: Provision for Taxes	34166.88	1312.62	13745.74	799.88
6. Material given on Loan				
a) To Holding Company				
(i) Unsecured - considered good:		13.80		13.80
b) To Others				
(i) Secured - considered good:	10.76		4.55	
(ii) Unsecured - considered good:	13.75		12.55	
		24.51		17.10
7. Deposits				
a) To Holding companies				
i) Secured, considered Good	2.37		2.37	
ii) Unsecured, considered Good	-		-	
b) To Others				
i) Secured - considered good:	2.13		1.86	
ii) Unsecured - considered good:	67.50		61.39	
iii) Unsecured - considered doubtful:	-	72.00	-	65.62
		12237.54		12037.33

SCHEDULE “K-1” - OTHER CURRENT ASSETS

(Rs. in Lakh)

	March 2005		March 2004	
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/Investments		11.69		2.23
		11.69		2.23

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lakh)

		March 2005		March 2004
1. Current Liabilities:				
a) Sundry Creditors -				
(i) Total dues of small scale industrial undertaking(s)	**17.11**		24.37	
(ii) Total dues of creditors other than small scale industrial undertaking(s)	**2275.99**		2137.47	
Total (a)	**2293.10**		2161.84	
b) Other Liabilities	**6472.08**		5559.85	
c) Security Deposits	**334.85**		197.27	
d) Unclaimed Dividend	**52.82**		23.46	
e) Raw Materials				
To Others	**30743.31**		24158.68	
2. Dues to Holding Companies	**11624.32**		1857.87	
3. Crude Oil taken on Loan From Holding Company				
Less: Deposits given	**-**			-
Total current liabilities		**51520.48**		33958.97
4. Provisions:				
a) Provision for Retirement benefit		**1445.19**		1159.79
b) Provision for Taxation	**34166.88**		13745.74	
Less: Advance Tax	**34166.88**	-	13745.74	-
d) Provision for Wealth Tax	**67.08**		49.81	
Less: Advance Payment	**49.81**	**17.27**	36.38	13.43
		-		-
c) Proposed Dividend	**11989.07**		9990.90	
Corporate Dividend Tax	**1681.47**	**13670.54**	1279.83	11270.73
		66653.48		46402.92

SCHEDULE "L-1" - MISCELLANEOUS EXPENDITURE

(Rs. in Lakh)

		March 2005		March 2004
Deferred Revenue Expenditure:				
As per last Account:				
a) Expenditure for EDP softwares etc.	**-**		-	
b) Reformer Catalysts	**212.44**		285.28	
c) Voluntary Retirement Scheme	**74.71**		99.61	
		287.15		384.89
Add: Expenditure during the year -				
Expenditure for EDP softwares etc.	**-**		-	
Voluntary Retirement Scheme	**-**	**-**	-	-
Less: Written-off during the year -				
EDP Software	**-**		-	
Reformer Catalysts	**212.44**		72.84	
Voluntary Retirement Scheme	**24.90**	**237.34**	24.90	97.74
		49.81		287.15

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

(Rs. in Lakh)

		March 2005			March 2004
1.	Closing Stock				
	a) Finished Products	19501.79		18749.44	
	b) Stock-in-process	7158.75		2997.65	
			26660.54		21747.09
2.	Opening Stock				
	a) Finished Products	18749.44		10393.02	
	b) Stock-in-process	2997.65		1598.52	
			21747.09		11991.54
	TOTAL (1- 2)		4913.45		9755.55

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. in Lakh)

		March 2005			March 2004
1.	Interest on:				
	a) Loan and advances	82.14		81.21	
	b) Customers Outstandings (including Tax deducted at source Rs. 0.15 lakh, Previous year Rs. 3.09 lakh)	1.29		15.13	
	c) Others (including Tax deducted at source Rs. 6.43 lakh, Previous year Rs. 6.43 Lakhs)	37.38	120.81	29.00	125.34
2.	Interest on Bonds		389.76		389.55
3.	Income from Investment		66.91		146.60
4.	Recovery for Power Supply		173.14		145.52
5.	Reimbursment of infrustacture cost		1192.23		1051.88
6.	Sale of Scraps		33.62		27.52
7.	Recoveries from Employees		38.76		39.74
8.	Recoveries from Outsiders		276.97		169.25
9.	Recovery of Platinum		-		-
10.	Prov. for Advances Written back		8.79		-
11.	Provisions for Doubtful Debts written back		46.80		89.12
12.	Other Liabilities Written back		338.16		41.15
13.	Provision for Stores written back		40.96		11.79
			2726.91		2237.46

SCHEDULE “O” - MANUFACTURING, ADMINISTRATIVE, SELLING AND OTHER EXPENSES

(Rs. in Lakh)

				March 2005		March 2004
1.	Raw Materials Consumed:					
	Opening Balance		22056.46		9842.53	
	Add: Receipts -					
	Purchase		367571.95		238501.60	
			389628.41		248344.13	
	Less: Closing Stock		42443.79		22056.46	
				347184.62		226287.67
2.	Consumption:					
	a) Stores, Spares and Consumables (Chemicals Rs 806.37 lakh)		1869.30		1492.81	
	b) Packing Materials & Others		214.84		123.82	
				2084.14		1616.63
3.	Power and Fuel:		17495.09		14183.06	
	Less: Fuel for own production		17292.87		13986.53	
				202.22		196.53
4.	Fees and Other Charges			132.70		91.90
5.	HDT Processing Costs			93.71		-
6.	Octroi, other levies and Taxes			12633.01		8146.43
7.	Repairs and Maintenance:					
	Building		239.35		210.21	
	Plant and Machinery		749.68		420.13	
	Others		164.22	1153.25	140.67	771.01
8.	a) Freight and Transportation Charges		13792.23		5410.78	
	b) Demurrage		-	13792.23	-	5410.78
9.	Payments to and Provisions for Employees:					
	a) Salaries,Wages and Other Benefits		7419.08		7992.98	
	b) Contribution to Providend Fund & Others Funds		612.46		551.43	
	c) Welfare Expenses:					
	(I) Medical Expenses	513.56			294.48	
	(ii) Other Welfare Expenses	1461.58			889.78	
	(iii) Group Insurance	18.62			14.50	
	(iv) Gratuity	416.94	2410.70	10442.24	234.18	9977.35
10.	Office Administration, Selling and Other Expenses (Schdule O-1)			2894.68		2373.10
	TOTAL			390612.80		254871.40

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

(Rs. in Lakh)

			March 2005		March 2004
1.	Rent		**30.32**		27.10
2.	Insurance Premium		**574.89**		467.66
3.	Rates and Taxes		**14.18**		19.21
4.	Donations		**26.37**		21.15
5.	Payments to Auditors				
	a) Statutory Audit Fee	**2.00**		2.00	
	b) Tax Audit Fee	**0.50**		0.50	
	c) Cost Audit Fee	**0.50**		0.50	
	d) Other Services	**1.26**		1.73	
	e) Service Tax	**0.48**		0.38	
	f) Out of Pocket Expenses	**3.36**	**8.10**	5.82	10.93
6.	Travelling and Conveyance		**485.48**		285.39
7.	Communiciation Expenses:				
	a) Postage and Telegram	**1.85**		1.74	
	b) Telephone and Telex	**32.35**	**34.20**	30.15	31.89
8.	Vehicle Running Expenses		**139.37**		105.80
9.	Printing and Stationary		**38.96**		29.18
10.	Electricity and Water		**-**		-
11.	Bank Charges		**55.43**		83.23
12.	Bad Debts,Advances & Claims written off		**11.06**		75.60
13.	Provision against Project Expenditure		**59.18**		-
14.	Assets/Stores Written off		**36.19**		63.95
15.	Provision for Doubtful Debts,Advances,Claims etc.		**11.81**		6.70
16.	Provision against Assets		**-**		71.42
17.	Provision For Stores Shortages/Obsolecence (Net)		**6.60**		68.70
18.	Industrial Security Expenses		**598.38**		558.11
19.	Other Expenses:				
	a) Community Development	**108.37**		82.02	
	b) Training Expenses	**84.56**		65.11	
	c) Hire Charges	**10.71**		11.57	
	d) Others	**162.21**		142.08	
	e) Books and Periodicals	**3.68**		3.87	
	f) Advertisement Expenses	**34.58**		30.74	
	g) Publicity and Public Relation	**13.66**		68.81	
	h) Entertainment	**5.25**		5.21	
	i) R & D Expenses	**2.04**		5.15	
	j) Provision for Wealth Tax	**17.27**		13.43	
	k) Octroi,Cess etc.	**7.90**		1.04	
	l) Other Selling Expenses	**313.93**	**764.16**	18.05	447.08
			2894.68		2373.10
20.	Less: Project Management Expenses		**-**		-
	TOTAL		**2894.68**		2373.10

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

(Rs. in Lakh)

	March 2005	March 2004
INCOME:		
Consumption of raw materials	-	-
Depreciation and Amortisation	-	25.56
Interest	10.54	17.00
Stores & Spares	19.48	-
Total Income	30.02	42.56
EXPENDITURE:		
Consumption of raw materials	-	34.84
Stores & Spares	-	8.38
Rent	-	-
Chemicals	-	-
Depreciation and Amortisation	5.92	-
Interest	-	-
Total Expenses	5.92	43.22
NET INCOME/(EXPENDITURE)	24.10	(0.66)

SCHEDULE "P-1" - DETAILS OF DEPRECIATION AND AMORTISATION

(Rs. in Lakh)

	March 2005	March 2004
1. Depreciation & Amortisation of Fixed Assets	3092.03	3002.47
2. Amortisation of Intangible Assets	93.94	8.96
	3185.97	3011.43

SCHEDULE "Q" - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.0 BASIS OF PREPARATION

1.1 The financial statements are prepared under historical cost convention in accordance with the mandatory accounting standards issued by The Institute of Chartered Accountants of India and the provisions of The Companies Act, 1956.

2.0 FIXED ASSETS

2.1 Land

2.1.1 Cost of land deposited with the State Government of Assam is treated as long term leasehold land pending execution of the deeds.

2.2 Construction Period Expenses on Projects.

2.2.1 Revenue expenses 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**.**

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

2.2.3 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.

2.2.4 Fixed assets are verified once in three years. Discrepancies, if any, on verification are adjusted in the books of accounts.

2.3 Depreciation/Amortisation

2.3.1 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/or dismantled.

2.3.2 Assets costing up to Rs. 5000/- are depreciated fully in the year of capitalisation.

2.3.3 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 installments.

2.4 Impairment of Assets

2.4.1 Carrying amount of cash generating units/assets is reviewed for impairment at the end of the year. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

3.0 INTANGIBLE ASSETS

3.1 Costs incurred on technical know-how/license fee relating to production facilities and processes are charged to revenue.

3.2 Costs incurred on technical know-how/license fee relating to process design/plants/facilities are accounted for as "Work-in-progress - Intangible Assets" during the construction period of the said plant/facility. At the time of capitalisation of the said plant/facility, such costs are also capitalized as intangible asset and amortised on a straight line basis over a period of ten years or life of the said plant/facility, whichever is earlier, beginning from the quarter in which the said plant/facility is capitalised.

3.3 Expenditure on Research and Development other than on capital account, are charged to the Profit and Loss Account. Expenditure incurred on capital account are capitalised as fixed assets and is depreciated accordingly.

3.4 Costs incurred on computer software purchased/developed, resulting in future economic benefits are capitalised as Intangible Assets and are amortised over a period of three years beginning from the quarter in which such software is capitalised.

4.0 FOREIGN CURRENCY TRANSLATION

4.1 Transactions in foreign currency are recorded at exchange rates prevailing on the date of transactions.

4.2 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.

4.3 Any gains and losses arising due to exchange differences at the time of translation or settlement are charged to the Profit & Loss Account, except in respect of Fixed Assets.

4.4 Exchange differences arising on liabilities incurred or on repayment of borrowings in foreign currency for acquisition of fixed assets are accounted for in the following manner:

a) In respect of fixed assets acquired from a country outside India exchange differences are adjusted in the carrying cost.

b) In respect of fixed assets acquired within India,

I. Exchange differences on transactions in foreign currency entered prior to 1st April 2004, are adjusted in the carrying cost;

II. Exchange differences on transactions in foreign currency entered on or after 1st April 2004 are recognized in the Profit & Loss account under the head foreign exchange fluctuation or interest cost, as the case may be.

5.0 INVESTMENTS

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

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

6.0 INVENTORIES

6.1 Raw Materials

6.1.1 Crude Oil is valued at cost on first-in first-out basis or net realisable value, whichever is lower.

6.1.2 Paraxylene (purchased), Mono-Ethyl Glycol and Methanol (purchased) are valued at cost on first-in first-out basis or net realisable value, whichever is lower.

6.1.3 Stock in Process is valued at raw material cost plus 50% of the estimated conversion costs as applicable or net realisable value, whichever is lower.

6.2 Stock-in-Trade

6.2.1 Finished Products are valued at cost on first-in first-out method or net realisable value; whichever is lower.

6.2.2 By-products are valued at net realisable value.

6.2.3 Cost of Finished Products internally consumed is determined based on:

Paraxylene - at net variable cost (net of sale value of bye products);

Molten DMT - at cost or net realisable value, whichever is lower reduced by cost of flaking and packing.

Methanol (recovered) – at net realisable value (basic price).

6.3 Stores and Spares

6.3.1 Stores and Spares (including capital stores) are valued at weighted average cost. In case of declared obsolete stores and spares, provision is made for likely loss on sale/disposal and charged to revenue. Further, an adhoc provision @ 5% is also made on the balance stores & spares towards likely diminution in the value.

6.3.2 Stores & Spares in transit are valued at cost.

7.0 DEBTORS

7.1 Specific provision is made on sundry debtors .

8.0 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

8.1 Provisions

Provisions are recognized when there is a present obligation as a result of past event.

8.2 Contingent Liabilities

8.2.1 Show cause Notices issued by various Government Authorities are not considered as obligation.

8.2.2 When the demand notices are raised against such show cause notices and are disputed by the Company, then these demands are classified as obligations.

8.2.3 The treatment in respect of disputed obligations are as under:

a) a provision is recognized in respect of present obligations where the outflow of resources is probable;

b) all other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

8.3 Contingent Assets

8.3.1 Contingent Assets are recognized when there is possibility of an inflow of uncertain economic benefits to the Company.

8.3.2 Contingent Assets are not disclosed in the financial statements.

9.0 CAPITAL COMMITMENTS

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

10. REVENUE RECOGNITION

10.1 Gross sales are net of trade discounts and include inter-alia excise duties and Education Cess.

10.2 Claims on Petroleum Planning and Analysis Cell (formerly Oil Coordination Committee)/Government arising on account of erstwhile 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.

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

10.4 Other claims (including interest on outstanding) are accounted for generally at cost when there is certainty that the claims are realisable.

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

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

10.7 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 the expenditure is incurred.

11. RETIREMENT AND EMPLOYEE’S BENEFITS

11.1 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 & Loss Account.

11.2 Provision towards leave encashment and post retirement benefits to employees is made based on the actuarial valuation as at the end of the year.

Sd/-	Sd/-	Sd/-
V.N.MURTHY	**R.N.DAS**	**A.K.SARMAH**
Co. Secretary	Director (Finance)	Managing Director

EXPLANATORY NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2005

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 long-term 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 Gross block of fixed Assets include an asset (Hook-up facilities for imported crude at Barauni) amounting to Rs. 389.54 lakh (previous year Rs. 389.54 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. 2.3.3).

1.4 Out of the opening balance of 'Intangible Assets' under Schedule "E-1"of Rs. 358.59 lakh relating to 'PSF Modernisation Project', an amount of Rs. 59.18 lakhs has been withdrawn during the current year. Further Rs. 768.02 lakh has been added during the year towards software etc. procured against ERP scheme commissioned during the year, as per Accounting Standard - 26 issued by the Institute of Chartered Accountants of India (refer Significant Accounting Policy no. 3.1.2).

1.5 Rs. 31.08 lakh has been appropriated against the opening balance of Revenue reserves towards amortisation of intangible assets (transitional provisions) as per AS-26.

1.6 The operation of LPG Bottling Plant continued to be operated by M/s IOCL, the Holding Company under an operational agreement.

1.7 The Kerosene Treating Unit (KTU), included in the Fixed Assets (Schedule-'E') of the company has been retired from active service with effect from 21st June 2003. Accordingly a provision of Rs. 71.42 lakh (net book value) has been made in the accounts of 2003-04.

1.8 As per guidelines issued by the Institute of Chartered Accountants of India under AS-28 "Impairment of Assets", the Company has assessed the recoverable amount of the relevant assets and found that there is no indication of impairment exists in relation to its assets as at 31st March 2005.

1.9 The interest (on specific and general borrowings) allocated against capital items amounting to Rs. 1.45 lakh (Previous year Rs. 28.05 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. 2.2.2.).

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.

2.2 Stores and Spares include:

(i) Stores valuing Rs. 1772.74 lakh (Previous year Rs. 1635.84 lakh) have not moved for more than 3 years of which Rs. 1180.85 lakh (Previous year Rs. 1156.35 lakh) not moved for more than 5 years.

(ii) Stores valued at Rs. 681.10 lakh (Previous year Rs. 742.73 lakh) have been identified as surplus as at the end of the year. During the year surplus valuing Rs. 63.06 lakh (Previous year Rs. 36.53 lakh) has been disposed off leaving items worth of Rs.3.18 lakh (Previous year Rs. 3.18 lakh) reserved for maintenance/projects.

(iii) A provision @ 5% of Rs. 178.84 lakh (previous year Rs. 174.95 lakh) on balances of stores and spares 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 of Rs. 30.45 lakh (previous year Rs. 68.70 lakh) made under Accounting Policy no. 6.3.1.

(iv) An action plan has been drawn for identification of obsolete/damaged/unserviceable items and for making necessary adjustment thereof. During the year obsolete/unserviceable items amounting to Rs. 33.10 lakh (previous year Rs. 58.16 lakh) have been identified and written off.

2.3 Loans and advances recoverable from employees include an amount of Rs. 0.38 lakh due from Directors and Ex-Director (Previous year Rs. 0.74 lakh); maximum balance outstanding at any time during the year was Rs. 0.74 lakhs (Previous year Rs. 1.55 lakh).

2.4 As at the year end provision of Rs. 594.21 lakh (previous year Rs. 641.01 lakh) has been made for all doubtful debts as per Accounting Policy no. 7.

2.5 Liquidated damages and late delivery charges/penalty recovered from the parties are adjusted with related contracts/works.

2.6 The names of small scale industrial undertakings to whom the Company owe sum which is outstanding for more than 30 days are as under:

Amir Industries, Associated Industries, Esardsons, Fix Fit Fasteners Mfg. Pvt. Ltd., Jain Traders, Kalyani Engineering Works, Weston Engineers, Newage Industries, Filtech (India),

2.7 Amount receivable from and payable to M/S Indian Oil Corporation Ltd. (Holding Company) as on 31st March 2005 have been disclosed under relevant accounts.

2.8 Related party disclosure as per Accounting Standard-18 issued by the Institute of Chartered Accountants of India is given in Annexure at page 25 (E-37 here).

3.0 PROFIT & LOSS ACCOUNT

3.1 Sales include inter-alia, Excise Duty, Cess and Freight wherever applicable but exclude sales tax amounting to Rs. 13911.94 lakh (previous year Rs. 9446.15 lakh) is not included in the Sale of Products.

3.2 An amount of Rs. 18.06 lakh has been debited to the Profit & Loss account for the period arising out of foreign currency exchange differences in relation to payments of Ravva crude.

3.3 Remaining balances of catalysts charged to the unit amounting to Rs. 212.44 lakh fully debited to Profit & Loss Account instead of proportionate charge as deferred revenue expenditure as was the practice earlier. This change has resulted to increase in expenditure by Rs. 139.60 lakh for the year.

3.4 Net claim from Industry Pool Account of Rs. (-) 219.07 lakh (previous year Rs. (-) 774.52 lakh) is relating to previous years.

3.5 Government of India has announced 50% Excise Duty concessions for products cleared from Northeast refineries w.e.f. 1st March 2002, which has enhanced the profit for the year 2004-05 by Rs. 42826.79 lakh (previous year Rs. 35526.36 lakh). This amount has been clubbed, in Schedule “S”, with Gross Sales.

3.6 Government of Assam has introduced Entry Tax on crude oil @ 4% w.e.f. 01-10-2004, which is reduced to 2% w.e.f. 19-03-2005. This has resulted in reduction of profit by Rs. 4690 lakh up to 31-03-2005.

3.7 An amount of Rs. 12402.13 lakh has been charged to Profit & Loss account towards irrecoverable CST on petroleum products moved out of the State of Assam.

3.8 Transportation cost of Ravva crude being shared by all the four refineries of North East, i.e., Guwahati and Digboi refineries of IOCL, NRL and BRPL as per instruction of the Ministry of Petroleum & Natural Gas vide letter no. P-20029/67/02-PP dated 18th February 2003. (The settlement is provisional).

3.9 Production in Petrochemicals and PSF units remain suspended since December 2004 due to economic reasons after restarting in December 2003. However, there is no impairment loss on these assets. Reformer unit of Xylenes plant continues to run to produce MS.

3.10 The Gross Liabilities for employees’ up to 31-3-2005 on account of gratuity Rs. 2971.37 lakh (previous year Rs. 2309.11 lakh), leave encashment Rs. 1148.06 lakh (previous year Rs. 950.64 lakh), medical benefits of ex-employees Rs. 174.13 lakh (previous year Rs. 97.15 lakh) and other benefits to employees on retirement Rs. 123.00 lakh (previous year Rs. 112.00 lakh) have been determined on actuarial valuation basis. Liability for unavailed LTC for employees amounting to Rs. 257 lakh (previous year Rs. 39.40 lakh) has been provided for during the year on estimation basis.

3.11 The Company, in the absence of any notification as required under section 441A (1) of the Companies Act, 1956 has not provided any amount towards cess for Rehabilitation and Revival Fund.

3.12 (a) Deferred Tax liability (net) as on 31.03.05 has been determined at Rs. 7438 lakh.

The break-up of this major component comprises as hereunder:

(Rs. in Lakh)

	2004-05	2003-04
Deferred Tax Assets -		
- Carried forward losses	**-**	-
- Unabsorbed depreciation	**-**	-
- Under Section 43B of the Income Tax Act	**358**	282
- Other Provisions	**509**	550
	867	832
Deferred Tax Liability:		
- Depreciation on account of timing difference	**8196**	8616
- Others	**109**	187
	8305	8803
Deferred Tax Liability (Assets) (net) as on 31-03-05	**7438**	7971

(b) The net effect of setting off Deferred Tax assets and liabilities during the year amounting to Rs. (-) 532.96 lakh (previous year Rs. 2458.64 lakh) has been taken as Deferred Tax Expenses/(Income) in the Profit & Loss Account.

3.13 Calculation of Earning per share:

	Current Year	Previous year
Net Profit/(Loss) loss as per Profit & Loss Account - Rs. lakhs	**47830**	30374
Share Capital (face value Rs 10/- each) Nos.	**199817900**	199817900
Basic earning per Share Rs.	**23.94**	15.20
Diluted earning per Share Rs.	**23.94**	15.20

4. GENERAL

4.1 There is no such change in the Accounting Policy followed by the Company during the year, as may have any material effect in the financial statements of the Company.

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 2005.

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.

Annexure to Schedule "R" (item no. 2.3 and 2.8) Related Party Disclosures [as per AS-18] 31.03.2005

(Figures in Rupees)

Name of the related Party	Nature of Transaction	Amount of Transaction	Outstanding Balance As at 31.03.2005	Outstanding Balance As at 31.03.2004
Shri A.K. Sarmah	Salaries & Allowance	176,607	–	–
Managing Director	HBA [P]	–	–	–
	HBA [I]	–	–	–
	Recovery on Furniture on Hire	–	–	–
Shri R.M. Hazarika	Salaries & Allowance	1,132,636	–	–
Director (Operations)	HBA [P]	–	–	–
	HBA [I]	–	–	–
	Recovery on Furniture on Hire	9,865	–	–
Shri R.N. Das	Salaries & Allowance	1,049,930	–	–
Director (Finance)	HBA [P]	–	–	–
	HBA [I]	–	37,866	73,866
	Recovery on Furniture on Hire	9,058	–	–
Shri B.K. Gogoi	Salaries & Allowance	1,426,545	–	–
Ex-C&MD	HBA [P]	–	–	–
	HBA [I]	–	–	–
	Recovery on Furniture on Hire	9,897	–	–
Shri R.D. Shira	Salaries & Allowance	262,450	–	–
Ex-Director (Production)	HBA [P]	–	–	–
	HBA [I]	–	–	–
	Recovery on Furniture on Hire	924	–	–
Shri D.K. Borgohain	Salaries & Allowance	300	–	–
Ex-Director (Commercial)	HBA [P]	–	–	–
	HBA [I]	–	–	–
	Recovery on Furniture on Hire	–	–	–
Shri K.C. Senapati	Salaries & Allowance	1,129	–	–
Ex-Director (Finance)	HBA [P]	–	–	–
	HBA [I]	–	–	–
	Recovery on Furniture on Hire	–	–	–
Shri K.R. Pillai	Salaries & Allowance	4,851	–	–
Ex-Director - Human Resource	HBA [P]	–	–	–
	HBA [I]	–	–	–
	Recovery on Furniture on Hire	–	–	–

STATUTORY INFORMATION PURSUANT TO PART - I AND PART - II OF SCHEDULE VI OF THE COMPANIES ACT 1956

SCHEDULE - “S”

(Rs. in Lakh)

		2004-05		2003-04
1. Contingent Liabilities not provided for:				
a. Claims not acknowledged as debts:				
(i) Income Tax Demand lying with:				
a) Commissioner of Income Tax(Appeal)	**-**		-	
b) Income Tax Appeallate Tribunal Gauhati Bench	**3786.35**		3786.35	
c) Guwahati High Court	**895.70**		-	
d) Supreme Court of India	**1064.61**	**5746.66**	1064.61	4850.96
(ii) Sales Tax Demand lying with Supreme Court		**-**		3287.00
(iii) Excise Duty demand lying with:				
a) Commissioner of Excise, Shillong	**3188.58**		271.16	
b) Commissioner of Appeals, Guwahati	**-**		-	
c) CESTAT, Kolkata	**771.79**	**3960.37**	521.54	792.70
(iv) Custom Duty demand lying with:				
a) Asstt./Dy. Commissioner of Customs, Kolkata	**112.88**		124.19	
b) Commissioner of Customs, Kolkata	**106.27**	**219.15**	106.27	230.46
(v) Service Tax		**-**		-
(vi) Legal Claims lying with:				
a) High Court Guwahati	**54.45**		72.30	
b) High Court Kerala	**0.42**		0.42	
c) District Judge Bongaigaon	**69.27**		54.38	
d) Civil Judge Bongaigaon	**14.27**		52.28	
e) Tribunal, Bongaigaon	**-**		5.00	
f) Consumer Dispute, Kamrup	**-**		2.82	
g) Sole Arbitrator, Bongaigaon	**-**		-	
h) ICA, New Delhi	**-**		-	
i) Sole Arbitrator, Guwahati	**-**	**138.41**	19.62	206.82
(vii) Other claim		**5434.00**		5434.00
b. Bill Discounting		**-**		-
c. Outstanding Letter of Credit		**41.26**		65.38
d. Counter Guarantee to SBI/UBI		**-**		-
		15539.85		14867.32
2. Estimated amount of Contracts remaining to be executed on capital Account		**1916.16**		244.11
3. Directors’ Remuneration:				
a. Salaries & Allowances		**34.37**		19.74
b. Contribution to PF/Pension Fund		**3.16**		1.94
c. Other Perquisites		**3.01**		2.62
d. Gratuity		**3.50**		-

In addition, the full time Directors are entitled to free medical treatment, leave travel concession, Gratuity and also use of company’s car for non-duty journeys upto 9000 KM per annum on a payment of Rs. 3,000/4,800 per annum (w.e.f. Feb.’05 Rs. 6240 p.a.) recovered in equal monthly instalment.

SCHEDULE "S" (Contd.)

(Rs. in Lakh)

		2004-05	2003-04
4.	**C.I.F. Value of Imports:**		
	a. Capital Goods	**114.19**	82.12
	b. Stores and Spares	**284.28**	144.10
5.	**Expenditure in Foreign Currency (on accrual basis):**		
	a. Royalty/Know-how	**-**	-
	b. Professional Consultation Fees	**-**	-
	c. Travelling	**5.66**	14.18
	d. Registration Fees	**-**	-
	e. Ravva Crude payment	**71782.53**	53441.03
	f. Other Expenses	**0.87**	-
6.	**Earnings in Foreign Exchange (on accrual basis):**	**-**	-
7.	**Installed Capacity and Licensed Capacity (MT):**		
	a. Crude Throughput	**2,350,000**	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	**434,539**	416,412
	2. Middle Distillates	**1,509,971**	1,408,750
	3. Heavy Ends	**236,303**	176,485
	TOTAL	**2,180,813**	2,001,647
	B. PETROCHEMICALS:		
	1. Return Stream Naphtha	**96,928**	108,626
	2. Para-xylene	**-**	-
	3. Ortho-xylene	**-**	-
	4. Cee-Nine	**-**	-
	5. Cee-Seven	**-**	-
	6. D.M.T.	**23,581**	7,696
	7. DMT Residue	**12**	-
	8. Mixed Xylene	**-**	-
	TOTAL	**120,521**	116,322
	C. POLYESTER STAPLE FIBRE:		
	1. Polyester Staple Fibre	**23,251**	6,666
	2. Methanol	**7,960**	2,395
	3. Waste Fibre	**1,523**	409
	TOTAL	**32,734**	9,470
	TOTAL (A+B+C)	**2,334,068**	2,127,439

SCHEDULE "S" (Contd.)

	2004-05 MT	2004-05 Rs. in Lakh	2003-04 MT	2003-04 Rs. in Lakh
9. Opening Stock of Goods Produced:				
A. REFINERY:				
1. Light Distillates	**28,030**	**3910.83**	20,428	2746.70
2. Middle Distillates	**71,418**	**10107.54**	38,164	5259.75
3. Heavy Ends	**31,271**	**2212.64**	19,333	1612.45
TOTAL	**130,719**	**16231.01**	77,925	9618.90
B. PETROCHEMICALS:				
1. Return Stream Naphtha	**330**	**37.48**	249	29.05
2. Para-xylene	**-**	**-**	1,661	390.23
3. Ortho-xylene	**63**	**19.67**	63	19.50
4. Cee-Nine	**-**	**-**	55	14.16
5. Cee-Seven	**-**	**-**	9	1.65
6. D.M.T. + Molten DMT	**548**	**197.69**	200	54.64
7. Mixed Xylene	**-**	**-**	42	10.63
TOTAL	**941**	**254.84**	2,279	519.87
C. POLYESTER STAPLE FIBRE:				
1. Polyester Staple Fibre	**3135**	**1967.55**	109	61.29
2. Methanol	**765**	**107.12**	1,025	112.80
3. Waste Fibre	**772**	**188.92**	363	80.16
TOTAL	**4,672**	**2263.59**	1,497	254.25
TOTAL (A+B+C)		**18749.44**		10393.02
10. Closing Stock of Goods Produced:				
A. REFINERY:				
1. Light Distillates	**24,122**	**5288.36**	28,030	3910.83
2. Middle Distillates	**54,924**	**11705.15**	71,418	10107.54
3. Heavy Ends	**16,819**	**1899.56**	31,271	2212.64
TOTAL	**95,865**	**18893.07**	130,719	16231.01
B. PETROCHEMICALS:				
1. Return Stream Naphtha	**1523**	**283.46**	330	37.48
2. Para-xylene	**-**	**-**	0	0.00
3. Ortho-xylene	**63**	**19.67**	63	19.67
4. Cee-Nine	**-**	**-**	-	-
5. Cee-Seven	**-**	**-**	-	-
6. D.M.T. + Molten DMT	**178**	**75.25**	548	197.69
7. Mixed Xylene	**-**	**-**	-	-
TOTAL	**1,764**	**378.38**	941	254.84

SCHEDULE "S" (Contd.)

	2004-05 MT	2004-05 Rs. in Lakh	2003-04 MT	2003-04 Rs. in Lakh
C. POLYESTER STAPLE FIBRE:				
1. Ployester Staple Fibre	**11**	**6.76**	3135	1967.55
2. Methanol	**820**	**127.79**	765	107.12
3. Waste Fibre	**315**	**95.79**	772	188.92
TOTAL	**1,146**	**230.34**	4,672	2263.59
TOTAL (A+B+C)		**19501.79**		18749.44
11. Sale of Goods Produced:				
A. REFINERY:				
1. Light Distillates	**314,286**	**60007.58**	289,079	41085.25
2. Middle Distillates	**1,526,465**	**293535.17**	1,375,496	187995.47
3. Heavy Ends	**188,765**	**16346.16**	126,644	10112.65
NET SALES:	**2,029,516**	**369888.91**	1,791,219	239193.37
EXCISE DUTIES & CESS		**43162.15**		26607.30
Gross Sales Refinery	**2,029,516**	**413051.06**	1,791,219	265800.67
B. PETROCHEMICALS:				
1. Return Stream Naphtha (Sold as MS)	**95,735**	**20466.24**	108,545	16510.60
2. C-8R and DSN (Sold as MS)	**15,071**	**3221.88**	-	-
3. Cee Seven (sold as MS)	**-**	**-**	9	1.43
4. Ortho-xylene	**-**	**-**	-	-
5. Cee-Nine (sold as MS)	**-**	**-**	55	8.31
6. Cee-Seven	**-**	**-**	-	-
7. D.M.T.	**-**	**-**	-	-
8. DMT Residue	**12**	**30.36**	-	-
9. Mixed Xylene (sold as MS)	**-**	**-**	42	6.37
10. MR Naphtha (sold as MS)	**-**	**-**	74	11.22
NET SALES:	**110,818**	**23718.48**	108,725	16537.93
EXCISE DUTIES & CESS		**2.43**		-
Gross Sales Petrochemicals	**110,818**	**23720.91**	108,725	16537.93
C. POLYESTER STAPLE FIBRE:				
1. Regular Fibre	**26,375**	**17788.26**	3640	2342.37
2. Methanol	**-**	**-**	90	15.81
3. Waste Fibre	**1,980**	**725.81**	-	-
NET SALES:	**28,355**	**18514.07**	3,730	2358.18
EXCISE DUTIES & CESS		**1,550.08**		219.49
Gross Sales PSF	**28,355**	**20064.15**	3,730	2577.67
TOTAL NET SALES:		**412121.46**		258089.48
TOTAL EXCISE DUTIES & CESS		**44714.66**		26826.79
TOTAL SALES		**456836.12**		284916.27
North-East Adjustment		**42826.79**		35526.36
GRAND TOTAL		**499662.91**		320442.63

SCHEDULE "S" (Contd.)

