
# Shaping dreams. Building a new future

Indian Oil Corporation Limited

ANNUAL REPORT 2005-2006

# 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

IndianOil nurtures a set of Core Values -
*Care, Innovation, Passion & Trust*.
We firmly believe in the fundamental importance of transparency, teamwork and pride in what we do.

# Objectives and Obligations

## Objectives

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

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

To enhance the country's self-sufficiency in oil refining and build expertise in laying of crude oil and petroleum product pipelines.

To further enhance marketing infrastructure and reseller network for providing assured service to customers throughout the country.

To create a strong research & development base in refinery processes, product formulations, pipeline transportation and alternative fuels with a view to minimising/eliminating imports and to have next generation products.

To optimise utilisation of refining capacity and maximise distillate yield and gross refining margin.

To maximise utilisation of the existing facilities for improving efficiency and increasing productivity.

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

To earn a reasonable rate of return on investment.

To avail of all viable opportunities, both national and global, arising out of the Government of India's policy of liberalisation and reforms.

To achieve higher growth through mergers, acquisitions, integration and diversification by harnessing new business opportunities in oil exploration & production, petrochemicals, natural gas and downstream opportunities overseas.

To inculcate strong 'core values' among the employees and continuously update skill sets for full exploitation of the new business opportunities.

To develop operational synergies with subsidiaries and joint ventures and continuously engage across the hydrocarbon value chain for the benefit of society at large.

## Obligations

**Towards customers and dealers**

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

**Towards suppliers**

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

**Towards employees**

To develop their capabilities and facilitate their advancement through appropriate training and career planning.

To have fair dealings with recognised representatives of employees in pursuance of healthy industrial relations practices and sound personnel policies.

**Towards community**

To develop techno-economically viable and environment-friendly products.

To maintain the highest standards in respect of safety, environment protection and occupational health at all production units.

**Towards Defence Services**

To maintain adequate supplies to Defence and other para-military services during normal as well as emergency situations.

## Financial Objectives

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

To ensure maximum economy in expenditure.

To manage and operate all 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 Corporation's business.

To reduce the cost of production of petroleum products by means of systematic cost control measures and thereby sustain market leadership through cost-competitiveness.

To complete all planned projects within the scheduled time and approved cost.

IndianOil is the highest ranked Indian company in the *Fortune* 'Global 500' listing, at the 153rd position

# Bringing Energy to Life

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. 1,83,204 crore (US$ 41 billion) and profits of Rs. 4,915 crore (US$ 1.10 billion) for fiscal 2005.

IndianOil is also the highest ranked Indian company in the prestigious *Fortune* 'Global 500' listing, having moved up 17 places to the153rd position this year based on fiscal 2005 performance. It is also the 21st largest petroleum company in the world.

## India's Downstream Major

IndianOil and its subsidiaries account for 47% petroleum products market share, 41% refining capacity and 51% petroleum product pipeline capacity in India. For the year 2005-06, the IndianOil Group sold 54.6 million tonnes of petroleum products, including 2.09 million tonnes through exports.

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 (1.1 million barrels per day). These include two refineries of subsidiary Chennai Petroleum Corporation Ltd. (CPCL) and one of Bongaigaon Refinery & Petrochemicals Ltd. (BRPL).

The Corporation's cross-country crude oil and product pipeline network spanning over 9,000 km meets the vital energy needs of the country.

To maintain its competitive edge and leadership status, IndianOil is investing Rs. 24,400 crore (US $ 5.5 billion) during the X Plan period (2002-07) in integration and diversification projects, besides refining and pipeline capacity augmentation, product quality upgradation and expansion of marketing infrastructure.

## Network Beyond Compare

As the flagship national oil company in the downstream sector, IndianOil, together with its marketing subsidiary, IBP Co. Ltd., reaches precious petroleum products to millions of people everyday through a countrywide network of over 30,000 sales points. They are backed for supplies by 183 bulk storage terminals and depots, 97 aviation fuel stations and 88 *Indane* LPG bottling plants.

IndianOil, together with IBP, operates the largest and the widest network of petrol & diesel stations in the country, numbering over 15,000. It reaches *Indane* cooking gas to the doorsteps of 43.4 million customers in 2,546 markets through a network of 4,856 *Indane* distributors.

IndianOil's ISO-9002 certified Aviation Service commands a 64% market share in aviation fuel business, meeting the fuel needs of domestic and international flag carriers, private airlines and the Indian defence services. IndianOil also enjoys a dominant share of the bulk consumer business, including that of railways, state transport undertakings, industrial, agricultural and marine sectors.

## Customer First

At IndianOil, customers always get the first priority. New initiatives are launched round-the-year for the convenience of various customer segments.

Exclusive XTRACARE petrol & diesel stations unveiled in select urban and semi-urban markets offer a range of value-added services to enhance customer delight and loyalty. Similarly, large format *Swagat* brand outlets cater to highway motorists, with multiple facilities such as food courts, first aid, rest rooms and dormitories, spare parts shops, etc. Specially formatted *Kisan Seva Kendra* outlets meet the diverse needs of the rural populace, offering a variety of products and services such as seeds, fertilisers, pesticides, farm equipment, medicines, spare parts for trucks and tractors, tractor engine oils and pumpset oils, besides auto fuels and kerosene.

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 economy in the country.

# Refineries, Pipelines and Marketing Set-up

## Synergy through Subsidiaries

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

The merger of the wholly-owned subsidiary, Indian Oil Blending Ltd., is complete. Merger of IBP Co. Ltd., the marketing subsidiary, with the parent company is also nearing completion. Merger of Bongaigaon Refinery & Petrochemicals Ltd. with the parent company is in process.

## Widening Horizons

IndianOil has set its sight to reach US$ 60 billion revenues by the year 2011-12 from current earnings of US$ 41 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 into natural gas business, besides globalisation of its marketing operations.

In petrochemicals, IndianOil is currently implementing a master plan envisaging Rs. 30,000 crore (US$ 6.8 billion) investment by the year 2011-12. As part of this, a world-scale Linear Alkyl Benzene plant at Gujarat Refinery and an integrated Paraxylene/Purified Terephthalic Acid plant at Panipat are already in operation, while a Naphtha Cracker with downstream polymer units is coming up at Panipat. IndianOil also proposes to develop a similar refinery-cum-petrochemicals complex at Paradip on the east coast of India to strengthen its presence in the sector.

In exploration & production (E&P), IndianOil has bagged nine blocks in the first three rounds of bids under NELP (New Exploration Licencing Policy) in India, in consortium with other companies. It has also acquired participating interest in on-shore blocks in Assam and Arunachal Pradesh region. Overseas ventures include two gas blocks in Sirte Basin of Libya, the Farsi Exploration Block in Iran and onshore farm-in arrangements in Gabon. The Corporation is also exploring opportunities to acquire a suitable medium-sized E&P company to quickly consolidate its upstream portfolio.

In natural gas business, IndianOil is already marketing 1.43 million tonnes of gas per annum. To augment its business in the sector, it has signed an MoU with Iran for import of 1.75 million tonnes of LNG per annum 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.

To emerge as a transnational energy major, IndianOil has set up subsidiaries in Sri Lanka, Mauritius and the United Arab Emirates (UAE) and is simultaneously scouting new opportunities in the energy markets of Asia and Africa.

IndianOil subsidiary, Lanka IOC Ltd., operates 160 petrol & diesel stations in Sri Lanka, commanding a 22% market share. Its oil terminal at Trincomalee is also Sri Lanka's largest petroleum storage facility.

IndianOil (Mauritius) Ltd. has also garnered a 14% market share, which includes aviation fuelling and bunkering business. It operates a modern petroleum bulk storage terminal at Mer Rouge port, besides five petrol & diesel stations. Besides expansion of retail network, a modern product-testing laboratory is being set up in Mauritius.

The Corporation's UAE subsidiary, IOC Middle East FZE, oversees business expansion in the Middle East.

**IndianOil. India Inspired.**

# Board of Directors

**Shri Sarthak Behuria,** *Chairman*

**Shri Arvind Murlidhar Uplenchwar,** *Director (Pipelines)*

**Shri Jaspal Singh,** *Director (Refineries)*

**Shri Brij Mohan Bansal,** *Director (Planning & Business Development)*

**Shri Serangulam Varadarajan Narasimhan,** *Director (Finance)*

**Shri Vishan Chandra Agrawal,** *Director (Human Resources)*

**Shri Anil Razdan,** *Director (w.e.f. 27th February, 2006)*

**Shri Pradeep Kumar Sinha,** *Director*

**Prof. Samir Kumar Barua,** *Director*

**Shri Vineet Nayyar,** *Director*

**Shri Vijai Kumar Agarwal,** *Director*

**Shri Veeraraghava Ranganathan,** *Director*

**Shri Priya Mohan Sinha,** *Director*

**Shri Radhey Shyam Sharma,** *Director*

**Shri Naresh Kumar Nayyar,** *Director (Planning & Business Development) (up to 28th October, 2005)*

**Shri Milagiripattu Sundaravaradan Srinivasan,** *Director (up to 2nd January, 2006)*

**Shri Prabh Das,** *Director (up to 27th February, 2006)*

**Dr. Narasimha Gopaladesikachariar Kannan,** *Director (Marketing) (up to 30th June, 2006)*

**Shri Raju Ranganathan,** *Company Secretary*

*Front row left to right: Shri V.K. Agarwal, Shri A.M. Uplenchwar, Dr. N.G. Kannan, Shri S. Behuria, Shri Vineet Nayyar and Shri Anil Razdan.*
*Back row left to right: Prof. S.K. Barua, Shri R.S. Sharma, Shri P.K. Sinha, Shri V.C. Agrawal, Shri Jaspal Singh, Shri S.V. Narasimhan, Shri V. Ranganathan, Shri P.M. Sinha and Shri B.M. Bansal.*

# Principal Executives

**A.S. Lamba, IAS**
*Chief Vigilance Officer*

**M.B.L. Agarwal**
*Executive Director (Internal Audit), Corporate Office*

**Maj. S.C. Agarwal**
*Executive Director (Operations), Pipelines HO*

**C. Dasgupta**
*Executive Director (Gas), Corporate Office*

**Dr. R.P. Verma**
*Executive Director, R&D Centre*

**B.R. Choudhary**
*Executive Director, Haldia Refinery*

**V.P. Sharma**
*Executive Director (Finance), Pipelines HO*

**Rohit Bhardwaj**
*Executive Director (Projects), Refineries HO*

**S.S. Soni**
*Executive Director (Optimisation), Corporate Office*

**B.K. Sarma**
*Executive Director, Assam Oil Division*

**P.K. Chakraborti**
*Executive Director (Business Development-Refineries & Pipelines), Corporate Office*

**Anand Kumar**
*Executive Director, IndianOil Institute of Petroleum Management*

**B.N. Bankapur**
*Executive Director (Operations), Refineries HO*

**P.K. Goyal**
*Executive Director (Corporate Finance), Corporate Office*

**V.K. Sood**
*Executive Director (Regional Services & Marketing Coordination), Northern Region, Marketing Division*

**R.P. Pandey**
*Executive Director (Strategic Storage), Corporate Office*

**S.C. Jain**
*Executive Director (Finance), Refineries HO*

**J.P. Guharay**
*Executive Director, Mathura Refinery*

**D.S. Gadhvi**
*Executive Director (Projects), Pipelines HO*

**R. Narayanan**
*Executive Director (Corporate Affairs), Corporate Office*

**A.K. Malhotra**
*Executive Director, Barauni Refinery*

**P.L. Barua**
*Executive Director (HR), Refineries HO*

**A.K. Guha**
*Executive Director (Operations), Pipelines HO*

**K. Govindarajan**
*Executive Director (Petrochemicals), Corporate Office*

**K.K. Gupta**
*Executive Director (Safety, Health & Environment), Corporate Office*

**T. Vasudevan**
*Executive Director (Business Development-Finance), Corporate Office*

**Gautam Datta**
*Executive Director (Finance), Marketing HO*

**S.K. Garg**
*Executive Director (Paradip Refinery Project), Refineries HO*

**A.K. Roy**
*Executive Director (Corporate Planning & Economic Studies), Corporate Office*

**Thomas Antony**
*Executive Director (HR), Corporate Office*

**K.K. Jha**
*Executive Director, Eastern Region Pipelines*

**Aloke Roy**
*Executive Director (Exploration & Production), Corporate Office*

**C. Manoharan**
*Executive Director, Panipat Refinery*

**A.M.K. Sinha**
*Executive Director (Retail Sales), Marketing HO*

**A.K. Rauniar**
*Executive Director (HR), Marketing HO*

**U.K. Basu**
*Executive Director-Officiating, Gujarat Refinery*

## Performance at a Glance

47TH ANNUAL REPORT

| | 2005-06 | 2004-05 | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|---|---|---|---|---|---|---|---|
| | (US $ Million) | | (Rs. in Crore) | | | | |
| **I Financial** | | | | | | | |
| Turnover (Inclusive of Excise Duty) | 41,059 | 34,452 | 183,204 | 150,729 | 130,203 | 119,884 | 114,864 |
| Gross Profit* | 2,226 | 1,993 | 9,931 | 8,722 | 12,013 | 10,863 | 7,533 |
| Profit Before Interest & Tax | 1,732 | 1,494 | 7,728 | 6,538 | 10,144 | 9,202 | 6,141 |
| Profit Before Tax | 1,503 | 1,361 | 6,706 | 5,955 | 9,691 | 8,414 | 4,599 |
| Profit After Tax | 1,101 | 1,118 | 4,915 | 4,891 | 7,005 | 6,115 | 2,885 |
| Dividend | 327 | 387 | 1,460 | 1,694 | 2,453 | 2,258 | 857 |
| Dividend Tax | 46 | 54 | 205 | 237 | 314 | 240 | - |
| Retained Earnings | 728 | 677 | 3,250 | 2,960 | 4,238 | 3,617 | 2,028 |
| Value Added | 3,931 | 3,797 | 17,542 | 16,611 | 18,659 | 17,750 | 14,706 |
| Contribution To Central Exchequer | 5,265 | 4,613 | 23,491 | 20,184 | 22,589 | 20,676 | 16,561 |
| Cumulative Dividend | 2,600 | 2,318 | 11,602 | 10,142 | 8,448 | 5,995 | 3,737 |
| * Profit before Depreciation, Interest Expenditure and Tax. | | | | | | | |
| **What Corporation Owns** | | | | | | | |
| Gross Fixed Assets | 9,793 | 9,113 | 43,695 | 39,869 | 36,388 | 34,204 | 29,741 |
| Depreciation & Amortisation | 4,185 | 3,769 | 18,672 | 16,488 | 14,341 | 12,584 | 10,961 |
| Net Fixed Assets | 5,608 | 5,344 | 25,023 | 23,381 | 22,047 | 21,620 | 18,780 |
| Capital Work In Progress | 2,162 | 1,996 | 9,645 | 8,734 | 5,286 | 3,609 | 5,200 |
| Investments | 3,255 | 1,304 | 14,526 | 5,705 | 5,596 | 5,363 | 9,722 |
| Finance Lease Receivables | 16 | 22 | 71 | 95 | 119 | 141 | 161 |
| Working Capital | 2,422 | 2,208 | 10,807 | 9,662 | 6,388 | 6,464 | 3,778 |
| Misc. Expenditure | 13 | 8 | 58 | 33 | 73 | 99 | 145 |
| **Total** | **13,476** | **10,882** | **60,130** | **47,610** | **39,509** | **37,296** | **37,786** |
| **What Corporation Owes** | | | | | | | |
| **Net Worth** | | | | | | | |
| - Share Capital | 262 | 267 | 1,168 | 1,168 | 1,168 | 779 | 779 |
| - Reserves | 6,305 | 5,672 | 28,135 | 24,817 | 21,879 | 18,149 | 14,532 |
| - Total | 6,567 | 5,939 | 29,303 | 25,985 | 23,047 | 18,928 | 15,311 |
| Borrowings | 5,918 | 3,959 | 26,404 | 17,320 | 12,178 | 14,495 | 19,070 |
| Deferred Tax Liability | 991 | 984 | 4,423 | 4,305 | 4,284 | 3,873 | 3,405 |
| **Total** | **13,476** | **10,882** | **60,130** | **47,610** | **39,509** | **37,296** | **37,786** |

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

| | 2005-06 (US $) | 2004-05 (US $) | 2005-06 (Rupees) | 2004-05 (Rupees) | 2003-04 (Rupees) | 2002-03 (Rupees) | 2001-02 (Rupees) |
|---|---|---|---|---|---|---|---|
| **Ratios** | | | | | | | |
| Debt Equity Ratio | | | | | | | |
| - Total Debt To Equity | 0.90:1 | 0.67:1 | 0.90:1 | 0.67:1 | 0.53:1 | 0.77:1 | 1.25:1 |
| - Long Term Debt To Equity | 0.39:1 | 0.27:1 | 0.39:1 | 0.27:1 | 0.31:1 | 0.39:1 | 0.48:1 |
| Earnings Per Share* | 0.94 | 0.96 | 42.08 | 41.88 | 59.97 | 52.35 | 24.70 |
| Cash Earnings Per Share* | 1.37 | 1.38 | 60.94 | 60.57 | 75.97 | 66.58 | 36.62 |
| Profit After Tax To Average Networth (%) | 17.78 | 19.95 | 17.78 | 19.95 | 33.38 | 35.72 | 18.44 |
| Net Worth Per Equity Share | 5.62 | 5.09 | 250.88 | 222.47 | 197.32 | 162.05** | 196.63 |

* 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.44.62 as on 31st March, 2006

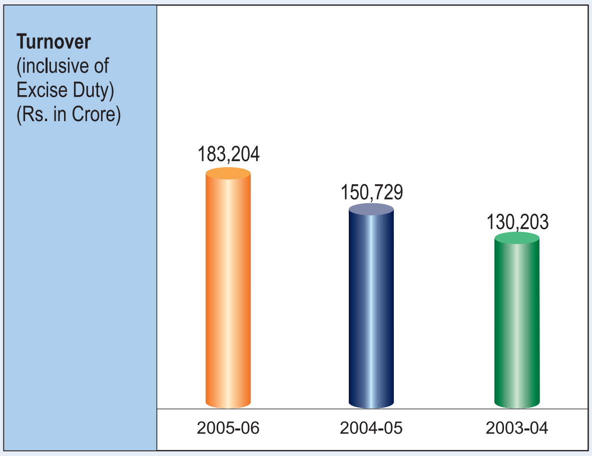
1 US $ = Rs.43.75 as on 31st March, 2005

## II Operations

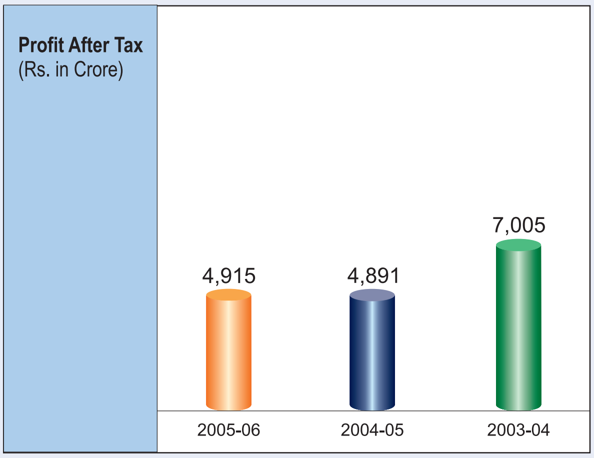
| | | 2005-06 | 2004-05 | 2003-04 | 2002-03 | 2001-02 |
|---|---|---|---|---|---|---|
| **Operating Performance** | | | | | | |
| Product Sales | | | | | | |
| - Domestic | | | | | | |
| - Petroleum Products | Million Tonnes | 46.22 | 48.17 | 46.80 | 46.46 | 47.17 |
| - Gas | Million Tonnes | 1.30 | 0.69 | 0.01 | - | - |
| - Total Domestic | Million Tonnes | 47.52 | 48.86 | 46.81 | 46.46 | 47.17 |
| - Export | Million Tonnes | 2.09 | 1.96 | 1.81 | 1.10 | 0.90 |
| - Total | Million Tonnes | 49.61 | 50.82 | 48.62 | 47.56 | 48.07 |
| Refineries Throughput | Million Tonnes | 38.52 | 36.63 | 37.66 | 35.29 | 33.76 |
| Pipelines Throughput | Million Tonnes | 45.35 | 43.03 | 45.17 | 41.11 | 40.36 |
| **Marketing Network Facilities** | | | | | | |
| State Offices | Nos. | 15 | 15 | 15 | 15 | 15 |
| Divisional Offices | Nos. | 50 | 44 | 44 | 44 | 44 |
| Indane Area Offices | Nos. | 35 | 35 | 35 | 35 | 35 |
| Terminals and Depots | Nos. | 167 | 158 | 162 | 169 | 182 |
| Aviation Fuel Stations | Nos. | 97 | 95 | 94 | 93 | 92 |
| Total Product Tankage | Lakh kl | 70 | 68.90 | 68.74 | 68.89 | 68.45 |
| LPG Botting Plants | Nos. | 88 | 87 | 87 | 79 | 78 |
| LPG Bottling Capacity (TMTPA) | '000 Tonnes | 3,925 | 3,778 | 3,674 | 3,344 | 3,221 |
| Retail Outlets | Nos. | 11,754 | 10,228 | 9,138 | 8,034 | 7,870 |
| SKO/LDO Dealers | Nos. | 3,565 | 3,555 | 3,521 | 3,497 | 3,455 |
| Indane Distributors | Nos. | 4,856 | 4,699 | 4,350 | 4,120 | 3,881 |
| Towns with Indane | Nos. | 2,546 | 2,353 | 2,177 | 2,064 | 1,985 |
| Indane Customers | Lakhs | 433.8 | 410.50 | 375 | 349 | 322 |
| **III MANPOWER** | Nos. | 30,048 | 30,430 | 30,801 | 31,500 | 31,675 |

# Performance Graphs






(Year ending March)

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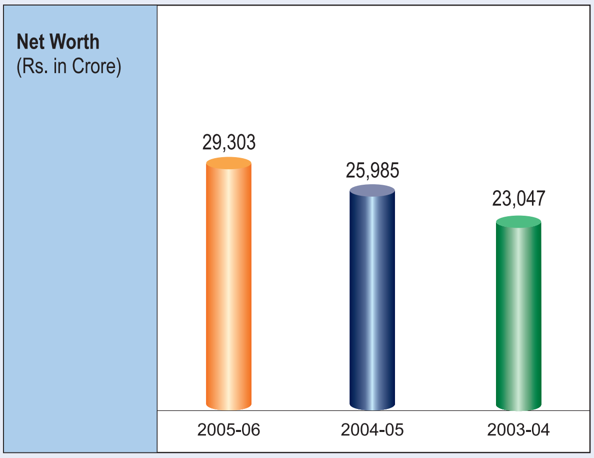
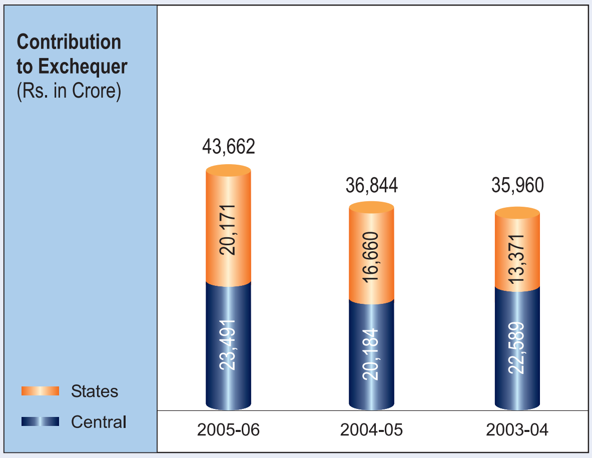
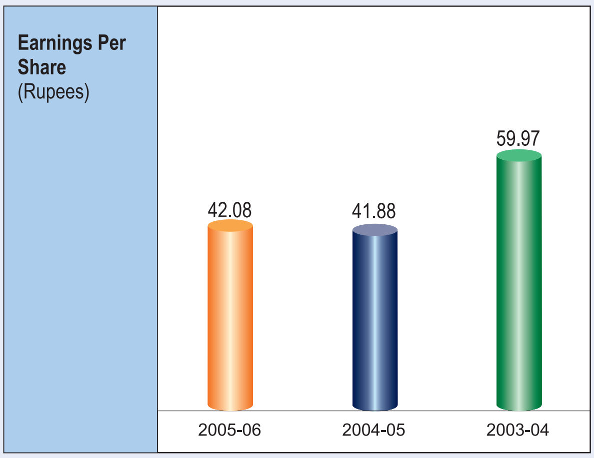


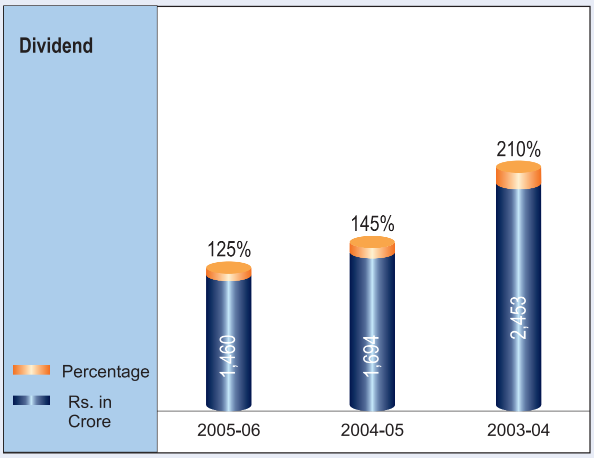

(As on 31st March)



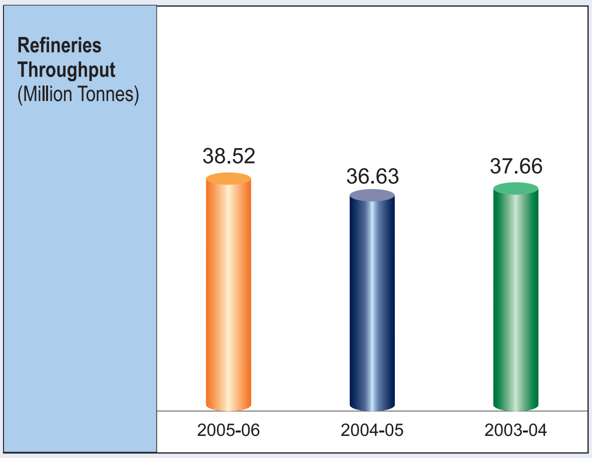

(Year ending March)



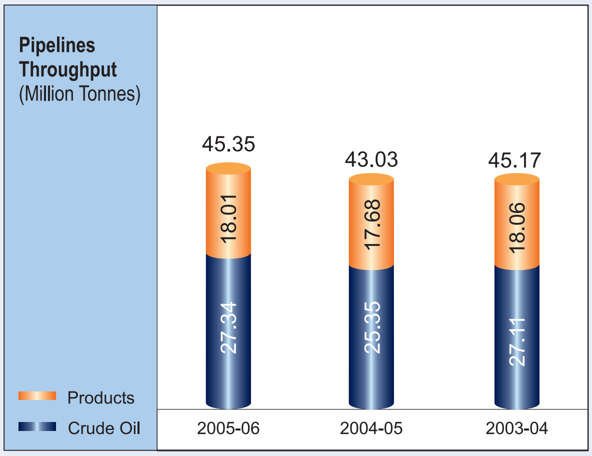

(Year ending March)