		2004-05 MT	2003-04 MT
12.	**Inter Unit Transfer of products:**		
a.	Reformer Naphtha to Petrochemicals (Net)	**13355**	11006
b.	Raw Petroleum coke to Calcination Unit	**12816**	6061
c.	Low Sulphur Heavy Stock:		
	1. To Coke Calcination Unit	**145**	109
	2. To LPG bottling plant	**366**	-
	3. To Petrochemicals Unit	**24318**	18910
	4. To Polyester Staple Fibre	**18856**	9952
d.	Paraxylene to DMT	**-**	1661
e.	Refinery Gas:		
	1. To Coke Calcination Unit	**122**	55
	2. To LPG bottling plant	**56**	-
	3. To Petrochemicals Unit	**3131**	1988
	4. To Polyester Staple Fibre	**2180**	828
f.	DMT to PSF Unit	**23951**	7348
g.	Methanol to Petrochemicals	**7905**	2565

13. CONSUMPTION OF RAW MATERIALS (PURCHASED):

		2004-05 MT	2004-05 Rs. in Lakh	2003-04 MT	2003-04 Rs. in Lakh
a.	Crude Oil - Indigenious	**2,311,245**	**336471.84**	2,063,968	216986.82
b.	Crude Oil - Imported	**-**	**-**	62,715	6908.55
c.	CLO	**789**	**124.21**	-	-
d.	Methanol	**2,185**	**366.17**	1,113	170.51
e.	Mono Ethylene Glycol	**8,197**	**4224.94**	2,632	986.04
f.	Para-xylene -Indigenous	**1,040**	**482.95**	1,691	567.28
g.	Para-xylene -Imported	**14,390**	**5514.51**	1,959	657.21
h.	MR Naphtha	**-**	**-**	74	11.26
			347184.62		226287.67

	2004-05 %	2004-05 Rs. in Lakh	2003-04 %	2003-04 Rs. in Lakh
Imported	**1.59**	**5514.51**	3.34	7565.76
Indigenous	**98.41**	**341670.11**	96.66	218721.91
	100.00	**347184.62**	100.00	226287.67
14. CONSUMPTION OF STORES AND SPARES:				
Imported	**15.68**	**202.29**	17.57	142.52
Indigenous	**84.32**	**1087.89**	82.43	668.51
	100.00	**1290.18**	100.00	811.03

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 2005		

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

Public Issue	Right Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III. Position of Mobilisation and Deployment of Funds:

Total Liabilities	Total Assets
8952335	8952335

Sources of Funds:

Paid-Up Capital	Reserves & Surplus
1998179	5585808
Secured Loans	Unsecured Loans
624582	-

Application of Funds:

Net Fixed Assets	Investments	Net Current Assets
4198940	668264	4080150
Misc. Expenditure	Accumulated Losses	Deferred Tax Liability
4981	NIL	743766

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

Turnover	Total Expenditure
49924529	39425816
+/- Profit/Loss Before Tax	+/- Profit/Loss After Tax
+ 6771786	+ 4782967
Earning per share in Rs.	Dividend Rate %
23.94	120

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. Chirang,
Assam. Pin-783 385

We have examined the attached Cash Flow Statment of M/s Bongaigaon Refinery & Petrochemicals Limited for the period ended 31.3.2005. 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 even date to the members of the Company.

For S. GHOSE & CO.
Chartered Accountants

Sd/-
CHANDAN CHATTOPADHYAY
Partner

Dated, the 16th May, 2005
Place : New Delhi

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31ST MARCH, 2005

(Rs. in lakh)

		2004-05		2003-04
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before Tax and Extraordinary Items		**67718**		43987
Adjustment for:				
Depreciation & W/O	**3429**		3155	
Investment	**-**			
Interest Income	**(467)**		(537)	
Interest Expenses	**363**	**3325**	1516	4134
Operating Profit before Working capital changes		**71043**		48121
Adjustment for:				
Trade and Other receivables	**(8113)**		20245	
Inventories	**(25311)**		(21335)	
Trade Payables	**17851**	**(15573)**	(21937)	(23027)
Cash Generated from Operation		**55470**		25094
Direct Tax paid	**(20947)**	**(20947)**	(11309)	(11309)
Cash Flow before Extraordinary Items		**34523**		13785
Extraordinary Items		**-**		-
Net Cash Flow from Operating Activities		**34523**		13785
B. CASH FLOW FROM INVESTING ACTIVITIES:				
Purchase of Fixed Assets	**(3812)**		(586)	
Sale of Fixed Assets	**-**		-	
Acquisitions of Companies	**-**		-	
Purchase of Investments	**-**		-	
Increase in accumulated Investments (PII)	**(67)**		(97)	
Interest Received	**467**		537	
Dividend Received			-	
Net Cash Flow from Investing Activities		**(3412)**		(146)
C. CASH FLOW FROM FINANCING ACTIVITIES:				
Proceeds from issue of Share Capital	**-**		-	
Proceeds from borrowings	**(836)**		(10693)	
Repayment of Finance Lease Liabilities	**-**		-	
Dividend Paid	**(24852)**		(12173)	
Interest Paid	**(363)**		(1516)	
Net cash used in Financing Activities		**(26051)**		(24382)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**5061**		(10742)
CASH AND CASH EQUIVALENTS AS AT 1.04.2004		**279**		11021
CASH AND CASH EQUIVALENTS AS AT 31.03.2005		**5340**		279

Sd/-	Sd/-	Sd/-
V.N.MURTHY	**R.N.DAS**	**A.K.SARMAH**
Company Secretary	Director (Finance)	Managing Director

SCHEDULE "T" - BUSINESS SEGMENTS REPORT FOR THE YEAR ENDED ON 31st MARCH 2005

(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	318586	**481344**	54	**116**	2555	**19715**	321195	**501175**
Inter-segment Revenue	2892	**5267**	10009	**16797**	371	**1143**	13272	**23207**
Total Revenue	321478	**486611**	10063	**16913**	2926	**20858**	334467	**524382**
RESULT:								
Segment Results	47609	**70426**	1166	**1357**	(3932)	**(4303)**	44843	**67480**
Unallocated Corporate Expenses								
Operating Profit / (loss)	47609	**70426**	1166	**1357**	(3932)	**(4303)**	44843	**67480**
Interest Expenses	-		-		-		(1516)	**(363)**
Interest /Dividend Income							661	**577**
Income Taxes							(11154)	**(20421)**
Deffered tax-liability							(2459)	**533**
Profit from Ordinary Activities	-	**-**	-	**-**	-	**-**	-	**-**
Extra-ordinary Items			-	**-**	-		(1)	**24**
Net Profit	47609	**70426**	1166	**1357**	(3932)	**(4303)**	30374	**47830**
OTHER INFORMATION:								
Segment Assets	86296	**116379**	8220	**10641**	13021	**12027**	107537	**139047**
Unallocated Corporate Assets							7696	**13347**
Total Assets	86296	**116379**	8220	**10641**	13021	**12027**	115233	**152394**
Segment Liabilities	32306	**50081**	1183	**1262**	1630	**1623**	35119	**52966**
Unallocated Corporate Liabilities							11284	**13688**
Total Liabilities	32306	**50081**	1183	**1262**	1630	**1623**	46403	**66653**
Capital Expenditure	227	**1804**	13	**329**	32	**65**	272	**2199**
Depreciation	2219	**2270**	263	**263**	529	**653**	3011	**3186**
Non-cash Expenses other than Depreciation								

RECONCILIATION STATEMENT WITH AGGREGRATE FINANCIAL RESULTS:

		Rs. in Lakh
	2004-05	2003-04
Income		
External Sales/Income	**499245**	320393
Net Claim from Industry Pool Account	**(219)**	(775)
Other Income (excluding Interest)	**2149**	1576
Total	**501176**	321194
Operating Expenses	**430272**	273242
Depreciation	**3186**	3011
Amortisation	**237**	98
Interest Income	**(577)**	(661)
Interest Expenses	**363**	1516
Prior period Income (net)	**(24)**	1
Corporate tax (incl. Deffered Tax)	**19888**	13613
Total	**453346**	290820
Net profit	**47830**	30374

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) North East benefit
   d) Other income (excluding interest income,dividend income)
3. Segment Revnue results , assets and liabilities include the respective amounts identifiable to each of the segment and common facilities/amounts allocated on a reasonable basis

INCOME AND EXPENDITURE ON SOCIAL OVERHEADS AS ALLOCATED AND COMPUTED BY MANAGEMENT FOR THE YEAR ENDED ON 31st MARCH, 2005

(Rs. in Lakh)

	CURRENT YEAR	PREVIOUS YEAR
INCOME:		
Rent for quarters	**30.22**	30.27
Charges for Electricity and Water	**16.00**	17.22
Excess of Expenditure over Income	**1672.82**	1209.34
	1719.04	1256.83
EXPENDITURE:		
Repairs and Maintenance	**356.06**	270.67
Medical Facilities	**829.73**	537.38
Educational Facilities	**266.93**	186.44
Social and Cultural Activities	**22.94**	25.35
Club and Recreation Facilities	**8.85**	7.22
Depreciation	**144.91**	144.07
Transport Hire (Bus)	**11.23**	11.40
Security Expenses	**57.63**	50.59
Others	**20.76**	23.71
	1719.04	1256.83

AS ALLOCATED AND COMPUTED BY THE MANAGEMENT AS AT 31st MARCH 2005

(Rs. in Lakh)

DESCRIPTION	GROSS BLOCK			DEPRECIATION	NET BLOCK	
	AS AT 01.04.04	ADDITION/ TRANSFER	AS AT 31.03.05	UPTO 31.03.05	AS AT 31.03.05	AS AT 31.03.04
LAND	76.55	0.00	76.55	0.00	76.55	76.55
BUILDINGS, ROADS ETC.	4423.77	11.17	4434.94	1183.05	3251.89	3312.93
PLANT AND MACHINERY	995.00	(0.44)	994.56	732.53	262.03	311.66
FURNITURE AND FIXTURE	78.35	1.48	79.83	75.93	3.90	8.83
EQUIPMENT AND APPLIANCES	526.64	5.12	531.76	375.19	156.57	168.03
TRANSPORT EQUIPMENTS	6.13	0.00	6.13	2.24	3.89	4.41
CAPITAL WORK -IN- PROGRESS	1.44	619.07	620.51		620.51	1.44
TOTAL	6107.88	636.40	6744.28	2368.94	4375.34	3883.85
Previous Year	6067.96	39.92	6107.88	2224.03	3883.00	3988.00

Review of Accounts of Bongaigaon Refinery & Petrochemicals Ltd. for the year ended 31st March 2005 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)

	2002-03	2003-04	**2004-05**
Liabilities			
(a) Paid up Capital			
Government	148.79	148.79	**148.79**
Others	51.03	51.03	**51.03**
(b) Reserves & Surplus			
(i) Free Reserves & Surplus	222.94	353.12	**558.58**
(c) Borrowings from :			
(i) Oil Industry Development Board	177.74	44.85	**–**
(ii) Banks (Cash Credit)	0.01	25.97	**62.46**
(d) Current Liabilities & Provision	631.43	464.03	**666.53**
(e) Deferred tax liability	55.12	79.71	**74.38**
TOTAL	1287.06	1167.50	**1561.77**
Assets			
(f) Gross Block	884.50	924.00	**929.98**
(g) Less: Cumulative Depreciation	495.62	525.90	**556.70**
(h) Net Block	388.88	398.10	**373.28**
(i) Construction Works-in-Progress and capital goods in stock	49.51	12.29	**37.34**
(j) i) Intangible Assets (Gross carrying amount)	–	3.59	**10.67**
ii) Less: Accumulated amortisation	–	0.09	**1.40**
iii) Net carrying amount	–	3.50	**9.27**
(k) Misc. Expenditure to the extent not written off.	3.85	2.87	**0.50**
(l) Investments	65.19	66.16	**66.83**
(m) Current Assets, Loans and Advances	779.63	684.58	**1074.55**
TOTAL	1287.06	1167.50	**1561.77**
(n) Working Capital (m-d)	148.20	220.55	**408.02**
(o) Capital Employed (h+n)	537.08	618.65	**781.30**
(p) Net Worth [a+b-j(iii)-k]	418.91	546.57	**748.63**
(q) Net Worth per rupee of paid up capital (in Rupees)	2.10	2.74	**3.75**

2. WORKING RESULTS

(Rs. in Crore)

	2002-03	2003-04	**2004-05**
(i) Sales	1861.69	2849.16	**4992.45**
(ii) Less: Excise Duty	140.51	268.27	**447.15**
(iii) Net Sales	1721.18	2580.89	**4545.30**
(iv) Other Income	217.18	377.64	**27.27**
(v) Claim from Industry Pool Account	1.68	(-) 7.75	**(-) 2.19**
(vi) Profit/(Loss) before Tax and Prior Period Adjustment	309.64	439.88	**676.94**
(vii) Prior Period Adjustment	(1.93)	(0.01)	**0.24**
(viii) Profit/(Loss) before Tax	307.71	439.87	**677.18**
(ix) Tax provision	129.26	136.13	**198.88**
(x) Profit after Tax	178.45	303.74	**478.30**
(xi) Proposed Dividend including Tax on Dividend	60.86	173.57	**272.52**

Profit for the year may be viewed in the light of 50% excise duty exemption available for products cleared from North Eastern Refineries amounting to Rs. 428.27 crore as against Rs. 355.26 crore for 2003-04.

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)

	2002-03	2003-04	**2004-05**
A. Liquidity Ratio			
Current Ratio	123	147	**161**
B. Debt Equity Ratio			
Long term Debt to Equity	10.71	6.30	**–**
C. Profitability Ratio			
a) Profit before Tax to			
i) Capital Employed	56.26	71.10	**86.67**
ii) Net worth	73.45	80.48	**90.46**
iii) Sales	16.51	5.44	**14.90**
b) Profit after tax to Equity Capital	89.31	152.01	**239.37**
c) Earnings per share (Rupees)	8.93	15.20	**23.94**

4. SOURCES AND UTILISATION OF FUNDS

Funds amount to Rs. 507.14 crore from internal and external sources were generated and utilised during the year as shown below:

Source of Funds:		(Rs. in crore)
Funds Generated from Operations:		
Profit after tax	478.30	
Less: Deferred tax	5.33	
	472.97	
Add: Depreciation & amortisation	30.80	503.77
Misc. Expenditure written off		2.37
Intangible assets written off	1.31	
Less: Adjustment from General Reserve	0.31	1.00
Total fund inflow during the year		507.14
Utilisation of Funds		
Addition to Fixed Assets (including Capital Work-in-Progress)		31.03
Intangible Assets acquired		7.08
Increase in Investment		0.67
Dividend paid		248.53
Repayment of borrowed fund		8.36
Increase in working capital		211.47
Total fund outflow during the year		507.14

5. INVENTORY LEVELS:

The inventory level at the close of the last three years are given below : (Rs. in crore)

	2002-03	2003-04	**2004-05**
i) Raw materials	98.43	220.56	**424.44**
ii) Stores & spares	37.07	33.23	**33.33**
iii) Finished goods	103.93	187.49	**195.02**
iv) Work-in-progress	15.99	29.98	**71.59**

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 sale
	Considered Good	Considered Doubtful	Total		
31.03.2003	124.34	7.30	131.64	1864.23	7.06
31.03.2004	90.14	6.41	96.55	2842.66	3.40
31.03.2005	**174.29**	**5.94**	**180.23**	**4545.18**	**3.97**

Sd/-
S.B. Pillay
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I, KOLKATA

Dated, Kolkata
The 24 June 2005

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 2005.

I have to state that the Comptroller & 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 Bongaigaon Refinery & Petrochemicals Limited, Bongaigaon, for the year ended 31st March 2005.

Sd/-
S.B. Pillay
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I, KOLKATA

Dated, Kolkata
The 24 June 2005

ANNUAL REPORT 2004-2005

IBP CO. LIMITED

(A Subsidiary of
Indian Oil Corporation Limited)

Board of Directors

Shri Sarthak Behuria	Chairman
Dr. N.G. Kannan	Managing Director
Shri A.K. Sinha	Director (Finance)
Shri Ajay Tyagi	Director
Shri N.K. Nayyar	Director
Prof. Sougata Ray	Director

NOTE:

(1) Dr N.G. Kannan has been assigned with the additional charge of the posts of Managing Director, IBP Co. Ltd., and Director (Marketing), IndianOil, in addition to his existing duties as functional Director of Indian Oil Corporation Limited.

Directors' Report
including Management Discussion & Analysis

On behalf of the Board of Directors, I have the pleasure in presenting to you the 97th Annual Report of your Company along with the Audited Accounts for the financial year ended 31st March 2005.

1. CORPORATE HIGHLIGHTS

- Your Company recorded its highest ever turnover of Rs. 13,664 crore representing a 28% growth over the previous year's turnover of Rs. 10,711 crore.
- Despite under-recoveries of Rs. 563 crore, the Company was able to post Profit Before Tax (PBT) of Rs. 82.93 crore and Profit After Tax (PAT) of Rs. 58.87 crore. The PBT would have shown a notional 56% growth over the previous year had there been no under-recoveries and had the Company earned margins at levels expected by the industry.
- To reward shareholders who continue to repose their faith in your Company, a dividend of 100% is proposed for the year 2004-05, despite reduced profits.
- The year witnessed an increase in the Gross Block of the Company, from Rs. 1067 crore in 2003-04 to Rs. 1295 crore, representing a growth of more than 21%.
- Your Company retained its debt-free status despite the pressure on working capital, reduced revenues due to the under-recoveries and significant capital investment in expansion of retail business.
- Your Company commissioned 511 new Retail Outlets during the year, thus increasing their total number to 3272 as on 31st March 2005.
- Motor Spirit (MS) and High Speed Diesel (HSD) sales in the retail segment grew by about 12%, which was well above the industry average of about 4%. Consequently, the MS and HSD retail market share of your Company improved from 8.24% and 9.93% respectively in the previous year, to 8.89% and 10.70% respectively during 2004-05.
- Growth of more than 50% was achieved in the physical sale of cryogenic and industrial containers.

2. FINANCIAL HIGHLIGHTS

(Rs. in Crore)

	2004-05	2003-04
Profit after providing for Depreciation but before Tax	**82.93**	332.60
Provision for Taxation	**24.06**	117.94
Profit after Tax and Depreciation	**58.87**	214.66
Transfer from Burma Current Account	**0.08**	(0.07)
Amount available for Appropriation	**58.95**	214.59
Transfer to Devaluation Exchange Difference Reserve	**0.08**	(0.07)
Balance available	**58.87**	214.66
Transfer to General Reserve	**33.48**	127.21
Available for distribution as Dividend	**25.39**	87.45
Payment of Interim Dividend @100%	**-**	22.15
Provision for Final Dividend recommended @ 100%	**22.15**	55.37
Corporate Dividend Tax	**3.24**	9.93
Total	**25.39**	87.45

3. OPERATING RESULTS

(a) Turnover

During the year 2004-05, the turnover of your Company touched a new high of Rs. 13,664 crore against Rs. 10,711 crore in the previous year, representing an increase of almost 28%. The increase in turnover was achieved primarily through higher sales volume in petroleum retailing business, despite stiff competition in the market place.

(b) Profit

Your Company had to absorb progressively higher under-recoveries of Rs. 352 crore on sale of Superior Kerosene Oil (SKO) and Liquefied Petroleum Gas (LPG) and Rs. 211 crore on sale of MS and HSD, thus aggregating Rs. 563 crore as total under-recoveries during the year 2004-05.

Despite this, your Company succeeded in posting profits mainly on account of receipt of arrear margins to the tune of Rs. 85.48 crore from the Petroleum Planning & Analysis Cell, Ministry of Petroleum & Natural Gas, covering the APM (Administered Pricing Mechanism) period. Better working capital management, control over operating expenditure and effective treasury management also contributed to the company's bottom line. PBT during the year was Rs. 82.93 crore (Rs. 332.60 crore in the previous year) and PAT was Rs. 58.87 crore (Rs. 214.66 crore in the previous year).

(c) Cost of Funds

Despite the under-recoveries and capital investments in retail expansion, your Company continued to remain debt free through effective treasury management. In fact, through control over costs, the Company was able to generate surplus cash from time to time, against which it earned interest.

The interest cost during last five years is depicted below.

Interest Cost

Financial Year	Rs. in Crore
2000-01	82.56
2001-02	29.54
2002-03	0.49
2003-04	0.07
2004-05	0.10

(d) Shareholder Value Enhancement

(i) Book Value of Shares

Over the last five years, the Book Value per share of your Company rose from Rs. 166.63 in 2000-01 to Rs. 297.77 in 2004-05, reflecting a growth of almost 79%. The table below captures the year-wise figures for the last five years.

Book Value per Share

Financial Year	(Rs.)
2000-01	166.63
2001-02	201.37
2002-03	225.22
2003-04	282.62
2004-05	297.77

आईबीपी IBP

(ii) Market Capitalisation & Enterprise Value

The value of your Company had been reconfirmed in March 2004 during the 26% divestment of equity holding by the Government of India, through an Offer for Sale, at Rs. 620/- per share. The value during 2004-05 has been driven by various strategic measures adopted by the Company, including fast-track retail expansion. However, the persistent rise in international oil prices coupled with the inability to raise retail selling prices to match the international oil prices, has tended to deplete the value.

Despite this setback, the stock exchange statistics contained elsewhere in the Annual Report indicate that the Market Capitalisation and the Enterprise Value of your Company are comparatively high vis-à-vis other petroleum companies in the public sector.

(iii) Earnings Per Share

Traditionally, your Company had Earnings Per Share (EPS) significantly higher than that of other companies in the petroleum sector. During the year, your Company showed significant growth in physical performance but suffered under-recoveries on sale of petroleum products, for reasons beyond its control. Being a stand-alone marketing company, IBP does not have the benefit of any refining margins. This resultant adverse impact on the profitability has led to a sharp fall in EPS - from Rs. 96.92 at the end of 2003-04 to Rs. 26.58 at the end of 2004-05, a dip of almost 73%.

The EPS of the Company over the last five years is given below.

(Figs in Rs.)

Year	2000-01	2001-02	2002-03	2003-04	2004-05
Nominal Value Per Share	10.00	10.00	10.00	10.00	10.00
Earnings per Share	24.48	88.40*	39.62	96.92	26.58

* EPS for the year 2001-02, the year of disinvestment, works out to Rs. 42.82 on like-to-like basis, i.e. by considering normal profit.

(iv) Dividend Payment & Retention of Earnings

Despite reduced profitability, your Directors have recommended a Dividend of Rs. 10 per share of Rs. 10 each, representing 100% on the share capital for the year ended 31st March 2005 (the Dividend for the previous year was 350% inclusive of interim dividend of 100%). When declared by the Members, this would absorb a sum of Rs. 22.15 crore.

The Dividend rate and payout, including Corporate Dividend Tax, over the last five years is reflected in the following table.

Year	Rate (%)	Payout (Rs. in Crore)*
2000-01	100	24.41
2001-02	100	22.15
2002-03	140	34.98
2003-04	350*	77.52**
2004-05	100	25.39

* Includes Dividend Tax

** Includes Interim Dividend paid

Your Directors have decided to retain Rs. 33.48 crore out of the disposable profit of Rs. 58.95 crore for the year, by way of accretion to the Reserves, to meet the investments required for creating competitive advantage and organisational growth.

4. CORPORATE GOVERNANCE

Your Company has complied with all the recommendations of the Kumar Mangalam Birla Committee on Corporate Governance constituted by the Securities and Exchange Board of India. The Compliance Report for the year is provided in the Corporate Governance Report placed elsewhere in the Annual Report. The Auditors' Certificate regarding our compliance with the mandatory requirement is also annexed to the Corporate Governance Report.

In line with the requirements of the Listing Agreement, the Management Discussion & Analysis of the financial position of the Company is set out elsewhere in this Report.

5. MERGER WITH INDIAN OIL CORPORATION LTD.

The amalgamation scheme for the proposed merger of your Company with IndianOil has been approved by your Board of Directors during this year, and a fair exchange ratio of 125 shares of IndianOil for every 100 shares of IBP was recommended, subject to approval of the Government of India and other regulatory authorities. The swap ratio was recommended by the Board based on due diligence and relative valuation of the equity shares of IndianOil and your Company carried out by the reputed accounting firm, Deloitte, Haskins & Sells & Co. The merger proposal, including the detailed workings, is presently under examination by the Ministry of Petroleum & Natural Gas, Government of India. After approval, the Scheme of Merger would be placed before the shareholders for recommending the same to the Department of Company Affairs, Government of India, for confirmation under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956.

6. DELISTING OF SECURITIES

In view of almost nil trading of shares of your Company on the Delhi, Ahmedabad, Chennai and Guwahati Stock Exchanges during the last two years, and with the object of saving recurring expenditure arising out of listing fee payable to the said stock exchanges, the shares of your Company were voluntarily de-listed from these four Stock Exchanges during the year. Currently, the shares of your Company are listed on the Calcutta Stock Exchange Association Ltd., being the Regional Stock Exchange of the Company, Mumbai Stock Exchange and the National Stock Exchange of India, which have nationwide trading terminals thus enabling investors, across the length and breadth of the country, to trade in the shares of your Company.

7. OPERATIONAL PERFORMANCE

[A] BUSINESS GROUP (PETROLEUM)

The Business Group (Petroleum) continued to be the main focus of your Company's business operations as it contributed the best part of your company's revenues. During the year 2004-05, which was the third year under the market-driven pricing mechanism, bilateral product exchange agreements were re-drawn between the oil marketing companies and the refining companies. The holding company, IndianOil, executed the supply agreements with the refining companies on behalf of your Company. During the year, the supply of petroleum products to the Company was maintained in line with the market requirements.

(I) Retail Sales

Retail sales volumes registered a significant growth during the year 2004-05. Sale of products, including lubricants but excluding LPG and Compressed Natural Gas (CNG), aggregated 5.69 million kilolitres (excluding sale to oil marketing companies), as against 5.15 million kilolitres in the previous year, registering an overall growth of 10.50% against the industry growth of 2.40%. The growth in physical sales of MS and HSD alone has been to the tune of 12%, which was well above the industry growth of about 4% for the products.

Enhanced retail volumes in MS and HSD beyond industry growth rates ensured improvement in market share of your Company in respect of MS and HSD, which grew from 8.24% and 9.93% respectively in the previous year to record 8.89% and 10.70% respectively during 2004-05.

(II) Retail Expansion

Adopting an aggressive retail expansion policy, your Company commissioned 511 new Retail Outlets during 2004-05 thus increasing the number of Retail Outlets of the Company to 3272 at the end of 2004-05. In addition to this, the total number of SKO / Light Diesel Oil (LDO) dealerships at the end of 2004-05 stood at 380.

The region-wise distribution of Retail Outlets and SKO/LDO Dealerships as on 31st March 2005 is shown in the following chart.

	Northern Region	Eastern Region	Western Region	Southern Region	Total Nos.
COCO	94	32	82	165	373
JRO	19	4	19	14	56
Others	1165	552	405	721	2843
Total Retail Outlets	1278	588	506	900	3272
SKO / LDO	91	135	119	35	380

Consequent to the retail expansion, your Company's share of Retail Outlets increased from 12.06% as on 31st March 2004 to 12.30% on 31st March 2005.

CNG facility was added in 4 Retail Outlets during the year. Presently, 6 Retail Outlets of the Company in Delhi and 5 in Mumbai have CNG dispensers.

(III) LPG Marketing

With the commissioning of 15 new 'IBP Gas' LPG Distributorships, the total number of Distributorships at the close of 2004-05 stood at 88, which serve 3,57,805 households.

In volume terms, LPG sales grew by 13% at 37,967 Metric Tonnes (MTs), while the customer population registered an 11% increase during the year. The smaller 5 Kg LPG cylinders, meant for the hilly and rural markets continued to be well received. The Company's project for setting up reticulated piped gas system at the upcoming township of Sahara India at Gurgaon is expected to be completed shortly.

It is, however, pertinent to mention that your Board of Directors is in the process of reviewing the activities of LPG marketing and SKO distribution by the Company, from the standpoint of long-term sustainability, considering the magnitude of under-recoveries devolving on the Company.

(IV) Lubricants

Your Company recorded a sale of 28,655 kilolitres of Lubricants during the year as against 34,855 kilolitres in the previous year - a fall of 17.8%, which was in part attributable to the shortage of raw materials. Nevertheless, the Company was able to continue supplies to its major buyers viz., Indian Railways and various Defence units. More importantly, your Company has, during the year, penetrated into the overseas markets, by exporting lubricants to Nepal.

As part of synergy with the parent company, your Company has begun utilising the blending/filling facilities of IndianOil at Mumbai, based on the principle of mutual reciprocity.

(V) Quality & Quantity Assurance Scheme

The Quality and Quantity (Q&Q) Assurance Scheme of your Company in its current form of 'Pure Bhi, Poora Bhi' continued to be actively pursued during the year, as part of the Company's commitment towards customer satisfaction and for ensuring supply of fuel maintaining high quality and right quantity. At the close of 2004-05, the total number of Retail Outlets covered under the scheme stood at 2938, representing almost 90% of the retail network. In order to ensure implementation of 'Pure Bhi, Poora Bhi' in its true sense, several awareness programmes were conducted by the Company, besides providing scope for sampling and test checks.

To promote Q&Q assurance and to prevent adulteration, the use of special tamper-proof 'Abloy Lock' on tank lorries in transit from supply points to Retail Outlets, was further extended and presently about 95% of the supplies have been brought within the ambit of the improved sealing system which, in turn, is eliciting good customer response.

(VI) Strengthening of Storage & Distribution Network

The storage and distribution network of your Company has been significantly strengthened with the operations having been synergised with the parent company, IndianOil. During the year 2004-05, the Company's storage terminal at Asoj, Gujarat, was leased to IndianOil, enabling them to supply Black Oil to their customers. The total storage capacity of the Company at the end of March 2005 stood at 3.86 lakh kilolitres, spread over 17 locations including the Asoj Terminal.

(VII) New Initiatives

During the year, 5 Retail Outlets of your Company obtained the prestigious ISO Certification. Initiatives have also been taken for standardising and upgrading other Retail Outlets.

Your Company organised the 'Kisan Sabha Programme' at 105 Retail Outlets in the rural belt to coincide with the Independence Day celebrations in 2004. The programme covers initiatives relating to rural banking/financial services, education and crop insurance, tips on seeds and fertilizers, tractors/pump-set maintenance, health tips from veterinary experts and use of IBP products for the benefit of our farmer customers.

[B] BUSINESS GROUP (EXPLOSIVES)

The year 2004-05 was extremely challenging for the Business Group (Explosives) because Coal India Ltd., the single largest buyer of explosives in the country, reduced the prices of explosives by approximately 6% from the earlier contracted price, despite the spiraling cost of raw materials such as Ammonium Nitrate. In addition, there was a drop of about 2% in the aggregate physical sale of explosives, both bulk and cartridged. The performance in respect of these two categories is given below.

BULK EXPLOSIVES

The sale of bulk explosives during 2004-05 stood at 45,022 metric tonnes as compared to 44,983 metric tonnes in the previous year. A new bulk explosives plant, with production capacity of 5000 tonnes per annum, was commissioned at Manuguru, Andhra Pradesh, taking the total number of explosive manufacturing plants of your Company to 14. The Company also received Letters of Intent from two customers in the non-coal sector for setting up bulk explosives plants for their captive consumption.

CARTRIDGED EXPLOSIVES

The sale of cartridge explosives fell from 7291 metric tonnes in 2003-04 to 6289 metric tonnes in 2004-05, a drop of almost 14% over the previous year. This reduction was due to stiff competition in the marketplace, increase in the number of suppliers and lower allocation by the coal sector.

Confronted with lower price/allocation by the major buyer, stagnation of demand and increase in prices of input materials, the Business Group (Explosives) has further aimed to reduce its operating costs through more cost-effective product formulations and other strategic initiatives.

[C] BUSINESS GROUP (CRYOGENICS)

The Business Group (Cryogenics), which had pioneered cryogenic and vacuum technology in India, manufactures and markets Aluminium cryogenic containers of capacity up to 55 litres under the trade name 'Cryocan'. The Business Group also manufactures industrial containers of stainless steel of capacity up to 20,000 litres under the trade name 'Cryovessel'. These containers are essentially used for storing liquid Nitrogen. During the year 2004-05, as a maiden endeavour, the Business Group designed and manufactured giant-sized industrial containers of capacity 1,00,000 litres, and consequently got orders from customers for bigger containers. Development of large-size containers has been a major achievement, more so as it was achieved through in-house R&D efforts.

The total turnover of the Business Group during 2004-05 was Rs. 22.59 crore which marked an impressive 38% growth compared to the turnover of Rs.16.37 crore achieved in the previous year. The sales volume of cryogenic and industrial containers rose significantly, with the sales in 2004-05 being 13,076 cryocans and 86 cryovessels totaling 20,263 equivalent cryocan units, as against 8,163 cryocans and 58 cryovessels totaling 13,471 equivalent cryocan units in the previous year. In terms of market share, your Company scaled greater heights with the market share of cryocans touching 78% (previous year being 58%) and that of cryovessels touching 34% (previous year being 27%). This growth in sales is attributable to adoption of aggressive marketing strategies and enhancement of the customer base. New major customers include, inter alia, Bombay Oxygen, BOC India and Indian Air Force.

Export of cryocontainers grew by 12% from the level of 1477 numbers in the previous year to 1650 this year. These exports were to nine countries viz., UAE, Syria, Egypt, Italy, Morocco, Taiwan, Oman, Bahrain and Columbia.

An independent survey indicated that more than 96% of the customers were satisfied regarding quality of products and services. This was further confirmed by the reduction in post-sale reprocessing and free replacement of containers during warranty period.

In the area of R&D, full indigenisation of FRP (Fibre Reinforcement Plastic) Neck, critical for cryocontainers, was achieved.

LNG Marketing

Liquefied Natural Gas (LNG), the cleanest environment-friendly and economical fuel, is increasingly making its presence felt as a substitute fuel, both in India and abroad. Realising the strategic importance of LNG in the fuel basket, your Company conceptualised the idea of reaching LNG to the customer's doorstep, and entered into an agreement with Chart Industries Inc., USA, a reputed global player in cryogenic equipment and the only company having expertise in all areas of downstream LNG applications. The contract envisages your Company implementing pilot plant projects in collaboration with Chart Industries, for marketing LNG through 'Virtual Pipeline' – involving distribution of LNG primarily in areas not covered by the pipeline network.

Pursuant to this contract, the Company has initiated phased implementation of pilot projects including land-based captive power generation applications and industrial applications. Implementation of the pilot projects would involve product sourcing, equipment sourcing, tie-up with customers, establishing site and road movement facilities, statutory approvals, etc. Your Company has entered into Memorandum of Collaboration with pilot project customers for sourcing LNG. It is expected that the pilot projects would go on-stream by the first quarter of 2006. Entry into the automobile sector is also on the anvil.

8. JOINT VENTURE

Petronet India Ltd.

Petronet India Ltd. is the only joint venture of your Company. The Company holds 20,00,000 Equity Shares of Rs.10/- each representing 2% share in the paid-up capital of Petronet. Besides your Company, other public sector petroleum companies viz., IndianOil, Hindustan Petroleum and Bharat Petroleum, have equity participation of 16% each in Petronet. The balance 50% equity is held by Reliance Industries, Essar Oil, State Bank of India, ICICI Bank and IL&FS, each with equity participation of 10%.

9. MANAGEMENT DISCUSSION & ANALYSIS

(A) Industry Overview

PETROLEUM

- The importance of petroleum sector is evident from the fact that petroleum products refining in the country has increased to 120.47 million metric tonnes (MMT) during 2004-05 compared to 115.78 MMT in 2003-04, which represents a growth of about 4%.
- With progressive industrialisation of the country and growth in Gross Domestic Product, the consumption of petroleum products has shown steady increase aggregating 111.70 MMT during 2004-05 as against 107.75 MMT in the previous year, reflecting a growth of 3.7%.
- The demand for petroleum products is linked to the socio-economic development of the country. The Indian economy has been on a long-term growth trend since the 1980s, with the GDP growth rate moving beyond 3.5% a year since then to an average rate of 6% per year in the 1990s. Over the past five years, the GDP has grown at an average of 5.6% per year. While the International Monetary Fund

has projected a growth rate of 6% to 6.5%, as per the National Common Minimum Programme of the Government of India, the GDP growth is expected to be anywhere between 7-8%.

- India is presently undergoing major economic and industrial reforms for integrating its economy with the global economy. With the continuing reforms and expected high growth in almost all the economic sectors, the demand for petroleum products is expected to show a compounded growth of about 3.5 - 4% in the immediate future. Policy changes are also envisioned for making the petroleum sector globally competitive.
- Petroleum marketing activities, which forms the core business of your Company, consists of four major activities viz., Retail, Consumer, Lubes and LPG. At present, marketing of petroleum products in India is dominated by the four public sector companies, viz., IndianOil, Hindustan Petroleum, Bharat Petroleum and your Company. The vast expanse of the country and its large populace is served through an extensive retail network of these companies, comprising of about 26,540 Retail Outlets, 6,588 SKO agencies and 9,001 LPG distributorships. Ambitious programmes for modernising the Retail Outlets and bringing them at par with international standards, has been initiated by all the petroleum marketing companies. Besides catering to the requirements of the country's retail customers, the petroleum marketing companies in the public sector also cater to bulk of the requirements of the industrial units in the country, by way of direct supplies. These user industries operate in important areas like shipping, transport, aviation, power, petrochemicals, fertilizers, steel, mining, etc. With the liberalisation and opening up of the economy, industrial activity is bound to accelerate, thereby generating additional demand for petroleum products in the industrial and infrastructure segments.
- In the liberalised scenario, the Government had opened the refining sector to the joint sector as well as to the private sector, for achieving rapid growth. Currently, the country has 18 refineries, with total installed capacity of 127.4 MMT, which are owned and operated by both the public and private sector companies.
- On the supply front, near stagnant domestic crude oil production is an area of concern, considering the increasing demand for petroleum products. To meet this supply demand gap arising out of growing demand for petroleum products and resultant increase in requirement of crude oil for the refineries, substantial tonnage of crude oil is being imported by India. The New Exploration Licensing Programme has already been implemented by Government of India, which would help in adding to the oil & gas reserves of the country. In addition, the Government is also encouraging the domestic petroleum companies to acquire oil & gas assets overseas.

EXPLOSIVES

Explosives are a highly competitive business, with low entry barriers on account of easy availability of technology. Demand for explosives, which was relatively stagnant in the past, is now showing signs of growth, although marginal. The explosives industry is dominated by small-scale firms, which are engaged in a price war. Besides your Company, the other major players are Indian Explosives, Gulf Oil and Solar Explosives.

CRYOGENICS

Cryocontainers are specialty products catering mainly to the Animal Husbandry Departments of the State Governments. The demand for cryovessels are from companies engaged in transportation and storage of liquefied gases such as oxygen, nitrogen and argon. The existing players in the industry are facing acute competition from foreign manufacturers, especially from China and the USA. Options such as exports are being explored to counter this competition.

(B) Opportunities and Threats

The petroleum sector in the country has traditionally operated under the Administered Pricing Mechanism (APM). Under the APM, a fixed level of profitability for the petroleum companies was assured, subject to their achieving specified capacity utilisation. Gradually, the Government of India moved away from the APM to Market Determined Pricing Mechanism (MDPM), which follows Import Parity Pricing mechanism, except for SKO under the Public Distribution System and LPG (Domestic).

Though the pricing of transportation fuels is not moving in tandem with international prices at present, it is expected to do so in the future. World over, the demand for transportation services continues to be the key driver for demand for petroleum products, and so it is in India. With core competence in retail marketing, your Company will benefit by this growth. In the short term, your Company is aiming to strike a careful balance between near-term profitability and longer term strategic positioning, including synergy with IndianOil.

With the advent of competition, your Company is striving to build upon its market presence by satisfying customer needs at competitive cost, inculcating improved productivity and utilising resources optimally. With growing customer awareness, petroleum-marketing companies have to necessarily target higher levels of product quality and services.

(C) Segment-wise/Product-wise Performance

The segment-wise / product-wise performance has already been presented at Items 7(A), (B) and (C) for each of the three Business Groups of the Company.

(D) Risks & Concerns

The Risks & Concerns of your Company are largely focused on its petroleum business. The areas of concern for your Company are primarily the non-revision of retail selling prices of MS and HSD in parity with the movement of international prices, and the increase in under-recoveries due to non-revision of SKO (PDS) and LPG (Domestic) prices despite the increase in product costs. Being a stand-alone marketing company, your Company does not enjoy the benefit of having any refining margins that could soften the impact of the rise in international prices for petroleum products.

With competition intensifying in the marketplace due to the presence of new entrants like Reliance Industries, Essar Oil and Mangalore Refinery & Petrochemicals, the oil marketing companies in the public sector have been gearing up for facing higher levels of competition. In order to mitigate the risks arising out of increased competition in the market place, your Company has been proactively strengthening its standards of retail excellence by motivating its dealers towards better customer care and services, improving and upgrading its existing facilities, providing additional facilities, besides consolidating its existing retail network.

(E) Future Outlook

Liberalisation of the economy coupled with increased market orientation in the petroleum sector, is ushering in higher customer expectations. Today the discerning customer expects supply of quality products and services at par with international standards, at fair, market-determined prices.

Since inception in 1909, your Company has always endeavoured to maintain a strong presence in the business of petroleum products retailing. In order to sustain continuous growth in this business, the Company proposes to focus on aggressive retail expansion, enhanced customer care, brand equity, synergy with the parent company, export potential, operational economy, access to superior technology, efficient operations and optimal use of human capital.

- **Aggressive Retail Expansion**

  Since its entry into the public sector fold, your Company has figured prominently in the retail segment of petroleum marketing business. Therefore, it is only logical for the Company to continue to lay emphasis on retail excellence. With this objective, your Company would continue to commission new Retail Outlets on highways and in the urban and rural markets. While doing so, the Per Pump Thruput would be closely monitored to ensure that all the outlets, both old and new, contribute to the overall kitty. This would involve consolidating the existing Retail Outlets, besides improving the market share so that it remains in line with the Company's share of Retail Outlets.

- **Enhanced Customer Care**

  Your Company has plans to undertake modernisation and upgradation of facilities at select Retail Outlets beginning with 250 top-of-the-line Retail Outlets, for improving their visual identity and offering enhanced customer care. Post-implementation, these outlets would be comparable with the Retail Outlets in the developed countries. The dealers at these outlets would be trained to provide improved customer services and the outlets would be fully automated. The Company would also be introducing loyalty programmes for its customers, in both urban and highway segments.

  The importance of modernising and upgrading the existing Retail Outlets by, inter alia, offering multiple associated facilities, automation, differentiating the fuels marketed by the Company from those offered by its competitors, would be taken into account by the Company while formulating all future strategies.

  In addition to the theme campaign of 'Pure Bhi, Poora Bhi' addressing the customers' concern for high quality and right quantity, your Company also intends to continue with the trend setting 'We Care' programme, designed for welcoming the customer as she enters a Retail Outlet.

- **Strengthening Brand Equity**

  Various strategic non-fuel alliances with reputed brands are also under consideration. These would provide enhanced customer benefits, improved brand visibility and greater brand recall.

- **Synergy with IndianOil**

  Although both IndianOil and your Company are expanding their retail base rapidly, they are doing so taking into consideration the concept of mutual synergy. Both the companies have adopted a Joint Strategic Retail Marketing Plan, for ensuring that future growth is concomitant to the interests of both, and that there is no duplication of facilities and efforts.

  The marketing of your Company's branded fuels 'Josh' and 'Shakti' has been discontinued. Instead, the branded fuels of IndianOil viz. 'XtraPremium' petrol and 'XtraMile' diesel is being marketed at the Retail Outlets of the Company, in addition to the Company's own fuel.

  The operations of bulk storage facilities of your Company and IndianOil have been rationalised at a large number of locations, for maximising utilisation of facilities and economising on costs. This would enable your Company to focus more strongly on retail marketing.

- **Tapping Export Opportunities**

  Your Company is exploring the possibility of export-driven growth. This could be an acceptable strategy, especially for the Business Group (Explosives) and Business Group (Cryogenics), and for lubricants manufactured by Business Group (Petroleum), all of which are facing tough competition in the domestic market.

- **Cost Efficient Operations**

  Faced with tough competition in the domestic market, your Company would have to continue building its sustainability by increasingly focusing on inculcating optimal resource utilisation and cost competitiveness in business operations, for protecting its bottomline and for ensuring further growth of its top-line.

- **Implementation of Enterprise Resource Planning (ERP)**

  Your Company is an IT enabled organisation with good computer awareness amongst majority of its employees. Invoice generation, sales and stock accounting, financial accounting, payroll, etc. are some of the computerised applications developed in-house and implemented successfully across the Company. Local Area Network in all major offices, which in turn are connected through Wide Area Network, have been implemented, enabling flow of e-mail and data from multiple locations of the Company.

  Under the deregulated scenario, business has become competitive and challenging. The changing business environment requires centralised collection and processing of information regarding sales, customer service, product logistics, market information, banking and human resources management so that data is available at the decision points for facilitating faster and better informed decision-making and expeditious response. An ERP project named 'Amrit', modeled under the 'best practices method' and with network sharing with IndianOil, is being launched in your Company in a phased manner.

- **Consolidation of Business Groups**

  The Business Group (Cryogenics) has achieved improved operational performance as mentioned elsewhere in this Report. Although the explosives business of the Company is yet to achieve a turnaround, especially with low prices being offered by the major buyer, efforts are on to rationalise operations and manpower, and to reduce operating cost through cost-effective product formulations.

- **Effective Utilisation of Human Resources**

  Human Resource constitutes the backbone of your Company. To harness the Human Resource potential, the Company would continue to lay emphasis on organisational learning and human capital formation, and on making the Human Resource more motivated to positively impact contribution towards enhanced customer satisfaction.

10. RESEARCH & DEVELOPMENT

Like any other corporate, your Company too is vulnerable to the vagaries of the competitive business environment, with the challenges in the years ahead only increasing. The stress would, therefore, continue to be on building R&D capabilities for maintaining the competitive edge in the marketplace. During the year, extensive R&D work was undertaken to improve the efficacy of existing products and to develop new applications. Details of R&D are set out in Form-B annexed to the Report.

11. FOREIGN EXCHANGE EARNINGS

During the year under review, the foreign exchange earnings of the Company aggregated Rs. 2.45 crore by way of revenue from exports as against Rs. 4.48 crore in the previous year.

12. GREEN FUELS, ENVIRONMENT CONSERVATION & SAFETY

With the objective of promoting Green Fuels, your Company continued to discharge its responsibilities by supplying eco-friendly MS and HSD and MS blended with ethanol. The Company continued its efforts to market unleaded, extra-low-sulphur and low-benzene MS and HSD in the urban markets. As reported elsewhere, CNG as automotive fuel has been made available at four more Retail Outlets during the year, taking the total number of Retail Outlets equipped with CNG to 11.

Safe operation of depots and terminals storing large quantities of highly inflammable petroleum products is of utmost importance to any petroleum company. Your Company has an enviable record in the matter of safe operations of its petroleum depots and terminals. The Oil Industry Safety Directorate Award for the First and the Second Best ‘Overall Safety Performance’ amongst depots and terminals of petroleum marketing companies for the year 2002-03 (which were announced in August 2004) were bagged by the Western and Southern Regions of your Company respectively.

13. ENERGY CONSERVATION

As in the past, your Company maintained a thrust on energy conservation activities. Accordingly, the Company observed Oil Conservation Fortnight in January 2005 throughout the country.

A number of measures were also taken by Business Group (Cryogenics) for saving energy and reducing power and fuel costs. These measures, which did not entail any additional investment, included optimisation of evacuation cycle and oven operations, introduction of energy efficient processes in the manufacture of cryovessels and reduction of energy consumption by lowering wattage wherever feasible.

14. 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.

15. PARTICULARS OF EMPLOYEES

During the year 2004-05, none of the employees of the Company received remuneration of Rs. 24,00,000 or more per annum or at a rate of Rs. 2,00,000 or more per month. Hence, disclosure in accordance with 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.

16. HUMAN RESOURCE MANAGEMENT

The Company has always emphasised on development and management of Human Resources, since it is a key driver for creating sustainable competitive advantage. The Human Resources philosophy of the Company is basically aimed at nurturing an organisational culture that respects people and enables them to deliver high quality performance.

With the competitive environment requiring highly responsive mindsets, the Company aims at developing its Human Resources not only in terms of high quality performance and improved productivity but also in terms of achieving excellence on individual basis with emphasis on understanding the power of mind and its capability to innovate and respond proactively, thus translating into organisational excellence.

During the year 2004-05, your Company organised a number of training programmes and workshops in functional as well as developmental areas for various sections of employees to hone their skills and capabilities and to enhance motivational levels. The training programmes included in-house conferences as well as seminars conducted by reputed external agencies. Training programmes were also organised based on Presidential Directives/Government Orders on reservation and concessions to SC, ST, OBC and physically challenged employees and maintenance of Reservation Rosters.

As part of the synergy between your Company and IndianOil, training calendars and faculty assistance for conducting in-house training programmes were exchanged between the two companies. IBP employees were nominated for attending training programmes conducted by IndianOil, and IndianOil employees were nominated for training programmes organised by IBP. Infrastructural facilities at the training centers were also shared with each other.

Your Company continued to maintain its tradition of healthy and harmonious industrial relations. The Company maintained a conducive and congenial work atmosphere with the support and co-operation of the Trade Unions and the Officers’ Association.

17. SPORTS PROMOTION

Your Company took active interest in the promotion of sports and games, with many activities in the Sports Calendar of the Company during the year. The Company hosted and also won the Merchant Cup Tennis Competition at Kolkata in November 2004, and in the process, created a record of winning the competition for the 14th time in a row.

In February 2005, the Company hosted, on behalf of the Petroleum Sports Promotion Board (PSPB), the tenth PSPB Inter-Unit Veterans’ Cricket Tournament at Kolkata. The Company also took part in a number of other PSPB tournaments. A creditable performance by the Tennis team saw IBP finishing as the second runners-up in the PSPB Tennis Championship. Another brilliant performance was exhibited by the IBP Billiards and Snooker team, in which two of its members finished first and second runners-up.

Two of the Company's officers continue to be prominently associated with Tennis activities of the country. While one is a renowned player on the national circuit, the other is associated with the Indian Tennis Academy of Sports Authority of India and also the Honorary Director (Technical) of Bengal Tennis Association.

18. COMMUNITY DEVELOPMENT & SOCIAL WELFARE

Conscious of its social responsibility, your Company continued to contribute towards upliftment and welfare of the society. The Company organized a number of welfare activities under the Special Component Plan and Tribal Sub-Plans, some of which are set out hereunder.

- Financial assistance for installation of tube-well, construction of primary school building, low-cost houses and sanitary facilities in villages in West Bengal.
- Financial assistance for installation of tube-well in the drought-prone tribal areas of Jharkhand.
- Providing furniture and other accessories to Neuropsychiatry Institute at Kolkata, and financial assistance towards cost of spectacles at a Medical Camp organised in tribal areas of East Midnapore in West Bengal.
- Financial assistance towards expansion project of non-formal education centres run by Ramakrishna Mission in the 24 Parganas (North) of West Bengal.
- Donation for creation of 'IBP Endowment Scholarship' and 'IBP Endowment Documentation' at the University of Madras for awarding annual scholarships to two research students belonging to SC/ST category, and for subscribing to periodicals/journals for benefit of SC/ST research students.
- Construction of concrete roofs and urinals in a primary school in Orissa, and construction of rooms at a girls' hostel in Maharashtra.
- Organization of eye camp for cataract operations at Bareilly in Uttar Pradesh for persons belonging to the SC / ST category.
- Financial assistance for extension of college building and provision of amenities to SC/ST students at Korba in Chattisgarh.
- Distribution of computers to various educational institutions/social welfare organizations for benefit of SC/ ST population.

As a noble gesture, the employees of your Company contributed a sum of Rs.16,12,869/-, being their one-day's salary, for the relief of Tsunami victims.

19. WELFARE OF WEAKER SECTIONS

Your Company diligently followed the Presidential Directives and various instructions/guidelines issued by the Government of India regarding reservation in services for SCs/STs/OBCs/ Physically Handicapped/Ex-Servicemen, etc.

20. WOMEN EMPOWERMENT

Your Company lays emphasis on gender equality and development of its women employees. The Company extended active support to the forum of Women in Public Sector (WIPS). Women employees were encouraged to take active part in various social activities, workshops and training sessions conducted under the aegis of WIPS. The programmes included issues such as health care and other legal aspects concerning women.

As part of women empowerment, Complaint Cells headed by lady officers have been constituted for redressal of grievances and complaints of women employees.

21. OFFICIAL LANGUAGE IMPLEMENTATION

In accordance with the policy of the Government of India, the Company continued to actively promote usage of Hindi. The Company celebrated Hindi Fortnight in September 2004 by organizing competitions at its various units and locations with the intention of promoting use of Hindi amongst the employees.

The Company organized Hindi Workshops to train employees in the usage of the official language and Hindi classes for Prabodh, Praveen and Pragya examinations. Quarterly meetings of Official Language Implementation Committee were conducted to review the progress of Hindi in all major establishments of the Company. An all-India Rajbhasha Sammelan was held at Kolkata where region-wise Official Language Shields were presented to the Best Performing Offices of the Company.

Advertisements and House Journal of the Company continued to be published in bilingual form.

22. INVESTOR SERVICE

Members may be aware that the 26% divestment of its equity holding in the Company by the Government of India had been completed successfully in March 2004 through an Offer for Sale, whereby 57,58,290 equity shares of Rs.10/- each were acquired by the public, including institutional, non-institutional and retail bidders, through the Book Building Route. The post-issue complaints have also been expeditiously attended to/resolved.

The shares of your Company are available for trading through the connectivity of National Securities Depository Ltd. and Central Depository Services (India) Ltd. The website of the Company continues to provide valuable information such as Unaudited Quarterly Results, Audited Annual Accounts and the pattern of shareholding for the information of the shareholders/ investors.

23. VIGILANCE

A vibrant organization like your Company needs to have a vigilant machinery for ensuring the implementation of laid down policies, systems and procedures of the Company, which are aimed at promoting transparency and ethical functioning in the Company while simultaneously ensuring efficiency and effectiveness. The Vigilance Department, which performs this role, has during the year, helped in creating greater awareness of different vigilance aspects amongst the employees and has also streamlined systems and practices prevailing in the Company. To curb malpractices, attention was focused on the preventive side of misuse of power and position. An overall consciousness prevailed in the organization through systematic, programmed and random inspection of various systems and practices and prompt follow-up for corrective actions.

During the year, Vigilance Awareness Week was observed on an all-India basis during which, interactions were made with customers and clients to apprise them of the procedure for handling grievances in the Company.

24. 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 judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) They have/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; and

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

25. REVIEW OF ACCOUNTS

Review of Accounts of the Company for the year ended 31st March 2005 by the Comptroller & 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.

26. DIRECTORS

Shri Sarthak Behuria, Chairman, IndianOil, has been appointed as Part-time/Non-Executive Chairman of the Company with effect from 1st March 2005 consequent upon the vacancy caused on account of Shri M.S. Ramachandran ceasing to be a Director of the Company on his superannuation from the services of IndianOil as its Chairman. The said appointment was made under Section 260 of the Companies Act, 1956 (the Act) read with Article 98 of the Articles of Association of the Company (the Articles).

Shri Ajay Tyagi, Joint Secretary in the Ministry of Petroleum & Natural Gas, Government of India (the Ministry), has been appointed with effect from 18th May 2005 as a Government Nominee Director under Section 260 of the Act read with Articles 97B and 98 of the Articles.

Pursuant to the provisions of Section 260 of the Act, the term of office of Shri Sarthak Behuria and Shri Ajay Tyagi would expire at the forthcoming Annual General Meeting of the Company and they are eligible for appointment as Directors. The Company has received due Notices under Section 257 of the Act for their appointment to be made at the ensuing Annual General Meeting.

Shri A.K. Srivastava, Government Nominee Director, resigned from the Board on completion of his central tenure with the Ministry. Shri Prabh Das, Government Nominee Director, resigned from the Board consequent upon adoption of revised composition of Government Directors by the Ministry. Both the Directors ceased to be on the Board of your Company with effect from 18th May 2005.

The Board wishes to place on record its appreciation of the active encouragement and wise counsel received from Shri M.S. Ramachandran in the efforts to place your Company on the growth path as well as for the valuable support consistently extended by him for achieving significant retail growth. The Board also places on record the valuable contributions made by Shri Prabh Das and Shri A.K. Srivastava during their respective tenure in office.

Shri Ajit Kumar Sinha, Director (Finance) retires by rotation at the ensuing Annual General Meeting in accordance with Article 108 of the Articles and he is eligible for re-election.

27. AUDITORS

The Auditors of the Company have been appointed by the Government of India on the advice of the Comptroller & 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 2005.

The Members, at the 94th Annual General Meeting held on 21st August 2002, had authorized the Board of Directors to fix the remuneration of the Statutory and Branch Auditors as per the provisions of the Companies Act, 1956 as applicable to the Government companies after the appointment is made by the Comptroller & Auditor General of India. It is hereby informed that the Board of Directors has fixed the remuneration of the Stautory and Branch Auditors for the financial year 2004-05 and thereafter, at Rs.4,68,000/- (Rupees four lakh sixty eight thousand only) plus service tax along with reimbursement of out-of-pocket expenses.

28. CAUTIONARY STATEMENT

Statements in the Management Discussion & Analysis describing the Company's focal objectives, expectations or anticipations may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from the expectations. Important factors that could influence the Company's operations include global and domestic supply and demand conditions affecting selling prices of products, input availability and prices, changes in government regulations/tax laws, economic developments within the country and factors such as litigation and industrial relations.

29. ACKNOWLEDGEMENT

The Board of Directors appreciates the contribution and dedicated efforts made by the members of the IBP family, consisting of its employees, customers, dealers, suppliers, shareholders, bankers and other stakeholders, for the achievements of your Company during the year 2004-05.

Your Directors would like to take this opportunity to express their deep gratitude to the controlling stakeholder viz., IndianOil and to the Government of India for their continued support, valuable guidance and whole-hearted co-operation.

For and on behalf of the Board

Sd/-
Sarthak Behuria
Chairman

Place : New Delhi
Dated : 4th August 2005

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) Optimization of formulations of products for reduction of cost and improvement of performance.

(ii) Adaptation of the products for achieving better performance.

(iii) Formulations of techno-economically suitable Bulk Delivery Explosives for Cement, Stone and Mining Industries.

(iv) Use of indigenous composite wax in the formulations of Small Diameter Emulsion Explosives for saving of cost.

(v) Commissioning of laboratory facilities for testing, conducting research work and imparting of training to scientists for carrying out research.

(vi) Setting up of pilot plant facility for Research & Development work.

(vii) Development of formulations for Brake Fluid and clearance of the same by Automotive Research Association of India as per prescribed requirements.

(viii) Development of formulations for fire resistant Hydraulic Fluids and clearance of the same by Indian Institute of Petroleum, Dehradun.

(ix) Development of formulations of neat cutting Oils as per specification laid down by the Bureau of Indian Standards.

b) Basic research work has been carried out by the Business Group (Cryogenics) in the following specific areas:

(i) Research activities concerning field trials & validation of Vapour Shipper containers.

(ii) Full indigenization of Fibre Reinforcement Plastic Neck.

(iii) Successful conceptualisation, designing and development of Cryostation of 1,00,000 litre capacity.

(iv) Designing of "Thermo-siphon" Cryostation.

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

(a) The benefits derived from the R&D efforts by the Business Group (Explosives) may be viewed under the under-noted sub-heads:

I. Packaged Explosives

(i) Increase in market share of Non-Permitted Small Diameter Emulsion Explosive Products as a result of introduction of Emulsion Products.

(ii) Formulation of new low-cost Non-permitted product [Geominex(E)] for catering to the re-seller market.

(iii) Formulation of Alternate Non-Permitted Small Diameter Product having high performance properties for specific export applications.

II. Bulk Delivery Explosives

(i) Saving in product formulation cost.

(ii) Successful commissioning of new plants at Balla-Dilla and Manuguru for meeting customer expectations.

(iii) Increase market share consequent to better performance of Ramagundam and Rampur Agucha plants.

III. Other activities

(i) Development of formulations for automotive anti-freeze coolants as per specification laid down by the Bureau of Indian Standards, American Society for Testing & Materials and Japanese Industrial Standard and successful commissioning and commercial trial production of automotive anti-freeze coolants through in-house efforts.

(b) The benefit derived from R&D efforts by the Business Group (Cryogenics) is full indigenization in Fibre Reinforcement Plastic (FRP) Neck resulting in saving of foreign exchange, lower lead time and reduction in cost of raw materials.

3) Future plan of action

The future plan of action of the Business Group (Explosives) would focus on:

1. Development of high shelf-life, low cost Repumpable Emulsion Explosives using imported Ammonium Nitrate and suitable additives.
2. Enhancement of shelf-life of Non-permitted Small Diameter Emulsion Explosives Products as a result of use of new emulsifier system.
3. Introduction /Commercialization of Permitted Emulsion Explosive Products.
4. Continuance of efforts for reduction of cost of Bulk Delivery Emulsion Slurry and Explosives Products.
5. Development of new series of cost-effective Slurry and Emulsion Non-permitted Small Diameter Products.
6. Development of spray oil and metal working fluids.

7. Development of additive package for hydraulic oils, coolants for railway and defence applications and marker system for lubricating oils.

8. Development of facility for testing lubricants.

   The future plan of action of the Business Group (Cryogenics) would focus on :

   1. Development of new models of Cryocans and Cryovessels to satisfy customer requirements.

   2. Indigenization of items currently imported.

4) Expenditure on R&D in 2004-05

Amount (Rs. in Lakh)

a.	Capital	18.45
b.	Revenue	252.74
c.	Total	271.19
d.	Total R&D Expenditure as a percentage of total turnover	0.02%

B. Technology Absorption, Adaptation and Innovation

1) Efforts in brief made towards Technology Absorption and Innovation:

The efforts in technology absorption / innovation by the Business Group (Explosives) were briefly as under:

i) Technology of Packaged and Bulk Delivery Slurry Explosives has been fully absorbed and further improvements have been made to existing technology.

ii) The technology for Packaged and Bulk Delivery Emulsion Explosives has been fully absorbed through in-house R&D work. Efforts have also been made to upgrade the Small Diameter Emulsion Explosive manufacturing technology.

iii) Efforts have been taken to make Automotive Anti-freeze Coolant a commercially usable product.

The efforts in technology absorption/innovation by the Business Group (Cryogenics) were mainly geared to product improvement, import substitution and product and process development.

2) Benefits derived as a result of above efforts:

The benefits derived by the Business Group (Explosives) were:

i) Commissioning of two new plants in India based on technology and formulations provided by R&D.

ii) Up-gradation of the Packaged Emulsion Explosive manufacture technology resulting in continued acceptance of Small Diameter Emulsion Products in the market.

iii) Support to export, marketing and technical services for tailor-made products.

iv) Cost reduction on existing product lines.

v) Completion of trial commercial production of Automotive Anti-freeze coolant.

The benefits derived by the Business Group (Cryogenics) were:

i) Product Improvement in the form of lower cost, no breakage, reduction in cycle time and saving of energy.

ii) Product Development for reduction of vacuum losses and improvement of life of Cryovessels.

iii) Import Substitution consequent to lower cost, easy availability, reduction in evacuation period and saving of energy.

iv) Process Development in the form of easy assembly, reduction of process time for detection of leakage, better protection and saving of energy.

3) In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) 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:

   Vide comments hereinbefore.

iii) If not fully absorbed, area where this has not taken place, reasons therefore and future plan(s) 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, 2005, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the accounts of Business Group (Petroleum) –Eastern Region audited by us and Business Group (Petroleum)- Northern, Western and Southern Regions and LPG Department, Business Group (Explosives) and Business Group (Cryogenics) audited by the Branch Auditors. The reports received from Branch Auditors have been duly considered by us in preparing this report. 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 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 Companies (Auditors Report) Order, 2003 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 paragraph 4 and 5 of the said order.

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

   (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   (iii) The Balance Sheet, Profit and Loss Account and the Cash Flow Statement 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 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 applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   (v) In pursuance to notification number GSR 829 (E) dated 21.10.2003 issued by the Department of Company Affairs, Section 274(1)(g) of the Companies Act, 1956, pertaining to disqualification of Directors is not applicable to a Government Company.

   (vi) 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 Polices (Schedule-P) read with Notes on Accounts (Schedule-Q) and other notes appearing in various schedules annexed thereto, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005.

      (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 flows for the year ended on that date.

For A. Kayes & Co
Chartered Accountants

Sd/-
(A.Kayes)
Partner

Place : New Delhi
Date : 18th May 2005

Annexure to the Auditors' Report

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

(i). (a) The Company has maintained proper records showing full particulars indicating quantitative details and situations of fixed assets, except in Northern Region, Business Group (Petroleum) for which the management has taken necessary steps to update those records.

(b) The Fixed Assets have been physically verified on periodic basis as per phased programme by the Management during the year and no material discrepancies were noticed on such verification.

(c) No substantial part of fixed assets have been disposed off during the year.

(ii). (a) Physical verification has been made at reasonable intervals in respect of raw materials, stores and finished goods.

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

(c) In our opinion and according to information and explanations given to us, the Company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stock and book record were not material and the same have been properly dealt with in the books of account.