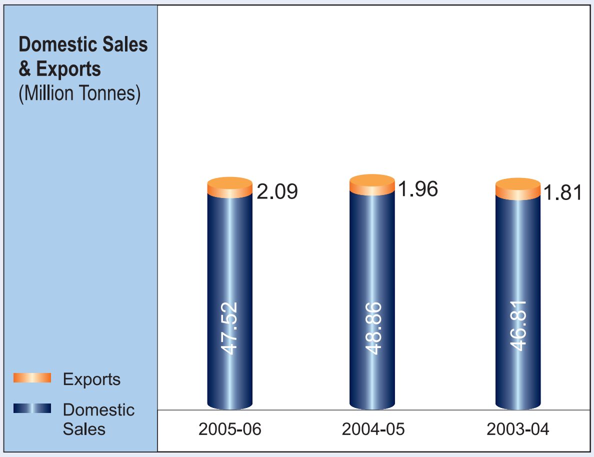

(Year ending March)



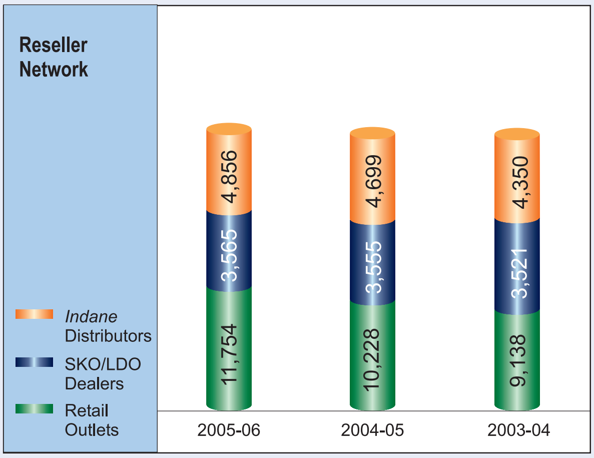

(Year ending March)



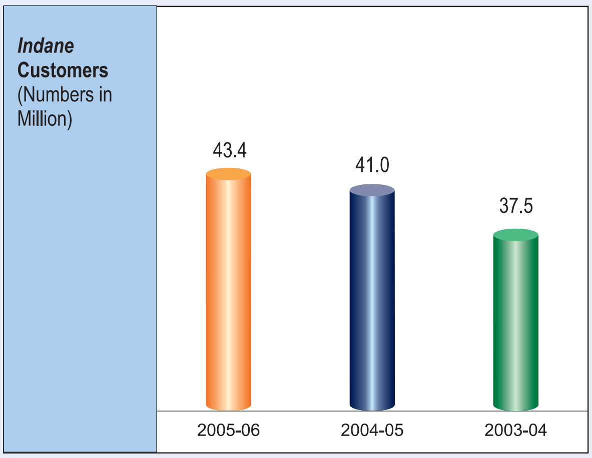

(Year ending March)



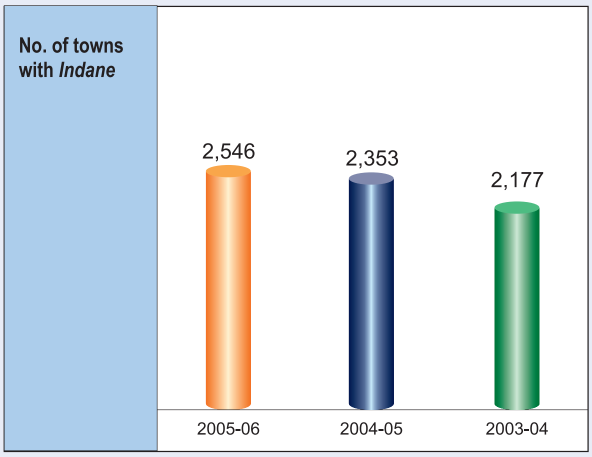

(Year ending March)




(As on 31st March)




(As on 31st March)




(As on 31st March)

# Bankers, Auditors, Stock Exchanges and Registrar & Transfer Agents

## Bankers
State Bank of India
United Bank of India

## Statutory Auditors
M/s. Suresh Chandra & Associates
M/s. M.M. Nissim & Co.
M/s. K K S & Co.

## Branch Auditors
M/s. S.K. Kapoor & Co.
M/s. Sarma & Co.
M/s. Mehra Goel & Co.
M/s. M.R. Narain & Co.
M/s. Guha Nandi & Co.
M/s. De Chakraborty & Sen
M/s. Deoki Bijay & Co.
M/s. Shah Merchant & Associates

## Stock Exchanges

**Bombay Stock Exchange Ltd. (BSE)**
P.J. Towers, 25th Floor,
Dalal Street
Mumbai – 400 001.

**National Stock Exchange of India (NSE)**
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
Karvy Computershare Pvt. Ltd.,
Karvy House
46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad – 500 034.

*IndianOil's Corporate Office at Sadiq Nagar, New Delhi.*

## 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 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

**Northern Region**
P.O. Panipat Refinery,
Panipat - 132 140 (Haryana)

**Eastern Region**
14, Lee Road,
Kolkata - 700 020

**Western Region**
P.O. Box 1007, Bedipara,
Morvi Road, Gauridad,
Rajkot - 360 003

**Southern Region**
139, Nungambakkam High Road,
Chennai - 600 034

### 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,
Worli Colony,
Mumbai - 400 030

**Southern Region**
IndianOil Bhavan,
139, Nungambakkam High Road,
Chennai - 600 034

### R&D Centre
Sector 13, Faridabad - 121 007 (Haryana)

### Assam Oil Division
P.O. Digboi - 768 171 (Assam)

### Subsidiaries

**Bongaigaon Refinery & Petrochemicals Ltd.**
P.O. Dhaligaon, Dist. Chirang, Assam - 783 385

**Chennai Petroleum Corporation Ltd.**
536, Anna Salai, Teynampet, Chennai - 600 018

**IBP Co. Ltd.**
IBP House, 34-A, Nirmal Chandra Street,
Kolkata - 700 013

**IndianOil Technologies Ltd.**
SCOPE Complex, Core-2, 7, Institutional Area,
Lodhi Road, New Delhi - 110 003

**IndianOil (Mauritius) Ltd.**
Mer Rouge, Port Louis, Mauritius

**IOC Middle East FZE**
LOB 14209, Jebel Ali Free Zone, P.O. Box: 261338,
Dubai UAE

**Lanka IOC Ltd.**
20th Floor, West Tower, World Trade Centre,
Colombo, Sri Lanka

"…IndianOil's commitment to the nation is unswerving and we will continue to remain focussed on delivering quality products and services to the 1.3 billion countrymen…wherever they may be."

**Shri Sarthak Behuria**
Chairman

After more than four decades as a closed economy and 15 years of reforms, India has finally ascended the world stage and laid the foundations for rapid growth. Following an 8.5% growth on the rebound in 2003-04, the GDP grew by 7.5% in 2004-05, 8.4% in 2005-06, and is projected to grow by about 7.9% this year.

The Indian economy has become more open, globally integrated and competitive. Our industry and enterprises are now far more confident, competitive and ambitious about their future. In fact, India deserves praise for all the recent economic achievements too - like growth of a world-class Information Technology sector, development of a competitive automotive industry and a burgeoning middle class.

With a solid foundation for growth now in place, targeting a 10% growth rate in 2-3 years' time is eminently feasible. For this, however, India needs to expeditiously unlock her true potential, by focussing on various imperatives — like boosting agricultural productivity, enriching the rural populace, revitalising the urban sector, developing infrastructure and encouraging the growth of the manufacturing sector. There is also the need to focus on labour and market reforms, efficient management of economic resources, energy security, simplifying procedures, relaxing entry barriers, checking population growth, etc.

India, however, faces major hurdles in making available the energy required to fuel its growing economy. Our energy needs are expected to grow by 40% in the next five years and more than double by 2020. By 2012, India's consumption of energy (excluding biomass) will reach the equivalent of 550 million tonnes of oil annually, up from about 385 million tonnes in 2005.

India continues to be a largely under-explored territory in oil & gas. Therefore, dependence on imports is likely to climb up from about 70% today to over 80% of the total hydrocarbon demand by the year 2020. On the flip side, India has the potential to become an export-oriented hub for finished products, with refining capacity likely to go up from the current 134 to 234 million tonnes per annum by the year 2012.

Natural gas, hailed as the fuel of the future, will continue to be in short supply despite recent domestic discoveries. Large quantities of LNG will have to be tied up to supplement existing imports. Moving such volumes would require laying of pipelines from gas-rich nations like Iran, Myanmar and Turkmenistan, for which elaborate discussions are underway.

These are, therefore, very exciting – and challenging – times for companies in the Indian hydrocarbon sector.

The current situation of high crude oil prices in the international market is of particular concern for players in the Indian hydrocarbon sector. More so in the case of oil marketing companies like IndianOil, which are faced with net under-realisation on the sale of the four major products – petrol, diesel, kerosene for public distribution and LPG for domestic use – due to moderation of retail selling prices in line with Government policy.

But IndianOil's commitment to the nation is unswerving and we will continue to remain focussed on delivering quality products and services to the 1.3 billion countrymen… wherever they may be.

In realisation of its Vision of emerging as a US$ 60 billion energy major by the year 2011-12 from current revenues of US$ 41 billion, IndianOil is set to enhance its refining capacity from the current 41.35 to about 67 million tonnes per annum by that year. Its pipelines network too will expand to 10,000 km in the next two years. In marketing, the emphasis is now on exploiting the potential of the vastly untapped rural markets, non-fuel revenues and forays into the fast-growing pure retail business. As the leader in research & development in the Indian downstream hydrocarbon sector, IndianOil is vigorously pursuing the promise of alternative fuels such as ethanol-blended petrol, bio-diesel and Hydrogen energy. Aggressive marketing of intellectual property has also begun yielding revenue streams.

Besides strategic consolidation in core business, IndianOil is taking big strides into new growth areas. Among these, initiatives for upward integration into oil exploration & production (E&P) received a fillip during the year with the IndianOil – Oil India consortium receiving Government approval for its proposal to launch a special purpose vehicle for fast-track clearance in acquiring E&P assets abroad. As part of a Rs. 30,000 crore master plan for downward integration into value-added petrochemicals, IndianOil is setting up world scale plants at Panipat and Paradip, which will be nurtured as mega petrochemical hubs. For diversification into gas marketing in a big way, the Corporation has tied up additional quantities with Petronet LNG in India and with Iran abroad, and is also developing LNG infrastructure in the country. City gas distribution is also being pursued as a high-potential business.

Based on its success in Sri Lanka and Mauritius, IndianOil is aggressively scouting new opportunities in Asia and Africa for downstream marketing operations and export of products & services. Strategic mergers of subsidiaries and some acquisitions are also on the agenda.

In all this, IndianOilPeople continue to make a difference – with their unwavering commitment to the corporate values of Care, Innovation, Passion & Trust. It is their competence and capabilities that drive our competitive advantage in the market place, thereby enhancing stakeholder value.

"All new refining capacities are being based on processing heavy sour crudes, which will help improve profitability."

# REFINERIES

IndianOil

**Shri Jaspal Singh**
Director (Refineries)

After going through a long spell of over-capacity, the refining industry worldwide has seen a turnaround in the recent years. Capacity utilisation levels have been increasing in the face of strong petroleum product demand as well as inadequate refining capacity additions due to uncertainty about future investment returns. The year 2005 saw utilisation creeping up to 86.3% from 83.8% in the year 2000.

Against this backdrop, IndianOil refineries achieved a record crude oil run of over 38.5 million tonnes in 2005-06, and capacity utilisation of 93.1% as against the Asia-Pacific average of 91.5% in 2005. Maximising high value products like LPG and Jet Fuel was another thrust area.

IndianOil refineries were operated as two distinct refining systems – one in the North-East/Eastern sector, which includes Guwahati, Digboi, Barauni and the associate company refinery at Bongaigaon, and the second in the North-West/Western sector, which includes Panipat, Mathura and Gujarat refineries. Spare plant capacity in one refinery was utilised to process/treat streams from the other refineries, thus synergising operations for value addition and improved overall capacity utilisation.

Growing environmental concerns on the quality of transportation fuels are posing a major challenge for the refiners worldwide in meeting the stringent specifications in terms of sulphur content and ignition quality. In line with this, the Indian refining industry saw major investments in quality upgradation facilities to comply with the mandate of supplying Bharat Stage (BS-III/BS-II) products in the country during the year, much ahead of introduction of similar quality products in a number of developing countries, including China. IndianOil refineries at Mathura, Haldia and Panipat commissioned a number of projects for product quality improvement during the year. As part of capacity expansion from 6 to 12 million metric tonnes per annum (MMTPA), Panipat Refinery commissioned India's largest Diesel Hydrotreater, Hydrogen Generation and Hydrocracker Units. The new 6 MMTPA capacity Crude and Vacuum Distillation Unit has also been completed and since commissioned.

Considering India's large dependence on imports, ocean transportation of crude oil is one of the key components of supply chain management. After persistent efforts, IndianOil succeeded in convincing the Government of India to allow it to charter ships on its own. Accordingly, an exclusive Chartering Cell commenced chartering of tankers from June '05, meeting the entire shipping requirements for crude oil and product transportation of IndianOil and its associate companies - Bongaigaon Refinery & Petrochemicals Ltd. and Chennai Petroleum Corporation Ltd.

As part of the measures taken by the Government to compensate the oil marketing companies for losses due to under-realisation on sale of the four major products, the refiners in the country gave price discounts, which amounted to approx. US$ 1.53/barrel for IndianOil refineries. This, together with other incremental market related under-recoveries, resulted in IndianOil's Gross Refinery Margin decreasing to US$ 4.60/barrel as compared to US$ 6.21/barrel in the previous year. Despite major increase in the complexity due to operation of new facilities for manufacturing tighter and stringent quality Euro-III/BS-II products, the cash operating costs were maintained at previous year's level.

Considering the long gestation period and large investments required for setting up a new refinery, the direct margins required to cover the capital cost would be well over US$ 10/barrel. This can be ensured by processing heavier sour crude oils and by integrating value-added petrochemicals with refineries.

All new refining capacities are being based on processing heavy sour crudes, which will help improve the profitability of the Corporation. These and other value addition projects entailing an estimated investment of approx. Rs. 50,000 crore are planned to be completed progressively by the year 2011, increasing IndianOil's refining capacity to 66.85 MMTPA, so as to serve not only the domestic market but also tap export potential.

A major petrochemical project for converting surplus Naphtha to Paraxylene (PX) and Purified Terephthalic Acid (PTA) at Panipat Refinery was completed during the year and since commissioned. The 553 thousand tonnes per annum PTA plant is the largest in the country and is designed to produce PTA of quality significantly superior to others in India and abroad by employing the state-of-the-art T-10 technology of Invista (formerly Dupont).

For achieving a quantum jump in growth & profitability, further expansion of Panipat and Haldia refineries to 15 MMTPA and 7.5 MMTPA respectively and a world-class Naphtha Cracker along with polymer units at Panipat Refinery are already under implementation. Resid upgradation & product quality improvement projects at Gujarat Refinery, which will increase its capability for processing heavy sour crude oils, as well as a 15 MMTPA grassroots refinery-cum-petrochemicals complex at Paradip have been approved in principle.

“Pipeline operations are of strategic importance in the overall business plans of the organisation.”

# PIPELINES

**Shri A.M. Uplenchwar**
Director (Pipelines)

Cross-country pipeline networks, preferred as a cost-effective, energy-efficient, safe and environment-friendly mode for transportation of crude oil and petroleum products, have been playing a vital role in meeting India's energy demand. They are now a key constituent of the country's infrastructure, transporting crude oil from import terminals as well as domestic sources to inland refineries, and finished products from refineries to major consumption centres.

IndianOil's widespread network of petroleum pipelines achieved the highest ever throughput of 45.35 million metric tonnes during the year 2005-06. Its largest crude oil import terminal at Vadinar in Gujarat handled 20.40 million tonnes of crude oil through 127 tankers during the year. In fact, till date, the terminal has handled 3,561 tankers in cumulative terms without any mishap since commissioning in 1978.

With the commissioning of the Chennai-Trichy-Madurai product pipeline, the Sidhpur-Sanganer product pipeline, a branch line to Ajmer from the Sidhpur-Sanganer product pipeline, and the Mundra-Churwa crude oil pipeline, IndianOil's pipelines network has now expanded to a combined length of 9,024 km, from 7,730 km a year ago.

Pipeline operations are of strategic importance in the overall business plans of the organisation. Our strategic initiative to convert the existing Kandla-Bhatinda product pipeline to crude oil service gained momentum with the successful conversion of the Sidhpur-Sanganer section of the pipeline. This conversion will enhance availability of crude oil to our Mathura and Panipat refineries. IndianOil is further augmenting the pipeline for transporting an additional 3 million tonnes of crude oil to Panipat Refinery, currently under expansion from 12 to 15 million metric tonnes per annum (MMTPA).

To further strengthen its leadership position in pipeline transportation, IndianOil is laying several new pipelines and branch lines. These include a crude oil pipeline from Paradip to Haldia, product pipelines from Koyali to Dahej and Ratlam, and a branch line to Chittaurgarh from the Koyali-Viramgam-Sidhpur-Sanganer product pipeline. An exclusive pipeline is also being laid to supply aviation fuel to Chennai airport, and similar pipelines are being planned to the new airports at Bangalore and Hyderabad. An LPG pipeline is planned from Panipat to Nabha and Jalandhar, while plans are afoot to lay product pipelines from Chennai to Bangalore and Paradip to Ranchi and Raipur. With this, the IndianOil pipeline network would reach 10,000 km in combined length and about 75 MMTPA in capacity in a couple of years.

We believe that the future belongs to gas, which is gradually replacing liquid fuels in several sectors. Hence, the Corporation is earnestly pursuing diversification into gas pipelines. For organic growth, IndianOil signed a Memorandum of Understanding with Stroytransgaz (STG), a major Russian construction company in the oil & gas sector, to pursue economically attractive pipeline projects in India and abroad.

Based on our success as a consortium partner with Essar Oil and STG of Russia, we are laying a re-gassified LNG (R-LNG) pipeline from the Dadri (in Uttar Pradesh) terminal of GAIL (India) Ltd. to our Panipat Refinery. The 133-km spur pipeline shall be commissioned to synchronise with the completion of a Naphtha Cracker at Panipat.

IndianOil's large ensemble of experts in pipeline projects – from concept to commissioning as well as operations & maintenance – enable it to not only execute projects on behalf of other companies but also impart training to technical teams in India and abroad. Currently, training is being imparted to newly recruited engineers of Greater Nile Petroleum Operating Company (GNPOC), Sudan, under a contract signed for US$ 577,800. In addition, seven GNPOC engineers have already been trained at IndianOil pipeline installations.

Adoption of state-of-the-art technology and modernisation of pipeline systems by upgrading existing facilities and replacing obsolete equipment, fire and safety systems, etc., is a continuous exercise at IndianOil.

As an active member of the Oil Companies International Marine Forum, IndianOil hosted the 49th Meet of the Eastern, European Terminal Forum during the year.

The Pipelines Division is focussed on supplementing the efforts of its sister Divisions, that is, Refineries and Marketing, by setting up new pipeline networks and operating the existing ones efficiently so that IndianOil meets the challenges and opportunities offered by the rapid economic growth in India and the resultant increase in demand for petroleum products in the country.

“Building a bond with customers that is both emotional and functional is as pertinent as satisfying their ever-evolving needs.”

# MARKETING

**Shri Sarthak Behuria**
Director In-charge (Marketing)

In any business, leadership is a timeless possession. Behind the No.1 position is the power and glory of customer choice. For the second consecutive year, IndianOil was ranked the most trusted fuel pump brand in the country in the prestigious *Economic Times Brand Equity* survey of India's Most Trusted Brands this year. This, together with IndianOil's No.1 ranking in the various business magazines, is what can be truly considered as earnings from customers.

The challenge during the year was to remain focussed on retaining both mind share and market share amidst spiraling crude oil prices on the one hand and the need to freeze retail prices, so as to comply with popular opinion, on the other. A piquant situation indeed for marketing professionals, wherein the 'sell more to lose more' mindset made the credo of watching the bottom line merely end up as an exercise in fund flow desperation. Added to this was the private sector competitors' recent decision to withdraw from the fray and leave the public sector oil marketing companies to plough a lonely furrow – in serving the customers in an environment where under-realisation is reaching new highs each passing day.

Moreover, the arbitrage available today in the pricing of kerosene (for public distribution), diesel and petrol at different price points and in entirely different consuming segments feeds the monster of adulteration. This, in turn, makes policing by the public sector oil marketing companies difficult and even redundant. More importantly, the spectre of adulteration hits out at the heart of IndianOil's quality proposition, which we consistently strive to provide to our valued customers. However, persistent monitoring efforts as well as close coordination with various statutory authorities kept adulteration in check despite continuing threats to the lives of our field force, and one of our bright young officers, Manjunath, getting murdered in the process.

Our unrelenting barrage of new initiatives continued during the year. IndianOil's XTRAPOWER emerged as the largest fleet card in the country, crossing the one million mark. Record commissioning of petrol & diesel stations, expansion of the rural base, new propositions in branded fuels, templates for retail branding in urban, rural and highway segments as well as enhancing the competencies of the retail network were some of the other initiatives that provided us with a competitive edge in the market place.

In today's dynamic environment, customers have access to information and, therefore, not only have a wide range of choices but also very high expectations. Creating meaningful differentiation and unique brand experience will, therefore, be a major challenge, more so, when our customers are as diverse as kerosene users in a tiny village at one end, and international airlines at major airports on the other.

But in the transient world of high performance standards, merely delighting customers is not enough. Building a bond with customers that is both emotional and functional is as pertinent as satisfying their ever-evolving needs. In the direct consumer business, our customer relationship management efforts again stood the test of time. This is because we understand that our customers, in turn, have to be efficient providers of value, to their own customers.

The country is presently witnessing a boom in aviation business. However, a less known facet of widespread air travel is the all-pervasive network of refuelling infrastructure that companies like IndianOil provide on the ground to enable airlines fly even to remote locations.

We believe that our winning edge comes from our frontline brands that connect to customers at more than one level. *SERVO* is a singular example of a brand that has withstood the vagaries of competition, recession and even price wars. Similarly, *Indane* is one of the largest packed LPG brands in the world and our customers recognise and appreciate the fact that IndianOil continues to deliver *Indane* LPG cylinders at less than cost price.

IndianOil aims at constant restructuring of internal processes so as to present a warm and friendly face to customers. The challenge for us is to remain a vibrant marketing company notwithstanding the vagaries of negative marketing margins. Diversification into new businesses at the corporate level for insulation from cyclical downturns in refining and marketing is not sufficient. We need to exploit the full potential within the existing marketing activities for adding new revenue streams, like the non-fuel business. We have already begun to strategically position our reseller network as a ready-made channel for non-fuel services too.

The ultimate goal is to create a unique brand experience that encompasses all the touch points that will help create a distinct place for the IndianOil brand in the customer's mind. Managing all these touch points and integrating them into a 'memorable experience' is the challenge that we will be constantly facing – and we are up to it.

"Ownership of intellectual property has great significance in the rapidly evolving global business scenario."

# RESEARCH & DEVELOPMENT

**Shri Sarthak Behuria**
Director In-charge (Research & Development)

The year 2005-06 was a landmark year for IndianOil's R&D Centre with the commissioning of India's first Hydrogen-CNG (H-CNG) dispensing station in October 2005. Having been nominated as the nodal agency within the hydrocarbon sector for ushering in Hydrogen energy into the country, we have already initiated a research programme on the use of H-CNG blend as a small but significant step in taking the country into a Hydrogen-fuelled economy. IndianOil will concentrate on production, storage and dispensing of Hydrogen for H-CNG mixtures.

The year also marked significant tie-ups with reputed technology licensors to give an international edge and backing to the novel technologies and processes developed by the Centre. For instance, an agreement was signed with ABB Lummus Global Inc., USA, for worldwide licencing and marketing of IndianOil's *IndMax* process technology (for refinery residue upgradation) and revamp applications. Similarly, IndianOil's DHDT (Diesel Hydrotreater) technology was offered for the proposed Paradip Refinery along with Shell Global Solutions and Engineers India Ltd. A DHDT unit of 1.2 million tonnes per annum capacity has been licenced to IndianOil's associate company, Bongaigaon Refinery & Petrochemicals Ltd., on nomination basis.

IndianOil and Intercat of USA incorporated a joint venture company by the name Indo-Cat Pvt. Ltd. in June 2006 as a 50:50 partnership for manufacture of 10,000 tonnes per annum of FCC (Fluidised Catalytic Cracking) catalysts and additives. Also, a jointly developed catalyst (denoted as IZV series) is now being marketed by Zeolyst International of The Netherlands, as well as IndianOil Technologies Ltd.

Significant advances were made in FCC catalyst additives and a new improved *i-Max* additive 'Supreme' was developed for boosting LPG yield. Similarly, after successful commercialisation on several platforms, the *IndeTreat* and *IndeSweet* LPG/naphtha/kero fractions sweetening technologies are being offered to quite a few units across India.

With regard to *Indalin+* technology for naphtha upgradation, pre-feasibility of a 0.04 million tonne plant for Oil India at Duliajan has been established. IndianOil's Needle Coke technology has also garnered considerable royalty. A notable achievement in the area of optimisation and revamp of various FCC/RFCC units in India has been the Flexi Cracker unit at Hindustan Petroleum Corporation's Mumbai Refinery, from which IndianOil's R&D earned substantial royalty.

The wholehearted efforts of IndianOil's R&D scientists and the marketing team have gone a long way in making IndianOil the first company in India and sixth in the world to possess marine oil technology. *SERVO* Marine Oil series for DG sets has been approved by Wartsila of Finland for their entire series of Wartsila-Sulzur engines. Another accomplishment was the global approval from MAN B&W of Denmark for IndianOil's marine oils. Besides this, 85 new formulations were developed in the year 2005-06.

Ownership of intellectual property has great significance in the rapidly evolving global business scenario. IndianOil's R&D Centre earned seven Indian and an equal number of international patents during 2005-06, taking the total number of patents earned till now to over 150.

Continuing with core R&D work in lubricants formulation, refinery process technologies and pipeline transportation, and having set up world-class facilities for analytical services, engines, rigs and pilot plants for all major refinery processes, crude oil and catalyst characterisation facilities, etc., the R&D Centre's thrust during the XI Plan period would be on the following areas:

- High performance and environment-friendly specialty lubricants
- Lubricants for Euro-IV and Euro-V compliant and other advanced engines
- Modified and long life bitumen for roads
- Cutting edge refinery processes
- Fuel additives
- Catalysts and their disposal
- Branded fuels
- Bio-processes
- Alternative fuels
- Commercialisation of technologies, processes and products

The R&D Centre has already undertaken significant studies and field trials on bio-diesel – diesel blends (5-20% bio-diesel) and development of a viable commercial process for production of bio-diesel. Several batches of bio-diesel have been produced using *Karanjia*, rice bran, sunflower, palm and *Jatropha* oils. The technology for production of bio-diesel was transferred to IKF Technologies, Kolkata, the second party to opt for this technology. Further work is in progress for developing a continuous process for production of bio-diesel, including a solid catalyst.

New technologies such as gas-to-liquid and coal/residue/biomass gassification are poised to enter India in a big way. R&D activities are being initiated in these areas to ensure preparedness for technology assimilation and to have an edge over competitors in the energy sector. Having entered the petrochemicals business in a big way, it is planned to also initiate R&D activities in the area of petrochemicals.

The Corporation has planned a capital expenditure of Rs. 584 crore on R&D activities during the XI Plan period.

"With focus on the long-term interest of its stakeholders, IndianOil's growth imperatives broadly aim at expanding its business portfolio…"

# PLANNING & BUSINESS DEVELOPMENT

**Shri B.M. Bansal**
Director (Planning & Business Development)

In the backdrop of continuing robust growth of the Indian economy for the third successive year, IndianOil has been successfully pursuing its plans of growth and integration across the entire hydrocarbon value chain during 2005-06.

The world economy is projected to continue its growth momentum in 2006, driven mainly by China and India. With buoyancy in the manufacturing and services sectors, coupled with positive business confidence and expectations, Indian economy is likely to remain firm in the near term. A careful sequencing of structural reforms is currently in progress through various initiatives by the Government of India. However, no company in the hydrocarbon sector today can ignore the fact that as the demand for our products rises, so do the risks associated with the business in the advent of unrelenting volatility of the global oil & gas market due to economic and geopolitical factors.

With focus on the long-term interest of its stakeholders, IndianOil's growth imperatives broadly aim at expanding its business portfolio, which *inter alia* include ambitious forays – upwards into exploration & production (E&P) and downwards into petrochemicals – besides export of petroleum and petrochemical products from its refineries and petrochemical plants. IndianOil is also taking various initiatives to source gas within India as well as from overseas.

IndianOil's foray into upstream business activities during the year was marked by the signing of exploration & production sharing agreements for two blocks in Libya, onshore farm-in arrangements at Gabon, and further progress on the Farsi exploration block in Iran. The participating share in the farm–in arrangement in one pre-NELP block in Assam-Arunachal Pradesh area has been increased while activities in two Coal Bed Methane blocks are progressing well.

The Corporation's overseas initiatives include regular participation in the international bidding processes in target countries through the consortium approach. The Government of India has recently approved a fast dispensation mechanism for the IndianOil - Oil India consortium, through the Empowered Committee of Secretaries, as available to ONGC Videsh Ltd., for acquisition of overseas E&P assets. For this purpose, the consortium would form project-specific special purpose vehicles. This will significantly enhance IndianOil's institutional capacity for taking such initiatives.

IndianOil's investments towards integration into the petrochemicals business commenced successfully in the year 2004 with the commissioning of a LAB (Linear Alkyl Benzene) plant at Gujarat Refinery. IndianOil currently holds about 32% share of the domestic market in LAB despite a surplus situation in the country. This was followed by the commissioning of the PX/PTA (Paraxylene/Purified Terephthalic Acid) complex at Panipat Refinery in June 2006.

In keeping with IndianOil's plans to nurture world scale petrochemical hubs, a Naphtha Cracker project with downstream polymer units at Panipat and an integrated refinery-cum-petrochemicals complex at Paradip in Orissa are under implementation.

During the year, IndianOil infused Rs. 150 crore at par towards acquisition of equity in Haldia Petrochemicals Ltd. as a further step towards expanding its petrochemicals business.

IndianOil sold over 74 trillion BTU (British Thermal Units) of re-gassified LNG (R-LNG) to various customers, including internal consumption of 7.5 trillion BTU at Gujarat and Mathura refineries, besides selling over 0.5 trillion BTU of R-LNG on fallback basis during the year.

With the aim of developing gas-related infrastructure in India, IndianOil has carried out a detailed feasibility study for setting up an LNG import and re-gassification terminal at Ennore in Tamil Nadu.

During the year, IndianOil formed a joint venture company with GAIL, viz., Green Gas Ltd., for city gas distribution in Agra and Lucknow.

Profitable evacuation of surplus products through exports to Bangladesh, Nepal, Sri Lanka and other countries continues. A major development was the Government of Pakistan granting a one-time approval to the Pakistan State Oil Company for import of 10,000 tonnes of lube oil base stock from IndianOil. The first consignment of 5,000 tonnes has been dispatched in July 2006.

IndianOil has been providing technical services and manpower secondment to Emirates National Oil Company, Dubai, for the past nine years. Based on the request of the Government of India, IndianOil has also been providing training to Iraqi officials in various areas related to downstream petroleum sector. While scouting for business opportunities, IndianOil has always been guided by its strong roots of shared values with its business partners.

The Corporate Planning Group of IndianOil constantly expounds the corporate goals through systematic efforts supporting the strategic decisions of the Corporation and meeting the comprehensive set of targets set in its performance contract with the Government of India.

"…IndianOil is focussed on positioning its assets for future growth, increasing return on capital employed and strengthening the balance sheet…"

# FINANCE

**Shri S.V. Narasimhan**
Director (Finance)

The year 2005-06 was a tumultuous year for the petroleum industry in general and IndianOil in particular in view of the rising prices of crude oil and petroleum products in the international market, coupled with fluctuations in the forex rates of Dollar vis-à-vis the Rupee and hardening of interest rates. IndianOil was, however, able to overcome these challenges and post a net profit of Rs. 4,915 crore for the financial year, marginally higher than that of the previous year, despite recording losses in the first and third quarters.

The crude oil prices which were in the region of about $ 40 per barrel in 2004-05 had increased to about $ 56 per barrel in 2005-06. Initially this increase was attributed to the steep rise in demand all over the world resulting in narrowing of the spare capacities to satisfy the ever-growing demand. The situation was further aggravated by geo-political tensions in the Middle East as well as unrest in Nigeria, causing further price increase in the first six months of the current calendar. The Indian basket of crude oil has already increased from $ 56 per barrel in 2005-06 to $ 67 per barrel in the first quarter of 2006-07. As per the current outlook, oil prices may continue to reign over $ 70 per barrel in the next six months.

Oil marketing companies, including IndianOil, have been under tremendous pressure as the selling prices of the four sensitive products, viz., kerosene (for public distribution), LPG (for domestic use), petrol and diesel, have not increased in line with the increase in their international prices. While the Government of India had implemented a package of measures, including issue of Special Oil Bonds, to cover the under-realisation of oil marketing companies, the strain on the liquidity of the oil companies continued due to increase in working capital on account of inventories and receivables due to high oil prices.

Despite the severe liquidity constraint faced during the year, IndianOil was able to successfully mobilise huge borrowings at competitive interest rates. In this direction, a new initiative was taken for raising short-term funds by way of internet-based trading through the Collateralised Borrowing Lending Obligation (CBLO) window of the Clearing Corporation of India Ltd. (CCIL). This system enabled overnight borrowing of funds at a rate lower than the call money market rates.

Further, taking advantage of the prevailing capital market conditions, the Corporation successfully offloaded 50% of its holdings in GAIL (India) Ltd. in March 2006 at Rs. 275 per share and 20% of its holdings in Oil & Natural Gas Corporation Ltd. in April 2006 at Rs. 1,340 per share, resulting in total capital gain of Rs. 3,663 crore.

IndianOil has ambitious plans to spend over Rs. 50,000 crore on growth trajectory projects in the next five years. These include a Naphtha Cracker at Panipat, a refinery-cum-petrochemicals complex at Paradip, quality and yield improvement projects at various refineries, new pipelines and several other ventures. With its strong financials and high credit rating, IndianOil would have no difficulty in mobilising resources to fund these projects.

As a dominant importer, IndianOil continues to import crude oil from diversified supply sources based on techno-economic considerations. To ensure security of supplies and effect competitive purchases, sourcing of crude oil has been spread out across different parts of the world, including the Middle East, Southeast Asia and West Africa.

To avert LPG availability crisis in the country, IndianOil worked against odds like tight availability in the international market, to import 23 additional cargoes of LPG at short notice, thereby ensuring that the supply chain is well maintained. In the wake of unrelenting high oil prices in the international market and robust refining margins being experienced, the Corporation had adopted a cautious but watchful approach in hedging its refining margins through derivative contracts.

IndianOil has successfully implemented the SAP R/3 Enterprise Resource Planning package across the organisation, covering 577 sites. This is one of the largest SAP implementations in Southeast Asia and is supported by a robust communication network, including one of the largest KU Band networks in the country with more than 325 V-SATs. IndianOil is also one of the pioneers in implementing the two-stage disaster recovery solution of SAP application for smooth and uninterrupted business transactions. The Business Continuity Centre was the first such unit among the PSUs to obtain BS-15000 certification.

To realise its Corporate Vision, IndianOil is focussed on positioning its assets for future growth, increasing return on capital employed and strengthening the balance sheet, keeping in view the ultimate objective of maximising shareholder wealth.

"The task on hand is not only to attract and retain talent, but to channelise it into identified areas of future growth…"

# HUMAN RESOURCES

## Shri V.C. Agrawal

Director (Human Resources)

The corporate sector in India is on a roll today like never before, aided by an overall robust performance of the Indian economy, particularly in the services sector which recorded a double-digit growth in the year 2005-06. In the midst of this explosion of economic activity, the battle among topline organisations for attracting and retaining talent has gained further momentum. As a result, compensation packages have shot up by about 14% during the year, posing a serious challenge to public sector enterprises, including those in the petroleum sector like IndianOil.

IndianOil too has set itself the goal of taking its current revenues of US$ 41 billion to US$ 60 billion by the year 2011-12. It is investing close to Rs. 30,000 crore in petrochemicals alone, besides expanding in a big way its portfolios in refining, marketing, gas, exploration & production, and globalisation of products & services. Ambitious plans under execution in these areas have rendered the already challenging HR landscape in the organisation even more so. The task on hand is not only to attract and retain talent, but to channelise it into identified areas of future growth for achieving quantum leaps in both size and scale of operations.

The Human Resources function at IndianOil has been fully alive to the issue for many years now and has undertaken a number of initiatives aimed at clearly aligning itself with the business challenges of the organisation.

To begin with, based on a comprehensive internal study of the organisation's legacy processes for recruitment and induction of officers, several interventions were initiated to make IndianOil an 'employer of choice' in direct as well as campus recruitment processes so as to attract the best talent available in the country.

Within the organisation, the junior and middle management-level officers are continuously exposed to new and innovative training programmes with special emphasis on the changing business scenario and the knowledge and skill sets required for venturing into new growth areas like petrochemicals, gas marketing, etc.

As the next step, for building upon the long-term leadership capabilities within the organisation, a leadership competency model has been developed and used to run development centres for senior management personnel. About 300 of them received one-on-one feedback through these centres in the past two years. To bridge identified gaps in competencies, we are now rolling out a leadership capability development programme in the nature of executive coaching, individual development plans and high-value action learning projects for cross-functional teams.

The IndianOil Institute of Petroleum Management (IIPM), Gurgaon, has completed 10 fruitful years as the apex learning centre spearheading these comprehensive organisational development initiatives. IIPM is also actively involved in cascading key corporate strategies identified by the IndianOil Board to the senior management team through novel i2i (intent-to-implementation) workshops, prioritising the various initiatives for implementing these strategies, and internalising action plans that flow from them.

Performance and contribution is what defines IndianOilPeople. In keeping with this philosophy, IndianOil kicked-off an ambitious project two years ago to review and re-design the Performance Management System (PMS) in the organisation, linking, for the first time, incentives to individual performance. Apart from strengthening the performance culture in the organisation, the new e-enabled PMS (ePMS) will help suitably differentiate and reward individual performance based on well-defined performance measures. The first round of performance planning under ePMS was carried out for 2005-06, and based on it, payouts under the individual-based Productivity Incentive Scheme will be made for the first time in September 2006.

Besides, corporate-level performance has been made a key criterion for incentive payments through the Performance Linked Incentive Scheme, which too underwent modification from the year 2004-05 in line with the changing times. Earlier, a lump-sum amount was disbursed among employees based on the composite score achieved by the organisation against the MoU targets set by the Government of India for a given financial year. In the modified scheme, a percentage of distributable profits allocated against the MoU rating is disbursed as a percentage of individual base pay.

In compliance with the 'Right to Information' Act implemented during the year, suitable structures were created, mechanisms put in place and responsibilities assigned across the organisation, which have now been institutionalised.

Within the organisation too, the culture of openness, transparency and sharing of information is being promoted through innovative use of electronic media such as webcasting of events, internal communication portals and discussion forums, and daily e-mail bulletins.

IndianOil's commitment to corporate social responsibility is reflected in the diverse and sustained initiatives such as the comprehensive community development programme to benefit rural areas and deprived sections of society, the IndianOil Scholarships disbursed on a merit-cum-means basis, the IndianOil Sports Scholarships for nurturing budding talent, the IndianOil Foundation for preserving and promoting heritage monuments, etc.

IndianOil has been consistently earning 'Excellent' rating for its performance in its Memorandum of Understanding with the Government of India for the past 16 years.

To
The IndianOil Family of Shareowners

**Dear Members**

On behalf of the Board of Directors, I have great pleasure in presenting the 47th Annual Report on the business and operations of the Corporation for the financial year ended 31st March, 2006 along with the Audited Statement of Accounts.

## PERFORMANCE OVERVIEW

### FINANCIAL

| | 2005-06 | | 2004-05 | |
|---|---|---|---|---|
| | US$ Million | Rs. in Crore | US$ Million | Rs. in Crore |
| **Turnover** | **41,059** | **183,204** | 34,452 | 150,729 |
| **Gross Profit** (before Interest, Depreciation and Tax) | **2,226** | **9,931** | 1,993 | 8,722 |
| Interest Payment | **229** | **1,022** | 133 | 583 |
| Depreciation | **494** | **2,203** | 499 | 2,184 |
| **Profit Before Tax** | **1,503** | **6,706** | 1,361 | 5,955 |
| Tax Provision | **402** | **1,791** | 243 | 1,064 |
| **Profit After Tax** | **1,101** | **4,915** | 1,118 | 4,891 |
| **Appropriations** | | | | |
| Interim Dividend | — | — | 120 | 526 |
| Proposed Dividend | **327** | **1,460** | 267 | 1,168 |
| Corporate Dividend Tax | **46** | **205** | 54 | 237 |
| Insurance Reserve | **2** | **10** | 2 | 10 |
| Bond Redemption Reserve | **123** | **550** | (134) | (586) |
| General Reserve | **603** | **2,690** | 809 | 3,536 |

### PHYSICAL

**(Million Tonnes)**

| | 2005-06 | 2004-05 |
|---|---|---|
| Product Sales | **49.61** | 50.82 |
| Refineries Throughput | **38.52** | 36.63 |
| Pipelines Throughput | **45.35** | 43.03 |

### SHARE VALUE

| | 2005-06 | | 2004-05 | |
|---|---|---|---|---|
| | US$ | Rupees | US$ | Rupees |
| Cash Earning Per Share | **1.37** | **60.94** | 1.38 | 60.57 |
| Earning Per Share | **0.94** | **42.08** | 0.96 | 41.88 |
| Book Value Per Share | **5.62** | **250.88** | 5.09 | 222.47 |

**Notes:**

(1) Exchange rate used:
1 US$ = Rs.44.62 as on 31st March, 2006
1 US$ = Rs.43.75 as on 31st March, 2005

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

## DIVIDEND

The Board of Directors of your Corporation has recommended a dividend of 125% on the paid-up share capital, as against 145% in the previous year. This is the 40th consecutive year of dividend declaration by your Corporation. So far, your Corporation has paid a cumulative dividend of Rs.10,142 crore, which does not include the dividend of Rs.1,460 crore for the current year.

## CONTRIBUTION TO EXCHEQUER

IndianOil has made a contribution of Rs.43,662 crore to the Exchequer during the year 2005-06 as against Rs.36,844 crore in the previous year. Out of this, Rs.23,491 crore was made to the Central Exchequer and Rs.20,171 crore to the States Exchequer in the form of duties and taxes.

## PUBLIC DEPOSIT SCHEMES

The total outstanding deposits amounted to Rs.836.55 lakh as on 31st March, 2006. The rate of interest is 6% p.a. effective 1st October, 2004. The Public Deposit Scheme is open only for employees and ex-employees of the Corporation.

## 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 of its subsidiaries and joint venture entities. The Consolidated Financial Results are as follows:

(Rs. in Crore)

| | 2005-06 | 2004-05 |
|---|---|---|
| Turnover | 175,222 | 148,458 |
| Profit Before Tax | 7,293 | 7,536 |
| Profit for the Group (after Tax) | 4,932 | 5,469 |

## CORPORATE GOVERNANCE

As stipulated under Clause-49 of the Listing Agreement with the Stock Exchanges, the Management’s Discussion & Analysis Report and the Corporate Governance Report have been incorporated as separate sections forming part of the Annual Report.

The Board has enunciated a code of conduct for the Directors and senior management personnel of the Corporation, which has been circulated to all concerned and has also been hosted on the website of the Corporation. The Directors and senior management personnel have affirmed compliance with the code of conduct.

## 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 16 years. As per the performance data submitted for the year 2005-06, your Corporation is expected to achieve ‘Excellent’ rating once again for the 17th consecutive year.

## OPERATIONS

### Refineries

The year 2005-06 closed with IndianOil refineries clocking a record crude oil throughput of 38.52 million tonnes, surpassing the previous best of 37.66 million tonnes during 2003-04. The seven refineries together achieved a capacity utilisation of 93.1% – the highest in the last six years – and an overall distillate yield of 72% wt.

During the year, IndianOil became the first public sector organisation in the country to have its own Ship Chartering Cell, which started functioning from 15th June 2005 under the Refineries Division.

### Pipelines

Your Corporation owns and operates the largest network of crude oil and product pipelines in India. The combined throughput of the network during the year was 45.35 million metric tonnes, which is the highest ever.

The year 2005-06 saw IndianOil’s maiden foray into South India with the commissioning of the 681-km Chennai-Trichy-Madurai product pipeline. With the commissioning of several other key projects, including the Sidhpur-Sanganer product pipeline and branchline to Ajmer, and the Mundra-Churwa crude oil pipeline, the pipeline network was expanded to 9,024 km during the year. A section of the Kandla-Bhatinda pipeline from Sidhpur to Sanganer was also converted to crude oil service to ensure enhanced crude oil availability to Mathura and Panipat refineries.

### Marketing

The year 2005-06 was another performance-driven year for your Corporation, with customers as the single focus of all activities. The year 2006 is being observed as ‘Customer Service Excellence Year’ to further strengthen the employee-customer bonds.

Your Corporation sold 49.61 million tonnes of petroleum products during the year (including exports of 2.09 million tonnes) as against 50.82 million tonnes (including exports of 1.96 million tonnes) in the previous year. About 1,530 new petrol/diesel stations (retail outlets) were commissioned during the year, taking their total to 11,754. Reinforced efforts for growth in rural markets saw the commissioning of 558 specially formatted Kisan Seva Kendras (KSKs) across the country during the year, taking their total to 580. These outlets meet the diverse needs of the rural populace, offering a variety of products and services, besides auto fuels and kerosene. The first mover advantage gained through KSKs is expected to drive volumes in both fuels and lubricants from the rural segment that has been largely untapped so far.

Your Corporation's premium fuels, XTRAPREMIUM petrol and XTRAMILE diesel, bettered their performance during the year. An improved version of XTRAPREMIUM petrol launched during the year provides better mileage, more power, greater acceleration and enhanced level of engine cleanliness.

Availability of XTRAPREMIUM petrol was extended to 2,452 retail outlets, with an average daily sale of over 1,500 kl. Similarly, XTRAMILE diesel is now available from 5,480 retail outlets, which helped achieve an average daily sale of over 4,000 kl.

The XTRAPOWER fleet card programme for the benefit of fleet owners crossed the one million mark in January 2006. The total enrolment for the card during the year was 6.5 lakhs.

To further consolidate its leadership in the bulk consumers segment, your Corporation commissioned 318 new consumer pumps during the year, bringing their total to 6,284. Your Corporation also introduced SMS service to customers through mobile phones, conveying product dispatch and customer balance details.

During the year, your Corporation enrolled 22.7 lakh *Indane* (LPG) customers and the cumulative *Indane* population reached 433.8 lakhs. About 240 lakhs among them enjoy additional cylinder facility. About 175 new *Indane* distributorships were commissioned, raising their total number to 4,856. With capacity augmentation of 125 thousand metric tonnes (TMT) during the year, the Corporation's LPG bottling capacity now stands at 3,925 TMT per annum. New *Indane* bottling plants were commissioned at Illayangudi (Tamil Nadu) and Maulkhang (Mizoram) during the year. *AutoGas*, IndianOil's auto LPG brand, is now available at 71 outlets in 22 cities across the country.

Your Corporation achieved 5.5% growth in finished lubricants and 8% growth in overall lube sales during the year. Over 7,500 kl of *SERVO* lubricants were sold in 10 countries, earning foreign exchange worth US$ 5.4 million, i.e., Rs. 24 crore, during the year.

Your Corporation continues to lead the aviation fuel supply business with a market share of 64%, meeting the aviation fuel requirements of the defence services, national carriers, scheduled private airlines and international airlines. During the year, a consortium led by IndianOil bagged the tender for setting up a modern aviation fuelling facility at the new Bangalore International Airport. Foreign exchange earning from ATF sales to international airlines during the year was US$ 438 million, i.e., Rs.1,970.37 crore.

## ASSAM OIL DIVISION

The Digboi Refinery of the Assam Oil Division (AOD) processed 0.61 million tonnes of crude oil during the year. The Division sold about 1.0 million tonnes of products and retained its position as market leader in the Northeast. AOD's marketing network comprises 366 retail outlets, 399 kerosene/LDO dealerships, and 271 *Indane* distributors. AOD reaches *Indane* gas to 14.7 lakh customers in 190 towns.

## RESEARCH & DEVELOPMENT

IndianOil's Research & Development Centre developed 85 cost-effective formulations during the year, out of which 74 were commercialised. While the Centre continued to provide dedicated R&D back-up to various divisions, marketing of its technological and process innovations received a fillip both in India and abroad through the wholly-owned subsidiary, IndianOil Technologies Ltd. (ITL).

A jointly developed catalyst (denoted as IZV series) is now being marketed jointly by ITL and Zeolyst International of The Netherlands.

The R&D Centre commissioned India's first Hydrogen-CNG (H-CNG) dispensing station in October 2005, marking a new milestone in India's march towards a Hydrogen-fuelled economy.

## PROJECTS

Your Corporation accords the highest priority to project implementation without time and cost overruns. The status of the projects, as on date, is as under:

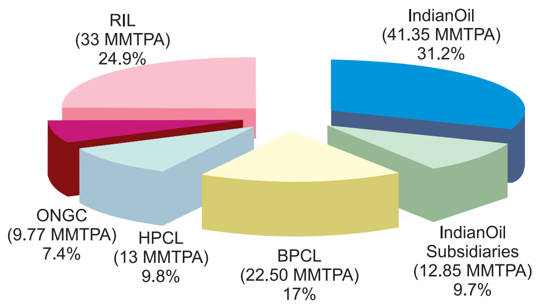
### Completed Projects

- Doubling of capacity at Panipat Refinery from 6 to 12 million tonnes per annum
- Paraxylene/Purified Terephthalic Acid (PX/PTA) unit at Panipat
- MS quality improvement projects at Mathura and Haldia refineries
- Diesel hydro-treatment facilities at Mathura Refinery
- Chennai-Trichy-Madurai and Sidhpur-Sanganer product pipelines
- Mundra-Churwa(Kandla) crude oil pipeline and conversion of Kandla-Panipat section of Kandla-Bhatinda pipeline to crude oil service

### Ongoing Projects

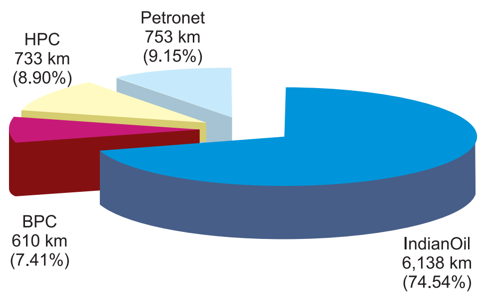
- Capacity expansion of Panipat Refinery from 12 to 15 million metric tonnes per annum

### Refining Capacity - Industry Share
(As on 01.04.2006)



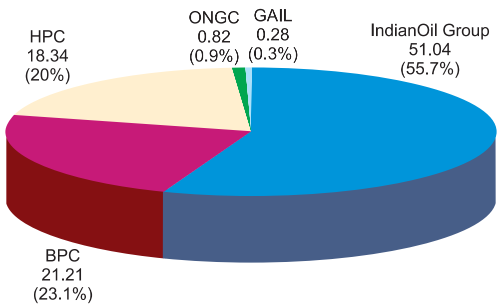

**Total Refining Capacity : 132.47 MMTPA**
(MMTPA = Million Metric Tonnes Per Annum)

### Product Pipelines Length - Industry Share
(As on 01.04.2006)



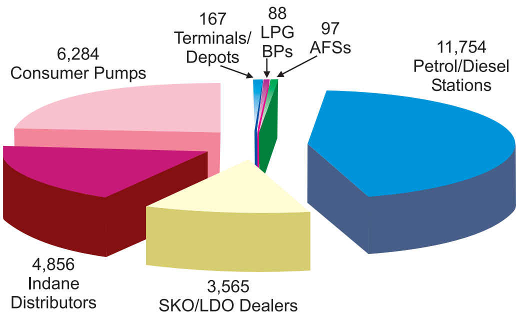

Total length of product pipelines in India : 8,234 km

### Product Sales - Industry Share (PSUs) - 2005-06
(Sales in Million Metric Tonnes)

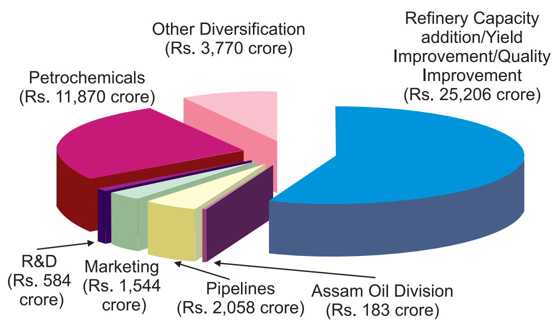



Total Product Sales by PSUs during 2005-06 : 91.69 MMT

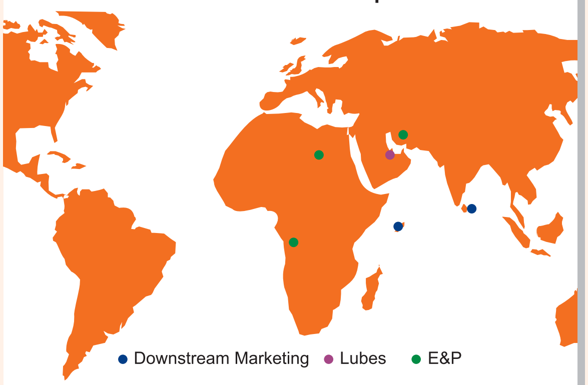
### IndianOil's Marketing Network
(As on 01.04.2006)




### IndianOil's XI Plan (2007-2012) Outlay for Investments - Rs. 45,215 crore




### IndianOil's International Operations



- Naphtha Cracker with downstream polymer units at Panipat
- Hydrocracker for improvement in diesel quality and distillates yield at Haldia Refinery
- MS quality improvement project at Gujarat Refinery
- Paradip-Haldia crude oil pipeline
- Capacity augmentation of Mundra-Panipat crude oil pipeline from 6 to 9 million tonnes per annum
- Koyali-Ratlam product pipeline
- Dadri-Panipat R-LNG spur pipeline
- New depots/terminals at Chittorgarh, Trichy, Jasidih, Ratlam, Mandir Hasud, Zewan and Lalkuan
- Indane (LPG) bottling plants at Raipur and Mathura

### New Projects

- 15 million tonnes per annum integrated refinery-cum-petrochemicals complex at Paradip
- MS quality upgradation projects at Panipat, Mathura, Barauni, Digboi and Guwahati refineries
- Residue upgradation and MS/HSD quality improvement projects at Gujarat Refinery

## BUSINESS DEVELOPMENT

In keeping with the comprehensive business plan of your Corporation for integration and diversification of its business activities, the year under review witnessed expansion into marketing of Gas and Petrochemicals, besides moving towards garnering upstream activities globally.

### Downstream Marketing Overseas

Lanka IOC Ltd. (LIOC), a subsidiary of IndianOil, is currently operating 160 petrol & diesel stations and has achieved a sales volume of 496,000 tonnes. IndianOil (Mauritius) Ltd. (IOML), a wholly-owned subsidiary, has made forays into aviation fuelling, bunkering, consumer and retail business and achieved an overall market share of 14%. It has set up 17,600 tonnes of storage capacity and plans to add an additional 6,400 tonnes.

Exports to Nepal, Sri Lanka and Bangladesh continue for profitable evacuation of surplus products. Bitumen exports have also shown handsome growth over the last year. Your Corporation is also pursuing downstream marketing opportunities in the Middle East, South & Southeast Asia and Africa. As part of this, a wholly-owned subsidiary, IOC Middle East FZE, has been incorporated in UAE.