(iii). (a) The registers required under section 301 have been maintained by the Company, and the Company has neither granted nor taken any loan to/from companies, firms and other parties covered under section 301 of the Companies Act.

(b) Not Applicable.

(c) Not Applicable.

(d) Not Applicable.

(iv). 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 nature of its business for the purchase of inventory and fixed assets and sale of goods. Moreover there is no continuing failure to correct major weaknesses in internal control system.

(v). (a) On the basis of information made available to us, there was no such transaction which needs to be entered in the registers maintained under section 301 of the Act during the year.

(b) Not Applicable.

(vi). As the Company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 read with the directives issued by the Reserve Bank of India, the question of compliance thereof does not arise.

(vii). The Company has its own internal audit department which conducts the internal audit of the Company in phased manner and in our opinion, the present internal audit system is generally commensurate with the size and the nature of its business.

(viii). In our opinion and according to information and explanations given to us, the Company has prima facie maintained the prescribed accounts and records under section 209 (1) (d) of the Companies Act,1956 in such areas of operations where the same were prescribed by the Central Government.

(ix). (a) The Company is regularly making payment for Provident Fund and ESI and all other statutory dues with appropriate authority. According to information and explanations given to us, no undisputed amount in respect of income tax, sales tax, wealth tax, custom duty, cess and excise duty and no other statutory liabilities were outstanding for a period more than six months as on 31st March, 2005.

(b) According to information and explanations given to us, disputed claims pending before different forums are as under:

DETAILS OF THE STATUTORY DUES IN DISPUTE AS ON 31.3.2005

Name of the Statue	Nature of Dues	Amount (Rs. in lacs)	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act/ Local Sales Tax Act	Sales Tax	10,190.90	1986-87 to 2003-04	Asst Commissioners / Joint Commissioners/ Dy Commissioners of Sales Tax
Central Sales Tax Act/ Local Sales Tax Act	Sales Tax	35.82	1995-96 to 1998-99	Trade Tax Tribunal
Central Sales Tax Act/ Local Sales Tax Act	Sales Tax	7.10	1992-93 to 1994-95	Hon'ble High Court, Lucknow Bench.
Income Tax	Income Tax	35.55	1998-99 to 2000-01	Commissioner of Income Tax (Appeals)/Income Tax Appellate Tribunal.
Central Excise Act	Central Excise	20.52	1993-94 to 1995-96	Customs, Excise and Service Tax Appellate Tribunal
Central Excise Act	Central Excise	1543.16	1996-97 to 2004-05	Superintendent/Asst. Commissioners/Dy. Commissioners and Commissioners
Central Excise Act	Excise Duty	27.58	1993-94	Commissioner of Central Excise (Appeals)
Tax on Entry of Goods	Entry Tax	18.15	1997-98 to 2002-03	Dy. Commissioner, Sales Tax.

(x). The company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and immediately preceding financial year.

(xi). As per information and explanations given to us, the Company has not accepted any deposits/loans from Banks or any other financial institutions or debenture holders and as such, the question of default in repayment of dues does not arise.

(xii). As per information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities to any parties other than employees and in respect of loans and advances given to employees, there was no deficiency regarding adequate maintenance of documents and records.

(xiii). Not applicable.

(a) Not applicable.

(b) Not applicable.

(c) Not applicable.

(d) Not applicable.

(xiv). Not applicable.

(xv). As per information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi). The company does not have any term loan outstanding during the year.

(xvii). According to information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that the company has not raised any fund by way of issue of shares, debentures or from Bank and Financial Institution except short term funds arising out of negative net current assets of Rs.34,457.49 Lakhs at the end of the year being used for long term investment by the company. The determination of direct relationship between the particular source of short term funds and particular long term investment is not feasible and hence not ascertainable.

(xviii). According to information and explanations given to us, the company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix). The company does not have any outstanding debenture during the year.

(xx). The company has not raised any money through public issue during the year.

(xxi). As per information and explanations given to us and based on our examinations of book and records of the company carried out in accordance with the generally accepted auditing practice in India, we have neither come across any instances of fraud on or by the company, nor have we been informed of such cases by the management during the year.

For A. Kayes & Co
Chartered Accountants

Sd/-
(A.Kayes)
Partner

Place : New Delhi
Date : 18th May 2005

BALANCE SHEET as at 31st March 2005

(Rs. in Lakh)

	Schedule		As at 31st March 2005		As at 31st March 2004
SOURCES OF FUNDS					
1. Shareholders' Funds					
a) Share Capital	A	**2,214.74**		2,214.74	
b) Forfeited Convertible Debentures		**0.06**		-	
c) Reserves & Surplus	B	**63,741.72**		60,385.77	
			65,956.52		62,600.51
2. Loan Funds					
a) Unsecured Loans	C	**-**		0.06	
			-		0.06
3. Deferred Tax Liability			**9,809.27**		8,356.17
			75,765.79		70,956.74
APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	D	**129,512.56**		106,726.24	
b) Less: Depreciation		**30,746.69**		25,558.85	
c) Net Block		**98,765.87**		81,167.39	
d) Dismantled Capital Stores		**91.44**		98.41	
e) Capital Work-in-Progress	E	**8,923.41**		7,480.45	
			107,780.72		88,746.25
2. Finance Lease Receivables			**751.11**		959.66
3. Investments	F		**1,691.45**		1,624.58
4. Current Assets, Loans and Advances					
a) Inventories	G	**32,831.37**		38,519.43	
b) Sundry Debtors	H	**7,452.96**		9,569.75	
c) Cash and Bank Balances	I	**72,776.77**		66,445.86	
d) Other Current Assets - Interest Accrued on Investments/Bank Deposits		**191.85**		135.45	
e) Loans and Advances	J	**16,238.15**		12,953.82	
		129,491.10		127,624.31	
5. Less: Current Liabilities and Provisions	K				
a) Current Liabilities		**157,289.31**		135,148.57	
b) Provisions		**6,659.28**		12,849.49	
		163,948.59		147,998.06	
6. Net Current Assets			**(34,457.49)**		(20,373.75)
			75,765.79		70,956.74
7. Statement of Significant Accounting Policies	P				
8. Notes on Accounts	Q				
9. Other Schedules forming part of Accounts	R to X				

In terms of our report of even date
For A. Kayes & Co.
Chartered Accountants

Sd/-
(A. KAYES)
Partner

Sd/-
(Dr. N.G. Kannan)
Managing Director

Sd/-
(A.K. Sinha)
Director (Finance)

Sd/-
(Amit Ghosh)
Company Secretary

Place : New Delhi
Date : 18th May 2005

PROFIT & LOSS ACCOUNT for the year ended 31st March 2005

(Rs. in Lakh)

	Schedule		For the year ended 31st March 2005		For the year ended 31st March 2004
INCOME					
1. Sale of Products		1,347,895.70		1,055,133.43	
Less: Excise Duty		18,142.23		38,646.03	
Less: Commission and Discounts		2,283.76		1,668.66	
			1,327,469.71		1,014,818.74
2. Increase/(Decrease) in Stocks	L		(5,474.96)		(9,165.21)
3. Interest and other Income	M		6,427.00		6,093.24
4. Net Claim from/(surrender to) PPAC/GOI pertaining to previous years			8,547.70		-
5. Subsidy from Govt. on account of LPG & SKO			5,803.49		11,554.39
TOTAL INCOME			1,342,772.94		1,023,301.16
EXPENDITURE					
1. Purchase of Products for Resale			1,259,464.49		916,897.90
2. Manufacturing, Admin., Selling & Other Expenses	N		70,273.47		67,782.22
3. Duties Applicable on Products (Net)			(397.67)		726.71
4. Depreciation and Amortisation			5,472.11		4,126.70
5. Interest Payment on:					
a) Short term loans from Banks		3.68		3.61	
b) Others		5.88		3.19	
			9.56		6.80
TOTAL EXPENDITURE			1,334,821.96		989,540.33
PROFIT FOR THE YEAR			7,950.98		33,760.83
Income/(Expenses) pertaining to previous years(Net)	O		342.48		(500.92)
PROFIT BEFORE TAXATION			8,293.46		33,259.91
Provision for Taxation (Net)					
a) Current Tax*		952.92		11,057.74	
b) Deferred Tax		1,453.10		736.11	
			2,406.02		11,793.85
PROFIT AFTER TAXATION			5,887.44		21,466.06
Transfer from:					
Burma Current Account		8.06		(6.58)	
			8.06		(6.58)
DISPOSABLE PROFIT			5,895.50		21,459.48
APPROPRIATIONS:					
Interim Dividend			-		2,214.74
Proposed Dividend (Final)			2,214.74		5,536.84
Corporate Dividend Tax**			324.81		993.17
Devaluation Exchange Difference Reserve			8.06		(6.58)
General Reserve			3,347.89		12,721.31
6. Statement of Significant Accounting Policies	P				
7. Notes on Accounts	Q				
8. Other Schedules forming part of Accounts	R to X				

* Includes write back of excess provision of earlier years Rs. 56.62 Lakhs.

** Includes Education Cess Rs. 14.19 Lakhs on Dividend for 2003-04.

Earning Per Share - Basic/Diluted [Schedule Q (Note No.15)] (Rs.)	26.58	96.92

In terms of our report of even date
For A. Kayes & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
(A. KAYES)	**(Dr. N.G. Kannan)**	**(A.K. Sinha)**	**(Amit Ghosh)**
Partner	Managing Director	Director (Finance)	Company Secretary

Place : New Delhi
Date : 18th May 2005

SCHEDULE "A" - SHARE CAPITAL

(Rs. in Lakh)

			As at 31-Mar-05	As at 31-Mar-04
Authorised:				
	9,95,00,000	Equity Shares of Rs. 10/- each (31.3.2004 - 9,95,00,000) and	**9,950.00**	9,950.00
	50,000	Preference 14% Taxable Cumulative Shares of Rs.100 each (31.3.2004 - 50,000)	**50.00**	50.00
			10,000.00	10,000.00
Issued and Subscribed (Fully Called and Paid up):				
	2,21,47,369	Equity Shares of Rs. 10/- each (31.3.2004 - 2,21,47,369)	**2,214.74**	2,214.74
Out of the above				
a)	69,844	allotted as fully paid up shares pursuant to a contract without payment being received in cash (31.3.2004 - 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 (31.3.2004- 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 (31.3.2004 - 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 (31.3.2004 - 1,02,22,406)		
e)	1,15,23,783	shares issued as fully paid up in cash (31.3.2004 - 1,15,23,783)		
		TOTAL	**2,214.74**	2,214.74

Note:

A. Indian Oil Corporation Limited being the holding Company, holds 11867262 Equity Shares (31.3.2004 11867262 Equity Shares) representing 53.58% (31.3.2004 53.58%) of the paid-up share capital of the Company.

SCHEDULE "B" - RESERVES AND SURPLUS

(Rs. in Lakh)

			As at 31-Mar-05	As at 31-Mar-04
1.	**Capital Reserve**			
	As per last Account		**470.22**	470.22
2.	**Share Premium Account**			
	As per last Account	**8,865.29**		8,865.18
	Add: Premium on Account of Conversion of Debentures	**-**		0.11
			8,865.29	8,865.29
3.	**General Reserve**			
	As per last Account	**50,980.57**		38,259.26
	Add: Transfer from Profit & Loss Account	**3,347.89**		12,721.31
			54,328.46	50,980.57
4.	**Devaluation Exchange Difference Reserve**			
	As per last Account	**69.69**		76.27
	Add/(Less): Transfer from Profit & Loss Account	**8.06**		(6.58)
			77.75	69.69
	TOTAL		**63,741.72**	60,385.77

SCHEDULE "C" - UNSECURED LOANS

(Rs. in Lakh)

			As at 31-Mar-05	As at 31-Mar-04
1.	**From Others**			
	a) 14% Fully Convertible Debentures of Rs.120 each	**-**		0.11
	Less: Calls Unpaid	**-**		0.05
			-	0.06
	TOTAL		**-**	0.06

Note:

95 numbers 14% Fully Convertible Debentures of Rs.120/ each were forfeited by the Borad at its meeting held on 20th October 2004 due to non payment of first and final call money of Rs.60/- per Fully Convertible Debenture.

SCHEDULE “D” - FIXED ASSETS

(Rs. in Lakh)

Particulars	Gross Block						Depreciation and Amortisation					Net Block	
	As At 31-Mar-04	**Additions during the year**	**Transfer from CWIP**	**Disposals during the year**	**Transfers/ Deductions/ Reclassi-fications**	**As at 31-Mar-05**	As at 31-Mar-04	**For the year**	**Disposals during the year**	**Transfer/ Deductions/ Reclassi-fications**	**Total Upto 31-Mar-05**	**As at 31-Mar-05**	As at 31-Mar-04
Land:													
Freehold	4,499.65	**357.65**	**-**	**9.42**	**-**	**4,847.88**	-	**-**	**-**	**-**	**-**	**4,847.88**	4,499.65
Leasehold	1,085.15	**-**	**-**	**-**	**-**	**1,085.15**	122.94	**15.74**	**-**	**(9.54)**	**129.14**	**956.01**	962.21
Building, Roads etc.	35,555.78	**8,175.90**	**445.57**	**43.97**	**16.31**	**44,149.59**	3,901.27	**980.56**	**15.60**	**(50.72)**	**4,815.51**	**39,334.08**	31,654.51
Plant & Machinery	62,468.29	**13,245.83**	**907.66**	**208.20**	**(32.14)**	**76,381.44**	20,034.97	**4,319.50**	**130.10**	**29.49**	**24,253.86**	**52,127.58**	42,433.32
Transport Equipments	336.96	**-**	**-**	**18.71**	**-**	**318.25**	245.42	**23.43**	**18.24**	**(18.42)**	**232.19**	**86.06**	91.54
Furniture and Fixture	1,504.34	**89.14**	**-**	**9.94**	**0.06**	**1,583.60**	783.17	**74.02**	**6.83**	**(39.13)**	**811.23**	**772.37**	721.17
Railway sidings	1,276.07	**-**	**-**	**129.42**	**-**	**1,146.65**	471.08	**58.86**	**21.09**	**(4.09)**	**504.76**	**641.89**	804.99
TOTAL	106,726.24	**21,868.52**	**1,353.23**	**419.66**	**(15.77)**	**129,512.56**	25,558.85	**5,472.11**	**191.86**	**(92.41)**	**30,746.69**	**98,765.87**	81,167.39
Prev. year 31.03.04	87,397.54	19,632.93	550.64	633.68	(221.19)	106,726.24	21,879.71	4,126.70	447.56	-	25,558.85	81,167.39	

Notes:

(1) Cost of Building Includes -

a) Rs. 0.24 Lakh (31-Mar-04 - Rs.0.24 Lakh) constructed on land provided by State Government.

b) Rs. 47.13 Lakhs (31-Mar-04 - Rs.80.91 Lakhs) constructed on land provided by Public Sector Undertaking.

c) Rs. 250 (31-Mar-04 Rs.250) being cost of five shares of Rs.50 each held in Jaladharshan Co-Operative Housing Society.

d) Rs. 133.18 Lakhs (31-Mar-04 - Rs.133.18 Lakhs) which is yet to be registered in the name of the Company.

e) Rs. 701.29 Lakhs (31-Mar-04 Rs.701.29 Lakhs) constructed on leasehold Land. This leasehold land is yet to be registered in the name of the Company.

(2) The above includes Regulator plant at Sewri, Depots at Muzaffarpur and Betnoti, Budge Budge Tank Wagon Rly Siding and lands at various locations which are retired from active use and held for disposal /reuse. Consequent to valuation made during the year in respect of assets retired from active use, the necessary amount has been charged off to revenue in order to arrive at the net realisable value of such assets. Accordingly, such assets have been shown at Rs.1419.78 Lakhs being the lower of cost and net realisable value.

(3) Title deed of land, the book value of which is Rs.Nil Lakhs(31-Mar-04 Rs.178.85 Lakhs) are pending for execution and registration in favour of the Company.

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-05
Plant and Machinery	IOC/HPC/BPC/IBP	32.43%	509.10	120.53	388.57
Railway Sidings	HPC/BPC/IOC/IBP	40.95%	1,146.65	478.86	667.79
Freehold Land	IBP/IOC	50.00%	18.25		18.25
Total			**1,674.00**	**599.39**	**1,074.61**

SCHEDULE "E" - CAPITAL WORK IN PROGRESS

(Rs. in Lakh)

		Note		As at 31-Mar-05	As at 31-Mar-04
1.	Construction Work in Progress (including unallocated capital expenditure, material at site)		**2,617.24**		4,233.87
	Less: Provisions for Capital Losses		**41.20**		41.20
				2,576.04	4,192.67
2.	Advances for Capital Expenditure		**4,848.68**		1,754.78
	Less: Provision for Doubtful Advances		**0.55**		-
				4,848.13	1,754.78
3.	Capital Stores	A	**1,576.69**		1,576.08
	Less: Provision for Obsolescence of Capital Stores		**77.45**		43.08
				1,499.24	1,533.00
	TOTAL			**8,923.41**	7,480.45

Note:

A.	Includes stock lying with contractors	**68.75**	102.84

SCHEDULE "F" - INVESTMENTS

(Rs. in Lakh)

	No. and Particulars of Shares/Bonds/Units	Face Value per Share/ Bond/Unit Rupees	As at 31-Mar-05	As at 31-Mar-04
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 2002-03.	**10.00**	**358.70**	358.70
ii) HDFC Limited	376380 Equity Shares fully paid. 188190 Equity Shares issued as bonus shares during the year 2002-03.	**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. 6005.25 Lakhs** (31.3.2004 Rs. 4886.53 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 31.03.80	**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		**1,077.65**	1,010.78
Total (2B)			**1,282.65**	1,215.78
Total 2 (A+B)			**1,282.65**	1,215.78
TOTAL			**1,691.45**	1,624.58

SCHEDULE “G” - INVENTORIES

(Rs. in Lakh)

	Note		As at 31-Mar-05	As at 31-Mar-04
1. In Hand:				
a. Stores & Spares etc.		**322.83**		345.72
Less: Provision for Losses		**14.66**		8.12
			308.17	337.60
b. Raw Materials	A		**2,540.70**	2,736.04
c. Finished Products	B		**29,026.73**	33,010.32
d. Stock-in-Process			**284.76**	268.50
Total (1)			**32,160.36**	36,352.46
2. In Transit				
a. Raw Materials			**143.96**	132.29
b. Finished Products**			**527.05**	2,034.68
Total (2)			**671.01**	2,166.97
TOTAL			**32,831.37**	38,519.43

** Inclueds certain cases pertaining to railway claims.

Note: Includes:

A. Stock lying with others	**401.70**	149.70
B. Stock lying with others	**2,982.10**	5,421.25

SCHEDULE “H” - SUNDRY DEBTORS

(Rs. in Lakh)

	Note		As at 31-Mar-05	As at 31-Mar-04
1. Over Six Months:				
a) Secured, Considered Good		**12.48**		11.98
b) Unsecured, Considered Good		**338.65**		553.25
c) Unsecured, Considered Doubtful		**243.64**		232.56
Total (1)			**594.77**	797.79
2. Others Debts				
a) Secured, Considered Good		**43.96**		182.18
b) Unsecured, Considered Good		**7,057.87**		8,822.34
Total (2)			**7,101.83**	9,004.52
Total (1+2)			**7,696.60**	9,802.31
Less: Provision for Doubtful Debts			**243.64**	232.56
TOTAL			**7,452.96**	9,569.75

SCHEDULE "I" - CASH AND BANK BALANCES

(Rs. in Lakh)

	Note		As at 31-Mar-05	As at 31-Mar-04
1. Cash Balances				
a) Cash Balances including imprest		**57.61**		55.84
b) Cheques in Hand		**5,349.88**		2,732.94
			5,407.49	2,788.78
2. Balances with Scheduled Banks				
a) Currents Accounts	A	**10,070.06**		11,776.40
b) Fixed Deposit Account		**57,210.00**		51,800.00
			67,280.06	63,576.40
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.89.22 Lakhs (2003-04 Rs.87.65 Lakhs) at rate of exchange K.1=Rs.7.7987(2003-04 K.1=Rs.7.0515)]			**89.22**	80.68
TOTAL			**72,776.77**	66,445.86

Note:

A. Includes Rs. 1280.97 Lakhs on account of Remittance in Transit (31.03.2004 Rs. 2438.54 Lakhs).

SCHEDULE "J" - LOANS AND ADVANCES

(Rs. in Lakh)

	Note		As at 31-Mar-05	As at 31-Mar-04
1. Loans and Advances Recoverable in Cash or in Kind or for Value to be Received:	A			
From Others:				
a) Secured, Considered Good		4,253.18		3,934.85
b) Unsecured, Considered Good		5,013.99		6,427.23
c) Unsecured Considered Doubtful		101.16		158.70
Sub Total		9,368.33		10,520.78
Less: Provision for Doubtful Advances		101.16		158.70
			9,267.17	10,362.08
2. Claims Recoverable:				
a) Unsecured, Considered Good		543.16		581.34
b) Unsecured, Considered Doubtful		109.59		113.02
		652.75		694.36
Less: Provision for Doubtful Claims		109.59		113.02
			543.16	581.34
3. Amount Recoverable from Government **			6,150.42	1,426.48
4. Balance with Customs, Port Trust and Excise Authorities: Unsecured, Considered Good			111.48	393.97
5. Sundry Deposits (including amount adjustable on receipt of final bills)				
From Others:				
a) Unsecured, Considered Good		165.92		189.95
b) Unsecured, Considered Doubtful		-		0.43
		165.92		190.38
Less: Provision for Doubtful Deposits		-		0.43
			165.92	189.95
TOTAL			16,238.15	12,953.82

** Includes Rs.5290.28 Lakhs on account of claims pertaining to Administered Pricing Mechanism period duly confirmed by PPAC during the year.

Note:

A: Includes:	**Rs. in Lakh**	Rs. in Lakh
1. Due from Directors	-	1.40
Maximum Amount During the Year	1.40	2.98
2. Due from Other Officers	4.25	4.59
Maximum Amount During the Year	4.59	4.89

SCHEDULE "K" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Lakh)

	Note		As at 31-Mar-05	As at 31-Mar-04
1. Current Liabilities				
a) Sundry Creditors				
i) Total Dues of Small Scale Industrial Undertakings	A	188.25		158.02
ii) Total Dues of Creditors other than Small Scale Industrial Undertakings		63,566.43		71,780.86
Total (a)		63,754.68		71,938.88
b) Other Liabilities		15,708.18		14,707.68
c) Investor Education & Protection Fund:				
- Unpaid/Unclaimed Dividend		183.16		137.04
d) Security Deposits		9,572.91		7,830.81
e) Interest Accrued but not Due on Loans		5.45		3.78
			89,224.38	94,618.19
2. Due to Subsidiary/Holding/Group Companies:				
Indian Oil Corporation Limited			66,050.68	40,340.77
Chennai Petroleum Corporation Ltd.			2,014.25	189.61
Total Current Liabilities			157,289.31	135,148.57
3. Provisions				
a) Provision for Retirement benefits		3,902.90		3,278.39
b) Provisions for Taxation		25,743.56		25,302.60
Less: Advance Payment of tax		25,512.54		21,977.75
		231.02		3,324.85
c) Proposed Dividend		2,214.74		5,536.84
d) Corporate Dividend Tax		310.62		709.41
Total Provisions			6,659.28	12,849.49
TOTAL			163,948.59	147,998.06

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-05	For the year ended 31-Mar-04
Closing Stock			
a) Finished Products	29,553.78		35,045.00
b) Stock in Process	284.76		268.50
		29,838.54	35,313.50
Less:			
Opening Stock			
a) Finished Products	35,045.00		44,293.45
b) Stock in Process	268.50		185.26
		35,313.50	44,478.71
TOTAL		(5,474.96)	(9,165.21)

SCHEDULE "M" - INTEREST AND OTHER INCOME

(Rs. in Lakh)

	Note	For the year ended 31-Mar-05		For the year ended 31-Mar-04
1. Interest on:				
a) Loans and Advances (Tax Deducted at Source Rs. Nil (31.3.04 Rs. 0.41Lakh))		**176.40**		165.29
b) Short term Deposits with Banks (Tax Deducted at Source Rs. 663.95 Lakhs (31.3.04 Rs. 633.46 Lakhs))		**3,270.44**		3,229.41
c) Customer Outstandings		**15.95**		7.18
d) Others		**88.13**		90.33
			3,550.92	3,492.21
2. Dividend (Gross)				
a) From Other than Subsidiary Companies *			**113.19**	103.78
3. Profit on Sale and Disposal of Assets			**9.63**	3.85
4. Unclaimed/Unspent liability Written Back			**662.68**	463.48
5. Provisions for Doubtful Debts, Advances, Claims, Stock and Stores Written Back			**69.64**	12.08
6. Recoveries from Employees			**129.01**	152.73
7. Retail Outlet Licence Fees			**888.64**	695.68
8. Sale of Scrap			**34.99**	37.76
9. Miscellaneous Income	A		**968.30**	1,131.67
TOTAL			**6,427.00**	6,093.24

* Income on long term non-trade investments.

Note:

A. Includes Rs. 66.87 Lakhs towards share of accumulated surplus (Tax Free) of Petroleum India International, association of persons (31.3.2004 Rs. 96.60 Lakhs).

SCHEDULE “N” - MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Lakh)

			For the year ended 31-Mar-05	For the year ended 31-Mar-04
1.	Raw Material Consumed:			
	Opening Balance	**2,868.33**		2,649.16
	Add: Purchases	**18,903.29**		19,029.97
		21,771.62		21,679.13
	Less: Closing Stock	**2,684.66**		2,868.33
			19,086.96	18,810.80
2.	Consumption:			
	Stores, Spares and Consumables		**620.62**	612.89
3.	Power & Fuel		**1,067.90**	1,039.98
4.	Processing Fees, Blending Fees, Royalty & Other Charges		**1,273.69**	1,467.73
5.	Octroi, Other Levies and Irrecoverable Taxes		**9,654.08**	7,886.93
6.	Repairs and Maintenance			
	i) Plant & Machinery	**818.08**		563.89
	ii) Building	**221.32**		292.99
	iii) Others	**286.55**		144.77
			1,325.95	1,001.65
7.	Freight, Transportation Charges & Demurrage		**11,581.19**	10,263.00
8.	Payment to and Provisions for Employees:			
	i) Salaries,Wages, Bonus etc. **	**9,285.79**		9,434.71
	ii) Contribution to Provident and Other Funds	**780.94**		818.77
	iii) Voluntary Retirement Compensation	**408.84**		-
	iv) Staff Welfare Expenses	**2,025.72**		2,943.45
			12,501.29	13,196.93
9.	Office Administration, Selling and Other Expenses(Schedule”N-1")		**13,161.79**	13,502.31
	TOTAL		**70,273.47**	67,782.22

** Includes Rs.915.00 Lakhs on account of provisions towards differential Productivity Incentive Scheme arrears in respect of three years, i.e., 1997-98,1998-99 and 1999-2000.

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

(Rs. in Lakh)

			For the year ended 31-Mar-05	For the year ended 31-Mar-04
1.	Rent		2,570.55	3,046.11
2.	Insurance		327.21	337.37
3.	Rates and Taxes		586.79	694.55
4.	Donations		1.84	8.39
5.	Payment to Auditors:			
	a) Audit Fees	3.87		3.88
	b) Tax Audit Fees	0.84		0.81
	c) Other Services	2.68		1.68
	d) Out of Pocket Expenses	1.34		1.13
			8.73	7.50
6.	Travelling and Conveyance		1,971.51	2,028.02
7.	Communication Expenses		453.86	454.65
8.	Printing and Stationery		305.74	315.94
9.	Electricity and Water		339.10	306.54
10.	Bank Charges		425.13	421.78
11.	Bad Debts, Advances and Claims Written Off		7.21	2.80
12.	Loss on Assets Sold, Retired or Written off		279.73	95.34
13.	Exchange Fluctuation (Net)		0.04	5.80
14.	Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores		60.78	86.44
15.	Security Force Expenses		220.15	210.96
16.	Sales Promotion Expenses		1,714.67	1,694.69
17.	Handling Expenses		2,097.50	1,739.06
18.	Other Expenses		1,791.25	2,046.37
	TOTAL		13,161.79	13,502.31

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

(Rs. in Lakh)

		For the year ended 31-Mar-05	For the year ended 31-Mar-04
Income:			
1.	Miscellaneous Income	342.48	90.31
	Total Income	342.48	90.31
Expenditure:			
1.	Other Expenses	-	591.23
	Total Expenses	-	591.23
	NET INCOME/(EXPENDITURE)	342.48	(500.92)

SCHEDULE "P"– STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION

The financial statements are prepared under historical cost convention in accordance with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the provisions of The Companies Act, 1956.

2. FIXED ASSETS

2.1 **Land**

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

2.2 **Expenditure during construction period**

2.2.1 Revenue expenses exclusively attributable to projects incurred during construction period are capitalized.

2.3 **Depreciation**

2.3.1 Depreciation on Fixed Assets is provided in accordance with the rates specified in schedule XIV of the Companies Act,1956 on straight line method upto 95% of the cost of Fixed Assets. Depreciation is charged pro-rata on quarterly basis on assets from/up to the quarter of capitalization/sale, disposal and dismantled during the year.

Assets costing up to Rs. 5000/- are depreciated @100% in the year of capitalization.

2.3.2 Cost of leasehold land for 99 years or less is amortized during the lease period.

2.4 **Impairment of Assets**

2.4.1 Carrying amount of cash generating units/assets is reviewed for impairment. Impairment, if any, is recognized where the carrying amount exceeds the recoverable amount being the higher of net realizable price and value in use.

3. INTANGIBLE ASSETS

3.1 **RESEARCH AND DEVELOPMENT COST**

All expenditures other than on capital account, on research and development are charged to Profit & Loss account.

4. INVESTMENT

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

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

5. CURRENT ASSETS AND PROVISIONS

5.1 **Inventories**

5.1.1 **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 which ever is lower. Stock in process of containers is determined on First In First Out (FIFO) basis.

5.1.2 **Stores & 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.

5.1.3 **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.

5.2 **Claims & Provisions**

5.2.1 Claims on Petroleum Planning Analysis Cell/Government are booked on the basis of 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.

5.2.2 Other claims are accounted when there is certainty that the claims are realizable.

6. CONTINGENT LIABILITIES AND CAPITAL COMMITMENT

6.1 Show-cause Notices issued by various Government Authorities are not considered as obligation. When the demand notices are raised against such show cause notices and are disputed by the Company, then these are classified as obligations.

6.2 Capital commitments and contingent liabilities are those which exceed Rs. 5 lakhs in each case.

6.3 The treatment in respect of disputed obligations, in each case above Rs. 5 Lakhs, are as under

a) a provision is recognized in respect of present obligations where the outflow of resources is probable ;

b) all other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

7. PROFIT AND LOSS ACCOUNT

7.1 **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.

7.2 **Payment under Voluntary Retirement Scheme**

Compensation paid under Voluntary Retirement Scheme is charged off in the year of payment.

7.3 **Prepaid Expenses**

Prepaid expenses upto Rs. 1,00,000/- in each case are charged to revenue.

7.4 **Previous Year Adjustments**

Income & expenditure upto Rupees 5 lakh in each case pertaining to prior years are accounted for in the current year.

7.5 **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.

7.6 **Revenue Grants (Subsidy)**

Revenue grants are reckoned as per the scheme notified by Government of India from time to time.

8. Retirement Benefits

8.1 **Gratuity**

Payment of gratuity is made through trust and the amount of contribution, based on actuarial valuation, is charged to Profit & Loss Account.

8.2 **Leave Encashment/Post Retirement Medical Benefits/Resettlement Benefits**

Accruing liability is charged to Profit & Loss Account based on Actuarial valuation.

9. Foreign Exchange Transactions

9.1 Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted for in the Profit & Loss Account either under the head foreign exchange fluctuation or interest cost, as the case may be , except those relating to acquisition of fixed assets.

9.2 Exchange differences arising on liabilities incurred or on repayment of borrowings in foreign currency for acquisition of fixed assets are accounted in the following manner :

a) in respect of fixed assets acquired from a country outside India, exchange differences are adjusted in the carrying cost.

b) in respect of fixed assets acquired within India,

i. exchange differences on transactions in foreign currency entered prior to 1st. April 2004, are adjusted in the carrying cost.

ii. Exchange differences on transactions in foreign currency entered on or after 1st April 2004 are recognized in the Profit & Loss Account under the head foreign exchange fluctuation or interest cost, as the case may be.

SCHEDULE "Q" - NOTES ON ACCOUNT

		2004-05 Rs. in Lakh	2003-04 Rs. in Lakh
1.	Description		
	Estimated Amount of Contracts remaining to be executed on Capital Accounts and not provided for.	**9359.25**	9402.23
2.	Profit and Loss Account includes:		
	(a) Research and Development expenditure (Net of Grant received)	**252.74**	281.89
	(b) Managerial Remuneration:		
	(i) Salary & Allowances	**14.99**	23.39
	(ii) Contribution to Provident Fund & Other Fund	**1.71**	2.82
	(iii) Other Benefits and Perquisite	**1.35**	2.69
		18.05	28.90

In addition, whole time Directors are allowed to use the Company's car for private use up to 12000 KMs per annum on a payment of Rs. 520 per month for car having hp rating of less than 16.