### Refineries & Pipelines

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

IndianOil has been actively pursuing various other opportunities in the Middle East, Europe and African countries related to acquisition of equity in existing refining and petrochemicals assets, and for participation in major refinery revamp and upgradation projects, operation & maintenance of refineries & pipelines, major turnaround jobs of refineries, and BOOT contracts for cross-country pipelines, terminals, etc.

During the year, your Corporation executed MoUs with Kuwait Petroleum Corporation; Calik Enerji, Turkey; and United Oil Projects Company, Kuwait; for collaboration in the hydrocarbon sector.

### Exploration and Production

In a bid to step up indigenous production of oil, IndianOil is actively participating in the bidding rounds under the New Exploration Licencing Policy (NELP) of the Government of India along with its consortium partners, Oil India Ltd. (OIL) and Oil & Natural Gas Corporation Ltd. (ONGC). Work is in progress in each of the nine blocks awarded to the consortiums so far.

Your Corporation has also revised upwards its participating share in the farm-in arrangements in one pre-NELP block located in Assam-Arunachal Pradesh. Exploratory work is in progress in two Coal Bed Methane blocks also.

Specific overseas initiatives on consortium approach include an exploration & production sharing agreement for two blocks in Libya, an exploration service contract for the Farsi block in Iran and onshore farm-in arrangements in Gabon. Other overseas strategies include consortium participation in international bidding in prospective target countries on a continuous basis.

### Gas

Your Corporation took significant steps to strengthen its gas business during the year and sold over 74 trillion British Thermal Units (BTU, equivalent to 1.43 million tonnes) of re-gassified LNG (R-LNG) to various customers, including internal consumption of 7.5 trillion BTU (0.14 million tonnes).

Your Corporation would procure an additional 0.75 million tonnes of R-LNG per annum from Petronet LNG Ltd. to cater to its burgeoning gas marketing business. It has signed an agreement with Torrent Power for supply of 0.43 million tonnes of gas per annum.

City gas distribution projects is another emerging growth area for your Corporation. It has, therefore, incorporated a joint venture company with GAIL (India) Ltd. called Green Gas Ltd. in October 2005 for city gas distribution in Agra and Lucknow, to begin with.

Your Corporation is also pursuing import of natural gas through a transnational pipeline from Iran. IndianOil and GAIL have been nominated as lead companies by the Government of India for commercial negotiations and project implementation.

As part of its strategy for participation in the entire gas value chain, your Corporation is actively pursuing entry into the shipping business. IndianOil, along with GAIL and Exmar N.V. of Belgium, has been prequalified by Petronet LNG Ltd. for the shipping tender of their LNG import terminal at Kochi.

Your Corporation has also embarked on a pilot project for supply of LNG through cryogenic road/rail tankers since the limited gas pipeline infrastructure in the country presents good opportunities in this area.

### Petrochemicals

Your Corporation is continuously striving for growth through integration of its core business with opportunities available in the petrochemicals sector. The LAB unit (Linear Alkyl Benzene, used in the manufacture of detergents) at Gujarat Refinery achieved 93.3% capacity utilisation in its first full year of operation. The product has been successfully marketed within India, attaining a respectable market share, and has also been exported. An integrated PX/PTA plant at Panipat Refinery has commenced commercial production recently.

Your Corporation has initiated various activities for setting up a world scale Naphtha Cracker project along with downstream polymer units at Panipat. In addition, activities for setting up integrated complex of refinery and petrochemicals at Paradip in Orissa have also progressed significantly.

## INTERNATIONAL TRADE

Your Corporation arranged import of crude oil and fuel products through a carefully selected diversified mix of supply sources and also exported petroleum products during 2005-06 as detailed hereunder:

| | **Quantity** (Million Tonnes) | **Value** (Rs. in Crore) |
|---|---|---|
| **Imports** | | |
| Crude Oil | 28.596 | 51962.67 |
| Fuel Products | 4.046 | 9411.72 |
| Lube Base Oils / Additives | 0.006 | 42.97 |
| **Exports** | | |
| Fuel Products | 2.09 | 5,574.48 |

## INFORMATION SYSTEMS

As part of *Manthan* IT Re-engineering Project, SAP R/3 (version 4.6c) Enterprise Resource Planning package was extended to 125 more IndianOil sites during the year 2005-06, thereby bringing the total number of SAP sites to 577. Based on the expertise gained from SAP implementation in the organisation, consultancy services were provided for implementation of the same in the subsidiary companies, IBP Co. Ltd. and Bongaigaon Refinery & Petrochemicals Ltd.

## SAFETY, HEALTH & ENVIRONMENT

Your Corporation is committed to conducting business with a strong environment conscience for sustainable development, safe workplaces and enrichment of the quality of life of its employees, customers and the community at large. Best procedures and practices of the industry are in place at all operating units and installations of the Corporation to take care of safety, occupational health and environmental hazards. These facilities are periodically reviewed, audited and upgraded for continuous excellence. The environment management systems at the refineries, pipelines and major marketing installations are certified under ISO-14001 standards.

Your Corporation continues to be the market leader for testing of petroleum products by providing the largest network of testing facilities. Approximately 1.80 lakh samples were tested in its 38 static laboratories and 23 mobile labs.

## ENERGY CONSERVATION

Your Corporation continued to maintain its thrust on fuel conservation at all its seven operating refineries through round-the-clock process monitoring, and also by keeping abreast of the latest technological developments in the area. As a result of various energy conservation measures undertaken, the energy index of IndianOil refineries in terms of MBTU/BBL/NRGF (Thousand British Thermal Units/Barrel/Energy Factor) during the year is now down to 73 as against 77 in the previous year. Similarly, energy conservation schemes implemented during the year resulted in fuel savings of about 32,000 tonnes, valued at about Rs.49 crore.

## HUMAN RESOURCES

### Employee Profile

The Corporation's employee strength as on 31$^{st}$ March, 2006 was 30,048, including 10,745 officers. There are 2,316 women employees, constituting 7.71% of the total manpower.

### Industrial Relations

The industrial relations climate in your Corporation continued to be harmonious, peaceful and cordial during the year. As part of continuous improvement in employee benefits extended by your Corporation, various work-related allowances were revised. Among the major improvements in this regard is the performance-linked incentive for employees based on the overall MoU score of the organisation, its profitability and individual performance. Various HR policies were reviewed for simplification and uniform application across the organisation.

To sustain its leadership position in the petroleum sector, IndianOil has been taking several initiatives for exploiting its human resource strengths, nurturing a conducive work culture and improving operating & maintenance practices. Total Productive Maintenance is one such initiative. Six Sigma has also been launched with the objective of further improving performance with focus on customer satisfaction.

Your Corporation has been a pioneer in harnessing the creativity of its employees through novel schemes. Among these, the Suggestions Scheme, which has been in vogue from 1986 onwards, offers cash prizes and other awards and recognitions to suggestions contributing to excellence in diverse areas like productivity, profitability and safety across the organisation.

**Human Resource Development**

Aligning people capabilities and competencies with current and emerging business challenges continues to be a key priority for your Corporation. Through an innovative intervention, we have cascaded the Corporation's business strategies to the second and third rungs of corporate leadership through an innovative 'Intent-to-Implementation' (i2i) Workshop.

IndianOil is also continuing to focus on building leadership capabilities and strategic orientation among its people through a series of training interventions. It is our endeavour to build leadership bench-strength with a long-term perspective. Our ambitious performance management initiative, e-PMS, went live during the year. As an organisational priority, putting in place a robust performance management system was the first step in our attempts to usher in a high performance culture.

**Corporate Social Responsibility (CSR)**

As an active founder-member of Global Compact, IndianOil has not only steered its CSR philosophy in accordance with its Vision & Mission statements but has also woven the corporate strategies around it. Our Global Compact statement serves as a guiding principle in effectively implementing the 19 principles of the United Nations agenda on human rights, labour standards, environment and anti-corruption.

As a responsible corporate citizen, IndianOil has been making substantive contributions every year to national causes, social welfare and community development programmes throughout the country, particularly in the vicinity of its major installations. The majority of these programmes focus on provision of drinking water & sanitation, health & family welfare, education, and empowerment of women and other marginalised groups in rural and backward areas.

**The IndianOil Foundation**

The IndianOil Foundation is a non-profit trust set up by your Corporation to protect, preserve and promote national heritage monuments in collaboration with Arcaheological Survey of India and the National Culture Fund of the Government of India. Among the monuments shortlisted by the foundation for adoption are Khajuraho, Konark, Hampi, Kanheri caves and Warangal Fort.

**IndianOil Scholarships**

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 scholarships. 50% of the scholarships are reserved for SC/ST/OBC students and 25% of the scholarships in each category are earmarked for girl students and 10% for physically handicapped students.

**Hindi Implementation**

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

**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.

Liaison officers were carefully chosen and appointed at various units all over the country to ensure implementation of the Government directives. Officials dealing with the subject were provided necessary training to enable them to update their knowledge on the subject and perform their job effectively.

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.

**Status on Implementation of Disabilities Act, 1995**

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

# Chairman's Panels of Dealers & Distributors




# A few glimpses of the year 2005-06


IndianOil's Chennai-Trichy-Madurai petroleum product pipeline — dedication to the nation at Chennai


43rd IndianOil Day at Delhi

International Symposium on Fuels & Lubricants at Delhi

SCOPE Gold Trophy for Excellence and Outstanding Contribution to Public Sector Management

### Welfare of other weaker sections

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

### Sports

Your Corporation's policy of nurturing talent in sports met with significant success when 11 sportspersons on its rolls represented the country in the Commonwealth Games held at Melbourne. A new tenure-based policy for engagement of sportspersons was introduced with engagement of 15 upcoming youngsters in different categories of sports. A Sports Scholarship Scheme was launched this year for promising young sportspersons representing the States in team games and on national ranking in others.

IndianOil sportstars A. Sharath Kamal (table tennis), Abhinn Shyam Gupta (badminton) and Deepak Thakur (hockey) received Arjuna Awards for their outstanding contribution in their respective sports. Wasim Jaffer of IndianOil was selected to represent India in the cricket test matches. Aparna Popat and Trupti Murgunde won the bronze medal in the badminton team championship in the Commonwealth Games. Sharat Kamal won the singles title of the Commonwealth Games table tennis championship.

### Foreign Tours

IndianOil officers undertook a total of 525 foreign tours during 2005-06 for business purposes and for attending conferences, seminars and training programmes. The total expenditure on foreign tours was Rs. 7.10 crore.

### Vigilance

During the year, IndianOil's Vigilance Group conducted a number of seminars and awareness programmes for the benefit of employees. A Vigilance Awareness Week was observed in November 2005, wherein a special issue of in-house journal "Vigilance Update" was released.

## REMUNERATION TO THE AUDITORS

The Auditors' remuneration for the year 2005-06 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 2005-06 were Rs.1.29 crore.

## SUBSIDIARIES & JOINT VENTURES

Indian Oil Blending Ltd., a wholly-owned subsidiary, was merged with IndianOil effective 12th May, 2006 on receipt of the final orders of the Ministry of Company Affairs (the competent authority to approve mergers of Government companies) and compliance of statutory requirements.

The merger of IBP Co. Ltd. with IndianOil is at an advanced stage with the shareholders of both the companies approving the Scheme of Amalgamation with a swap ratio of 110 equity shares of IndianOil for 100 equity shares of IBP Co. Ltd.. The matter is being heard before the Hon'ble Ministry of Company Affairs.

The valuation process for the merger of Bongaigaon Refinery & Petrochemicals Ltd. (BRPL) with IndianOil is in progress after the Boards of both the companies accorded 'in-principle' approval for the merger.

In accordance with the decision of the Government of India, IndianOil has transferred its entire equity holding in Indian Strategic Petroleum Reserves Ltd. (ISPRL) to the Oil Industry Development Board, a Government body functioning under the Ministry of Petroleum & Natural Gas. Consequently, ISPRL ceased to be a wholly-owned subsidiary of IndianOil effective 9th May, 2006.

IndianOil has formed a wholly-owned subsidiary company, viz., IOC Middle East FZE, in Jebel Ali Free Trade Zone, Dubai, with the objective of marketing lubricants and other petroleum products in the Middle East, Africa and CIS regions.

A joint venture company, viz., Indo-Cat Pvt. Ltd., was incorporated in June 2006. The Company is a 50:50 venture between IndianOil and Intercat. Inc. of USA for manufacture and marketing of FCC catalysts and additives.

Green Gas Ltd., was incorporated in October 2005 as a joint venture between IndianOil and GAIL (India) Ltd. for city gas distribution in Agra and Lucknow.

IndianOil has subscribed an amount of Rs.150 crore in the equity capital of Haldia Petrochemicals Ltd. (HPL), an existing petrochemicals company located at Haldia, West Bengal and has been issued 15 crore shares of Rs.10/- each at par.

## FINANCIAL PERFORMANCE OF SUBSIDIARIES – 2005-06:

(Rs. in Crore)

| Name of the Subsidiary | Turnover (incl. excise duty) | Net Profit | Dividend (%) |
|---|---|---|---|
| Chennai Petroleum Corporation Ltd. | 25408 | 481 | 120* |
| Bongaigaon Refinery & Petrochemicals Ltd. | 6289 | 175 | 27 |
| IBP Co. Ltd. | 15187 | 12 | 20 |
| IndianOil (Mauritius) Ltd. | 302 | 6 | - |
| Lanka IOC Ltd. | 1639 | (309) | - |
| IndianOil Technologies Ltd. | 0.93 | 0.20 | - |

*including interim dividend of 30%.

## REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

In accordance with the Company's (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 N.K.Nayyar, Director (Planning & Business Development), ceased to be a Director of the Corporation on 28th October, 2005, consequent upon his resignation.

Shri B.M.Bansal, Director (Research & Development), was re-designated as Director (Planning & Business Development) effective 23rd November, 2005.

Shri M.S.Srinivasan and Shri Prabh Das, Govt. Nominee Directors from the Ministry of Petroleum & Natural Gas, ceased to be Directors w.e.f. 2nd January, 2006 and 27th February, 2006 respectively. Shri Anil Razdan, Additional Secretary, Ministry of Petroleum & Natural Gas was appointed as a Director of IndianOil on 27th February, 2006.

Dr. N.G.Kannan, Director (Marketing), ceased to be a Director of the Corporation consequent upon his superannuation on 30th June, 2006.

## 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, 2006, all applicable accounting standards had been followed along with proper explanations 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, 2006 on a 'going concern' basis.


## ACKNOWLEDGEMENTS

The Board of Directors hereby records its deep appreciation of the valuable services and dedicated efforts of the members of the IndianOil family in the Corporation's achievements during the year 2005-06. The Board also wishes to thank the Government of India, particularly the Ministry of Petroleum & Natural Gas, and the various State Governments, regulatory and statutory authorities for their guidance and support.  The Board is also grateful to the Corporation's bankers, investors, customers and vendors for their continued support and confidence reposed in the Corporation.

The Board also wishes to place on record its appreciation of the significant contributions and valuable services rendered by Shri M.S.Srinivasan, Shri Prabh Das, Shri N.K.Nayyar and Dr.N.G.Kannan during their tenure on the Board of IndianOil.


For and on behalf of the Board,

**(SARTHAK BEHURIA)**
Chairman

Place : New Delhi
Dated : 19th August, 2006

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

**Corporate**

- Moved up 17 places in the latest *Fortune* 'Global 500' listing of the world's largest corporations, from 170 in the year 2005 to 153 in 2006; it is also the 21st largest petroleum company in the world
- Moved up five places in the *Platts' 'Top 250 Global Energy Company'* rankings – from 26th in 2004 to 21st in 2005. It is the only Indian company to be featured among the top 25 energy companies worldwide and is also among the top three energy companies in Asia in the listing
- Adjudged India's No. 1 brand by UK-based *Brand Finance,* an independent consultancy that deals with valuation of brands and branded businesses
- Conferred the prestigious SCOPE Gold Trophy for Excellence and Outstanding Contribution to Public Sector Management - Institutional Category, for the year 2003-04 by the Standing Conference of Public Enterprises, the apex body of public sector undertakings
- Emerged as India's #1 corporate in the annual listings of *Businessworld* (BW Real 500), *Business India* (BI Super 100), *Business Today* (BT 500)*, The Economic Times* (ET-500) and *The Financial Express* (*FE-500),* for the year 2005
- Moved up steeply in *The Economic Times Brand Equity* annual survey of India's *Most Trusted Brands*, breaking into the top 100 (at 97 in 2005 from 142 in 2004), and maintained its position as India's No.1 brand in the 'Fuel Pump' rankings. IndianOil also emerged as one of the top 10 service brands in the country in the survey, climbing to the 8th position this year from 28th position in the previous year
- Listed as India's 'Most Trusted Brand' in the 'Gasoline' category in the Readers' Digest – AC Nielsen survey during the year
- Won the 'Golden Peacock Award for Innovation in Training' for the year 2004-05 from the Institute of Directors.
- Bagged a record haul of 13 awards in major categories at the 45th Annual Award of the Association of Business Communicators of India, Mumbai, in November 2005, in recognition of its excellence in business communication among the leading corporates of India
- Won five National Petroleum Management Programme (NPMP) awards for Excellence in various categories, including Human Resource Management, Women Development and Creativity & Innovation
- Mr. Sarthak Behuria, Chairman, IndianOil, was conferred the '*Udyog Ratna'* award by the PHD Chamber of Commerce & Industry
- Three IndianOil sportstars received the coveted Arjuna Awards – Deepak Thakur (Hockey), Abhinn Shyam Gupta (Badminton) and A. Sharath Kamal (Table Tennis)

**Awards for Energy Conservation & Environment Protection**

- Mathura and Haldia refineries won the National Energy Conservation Award-2005
- Panipat Refinery bagged the Jawaharlal Nehru Centenary Award-2005 and the Energy Conservation Award instituted by the Centre for High Technology and Petroleum Conservation Research Association respectively
- Digboi Refinery bagged the 'Shri Anil Raj Trophy' for the year 2004-05 for achieving the maximum reduction in energy consumption
- Barauni Refinery won the TERI Corporate Environmental Award of The Energy and Resources Institute for 2002-03 (Category 3) for a case study on 'Installation and commissioning of flue gas scrubbing in RFCCU' to remove particulate matter and $SO_2$

**Safety Awards**

- Digboi Refinery earned Level-8 of the International Safety Rating System (ISRS) by DNV, The Netherlands
- Barauni Refinery bagged the Oil Industry Safety Directorate (OISD) Award for the years 2003-04 and 2004-05 and Salaya-Mathura Pipeline won the OISD award for 2003-04
- Gujarat Refinery and Kandla-Bhatinda Pipeline (KBPL) bagged the British Safety Council Award-2004
- Haldia-Mourigram-Rajbandh-Barauni Pipeline and Haldia-Barauni Crude Oil Pipeline won the Commendation Certificate from the National Safety Council of India for the years 2004 and 2005 respectively
- Six units of Marketing Division won the National Safety Awards instituted by the Ministry of Labour, Government of India
- IndianOil won the Safety Innovation Award for the year 2005 in the category 'Oil Sector', instituted by the Safety and Quality Forum, Institution of Engineers (India)

**Quality Award**

- Panipat Refinery and R&D Centre won the Rajiv Gandhi National Quality Award

# 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 have been implemented at refineries.

Major investment proposals implemented for reduction of energy are:

| Sr. No. | Item | Cost (Rs. in Lakh) | Fuel Savings (Standard Fuel Equivalent) (MT/Year) |
|---|---|---|---|
| 1. | Installation of 12 MW steam turbine at Guwahati Refinery. | 4113 | 3900 |
| 2. | Recovery of Hydrogen from off gases of Catalytic Reformer at Barauni Refinery. | 488 | 4000 |
| 3. | Pre-heat improvement in CDUs at Haldia Refinery | 90 | 2270 |

**b. Additional investments and proposals, if any, being implemented for energy conservation:**

Major schemes under implementation:

- Installation of second gas turbine of 12 MW at Haldia Refinery
- Pre-heat improvement in AVU 1&2 at Barauni Refinery
- Flare gas recovery at Mathura Refinery.

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

The above schemes, on completion, are expected to result in fuel savings of 46,000 MT per annum of standard fuel.

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

Necessary information in Form 'A'.

## B. TECHNOLOGY ABSORPTION

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

## C. FOREIGN EXCHANGE EARNING AND OUTGO

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

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 Middle East, Africa, and CIS regions. The Corporation is also actively pursuing various opportunities related to acquisition of equity in existing assets of refineries / petrochemicals and participation in major revamping and upgradation projects related to refineries. Overseas initiatives also include exploration and production sharing agreement, exploration service contract and onshore farm-in arrangements.

**(b) Total foreign exchange used and earned.**

| | **(Rs. in Crore)** |
|---|---|
| Foreign exchange earnings | 5,617.56 |
| Foreign exchange used | 79,014.21 |

**FORM - 'A'**
**(See Rule 2)**

## Form for Disclosure of particulars with respect to conservation of Energy

| | 2005-06 | 2004-05 |
|---|---|---|
| **A) Power and Fuel Consumption:** | | |
| **1 Electricity** | | |
| **(a) Purchased** | | |
| Unit ('000 KWH) | **29599** | 27563 |
| Rate/Unit | **6.41** | 6.34 |
| Total Amount (Rs. in Lakh) | **1897** | 1747 |
| **(b)** Own Generation | | |
| **(i)** Through Dual Fuel (HSD/ Natural Gas) Generator | | |
| Unit ('000 KWH) | **1588941** | 1361658 |
| KWH per MT of Standard Fuel | **6024** | 6022 |
| Cost/Unit (Rs./KWH) | **2.24** | 2.10 |
| **(ii)** Through Steam Turbine/Generator | | |
| Unit ('000 KWH) | **738937** | 718413 |
| KWH per MT of Standard Fuel | **3708** | 3682 |
| Cost/Unit (Rs./KWH) | **3.61** | 3.11 |
| **(c) Electricity Consumed** | | |
| (a+b) ('000 KWH) | **2357477** | 2107634 |
| **2 Coal** | | |
| **3 Liquid Fuel (LSHS/FO/NAPHTHA)** | | |
| Qty (MTs) | **1219697** | 1030507 |
| Amount (Rs. in Lakh) | **162919** | 113430 |
| Average Rate (Rs./MT) | **13357** | 11007 |
| **4 Others / Internal Fuel** | | |
| **a) Internal Fuel** | | |
| **i) Fuel Gas** | | |
| Unit (MTs) | **1007170** | 967963 |
| Amount (Rs. in Lakh) | **113876** | 100338 |
| Average Rate (Rs./MT) | **11307** | 10366 |
| **ii) LDO/HSD** | | |
| Unit (MTs) | **48151** | 30363 |
| Amount (Rs. in Lakh) | **11118** | 6287 |
| Average Rate (Rs./MT) | **23090** | 20705 |
| **iii) Coke** | | |
| Unit (MTs) | **305732** | 268907 |
| Amount (Rs. in Lakh) | **33635** | 23984 |
| Average Rate (Rs./MT) | **11001** | 8919 |
| **b) Purchased Fuel** | | |
| **Natural Gas** | | |
| Unit (MTs) | **337023** | 277502 |
| Amount (Rs. in Lakh) | **26915** | 15877 |
| Average Rate (Rs./MT) | **7986** | 5721 |
| **B) Consumption per MT of Production:** | | |
| i) Actual Production ('000 MTs) | **36288** | 34519 |
| ii) Consumption per MT of product | | |
| - Electricity (KWH/MT) | **64.966** | 61.058 |
| - Liquid Fuel (MT/MT) | **0.034** | 0.030 |
| - Fuel Gas/LDO/Coke (MT/MT) | **0.038** | 0.037 |
| - Natural Gas (MT/MT) | **0.009** | 0.008 |

## 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) Alternative fuels – Hydrogen, bio-diesel, etc.

d) Refinery processes development

e) Refinery process modelling & trouble shooting

f) Catalyst development & health monitoring

g) Pipeline transportation of crude oil and products

h) Material failure analysis, corrosion & remaining life assessment

i) Synthesis of additives and biotechnologies

j) Fuel efficient appliances

k) Bioremediation of sludge

l) Speciality bitumen

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

- 60 new and 25 revised product formulations developed under MOU with the Government.
- 42 products got approvals from user industries and Original Equipment Manufacturers.
- Agreement with ABB Lummus Global for joint marketing and commercialisation of INDMAX Technology worldwide. It is planned to offer the technology to several upcoming units at BRPL, Paradip, etc.
- Technology for DHDT unit of 1.2 million tonnes per annum capacity is licenced along with EIL to BRPL. Further, joint offers have been made for licencing of technology for DHDT and VGO-HT to the proposed Paradip Refinery along with EIL and Shell Global Solutions, The Netherlands.
- A plant for manufacturing 10,000 tonnes of FCC catalyst/additive is being set up in India in JV partnership with Intercat, USA at a cost of Rs. 90 crore.
- A jointly developed catalyst (denoted as IZV series) is now marketed through Zeolyst International and IndianOil Technologies Ltd. (technology marketing subsidiary of IndianOil).
- IndianOil has become the first company in India and 6th in the world to possess marine oil technology for shipboards. Servo Marine Oil K series for DG sets has been approved by Wartsila of Finland, for their entire series of Wartsila-Sulzur engines after successful performance evaluation in Wartsila 46 DG set of KIOCL, Mangalore.
- Railroad oil RR 606MGPlus, developed by the R&D Centre has been cleared for field trial in diesel loco sheds, KR Puram and Ludhiana, after achieving a fuel economy of 0.59% in 3100 HP Alco engine test bed at RDSO, Lucknow.
- Servo Pride Oil 5W30 (EDL-3), Transfluid A, 2T Supreme and 2T Snowmobile have been approved by CQAPP, Kanpur, for supplies to Indian Army.
- Servo Superior 20W-40 (SF/CD) have been approved by MUL for their Swift cars.
- Servo Pride GEO 20W-50 has been approved by Swaraj Mazda for CNG automobiles.
- Servo NG-40 has been approved by AEI Corpn., Kolkata, for Waukesha engines.
- Servo Agriculture Spray Oil evaluated at National Research Centre for Rapeseed and Mustard, has shown good performance on mustard plantation. Central Institute for Subtropical Horticulture, Lucknow, has cleared the product for application on mango plantation after field studies. The product has shown good performance

on tea plantations and has been cleared by the Central Insecticide Board for application on tea plants. It is an environment-friendly product showing no phytotoxicity on plants.

- Rolling Oil developed by the R&D Centre has been approved by SAIL (RDCIS) for application in TM-2 Rolling Mill of Bokaro Steel Plant.

**3. Future plan of action**

a) Enhanced focus on commercialisation of developed technologies/formulations and know-how.

b) Development of new generation and energy efficient lubricants, greases & bituminous products

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

d) Continuous process for production of bio-diesel and production, storage & transportation of Hydrogen

e) Initiation of research activities in the areas of coal/residue gasification, gas-to-liquid, petrochemicals and polymers.

**4. Expenditure on R&D**

| | | | (Rs. in Crore) |
|---|---|---|---|
| a) | Capital | - | 30.03 |
| b) | Revenue | - | 58.98 |
| c) | Total | - | 89.01 |

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 1993, adopting technology from Chevron, USA. Thereafter, Once Through Hydrocracker Units (OHCU) were commissioned at Panipat and Mathura refineries with technologies from UOP, USA, and Chevron, USA, respectively. Hydrocracker Technology from UOP, USA, is under implementation at Panipat Refinery expansion project.

**ii) Diesel Hydrodesulphurisation/Hydrotreatment Technology:**

Diesel Hydrodesulphurisation Units have been commissioned in Mathura and Panipat Refineries with technology from IFP, France, and at Gujarat and Haldia refineries with technology from UOP, USA. The Diesel Hydrotreatment Units have been commissioned at Guwahati, Barauni and Digboi refineries with technology from UOP, USA, and at Mathura and Panipat refineries with technology from IFP, France.

**iii) Fluidised Catalytic Cracking Technology:**

Fluidised Catalytic Cracking (FCC) technology from UOP, USA, has been implemented in Gujarat and Mathura refineries. The resid fluidised catalytic cracking (RFCC) technology from 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 MOBIL, USA, has been implemented at Haldia Refinery.

**v) 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 UOP, USA, has been implemented.

**vi) Hydrofinishing Technology for treatment of paraffin wax/microcrystalline wax:**

Process technology from IFP, France, for hydrofinishing of paraffin wax has been implemented at Digboi Refinery. The same technology from IFP, France, for production of microcrystalline wax has been implemented at Haldia Refinery.

**vii) Hydrogen Generation Technology:**

Hydrogen generation technology from Linde, Germany, was adopted in 1993 for Hydrogen supply to Hydrocracker Unit at Gujarat Refinery. Also Hydrogen generation technology obtained from Haldor Topsoe, Denmark, is in operation at Gujarat, Mathura, Haldia, Panipat and Barauni refineries. Similar technology from KTI, The Netherlands, has adopted for the Hydrogen plant at Guwahati, Digboi, Haldia and Mathura refineries.

**viii) Sulphur Recovery Technologies for reduction of $SO_2$ emission:**

Refineries at Gujarat, Haldia, Mathura and Barauni are provided with Sulphur Recovery Technology from Stork Comprimo (now Jacob), The Netherlands. Sulphur Recovery Technology from Delta, Hudson, Canada, has been employed at Panipat Refinery.

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

**ix) ISOSIV Technology at Guwahati Refinery:**

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

x) **Delayed Coker Technology:**

For bottom of the barrel upgradation, coker technology from ABB Lummus, USA, is under implementation at Panipat Refinery as part of the capacity expansion project.

xi) **Continuous Catalytic Reforming Technology:**

For improvement in the octane number of Motor Spirit, continuous catalytic reforming technology from IFP, France, has been implemented at Mathura and Panipat refineries. Technology from UOP, USA, is under implementation at Gujarat Refinery.

xii) **Technology for ParaXylene:**

For production of ParaXylene at Panipat, technologies from UOP, USA, are under implementation.

xiii) **Technology for Purified Terephthalic Acid (PTA):**

For production of PTA at Panipat, technology from Dupont, USA, is under implementation.

xiv) **Technology for Linear Alkyl Benzene (LAB):**

Technology from 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 UOP, USA, is under implementation at Mathura Refinery. Technology from Axens, France, is under implementation at Haldia Refinery.

xvi) **Naphtha Cracker Technology:**

Naphtha cracker technology from ABB Lummus, USA, has been selected for adoption at Panipat Refinery. Technologies from Basell, Italy & Germany, Nova, Canada, and Scientific Design, USA, have been selected for various downstream plants.

**B. INDIGENOUS TECHNOLOGY:**

i) **INDMAX Technology:**

INDMAX technology developed in-house by IOC(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 IOC (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. Also, all the new units already commissioned and those planned in future have been/will be provided with DDCS.

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

APC has been implemented in the various units of the refineries as under:

- Crude & Vacuum Distillation Units, Hydrocracker, Fluidised Cracking Unit and 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, Coker, LRU and RFCC Units of Barauni Refinery.
- New Delayed Coker Unit and Atmospheric & Vacuum Distillation Units of Digboi Refinery.
- RFCC and Atmospheric & Vacuum Distillation Units of Haldia Refinery

- Once Through Hydrocracker & Fluidised Catalytic Cracking Unit of Mathura Refinery.

  Implementation of APC is in progress at the following refineries:

- CCRU, Visbreaker, DHDT/HGU-II and MSQ Units of Mathura Refinery.

**C) Offsite Modernisation**

As 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.
- Auto tank gauging has been completed at all refineries.
- Advanced Blend Control (ABC) system for online blending of MS & HSD is being implemented at Panipat Refinery to meet BS-II/EURO-III specifications.

**D) Automation of Laboratories**

Automation of laboratories has been completed at all refineries.

**E) Networking & Real Time Data Base Management System (RTDBMS)**

- Networking of units and offsite facilities has been completed at all refineries.
- Real Time Data Base Management System (RTDBMS) has been implemented at Gujarat & Mathura refineries and is under implementation at Panipat Refinery.

## SC/ST/OBC REPORT-I

**Annual statement showing the representation of SCs, STs and OBCs as on 1st January 2006 and number of appointments made during the preceding calendar year**

| Groups | Representation of SCs/STs/OBCs (as on 01.01.2006) | | | | Number of appointments made during the calendar year 2005 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 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 | 2839 | 450 | 196 | 327 | 372 | 49 | 26 | 129 | 240 | 37 | 17 | 0 | 0 | 0 |
| B | 4448 | 697 | 315 | 39 | No recruitment is made in this group | | | | 492 | 84 | 42 | 1 | 0 | 0 |
| C | 14506 | 2966 | 1103 | 1120 | 439 | 74 | 5 | 114 | 2005 | 368 | 149 | 0 | 0 | 0 |
| D (Excluding Sweeper) | 403 | 84 | 12 | 40 | 24 | 4 | 1 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| D (Sweeper) | 7 | 3 | 0 | 1 | 0 | 0 | 0 | 0 | Filled by recruitment only | | | 0 | 0 | 0 |
| Total | 22203 | 4200 | 1628 | 1527 | 835 | 127 | 32 | 246 | 2737 | 489 | 208 | 1 | 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 2006 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 01.01.2006) | | | | Number of appointments made during the calendar year 2005 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 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 | 2839 | 450 | 196 | 327 | 372 | 49 | 26 | 129 | 240 | 37 | 17 | 0 | 0 | 0 |
| 13,750-18,700 | 2644 | 457 | 162 | 211 | No recruitment is made in this group | | | | 519 | 79 | 29 | 2 | 0 | 0 |
| 16,000-20,800 | 1998 | 417 | 168 | 53 | No recruitment is made in this group | | | | 400 | 82 | 33 | 3 | 0 | 0 |
| 17,500-22,300 | 1164 | 220 | 75 | 1 | No recruitment is made in this group | | | | 194 | 38 | 9 | 1 | 0 | 0 |
| 18,500-23,900 | 1144 | 188 | 61 | 2 | No recruitment is made in this group | | | | 184 | 29 | 13 | 3 | 0 | 0 |
| 19,000-24,750 | 673 | 53 | 9 | 1 | No recruitment is made in this group | | | | 129 | 13 | 2 | 1 | 0 | 0 |
| 19,500-25,600 | 214 | 10 | 0 | 0 | No recruitment is made in this group | | | | 51 | 5 | 0 | 0 | 0 | 0 |
| 20,500-26,500 | 95 | 1 | 0 | 0 | No recruitment is made in this group | | | | 22 | 1 | 0 | 0 | 0 | 0 |
| 23,750-28,550 | 27 | 1 | 0 | 0 | No recruitment is made in this group | | | | 8 | 0 | 0 | 0 | 0 | 0 |

As the seventh largest importer of crude oil in the world, India is one of the more energy intensive economies, importing over 70% of its crude oil needs.

## INDUSTRY STRUCTURE & DEVELOPMENTS

The world economy broadly remains on the growth track, largely influenced by the robust service sector output, which has more than offset the slow growth in the manufacturing sector. The phenomenal rise in crude oil and petroleum product prices in the international market during the year remained a key concern, impacting growth prospects the world over. However, developing countries, led by China and India, continued to witness a strong momentum in GDP growth, which in turn spurred global growth in 2005.

The good news is that despite all odds, the global economy is projected to continue with its growth momentum in 2006. Export volume growth of developing countries during 2006 is projected to be higher than that of developed countries. The global growth prospects are, however, vulnerable to the growing concerns relating to high oil prices. Geo-political instabilities in some of the major producing areas continue to be the prime price drivers, causing both concern and consternation among several oil-consuming nations.

India, after attaining a 7-8% growth in GDP in the past three years, is now poised to emerge as a key global economic power. Its continued economic ascendance will depend, largely, on its ability to absorb the benefits of globalisation. The recent growth story of the country has gone hand in hand with the gradual opening of its economy. The sustained continuity of the export-led growth model being pursued currently will largely depend upon the competitiveness of the economy in the long run. The spillover from India's growth in terms of global contribution is likely to be more and more pronounced in the future. India continues to receive much attention for its success as an outsourcing destination for IT-enabled business services.

The impact of high international crude oil and product prices on economic growth has, however, remained muted mainly because of implicit subsidies through extant pricing mechanism for petroleum products. The incomplete pass-through of international petroleum prices has thus moderated the income effect on the domestic consumers.

Surveys on India's business prospects by various agencies predict that the industrial sector is likely to continue its strong performance in the near term. According to the latest Business Confidence Survey conducted by FICCI (Federation of Indian Chambers of Commerce & Industry) in February 2006, the confidence level of the Indian corporate sector has improved, with the Business Confidence Index recording its highest value in the last 15 quarters.

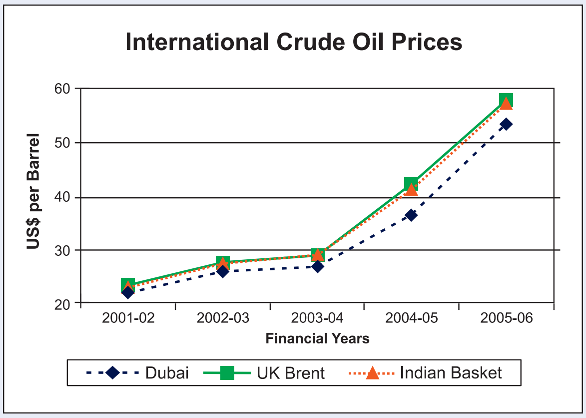
India has made a start in actively seeking global linkages, which is marked by the gradual openness of its economy. Controls on inward FDI and external commercial borrowings by domestic firms are being eased to facilitate globalisation of Indian corporates.

## OUTLOOK

### Global Oil & Gas Industry

The year 2005-06 witnessed crude oil and petroleum product prices in the international market touching record highs. Strong growth in global demand, economic resilience to higher energy costs, hurricane-related supply disruptions in the United States and a three-decade low global oil spare capacity pushed up the oil prices. Besides, concerns over stability of supplies from the Middle East due to geo-political uncertainties as well as speculative purchases by the hedge funds further caused ripples in the global oil market, imparting a great deal of volatility to oil prices.

The following graph depicts the trend in the price of Indian basket of crude oil over the past five years:

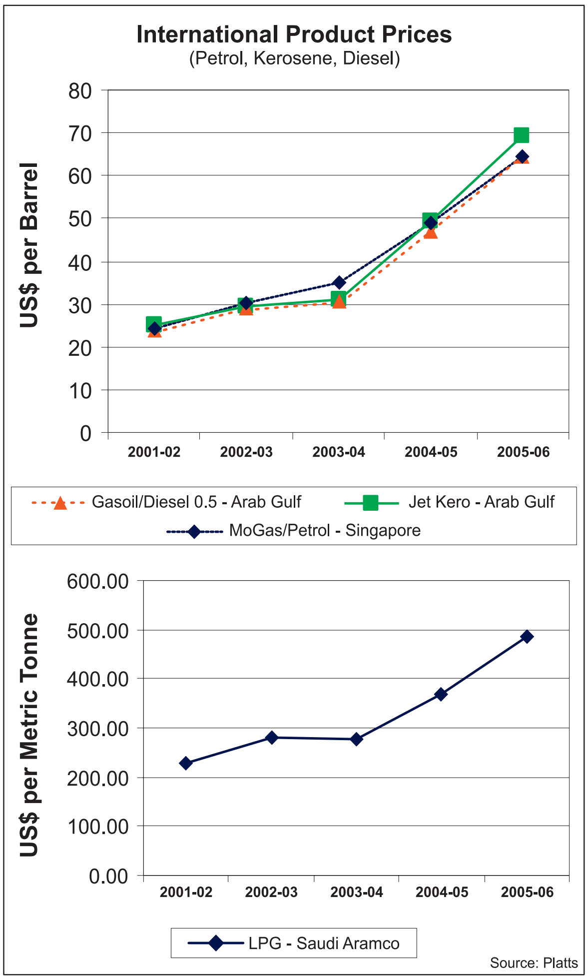



World natural gas consumption grew by 2.3% during 2005. The enhanced production in Russia and Norway contributed to an overall growth of 2.5%. Increase in production was also witnessed in China during the year. International trade in gas also showed a robust increase by 6.4%. The Asian LNG consumption was on the rise.

### Indian Oil & Gas Industry

Faster growth, industrialisation, rising incomes and accompanying urbanisation have started exerting pressure on the already tight global energy market. As the seventh largest importer of crude oil in the world, India is one of the more energy intensive economies, importing over 70% of its crude oil needs. However, it continues to have net exportable surplus of refined petroleum products.

In the backdrop of the unprecedented sharp increase in international oil prices from late 2003 onwards, combined with considerable volatility, Oil Marketing Companies (OMCs) were asked to moderate the price increases in petrol and diesel, besides maintaining the prices of already subsidised products like LPG (for domestic use) and kerosene (for public distribution




system, or PDS). However, as the under-recoveries were reaching an untenable position, the Government formulated a subsidy-sharing mechanism by involving the upstream oil companies in the public sector. Despite subsidy-sharing by the upstream oil companies and discounts from the refineries, the substantial rise in under-realisation strained the budgetary resources of the OMCs directly and indirectly.

Oil is an intermediate product that impacts all sectors of the economy. With international prices continuing to rule high, the Government raised the prices of petrol and diesel during June '05 and Sept '05 (the latest price hike in June '06 does not come under the period under review). The prices of LPG (domestic) and PDS kerosene, however, remained untouched. In order to compensate the public sector OMCs for their mounting under-realisation, the Union Budget for 2005-06 provided an additional support by way of 'Oil Bonds' over and above the amount allowed as direct subsidy. The issuance of these bonds helped the OMCs tide over the financial crunch.

An appropriate pricing regime needs to be evolved by the Government in respect of petrol and diesel on the one hand and domestic LPG and PDS kerosene on the other. The issue of adjusting prices, tariffs and taxes of petroleum products and targeting them appropriately was, therefore, taken up during the year by Dr. C. Rangarajan Committee constituted by the Government. The Committee's recommendations are currently under consideration.

In respect of the Union Budget 2006-07, positive measures such as reduction in customs duty on refinery catalysts, concessional customs duty of 10% on pipelines carrying natural gas, crude oil and petroleum products, and classification of the domestic LPG as 'declared goods' brought relief to the downstream sector in the face of increasing financial burden.

The Petroleum & Natural Gas Regulatory Board Bill-2005 received the assent of the President of India on 31st March, 2006 and was notified on 3rd April, 2006 in the form of the Petroleum & Natural Gas Regulatory Board Act-2006. The Board is intended to work at arm's length from the Government and operate as the downstream regulator for the domestic petroleum sector.

With the expected increase in gas availability from domestic sources, and import of LNG by Petronet LNG Ltd. at Dahej and by Shell-India at Hazira, there is a need for commensurate increase in gas pipeline infrastructure. A gas pipeline policy, envisaging authorisation from the Government / Regulator for all gas transmission pipelines, provision for third party access, regulation of transportation tariff, etc., is being worked out.

With a view to addressing the growing energy needs across all the sectors of the Indian economy, an Integrated Energy Policy is currently under formulation for chalking out a road map to meet the future energy needs of the country in a technically efficient, economically viable and environmentally sustainable manner.

One of the critical elements for achieving the country's energy security is through development of alternative sources of energy, including bio-fuels. There is now an increased awareness about bio-diesel as a substitute for normal diesel. Accordingly, the Government of India has formulated the Bio-diesel Purchase Policy and implemented it with effect from January 1, 2006. The policy is expected to contribute to the rural economy in a big way.

As laid down in the Auto Fuel Policy, Euro-III petrol and diesel in all 11 identified cities and Bharat Stage-II petrol and diesel throughout the country were introduced from April 1, 2005. It is proposed to introduce Euro-III equivalent norms for the entire country from April 1, 2010 and Euro-IV equivalent norms in identified cities, subject to review in 2006.

This fiscal was a landmark year in the history of India's oil & gas industry, with the commissioning of India's first Hydrogen-CNG (H-CNG) dispensing station on October 9, 2005 at IndianOil's R&D Centre, marking a new milestone in India's quest for energy security through harnessing alternative fuels.

During the financial year, the Government of India approved financing the 5 million tonnes strategic crude oil reserves, of the proposed core critical sovereign reserve, at an estimated cost of about Rs.11,270 crore. A special purpose vehicle (SPV), viz., Indian Strategic Petroleum Reserves Ltd. (ISPRL), has been formed for this purpose, which is now a subsidiary of the Oil Industry Development Board (OIDB) consequent upon transfer of IndianOil's equity holding in ISPRL to OIDB.

### CHALLENGES AND OPPORTUNITIES

The major challenge before IndianOil is to emerge as the least-cost supplier. This would mean delivering products and services to the customer at the lowest cost without lowering the value. The related challenges include optimisation of the supply chain; forging partnerships and strategic alliances across the entire hydrocarbon value chain; timely and safe commissioning of projects; consolidation of retail and consumer businesses supported by appropriate product quality assurance to customers with commercial terms matching the competitors' market offers; retention of skilled manpower; and maintaining financial profitability currently compromised by price control due to incomplete pass-through in the market.

Environment protection and ecological balance is an important area that has been engaging the attention of the Corporation. Meeting the stringent product quality standards in the marketplace as well as environmental stipulations in operations has been a major area of focus. IndianOil has already made significant investments in various quality upgradation projects at its refineries and continues to maintain and improve upon the internationally accepted OHSAS (Occupation Health and Safety Assessment Series) specifications with a view to eliminate and minimise risks to the stakeholders. Under-realisation of product value, therefore, is both a serious concern as well as a major challenge for the Corporation in meeting the demanding environmental stipulations of international standards.

Development of new-generation and energy-efficient product formulations, including lubricants and bituminous products, optimisation and upgradation of refinery processes to maximise product yield, reduction of heavy ends, Hydrogen production, storage & transportation, initiation of research activities in coal/residue gassification, gas-to-liquid (GTL), petrochemicals and commercialisation of technologies developed in-house by the Corporation will be major challenges for the R&D team at IndianOil.

Expectations are also high on Myanmar gas reaching Indian markets. All these developments collectively offer a sizeable opportunity to the Corporation to augment its presence in the gas business, which is slowly but surely replacing the liquid fuel business in India.

Overseas exploration & production (E&P) initiatives received a boost with the Government of India delegating investment decision-making powers to Oil India Ltd. (OIL) and IndianOil for acquiring E&P assets abroad by forming project-specific SPVs. The challenge here lies in expeditious entry into successful farm-in arrangements and acquisition of E&P companies or assets. This would ensure the Corporation's immediate access to established upstream business capabilities and enhance its upstream integration ratio in line with global trends. As the Corporation does not have the required upstream expertise at present, it is only participating as a non-operator in all E&P initiatives. The challenge would, therefore, be to acquire the expertise and eventually become an E&P operator in the future.

IndianOil's foray into the petrochemicals business is marked by major investment decisions for strategically integrating into petrochemicals production units. In keeping with the unfolding business landscape, IndianOil has embarked upon several ambitious projects. These include a Linear Alkyl Benzene (LAB) plant at Gujarat Refinery and a Paraxylene/Purified Terephthalic Acid (PX/PTA) plant at Panipat, both of which are already operational. Other major ongoing initiatives are a Naphtha Cracker and downstream polymer units at Panipat, equity participation in Haldia Petrochemicals Ltd., and an integrated refinery-cum-petrochemicals complex at Paradip.

With the likely resumption of discussions on the proposed Turkmenistan-Afghanistan-Pakistan-India pipeline project, participation of Indian companies in the process of exploration & production sharing arrangements with foreign companies now seems to be a possible option in the near future.

The Government of India has mandated purchase of gas from Iran at India-Pakistan border. A head of agreements with broad terms was also executed in June 2005. India formed a joint working group with Pakistan and a special joint working group with Iran for speedy progress on the project. Deliberations by the respective working groups are at different stages of progress.

### RISKS AND CONCERNS

Unlike the oil shock of the 1970s, the significant rise in oil prices since 2003 appears to have limited impact on the global economy so far. The impact of higher oil prices has largely been felt as a result of significant increase in consumption, rather than exogenous supply shock. Further, there has been substantial decline in oil intensity since the early 1980s.

Historically, the Indian economy has been shielded against any sharp spike in oil prices through the Administered Pricing Mechanism (APM). Any sharp increase in international oil prices was dissipated by spreading the product price increase through smaller incremental hikes over a period of time. As high oil prices are increasingly being viewed to be of a permanent nature, it is likely to result in higher subsidy cost and in turn call for adjustments in the Government's subsidy policies.

The Corporation's subsidiary, Lanka IOC Ltd. (LIOC), is also incurring under-recoveries due to non-realisation of subsidy from the Government of Sri Lanka (GoSL). This has severely constrained the otherwise good performance of LIOC. IndianOil is vigorously pursuing with GoSL for early settlement of the pending subsidy claims.

Worldwide, there has been considerable increase in the usage of natural gas; there are good prospects in India too. The Corporation has been progressively aligning itself to become a major player in the natural gas business. Considering the limited availability of indigenous natural gas, the emphasis has been on import of LNG through long-term contracts and sourcing of natural gas through transnational pipelines. However, the spiralling LNG prices, with almost negligible availability of LNG in the international market at a price that the Indian market can afford, coupled with the current geo-political situation in the Middle East and neighbouring countries have temporarily impeded the Corporation's efforts in sourcing of natural gas. Meanwhile, discussions are continuing both at the Government level and with the overseas companies involved.

The discovery of large quantities of gas in the Krishna-Godavari Basin, while being beneficial to the nation, shall have a negative impact on the existing liquid fuel business of the Corporation.

## FINANCIAL REVIEW

### Turnover

The turnover (inclusive of excise duty) of the Corporation for the year ended 31st March, 2006 was Rs.1,83,204 crore as compared to Rs.1,50,729 crore in the previous year, registering a growth of 21.55%. The total sales volume (including gas sales) for 2005-06 was 49.61 million tonnes as against 50.82 million tonnes during 2004-05.

### Profit Before Tax

The Corporation has earned a Profit Before Tax of Rs.6,706 crore in 2005-06 which includes Rs.6,571 crore received from the Government of India in the form of Special Oil Bonds in lieu of compensation towards under-realisation on sale of PDS kerosene and domestic LPG. Profit Before Tax for the year 2004-05 was Rs.5,955 crore.

### Provision For Taxation

a) Current Tax: An amount of Rs.1,618 crore has been provided towards Current Tax for 2005-06 considering the applicable income tax rates as against Rs.1,030 crore provided during 2004-05.

b) Fringe Benefit Tax: Consequent to introduction of Fringe Benefit Tax from the current financial year, an amount of Rs.57 crore has been provided towards the same.

c) Deferred Tax: An amount of Rs.116 crore has been provided towards Deferred Tax in the current financial year as against Rs.34 crore provided during 2004-05.

### Profit After Tax

The Corporation has earned a Profit After Tax of Rs.4,915 crore during the current financial year as compared to Rs.4,891 crore in 2004-05.

### Depreciation & Amortisation

Consequent to increased capitalisation of fixed assets, depreciation for the year 2005-06 was Rs.2,203 crore as against Rs.2,184 crore for the previous year.

### Interest (Net)

Interest Expenditure (net) of the Corporation for the current year was Rs.816 crore as against Rs.476 crore during 2004-05.

### Borrowings

The borrowings of the Corporation have increased from Rs. 17,320 crore as on 31st March, 2005 to Rs. 26,404 crore as on 31st March, 2006. The Total Debt to Equity ratio as on 31st March, 2006 works out to 0.90:1 as against 0.67:1 as on 31st March, 2005 and the Long Term Debt to Equity ratio stands at 0.39:1 as on 31st March, 2006 as against 0.27:1 as on 31st March, 2005.

### Capital Assets

Rs.4,737 crore was invested in creating capital assets during the year. Gross Fixed Assets (including Capital Work in Progress) increased from Rs. 48,603 crore as on 31st March, 2005 to Rs. 53,340 crore as on 31st March, 2006.

### Investments

During the year, investments, including advances for investment, increased from Rs.5,705 crore as on 31st March, 2005 to Rs.14,526 crore as on 31st March, 2006. The increase in investments is mainly due to receipt of Special Oil Bonds from the Government of India amounting to Rs.6,571 crore in lieu of under-recovery on kerosene for public distribution system and LPG for domestic use, apart from the Government of India Bonds amounting to Rs.2,321 crore against Pool dues.

The aggregate market value of the Quoted Investments as on 31st March, 2006, 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.23,001 crore (as against the cost price of Rs. 5,140 crore). Of this, Rs. 509 crore pertains to Lanka IOC Ltd., which is quoted on Colombo Stock Exchange, Sri Lanka, and is the equivalent in Indian currency.

### Net Current Assets

Net Current Assets as on 31st March, 2006 were Rs.10,807 crore as against Rs.9,662 crore as on 31st March, 2005. 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 current year works out to Rs. 42.08 as compared to Rs.41.88 in the previous year. Cash Earnings Per Share for the current year works out to Rs.60.94 as compared to Rs. 60.57 in previous year.

### Earnings In Foreign Currency

During the year, the Corporation earned Rs.5,618 crore in foreign currency as against Rs.3,549 crore in 2004-05, which is mainly on account of export of petroleum products (excluding exports to Nepal Oil Corporation). This includes Rs.2,154 crore received in Indian currency out of repatriable funds as against Rs.1,406 crore in the previous year.

## INTERNAL CONTROL SYSTEMS

The Corporation has adequate internal control systems commensurate with the size and nature of its business. In addition, there are detailed manuals on various aspects of business activities, accounting policies and guidelines. 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 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 jointly undertaken in the form of unincorporated joint ventures

During the current year, the segmentwise performance was as under:

(Rs. in Crore)

| | Sale of Petroleum Products | Other Businesses | Eliminations | Total |
|---|---|---|---|---|
| External Revenue | 156754 | 17625 | | 174379 |
| Inter-Segment Revenue | 368 | 143 | | 511 |
| Total Revenue | 157122 | 17768 | | 174890 |
| Operating Profit | 6379 | (189) | 8 | 6182 |

The loss in Other Businesses is mainly on account of one-time royalty payment of Rs. 125 crore (for Naphtha Cracker project) and exploration cost of Rs. 68 crore charged to revenue.

**Note:** Segment Revenue comprises turnover (net of excise duty), subsidy from the Government of India, net claim from / surrender to Petroleum Planning & Analysis Cell, Government of India, other income (excluding interest income, dividend income and investment income).

## HUMAN RESOURCES / INDUSTRIAL RELATIONS

The industrial relations climate in the Corporation during the year continued to be peaceful and harmonious. The cordial bilateral relations with the collectives helped resolve several major issues. The Corporation emphasises aligning people-capabilities and competencies with current and emerging business challenges. IndianOil also continues to focus on building leadership capabilities and strategic orientation through a series of training programmes and workshops. The year under review was also characterised by the articulation of the Corporation's 'Core Values' of Care, Innovation, Passion and Trust, arrived at through an internal exercise. Efforts were made for continuous improvement in the various benefits for the employees. The employee strength of IndianOil as on 31st March, 2006 was 30,048, including 10,745 officers.

## CAUTIONARY STATEMENT

Statements in the Management's Discussion & Analysis describing the Corporation'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 Corporation'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.

IndianOil strongly believes that good Corporate Governance practices ensure efficient conduct of the affairs of the Company and help maximise stakeholder value.

## COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

IndianOil strongly believes that good Corporate Governance practices ensure efficient conduct of the affairs of the Company and help maximise stakeholder value. The Company endeavours to uphold the highest principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning, which are vital for achieving the Corporate Vision of becoming a major, diversified, transnational, integrated energy company.