3. a) A sum of Rs.0.09 Lakh (Rs.0.14 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 which the company owes any sum together with interest outstanding for more than 30 days, are as under**:**

   Mary Engineering, Anilux Coated, Blossom Enterprises, Neelay Industries, Satyanarayan Woods, V K Enterprise, Asiatic Enterprise, Dhanraj Chemicals, Explopack, Explotech Chemicals (P) Ltd,. Jayant Copper & Steel Wire, Lotus Agrochem, Mahalaxmi Essential Oil, Prakash Laminating, Relytec Chemicals, Santosh Maize & Industries, Shantanu Chemicals, Kraps Chem P Ltd., Solar Chem Ferts Pvt. Ltd., Basu-N- Dhara, Tytan Organics, Shri Prithiviraj Poly Fab, Bindra Chemicals, Chemical Udyog, Rasayan Udyog, Shri Balaji Chemicals, M/s Ganapati Metchem.

4. 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 except Indian Oil Corporation Ltd & Chennai Petroleum Corporation Ltd., including stocks held by them are subject to confirmation. Similarly, balances of debtors, advances, deposits, loans and sundry creditors are subject to confirmation. The quantum of adjustments, if any on account of recoverability or otherwise in this regard are not readily ascertainable pending such reconciliation and confirmation. However, adjustments, if any, arising therefrom are not likely to be material.

5. 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.

6. Income from Sale of Scraps is accounted for on realization. However, value of such scraps is not material in nature.

7. Deposits made other than Trade Deposits not exceeding Rs.10,000/- each case are charged off to revenue in the year of payment.

8. As per the guidelines/mechanism communicated by Petroleum Planning Analysis Cell (PPAC) for sharing of industry under recoveries of SKO and LPG arising out of non-revision in the selling prices of PDS Kerosene and Domestic LPG during 2004-05, recovery by the Company works out to Rs.17572.25 lakhs for the year 2004-05 which has been netted off from purchase of products. However, there was net surrender of Rs. 1271.92 lakhs during 2003-04.

9. Pending issue of necessary 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 Company has not made any provision for the same.

10. Disclosure relating to Loans & Advances under Clause 32 of the listing agreement:

	Particulars	Amount as at		Maximum amount outstanding during year ended	
		31.03.2005	31.03.2004	**31.03.2005**	31.03.2004
A.	Loans and Advances in the nature of Loans				
	i. To Holding Company Indian Oil Corporation Ltd.	**Nil**	Nil	**Nil**	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

11. Amount remitted in Foreign Currency towards Dividend:

		2004-05	2003-04
i)	Number of non-resident shareholders	**2**	3
ii)	Number of shares held by them	**490**	2016
iii)	Amount of Dividend remitted (Rs./Lakh)	**0.12**	0.26

12. Segment Information (Accounting Standard-17):

(Figures in Rs./Lakh)

Sl. No.	Particulars			Petroleum	Explosives	Cryogenic	Total
A	**Revenue**						
	External	:	**2004-05**	**13,34,371.97**	**8,221.02**	**1,990.80**	**13,44,583.79**
		:	2003-04	[10,18,914.49]	[8519.97]	[1435.92]	[10,28,870.38]
	Inter Segment	:	**2004-05**	**[-]**	**[-]**	**[-]**	**[-]**
		:	2003-04	[-]	[-]	[-]	[-]
	Total Revenue	:	**2004-05**	**13,34,371.97**	**8,221.02**	**1,990.80**	**13,44,583.79**
		:	2003-04	[10,18,914.49]	[8519.97]	[1435.92]	[10,28,870.38]
B	**Result**						
	Segment Result	:	**2004-05**	**5,933.39**	**(1516.74)**	**(120.22)**	**4,296.43**
		:	2003-04	[31,231.04]	[(970.50)]	[(88.90)]	[30,171.64]
	Interest Expenses	:	**2004-05**				**9.56**
		:	2003-04				[6.80]
	Interest Income	:	**2004-05**				**3550.92**
		:	2003-04				[3492.21]
	Prior Period Income / (Expenses)	:	**2004-05**				**342.48**
		:	2003-04				[(500.92)]
	Dividend income and profit on sale of investment	:	**2004-05**				**113.19**
		:	2003-04				[103.78]
	Impact due to changes in Accounting Policy	:	**2004-05**				**[-]**
		:	2003-04				[-]
	Profit before Tax	:	**2004-05**				**8293.46**
		:	2003-04				[33259.91]
	Provision for Tax	:	**2004-05**				**2406.02**
		:	2003-04				[11,793.85]
	Profit after Tax	:	**2004-05**				**5887.44**
		:	2003-04				[21,466.06]
C	**Other Information**						
	Segment Assets	:	**2004-05**	**1,71,601.17**	**6,741.18**	**2470.58**	**1,80,812.93**
		:	2003-04	[1,55,767.00]	[7,399.15]	[2,364.02]	[165,530.17]
	Corporate Assets	:	**2004-05**				**58,901.45**
		:	2003-04				[53,424.58]
	Segment Liabilities	:	**2004-05**	**1,59,776.33**	**3,278.35**	**662.89**	**1,63,717.57**
		:	2003-04	[1,40,736.92]	[3,389.03]	[547.27]	[144673.22]
	Corporate liabilities	:	**2004-05**				**10,040.29**
		:	2003-04				[11,681.02]

D	**Capital Expenditure**	:	**2004-05**	**22,971.24**	**195.18**	**55.32**	**23,221.74**
		:	2003-04	[20,002.15]	[162.97]	[18.45]	[20,183.57]
E	**Depreciation**	:	**2004-05**	**5,201.44**	**220.15**	**50.52**	**5472.11**
		:	2003-04	[3,861.99]	[219.50]	[45.21]	[4,126.70]
F	**Non-cash expenditure other than depreciation**	:	**2004-05**	**-**	**-**	**-**	**-**
		:	2003-04	-	-	-	-

Note: i) The company operates through three recognized segments i.e.

- Petroleum comprising of Petroleum products, LPG and Lubes & Greases
- Explosives comprising of Industrial Explosives, Site Mix Slurry Explosives, Detonating Fuse and Cast Boosters.
- Cryogenics 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.

13. Related Party Disclosures (Accounting Standard-18)**:**

Name of Related Party	Nature of Transactions	Amount of Transaction during the year **(Rs. in Lakh)** **2004-05**	2003-04
A) Key Management Personnel			
Whole Time Directors			
i) Arun Jyoti (up to 30th April, 2004)			
ii) Shri A.K. Sinha			
B) Details relating to persons referred to in A above			
Remuneration		**18.05**	28.90
Rent paid for residential flat		**2.31**	4.59
Outstanding Loans receivable		**-**	1.41

14. (i). Disclosure in respect of Finance Lease of Tank wagon (Accounting Standard-19)**:**

	2004-05 Rs. in Lakh	2003-04 Rs. in Lakh
a) Gross Investment in Finance Lease	**3250.46**	3250.46
Less: Unearned Finance Income	**250.86**	348.26
Finance Income received	**1087.49**	990.09
Minimum Lease payment received	**1161.00**	952.45
Net Investment in Finance Lease	**751.11**	959.66
b) Unearned Finance Income	**250.86**	348.26
c) Present Value of Minimum Lease payment receivable		
- not later than one year	**221.05**	208.55
- later than one year and not later than five years	**419.16**	598.95
- later than five years	**110.90**	152.16
	751.11	959.66

d) Break up of Unearned income

- not later than one year	**76.27**	97.40
- later than one year and not later than five years	**124.57**	185.36
- later than five years	**50.02**	65.50
	250.86	348.26

14. (ii) Disclosure for Operating lease for assets given on lease during the year

(1)	**Rs. in Lakh As on 31.03.2005**	Rs. in Lakh As on 31.03.2004
Category of Assets	Plant & Machinery	Plant & Machinery
Gross carrying amount	1157.13	N.A
Accumulated Depreciation	582.37	N.A
Depreciation recognized in P & L during the year	53.91	N.A

(2) Description of significant leasing arrangements

Above operating lease is as per mutually revocable agreement entered into by the company during the current financial year with Chennai Petroleum Corporation Limited for leasing of company's Storage Tankage facilities of Petroleum Products at Mumbai & Nagapattinam at mutually agreed lease rent which has been accounted for as income in the books of the company.

15. Earnings per Share (Accounting Standard-20)**:**

		Year ended 31.03.2005	Year ended 31.03.2004
i.	Profit attributable to the Equity Shareholders (Rs. in Lakh)	**5887.44**	21466.06
ii.	Add: Interest on Fully Convertible debentures (Rs. in Lakh)	**0.00**	0.07
iii.	Adjusted net Profit (Rs. in Lakh) [i + ii]	**5887.44**	21466.13
iv.	Weighted average number of Equity Shares	**221,47,369**	221,47,369
v.	Add: Potential number of Equity Shares	**0**	95
vi.	Diluted number of Equity shares (iv + v)	**221,47,369**	221,47,464
vii.	Nominal Value of Equity Shares (Rs.)	**10**	10
viii.	Basic Earnings per Share (Rs.)	**26.58**	96.92
ix.	Diluted earnings per Share (Rs.)	**26.58**	96.92

16. Deferred Tax Asset/(Liability) – Accounting Standard-22**:**

(Rs. in Lakh)

Items		**As on 31.03.2005**	As on 31.03.2004
a)	Depreciation	**(11597.50)**	(10414.04)
b)	Compensation under Voluntary Retirement Scheme	**334.20**	478.80
c)	Others •	**1454.03**	1579.07
Net Deferred Tax Liability		**(9809.27)**	(8356.17)

• Includes Rs.1146.41 Lakhs (Rs.824.47 Lakhs) towards Capital Gain on Investments in quoted shares, estimated as per the market value as on 31st March 2005, to be set off against carry forward Capital Loss.

17. In line with the Accounting Standard-28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, carrying amount of cash generating units have been reviewed for impairment and review indicated that there was no impairment of assets.

18. In accordance with the Accounting Standard-29, Company has reviewed the existence of Contingent Liability due to any possible obligation as a result of a past event. Such Contingent liabilities have been disclosed as under:

Sl. No.	Class of Contingent Liability	Description of the nature of the contingent liability	Amount of financial effect (Estimated) Rs. in Lakh	Major assumptions made for the uncertainties	Amount of possible reimbursement
1	Sales Tax	Demand of sales tax on stock transfers	5358.84	Demand disputed and appeal proceedings pending with appellate authorities.	Nil
2	Sales Tax	Tax on elements not liable to tax	661.83	Demand disputed and appeal proceedings pending with appellate authorities.	Nil
3	Sales Tax	Non Submission of declaration forms	2640.22	Demand disputed and appeal proceedings pending with appellate authorities	Nil
4	Sales Tax	Disallowance of Interstate sales	381.98	Demand disputed and appeal proceedings pending with appellate authorities	Nil
5	Sales tax	Lease treated as sales	44.88	Demand disputed and appeal proceedings pending with appellate authorities	Nil
6	Sales Tax	Sales tax on multipoint in case difference between sales price and cost exceeds specified percent.	1059.47	Demand disputed and appeal proceedings pending with appellate authorities	Nil
7	Sales Tax	Additional tax demanded without assigning reasons	40.81	Copy of order requested for and demand disputed.	Nil
8	Excise	Valuation disputes	557.64	Demand disputed and appeal proceedings pending with appellate authorities	Nil
9	Excise	Duty demanded on stock sold after price change.	41.21	Demand disputed and appeal proceedings pending with appellate authorities	Nil
10	Income Tax	Tax on Vehicle running expenses reimbursed to employees	35.55	Demand disputed and appeal proceedings pending with appellate authorities	Nil
11	Stamp Duty	Additional demand of stamp duty	10.89	Demand disputed and appeal proceedings pending with appellate authorities	Nil
12	Property disputes	Compensation to Landowners and interest	974.42	Demand disputed and appeal proceedings pending with appellate authorities	Nil
13	Labour disputes	Minimum Wages not paid by contractor	209.12	Demand disputed and appeal proceedings pending with appellate authorities	Nil
14	Labour disputes	Temporary labour insisting on permanent employment	125.25	Demand disputed and appeal proceedings pending with appellate authorities	Nil
15	Counter Guarantee	Counter Guarantee given to Banks in respect of Letter of Credit/Bank Guarantee issued by them on behalf of Company	75.85	Bank Guarantee/ Letter of Credit remain outstanding as on 31.03.2005	N.A.
16	P.F Disputes	Interest, penalty & Other damages imposed by RPFC	105.62	Imposition of penalty /Interest/damages disputed by Company and lying with High Court/ Tribunal.	N.A
	TOTAL		12323.58		

19. Assets and liabilities include certain transactions on account of short/excess entries made by banks for which clarifications are pending from them. Necessary entries will be passed on receipt of such clarifications from banks.

20. As per existing practice, dismantled capital stores of Rs. 91.44 Lakhs being re-useable after reconditioning have been shown at lower of book value and net realizable value.

21. As per accounting policy of the Company, income & expenditure upto Rupees five lakhs in each case pertaining to prior period are accounted for in the current year, the quantum of which is not ascertainable. Similarly, prepaid expenses upto Rupees one lac in each case charged to revenue in the current year , the quantum of which is not ascertainable. However, total amount as a whole is not likely to be material.

22. Revenue expenditure includes Rs. 130.73 Lakhs pertaining to LNG activities.

23. 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.

24. 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.

For A. Kayes & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-
(A. KAYES)	**(Dr. N.G. Kannan)**	**(A.K. Sinha)**	**(Amit Ghosh)**
Partner	Managing Director	Director (Finance)	Company Secretary

Place : New Delhi
Date : 18th May 2005

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

		Unit	Licensed Capacity		Installed Capacity		Actual Production**	
			March'05	March'04	**March'05**	March'04	**March'05**	March'04
1	Cryocontainer and Accessories	Nos.	**13,000**	13,000	**16,500**	16,500	**10,381**	7,496
2	Industrial Explosives (Cartridge)	MT	**22,416**	22,416	**20,000**	20,000	**6,182**	7,283
3	Site Mixed Slurry Explosives	MT	**106,875**	102,084	**99,375**	65,500	**45,022**	44,983
4	Detonating Fuse	Mmtrs	**15**	15	**5**	5	**2**	5
5	Cast Boosters	MT	**120**	120	**40**	40	**64**	68
6	Lubes	KL	**39,000**	39,000	**39,000**	39,000	**20,229**	22,720

** Does not include quantity produced through outside parties.

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

(Fig. in Lakhs)

	Units	Opening Stock		Purchases		Sales		Closing Stock	
		Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.	Quantity	Value Rs.
1. PETROLEUM PRODUCTS:	MTs								
Year ended 31-Mar-05		**1.392**	**31,072.65**	**49.343**	**1,259,083.34**	**49.822**	**1,314,373.31**	**0.948**	**26,051.62**
Year ended 31-Mar-04		1.763	40,514.76	45.055	916,572.67	45.436	1,019,721.95	1.392	31,072.65
2. LUBRICANTS & GREASES:	MTs								
Year ended 31-Mar-05		**0.073**	**3,326.73**	**-**	**-**	**0.268**	**19,032.01**	**0.065**	**3,189.20**
Year ended 31-Mar-04		0.075	3,186.40	-	-	0.326	21,518.65	0.073	3,326.73
3. EXPLOSIVES:	MTs								
Year ended 31-Mar-05		**0.002**	**77.13**	**-**	**-**	**0.513**	**8,880.88**	**0.001**	**40.04**
Year ended 31-Mar-04		0.003	77.66	-	-	0.523	8,989.91	0.002	77.13
4. CRYOCONTAINERS/ CRYOVESSELS:									
Year ended 31-Mar-05	**Nos**	**0.05**	**521.54**	**-**	**-**	**0.13**	**2,258.72**	**0.02**	**266.82**
Year ended 31-Mar-04		0.06	490.34	-	-	0.08	1,636.88	0.05	521.54
5. OTHERS									
Year ended 31-Mar-05		**-**	**46.95**	**-**	**381.15**	**-**	**3,350.78**	**-**	**6.10**
Year ended 31-Mar-04		-	24.29	-	325.23	-	3,266.04	-	46.95
TOTAL									
Year ended 31-Mar-05		**-**	**35,045.00**		**1,259,464.49**		**1,347,895.70**	**-**	**29,553.78**
Year ended 31-Mar-04		-	44,293.45		916,897.90		1,055,133.43	-	35,045.00

SCHEDULE "S-1" - INCOME FROM SALES

(Rs. in Lakh)

Class of Goods Sold	Unit of Quantity	For the year ended 31-Mar-05 Quantity	Rupees	Rupees	For the year ended 31-Mar-04 Quantity	Rupees	Rupees
I. Business Group (Petroleum)							
Sales to Dealers/Customers:							
Motor Spirit	KL	**1,015,234**	**308,301.24**		905,137	241,150.73	
High Speed Diesel	KL	**4,000,712**	**855,771.00**		3,568,106	640,905.58	
Light Diesel Oil	KL	**16,650**	**3,148.16**		13,841	2,310.56	
Kerosene	KL	**619,310**	**51,614.20**		626,372	51,540.59	
Furnace Oil	KL	**4,827**	**612.15**		5,630	634.45	
Liquefied Petroleum Gas	MT	**37,967**	**6,340.55**		33,723	5,093.04	
Compressed Natural Gas	MT	**9,449**	**1,541.55**		5,271	854.57	
Bitumen	MT	**2,662**	**348.51**		47	6.23	
Lubricants	KL	**28,655**	**18,249.37**		34,855	20,600.93	
Grease	MT	**1,067**	**782.64**		1,278	917.72	
				1,246,709.37			964,014.40
Sales to OMCs:							
Motor Spirit	KL	**146,293**	**41,363.73**		178,238	42,773.80	
High Speed Diesel	KL	**193,679**	**40,118.10**		178,728	29,329.05	
Kerosene	KL	**24,337**	**4,020.51**		29,378	3,601.56	
Furnace Oil	KL	**10**	**1.08**		281	25.46	
Liquefied Petroleum Gas	MT	**60**	**12.12**		-	-	
				85,515.54			75,729.87
Income on account of OMC Charges				**1,180.41**			1,496.33
Income from company owned outlets				**2,997.47**			2,727.38
Accessories/Others				**3.92**			8.27
Sub total				**1,336,406.71**			1,043,976.25
II. Business Group (Explosives)							
Industrial Explosives	MT	**6,289**	**1,669.99**		7,291	1,828.49	
SMS Explosives	MT	**45,022**	**7,210.89**		44,983	7,161.42	
Others			**349.39**			530.39	
				9,230.27			9,520.30
III. Business Group (Engineering)							
Cryocontainers and Accessories *	Nos.	**13,076**	**1,335.88**		8,163	1,083.79	
Cryovessels	Nos.	**86**	**922.84**		58	553.09	
				2,258.72			1,636.88
TOTAL				**1,347,895.70**			1,055,133.43

* Cryocan sales quantity shown above is net of free replacement under warranty obligation of 45 nos. (31.03.2004 : 6 nos.) and 2 nos. (31.03.2004 : 10 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-05 Quantity	For the year ended 31-Mar-05 Rupees	For the year ended 31-Mar-04 Quantity	For the year ended 31-Mar-04 Rupees
Motor Spirit	KL	**1,144,656**	**315,752.90**	1,079,764	241,682.45
High Speed Diesel	KL	**4,165,907**	**839,501.34**	3,705,444	588,276.23
Light Diesel Oil	KL	**16,650**	**2,874.13**	13,841	2,067.33
Kerosene	KL	**630,644**	**86,417.91**	657,713	71,867.08
Furnace Oil	KL	**4,052**	**479.34**	3,487	344.36
Liquefied Petroleum Gas	MT	**37,810**	**7,352.54**	33,891	5,962.74
Compressed Natural Gas	MT	**9,449**	**1,503.15**	5,271	835.67
Others			**5,202.03**		5,536.81
			1,259,083.34		916,572.67

SCHEDULE “T” - CONSUMPTION PARTICULARS OF RAW MATERIALS/STORES/SPARES & COMPONENTS

	Unit	Imported Value Rs. in Lakh	Imported % to total consumption	Indigenous Value Rs. in Lakh	Indigenous % to total consumption	Quantity	TOTAL (Rs. in Lakh)
March’05							
Chemicals	MT	**814.68**	**16**	**4,213.05**	**84**	**41,278**	**5,027.73**
Corrugated Boxes	Nos.	**-**	**-**	**59.20**	**100**	**240,809**	**59.20**
Plates & Sections	Nos.					**11,624**	
	Kg	**60.50**	**17**	**288.96**	**83**	**7,945**	**349.46**
	MT					**261**	
Base Oil	KL	**-**	**-**	**6,381.38**	**100**	**24,243**	**6,381.38**
Additives	MT	**8.46**	**1**	**1,501.85**	**99**	**2,491**	**1,510.31**
LSHF/Other Chemicals	KL	**-**	**-**	**338.61**	**100**	**1,590**	**338.61**
Ethanol	KL	**-**	**-**	**2,251.59**	**100**	**9,773**	**2,251.59**
Packing Materials		**-**	**-**	**1,469.65**	**100**	**-**	**1,469.65**
Vacuum Items and Components		**23.48**	**8**	**266.53**	**92**	**-**	**290.01**
Others		**52.67**	**4**	**1,356.35**	**96**		**1,409.02**
		959.79		**18,127.17**			**19,086.96**
Stores/Spares & Components		**-**	**-**	**620.62**	**100**	**-**	**620.62**
Total		**959.79**		**18,747.79**			**19,707.58**
March’04							
Chemicals	MT	1,070.13	24	3,429.75	76	42,658	4,499.88
Corrugated Boxes	Nos.	-	-	74.86	100	290,172	74.86
Plates & Sections	Nos.					10,951	
	Kg	65.16	21	242.98	79	8,818	308.14
	MT					248	
Base Oil	KL	-	-	5,475.53	100	29,706	5,475.53
Additives	MT	-	-	1,948.54	100	3,551	1,948.54
LSHF/Other Chemicals	KL	-	-	328.81	100	1,983	328.81
Ethanol	KL	-	-	3,021.97	100	10,258	3,021.97
Packing Materials		-	-	1,554.49	100	-	1,554.49
Vacuum Items and Components		15.64	9	159.74	91	-	175.38
Others		47.47	3	1,375.73	97		1,423.20
		1,198.40		17,612.40			18,810.80
Stores/Spares & Components		2.48	-	610.41	100	-	612.89
Total		1,200.88		18,222.81			19,423.69

SCHEDULE "U" - EXPENDITURE IN FOREIGN CURRENCY

(Rs. in Lakh)

	March'05	March'04
Travelling	4.49	8.73
Purchases	-	0.08
Others	10.87	2.50
	15.36	11.31

SCHEDULE "V" - EARNING IN FOREIGN EXCHANGE

(Rs. in Lakh)

	March'05	March'04
Export Sales (F.O.B Value)	244.87	111.72
	244.87	111.72

SCHEDULE "W" - CIF VALUE OF IMPORTS

(Rs. in Lakh)

	March'05	March'04
Raw Materials	664.71	855.65
Components & Spares	0.88	14.51
Capital Goods	33.91	18.31
	699.50	888.47

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 2005**
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	**75,766**
	Total Assets	**75,766**
	Sources of Funds:	
	Paid-up Capital	**2,215**
	Reserves & Surplus	**63,742**
	Deferred Tax Liability	**9,809**
	Application of Funds:	
	Net Fixed Assets	**107,781**
	Finance Lease Receivables	**751**
	Investments	**1,691**
	Net Current Assets	**(34,457)**
	Miscellaneous Expenditure	**NIL**
	Accumulated Losses	**NIL**
IV.	**Performance of the Company (Rs. Lakhs):**	
	Turnover	**1,327,470**
	Total Expenditure	**1,334,822**
	Profit/ (Loss) before Tax	**8,293**
	Profit/ (Loss) after Tax	**5,887**
	Earning per Share (in Rupees)	**26.58**
	Dividend Rate	**100%**
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 2005

(Rs. in Lakh)

		For the Year ended 31-Mar-05	For the Year ended 31-Mar-04
A.	**Cash Flow from Operating Activities**		
	1. Profit Before Tax	**8,293**	33,260
	2. Adjustments for:		
	Depreciation	**5,472**	4,127
	Loss/(Profit) on Sale of Assets (Net)	**270**	91
	Interest Income on Deposits, Loans and Advances	**(3,551)**	(3,492)
	Dividend Income on Investment	**(113)**	(104)
	Interest Expenditure	**10**	7
	Foreign Exchange Difference Gain/(Loss)	**8**	(7)
B.	**Operating Profit before Working Capital Changes (1+2)**	**10,389**	33,882
C.	**Change in Working Capital (Excluding Cash & Bank Balances)**		
	Trade and other Receivables	**(1,014)**	3,185
	Inventories	**5,688**	8,954
	Trade and Other Payables	**22,719**	20,904
	Change in Working Capital	**27,393**	33,043
D.	**Cash Generated From Operations (B+C)**	**37,782**	66,925
E.	**Less: Taxes Paid**	**4,047**	8,300
F.	**Net Cashflow from operating Activities (D-E)**	**33,735**	58,625
G.	**Cash flow from Investing Activities:**		
	Sale of Assets	**(119)**	316
	Interest income on Deposits, Loans and Advances	**3,551**	3,492
	Dividend Income on Investments	**113**	104
	Purchase of Assets	**(21,869)**	(19,633)
	Share in Accumulated Surplus of Petronet India International	**(67)**	(97)
	Expenditure on Construction WIP	**(2,789)**	(3,243)
	Net Cash used in Investing Activities	**(21,180)**	(19,061)
H.	**Net cash flow from Financing Activities:**		
	Proceeds from /(Repayment of short Term Borrowings)	**-**	-
	Interest Paid	**(10)**	(7)
	Dividend Paid/ Dividend Tax Paid	**(6,214)**	(5,959)
	Net Cash Generated/(Used) from Financing Activities:	**(6,224)**	(5,966)
I.	**Net Change in Cash & Cash Equivalent (F+G+H)**	**6,331**	33,598
J.	**Cash and Cash Equivalents as at End of the Financial Year**	**72,777**	66,446
K.	**Less: Cash and Cash Equivalents as at Beginning of the Financial Year**	**66,446**	32,848
	NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)	**6,331**	33,598

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.663.95 Lakhs (31.3.2004 Rs.633.87 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 report of even date
For A. Kayes & Co.
Chartered Accountants

Sd/-
(Dr. N.G. Kannan)
Managing Director

Sd/-
(A.K. Sinha)
Director (Finance)

Sd/-
(Amit Ghosh)
Company Secretary

Sd/-
(A. KAYES)
Partner

Place : New Delhi
Date : 18th May 2005

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 2005

I have to state that the Comptroller & 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 IBP Co. Limited, Kolkata for the year ended 31st March 2005.

Sd/-
(S.B. Pillay)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I, Kolkata

Dated Kolkata
The 24th June 2005

Review of Accounts of IBP Co. Limited for the year ended 31st March 2005 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)

		2002-03	2003-04	**2004-05**
Liabilities				
(a)	Paid-up capital			
	Government	17.63	11.87	**11.87**
	Others	4.52	10.28	**10.28**
(b)	Reserves and Surplus			
	(i) Free Reserves & Surplus	383.36	510.50	**544.06**
	(ii) Share Premium	88.65	88.65	**88.65**
	(iii) Capital Reserves	4.70	4.70	**4.70**
(c)	Current Liabilities & Provision	1215.52	1479.98	**1639.49**
(d)	Deferred tax liability	76.20	83.56	**98.09**
	Total	1790.58	2189.54	**2397.14**
Assets				
(e)	Gross block	874.15	1067.26	**1295.13**
(f)	Less: Cumulative Depreciation	218.80	255.59	**307.47**
(g)	Net Block	655.35	811.67	**987.66**
(h)	Capital Work-in-Progress (Including dismantled capital stores)	48.70	75.79	**90.15**
(i)	Investments	26.77	25.84	**24.42**
(j)	Current Assets, Loans and Advances	1059.76	1276.24	**1294.91**
	Total	1790.58	2189.54	**2397.14**
(k)	Working Capital (j-c)	(-)155.76	(-)203.74	**(-)344.58**
(l)	Capital Employed (g+k)	499.59	607.93	**643.08**
(m)	Net Worth [a+b(i)+b(ii)]	494.16	621.30	**654.87**
(n)	Net Worth per rupee of paid-up capital (in Rupees)	22.31	28.05	**29.57**

2. WORKING RESULTS

(Rs. in Crore)

		2002-03	2003-04	**2004-05**
(i)	Sales	8763.78	10551.33	**13478.96**
(ii)	Less: Excise Duty	339.28	386.46	**181.42**
(iii)	Net Sales	8424.50	10164.87	**13297.54**
(iv)	Claims/surrender to pool A/c	-	-	**85.48**
(v)	Subsidy on LPG & SKO	172.97	115.54	**58.03**
(vi)	Other income	64.83	60.93	**64.27**
(vii)	Profit/Loss before Tax and Prior Period Adjustment	141.23	337.61	**79.52**
(viii)	Prior Period Adjustment	(-)0.49	(-)5.01	**3.42**
(ix)	Profit/Loss before Tax	140.74	332.60	**82.94**
(x)	Tax provision	52.99	117.94	**24.06**
(xi)	Profit after Tax	87.75	214.66	**58.88**
(xii)	Dividend including Tax on Dividend	34.98	87.45	**25.40**

Profit for the year may be viewed in the light of net claim from PPAC relating to previous years amounting to Rs. 85.48 crore.

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)

	2002-03	2003-04	**2004-05**
A. Liquidity Ratio			
Current Ratio	87	86	**79**
B. Profitability Ratio			
a) Profit before Tax to:			
(i) Capital Employed	28.17	54.71	**12.90**
(ii) Net Worth	28.48	53.53	**12.66**
(iii) Sales	1.57	3.12	**0.61**
b) Profit after Tax to Equity Capital	396.16	969.12	**265.78**
c) Earning per Share (Rupees)	39.62	96.91	**26.58**

4. SOURCES AND UTILISATION OF FUNDS

Funds amounting to Rs. 304.69 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	58.88	
Less: Adjustment in devaluation exchange difference reserve	0.08	
Add: Deferred tax	14.53	
Add: Depreciation	51.88	**125.37**
Decrease in Investment		**1.42**
Decrease in Working Capital		**177.90**
Total Funds inflow during the year		**304.69**
Utilisation of Funds		
Increase in Gross Block and Capital Work-in-Progress		**242.23**
Dividend paid		**62.46**
Total Funds outflow during the year		**304.69**

5. INVENTORY LEVELS

The inventory levels (net off provision for obsolete stock) at the close of three years are given below:

(Rs. in Crore)

		2002-03	2003-04	**2004-05**
(i)	Raw Materials (including transit)	26.49	28.68	**26.85**
(ii)	Stores & Spare Parts	3.45	3.38	**3.08**
(iii)	Work-in-Progress	1.85	2.69	**2.85**
(iv)	Finished Goods (including transit)	442.93	350.45	**295.54**

6. SUNDRY DEBTORS

The Sundry debts vis-a-vis sales in the last three years are given below:

(Rs. in Crore)

Year ended as on	Sundry Debtors: Considered Good	Sundry Debtors: Considered Doubtful	Sundry Debtors: Total	Sales during the year	% of total sundry debts to sale
31.03.2003	132.53	2.55	135.08	8937.26	1.51
31.03.2004	95.70	2.33	98.03	10667.25	0.92
31.03.2005	**74.53**	**2.44**	**76.97**	**13622.82**	**0.57**

Sd/-
(S.B. Pillay)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I, Kolkata

Dated Kolkata
The 24th June 2005

ANNUAL REPORT
2004-2005

INDIANOIL TECHNOLOGIES LIMITED

(A Wholly Owned Subsidiary of
Indian Oil Corporation Limited)

IndianOil

Board of Directors

Shri B.M. Bansal	w.e.f. 03.03.2005
Dr. R.P. Verma	
Shri C. Manoharan	w.e.f. 25.05.2004
Shri S.K. Swaminathan	w.e.f. 24.08.2004
Shri P.K. Chakraborti	w.e.f. 30.12.2004
Shri B.N. Bankapur	w.e.f. 18.02.2005
Shri N.R. Raje	Up to 28.02.2005
Dr. Sobhan Ghosh	Up to 13.12.2004
Shri R.K. Gupta	Up to 13.12.2004
Shri Aloke Roy	Up to 25.05.2004
Shri K.K. Acharya	w.e.f. 24.08.2004 to 18.02.2005
Dr. D.K. Tuli	Chief Executive Officer

STATUTORY AUDITORS
M/s S L Agrawal & Co.
Chartered Accountants,
B-331/332, 1st Floor, Nehru Ground,
NIT, Faridabad - 121 001
Haryana

BANKERS
ICICI Bank Ltd
Sector-15,
Faridabad

Directors' Report

To
The Shareholders,
IndianOil Technologies Limited

On behalf of the Board of Directors, it is my privilege to present the 2nd Annual Report on the working of the Company for the period ended 31st March, 2005 along with the Audited Statement of Accounts and Auditors' Report thereon.

THE COMPANY

IndianOil Technologies Limited (ITL) was incorporated on 20th June 2003 as a wholly owned subsidiary of Indian Oil Corporation Limited. The Company obtained the Certificate of Commencement of business on 5th March, 2004. The present Paid-up Capital of the Company is Rs. 55 lakh.

PRINCIPAL ACTIVITIES

The main objective of the Company is to promote and market the technologies, products and services developed by the Research and Development Centre of Indian Oil Corporation Limited. It also has an objective to develop client specific packages for technologies, products and services.