IndianOil fully complies with the requirements of the revised guidelines on Corporate Governance as stipulated in Clause-49 of the Listing Agreement, except the provision relating to the composition of the Board of Directors with respect to the number of Independent Directors for which the Government of India is taking necessary action, as IndianOil is a Government company.

Corporate Governance in the Company has been further strengthened through the adoption of the following:

- Code of conduct for Directors and senior management personnel,
- Code of conduct for prevention of insider trading,
- Policy on risk assessment and minimising procedures.

## BOARD OF DIRECTORS

The IndianOil Board has set certain strategic goals in line with the Company's Vision and Mission statements. The Board defines the Company's policy and oversees its implementation in attaining these goals.

### (a) Composition of the Board of Directors

The Board of IndianOil consists of an optimum combination of executive and non-executive Directors. It has part-time non-executive Independent Directors with proven record in diverse areas like energy policy, academics, marketing, Government and public sector, etc.

At present, the Board comprises 14 Directors. These include Chairman and five wholetime Functional Directors, five part-time non-executive Independent Directors, two part-time non-executive nominee Directors from the Ministry of Petroleum & Natural Gas (MoP&NG), Government of India, and a part-time non-executive Director being a nominee of Oil and Natural Gas Corporation Ltd.

### (b) Board Meetings

The dates of the Board Meetings are fixed well in advance and intimated to the Board members so as to enable the Directors to plan accordingly. The agenda papers are circulated to the Directors seven days before the Board Meeting.

The meetings of the Board of Directors are generally held once in a month, and 12 Board Meetings were held during the financial year 2005-06.

**Details of the Board Meetings held during the year 2005-06**

| S. No. | Date | Board Strength | No. of Directors Present |
|---|---|---|---|
| 1. | 29.04.2005 | 17 | 13 |
| 2. | 30.05.2005 | 17 | 14 |
| 3. | 30.06.2005 | 17 | 14 |
| 4. | 29.07.2005 | 17 | 14 |
| 5. | 29.08.2005 | 17 | 16 |
| 6. | 22.09.2005 | 17 | 14 |
| 7. | 28.10.2005 | 17 | 13 |
| 8. | 28.11.2005 | 16 | 14 |
| 9. | 28.12.2005 | 16 | 15 |
| 10. | 27.01.2006 | 15 | 12 |
| 11. | 27.02.2006 | 15 | 14 |
| 12. | 25.03.2006 | 15 | 14 |

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

| Name of the Director | Number of Board Meetings attended out of 12 meetings held | Attendance at the AGM on 22.09.2005 (Yes/No) | Number 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 | 12 | Yes | 5 | - | - |
| Shri A.M. Uplenchwar, Director (Pipelines) | 10 | Yes | 7 | - | - |
| Shri Jaspal Singh, Director (Refineries) | 12 | Yes | - | - | - |
| Dr. N.G. Kannan, Director (Marketing) | 11 | Yes | 4 | - | - |
| Shri B.M. Bansal, Director (Planning & Business Development) [1] | 11 | Yes | 3 | - | - |
| Shri S.V. Narasimhan, Director (Finance) [2] | 9 | Yes | 1 | - | - |
| Shri V.C. Agrawal, Director (Human Resources) [3] | 7 | Yes | 1 | 1 | - |
| Shri P. Sugavanam, Director (Finance) [4] | 3 | No | 2 | - | - |
| Shri P.K. Agarwal, Director (Human Resources) [5] | 4 | No | - | - | - |
| Shri N.K. Nayyar, Director (P&BD) [6] | 5 | No | 5 | 2 | - |
| **Part-time Non-Executive Directors (Govt. nominees)** | | | | | |
| Shri M.S. Srinivasan [7] | 5 | Yes | 2 | - | - |
| Shri Anil Razdan [8] | 2 | No | 2 | - | - |
| Shri P.K. Sinha | 11 | Yes | 5 | 1 | - |
| Shri Prabh Das [9] | 7 | No | 3 | - | 3 |
| **Part-time Non-Executive Independent Directors** | | | | | |
| Prof. S K. Barua | 12 | Yes | 2 | 1 | 1 |
| Shri Vineet Nayyar | 8 | Yes | 10 | 1 | 1 |
| Shri V. Ranganathan | 11 | Yes | - | - | - |
| Shri V.K. Agarwal | 11 | Yes | 1 | - | 2 |
| Shri P.M. Sinha | 10 | No | 4 | 5 | 2 |
| **Part-time Non-Executive Director (ONGC Nominee)** | | | | | |
| Shri R. S. Sharma | 6 | Yes | 5 | 5 | - |

**Remarks:**

1. Shri B.M. Bansal, Director (Research & Development), was re-designated as Director (Planning & Business Development) w.e.f. 23.11.2005.
2. Shri S.V. Narasimhan was inducted on the Board w.e.f. 01.07.2005.
3. Shri V.C. Agrawal was inducted on the Board w.e.f. 01.08.2005.
4. Shri P. Sugavanam ceased to be Director on his superannuation on 30.06.2005.
5. Shri P.K. Agarwal ceased to be Director on his superannuation on 31.7.2005.
6. Shri N.K. Nayyar ceased to be Director w.e.f. 28.10.2005.
7. Shri M.S. Srinivasan ceased to be Director w.e.f. 02.01.2006.
8. Shri Anil Razdan was inducted as Director on the Board w.e.f. 27.02.2006.
9. Shri Prabh Das ceased to be Director w.e.f. 27.02.06.

None of the Directors on the Board is a member on more than 10 committees or Chairman of more than five 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.

**(d) Code of Conduct**:

The Code of Conduct for the Directors and senior management personnel of the Company has been laid down by the Board and has been circulated to all concerned and the same is also hosted on the Company website.

**AUDIT COMMITTEE**:

The Audit Committee of IndianOil has been constituted in line with the provisions of Clause-49 of the Listing Agreement and also meets the requirements of Section 292A of the Companies Act, 1956. The members of the Audit Committee have requisite financial and management expertise. The Audit Committee comprises three part-time non-executive Independent Directors, viz., Prof. S.K.Barua, Chairman of the committee, and Shri V.K. Agarwal and Shri V. Ranganathan as members.

The terms of reference of the Audit Committee cover all matters specified under Clause-49 of the Listing Agreement of the Stock Exchanges, which *inter alia* includes the following:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing with the management the annual financial statements before submission to the Board;
- Reviewing with the management and external and internal auditors the adequacy of internal control systems;
- Discussing with internal auditors any significant findings and follow-up on such issues;
- Discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern;
- Reviewing the Company's financial and risk management policies.

The attendance at the 10 meetings of the Audit Committee held during the year 2005-06 are given below:

**AUDIT COMMITTEE MEETINGS HELD DURING 2005-2006**

| Dates of the Meetings | Prof. S.K.Barua (Chairman) | Shri V.K.Agarwal (Member) | Shri V. Ranganathan (Member) |
|---|---|---|---|
| 18.04.2005 | Yes | Yes | Yes |
| 29.04.2005 | Yes | Yes | Yes |
| 28.05.2005 | Yes | Yes | Yes |
| 15.07.2005 | Yes | Yes | Yes |
| 28.07.2005 | Yes | Yes | — |
| 27.10.2005 | Yes | Yes | Yes |
| 19.11.2005 | — | Yes | Yes |
| 16.01.2006 | Yes | Yes | Yes |
| 26.01.2006 | Yes | Yes | Yes |
| 13.02.2006 | 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.

The minutes of the meetings of the Audit Committee are circulated among members of the Audit Committee and the special invitees and are also submitted to the Board.

**REMUNERATION COMMITTEE**:

The remuneration of the whole-time Functional Directors is decided by the Government of India since IndianOil is a Government company. The part-time non-executive Independent 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 Functional Directors and below Board-level executives, which are within the powers of the Board.

The Remuneration Committee comprises Shri P.K.Sinha, part-time non-executive Director as Chairman of the Committee, and Director (Finance) & Director (Human Resources) as members.

Remuneration paid to whole-time Functional Directors during the financial year 2005-06 is as under:

**Whole-time Functional Directors**

**(Rs. in Lakh)**

| Name of the Director | Designation | Salaries & Allowances | Contribution to Provident Fund | Contribution to Gratuity fund | Other Benefits & Perquisites | Total Remune-ration |
|---|---|---|---|---|---|---|
| Shri S.Behuria | Chairman | 8.13 | 0.78 | 0.04 | 2.78 | 11.73 |
| Shri A.M. Uplenchwar | Director (Pipelines) | 9.31 | 0.82 | 0.04 | 2.54 | 12.71 |
| Shri Jaspal Singh | Director (Refineries) | 11.52 | 1.14 | 0.04 | 6.03 | 18.73 |
| Dr. N.G.Kannan | Director (Marketing) | 9.18 | 0.78 | 0.04 | 4.06 | 14.06 |
| Shri B.M. Bansal | Director (Planning & BD) | 10.27 | 0.97 | 0.04 | 3.50 | 14.78 |
| Shri S.V. Narasimhan | Director (Finance) w.e.f. 1.7.2005 | 6.08 | 0.59 | 0.03 | 1.30 | 8.00 |
| Shri V.C. Agrawal | Director (HR) w.e.f. 1.8.2005 | 7.86 | 0.56 | 0.02 | 0.26 | 8.70 |
| Shri P. Sugavanam | Director (Finance) up to 30.6.2005 | 12.11 | 0.78 | 0.01 | 7.49 | 20.39 |
| Shri P.K. Agarwal | Director (HR) up to 31.7.2005 | 8.86 | 0.42 | 0.01 | 10.29 | 19.58 |
| Shri N.K. Nayyar | Director (Planning & BD) up to 28.10.2005 | 13.28 | 0.91 | 0.02 | 2.71 | 16.92 |
| **TOTAL** | | **96.60** | **7.75** | **0.29** | **40.96** | **145.60** |

**Note:**

1) Performance Linked Incentives are payable to the whole-time Functional Directors as employees of the Company as per the policy applicable to all employees of the Company.

2) During the year, no stock options have been issued to whole-time Functional Directors.

3) The terms of appointment of the whole-time Functional Directors, as issued by the Government of India, provides for three months' notice period or salary in lieu thereof for severance of service.

Sitting fees paid to part-time non-executive Independent Directors during the financial year 2005-06 is as under:

**(Rs. in Lakh)**

| Name of the Director | Sitting Fees |
|---|---|
| Shri Vineet Nayyar | 2.50 |
| Prof. S.K. Barua | 3.40 |
| Shri V.K.Agarwal | 2.40 |
| Shri V.Ranganathan | 2.70 |
| Shri P.M.Sinha | 1.30 |
| **TOTAL** | 12.30 |

**SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**:

Shareholders' / Investors' Grievance Committee examines and redresses the grievances of shareholders and investors. The Committee comprises three members with a part-time non-executive Independent Director as Chairman, and

Director (Finance) and Director (HR) as members. The Company accords top priority to resolving the complaints, grievances and queries of shareholders within a reasonable period of time.

The composition of the Shareholders' / Investors' Grievance Committee and attendance at one meeting held during the year 2005-06 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 Raju Ranganathan, Company Secretary, is the Compliance Officer.

Summarised information on complaints received and resolved during the period 01.04.2005 to 31.03.2006:

| S.No. | Nature of complaint | Received during the period 1.04.2005 to 31.03.2006 | Redressed during the period 1.04.2005 to 31.03.2006 | Pending as on 31st March 2006 |
|---|---|---|---|---|
| 1. | Letters received from SEBI / Stock Exchanges / Dept. of Company Affairs | 10 | 9 | 1 |
| 2. | Change of address | 648 | 648 | - |
| 3. | Nomination | 34 | 34 | - |
| 4. | Non-receipt of dividend / query regarding bonus shares / revalidation of dividends | 833 | 833 | - |
| 5. | Indemnity bond for duplicate dividends / issue of duplicate share certificates | 212 | 211 | 1 |

## OTHER COMMITTEES OF THE BOARD

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

| S.No. | Name of the Committee | Role & Responsibilities | Members |
|---|---|---|---|
| 1. | Planning & Projects Committee | For approval of capital investments of up to Rs.100 crore. | Chairman and all whole-time Functional Directors. |
| 2. | Contracts Committee | For award of contracts and implementation thereof. | Chairman and all whole-time Functional Directors. |
| 3. | Projects Evaluation Committee | For evaluating and recommending for Board approval, projects costing over Rs.250 crore. | Three part-time non-executive Independent Directors, one part-time non-executive Government Director, Director (Finance) and whole-time Functional Director concerned. |
| 4. | Establishment Committee | To take decisions in respect of creation, selection, appointment and promotion to the posts of General Managers and above and Conduct, Discipline & Appeal Rules. | Chairman and all whole-time Functional Directors, One part-time non-executive Government Director and one part-time non-executive Independent Director. |
| 5. | Committee for Deleasing of Immoveable Properties | To consider requests for deleasing of Company-leased immoveable properties. | Chairman, Director (Human Resources), Director (Finance) and a part-time non-executive Government Director. |
| 6. | Marketing Strategies Committee | To provide direction to the Corporation on marketing strategies & policies. | Two part-time non-executive Independent Directors, Director (Finance) & Director (Marketing). |

| | | | |
|---|---|---|---|
| 7. | Upstream Activities Committee | To take all decisions regarding upstream acquisitions. | Two part-time non-executive Independent 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:

| | 2002-03 | 2003-04 | 2004-05 |
|---|---|---|---|
| Date & Time | 29.09.2003<br>11.00 A.M. | 24.09.2004<br>11.00 A.M. | 22.09.2005<br>10.30 A.M. |
| Venue | Nehru Centre Auditorium, Discovery of India Building, Worli Mumbai-400 018. | Ravindra Natya Mandir, Prabhadevi, Mumbai-400 025 | Ravindra Natya Mandir, Prabhadevi, Mumbai-400 025 |
| No. of special resolutions passed | One | Nil | Nil |

There was no item that warranted postal ballot as stipulated under the Companies Act, 1956.

**EXTRAORDINARY GENERAL MEETING (EGM):**

An Extraordinary General Meeting (EGM) was held on 27.01.2006 at 10.00 A.M. at Nehru Centre Auditorium, Worli, Mumbai, to amend Article 93 of the Articles of Association of the Company for increasing the maximum strength of Directors of the Board from 17 to 22 so as to enable induction of more Independent Directors.

In addition to the above, the following two meetings of the shareholders of the company were held as convened by the Ministry of Company Affairs, Government of India (the competent authority to approve mergers of Government companies):

| S.No | Date of the meeting | Venue of the meeting | Purpose of the meeting | Result of the meeting |
|---|---|---|---|---|
| 1. | 27.01.2006 | Nehru Centre Auditorium, Worli, Mumbai. | To approve the scheme of amalgamation for merger of Indian Oil Blending Ltd. with Indian Oil Corporation Ltd. | The shareholders representing 98.18% in number and 99.99% in value voted in favour of the scheme of amalgamation. |
| 2. | 29.05.2006 | Nehru Centre Auditorium, Worli, Mumbai. | To approve the scheme of amalgamation for merger of IBP Co. Ltd. with Indian Oil Corporation Ltd. | The shareholders representing 94.89% in number and 99.99% in value voted in favour of the scheme of amalgamation. |

**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 31.03.2006 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 or strictures were enforced on the Company by the Stock Exchange, SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

c. The Company has complied with all mandatory requirements of the revised Clause-49 of the Listing Agreement as applicable except composition of the Board of Directors for which the Government of India is taking necessary action, as IndianOil is a Government company.

d. The Company has also laid down the Risk Management Policy and procedures thereof for periodically informing the Board members about the risk assessment and minimising procedures.

e. The Company has so far not adopted the non-mandatory requirements of Clause-49 of the Listing Agreement except constitution of the Remuneration Committee and unqualified financial statement.

f. Chairman and Director (Finance) of the Company have given 'CEO/CFO Certification' to the Board in accordance with Clause-49(v) of the Listing Agreement.

## 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, Maharashtra Times, The Hindu, etc. and are also hosted on the Company's 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 Company makes presentations to institutional investors and analysts, which are also hosted on the website.

Investors Service Cells are operating at the Registered Office in Mumbai and Corporate Office in New Delhi to address the grievances and queries of shareholders.

In order to enable investors forward their 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 on the website **www.sebiedifar.nic.in**

## GENERAL SHAREHOLDER INFORMATION:

**(a) Annual General Meeting**

| | |
|---|---|
| Date, Time & Venue of the Annual General Meeting | 22.09.2006 at 1030 hours at Nehru Centre Auditorium, Discovery of India Building, Worli, Mumbai-400 018. |

**(b) Financial Calendar for 2006-07**

| | |
|---|---|
| Quarter ending 30.06.2006 | On or before 31.07.2006 |
| Quarter ending 30.09.2006 | On or before 31.10.2006 |
| Quarter ending 31.12.2006 | On or before 31.01.2007 |
| Quarter and Audited Annual Financial Results ending 31.03.2007 | On or before 30.06.2007 |

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

| | |
|---|---|
| Book Closure for Dividend: | 11.09.06 to 22.09.06, (inclusive of both days) |

**(d) Dividend Payment Date**: 30.09.2006 (tentative)

**(e) Listing on Stock Exchanges**

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

**(f) Stock Code at Stock Exchange of Mumbai:** 530965

**(g) Stock Code at National Stock Exchange:** IOCEQ

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

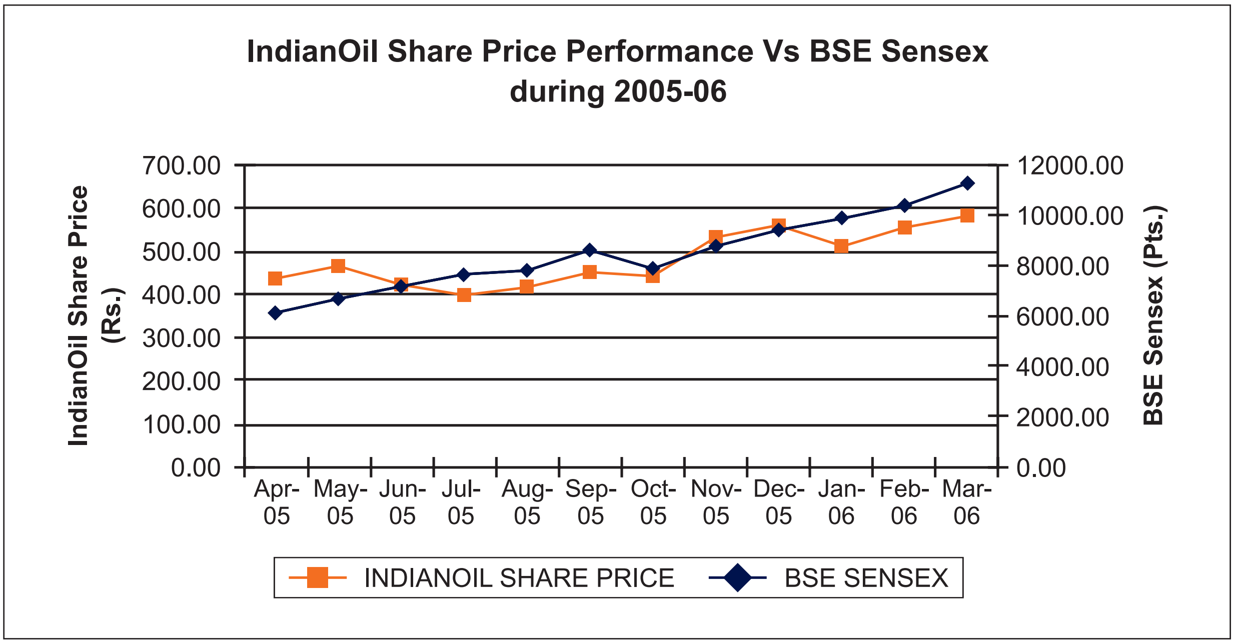
**(i) Market Price Data:**

| Month | Mumbai Stock Exchange Price | | | National Stock Exchange Price | | |
|---|---|---|---|---|---|---|
| | High (Rs.) | Low (Rs.) | Volume | High (Rs.) | Low (Rs.) | Volume |
| April '05 | 460.00 | 370.00 | 683,502 | 480.00 | 427.05 | 2,386,531 |
| May '05 | 470.85 | 426.00 | 1,180,027 | 471.85 | 427.75 | 4,426,828 |
| June '05 | 473.00 | 422.00 | 1,078,274 | 471.50 | 420.00 | 3,112,689 |
| July '05 | 431.00 | 391.00 | 982,363 | 431.00 | 384.90 | 3,572,114 |

| | | | | | | |
|---|---|---|---|---|---|---|
| August '05 | 443.90 | 390.00 | 1,438,341 | 444.50 | 390.00 | 4,942,567 |
| September '05 | 461.90 | 418.10 | 2,937,449 | 460.80 | 417.55 | 5,918,835 |
| October '05 | 478.00 | 435.60 | 1,986,981 | 478.05 | 435.00 | 3,715,926 |
| November '05 | 556.25 | 444.00 | 1,800,757 | 556.80 | 442.00 | 7,159,187 |
| December '05 | 569.00 | 500.40 | 2,002,148 | 574.00 | 492.65 | 6,124,272 |
| January '06 | 570.00 | 504.15 | 1,207,655 | 570.00 | 505.10 | 3,006,095 |
| February '06 | 599.00 | 481.20 | 3,267,429 | 598.90 | 506.00 | 9,198,728 |
| March '06 | 586.10 | 540.00 | 2,050,484 | 587.00 | 449.90 | 5,316,849 |

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

The comparison of the monthly closing share price of IndianOil with the monthly closing BSE Sensex during the period April 2005 – March 2006 is given below:




**(k) Registrar & Transfer Agents**

Karvy Computershare Private Ltd.
46, Avenue 4, Street No.1
Banjara Hills
Hyderabad-500 034.
Tel.Nos. 040-23420815-818
Fax No. 040-23420814
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 and in line with Clause-49 of the Listing Agreement, the Company has delegated the power of share transfer to R&T Agent 'M/s. Karvy Computershare Pvt. Ltd.' There are no overdue share transfers pending as on date.

(m) **Distribution of shareholding as on 31.03.2006**

| Sr.No. | No. of Equity Shares held | Number of Shareholders | % of Shareholders | Amount | % of Amount |
|---|---|---|---|---|---|
| 1. | 1-5000 | 28723 | 57.75 | 36065250 | 0.31 |
| 2. | 5001-10000 | 6621 | 13.31 | 51449710 | 0.44 |
| 3. | 10001-20000 | 14029 | 28.21 | 228437900 | 1.96 |
| 4. | 20001-30000 | 112 | 0.23 | 2758680 | 0.02 |
| 5. | 30001-40000 | 46 | 0.09 | 1648330 | 0.01 |
| 6. | 40001-50000 | 21 | 0.04 | 985350 | 0.01 |
| 7. | 50001-100000 | 42 | 0.08 | 3092020 | 0.03 |
| 8. | Above 100001 | 139 | 0.28 | 11355684760 | 97.22 |
| | **Total** | **49733** | **100.00** | **11680122000** | **100.00** |

(n) **Categories of Shareowners as on 31.03.2006**

| 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 | 709 | 1.43 | 2233070 | 0.19 |
| FIIs/NRI | 413 | 0.83 | 22832513 | 1.95 |
| Banks | 16 | 0.03 | 576352 | 0.05 |
| Mutual Funds | 41 | 0.08 | 10315430 | 0.88 |
| Insurance Companies | 25 | 0.05 | 33652261 | 2.88 |
| Public | 48370 | 97.26 | 32423766 | 2.78 |
| Clearing Members A/c (NSDL / CDSL) | 156 | 0.31 | 97858 | 0.01 |
| **Total** | **49733** | **100.00** | **1168012200** | **100.00** |

(o) **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, 94.49% is in dematerialised form as on 31.03.2006.

(p) **Plant locations**

The addresses of the plant locations are given in the Annual Report.

(q) **Address for Correspondence**

Company Secretary
Indian Oil Corporation Ltd.
IndianOil Bhavan
G-9, Ali Yavar Jung Marg
Bandra (East)
Mumbai-400 051.
Tel.No. 022-26427363 / 26447616 / 26447528
Fax : 022-26447961
E-mail ID: investors@indianoil.co.in

# Certificate



To the Members of Indian Oil Corporation Ltd.

We have examined the compliance of conditions of Corporate Governance by Indian Oil Corporation Limited for the year ended 31st March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations 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 Clause 49 of the above mentioned Listing Agreement except for the number of independent Directors on the Board which was less than half of the total strength of Board as required under the revised caluse 49 of the Listing Agreement effective 1st January, 2006. The Company has informed us that the matter has been taken up with Govt. of India for increasing number of independent Directors on the Board, since it is a Government Company.

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 Shah Dholakia & Associates**
Company Secretaries

Sd/-
**(B.V. Dholakia)**
Partner
C.P. No. 507

Place : Mumbai
Date : 26th July, 2006

# Auditors' Report

## Auditors' Report to the Shareholders

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 2006 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 and Auditor's Report of erstwhile subsidiary merged with the Company, 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 return 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 case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;

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** | **M.M. NISSIM AND CO.** | **K K S & CO.** |
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Sd/- | Sd/- | Sd/- |
| **(MADHUR GUPTA)** | **(SAMIR MEHTA)** | **(K. P. KHANDELWAL)** |
| Partner | Partner | Partner |
| M.No. 90205 | M. No. 43086 | M.No. 50244 |

Place : New Delhi
Date : May 26, 2006

# 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 adequate in relation to the size of the Company and nature of its business.

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 the 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 and 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.