PERFORMANCE HIGHLIGHTS

Your Company has taken the following initiatives during the year in furtherance of its objectives:

1. Phase-I revamp of a non-IOC FCC unit successfully completed. Order received for Phase-II revamp consisting of riser modification and increasing catalyst circulation. The order was obtained under stiff competition.
2. Scoping study for LPG & Gasoline yield maximization for another non-IOC FCC unit carried out.
3. Refinery process models have been a strong area of interest in IOC R&D. An overseas catalyst manufacturer and several refineries have shown interest in these models.
4. INDMAX technology has gained credibility based upon performance of Guwahati plant. Established process licensors have shown interest in joining hands to promote this technology in India and abroad.
5. FCC catalyst/additive evaluation carried out for non-IOC refineries and overseas catalyst manufacturer.
6. Bioremediation technology technically qualified for participating in the tender for treatment of 55,000 MT of sludge in Gulf. Several other offers are being pursued.
7. Techno-commercial proposal submitted to two overseas refineries for INDE Treat and INDE Sweet technology for removal of sulphur from LPG. This technology has been accepted by four Indian refineries.
8. An Indian E&P company has in-principle agreed for setting up 40,000 TPA INDALIN+ unit.
9. Worldwide market survey carried out on ALCO engine population for Multigrade railroad oils. Efforts are being made for trials and subsequent offer of this product to an overseas railway.

ENLARGING BUSINESS PROSPECTS

ITL has established contacts with various overseas refineries particularly in the Middle East, South East Asia and Africa to spread the message about the offerings from the company. Additionally, presentations have been made in various national and international seminars/conferences and these efforts have started yielding results.

- Presentations made in Kuwait, UAE and Pakistan refineries for promoting IOC R&D technologies, products and services.
- Detailed discussions held in India with delegates of oil companies from Brazil, Iran and Saudi Arabia for business promotion.
- ITL participated in ISFL 2004, Petrotech 2005, Chemtech 2005, and PHDCCI 2005 to promote the business activities of ITL.
- To spread the message about the capabilities of IOC's R&D developed technologies, several specialised technical brochures were updated and a new booklet about the ITL offerings was published and sent to a large number of prospective clients.
- A website giving details of all the offerings of ITL was updated and has been received very well.

FINANCIAL RESULTS

Figures in Rupees

Particulars	2004-05	2003-04
Income		
By way of service charges	109,02,181	52,608
Misc. Income	1,79,523	-
Total	110,81,704	-
Operating Cost	44,71,657	1,52,029
Profit/(Loss) before tax	66,10,047	(99,421)
Profit after tax	41,90,770	(99,421)

The Company obtained business worth Rs. 2,72,55,452/- for Indian Oil Corporation Ltd. by promoting their R&D technologies and has earned Rs. 109,02,181 by way of Service Charges as against an expenditure of Rs. 44,71,657/-.

DIVIDENDS

This being the first full year of operations of the company, the Directors did not recommend any dividend for the year.

AUDITORS REPORT

Statutory Auditors of the Company, M/s S L Agrawal & Co., Chartered Accountants, have submitted their report on the accounts of the Company for the period ended 31st March 2005 and the same is annexed hereto.

OPPORTUNITIES, CONCERNS AND OUTLOOK

The market in downstream technologies continues to be dominated by a few MNCs. These companies have developed technologies with multiple licensing and are backed by their large industrial experience and history in the refining sector.

The new entrants in the area of refining technology marketing face multiple problems, which primarily includes customer's confidence. For technologies, which have been proven in the laboratory and bench scale, the first couple of licenses are crucial.

Your company has realised these challenges and is equipping itself to overcome the above. The company has explored possibilities of Joint Venture, Insurance cover, etc. Efforts have also been made to create design and engineering capabilities, so as to provide a full engineering package to the clients. It has been noticed with satisfaction that several established technology providers have shown interest to work closely with your Company for providing engineering support and marketing technologies to clients in India and abroad.

The specialised services in the downstream petroleum sector is one of the USPs of your company. Your company has created goodwill in the sector for services like Bioremediation, Refinery Catalyst/additive evaluation, Revamp, process optimisation, troubleshooting, specialty services, etc. It is the endeavour of your company to work very closely with oil companies in South East Asia, Middle East, Gulf and Africa for joint development and commercialisation of technologies already developed at IOC R&D just like any other technology marketing company. Your company is passing through a period of initial gestation, however, the company has a definite strategy to move forward.

FUTURE PLANS

The company has already made initial contacts with some of the prospective clients. The endeavour will be now to keep these contacts alive and also on increasing the customer base for IOC's R&D technologies. This will involve lot of efforts, which include technical presentations to the clients followed by interactions to select the suitable technology.

Efforts will be made to tie up with appropriate process licensors and engineering companies on a case-to-case basis to provide a complete process package to the clients. A separate database for contemporary technologies will also be prepared.

The future plan will also focus on collaborative developments with clients. This will ensure customer participation in our technologies. The market intelligence in terms of customer demand will be collected and shared with IOC's R&D Centre.

REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO UNDER SECTION 217(1) OF THE COMPANIES ACT:

Since the Company is in the business of marketing R&D Technologies to prospective clients and no manufacturing activities are being carried out, the information in respect of power and fuel consumption and consumption per unit of production are nil. There is no foreign exchange earning/outgo for the Company during the period under review.

PARTICULARS OF EMPLOYEES:

The information about particulars of employees under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) (Amendment) Rules, 1999, is nil.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under the 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 2005, 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, 2005 on a 'going concern' basis.

BOARD OF DIRECTORS:

The Directors of the Company are:

Shri B.M. Bansal	-	Chairman
Dr. R.P. Verma	-	Director
Shri S.K. Swaminathan	-	Director
Shri P.K.Chakraborti	-	Director
Shri B.N. Bankapur	-	Director
Shri C. Manoharan	-	Director

ACKNOWLEDGEMENTS:

The Board of Directors gratefully acknowledges the valuable guidance and support received from the Govt. of India and the Holding Company, Indian Oil Corporation Limited. The Board also places on record its appreciation for the contributions made by Shri N.R. Raje, Dr. S. Ghosh, Shri R.K.Gupta, and Shri K.K. Acharya during their tenure on the Board of the Company.

For and on behalf of the Board

Sd/-
(B.M. Bansal)
Chairman

Date : 2nd August, 2005
Place : New Delhi.

IndianOil

Auditors' Report

The Members,
IndianOil Technologies Limited

1. We have audited the attached Balance Sheet of Indian Oil Technologies Limited as at 31st March 2005 and also the annexed Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are responsibility of the company management. Our responsibility is to express an opinion on these financial statements based on our audit
2. We conducted our audit in accordance with accounting standards generally accepted in India. Those standards require that we plan and perform the audit to obtain the reasonable assurance about whether the financial statements are free of material misstatement. An audit includes (a) examining, on a test basis, evidence to support the financial statement amounts and disclosures in the financial statements, (b) assessing the accounting principles dues in the preparation of financial statements, (c) assessing significant estimates made by the management in the preparation of the financial statements and (d) evaluating over all financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in the paragraphs 4&5 of the said order.

Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

a) 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;

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 the books of the Company;

c) The Balance Sheet and the Profit & Loss Account referred to in this report are in agreement with the books of account of the Company;

d) In our opinion, the accounts complies with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;

e) On the basis of the written representations received from the directors, and taken on record by the Board of Directors, in our opinion, none of the directors is disqualified from being appointed as a director under section 274(1)(g) of the Companies Act, 1956

f) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit & Loss Account read together with other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in the conformity with the accounting principles generally accepted in India:

   i) in case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2005, and

   ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date.

For S.L. Agrawal & Co.
Chartered Accountants

Sd/-
(Sunil Agrawal)
Partner

Place : Faridabad
Dated : May 10, 2005

Annexure to The Auditors' Report

In terms of the information and explanations given to us and books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state as under:

1. The Company has no Fixed Assets.
2. The Company is not having any kind of inventory.
3. The Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.
4. 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 the business for the purchase of inventory and fixed assets and for the sale of goods. There is no major weakness reported in internal control.
5. As per explanations given to us, there is no transaction which needs to be entered into a register in pursuance of section 301 of the Act.
6. According to the explanation given to us, the company has not accepted deposits from the public as defined u/s 58A of the Companies Act, 1956.
7. The Company is neither a listed Company nor having a paid-up capital and reserves exceeding Rs. 50 Lacs or having an average annual turnover exceeding Rs. 5 crore, hence the company is not required to have an internal audit system.
8. No cost records and accounts are prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
9. In our opinion, the company is regular in depositing undisputed statutory dues with the appropriate authorities.
10. The company has no accumulated losses at the end of the financial year.
11. The company has not taken any loans from financial institutions or issue any debentures during the year under consideration.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or nidhi or mutual benefit company.
14. The company is not dealing or trading in shares, securities, debentures or other investments.
15. The company has not given any guarantee for loans taken by others from banks or financial institutions.
16. The company has not taken any term loans.
17. The funds raised on short-term basis have not been used for long-term investments and vice versa.
18. The company has not made any preferential allotment of shares.
19. No debentures of any kind issued during the year.
20. No public issue made by the Company during the year.
21. During the checks carried out by us, any fraud on or by the company has not been noticed or reported during the year under report.

For S.L. Agrawal & Co.
Chartered Accountants

Sd/-
(Sunil Agrawal)
Partner

Place : Faridabad
Dated : May 10, 2005

IndianOil

BALANCE SHEET as at 31st March 2005

(Rupees)

		Schedule		31 March 2005	31 March 2004
I	**SOURCES OF FUNDS**				
	Shareholders' Funds				
	a) Share Capital	A		**5500000**	500000
	b) Share Application Money			**-**	5000000
	(Share Application money received from Indian Oil Corp. Ltd., the Holding Company against 500000 Equity Shares, pending allotment)				
	c) Reserve and Surplus	B		**4091349**	-
	TOTAL			**9591349**	5500000
II	**APPLICATION OF FUNDS**				
	1 CURRENT ASSETS, LOANS AND ADVANCES				
	a) Cash and Bank Balances	C	**5458897**		5550720
	b) Loans & Advances	D	**0**		
	c) Sundry Debtors	D-1	**4697989**		-
			10156886		5550720
	Less: Current Liabilities and Provisions				
	a) Current Liabilities	E	**157057**		460701
	b) Provisions		**641400**		-
			798457		460701
	Net Current Assets			**9358429**	5090019
	2 Misc Expenditure (to the extent not written-off or adjusted)	H		**232920**	310560
	3 Profit & Loss Account			**-**	99421
	TOTAL			**9591349**	5500000

As per our report of even date attached.

For S L Agrawal & Co.
Chartered Accountants

Sd/- **(Sunil Agrawal)** Partner	Sd/- **(B M Bansal)** Chairman	Sd/- **(Dr. R P Verma)** Director

Place : Faridabad
Dated : 10th May 2005

PROFIT & LOSS ACCOUNT for the year ended 31st March 2005

(Rupees)

	Schedule	31 March 2005	31 March 2004
INCOME			
Service Charges	F	**10902181**	52608
Other Misc. Income	F-1	**179523**	-
TOTAL		**11081704**	52608
EXPENSES			
Administration, Selling and Other Expenses	G	**4471657**	152029
TOTAL		**4471657**	152029
PROFIT/(LOSS) FOR THE YEAR		**6610047**	(99421)
Profit before Tax		**6610047**	(99421)
Provision for Income-tax		**2419277**	-
Profit after Tax (Transferred to Balance Sheet)		**4190770**	(99421)

For S L Agrawal & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-
(Sunil Agrawal)	**(B M Bansal)**	**(Dr. R P Verma)**
Partner	Chairman	Director

Place : Faridabad
Dated : 10th May 2005

IndianOil

SCHEDULE "A" - SHARE CAPITAL

(Rupees)

	31 March 2005	31 March 2004
Authorised		
30,00,000 Equity Shares of Rs. 10/- each	30000000	30000000
Issued, Subscribed and Paid up:		
550000 (2003-04 : 50000) Equity Shares of Rs. 10 each. (The entire Share Capital is held by Indian Oil Corp. Ltd, the Holding Company and its Nominees)	5500000	500000
TOTAL	5500000	500000

SCHEDULE "B" - RESERVES AND SURPLUS

(Rupees)

	31 March 2005	31 March 2004
Opening Balance	(99421)	-
Profit/Loss Transferred from Profit & Loss A/c	4190770	-
TOTAL	4091349	-

SCHEDULE "C" - CASH AND BANK BALANCES

(Rupees)

		31 March 2005	31 March 2004
1. Cash Balances:			
a) Cash Balances including Imprest:	-		
b) Cheques in Hand	-	-	-
2. Bank Balances with Scheduled Banks			
i) Current Account	816913		5550720
ii) Fixed Deposit a/c	4641984		-
		5458897	5550720
TOTAL		5458897	5550720

SCHEDULE "D" - LOANS & ADVANCES

(Rupees)

	31 March 2005	31 March 2004
1 ICICI Bank - Interest Accrued	-	-
TOTAL	-	-

SCHEDULE "D-1" - SUNDRY DEBTORS

(Rupees)

	31 March 2005	31 March 2004
1 OVER SIX MONTHS		
a) From Subsidiary/Holding Co.		
i) Unsecured, Considered Good	-	-
b) From Others		
i) Secured, Considered Good	-	-
ii) Unsecured, Considered Good	418	-
iii) Unsecured, Considered Doubtful	-	-
2 OTHER DEBTS		
a) From Subsidiary/Holding Co.		
i) Unsecured, Considered Good	4697571	-
b) From Others		
i) Secured, Considered Good	-	-
ii) Unsecured, Considered Good	-	-
iii) Unsecured, Considered Doubtful	-	-
TOTAL	4697989	-

SCHEDULE "E" - CURRENT LIABILITIES AND PROVISIONS

(Rupees)

		31 March 2005	31 March 2004
1. Current Liabilities:			
Sundry creditors			
i) Total outstanding due to small scale Industrial undertaking(s)	-		-
ii) Total outstanding due to creditors other than small scale industrial	17000		1080
iii) Dues to Indian Oil Corp Ltd., the Holding Company.	-		459621
	17000	17000	460701
Other Liabilities		140057	-
Provisions			
Provision for Taxation	2419277		-
Less: Advance payments	1777877		-
		641400	-
TOTAL		798457	460701

SCHEDULE "F" - SERVICE CHARGES

(Rupees)

	31 March 2005	31 March 2004
1 Service Charges against bills	10902181	52608
TOTAL	10902181	52608

IndianOil

SCHEDULE "F-1" - OTHER MISC INCOME

(Rupees)

			31 March 2005	31 March 2004
1	Interest (Gross) Tax Deducted at Source Rs. 37539		179523	-
	TOTAL		179523	-

SCHEDULE "G" - ADMINISTRATION, SELLING & OTHER EXPENSES

(Rupees)

			31 March 2005	31 March 2004
1.	Payment to & Provisions for employees:			
	Salaries & Allowances	2225393		50370
	Contribution to Provident & Other Funds	266907		5371
	Staff Welfare	307355		7668
			2799655	63409
2.	Office Administration, Selling & Other Expenses (Schedule-G-I)		1672002	88620
	TOTAL		4471657	152029

SCHEDULE "G-I" - OFFICE ADMINISTRATION, SELLING & OTHER EXPENSES

(Rupees)

		31 March 2005	31 March 2004
1	Rent	478480	9900
2	Repairs & Maintenance	148228	-
3	Travelling & Conveyance	784458	-
4	Communication Expenses	97440	-
5	Rates and Taxes	9500	-
6	Auditors' Fees	10000	1080
7	Amortisation of Misc Expenses	77640	77640
8	Legal and Professional Charges	7000	-
9	Other Misc. Expenses	59256	-
	TOTAL	1672002	88620

SCHEDULE " H" - MISCELLANEOUS EXPENDITURE

(Rupees)

	31 March 2005	31 March 2004
Preliminary Expenses		
As per last accounts	310560	388200
Less: Amortised during the year	77640	77640
TOTAL	232920	310560

SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

1. The financial statements are prepared under historical cost convention on an accrual basis and comply the Accounting Standards issued by the Institute of Chartered Accountants of India and relevant presentational requirements of the Companies Act, 1956.

2. Recognition of Income and Expenditure:

   Items of Income and Expenditure are recognized on accrual basis.

3. Auditors remuneration include

	2004-05 (Rupees)	2003-04 (Rupees)
a) Audit Fees	**10000**	1080

4. Foreign Exchange Earnings and Outgo:

	2004-05 (Rupees)	2003-04 (Rupees)
a) Earnings	**NIL**	NIL
b) Outgo (Expenses on Foreign Travel - US$ 4050)	**179784**	NIL

5. Previous year figures have been regrouped and rearranged, wherever necessary.

As per our Report of even date annexed

For S L Agrawal & Co.
Chartered Accountants

Sd/-	Sd/-	Sd/-
(Sunil Agrawal)	**(B M Bansal)**	**(Dr. R P Verma)**
Partner	Chairman	Director

Place : Faridabad
Dated : 10th May 2005

IndianOil

Comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of IndianOil Technologies Limited for the year ended 31st March 2005.

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 the IndianOil Technologies Limited for the year ended 31st March 2005.

Sd/-
(A.K. Singh)
Principal Director of Commercial Audit
& *ex-officio* Member, Audit Board-II,
New Delhi

Place: New Delhi
Date: 27.07.05

ANNUAL REPORT 2004-2005

Lanka IOC

LANKA IOC LIMITED

(A Subsidiary of Indian Oil Corporation Limited)

Lanka IOC

Board of Directors

Shri N.K. Nayyar	Chairman
Shri M. Nageswaran	Managing Director
Shri R. Narayanan	
Prof. K.A.M.K. Ranasinghe	
Shri S.K. Swaminathan	
Shri U.L. Kadurugamuwa	

Report of the Directors for the year ended 31st March 2005

The directors present herewith the audited financial statements for the year ended 31st March 2005.

DIRECTORS' RESPONSIBILITY

The board of directors is responsible for preparing and presenting the financial statements set out on pages 5 to 22 (pages H-5 to H-19 here).

INCORPORATION

Lanka IOC Limited was incorporated on 29th August 2002 in accordance with the Companies Act No. 17 of 1982 as a private limited liability company, Lanka IOC (Private) Limited. Commercial operations commenced on 14th February 2003. The Company became a public limited liability company on 1st October 2004.

RESULTS

The results for the year and changes in equity are set out, in the income statement and the statement of changes in equity on pages 5 and 7 respectively (pages H-5 and H-7 here respectively.

STATE OF AFFAIRS

The state of affairs of the Company as at 31st March 2005, is set out, in the balance sheet on page 6 (page H-6 here).

PRINCIPAL ACTIVITY

The main activities of the Company are importing, selling and distributing of petroleum products in Sri Lanka.

DIVIDEND

The Directors do not recommend the payment of a dividend for the year ended 31st March 2005.

DIRECTORS

The Directors of the Company at 31st March 2005 were:

Mr Naresh Kumar Nayyar	(Chairman)
Mr Mahadevan Nageswaran	(Managing Director)

Mr Reghunathachary Narayanan

Prof Kulatilleke Arthunayake Malik Kumar Ranasinghe

Mr Swamimalai Krishnamurthy Swaminathan

Mr Udaya Lankdhkari Kadurugamuwa

Mr Swamimalai Krishnamurthy Swaminathan and Mr Pranab Kumar Chakraborti were appointed as directors with effect from 28th November 2004.

Prof K A Malik Ranasinghe was appointed as a director with effect from 14th December 2004.

Mr Udaya Lankdhkari Kadurugamuwa was appointed as a director with effect from 1st March 2005

Mr Pranab Kumar Chakraborti has resigned with effect from 23rd March 2005.

All other directors held office for the whole of the year ended 31st March 2005.

Prof. K.A. Malik Ranasinghe held 3,000 shares as at the Balance Sheet date.

DIRECTORS' INTERESTS 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 21 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

The Company has donated India Rs. 20 million to Prime Minister's Fund for Tsunami relief.

CHANGES IN PROPERTY, PLANT AND EQUIPMENT

The movements in property, plant and equipment, during the year ended 31st March 2005 are set out in Note 8 to the financial statements.

SUBSTANTIAL SHAREHOLDINGS

	Number of shares	% of shareholders
Indian Oil Corporation	399,999,999	75.11%
The public	132,529,900	24.89%

POST BALANCE SHEET EVENTS

No 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 re-appoint the present auditors Messrs PricewaterhouseCoopers, who have expressed their willingness to continue, will be proposed at the Annual General Meeting.

By Order of the Board

Sd/-

(M. NAGESWARAN)

Managing Director

Place : Colombo

Date : 13th May 2005

Lanka IOC

Report of the Auditors to the Members of Lanka IOC Limited

1. We have audited the balance sheet of Lanka IOC Limited as at 31st March 2005, and the related statement of income, changes in equity and cash flow for the year then ended, together with the accounting policies and notes as set out on pages 5 to 22 (pages H-5 to H-19 here).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

2. 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

3. 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 purpose of our audit. We therefore, believe that our audit provides a reasonable basis for our opinion.

LIMITATION OF SCOPE

4. The share of results of the associate company, Ceylon Petroleum Storage Terminals Limited has been accounted based on the draft financial statements. In the absence of audited financial statements for the years ended 31st March 2004 and 31st March 2005, we are unable to satisfy ourselves as to the accuracy of the share of profits relating to the investment in associate and its carrying value as at 31st March 2005.

OPINION

5. Except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the matter referred to in paragraph 4, in our opinion, so far as appears from our examination, the Company maintained proper books of account for the year ended 31st March 2005, and to the best of our information and according to the explanations given to us, the said balance sheet and the related income, changes in equity and cash flow statements and the Accounting Policies and Notes thereto, which are in agreement with the said books and have been properly prepared and presented in accordance with 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 2005 and of the results of its operations and its changes in equity and cash flows for the year then ended.

EMPHASIS OF MATTERS

6. Without qualifying our opinion we draw attention to the following:

   (a) Receivables and prepayments includes Rs. 4,639,860,553 on account of subsidy receivable from the Government of Sri Lanka as compensation for the loss arising from the price differential suffered by the Company which has been further explained in Note 21 to these financial statements. This amount represents the subsidy claimed from January 2004 to March 2005.

DIRECTORS' INTERESTS IN CONTRACTS WITH THE COMPANY

7. 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 year ended 31st March 2005 except as stated in Note 21 to these financial statements.

Sd/-

Place : Colombo — PricewaterhouseCoopers

Date : 13th May 2005 — CHARTERED ACCOUNTANTS

Income Statement

	Notes	Year ended 31st March 2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	Year ended 31st March 2005 (In Indian Rs.)	2004 (In Indian Rs.)
Revenue	2	**27,586,108,493**	14,533,321,303	**12,175,534,490**	7,248,539,302
Cost of sales		**(25,082,763,706)**	(13,478,173,542)	**(11,070,646,470)**	(6,722,281,067)
Gross profit		**2,503,344,787**	1,055,147,761	**1,104,888,020**	526,258,235
Other operating income		**59,436,808**	48,774,358	**26,233,309**	24,326,363
Selling and distribution costs		**(10,197,570)**	(12,294,310)	**(4,500,847)**	(6,131,825)
Administrative expenses		**(687,113,340)**	(664,223,641)	**(303,267,574)**	(331,283,611)
Operating profit	3	**1,865,470,685**	427,404,168	**823,352,908**	213,169,162
Finance costs/(income)	5	**(74,470,936)**	83,715,541	**(32,868,842)**	41,753,387
Share of results of associate	9	**540,162,612**	76,829,188	**238,408,709**	38,318,797
Profit before tax		**2,331,162,361**	587,948,897	**1,028,892,775**	293,241,346
Tax	6	**(1,937,479)**	(9,867,970)	**(855,135)**	(4,921,681)
Net profit		**2,329,224,882**	578,080,927	**1,028,037,640**	288,319,665
Earnings per share	7	**5.24**	4.20	**2.31**	2.10

The accounting policies on pages 9 to 11 (pages H-9 to H-10 here) and notes on pages 12 to 22 (pages H-11 to H-19 here) form an integral part of these financial statements.

Auditors' Report - pages 3 and 4.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

Lanka IOC

BALANCE SHEET

	Notes	31st March 2005 (In Sri Lankan Rs.)	31st March 2004 (In Sri Lankan Rs.)	31st March 2005 (In Indian Rs.)	31st March 2004 (In Indian Rs.)
ASSETS					
Non current assets					
Property, plant and equipment	8	**3,260,742,698**	1,808,628,074	**1,434,176,064**	795,805,902
Investment in associates	10	**2,472,293,139**	3,454,985,777	**1,378,068,556**	1,156,355,281
Goodwill	10	**3,133,176,670**	2,628,048,647	**1,087,391,423**	1,520,211,984
		8,866,212,507	7,891,662,498	**3,899,636,043**	3,472,373,167
Current Assets					
Inventories	11	**4,649,191,454**	2,455,741,039	**2,044,859,014**	1,080,539,024
Receivables and prepayments	12	**5,734,471,830**	503,070,510	**2,522,199,085**	221,353,681
Cash and cash equivalents	13	**1,536,962,732**	163,749,204	**676,004,012**	72,050,514
		11,920,626,016	3,122,560,753	**5,243,062,111**	1,373,943,219
Total assets		**20,786,838,523**	11,014,223,251	**9,142,698,154**	4,846,316,386
EQUITY AND LIABILITIES					
Capital and reserves					
Ordinary shares	14	**5,325,299,000**	4,000,000,000	**2,505,660,414**	1,941,343,190
Share premium	14	**2,253,008,300**	Nil	**959,339,280**	Nil
Retained earnings		**2,985,187,738**	655,962,856	**1,312,978,421**	322,588,124
Exchange equalisation reserve				**(131,824,421)**	(215,283,074)
		10,563,495,038	4,655,962,856	**4,646,153,694**	2,048,648,240
Non-current liabilities					
Borrowings	15	**1,582,159,164**	Nil	**695,882,813**	Nil
Retirement benefit obligations	16	**21,874,912**	18,229,392	**9,621,266**	8,021,029
		1,604,034,076	18,229,392	**705,504,079**	8,021,029
Current liabilities					
Trade and other payables	17	**4,515,024,854**	6,032,694,262	**1,985,848,371**	2,654,417,328
Current tax payable		**896,861**	2,067,970	**394,467**	909,918
Borrowings	15	**4,103,387,694**	305,268,771	**1,804,797,543**	134,319,871
		8,619,309,409	6,340,031,003	**3,791,040,381**	2,789,647,117
Total liabilities		**10,223,343,485**	6,358,260,395	**4,496,544,460**	2,797,668,146
Total equity and liabilities		**20,786,838,523**	11,014,223,251	**9,142,698,154**	4,846,316,386

These financial statements were approved by the Board of Directors on 13th May 2005.

Sd/-	Sd/-
(M. NAGESWARAN)	**(U.L. KADURUGAMUWA)**
Managing Director	Director

The accounting policies on pages 9 to 11 (pages H-9 to H-10 here) and notes on pages 12 to 22 (pages H-11 to H-19 here) form an integral part of these financial statements.

Auditors' Report - pages 3 and 4.

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STATEMENT OF CHANGES IN EQUITY

(all amounts in Sri Lankan Rupees)

	Notes	Ordinary shares	Share premium	Retained earnings	Total
Balance at 1st April 2003		500,000,000	-	77,881,929	577,881,929
Issued during the year	14	3,500,000,000	-	-	3,500,000,000
Net profit		-	-	578,080,927	578,080,927
Balance at 31st March 2004		**4,000,000,000**	**-**	**655,962,856**	**4,655,962,856**
Balance at 1st April 2004	14	4,000,000,000	-	655,962,856	4,655,962,856
Issued during the year		1,325,299,000	2,253,008,300	-	3,578,307,300
Net profit		-	-	2,329,224,882	2,329,224,882
Balance at 31st March 2005	14	**5,325,299,000**	**2,253,008,300**	**2,985,187,738**	**10,563,495,038**

(all amounts in Indian Rupees)

	Notes	Ordinary shares	Share premium	Exchange translation gains/(losses)	Retained earnings	Total
Balance as at 1st April 2003		246,742,872	-	694,287	37,545,934	284,983,093
Issued during the year	14	1,694,600,318	-	-	-	1,694,600,318
Currency translation differences		-	-	(215,977,361)	(3,277,474)	(219,254,835)
Net profit		-	-	-	288,319,664	288,319,664
Balance at 31st March 2004		**1,941,343,190**	**-**	**(215,283,074)**	**322,588,124**	**2,048,648,240**
Balance at 1st April 2004		1,941,343,190	-	(215,283,074)	322,588,124	2,048,648,240
Issued during the year		564,317,224	959,339,280	-	-	1,523,656,504
Currency translation differences		-	-	83,458,653	(37,647,343)	45,811,310
Net profit		-	-	-	1,028,037,640	1,028,037,640
Balance at 31st March 2005		**2,505,660,414**	**959,339,280**	**(131,824,421)**	**1,312,978,421**	**4,646,153,694**

The accounting policies on pages 9 to 11 (pages H-9 to H-10 here) and notes on pages 12 to 22 (pages H-11 to H-19 here) form an integral part of these financial statements.

Auditors' Report - pages 3 and 4.

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CASH FLOW STATEMENT

	Notes	Year ended 31st March		Year ended 31st March	
		2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Operating activities					
Cash (used in) / generated from operations	21	**(3,313,364,303)**	(556,499,981)	**(1,383,401,684)**	528,250,320
Tax paid		**(3,108,588)**	(7,800,000)	**(1,367,254)**	(3,890,274)
Interest received		**6,220,128**	40,281,917	**2,735,806**	20,090,732
Interest paid		**(145,543,291)**	(55,757,343)	**(64,014,466)**	(27,809,149)
Gratuity paid		**(1,570,562)**	Nil	**(690,782)**	Nil
Net cash (used in) / generated from operating activities		**(3,457,366,616)**	(579,775,407)	**(1,446,738,380)**	516,641,629
Investing activities					
Payment made for acquisition of 100 filling stations		**Nil**	(1,612,797,645)	**Nil**	(1,232,246,003)
Investment in associate	9	**Nil**	(4,394,000,000)	**Nil**	(2,153,921,569)
Purchase of property, plant and equipment	8	**(782,092,703)**	(1,673,787,332)	**(343,988,698)**	(917,843,232)
Net cash used in investing activities		**(782,092,703)**	(7,680,584,977)	**(343,988,698)**	(4,304,010,804)
Financing activities					
Repayment of borrowings		**(4,052,186,176)**	Nil	**(1,805,977,523)**	Nil
Proceeds from borrowings		**4,001,685,000**	3,628,948,352	**1,760,065,531**	1,596,737,274
Issue of ordinary shares		**3,578,307,300**	3,500,000,000	**1,523,656,504**	1,643,192,488
Net cash generated from financing activities		**3,527,806,124**	7,128,948,352	**1,477,744,512**	3,239,929,762
Decrease in cash and cash equivalents		**(711,653,195)**	(1,131,412,032)	**(312,982,566)**	(547,439,413)
Movement in cash and cash equivalents					
At start of year		**(141,519,567)**	989,892,465	**(62,269,357)**	485,170,056
Decrease		**(711,653,195)**	(1,131,412,032)	**(312,982,566)**	(547,439,413)
At end of year	13	**(853,172,762)**	(141,519,567)	**(375,251,923)**	(62,269,357)

The accounting policies on pages 9 to 11 (pages H-9 to H-10 here) and notes on pages 12 to 22 (pages H-11 to H-19 here) form an integral part of these financial statements.

Auditors' Report - pages 3 and 4.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

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 Sri Lanka Accounting Standards on the historical cost basis of accounting except for the revaluation of land. The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the report of amounts of revenue and expenses during the reporting period. Although these estimates are based on managements best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2. Foreign currency translation

(a) Measurement currency

Items included in the financial statements of a company are measured using the currency that best reflects economic substance of the underlying events and the circumstances relevant to that company. The financial statements are presented in Sri Lanka Rupees, which is the measurement currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the measurements currency using the exchange rates prevailing at the dates of transactions. Foreign currency 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.

3. Property, plant and equipment

All property, plant and equipment other than land is stated at historical cost less depreciation. Land is shown at valuation by independent valuers carried out on 1 May 2004. 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 commencing from the month after the month of purchase as follows:

Buildings	15 years
Plant and equipment	4 years
Motor vehicles	5 years
Furniture and fittings	5 years
Interior furnishing	5 years
Computers	4 years
Communication equipment	2 years

Land is not depreciated as it is deemed to have an indefinite life.

Where the carrying amount of an asset is greater than its recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal are determined by the comparing proceeds with carrying amount and are included in operating profit.

Increase in the carrying amount arising on revaluation of land, within one year from date of acquisition, is credited to goodwill arising on purchase.

4. Goodwill

Goodwill represents the excess of the costs of acquisition over the fair values of the 100 filling stations and 1/3 of net assets of Ceylon Petroleum Storage Terminal Limited (CPSTL) at the dates of acquisition. Surplus arising from revaluation of land of 100 filling stations, is set off against the goodwill on acquisition of 100 filling stations. Goodwill is amortised using the straight line method over a period of 20 years.

5. Investments in associates

Investments in associated undertakings are accounted for by the equity method of accounting. These are undertakings over which the Company has between 20% and 50% of the voting rights, and over which the Company exercises significant influence, but which it does not control. Equity accounting involves recognizing in the income statement the Company's share of the associate's profit or loss for the year. The Company's interest in the associate is carried in the balance sheet initially at cost and adjusted thereafter for the post acquisition change in the Company's share of net assets of the investee.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

6. **Inventories**

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

7. **Trade receivables**

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amount due according to the original terms of receivables.

8. **Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturity of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the balance sheet.

9. **Taxation**

The Company has been granted tax concessions as set out in Note 6 to the financial statements.

10. **Defined contribution plans**

All local employees of the Company are members of the Employees' Provident Fund and Employees' Trust Fund, to which their employer contributes 12% and 3% respectively of such employees' basic or consolidated wage or salary and meal allowance.

11. **Defined benefit plan**

Terminal benefits are provided for all employees of the Company at the rate of one half of the basic or consolidated wage or salary for the last month of the financial year, for each year of completed service. This provision is not externally funded, nor has it been actuarially valued.

12. **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 will be required to settle the obligation, and a reliable estimate of the amount can be made.

The Company recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

13. **Revenue recognition**

Revenue comprises the invoiced value for sale of goods net off Value Added Tax, and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Interest income is recognised on a time proportionate basis, taking account of principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Company.

14. **Comparatives**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

Notes to the financial statements

(In the notes, all amounts are shown in Sri Lankan Rupees unless otherwise stated)

Investment in the retail petroleum sector

1. The Company commenced commercial operations of importing, selling and distributing petroleum products on 14th February 2003.

   As per the Government policy in Sri Lanka towards liberalisation and promotion of market competition in the retail operations of the petroleum sector, the Government of Sri Lanka (GOSL) incorporated a company known as Independent Petroleum Marketers Limited (IPML) in October 2003 and vested the ownership of 100 filling stations in the company. The Government of Sri Lanka held 100% of the share capital of IPML.

   The Company acquired the 100 filling stations owned by IPML at a purchase consideration of US$ 30 million, upon payment of which all shares of IPML were transferred by GOSL to the Company.

   The Company also acquired 1/3rd ownership in Ceylon Petroleum Storage Terminals Limited (CPSTL) also known as Common User Facility (CUF) at a value of US$ 45 million.

   The Company has been granted a Petroleum Products License by the Minister of Power and Energy which gives authority to Import, Export Store, Distribute Sell and Supply Petrol, Auto Diesel, Heavy Diesel (Industrial Diesel), Furnace Oil and Kerosene, Naphtha and other mineral petroleum including Premium Petrol and Premium Diesel but excluding Aviation and Marine Fuels and Liquid Petroleum Gas. The license is valid for a period of 20 years from 22 January 2004 and renewable thereafter.

REVENUE

2.

	Year ended 31st March 2005			Year ended 31st March 2004		
	Qty Litres	**Value (In Sri Lankan Rs.)**	**Value (In Indian Rs.)**	Qty Litres	Value (In Sri Lankan Rs.)	Value (In Indian Rs.)
Domestic sales						
Super petrol	**8,078,400**	**501,182,993**	**221,204,481**	5,392,200	270,684,815	135,004,895
Lanka petrol	**136,426,400**	**8,105,113,212**	**3,577,310,858**	95,797,093	4,490,533,784	2,239,667,723
Auto diesel	**398,723,700**	**16,279,290,280**	**7,185,104,065**	278,405,328	7,847,568,908	3,913,999,456
Super diesel	**12,708,600**	**499,939,778**	**220,655,770**	20,363,100	533,680,951	266,175,038
Kerosene	**44,588,270**	**1,729,987,874**	**763,555,578**	45,955,800	1,144,005,114	570,576,117
Lubricants	**4,902,662**	**470,594,356**	**207,703,737**	2,737,200	246,847,731	123,116,073
Total domestic sales	**605,428,032**	**27,586,108,493**	**12,175,534,489**	448,650,721	14,533,321,303	7,248,539,302

OPERATING PROFIT

3. The following items have been charged/(credited) in arriving at operating profit:

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Directors' emoluments	**3,069,600**	2,781,117	**1,354,813**	1,387,091
Auditors' remuneration				
- audit	**522,250**	515,373	**230,505**	254,044
- non-audit	**306,900**	Nil	**135,453**	Nil
Business promotion expenses	**9,431,020**	12,294,310	**4,162,519**	6,131,825
Depreciation (Note 8)	**199,263,359**	25,615,949	**87,947,813**	12,776,034
Staff costs (Note 4)	**115,314,880**	70,066,112	**50,895,917**	34,945,692
Lease rent - Trincomalee	**10,339,435**	9,705,247	**4,563,462**	4,840,522
Net foreign exchange (gains)/losses			**Nil**	19,957,776
Development expenses written off	**Nil**	22,771,202	**Nil**	11,357,208
Amortisation of goodwill (Note 10)	**121,088,550**	Nil	**53,442,887**	Nil
Assets written off (Note 8)	**27,356,400**	40,346,900	**53,444,212**	21,812,467

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

STAFF COSTS

4.	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	2005 (In Indian Rs.)	2004 (In Indian Rs.)
Salaries and wages	**110,098,798**	69,571,044	**48,593,723**	34,698,775
Defined benefit plan (Note 16)	**5,216,082**	495,068	**2,302,194**	246,917
	115,314,880	70,066,112	**50,895,917**	34,945,692

The average number of employees employed by the Company during the year was 214.

FINANCE COSTS / (INCOME)

5	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	2005 (In Indian Rs.)	2004 (In Indian Rs.)
Interest expense	**(145,543,291)**	(55,757,343)	**(64,237,671)**	(27,809,149)
Interest income	**6,220,128**	40,281,917	**2,745,345**	20,090,732
Exchange gains	**128,421,996**	99,190,967	**56,680,936**	49,471,804
Loan guarantee	**(8,714,993)**	Nil	**(3,846,490)**	Nil
Expenses on Initial Public Offer (IPO)	**(54,854,776)**	Nil	**(24,210,962)**	Nil
	(74,470,936)	83,715,541	**(32,868,842)**	41,753,387

TAXATION

6. 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.

The current year tax charge consists of tax on interest income at the rate of 32.5%.

EARNINGS PER SHARE

7. 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.

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	2005 (In Indian Rs.)	2004 (In Indian Rs.)
Net profit attributable to shareholders	**2,329,224,882**	578,080,927	**1,028,037,640**	288,319,665
Weighted average number of ordinary shares in issue	**444,176,433**	137,500,000	**444,176,433**	137,500,000
Basic earnings per share (Rs.)	**5.24**	4.20	**2.31**	2.10

PROPERTY, PLANT AND EQUIPMENT

(In Sri Lankan Rs.)

8. (a)	Freehold land	Building & fixtures	Plant and equipment	Office equipment	Capital work-in -progress	Furniture & fittings	Interior furnishing	Motor vehicles	Total
Year ended 31st March 2004									
Opening net book amount	Nil	Nil	Nil	1,017,649	6,325,942	Nil	Nil	Nil	7,343,591
Additions	1,072,990,000	74,212,005	67,460,350	4,788,461	617,185,679	978,936	7,146,901	22,485,000	1,867,247,332
Transfers	Nil	212,782,789	111,079,669	Nil	(324,713,376)	Nil	850,918	Nil	Nil
Assets written off	Nil	(23,526,750)	(16,820,150)	Nil	Nil	Nil	Nil	Nil	(40,346,900)
Depreciation charge	Nil	(7,107,167)	(11,464,676)	(849,648)	Nil	(97,894)	(1,599,564)	(4,497,000)	(25,615,949)
Closing net book amount	**1,072,990,000**	**256,360,877**	**150,255,193**	**4,956,462**	**298,798,245**	**881,042**	**6,398,255**	**17,988,000**	**1,808,628,074**
At 31st March 2004									
Cost	1,072,990,000	263,468,044	161,719,869	5,806,110	298,798,245	978,936	7,997,819	22,485,000	1,834,244,023
Accumulated depreciation	Nil	(7,107,167)	(11,464,676)	(849,648)	Nil	(97,894)	(1,599,564)	(4,497,000)	(25,615,949)
Net book amount	**1,072,990,000**	**256,360,877**	**150,255,193**	**4,956,462**	**298,798,245**	**881,042**	**6,398,255**	**17,988,000**	**1,808,628,074**

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

(In Sri Lankan Rs.)

	Freehold land	Building & fixtures	Plant and equipment	Office equipment	Capital work-in -progress	Furniture & fittings	Interior furnishing	Motor vehicles	Total
Year ended 31st March 2005									
Opening net book amount	1,072,990,000	256,360,877	150,255,193	4,956,462	298,798,245	881,042	6,398,255	17,988,000	1,808,628,074
Additions	Nil	Nil	Nil	1,069,063	777,846,537	47,120	54,983	3,075,000	782,092,703
Transfers	Nil	399,623,409	622,877,546	Nil	(1,022,500,955)	Nil	Nil	Nil	-
Assets written off	Nil	(14,767,850)	(12,588,550)	Nil	Nil	Nil	Nil	Nil	(27,356,400)
Revaluation surplus	896,641,680	Nil	Nil	Nil	Nil	Nil	Nil	Nil	896,641,680
Depreciation charge	Nil	(33,062,496)	(158,071,858)	(1,672,299)	Nil	(198,145)	(1,607,811)	(4,650,750)	(199,263,359)
Closing net book amount	**1,969,631,680**	**608,153,940**	**602,472,331**	**4,353,226**	**54,143,827**	**730,017**	**4,845,427**	**16,412,250**	**3,260,742,698**
At 31st March 2005									
Cost/valuation	1,969,631,680	648,323,603	772,008,865	6,875,173	54,143,827	1,026,056	8,052,802	25,560,000	3,485,622,006
Accumulated depreciation	Nil	(40,169,663)	(169,536,534)	(2,521,947)	Nil	(296,039)	(3,207,375)	(9,147,750)	(224,879,308)
Net book amount	**1,969,631,680**	**608,153,940**	**602,472,331**	**4,353,226**	**54,143,827**	**730,017**	**4,845,427**	**16,412,250**	**3,260,742,698**

(In Indian Rs.)

	Freehold land	Building & fixtures	Plant and equipment	Office equipment	Capital work-in -progress	Furniture & fittings	Interior furnishing	Motor vehicles	Total
Year ended 31st March 2004									
Opening net book amount	-	-	-	498,774	3,100,496	-	-	-	3,599,270
Additions	525,975,490	36,378,433	33,068,799	2,382,857	304,769,144	496,922	3,472,592	11,298,995	917,843,232
Transfers	-	106,126,079	55,401,331	-	(161,951,808)	-	424,398	-	-
Assets written off	-	(10,351,894)	(7,400,955)	-	-	-	-	-	(17,752,849)
Depreciation charge	-	(3,544,722)	(5,718,043)	(423,765)	-	(48,825)	(797,788)	(2,242,891)	(12,776,034)
Exchange translation gains/(losses)	(53,854,225)	(15,807,757)	(9,238,054)	(276,997)	(14,445,027)	(60,434)	(283,936)	(1,141,287)	(95,107,717)
Closing net book amount	**472,121,265**	**112,800,139**	**66,113,078**	**2,180,869**	**131,472,805**	**387,663**	**2,815,266**	**7,914,817**	**795,805,902**
At 31st March 2004									
Cost	525,975,490	132,152,618	81,069,175	2,881,631	145,917,832	496,922	3,896,990	11,298,995	903,689,653
Accumulated depreciations	-	(3,544,722)	(5,718,043)	(423,765)	-	(48,825)	(797,788)	(2,242,891)	(12,776,034)
Exchange translation gains/(losses)	(53,854,225)	(15,807,757)	(9,238,054)	(276,997)	(14,445,027)	(60,434)	(283,936)	(1,141,287)	(95,107,717)
Net book amount	**472,121,265**	**112,800,139**	**66,113,078**	**2,180,869**	**131,472,805**	**387,663**	**2,815,266**	**7,914,817**	**795,805,902**
Year ended 31st March 2005									
Opening net book amount	472,121,265	112,800,139	66,113,078	2,180,869	131,472,805	387,663	2,815,266	7,914,817	795,805,902
Additions	-	-	-	471,847	343,314,003	20,797	24,268	1,357,196	345,188,111
Transfers	-	176,379,666	274,916,161	-	(451,295,827)	-	-	-	-
Assets written off	-	(6,518,008)	(5,556,141)	-	-	-	-	-	(12,074,149)
Revaluation surplus	395,745,986	-	-	-	-	-	-	-	395,745,986
Depreciation charge	-	(14,592,619)	(69,767,338)	(738,094)	-	(87,454)	(709,631)	(2,052,677)	(87,947,813)
Exchange translation gains/(losses)	(1,561,973)	(584,159)	(719,687)	62	323,158	78	1,267	(719)	(2,541,973)
Closing net book amount	**866,305,278**	**267,485,019**	**264,986,073**	**1,914,684**	**23,814,139**	**321,084**	**2,131,170**	**7,218,617**	**1,434,176,064**
At 31st March 2005									
Cost/valuation	921,721,476	302,014,276	350,429,194	3,353,478	37,936,008	517,719	3,921,258	12,656,191	1,632,549,600
Accumulated depreciation	-	(18,137,341)	(75,485,381)	(1,161,859)	-	(136,279)	(1,507,419)	(4,295,568)	(100,723,847)
Exchange translation gains/(losses)	(55,416,198)	(16,391,916)	(9,957,740)	(276,935)	(14,121,869)	(60,356)	(282,669)	(1,142,006)	(97,649,689)
Net book amount	**866,305,278**	**267,485,019**	**264,986,073**	**1,914,684**	**23,814,139**	**321,084**	**2,131,170**	**7,218,617**	**1,434,176,064**

8. (b) Capital work-in-progress at 31st March 2005 represents the following:

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Refurbishment work				
- Trincomalee	**Nil**	259,472,964	**Nil**	126,875,072
- Retail Outlets	**54,143,821**	39,325,281	**23,897,171**	19,014,982
- Exchange translation loss			**(83,034)**	(14,417,249)
	54,143,821	298,798,245	**23,814,137**	131,472,805

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

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(c) Acquisition of 100 retail outlets.

As explained in Note 1 to the financial statements, the total consideration paid for the acquisition amounts to US$ 30 million (Sri Lankan Rs. 2,827,460,000) (Indian Rs. 1,327,446,009).

The valuation of property, plant and equipment relating to the 100 filling stations was initially based on the value of shares issued amounting to Sri Lankan Rs.1,214,662,355 (Indian Rs. 570,264,016) arising out of the Share Sales and Purchase Agreement. Accordingly, the excess of the purchase consideration over the value of property, plant and equipment amounting to Sri Lankan Rs.1,655,939,233 (Indian Rs. 778,329,830) was identified as goodwill.

The land belonging to the 100 retail outlets were valued at 1st May 2004 by professional independent valuers. The revaluation surplus of Sri Lankan Rs. 896,641,680 (Indian Rs. 395,745,968) was credited against the goodwill recognised at the time of acquisition as permitted by SLAS 25 (Business Combinations).

If land was stated on a historical cost basis, the amount would be as follows:

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Cost	**1,072,990,000**	1,072,990,000	**525,975,490**	525,975,490
Accumulated depreciation	**Nil**	Nil	**Nil**	Nil
Exchange transaction gain/(loss)			**(55,416,198)**	(53,854,225)
Net book amount	**1,072,990,000**	1,072,990,000	**470,559,292**	472,121,265

INVESTMENT IN ASSOCIATE

9. As per the Government policy in Sri Lanka towards liberalisation and promotion of market competition in the retail operations of the petroleum sector, all storage and pipeline facilities of Ceylon Petroleum Corporation (CPC) were transferred into one company known as the "Common User Facility" (CUF) or Ceylon Petroleum Storage Terminal Limited (CPSTL) of which Lanka IOC Limited owns 1/3rd share.

The Company paid US$ 45 million to Ceylon Petroleum Corporation on 22 January 2004 to obtain 1/3 ownership.

The net assets of CUF at the date of acquisition comprise share capital of Sri Lankan Rs. 7.5 billion (Indian Rs 3.676 billion) and retained profit of Sri Lankan Rs.153,658,376 (Indian Rs 77,322,733), and 1/3 of the net assets acquired by the Company amount to Sri Lankan Rs.2,551,219,459 (Indian Rs 1,250,597,774). The excess of the purchase consideration over the share of net assets amounting to Sri Lankan Rs.1,842,780,541 has been identified as goodwill arising on acquisition and would be amortised over a period of 20 years commencing from January 2004, based on the Petroleum Products License granted to the Company as explained in Note 1 to the financial statements.

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
At the beginning of the year	**2,628,048,647**	Nil	**1,156,355,281**	Nil
Acquired during the year	**Nil**	2,551,219,459	**Nil**	1,250,597,774
Adjustment to goodwill	**(35,034,589)**	Nil	**(15,463,031)**	Nil
Adjustment to profits	**(52,551,881)**	Nil	**(23,194,545)**	Nil
Share of results before tax	**911,868,451**	76,829,188	**402,466,545**	38,318,797
Share of tax	**(319,153,958)**	Nil	**(140,863,291)**	Nil
Share of results after tax	**540,162,612**	76,829,188	**238,408,709**	38,318,797
Exchange translation loss			**(1,232,403)**	(132,561,290)
Closing net book amount	**3,133,176,670**	2,628,048,647	**1,378,068,556**	1,156,355,281

GOODWILL

10. (a) As explained in Note 1, Note 8 and Note 9 to the financial statements, goodwill has arisen due to the excess of purchase consideration paid to the Government of Sri Lanka and Ceylon Petroleum Corporation over the net assets value representing applicable shares allotted in the acquisition of the 100 retail outlets and 1/3 share in the Ceylon Petroleum Storage Terminals Limited (CPSTL).

As explained in Note 8 to the financial statements, the land belonging to the 100 retail outlets were revalued on 1st May 2004, and the value of goodwill at the time of acquisition was adjusted accordingly.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

(In Sri Lankan Rs.)

	100 filling stations	CPSTL	Total
Purchase consideration	2,827,460,000	4,394,000,000	7,221,460,000
Add: Transferred from development expenses	43,141,588	Nil	43,141,588
Less: Net assets value representing applicable shares allotted	(1,214,662,355)	(2,551,219,459)	(3,765,881,814)
	1,655,939,233	1,842,780,541	3,498,719,774
Adjustment to goodwill	(896,641,680)	35,034,587	(861,607,093)
Balance at the time of acqusition	**759,297,553**	**1,877,815,128**	**2,637,112,681**

(In Indian Rs.)

	100 filling stations	CPSTL	Total
Purchase consideration	1,327,446,009	2,153,921,569	3,481,367,878
Add: Transferred from development expenses	21,147,837	Nil	21,147,837
Less: Net assets value representing applicable shares allotted	(570,264,016)	(1,250,597,774)	(1,820,861,790)
Adjustment to goodwill	(395,745,968)	15,463,030	(380,282,956)
Balance at the time of acquisition	382,583,844	918,786,825	1,301,370,669
	765,167,706	**1,837,573,650**	**2,602,741,638**

(b) The goodwill will be amortised on a straight line basis over 20 years commencing from January 2004, based on the Petroleum Products License granted to the Company as explained in Note 1 to the financial statements.

Year ended 31st March

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Opening net book amount	**3,454,985,780**	Nil	**1,520,211,984**	Nil
Goodwill recognised	**Nil**	3,498,719,777	**Nil**	1,681,653,925
Adjustment to goodwill	**(861,607,093)**	Nil	**(380,282,956)**	Nil
Amortisation charge (Note 3)	**(121,088,550)**	(43,733,997)	**(53,442,887)**	(21,812,467)
Exchange translation losses			**905,282**	(139,629,474)
Closing net book amount	**2,472,290,137**	3,454,985,780	**1,087,391,423**	1,520,211,984
At 31st March				
Cost	**2,602,078,094**	3,498,719,774	**1,301,370,669**	1,681,653,925
Accumulated amortisation	**(129,784,957)**	(43,733,994)	**(72,745,529)**	(21,812,467)
Exchange translation losses			**(141,233,717)**	(139,629,474)
Closing net book amount	**2,472,293,137**	3,454,985,780	**1,087,391,423**	1,520,211,984

INVENTORIES

11.

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Finished goods	**4,649,191,454**	2,455,741,039	**2,044,859,014**	1,080,539,024

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

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RECEIVABLES AND PREPAYMENTS

12.

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	2005 (In Indian Rs.)	2004 (In Indian Rs.)
Trade receivables	**50,100,148**	33,125,214	**22,035,603**	14,575,269
Subsidy receivable from GOSL	**4,639,860,553**	351,245,888	**2,040,754,993**	154,550,045
VAT receivable	**894,075,167**	46,196,010	**393,242,069**	20,326,488
Other receivables	**116,598,390**	17,838,823	**51,283,599**	7,849,177
Deposits	**5,041,623**	31,747,482	**2,217,463**	13,969,060
Advances	**11,577,010**	9,931,477	**5,091,929**	4,369,902
Prepayments	**17,218,939**	12,985,616	**7,573,429**	5,713,740
	5,734,471,830	503,070,510	**2,522,199,085**	221,353,681

Other receivables include Sri Lankan Rs.16,007,086 (Indian Rs. 7,040,414) relating to gratuity liability of employees transferred from Ceylon Petroleum Corporation as at 14th February 2003.

Subsidy receivable from Government of Sri Lanka (GOSL) consists of the subsidy claimed by the Company from the GOSL as compensation for the loss arising from the price differential suffered by the Company due to price revisions not being carried out by the GOSL as per the pricing formula entered into by the Company, Ceylon Petroleum Corporation and Energy Supply Committee. The amount of Sri Lankan Rs. 4,639,860,553 (Indian Rs. 2,040,754,993) represents the claim from January 2004 to March 2005.

CASH AND CASH EQUIVALENTS

13.

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	2005 (In Indian Rs.)	2004 (In Indian Rs.)
Short term bank deposit	**12,569,827**	16,382,760	**5,528,601**	7,208,501
Cash and bank balances	**1,524,392,905**	147,366,444	**670,475,411**	64,842,013
At the end of year	**1,536,962,732**	163,749,204	**676,004,012**	72,050,514

For the purposes of the cash flow statement, the year end cash and cash equivalents comprise the following:

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	2005 (In Indian Rs.)	2004 (In Indian Rs.)
Cash and bank balances	**1,536,962,732**	163,749,204	**676,004,012**	72,050,514
Bank overdrafts (Note 15)	**(2,390,135,494)**	(305,268,771)	**(1,051,255,935)**	(134,319,871)
	(853,172,762)	(141,519,567)	**(375,251,923)**	(62,269,357)

SHARE CAPITAL

14.

(in Sri Lankan Rs.)

	Number of shares	Ordinary shares	Share premium	Total
At 31st March 2003	50,000,000	500,000,000	-	500,000,000
Issued during the year	350,000,000	3,500,000,000	-	3,500,000,000
At 31st March 2004	400,000,000	4,000,000,000	-	4,000,000,000
Issued during the year	132,529,900	1,325,299,000	2,253,008,300	3,578,307,300
At 31st March 2005	**532,529,900**	**5,325,299,000**	**2,253,008,300**	**7,578,307,300**

(in Indian Rs.)

	Number of shares	Ordinary shares	Share premium	Total
At 31st March 2003	50,000,000	246,742,872	-	246,742,872
Issued during the year	350,000,000	1,694,600,318	-	1,694,600,318
At 31st March 2004	400,000,000	1,941,343,190	-	1,941,343,190
Issued during the year	132,529,900	564,317,224	959,339,280	1,523,656,504
At 31st March 2005	532,529,900	2,505,660,414	**959,339,280**	**3,464,999,694**

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

The total authorised number of ordinary shares is 2 billion (2004 - 2 billion) with a par value of Rs. 10 per share (2004 - Rs. 10 per share). All issued shares are fully paid.

The Company issued 132,529,900 ordinary shares to the public, for a total consideration of Sri Lankan Rs. 3,578,307,300 (SLR 27 per share) {Indian Rs. 1,523,656,504 (Indian Rs.11.50 per share)} on 8th December 2004.

BORROWINGS

15.

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Non-current				
Long term loan	**1,582,159,164**	Nil	**695,882,813**	Nil
Current				
Long term loan	**1,265,727,200**	Nil	**556,706,193**	Nil
Working capital loan	**447,525,000**	Nil	**196,835,415**	Nil
Bank overdrafts	**2,390,135,494**	305,268,771	**1,051,255,935**	134,319,871
	4,103,387,694	305,268,771	**1,804,797,543**	134,319,871
Total borrowings	**5,685,546,858**	305,268,771	**2,500,680,356**	134,319,871

The long term loan is guaranteed by the parent company. Working capital loan is not secured.

DEFINED BENEFIT OBLIGATIONS

16.

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
At beginning of year	**18,229,392**	Nil	**8,021,029**	Nil
Transferred from Ceylon Petroleum Corporation	**Nil**	17,734,324	**Nil**	8,845,049
Charge for the year (Note 4)	**5,216,082**	495,068	**2,302,194**	246,917
Contributions paid during the year	**(1,570,562)**	Nil	**(693,191)**	Nil
Exchange translation loss			**(8,766)**	(1,070,937)
At the end of year	**21,874,912**	18,229,392	**9,621,266**	8,021,029

Gratuity liability of the employees transferred from Ceylon Petroleum Corporation as at 14th February 2003 amounts to Sri Lankan Rs.17,734,324 (Indian Rs. 8,845,049).

TRADE AND OTHER PAYABLES

17.

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Trade payables	**2,082,277,896**	598,998,313	**915,850,588**	263,562,420
Amount due to related companies (Note 21)	**2,247,893,218**	5,333,694,187	**988,693,358**	2,346,853,605
Accrued expenses	**52,610,993**	30,633,879	**23,139,951**	13,479,069
Other payables	**132,242,747**	69,367,883	**58,164,474**	30,522,234
	4,515,024,854	6,032,694,262	**1,985,848,371**	2,654,417,328

EXCHANGE EQUALISATION RESERVE

18. The analysis of exchange equalisation reserve is given below:

(In Indian Rs.)

	2005	2004
Ordinary shares	**(163,428,271)**	181,322,078
Retained earnings	**31,603,850**	33,960,996
	(131,824,421)	215,283,074

The exchange rate as at the balance sheet date was Sri Lankan Rs. 2.2736 (2004 - Sri Lankan Rs. 2.2727) for one Indian Rupee.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

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CONTINGENT LIABILITIES

19. There were no material contingent liabilities at the balance sheet date.

COMMITMENTS

20. **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.

CASH USED IN OPERATIONS

21. Reconciliation of profit before tax to cash used in operations:

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Profit before tax	**2,331,162,361**	587,948,897	**1,028,892,775**	293,241,345
Adjustments for:				
Share of results of associate (Note 10)	**(540,162,611)**	(76,829,188)	**(238,408,709)**	(38,318,797)
Depreciation (Note 8)	**199,263,359**	25,615,949	**87,947,813**	12,776,034
Development expenses (Note 11)	**Nil**	22,771,202	**Nil**	11,357,208
Interest income (Note 5)	**(6,220,128)**	(40,281,917)	**(2,745,345)**	(20,090,732)
Interest expense (Note 5)	**145,543,291**	55,757,343	**64,237,671**	27,809,149
Amortisation of goodwill (Note 10)	**121,085,546**	43,733,997	**53,442,887**	21,812,467
Exchange gains on borrowings	**(123,860,187)**	(159,175,625)	**(54,667,514)**	(79,389,339)
Assets written off	**27,356,400**	40,346,900	**12,074,149**	20,123,142
Changes in working capital				
- Exchange translation gain			**79,000,356**	805,806,420
- retirement benefits tr. (Note 16)	**Nil**	17,734,324	**Nil**	8,845,049
- receivables and prepayments	**(5,231,401,320)**	(369,380,081)	**(2,308,955,872)**	(184,229,467)
- inventories	**(2,193,450,415)**	(1,209,816,513)	**(968,111,584)**	(603,399,757)
- trade and other payables	**1,952,103,319**	504,579,663	**861,589,495**	251,660,680
Retirement benefit obligations (Note 16)	**5,216,082**	495,068	**2,302,194**	246,917
Cash (used in)/generated from operations	**(3,313,364,303)**	(556,499,981)	**(1,383,401,684)**	528,250,320

DIRECTORS' INTERESTS IN CONTRACTS WITH THE COMPANY

22. The Company is controlled by Indian Oil Corporation Limited (incorporated in India) which holds 99.99% of the Company's issued share capital.

Mr. Mahadevan Nageshwaran, Managing Director, Mr. S Sirinivasan - Vice President (Finance) and Mr. Chandrababu - Vice President (Engineering) are Directors of Ceylon Petroleum Storage Terminals Limited.

The following transactions were carried out with related parties:

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Sales/purchases of goods and services				
Indian Oil Corporation Limited - Petroleum products	**16,344,152,020**	8,583,060,983	**7,213,731,747**	4,280,828,420
Ceylon Petroleum Storage Terminals Limited	**623,860,751**	42,889,056	**275,350,113**	(21,391,050)
	16,968,012,771	8,625,950,039		

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

	2005 (In Sri Lankan Rs.)	2004 (In Sri Lankan Rs.)	**2005 (In Indian Rs.)**	2004 (In Indian Rs.)
Outstanding balances arising from purchases of goods and services				
Amounts due to related company				
Indian Oil Corporation Limited - Petroleum products	**2,085,044,004**	1,559,467,013	**915,661,658**	686,165,487
Indian Oil Corporation Limited - Others	**11,627,546**	236,159,064	**5,106,318**	103,909,988
Ceylon Petroleum Storage Terminals Limited	**151,221,669**	68,295,383	**66,511,994**	30,050,329
Exchange Translation Gain			**1,413,388**	Nil
	2,247,893,219	1,863,921,460	**988,693,358**	820,125,804
Loan obtained				
Indian Oil Corporation Limited	**Nil**	3,469,772,727	**Nil**	1,526,700,000
Exchange Translation Gain			**Nil**	27,801
	Nil	3,469,772,727	**Nil**	1,526,727,801

RELATED PARTY TRANSACTIONS

23. There were no related parties or related party transactions other than those disclosed in Note 21 to the financial statements.

POST BALANCE SHEET EVENTS

24. No events have been occurred since the balance sheet date which would require adjustment to, or disclosure in the financial statements.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

ANNUAL REPORT 2004-2005

Mauritius

INDIANOIL MAURITIUS LIMITED

(A Wholly Owned Subsidiary of Indian Oil Corporation Limited)

Board of Directors

Dr. N.G. Kannan	Chairman
Shri M. Ramana	Managing Director
Shri Couldip B. Lala	Director
Mr. V. Ramdeny	Director
Mr. N. Prasad	Director (resigned on 18 March 2005)
Mr. C.P. Joshi	Director (appointed on 18 March 2005)
Mr. R Narayanan	Director (appointed on 23 March 2005)

Directors' Report for the year ended March 31, 2005

The Directors have the pleasure in submitting their annual report together with the audited financial statements for the financial year ended March 31, 2005.

PRINCIPAL ACTIVITY

The principal activity of the Company is distribution of petroleum products.

RESULTS AND DIVIDENDS

The income statement for the year ended is shown on page 6 (page I-6 here). The turnover of the Company for the year ended March 31, 2005 was Rs. 759,672,193 (2004 : Rs. 33,761,236).

The profit after tax for the year was Rs. 5,881,622 (2004 : loss of Rs. 4,795,840) for the Company.

No dividend was paid during the year (2004 : Nil).

MEMBERS OF THE BOARD OF DIRECTORS

Dr. N.G. Kannan	Chairman
Mr. M. Ramana	Managing Director
Mr. Couldip B. Lala	
Mr. V. Ramdeny	
Mr. N. Prasad (resigned on 18 March 2005)	
Mr. C.P. Joshi (appointed on 18 March 2005)	
Mr. R. Narayanan (appointed on 23 March 2005)	

DIRECTORS' SERVICE CONTRACTS

There was one service contract between the company and one local director as disclosed in Note 12(b).

DIRECTORS' REMUNERATION

	2005 **Rs.**	2004 Rs.
Executive Directors - Full time	**956,591**	750,000
Non-Executive Directors	**-**	170,000

ENTRIES IN INTEREST REGISTER

No entries have been made in the interest register during the year ended March 31, 2005.

DONATIONS

No donations have been made during the year ended March 31, 2005 (2004 : Nil).

AUDITORS' REMUNERATION

	2005 **Rs.**	2004 Rs.
Audit fees	**80,000**	60,000
Fees for non-audit work	**Nil**	Nil

A resolution to re-appoint the auditor, Mr. Jugdeo Naginlal will be proposed at the Annual Meeting.

By order of the Board

Sd/- **(M. Ramana)** Managing Director	Sd/- **(V. Ramdeny)** Director

Place : Mauritius
Date : 14th May 2005

Mauritius

Auditor's Report to the Members of IndianOil (Mauritius) Ltd.

I have audited the financial statements of IndianOil (Mauritius) Ltd. on pages 8 to 21, which have been prepared on the basis of the accounting policies set out on pages 12 to 16.

This report is made solely to the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. My audit work has been undertaken so that I might state to the Company's members those matters I am required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Company's members as a body, for my audit work, for this report, or for the opinions I have formed.

Directors' Responsibilities

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and for ensuring that the financial statements comply with the Companies Act 2001 and International Financial Reporting Standards. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor's Responsibilities

It is my responsibility to form an independent opinion based on my audit, on those financial statements and to report my opinion to you.

Basis of opinion

I conducted my audit in accordance with International Standards on Auditing. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of 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 financial statements are free from material misstatements. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements. I believe that my audit provides a reasonable basis for my opinion.

I have no relationship with, or any interests in, the company other than in my capacity as auditor.

Opinion

I have obtained all the information and explanations which I considered necessary.

In my opinion:

- proper accounting records have been kept by the Company as far as it appears from my examination of those records, and

- the financial statements give a true and fair view of the financial position of the Company as at 31st March 2005 and of the financial performance and cash flows for the year then ended, comply with the Companies Act 2001 and have been prepared in accordance with International Financial Reporting Standards.