No undisputed dues payable in respect of Income Tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess except dues payable in respect of Investor Education and Protection Fund pertaining to unpaid matured deposits and interest thereon aggregating to Rs. 0.19 crore (since deposited) were in arrears, as at 31st March, 2006 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, 2006, 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 of 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. 111.15 crore (USD 24.91 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** | **M.M. NISSIM AND CO.** | **K K S & CO.** |
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Sd/- | Sd/- | Sd/- |
| **(MADHUR GUPTA)** | **(SAMIR MEHTA)** | **(K. P. KHANDELWAL)** |
| Partner | Partner | Partner |
| M.No. 90205 | M. No. 43086 | M.No. 50244 |

Place : New Delhi
Date : May 26, 2006

# Reporting as per Companies (Auditors Report ) Order 2003 (Disputed Cases)

(Rs. in Crore)

| | Name of the Statute | Forum where dispute is pending | 31.03.06 | 31.03.05 |
|---|---|---|---|---|
| 1 | **Central Excise** | Supreme Court | 33.91 | 0.39 |
| | | High Court | 6.13 | 0.19 |
| | | Tribunal | 1,069.33 | 593.04 |
| | | Revisionary Authorities | - | 47.89 |
| | | Appellate Authorities (Below Tribunal) | 59.71 | 13.27 |
| | | **Sub-Total** | **1,169.08** | **654.78** |
| 2 | **Customs** | Tribunal | 1,169.35 | 4.88 |
| | | Appellate Authorities (Below Tribunal) | 33.28 | 0.22 |
| | | **Sub-Total** | **1,202.63** | **5.10** |
| 3 | **Sales Tax** | Supreme Court | 144.38 | - |
| | | High Court | 310.63 | 141.01 |
| | | Tribunal | 172.36 | 295.12 |
| | | Appellate Authorities (Below Tribunal) | 3,389.11 | 2,898.14 |
| | | **Sub-Total** | **4,016.48** | **3,334.27** |
| 4 | **Income Tax** | Tribunal | 59.81 | 7.78 |
| | | Revisionary Authorities | - | - |
| | | Appellate Authorities (Below Tribunal) | 360.93 | 194.39 |
| | | **Sub-Total** | **420.74** | **202.17** |
| 5 | **Entry Tax** | Supreme Court | 240.09 | - |
| | | High Court | 8.91 | 8.91 |
| | | Tribunal | 130.38 | 128.88 |
| | | Appellate Authorities (Below Tribunal) | 93.96 | 106.99 |
| | | Others | 102.86 | - |
| | | **Sub-Total** | **576.20** | **244.78** |
| 6 | **Local Area Dev. Tax Act 2000** | Sale Tax Tribunal | 41.86 | 4.54 |
| | | Appellate Authorities (Below Tribunal) | - | - |
| | | **Sub-Total** | **41.86** | **4.54** |
| 7 | **Land Revenue** | High Court | 274.16 | 1.78 |
| 8 | **Service Tax** | Appellate Authorities (Below Tribunal) | 0.06 | 0.24 |
| 9 | **Local Municipal Tax** | High Court | 0.38 | - |
| | | Tribunal | 0.10 | 2.16 |
| | | **Sub-Total** | **0.48** | **2.16** |
| 10 | **ESI ACT** | Employee Insurance Court | - | 0.25 |
| | | Appellate Authorities (Below Tribunal) | - | 0.23 |
| | | **Sub-Total** | **-** | **0.48** |
| 11 | **Commercial Tax** | High Court | 1.14 | 0.30 |
| | | **TOTAL** | **7,702.83** | **4,450.60** |

# Balance Sheet
## as at 31st March 2006

(Rs. in Crore)

| | Schedule | | March-06 | March-05 |
|---|---|---|---|---|
| **SOURCES OF FUNDS:** | | | | |
| 1. Shareholders' Funds: | | | | |
| a) Capital | "A" | **1,168.01** | | 1,168.01 |
| b) Reserves and Surplus | "B" | **28,134.66** | | 24,816.35 |
| | | | **29,302.67** | 25,984.36 |
| 2. Loan Funds: | | | | |
| a) Secured Loans | "C" | **7,793.54** | | 2,491.23 |
| b) Unsecured Loans | "D" | **18,610.77** | | 14,829.01 |
| | | | **26,404.31** | 17,320.24 |
| 3. Deferred Tax Liability (Net) | | | **4,422.94** | 4,305.34 |
| **TOTAL** | | | **60,129.92** | 47,609.94 |
| **APPLICATION OF FUNDS:** | | | | |
| 1. Fixed Assets & Intangible Assets: | | | | |
| 1.1. Fixed Assets: | | | | |
| a) Gross Block | "E" | **43,558.81** | | 39,782.44 |
| b) Less: Depreciation | | **18,603.86** | | 16,443.16 |
| c) Less: Impairment Loss | | **35.56** | | 35.56 |
| d) Net Block | | **24,919.39** | | 23,303.72 |
| 1.2 Intangible Assets: | | | | |
| a) Gross Block | "E-1" | **136.15** | | 86.82 |
| b) Less: Amortisation | | **32.12** | | 9.75 |
| c) Net Block | | **104.03** | | 77.07 |
| 1.3 Dismantled Capital Stores | | **25.27** | | 14.44 |
| 1.4 Capital Work-in-Progress | "F" | **9,620.03** | | 8,719.47 |
| | | | **34,668.72** | 32,114.70 |
| 2. Investments | "G" | | **14,521.39** | 5,554.93 |
| 3. Advances for Investments | "G-1" | | **5.00** | 150.00 |
| 4. Finance Lease Receivables | | | **70.57** | 95.49 |
| 5. Current Assets, Loans and Advances: | | | | |
| a) Inventories | "H" | **24,277.79** | | 19,504.82 |
| b) Sundry Debtors | "I" | **6,699.48** | | 5,689.87 |
| c) Cash and Bank Balances | "J" | **744.17** | | 446.32 |
| d) Other Current Assets - Interest accrued on Investments/Bank Deposits | | **31.55** | | 0.00 |
| e) Loans and Advances | "K" | **4,730.10** | | 6,045.79 |
| | | **36,483.09** | | 31,686.80 |

(Rs. in Crore)

| | Schedule | | March-06 | March-05 |
|---|---|---|---|---|
| **APPLICATION OF FUNDS (Contd.):** | | | | |
| 6. Less: Current Liabilities and Provisions | "L" | | | |
| a) Current Liabilities | | **23,697.85** | | 20,075.07 |
| b) Provisions | | **1,978.51** | | 1,950.00 |
| | | **25,676.36** | | 22,025.07 |
| 7. Net Current Assets (5-6) | | | **10,806.73** | 9,661.73 |
| 8. Miscellaneous Expenditure (to the extent not written off or adjusted) | "L-1" | | **57.51** | 33.09 |
| **TOTAL** | | | **60,129.92** | 47,609.94 |
| 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)** | **(S. V. Narasimhan)** | **(Raju Ranganathan)** |
| Chairman | Director (Finance) | Company Secretary |

**As per our attached Report of even date**

| **SURESH CHANDRA & ASSOCIATES** | **M. M. NISSIM AND CO.** | **K K S & CO.** |
|---|---|---|
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Sd/- | Sd/- | Sd/- |
| **(MADHUR GUPTA)** | **(SAMIR MEHTA)** | **(K. P. KHANDELWAL)** |
| Partner | Partner | Partner |
| M.No. 90205 | M.No. 43086 | M.No. 50244 |

Place : New Delhi
Date : May 26, 2006

# Profit and Loss Account

**for the year ended 31st March 2006**

(Rs. in Crore)

| | Schedule | | March-06 | March-05 |
|---|---|---|---|---|
| **INCOME:** | | | | |
| 1. Sale of Products and Crude | | **184,822.01** | | 152,006.18 |
| Less: Commission and Discounts | | **1,617.61** | | 1,277.46 |
| Sale (Net of Commission & Discounts) | | **183,204.40** | | 150,728.72 |
| Less: Excise Duty | | **17,798.11** | | 14,022.70 |
| Sale (Net of Commission, Discount & Excise Duty) | | | **165,406.29** | 136,706.02 |
| 2. Company's use of own Products and Crude | | | **406.74** | 250.72 |
| 3. Net claim from/(surrender to) PPAC/GOI* | | | **0.00** | (9.08) |
| 4. Subsidy From Government of India (As per scheme)** | | | **1,424.07** | 1,356.96 |
| 5. Grant from Government of India (Special Oil Bonds) | | | **6,571.44** | 0.00 |
| 6. Increase/(Decrease) in Stocks | "M" | | **2,599.33** | 1,653.90 |
| 7. Interest and other Income | "N" | | **2,512.39** | 1,473.83 |
| **TOTAL INCOME** | | | **178,920.26** | 141,432.35 |
| * Includes Rs. NIL (2005 : Rs. (-) 9.08 crore) pertaining to previous years | | | | |
| ** Includes Rs. 39.07 crore (2005: Rs. (-) 7.04 crore) pertaining to previous years | | | | |
| **EXPENDITURE:** | | | | |
| 1. Purchase of Products and Crude for resale | | | **90,260.29** | 72,770.28 |
| 2. Manufacturing, Admn., Selling & Other Expenses | "O" | | **78,223.47** | 59,587.19 |
| 3. Duties (Net) | | | **523.65** | 351.50 |
| 4. Depreciation and Amortisation on: | | | | |
| i) Fixed Assets | | **2,182.89** | | 2,065.21 |
| ii) Intangible Assets | | **18.57** | | 7.59 |
| | | | **2,201.46** | 2,072.80 |
| 5. Interest Payments on: | | | | |
| a) Fixed period loans from Banks/Financial Institutions/Others [Includes exchange loss of Rs. 5.99 crore (2005 : Rs. 27.59 crore) considered as borrowing cost] | | **342.27** | | 197.29 |
| b) Bonds | | **100.69** | | 70.12 |
| c) Short term loans from Banks [Includes exchange loss of Rs. 45.93 crore (2005 : Rs. 43.40 crore) considered as borrowing cost] | | **570.94** | | 292.86 |
| d) Short term loans from Subsidiaries | | **0.87** | | 0.03 |
| e) Public Deposits | | **0.96** | | 1.31 |
| f) Others | | **6.46** | | 21.35 |
| | | | **1,022.19** | 582.96 |
| **TOTAL EXPENDITURE** | | | **172,231.06** | 135,364.73 |
| **PROFIT FOR THE YEAR** | | | **6,689.20** | 6,067.62 |
| Income/(Expenses) pertaining to previous years (Net) | "P" | | **16.79** | (112.44) |
| **PROFIT BEFORE TAX** | | | **6,705.99** | 5,955.18 |
| Less: Provision for Tax | | | | |
| a) Current Tax | | | **1,617.63** | 1,029.43 |
| b) Fringe Benefit Tax | | | **57.09** | 0.00 |
| c) Deferred Tax | | | **116.15** | 34.37 |
| **PROFIT AFTER TAX** | | | **4,915.12** | 4,891.38 |
| Balance brought forward from last year's account | | | **0.00** | 0.00 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | | **4,915.12** | 4,891.38 |

(Rs. in Crore)

| | Schedule | March-06 | March-05 |
|---|---|---|---|
| **APPROPRIATIONS:** | | | |
| Interim Dividend | | **0.00** | 525.61 |
| Final Dividend (Proposed) | | **1,460.02** | 1,168.01 |
| Corporate Dividend Tax on | | | |
| Final Dividend of 2003-04(education cess) | | **0.00** | 4.79 |
| Interim Dividend | | **0.00** | 68.69 |
| Final Dividend (Proposed) | | **204.77** | 163.81 |
| Insurance Reserve Account | | **10.00** | 10.00 |
| Bond Redemption Reserve | | **550.35** | (585.61) |
| General Reserve | | **2,689.98** | 3,536.08 |
| Balance carried to Balance Sheet | | **4,915.12** | 4,891.38 |
| **6. a) Earning Per Share (Rupees) (Basic & Diluted)** | "R" (Note no.21) | **42.08** | 41.88 |
| **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/-
**(S. Behuria)**
Chairman

Sd/-
**(S. V. Narasimhan)**
Director (Finance)

Sd/-
**(Raju Ranganathan)**
Company Secretary

**As per our attached Report of even date**

**SURESH CHANDRA & ASSOCIATES**
Chartered Accountants

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

**M. M. NISSIM AND CO.**
Chartered Accountants

Sd/-
**(SAMIR MEHTA)**
Partner
M.No. 43086

**K K S & CO.**
Chartered Accountants

Sd/-
**(K. P. KHANDELWAL)**
Partner
M.No. 50244

Place : New Delhi
Date : May 26, 2006

## SCHEDULE "A" - CAPITAL

(Rs. in Crore)

| | March-06 | March-05 |
|---|---|---|
| **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-06 | | March-05 |
|---|---|---|---|---|
| **1. Capital Reserve:** | | | | |
| As per last Account | | **0.16** | | 0.16 |
| **2. Share Premium Account:** | | | | |
| As per last Account | **175.86** | | 175.86 | |
| Less: Calls in Arrears (Other than Directors) | **0.00** | | 0.00 | |
| | | **175.86** | | 175.86 |
| **3. General Reserve:** | | | | |
| As per last Account | **24,151.20** | | 20,637.92 | |
| Add: Transferred from IOBL on Amalgamation | **69.97** | | 0.00 | |
| Less: Accumulated loss transferred from IOBL on Amalgamation | **4.88** | | 0.00 | |
| Add: Transferred from Profit and Loss Account | **2,689.98** | | 3,536.08 | |
| Less: Adjustment of Impairment Loss (net of deferred tax credit) as on 1.4.2004 | **0.00** | | 22.80 | |
| | | **26,906.27** | | 24,151.20 |
| **4. Insurance Reserve:** | | | | |
| As per last Account | **40.00** | | 30.00 | |
| Add : Transferred from Profit and Loss Account | **10.00** | | 10.00 | |
| | | **50.00** | | 40.00 |
| **5. Export Profit Reserve:** | | | | |
| As per last Account | | **59.41** | | 59.41 |
| **6. Capital Grants:** | | | | |
| As per last Account | **10.52** | | 11.24 | |
| Add: Received during the year | **4.11** | | 0.03 | |
| Less: Amortised during the year | **0.76** | | 0.75 | |
| Less: Surrendered/adjusted against asset sold during the year | **0.46** | | 0.00 | |
| | | **13.41** | | 10.52 |
| **7. Bond Redemption Reserve Account:** | | | | |
| As per last Account | **379.20** | | 964.81 | |
| Add: Transferred from Profit and Loss Account | **550.35** | | (585.61) | |
| | | **929.55** | | 379.20 |
| **8. Profit and Loss Account:** | | | | |
| As per Annexed Account | | **0.00** | | 0.00 |
| TOTAL | | **28,134.66** | | 24,816.35 |

## SCHEDULE "C" - SECURED LOANS

(Rs. in Crore)

| | Note | | March-06 | March-05 |
|---|---|---|---|---|
| **1. Bonds** | | | | |
| a) Non-Convertible Redeemable Bonds - Series - V | A | **347.60** | | 379.20 |
| b) Non-Convertible Redeemable Bonds - Series - VI | B | **1,000.00** | | 0.00 |
| c) Non-Convertible Redeemable Bonds - Series - VII A | C | **725.00** | | 0.00 |
| d) Non-Convertible Redeemable Bonds - Series - VII B | D | **500.00** | | 0.00 |
| Total of (1) | | | **2,572.60** | 379.20 |
| **2. Loans and Advances from Banks:** | E | | | |
| i) Working Capital Demand Loan | | **2,500.00** | | 1,900.00 |
| Interest accrued and due on above | | **0.59** | | 0.00 |
| Total of (i) | | **2,500.59** | | 1,900.00 |
| ii) Cash Credit | | **120.35** | | 211.79 |
| Interest accrued and due on above | | **0.00** | | 0.24 |
| Total of (ii) | | **120.35** | | 212.03 |
| Total of (2) | | | **2,620.94** | 2,112.03 |
| **3. Loans and Advances from Others:** | | | | |
| i) Loan through Collateralized Borrowings and Lending Obligation (CBLO) of Clearing Corporation of India Limited (CCIL) | F | | **2,600.00** | 0.00 |
| **TOTAL** | | | **7,793.54** | 2,491.23 |

**Notes:**

A. 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, 2nd instalment was paid in July 2005. The Bonds carry a coupon rate of 10.25% per annum payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 301 situated in Bandra Anita Premises Co-op. Housing Society Ltd. at Bandra, Mumbai together with 5 shares of Bandra Anita Premises Co-op. Housing Society Ltd. These bonds are also secured by way of charge on immovable properties at Panipat Refinery in the state of Haryana ranking pari-pasu with Bond series VI holders.

B. 10,000 Bonds of face value of Rs.10,00,000 each, allotted on 10th June 2005, are redeemable at par on 10th June 2012. The Bonds also carry a put/call option at the end of 5 years from the date of allotment i.e. 10th June 2010, on exercise of which the Bonds are redeemable at par. The Bonds carry an annual coupon rate of 7.15% payable annually on 30th June. These are secured by way of of registered mortgage over company's premises no. 1343 situatedat MIG Adarsh Nagar Co-op Housing Society Ltd at Worli, Mumbai-400 025 together with 5 shares issued by MIG Adarsh Nagar Co-op Housing Society Ltd. These Bonds are also secured by way of charge on immovable properties of the Company at Panipat Refinery in the state of Haryana ranking pari passu with Bonds series V holders.

C. 7,250 Bonds of face value of Rs.10,00,000 each, allotted on 15th September 2005, are redeemable at par on 15th September 2010. The Bonds also carry a put/call option at the end of every year from the date of allotment i.e. 15th September 2006 and thereafter at the end of every year from the date of allotment 15th September of each year till 2009, on exercise of which the Bonds are redeemable at par. Interest is payable semi-annually on 15th March and 15th September and interest rate will be reset every six months based on the benchmark rate for One - Year GOI Securities. The present rate on bonds is 6.92% per annum. These are secured by way of of registered mortgage over the immovable properties of the Company at Gujarat Refinery situated at Vadodara in the state of Gujarat ranking pari passu with Bonds series VII B holders.

D. 5,000 Bonds of face value of Rs.10,00,000 each, allotted on 15th September 2005, are redeemable at par on 15th September 2015. The Bonds carry an annual coupon rate of 7.40% payable annually on 15th September. These are secured by way of registered mortgage over the immovable properties of the Company at Gujarat Refinery situated at Vadodara in the state of Gujarat ranking pari passu with Bonds series VII A holders.

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

F. Secured against Collateral security of Rs.2320.81 crore of 7% Oil Companies GOI Special Bonds 2012 and Rs. 1128 crore of 7.47% Oil Marketing Companies GOI Special Bonds 2012 with CCIL.

## SCHEDULE "D" - UNSECURED LOANS

**(Rs. in Crore)**

| | | **March-06** | March-05 |
|---|---|---|---|
| **1. Public Deposits:**<br>(including Rs.5.42 crore<br>[2005 : Rs.6.30 crore] due for payment within one year) | | **8.37** | 13.15 |
| **2. Short Term Loans and Advances:** | | | |
| **i) From Banks & Financial Institutions:** | | | |
| a) In Foreign Currency<br>US $ 1525.50 Million, (2005 : US $ 1331.01 Million) | **6,807.16** | | 5,823.19 |
| b) In Rupee | **2,410.00** | | 2,340.00 |
| Total (2)(i) | **9,217.16** | | 8,163.19 |
| **ii) Export Packing Credit:** | | | |
| In Foreign Currency<br>US $ 100 Million (2005 : US $ 25 Million) | **446.22** | | 109.38 |
| **iii) Inter Corporate Deposits:** | **30.00** | | 0.00 |
| Total (2) | | **9,693.38** | 8,272.57 |
| **3. Other Loans and Advances:** | | | |
| **A) From Banks/Financial Institutions:** | | | |
| **i) In Foreign Currency** | | | |
| a) Canara Bank: US $ NIL (2005 :US $ 200 Million)<br>(US $ 100 Million repaid in September 2005 and<br>US $ 100 Million repaid in December 2005) | **0.00** | | 875.00 |
| b) Canara Bank: US $ 200 Million (2005 :Nil)<br>(US $ 100 Million repayable in September 2007 and<br>US $ 100 Million repayable in December 2007) | **892.45** | | 0.00 |
| c) CitiBank Syndication: US $ NIL (2005 :US $ 200 Million)<br>(refinanced in September 2005) | **0.00** | | 875.00 |
| d) BNP Paribas Syndication: US $ 175 Million<br>(2005 :US $ Nil) (US $ 50 million repayable in<br>January 2011, US $ 25 million repayable in<br>February 2011 and US $ 100 Million repayable<br>in March 2011) | **780.89** | | 0.00 |

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| e) Standard Chartered Bank Syndication: US \$ 200 Million (2005: US \$ 200 Million) (repayable 70 Million in January 2010, 60 Million in Feb 2010 and 70 Million in March 2010) | **892.45** | | 875.00 |
| f) Standard Chartered Bank Syndication: US \$ 200 Million (2005: Nil) (repayable in December 2006) | **892.45** | | 0.00 |
| g) Leaseplan North America Inc US \$ 53.93 million (2005 :US \$ 22.68 million) (fully guaranteed by Export Import Bank of US and repayable in 20 half yearly installment w.e.f. March 2006) (amount repayable within one year Rs.12.67 crore) | **240.65** | | 99.22 |
| Total of 3. A i) | **3,698.89** | | 2,724.22 |
| **ii) In Rupee** | | | |
| a) Citibank Bank (repayable in 4 equal half yearly instalment w.e.f. November 2006, amount repayabale within one year Rs.50 crore) | **200.00** | | 0.00 |
| b) Corporation Bank (repayable in June 2008) | **300.00** | | 0.00 |
| c) Union Bank of India (repayable in August 2008) | **500.00** | | 0.00 |
| d) IDBI (repayable in October 2014. The facility also has a put/call option at the end of 7th year.) | **500.00** | | 500.00 |
| e) IDBI (repayable in 5 equal half yearly instalments w.e.f. May'06. Amount repayable within one year Rs.100 crore) | **500.00** | | 0.00 |
| f) State Bank of India (repayable in March 2009) | **500.00** | | 500.00 |
| Add: Interest accrued and due | **0.00** | | 0.07 |
| | **500.00** | | 500.07 |
| Total of 3. A ii) | **2,500.00** | | 1,000.07 |
| **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 (2005: Rs.108.87 crore) | **762.13** | | 871.00 |
| b) OIDB (Repayable in 8 equal annual installments w.e.f. Sept'07) | **948.00** | | 948.00 |
| c) OIDB (Repayable in Sept'07) | **1,000.00** | | 1,000.00 |
| | **2,710.13** | | 2,819.00 |
| **Total of 3.** | | **8,909.02** | 6,543.29 |
| **TOTAL** | | **18,610.77** | 14,829.01 |

## SCHEDULE "E" - FIXED ASSETS

| | | AT COST | | | | | |
|---|---|---|---|---|---|---|---|
| | Note | Gross Block as at 01.04.05 | Adjustment pursuant to amalgamation of IOBL with IOC | Additions during the year (Refer Note B) | Transfers from Construction Work-in-Progress | Disposals During the year | Transfers/ Deductions/ Reclassi-fications |
| Land-Freehold | | 667.29 | 0.00 | 9.04 | 0.00 | (0.63) | (8.57) |
| -Leasehold | | 316.49 | 0.80 | 5.16 | 0.33 | (0.07) | 7.24 |
| Buildings, Roads etc. | A | 4,012.54 | 11.29 | 31.96 | 362.31 | (3.51) | 3.24 |
| Plant and Machinery | | 33,878.74 | 58.81 | 370.60 | 3,039.55 | (51.02) | (95.56) |
| Transport Equipments | | 296.72 | 1.83 | 20.00 | 2.05 | (4.24) | (0.76) |
| Furnitures and Fixtures | | 183.02 | 4.16 | 12.46 | 0.39 | (1.55) | (0.28) |
| Railway Sidings | | 222.40 | 0.18 | 0.17 | (0.27) | (0.88) | (0.62) |
| Drainage, Sewage and Water Supply System | | 205.24 | 0.00 | 0.11 | 3.54 | 0.00 | (0.89) |
| **Total** | | **39,782.44** | **77.07** | **449.50** | **3,407.90** | **(61.90)** | **(96.20)** |
| Previous Year | | 36,341.36 | 0.00 | 840.76 | 2,765.23 | (75.14) | (89.77) |

**Note:**

A. i) Buildings include Rs.0.01 crore (2005: Rs.0.01 crore) towards value of 1965 (2005: 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.13.52 crore (2005: Rs.1.33 crore) earmarked for disposal, on which no further depreciation is charged.

B. Additions to Fixed Assets include Rs.0.59 crore (2005: Rs.-0.06 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.-2.01 crore (2005 : Rs.110.51 crore) pertaining to prior year and Rs.19.48 crore (2005 : Rs. 3.71 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.

F. Net Block of assets include an amount of Rs. 21.67 crores (2005: Rs. NIL) pertaining to assets held for disposal to an identified customer on which no further depreciation will be charged.

(Rs. in Crore)

| | | | | | NET DEPRECIATED BLOCK | |
|---|---|---|---|---|---|---|
| Gross Block as at 31.03.06 (Refer Note C) | Depreciation and Amortisation during the year (Refer Note D) | Total Depreciation and Amortisation upto 31.03.06 | Impairment Loss during the year (Refer Note E) | Total Impairment Loss upto 31.03.06 | AS AT 31.03.06 (Refer Note F) | AS AT 31.03.05 |
| 667.13 | 0.00 | 0.00 | 0.00 | 0.00 | 667.13 | 667.29 |
| 329.95 | 7.31 | 45.71 | 0.00 | 0.00 | 284.24 | 278.24 |
| 4,417.83 | 112.33 | 722.63 | 0.00 | 0.00 | 3,695.20 | 3,405.53 |
| 37,201.12 | 2,032.36 | 17,285.91 | 0.00 | 35.56 | 19,879.65 | 18,548.74 |
| 315.60 | 24.71 | 233.22 | 0.00 | 0.00 | 82.38 | 85.24 |
| 198.20 | 10.89 | 99.64 | 0.00 | 0.00 | 98.56 | 96.25 |
| 220.98 | 5.78 | 96.47 | 0.00 | 0.00 | 124.51 | 131.21 |
| 208.00 | 6.98 | 120.28 | 0.00 | 0.00 | 87.72 | 91.22 |
| **43,558.81** | **2,200.36** | **18,603.86** | **0.00** | **35.56** | **24,919.39** | **23,303.72** |
| **39,782.44** | 2,179.43 | **16,443.16** | 35.56 | 35.56 | **23,303.72** | |

**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 31.03.06 | W.D.V. as at 31.03.05 |
|---|---|---|---|---|---|---|
| Land - Freehold | HPC/BPC/IBP | 1.55 | 0.00 | 0.00 | 1.55 | 1.37 |
| Land - Leasehold | HPC/BPC/IBP | 0.78 | 0.13 | 0.00 | 0.65 | 0.64 |
| Buildings | HPC/BPC/HERDILIA-UNIMERS LTD. | 2.56 | 0.20 | 0.00 | 2.36 | 2.16 |
| Plant and Machinery | HPC/BPC/IBP/ GSFC/IPCL/ACC/ CSIR | 87.24 | 19.40 | 0.00 | 67.84 | 72.02 |
| Transport Equipment | RAILWAYS | 183.05 | 155.82 | 0.00 | 27.23 | 41.94 |
| Railway Sidings | HPC/BPC | 29.03 | 9.98 | 0.00 | 19.05 | 20.03 |
| Drainage, Sewage & Water Supply | GSFC | 0.99 | 0.94 | 0.00 | 0.05 | 0.05 |
| **Total** | | **305.20** | **186.47** | **0.00** | **118.73** | **138.21** |
| Previous year | | 305.11 | 166.90 | 0.00 | 138.21 | |

## SCHEDULE "E-1" - INTANGIBLE ASSETS

| | Note | AT COST | | | | |
|---|---|---|---|---|---|---|
| | | Gross Block as at 01.04.05 | Additions during the year | Transfers from Construction Work-in-Progress | Disposals During the year | Transfers/ Deductions/ Reclassi-fications |
| Right of Way | A | 23.36 | 2.26 | 0.00 | 0.00 | (0.31) |
| Licenses | | 50.69 | 8.11 | 17.48 | (1.77) | 0.00 |
| Computer Software | | 12.77 | 2.89 | 6.03 | 0.00 | 14.64 |
| **Total** | | **86.82** | **13.26** | **23.51** | **(1.77)** | **14.33** |
| Previous Year | | 46.94 | 8.50 | 30.12 | 0.00 | 1.26 |

**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.3.81 crore (2005 : Rs.0.08 crore) pertaining to prior year.

## SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

**(Rs. in Crore)**

| | Note | | March-06 | March-05 |
|---|---|---|---|---|
| 1. Construction Work-in-Progress - Fixed Assets (including unallocated capital expenditure, materials at site) | | **3,041.46** | | 2,193.16 |
| Less: Provision for Capital Losses | | **41.77** | | 13.86 |
| | | | **2,999.69** | 2,179.30 |
| 2. Advance for Capital Expenditure | | **4,032.20** | | 4,094.81 |
| Less: Provision for Doubtful Advance | | **10.00** | | 0.00 |
| | | | **4,022.20** | 4,094.81 |
| 3. Capital Stores | A | **1,039.04** | | 1,087.71 |
| Less: Provision for Capital Losses | | **9.59** | | 0.33 |
| | | | **1,029.45** | 1,087.38 |
| 4. Capital Goods-in-Transit | | | **295.81** | 368.67 |
| 5. Construction period expenses pending allocation: | | | | |
| Balance as at beginning of the year | | **725.36** | | 648.32 |
| Add: Opening Balance Adjustment | | **0.00** | | 47.21 |
| Add: Net Expenditure during the year (Sch. "F-1") | | **457.68** | | 206.61 |
| | | **1,183.04** | | 902.14 |
| Less: Allocated to Assets during the year | | **193.60** | | 176.78 |
| | | | **989.44** | 725.36 |
| 6. Work-in-Progress - Intangible Assets (including unallocated capital expenditure) | | **317.39** | | 263.95 |
| Less: Provision for loss | | **33.95** | | 0.00 |
| | | | **283.44** | 263.95 |
| TOTAL | | | **9,620.03** | 8,719.47 |