Sd/-
Jugdeo Naginlal
Chartered Certified Accountant

Place : Belle Etoile, Mauritius
Date : 14th May 2005

BALANCE SHEET March 31, 2005

	Notes	2005 (In Mauritian Rs.)	2004 (In Mauritian Rs.)	2005 (In Indian Rs.)	2004 (In Indian Rs.)
ASSETS					
Non-current assets					
Property, plant and equipment	3	**227,492,966**	2,692,980	**374,089,433**	4,470,347
Investment in consortium	3	**-**	11,994,090	**-**	19,910,189
Capital work in progress	3	**7,125,299**	112,530,621	**11,716,842**	186,800,831
Preliminary expenses		**-**	129,770	**-**	215,419
		234,618,265	127,347,461	**385,806,275**	211,396,786
Current assets					
Inventories	4	**104,128,391**	38,577,788	**171,228,726**	64,039,128
Trade and other receivables	5	**120,776,272**	33,898,814	**198,604,502**	56,272,031
Cash and bank balances		**100,109,259**	85,620,097	**164,619,665**	142,129,361
		-	-	**-**	-
		325,013,922	158,096,699	**534,452,893**	262,440,520
TOTAL ASSETS		**559,632,187**	285,444,160	**920,259,168**	473,837,306
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	7	**158,892,000**	158,892,000	**261,282,005**	254,986,736
Revenue reserves		**(18,669,400)**	(24,551,022)	**(31,184,751)**	(37,102,207)
Foreign Currency Translation Reserve				**20,254,229**	(2,309,942)
		140,222,600	134,340,978	**250,351,483**	215,574,587
Non-current liabilities					
Deferred taxation	6	**4,306,829**	-	**7,115,743**	-
		4,306,829	-	**7,115,743**	-
Current liabilities					
Trade and other payables	9	**140,850,778**	41,272,540	**231,615,019**	68,512,416
Amount due to holding company	8	**274,251,980**	109,830,642	**431,176,923**	189,750,303
		415,102,758	151,103,182	**662,791,942**	258,262,719
TOTAL EQUITY AND LIABILITIES		**559,632,187**	285,444,160	**920,259,168**	473,837,306

These accounts have been approved by the Board of Directors on 14th May 2005

Sd/- **(M. Ramana)** Managing Director	Sd/- **(V. Ramdeny)** Director

The Notes set out on pages 9 to 18 (pages I-8 to I-12 here) form part of these accounts.

Auditors' Report on page 4

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

Income Statement - for the year ended March 31, 2005

	Notes	2005	2004	2005	2004
		(In Mauritian Rs.)		(In Indian Rs.)	
Revenue		**759,672,193**	33,761,236	**1,255,130,397**	56,916,380
Cost of sales		**(688,958,378)**	(33,608,316)	**(1,138,297,032)**	(56,658,580)
Direct costs		**(15,846,699)**	-	**(26,181,916)**	-
Gross profit		**54,867,116**	152,920	**90,651,449**	257,800
Administrative expenses		**(15,318,356)**	(7,688,350)	**(25,308,987)**	(12,961,405)
Net Finance costs/income		**(8,597,879)**	269,519	**(14,780,054)**	499,524
Selling expenses		**(5,204,917)**	-	**(8,599,564)**	-
Depreciation		**(5,637,329)**	-	**(9,270,024)**	-
Exchange difference		**(9,920,184)**	2,470,071	**(16,390,128)**	4,164,169
Operating profit before taxation	10	**10,188,451**	(4,795,840)	**16,302,692**	(8,039,912)
Taxation	6	**(4,306,829)**	-	**(7,115,743)**	-
Profit/(Loss) for the year		**5,881,622**	(4,795,840)	**9,186,949**	(8,039,912)
Earnings/(Loss) per share	11	**3.70**	(3.02)	**5.78**	(5.06)

The Notes set out on pages 9 to 18 (pages I-8 to I-12 here) form part of these accounts.

Auditors' Report on page 4

Statement of changes in Equity - for the year ended March 31, 2005

(In Mauritian Rs.)

	Share Capital	Revenue Reserves	Total
At April 01, 2003	158,892,000	(19,755,182)	139,136,818
Loss for the year	-	(4,795,840)	(4,795,840)
At March 31, 2004	158,892,000	(24,551,022)	134,340,978
At April 01, 2004	158,892,000	(24,551,022)	134,340,978
Profit for the year	-	5,881,622	5,881,622
At March 31, 2005	**158,892,000**	**(18,669,400)**	**140,222,600**
Closing Balance			**(In Indian Rupees)**
At March 31, 2005	**261,282,005**	**(10,930,522)**	**250,351,483**
At March 31, 2004	254,986,736	(39,412,149)	215,574,587

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

Statement of Cash Flows - for the year ended March 31, 2005

	Notes	2005	2004	2005	2004
		(In Mauritian Rs.)		(In Indian Rs.)	
Cash flows from operating activities					
Net profit/(loss) before taxation		**10,188,451**	(4,795,840)	**16,302,692**	(8,039,912)
Adjustment for:					
Depreciation	3	**5,637,329**	241,648	**9,270,024**	401,136
Unrealised exchange loss		**12,663,092**		**20,921,961**	
Preliminary expenses written off		**129,770**		**214,406**	
Interest paid		**9,349,820**	775,364	**16,022,411**	1,261,992
Operating profit/(loss) before working capital changes		**37,968,462**	(3,778,828)	**62,731,494**	(6,376,784)
Increase in inventories		**(65,550,603)**	(38,577,788)	**(107,189,598)**	(64,039,128)
Increase in trade and other receivables		**(86,877,458)**	(30,859,780)	**(142,332,471)**	(51,227,235)
Increase in trade and other payables		**99,578,238**	40,941,918	**163,102,603**	67,963,584
Increase in amount due to related parties		**10,568,246**	2,218,100	**16,245,620**	3,085,111
Exchange Fluctuation				**6,653,595**	
Net cash (outflow) from operations		**(4,313,115)**	(30,056,378)	**(788,757)**	(50,594,452)
Interest paid		**(9,349,820)**	(775,364)	**(16,022,411)**	(1,261,992)
Net cash (outflow) from operating activities		**(13,662,935)**	(30,831,742)	**(16,811,168)**	(51,856,444)
Investing activities					
Purchase of property, plant and equipment	3	**(113,037,903)**	(125,032)	**(86,909,127)**	(207,553)
Investment in consortium	4	**-**	(11,433,494)	**(3,298,053)**	(18,979,600)
Capital work in progress	5	**-**	(102,968,411)	**(95,672,348)**	(170,927,562)
Net cash outflow from investing activities		**(113,037,903)**	(114,526,937)	**(185,879,528)**	(190,114,715)
Financing					
Share capital issued		**-**	-	**-**	-
Deposit on shares		**-**	(335)	**-**	(591)
Proceeds from borrowings	9	**141,190,000**	104,400,000	**225,181,000**	181,000,000
Foreign Currency Translation Reserve					(13,559,260)
Net cash outflow from financing		**141,190,000**	104,399,665	**225,181,000**	167,440,149
Net Increase/(decrease) in cash and cash equivalents		**14,489,162**	(40,959,014)	**22,490,304**	(74,531,010)
Movement in cash and cash equivalents:					
At April 1		**85,620,097**	126,579,111	**164,619,665**	216,660,371
Increase/(Decrease) in cash and cash equivalents		**14,489,162**	(40,959,014)	**(142,129,361)**	(74,531,010)
At March 31		**100,109,259**	85,620,097	**22,490,304**	142,129,361

The Notes set out on pages 9 to 18 (pages I-8 to I-12 here) form part of these accounts.

Auditors' Report on page 4

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

Notes to the Accounts - March 31, 2005

1. LEGAL FORM AND ACTIVITY

The Company was incorporated in Mauritius as a limited liability on October 24, 2001 and is engaged in the distribution of petroleum products. The registered and principal place of business of the Company is Mer Rouge, Port Louis.

2. ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with and comply with International Financial Reporting Standards including International Accounting Standards (IAS) and interpretations issued by the IAS Board. A summary of the more important accounting policies, which have been applied consistently, is set out below. The preparation of financial statements in accordance with International Financial Reporting Standards including International Accounting Standards (''IAS'') and interpretations issued by the IAS Board requires the directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

(b) Basis of preparation

The financial statements are expressed in Mauritian Rupees. The financial statements are prepared on a fair value basis for financial assets and liabilities held for trading except those for which a reliable measure of fair value is not available. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost.

(c) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost of the assets on a straight-line basis over their expected useful lives.

The principal annual rates used are:	**% / years**
Leasehold property	19.25 yrs
Furniture and Fittings	10%
Plant & Equipment	2-10%
Office Equipment	25%

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is charged to the income statement.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stocks. The cost of finished goods comprises of raw materials (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(e) Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company has become a party to the contractual provisions of the instrument.

(i) Trade receivables

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off when identified.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash deposited with banks and short-term highly liquid investments with maturities of three months or less when purchased.

(iv) Trade payables and amounts owed to related companies

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services rendered.

(v) Equity instruments

Equity instruments are recorded at the proceeds received, net of direct issue costs.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

(f) Retirement Benefits

The amount recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and reduced by the fair value of plan assets. Any assets resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

(g) Foreign currency translation

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 Statements.

The company operates a US Dollar account and all transactions in this account are recorded at the mid rate.

(h) Deferred taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(i) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and liability simultaneously.

(j) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(k) Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of thee asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if they have the ability, directly or indirectly, to control the Company or exercise significant influence over the Company in making financial and operating decisions, or vice versa, or where the Company are subject to common control or common significant influence. Related parties may be individuals or other entities.

(m) Revenue recognition

Revenue is recognised according to the following specific recognition criteria:

Sales of goods

Revenue comprises the invoiced value for the sale of goods and services net of valued added tax, rebate and discounts.

Revenue from the sales of goods is recognised on the transfer to the customer of the significant risks and rewards of ownership of the goods, which generally coincides with delivery date.

(n) Interest income

Interest income is recognised as it accrues unless collectivity is in doubt.

(o) Preliminary Expenses

To be written off in the first full year of operation.

(p) Risk management policies

A description of the various risks to which the company is exposed is shown below as well as the approach taken by management to control and mitigate those risks.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

(i) **Credit risk**

Credit risk relates to the possibility of default by customers and agents in setting their obligations to the company. The Company has established internal policies to determine the credit worthiness and reliability of potential customers.

(ii) **Liquidity risk**

This refers to the possibility of default of a company to meet its obligations because of unavailability of funds to meet both operational and capital requirements. In order to ensure adequacy of its funding, cash flow forecasts are prepared regularly and actions taken appropriately. Moreover, the Company has access to various types of funding like loans, overdrafts and share capital.

(iii) **Interest rate risk**

Loan and overdraft facilities are at fixed and variable rates. The Company is thus exposed to fluctuations in the prevailing level of market interest rates. All interest charges and income are recognised in the income statement in the year in which they are incurred.

(iv) **Foreign exchange risk**

The Company is exposed to foreign exchange risk with respect to foreign currencies, denominated mainly in US Collars, on revenue and supplies.

All gains and losses on currency variations are accounted for in the Income Statement. However, the risk is hedged against as part of its revenue is invoiced in foreign currency which are banked in foreign currencies accounts and used to pay suppliers.

(q) **Retirement benefits**

The present value of other retirement benefits in respect of Labour Act gratuities is recognised in the balance sheet as a non-current liability. The retirement benefit obligations is computed based on a prevailing legislation.

The Company does not operate any pension plan for its employees on retirement.

(r) **Regrouping of previous year figures**

Previous year figures have been regrouped wherever necessary.

3. PROPERTY, PLANT AND EQUIPMENT

(In Mauritian Rs.)

	Leasehold Property	Plant & Equipment	Furniture & fittings	Office Equipment	Investment in consortium	Assets in Progress	Total
COST							
At April 01, 2004	2,694,640		100,141	370,131	11,994,090	112,530,621	127,689,623
Additions	-	51,853,058	486,431	512,084	2,005,627	58,180,703	113,037,903
Transfer from assets in progress		163,586,025				(163,586,025)	-
Transfer from investment in consortium		13,999,717			(13,999,717)		-
At March 31, 2005	2,694,640	229,438,800	586,572	882,215	-	7,125,299	240,727,526
DEPRECIATION							
At April 01, 2004	291,629	-	25,059	155,244	-	-	471,932
Charge for the year	151,439	5,206,679	56,025	223,186			5,637,329
At March 31, 2005	443,068	5,206,679	81,084	378,430	-	-	6,109,261
NET BOOK VALUE							
At 31 March 2005	**2,251,572**	**224,232,121**	**505,488**	**503,785**	**-**	**7,125,299**	**234,618,265**
At 31 March 2004	2,403,011	-	75,082	214,887	11,994,090	112,530,621	127,217,691
							(In Indian Rs.)
NET BOOK VALUE							
At 31 March 2005	**3,702,485**	**368,727,300**	**831,224**	**828,424**	**-**	**11,716,842**	**385,806,275**
At 31 March 2004	3,988,999	-	124,636	356,712	19,910,189	186,800,831	211,181,367

Note:

Plant & Equipment includes Rs. 13,999,717 towards 20% share in assets jointly owned with Shell, Caltex, Exxon Mobil and Total.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

4. INVENTORIES

	2005	2004	2005	2004
	(In Mauritian Rs.)		(In Indian Rs.)	
Finished goods (at cost)	**104,128,391**	38,577,788	**171,228,726**	64,039,128
	104,128,391	38,577,788	**171,228,726**	64,039,128

5. TRADE AND OTHER RECEIVABLES

	2005	2004	2005	2004
	(In Mauritian Rs.)		(In Indian Rs.)	
Trade receivables	**108,210,269**	26,401,936	**177,940,966**	43,827,214
Other receivables and prepayments	**12,566,003**	7,496,878	**20,663,536**	12,444,817
	120,776,272	33,898,814	**198,604,502**	56,272,031

6. TAXATION

(a) Current tax				
Income tax provision for the year on the adjusted profits	**-**	-	**-**	-
Movement in deferred tax account	**(4,306,829)**	-	**(7,155,743)**	-
Credit for the year	**(4,306,829)**	-	**(7,155,743)**	-
(b) Deferred taxation				
At April 1				
Debited to income statement	**4,306,829**	-	**7,155,743**	-
At March 31	**4,306,829**	-	**7,155,743**	-

7. SHARE CAPITAL

	2005	2004	2005	2004
	(In Mauritian Rs.)		(In Indian Rs.)	
Authorised				
Value	**160,000,000**	160,000,000		
Number of shares	**1,600,000**	1,600,000		
Alloted, called up and fully paid				
Value	**158,892,000**	158,892,000	**26,182,005**	254,986,736
Number of shares	**1,588,920**	1,588,920	**1,588,920**	1,588,920

8. AMOUNT DUE TO HOLDING COMPANY

	2005	2004	2005	2004
	(In Mauritian Rs.)		(In Indian Rs.)	
Indian Oil Corporation Ltd.				
Borrowings - Current	**258,840,000**	104,400,000	**406,181,000**	181,000,000
Current account- current	**15,411,980**	5,430,642	**24,995,923**	8,750,303
	274,251,980	109,830,642	**431,176,923**	189,750,303

The loan will be repayable in the year 2005/06.

9. TRADE AND OTHER PAYABLES

	2005	2004	2005	2004
	(In Mauritian Rs.)		(In Indian Rs.)	
Trade payables	**125,317,632**	41,158,178	**206,072,314**	68,322,575
Other payables and accruals	**15,533,146**	114,362	**25,542,705**	189,841
	140,850,778	41,272,540	**231,615,019**	68,512,416

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

Mauritius

10. **PROFIT/LOSS FROM OPERATION**

	2005	2004	2005	2004
	(In Mauritian Rs.)		(In Indian Rs.)	
The operating profit/loss is arrived after charging:				
Depreciation				
- Owned	**5,485,890**	78,635	**9,063,787**	132,571
- Leased	**151,439**	151,649	**206,237**	268,565
Auditors' remuneration	**80,000**	60,000	**132,176**	101,154
Directors' emoluments - full time	**956,591**	750,800	**1,580,480**	1,265,774
Staff cost	**3,604,391**	895,551	**5,955,175**	1,509,809
The average number of employees during the year was:	**8**	3	**8**	3
The cost of inventories recognise as an expense during the year was				
Opening stock	**38,577,788**	-	**64,039,128**	-
Add purchases	**754,508,981**	72,186,104	**1,246,599,738**	121,698,553
Less closing stock	**(104,128,391)**	(38,577,788)	**(171,228,726)**	(64,039,128)
	688,958,378	33,608,316	**1,139,410,140**	57,659,425

11. **PROFIT/(LOSS) PER SHARE**

Profit/(Loss) per share is based on the profit for the year of Rs 5,881,622 (2004: loss of Rs. 4,795,840) and 1,588,920 ordinary shares in issue.

12. **RELATED PARTY TRANSACTIONS**

The Company has had transactions during the year with related parties as defined in International Accounting Standards (IAS 24-Related Party Disclosures).

(In Mauritian Rs.)

	2005	**2004**
(a). Outstanding balances		
From shareholders		
Loan	**258,840,000**	104,400,000
Current account	**15,411,980**	5,430,642
	274,251,980	109,830,642
(b). Transaction with local director		
Professional services	**710,914**	648,000

(c). Pricing policies

The above transactions were conducted on market terms and conditions. The Directors have ensured that all such activities were undertaken on an arm's length basis.

13. **RETIREMENT BENEFITS**

The Directors are of the opinion that the provision for retirement benefits for the year under review is not material. Thus no provision has been made in these accounts.

14. **CAPITAL COMMITMENT**

(In Mauritian Rs.)

	2005	**2004**
Capital expenditure contracted for at the balance sheet date but not recognised in the accounts is as follows:		
Property, plant and equipment	**40,000,000**	91,500,000

15. **FINANCIAL INSTRUMENT**

Foreign currency management

The Company's assets and liabilities are denominated in Mauritian Rupees and United States Dollars. Consequently, the Company is exposed to any foreign currency risk. The Company's overall risk management programme seeks to minimise potential adverse effects of the above risks on the financial performance of the Company.

Credit risk management

At year end, the Company did not consider there to be any significant concentration of credit risk, which had not been adequately provided for.

Fair value

The Directors are of the opinion that the book value of financial instruments approximate fair value.

Note: Figures in Indian Rupees (unaudited), wherever applicable, have been given only as an additional information.

ANNUAL REPORT 2004-2005

INDIAN STRATEGIC PETROLEUM RESERVES LTD.
(A Wholly Owned Subsidiary of Indian Oil Corporation Limited)

IndianOil

Board of Directors

Shri A.M. Uplenchwar	Chairman (w.e.f. 10th March 2005)
Shri P.K. Chakraborti	Director
Shri T. Vasudevan	Director
Shri B.N. Bankapur	Director (w.e.f. 10th March 2005)
Shri P.K. Goyal	Director (w.e.f. 10th August 2004)
Shri N.K. Nayyar	Director (up to 9th March 2005)
Shri K.K. Acharya	Director (w.e.f. 10th August 2004, up to 9th March 2005)

Directors' Report

To
The Shareholders,
Indian Strategic Petroleum Reserves Ltd.,

On behalf of the Board of Directors, it is my privilege to present the first Annual Report on the working of the Company for the period ended 31st March, 2005 along with the audited Statement of Accounts and Auditors' Report thereon.

THE COMPANY

Indian Strategic Petroleum Reserves Ltd. (ISPRL) was incorporated on 16th June, 2004 as a wholly owned Subsidiary of Indian Oil Corporation Limited. The Company has applied for the certificate of commencement of business during Feb. '05 and the present paid-up capital of the Company is Rs. 100 Lakh.

The main objective of the Company is to carry on the business of storage, handling, treatment, carriage, transport, dispatch, supply of crude oil and petroleum products.

PERFORMANCE OVERVIEW

Your Company has taken the following initiatives in furtherance of its objectives.

- Survey works at both the sites i.e. Mangalore and Vishakhapatnam have been completed.
- The Strategic Storage at Mangalore has been cleared in principle by the high powered committee of Govt. of Karnataka during its meeting on 30th December 2004. To initiate land acquisition proceedings by Govt. of Karnataka, consent from ONGC/MRPL is being pursued through MoP&NG, as the same land is needed for their expansion project cleared by Govt. of Karnataka.
- Land for Strategic Storage at Vishakhapatnam belongs to Vizag Port Trust (VPT) and the Eastern Naval Command. The terms and conditions for 99-year lease for the portion of VPT land are under scrutiny. As regards portion of land belonging to the Eastern Naval Command, Ministry of Defence's clearance is being pursued through MoP&NG.
- Pending finalisation of funding modalities for the construction and operation of Strategic Storages, Rs. 30 Crore were requested from MoP&NG for the year 2004-05. Oil Industry Development Board (OIDB) was advised by MoP&NG to release the same as grant. However, OIDB has cleared the same as loan. Since your Company is a non-commercial company, OIDB and MoP&NG have been requested for releasing the same as grant.

FINANCIAL RESULTS

Since the Company has not commenced business, no Profit & Loss Account for the period 16th June 2004 to 31st March 2005 has been prepared. However, Statement of Pre-operative Expenses is given below:

Particulars	(Rs. in Lakh)	
Income by way of Interest & Other Miscellaneous Income	1.76	(A)
Less:		
Expenses	38.36	
Provision for Income Tax	0.64	
	39.00	(B)
Net Pre-operative Expenses (B-A)	37.24	

Auditors' Report

Statutory Auditors of the Company i.e. M/s Aditya and Associates, Chartered Accountants, have submitted their report on the accounts of the Company for the period ended 31st March, 2005 and the same is annexed hereto.

REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/ OUTGO UNDER SECTION 217(1) OF THE COMPANIES ACT:

As the Company has not yet commenced business, the information in respect of power and fuel consumption and consumption per unit of production are nil. There is no foreign exchange earning/outgo for the Company during the period under review.

PARTICULARS OF EMPLOYEES:

The information about particulars of employees under Section 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees) (Amendment) Rules, 1999, is nil.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in preparation of the Annual Accounts for the financial year ended 31st March, 2005, the applicable accounting standards had been followed and there were no material departures;
2. 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.
3. 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;
4. That the Directors had prepared the accounts for the financial year ended 31st March, 2005 on a 'going concern' basis.

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BOARD OF DIRECTORS

The first Directors of the Company as mentioned in the Articles of Association are:

1) Shri Naresh Kumar Nayyar

2) Shri Pranab Kumar Chakraborti

3) Shri Thiruvillakat Vasudevan

Shri K.K. Acharya and Shri P.K. Goyal were appointed as Additional Directors w.e.f. 10th August 2004. Shri K.K. Acharya ceased to be Director w.e.f. 10th March, 2005 and Shri B.N. Bankapur was appointed as Director in his place. Shri N.K. Nayyar ceased to be Director w.e.f. 10th March, 2005 and Shri A.M. Uplenchwar was appointed as Director and Chairman of the Board of Directors in his place.

ACKNOWLEDGEMENTS:

The Board of Directors gratefully acknowledges the valuable guidance and support received from the Govt. of India and the Holding Company, Indian Oil Corporation Limited. The Board also places on record its appreciation for the contributions made by Shri K.K. Acharya and Shri N.K. Nayyar during their tenure on the Board of the Company.

For and on behalf of the Board

Sd/-
(A.M. Uplenchwar)
Chairman

Place : New Delhi
Date : 6th May, 2005

Auditor' Report

To
The Shareholders,
Indian Strategic Petroleum Reserves Ltd.,

1) We have audited the attached Balance Sheet of Indian Strategic Petroleum Reserves Limited as at 31st March 2005. No Profit & Loss Account has been prepared by the company as there was no income or expenditure of revenue nature during the year under audit. This financial Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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.

3) As required by the Companies (Auditor's Report) Order, 2004 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 and 5 of the said order.

4) Further to our comments in the Annexure referred to obove, 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 dealt with by this report is in agreement with the books of account;

   iv) In our opinion, the Balance Sheet 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 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

      a) In the case of Balance Sheet, of the state of affairs of the company as at 31st March 2005

For Aditya & Associates
Chartered Accountants

Sd/-
A.B. Gupta
Partner

Place : New Delhi
Dated : 6th May 2005

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Annexure to the Auditors' Report

Referred to in Paragraph 3 of our report of even date

i) The Company has no fixed Assets owned by it.

ii) The Company has not started its business and as such has no inventory in hand.

iii) According to the information and the explanations given to us, the company has neither taken nor granted any secured or unsecured to/from Companies, firms and other parties covered in the register mentioned under section 301 of the Companies Act, 1956.

iv) No comments on adequate internal control procedures for purchase of inventory and fixed assets and for the sale of goods as there were no such assets, inventory and sale of goods.

v) According to the records of the company, there was no transaction that need to be entered in the register maintained under section 301 of the Companies Act, 1956 in pursuance of the said section.

vi) In our opinion and according to the information and explanation given to us, the company has not accepted deposit from the public and therefore, the provision of section 58A and 58AA of the Companies Act, 1956 and Rules thereunder are not applicable to the company.

vii) In our opinion, the company has an internal audit system, which is commensurate with its size and the nature of its business.

viii) The Central Government has not prescribed and maintenance of cost records under clause (d) of sub-section (1) of section of 209 of the Companies Act, 1956.

ix) (a) In our opinion and according to the information and explanations given to us, the company is generally regular in depositing undisputed statutory dues including Providend Fund, Employees state Insurance, Income tax, Sales tax, Wealth tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities where applicable. There are no areas of aforesaid statutory dues as at the last date of the financial year and outstanding for a period of six months from the date they became payable.

(b) There are no cases of non deposit with appropriate authorities of disputed dues of sales tax, income tax, custom duty, wealth tax, excise duty and cess.

x) No comments on accumulated losses as the company has been incorporated during the financial year under report.

xi) The company has not borrowed money from financial institutions or banks and has not issued any debentures.

xii) According to the information and explanation given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.

xiv) As the company is not dealing or trading in shares, securities, debentures and other investments, paragraph 4 (xiv) of the Order is not applicable.

xv) According to information given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

xvi) The Company has not taken any term loans.

xvii) In our opinion and according to information given to us, we report that no fund raised on short term basis have been used for long term investment and vice-versa.

xviii) According to information and explanation given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. The company is a 100% subsidiary of IOCL.

xix) According to information and explanation given to us, the Company has not issued any secured debenture during the period covered by our report.

xx) During the period covered by our audit report, the Company has raised capital from it sole shareholder and promoter: IOCL.

xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Aditya & Associates
Chartered Accountants

Sd/-
A.B. Gupta
Partner

Place : New Delhi
Dated : 6th May 2005

BALANCE SHEET as at March 31, 2005

(Amount in Rupees)

	Schedule	as at 31.03.2005
A. SOURCES OF FUNDS		
1. Shareholders' Funds		
Share Capital	1	**10,000,000**
TOTAL		**10,000,000**
B. APPLICATION OF FUNDS		
1. Fixed Assets		
Gross Block		-
Less : Depreciation		-
Net Block		-
Pre-operative Expenses (Pending Allocation)	2	**3,724,124**
		3,724,124
2. Current Assets, Loans and Advances	3	
Cash and Bank Balances		**8,589,693**
Other Current Assets		**58,109**
Loans & Advances		**1,487,700**
		10,135,502
Less: Current Liabilities & Provisions		
Current Liabilities	4	**4,063,723**
Provision for Income Tax (net of Advance Tax)		**2,103**
		4,065,826
Net Current Assets		**6,069,676**
3. Miscellaneous Expenditure (To the extent not written off)		
Preliminary Expenses		**206,200**
TOTAL		**10,000,000**
ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	5	

The accompanying notes are an integral part of this Balance Sheet.

Sd/-	Sd/-	Sd/-	Sd/-
(A.M. Uplenchwar)	**(T. Vasudevan)**	**(R.P. Pandey)**	**(R.C. Goyal)**
Chairman	Director	CEO	CFM

As per our Report attached of even date

For Aditya & Associates
Chartered Accountants

Sd/-
(A.B. Gupta)
Partner

Place : New Delhi
Dated : 6th May 2005

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SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2005

SCHEDULE "1"

	(Amount in Rupees)
	as at 31.03.2005
SHARE CAPITAL	
Authorised	
1,000,000 Equity Shares of Rs. 10/- each	**10,000,000**
Issued, Subscribed and Paid-up	
1,000,000 Equity Shares of Rs. 10/- each fully paid-up	**10,000,000**
	10,000,000

Indian Oil Corporation Limited, the Holding Company, and its nominees hold 100% of the Issued , Subscribed & Paid-up Capital

SCHEDULE "2"

		(Amount in Rupees)
		as at 31.03.2005
PREOPERATIVE EXPENSES (PENDING ALLOCATION)		
Salary & Wages & Other Benefits		**538,459**
Communication expenses		**51,170**
Travelling and Conveyance		**148,118**
Land Acquisition Exp.		**100,000**
Site Survey Expenses		**776,698**
Legal Consultant's Fee		**1,094,628**
Consultancy expenses		**1,113,750**
Auditor's Remuneration		**11,200**
Filing Fee		**1,500**
	Sub-total (a)	**3,835,523**
Less:		
Interest Income		**171,714**
Miscellaneous Income		**4,000**
Less: Provision for Income Tax		**64,315**
	Sub-total (b)	**111,399**
	TOTAL (a - b)	**3,724,124**

SCHEDULE "3"

	(Amount in Rupees)
	as at 31.03.2005
Current Assets, Loans and Advances	
Cash and Bank Balances	
Cash-in-hand	**-**
Balance with Scheduled Bank - in Current Account	**5,889**
Fixed Deposit Account	**8,583,804**
	8,589,693
Other Current Assets	
Interest Receivable on Fixed Deposit with Bank	**58,109**
	58,109
Loans and Advances (Unsecured, Considered Good)	
Advances recoverable in cash or kind or for value to be received	**1,487,700**
	1,487,700

SCHEDULE "4"

	(Amount in Rupees)
	as at 31.03.2005
CURRENT LIABILITIES	
Sundry Creditors for Goods & Expenses	**838,139**
Dues to IOCL	**3,203,584**
EMD from Contractors	**22,000**
	4,063,723

SCHEDULE "5"

i. The project for Strategic Oil Reserves is under implementation and the Company has not started commercial operation.

ii. The expenses incurred are on account of project development and feasibilty studies and have been shown as pre-operative expenses. Hence Profit and Loss account has not been prepared for the year.

ii. Since this is the first year of operation, previous year figures have not been given.

iv. The company has no Fixed Assets and hence no depreciation.

v. There are no employees on the roll of the company, the day-to-day working is being handled by employees of IOCL. Hence, the provisions of AS-15 regarding retirement and employee benefits are not applicable.

vi. As per the Accounting Standard (AS-22, Deferred Taxation), deferred tax liability/assets has to be created in the Books of Accounts on account of timing differences; as there is no timing difference, no deferred liability/asset has been created.

vii. There is no contingent liability as on the date of Balance Sheet.

viii. The company is 100 % subsidiary of IOCL.

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

A) **Holding Company**	B) **Managerial Persons**
Indian Oil Corporation Limited	Mr. R.P. Pandey (CEO)

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

i) Details relating to parties referred to in item no. ix A) above:

a. Expenses incurred by IOCL on behalf of the company	3,203,584
b. Outstanding amount payable to IOCL as on 31.3.2005	3,203,584

ii) Details relating to parties referred to in item no. ix (B) above:

a. Remuneration to CEO (Paid directly by IOCL)	538,459

Sd/-	Sd/-	Sd/-	Sd/-
(A.M. Uplenchwar)	**(T. Vasudevan)**	**(R.P. Pandey)**	**(R.C. Goyal)**
Chairman	Director	CEO	CFM

As per our Report attached of even date

For Aditya & Associates
Chartered Accountants

Sd/-
(A.B. Gupta)
Partner

Place : New Delhi
Dated : 6th May 2005

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956

I. Registration Details

Registration No. 126973 State Code 55

Balance Sheet Date 31 03 2005

II. Capital raised during the year (Amount in Rupees)

PUBLIC ISSUE	RIGHTS ISSUE
NIL	NIL
BONUS ISSUE	**PRIVATE PLACEMENT**
NIL	10000000

III. Position of Mobilisation and Deployment of Funds (Amount in Rupees)

Total Liabilities	Total Assets
10000000	10000000

Sources of Funds

Paid-Up Capital	Reserves & Surplus
10000000	NIL
Secured Loans	**Unsecured Loans**
NIL	NIL

Application of Funds

Net Fixed Assets	Investments
NIL	NIL
Net Current Assets	**Preoperative Expenses (Pending Allocation)**
6069676	3724124
Misc. Expenditure	
206200	

IV. Performance of Company (Amount in Rupees)

Turnover	Total Expenditure
NIL	NIL
Profit/(Loss) Before Tax	**Profit/(Loss) After Tax**
NIL	NIL

(Please tick appropriate box + for Profit, - for Loss)

Earnings per equity share in Rs.	Dividend %
NIL	-

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

Item Code No. (ITC Code)	N A
Product Description	N A
Item Code No. (ITC Code)	N A
Product Description	N A
Item Code No. (ITC Code)	N A
Product Description	N A

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Comments of the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 on the Accounts of Indian Strategic Petroleum Reserves Limited for the year ended 31st March 2005.

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 the Indian Strategic Petroleum Reserves Limited for the year ended 31st March 2005.

Sd/-
(A.K. Singh)
Principal Director of Commercial Audit
& *ex-officio* Member, Audit Board-II,
New Delhi

Place: New Delhi
Date: 27th July 2005