**Note:**

| | | | | |
|---|---|---|---|---|
| A. Includes Stock lying with contractors | | | **128.95** | 192.18 |

(Rs. in Crore)

| Gross Block as at 31.03.06 | Amortisation during the year (Refer Note B) | Total Amortisation upto 31.03.06 | Impairment Loss during the year | Total Impairment Loss upto 31.03.06 | NET BLOCK AS AT 31.03.06 | NET BLOCK AS AT 31.03.05 |
|---|---|---|---|---|---|---|
| 25.31 | 0.00 | 0.00 | 0.00 | 0.00 | 25.31 | 23.36 |
| 74.51 | 6.85 | 13.25 | 0.00 | 0.00 | 61.26 | 44.29 |
| 36.33 | 15.53 | 18.87 | 0.00 | 0.00 | 17.46 | 9.42 |
| **136.15** | **22.38** | **32.12** | **0.00** | **0.00** | **104.03** | **77.07** |
| **86.82** | 7.67 | **9.75** | 0.00 | 0.00 | **77.07** | |

## SCHEDULE “F-1” - CONSTRUCTION PERIOD EXPENSES (NET) DURING THE YEAR

(Rs. in Crore)

| | March-06 | March-05 |
|---|---|---|
| 1. Payments to and Provision for Employees | **51.83** | 44.76 |
| 2. Repairs & Maintenance | **2.03** | 1.28 |
| 3. Consumption of Stores & Spares | **0.02** | 0.03 |
| 4. Power & Fuel | **7.73** | 2.54 |
| 5. Rent | **2.93** | 5.03 |
| 6. Insurance | **13.27** | 7.99 |
| 7. Rates & Taxes | **0.04** | 0.04 |
| 8. Travelling Expenses | **10.48** | 8.60 |
| 9. Communication Expenses | **1.35** | 1.07 |
| 10. Printing & Stationery | **0.49** | 0.43 |
| 11. Electricity & Water Charges | **0.69** | 0.30 |
| 12. Bank Charges | **0.40** | 0.14 |
| 13. Technical Assistance Fees | **0.13** | 0.00 |
| 14. Exchange Fluctuation | **6.02** | 0.05 |
| 15. Interest | **149.37** | 94.96 |
| 16. Depreciation | **19.48** | 3.71 |
| 17. Start up/Trial Run Expenses | **140.07** | 22.49 |
| 18. Others | **127.19** | 28.77 |
| Total Expenses | **533.52** | 222.19 |
| Less: Recoveries | **75.84** | 15.58 |
| **Net Expenditure during the year** | **457.68** | 206.61 |

## SCHEDULE "G" - INVESTMENTS

(Rs. in Crore)

| | | No. and Particulars of Shares | Face Value per Share (Rupees) | March-06 | March-05 |
|---|---|---|---|---|---|
| **I** | **LONG TERM INVESTMENTS (At Cost):** | | | | |
| **1.** | **QUOTED:** | | | | |
| | **Trade Investments:** | | | | |
| | **a) In Subsidiary Companies:** | | | | |
| i) | Chennai Petroleum Corporation Limited | 7,72,65,200 Equity Shares each fully paid in cash | 10/- | **509.33** | 509.33 |
| ii) | Bongaigaon Refinery & 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.12 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 L N G 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 (Refer Note A) | 2,04,19,774 (2005: 4,08,39,549) Equity Shares each fully paid in cash | 10/- | **122.52** | 245.04 |
| | | **Sub-total: (c)** | | **2,347.67** | 2,470.19 |
| | | **TOTAL: 1** | | **5,139.67** | 5,262.19 |

Aggregate Market Value of securities mentioned above is **Rs.23000.64 crore** (2005: Rs.17995.29 crore) which includes **Rs.508.80 crore** (2005: Rs.838.80 crore) in respect of Lanka IOC Limited, quoted on Colombo Stock Exchange, Sri Lanka, being equivalent in Indian currency.

| | | | | | |
|---|---|---|---|---|---|
| **2.** | **UNQUOTED:** | | | | |
| | **A) Non-Trade Investments:** | | | | |
| i) | In Government - Securities (Refer note B) | 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/- | | |

(Rs. in Crore)

| | No. and Particulars of Shares | Face Value per Share (Rupees) | | March-06 | March-05 |
|---|---|---|---|---|---|
| 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 Subsidiary Companies** | | | | | |
| i) Indian Oil Blending Ltd. (Refer note C) | Nil (2005: 8,000) Equity Shares each fully paid in cash | 500/- | | **0.00** | 0.40 |
| ii) Indian Oil Mauritius Ltd. | 48,82,043 (2005: 15,88,920) Equity Shares each fully paid in cash | 100/-** | | **75.67** | 25.50 |
| iii) IndianOil Technologies Ltd. | 5,50,000 Equity shares fully paid in cash | 10/- | | **0.55** | 0.55 |
| iv) Indian Strategic Petroleum Reserve Limited (Refer note no.13 of Schedule R - Notes to Accounts) | 10,00,000 Equity shares fully paid in cash | 10/- | | **1.00** | 1.00 |
| | **Sub-total: (a)** | | | **77.22** | 27.45 |
| * In Sri Lankan Rupees | | | | | |
| ** In Mauritian Rupees | | | | | |
| **b) In Joint Venture Companies** | | | | | |
| i) Avi-Oil India Private Ltd. | 45,00,000 Equity Shares fully paid in cash | 10/- | | **4.50** | 4.50 |
| ii) Petronet India Limited | 1,60,00,000 Equity Shares fully paid up in cash | 10/- | **16.00** | | 16.00 |
| Less: Provision for Diminution | | | **16.00** | | 16.00 |
| | | | | **0.00** | 0.00 |
| iii) Indian Oil Tanking Limited | 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** | | 26.00 |
| | | | | **0.00** | 0.00 |
| 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 |

## SCHEDULE “G” - INVESTMENTS (Contd.)

**(Rs. in Crore)**

| | | No. and Particulars of Shares | Face Value per Share (Rupees) | | **March-06** | March-05 |
|---|---|---|---|---|---|---|
| vi) | Lubrizol India Private Ltd. | 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 | 37,44,000 (2005: 10,66,000) Equity Shares fully paid in cash | 10/- | **3.83** | | 1.07 |
| | Less: Provision for Diminution | | | **3.83** | | 1.07 |
| | | | | | **0.00** | 0.00 |
| ix) | Petronet CTM Limited | Nil (2005: 26) Equity Shares fully paid in cash | 10/- | **0.00** | | 0.00 |
| | Less: Provision for Diminution | | | **0.00** | | 0.00 |
| | (Refer note B) | | | | **0.00** | 0.00 |
| x) | ONGIO International Pvt. Ltd. | Nil (2005: 15,05,000) Equity Shares fully paid in cash | 10/- | **0.00** | | 1.51 |
| | Less: Provision for Diminution | | | **0.00** | | 1.51 |
| | (Refer note B) | | | | **0.00** | 0.00 |
| xi) | Green Gas Limited | 12,500 (2005: Nil) Equity Shares fully paid in cash | 10/- | | **0.01** | 0.00 |
| | | **Sub-total: (b)** | | | **265.27** | 265.26 |
| **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 |
| ii) | Haldia Petrochemicals Limited | 15,00,00,000 (2005: Nil) Equity Shares fully paid in cash | 10/- | | **150.00** | 0.00 |
| iii) | 7% Oil Companies GOI Special Bonds 2012 | | | | **2,320.81** | 0.00 |
| | | **Sub-total: 2B** | | | **2,813.32** | 292.73 |
| | | **Total: 2** | | | **2,813.33** | 292.74 |
| | | **Total I: (1 + 2)** | | | **7,953.00** | 5,554.93 |
| **II** | **CURRENT INVESTMENTS (At Cost):** (Refer note D) | | | | | |
| | **UNQUOTED:** | | | | | |
| i) | 7.07% Oil Marketing Companies GOI Special Bonds 2009 | | | | **1,128.00** | 0.00 |
| ii) | 7.33% Oil Marleting Companies GOI Special Bonds 2009 | | | **1,128.00** | | |
| | Less: Provision for Diminution | | | **3.05** | **1,124.95** | 0.00 |
| iii) | 7.44% Oil Marketing Companies GOI Special Bonds 2012 | | | | **1,128.00** | 0.00 |
| iv) | 7.47% Oil Marketing Companies GOI Special Bonds 2012 | | | | **1,128.00** | 0.00 |

| | | |
|---|---|---|
| v) 7.59% Oil Marketing Companies GOI Special Bonds 2015 | **1,073.84** | 0.00 |
| vi) 7.61% Oil Marketing Companies GOI Special Bonds 2015 | **985.60** | 0.00 |
| **Total II:** | **6,568.39** | 0.00 |
| **Total: (I + II)** | **14,521.39** | 5,554.93 |

**Note:**

A. During the year, the following investments were sold/realised:

| Particulars | Nos. | Face Value (Rupees) |
|---|---|---|
| 1) Shares in GAIL (India) Limited | 20,419,775 | 204,197,750 |

B. Investment of Rs.2.00 crore (including Advance for Investments of Rs.0.49 crore) (2005: Rs.12000/-) has been written off during the year.

| | | |
|---|---|---|
| C. Indian Oil Blending Limited<br>Set-off with Share Capital on amalgamation of IOBL with IOCL. | 8000 | 0.40 crores |

D. During the year, the following Government of India Bonds issued in the name of Indian Oil Corporation Limited on behalf of IBP Co. Limited have been transferred to IBP Co. Limited.

| Particulars | Nos. | Face Value (Rs. in Crore) |
|---|---|---|
| i) 7.07% Oil Marketing Companies GOI Special Bonds 2009 | 72,000 | 72.00 |
| ii) 7.33% Oil Marketing Companies GOI Special Bonds 2009 | 72,000 | 72.00 |
| iii) 7.44% Oil Marketing Companies GOI Special Bonds 2012 | 72,000 | 72.00 |
| iv) 7.47% Oil Marketing Companies GOI Special Bonds 2012 | 72,000 | 72.00 |
| v) 7.59% Oil Marketing Companies GOI Special Bonds 2015 | 69,110 | 69.11 |
| vi) 7.61% Oil Marketing Companies GOI Special Bonds 2015 | 63,470 | 63.47 |
| | | **420.58** |

## SCHEDULE "G-1" - ADVANCES FOR INVESTMENT

**(Rs. in Crore)**

| | | **March-06** | March-05 |
|---|---|---|---|
| **A. Joint Venture Companies** | | | |
| i) IndianOil TCG Petrochem Limited | **0.00** | | 0.49 |
| Less: Provision for diminution | **0.00** | | 0.49 |
| (Refer Note B of Schedule 'G') | | **-** | - |
| ii) Petronet CI Limited | **0.00** | | 1.87 |
| Less: Provision for diminution | **0.00** | | 1.87 |
| | | **-** | - |
| iii) Green Gas Limited | | **5.00** | - |
| | | **5.00** | **-** |
| **B. Others** | | | |
| i) Haldia Petrochemicals Limited | | **-** | 150.00 |
| **Total** | | **5.00** | 150.00 |

## SCHEDULE "H"- INVENTORIES

(Rs. in Crore)

| | Note | | March-06 | March-05 |
|---|---|---|---|---|
| **1. In Hand:** | | | | |
| a. Stores, Spares etc. | A | **871.80** | | 742.68 |
| Less: Provision for Losses | | **46.04** | | 38.33 |
| | | | **825.76** | 704.35 |
| b. Raw Materials | B | | **6,203.42** | 4,528.91 |
| c. Finished Products | C | | **12,316.07** | 10,062.17 |
| d. Stock in Process | | | **1,624.78** | 1,175.56 |
| e. Barrels and Tins | D | | **9.28** | 12.06 |
| **Total (1)** | | | **20,979.31** | 16,483.05 |
| **2. In Transit:** | | | | |
| a. Stores & Spares | | | **52.15** | 81.18 |
| b. Raw Materials | | | **3,192.10** | 2,782.57 |
| c. Finished Products | | | **54.23** | 158.02 |
| **Total (2)** | | | **3,298.48** | 3,021.77 |
| **TOTAL** | | | **24,277.79** | 19,504.82 |

**Note: Includes:**

| | March-06 | March-05 |
|---|---|---|
| A. Stock lying with contractors | **13.66** | 14.50 |
| B. Stock lying with others | **54.61** | 108.77 |
| C. Stock lying with others | **220.99** | 246.11 |
| D. Stock lying with others | **0.81** | 1.54 |

## SCHEDULE "I" - SUNDRY DEBTORS

(Rs. in Crore)

| | March-06 | March-05 |
|---|---|---|
| **1. Over Six Months:** | | |
| **a) From Subsidiary Companies** | | |
| i) Unsecured, Considered Good | **24.28** | 31.06 |
| **b) From Others** | | |
| i) Unsecured, Considered Good | **110.41** | 14.07 |
| ii) Unsecured, Considered Doubtful | **255.52** | 267.51 |
| **Total 1** | **390.21** | 312.64 |
| **2. Other Debts:** | | |
| **a) From Subsidiary Companies** | | |
| i) Unsecured, Considered Good | **2,145.66** | 1,900.37 |
| **b) From Others** | | |
| i) Unsecured, Considered Good | **4,419.13** | 3,744.37 |
| ii) Unsecured, Considered Doubtful | **0.36** | 0.52 |
| **Total 2** | **6,565.15** | 5,645.26 |
| **Total : (1+2)** | **6,955.36** | 5,957.90 |
| Less: Provision for Doubtful Debts | **255.88** | 268.03 |
| **TOTAL** | **6,699.48** | 5,689.87 |

IndianOil

## SCHEDULE "J" - CASH AND BANK BALANCES

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| 1. Cash Balances: | | | |
| a) Cash Balances including imprest | 2.70 | | 3.10 |
| b) Cheques in hand | 698.83 | | 420.66 |
| | | 701.53 | 423.76 |
| 2. Bank Balances with Scheduled Banks: | | | |
| a) Current Account | 27.85 | | 10.79 |
| b) Fixed Deposit Account | 14.63 | | 11.62 |
| c) Blocked Account | 0.16 | | 0.15 |
| | | 42.64 | 22.56 |
| TOTAL | | 744.17 | 446.32 |

## SCHEDULE "K" - LOANS AND ADVANCES

(Rs. in Crore)

| | Note | | March-06 | March-05 |
|---|---|---|---|---|
| 1. Advance recoverable in cash or in kind or for value to be received: | | | | |
| a) From Subsidiary Companies | | | | |
| i) Unsecured, Considered Good | | 1.09 | | 44.34 |
| Total (a) | | 1.09 | | 44.34 |
| b) From Others | A | | | |
| i) Secured, Considered Good | | 992.48 | | 993.84 |
| ii) Unsecured, Considered Good | | 1,318.12 | | 846.12 |
| iii) Unsecured, Considered Doubtful | | 5.75 | | 4.73 |
| Total (b) | | 2,316.35 | | 1,844.69 |
| Total | | 2,317.44 | | 1,889.03 |
| Less: Provision for Doubtful Advances | | 5.75 | | 4.73 |
| | | | 2,311.69 | 1,884.30 |
| 2. Amount recoverable from PPAC (Net): | | | | |
| Unsecured, Considered Good | | | 0.00 | 2,320.81 |
| 3. Amount recoverable from Government of India: | | | | |
| Unsecured, Considered Good | | | 52.76 | 155.63 |
| 4. Claims Recoverable: | | | | |
| a) From Others | | | | |
| i) Secured, Considered Good | | 0.10 | | 0.10 |
| ii) Unsecured, Considered Good | B | 1,138.41 | | 1,198.62 |
| iii) Unsecured, Considered Doubtful | | 32.91 | | 20.86 |
| Total | | 1,171.42 | | 1,219.58 |
| Less: Provision for Doubtful Claims | | 32.91 | | 20.86 |
| | | | 1,138.51 | 1,198.72 |

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

(Rs. in Crore)

| | Note | | March-06 | March-05 |
|---|---|---|---|---|
| 5. Balance with Customs, Port Trust and Excise Authorities: | | | | |
| Unsecured, Considered Good | | | **60.55** | 51.57 |
| 6. Advance Tax (net) | | | **172.57** | 0.00 |
| 7. Materials given on loan | | | | |
| a) From Subsidiary Companies | | | | |
| i) Secured, Considered Good | | **0.59** | | 0.38 |
| Less: Deposits received | | **0.59** | | 0.38 |
| | | **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 | | **0.06** | | 0.09 |
| Less: Deposits received | | **0.06** | | 0.09 |
| | | **0.00** | | 0.00 |
| ii) Unsecured, Considered Good | | **0.19** | | 0.00 |
| **Total (b)** | | **0.19** | | 0.00 |
| **Total** | | | **0.19** | 0.00 |
| 8. Sundry Deposits (including amount adjustable on receipt of Final bills): | | | | |
| a) From Subsidiary Companies | | | | |
| i) Unsecured, Considered Good | | **0.03** | | 0.00 |
| **Total (a)** | | **0.03** | | 0.00 |
| b) From Others | | | | |
| i) Secured, Considered Good | | **9.04** | | 9.00 |
| ii) Unsecured, Considered Good | | **984.76** | | 425.76 |
| iii) Unsecured, Considered Doubtful | | **0.01** | | 0.00 |
| **Total (b)** | | **993.81** | | 434.76 |
| **Total** | | **993.84** | | 434.76 |
| Less: Provision for Doubtful Deposits | | **0.01** | | 0.00 |
| | | | **993.83** | 434.76 |
| **TOTAL** | | | **4,730.10** | 6,045.79 |

**Notes:**

**A. Includes:**

| | March-06 | March-05 |
|---|---|---|
| 1. Due from Directors | **0.38** | 0.12 |
| Maximum amount during the year | **0.45** | 0.18 |
| 2. Due from other Officers | **3.10** | 3.13 |
| Maximum amount during the year | **4.17** | 3.89 |
| **B.** Includes Customs/Excise Duty Claims which are in the process of being lodged with the Department | **57.85** | 81.41 |

## SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Crore)

| | Note | | March-06 | March-05 |
|---|---|---|---|---|
| **1. Current Liabilities** | | | | |
| a) Sundry Creditors | | | | |
| i) Total Dues of small scale industrial undertaking(s) | A | **35.23** | | 44.35 |
| ii) Total Dues of creditors other than small scale industrial undertaking(s) | | **12,795.51** | | 11,203.57 |
| **Total of (a)** | | | **12,830.74** | 11,247.92 |
| b) Other Liabilities | | | **3,884.85** | 2,825.28 |
| c) Dues to Subsidiary Companies | | | **1,250.52** | 743.47 |
| d) Investor Education and Protection Fund shall be credited by the following amount namely: | B | | | |
| - Unpaid Dividend | | | **3.16** | 3.40 |
| - Unpaid Matured Deposits | | | **2.04** | 1.22 |
| - Unpaid Matured Bonds | | | **0.08** | 0.00 |
| e) Security Deposits | | **5,505.09** | | 5,190.74 |
| Less:Investments and Deposits with Banks lodged by outside parties | | **0.05** | | 0.06 |
| | | | **5,505.04** | 5,190.68 |
| f) Material taken on loan | | | | |
| i) From Subsidiary Companies | | **0.06** | | 0.06 |
| Less: Deposits given | | **0.00** | | 0.00 |
| **Total (i)** | | **0.06** | | 0.06 |
| ii) From Others | | **0.26** | | 0.28 |
| Less: Deposits given | | **0.26** | | 0.28 |
| **Total (ii)** | | **0.00** | | 0.00 |
| **Total** | | | **0.06** | 0.06 |
| g) Liability on Foreign Currency Contract | | **265.55** | | 0.00 |
| Less: Foreign Currency Receivables | | **223.11** | | 0.00 |
| | | | **42.44** | 0.00 |
| h) Interest accrued but not due on loans | | | **178.92** | 63.04 |
| **Total Current Liabilities** | | | **23,697.85** | 20,075.07 |
| **2. Provisions** | | | | |
| a) Provision for Taxation | | | | |
| i) Provision for Current Tax | | **5,558.12** | | 5,676.88 |
| Less: Advance payments | | **5,558.12** | | 5,312.68 |
| **Sub-total (i)** | | **0.00** | | 364.20 |
| ii) Provision for Fringe Benefit Tax | | **56.60** | | 0.00 |
| Less: Advance payments | | **52.75** | | 0.00 |
| **Sub-total (ii)** | | **3.85** | | 0.00 |
| **Sub-total (a) = (i + ii)** | | | **3.85** | 364.20 |

## SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS (Contd.)

(Rs. in Crore)

| | Note | | March-06 | March-05 |
|---|---|---|---|---|
| b) Proposed Dividend | | | **1,460.02** | 1,168.01 |
| c) Corporate Dividend Tax | | | **204.77** | 163.81 |
| d) Provision for Retirement Benefits | | | **247.09** | 194.07 |
| e) Contingencies for probable obligations | | | **62.78** | 59.91 |
| **Total Provisions** | | | **1,978.51** | 1,950.00 |
| **TOTAL** | | | **25,676.36** | 22,025.07 |

**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. Includes an amount of Rs. 42.62 lacs due and payable as on March 31, 2006 for credit to Investor Education & Protection Fund (Fund) and the balance amount remaining due will be transferred on the respective due dates to the Fund.

## SCHEDULE "L-1"- MISCELLANEOUS EXPENDITURE

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| **a) Voluntary Retirement Compensation** | | | |
| As per last accounts | **33.09** | | 73.29 |
| Add: Transfer on amalgamation of IOBL | **1.55** | | 0.00 |
| Add: Expenditure during the year | **9.65** | | 14.88 |
| Sub-Total | **44.29** | | 88.17 |
| Less: Amortised during the year | **16.03** | | 55.08 |
| | | **28.26** | 33.09 |
| **b) Premium on Forward Contract** | | | |
| As per last accounts | **0.00** | | 0.00 |
| Add: Expenditure during the year | **39.72** | | 0.00 |
| Sub-Total | **39.72** | | 0.00 |
| Less: Amortised during the year | **10.47** | | 0.00 |
| | | **29.25** | 0.00 |
| **TOTAL** | | **57.51** | 33.09 |

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

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| **Closing Stock** | | | |
| a) Finished Products | **12,370.30** | | 10,220.19 |
| b) Stock in Process | **1,624.78** | | 1,175.56 |
| | | **13,995.08** | 11,395.75 |
| Less: | | | |
| **Opening 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 |
| **NET INCREASE/(DECREASE)** | | **2,599.33** | 1,653.90 |

## SCHEDULE "N" - INTEREST AND OTHER INCOME

**(Rs. in Crore)**

| | Note | | **March-06** | March-05 | |
|---|---|---|---|---|---|
| 1. Interest on: | A | | | | |
| a) Loans and Advances | | | | | |
| i) From Subsidiary Companies | | **0.61** | | 1.60 | |
| ii) From Others | | **42.93** | | 41.54 | |
| | | **43.54** | | 43.14 | |
| b) Fixed Deposits with Banks | | **0.04** | | 0.00 | |
| c) Short Term Deposits with Banks | | **0.95** | | 11.05 | |
| d) Customers Outstandings | | | | | |
| i) From Subsidiary Companies | | **1.92** | | 4.68 | |
| ii) From Others | | **42.91** | | 49.21 | |
| | | **44.83** | | 53.89 | |
| e) Oil Companies GOI SPL Bonds | | **112.73** | | 0.00 | |
| f) Others | B | **(5.43)** | | 1.04 | |
| | | | **196.66** | | 109.12 |
| 2. Dividend: | | | | | |
| a) From Subsidiary Companies | | **217.04** | | 232.09 | |
| b) From Other Companies | | **680.99** | | 454.67 | |
| | | | **898.03** | | 686.76 |
| 3. Profit on sale of Long Term Investments | | | **438.46** | | 0.00 |
| 4. Sale of Power and Water | | | **5.25** | | 5.16 |
| 5. Profit on sale and disposal of Assets | | | **10.38** | | 9.50 |
| 6. Unclaimed/Unspent liabilities written back | | | **486.97** | | 133.89 |
| 7. Provision for Doubtful Debts, Advances, Claims and Stores written back | | | **34.64** | | 20.69 |
| 8. Provision for Contingencies written back | | | **0.90** | | 0.00 |
| 9. Recoveries from Employees | | | **14.70** | | 14.64 |
| 10. Retail Outlet Licence Fees | | | **43.34** | | 42.85 |
| 11. Collection Charges for Outstation Cheques | | | **10.42** | | 14.09 |
| 12. Sale of Scrap | | | **30.93** | | 29.48 |
| 13. Financing Charges on Finance Leases | | | **9.69** | | 12.13 |
| 14. Amortisation of Capital Grants | | | **0.76** | | 0.75 |
| 15. Exchange Fluctuations (Net) | | | **0.00** | | 145.99 |
| 16. Commodity Hedging Gain (Net) | | | **16.24** | | 0.00 |
| 17. Terminalling Charges | | | **34.11** | | 28.19 |
| 18. Recovery towards Inventory Carrying Cost | | | **49.49** | | 44.44 |
| 19. Provision for loss in cost of Investment written back | | | **2.00** | | 0.00 |
| 20. Other Miscellaneous Income | | | **229.42** | | 176.15 |
| **TOTAL** | | | **2,512.39** | | 1,473.83 |

**Note:**

A. Includes Tax Deducted at Source of **Rs. 0.21 crore** (2005 : Rs.0.04 crore).

B. Includes **Rs. (-) 6.08 crore** (2005 : Rs. 1.04 crore) as interest(net) received/(surrendered) under section 244 A of the I.Tax Act. 1961.

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

**(Rs. in Crore)**

| | Note | | **March-06** | March-05 |
|---|---|---|---|---|
| 1. Raw Materials Consumed: | | | | |
| Opening Balance | | **7,311.48** | | 4,534.84 |
| Add: Receipts | | | | |
| Add: Purchases | | **70,318.40** | | 52,482.78 |
| | | **77,629.88** | | 57,017.62 |
| Less: Closing Stock | | **9,395.52** | | 7,311.48 |
| | | | **68,234.36** | 49,706.14 |
| 2. Consumption: | | | | |
| a) Stores, Spares and Consumables | | **292.54** | | 255.43 |
| b) Packages & Drum Sheets | | **225.67** | | 169.94 |
| | | | **518.21** | 425.37 |
| 3. Power & Fuel | | **3,852.54** | | 3,043.70 |
| Less: Fuel for own production | | **3,634.25** | | 2,879.75 |
| | | | **218.29** | 163.95 |
| 4. Processing Fees, Blending Fees, Royalty & Other Charges | | | **10.88** | 42.22 |
| 5. Octroi, Other Levies and Irrecoverable Taxes | | | **643.51** | 692.98 |
| 6. Repairs and Maintenance: | | | | |
| i) Plant and Machinery | | **518.17** | | 526.72 |
| ii) Buildings | | **93.50** | | 62.72 |
| iii) Others | | **53.98** | | 52.91 |
| | | | **665.65** | 642.35 |
| 7. Freight, Transportation Charges and Demurrage | | | **4,114.87** | 4,288.22 |
| 8. Payments to and Provisions for Employees: | | | | |
| (a) Salaries, Wages, Bonus etc. | A | **1,347.17** | | 1,293.94 |
| (b) Contribution to Provident & Other Funds | | **208.68** | | 221.10 |
| (c) Amortisation of Voluntary Retirement Compensation | | **16.03** | | 55.08 |
| (d) Staff Welfare Expenses | | **290.17** | | 315.46 |
| | | | **1,862.05** | 1,885.58 |
| 9. Office Administration,Selling and Other Expenses (Schedule "O-1") | | | **1,955.65** | 1,740.38 |
| **TOTAL** | | | **78,223.47** | 59,587.19 |

**Note:**

A. Includes **Rs. 46.79 crore** (2005 : Rs. 136.63 crore) on account of arrears of Incentive Bonus pertaining to previous year.

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

(Rs. in Crore)

| | Note | | March-06 | March-05 |
|---|---|---|---|---|
| 1. Rent | | | **177.83** | 197.62 |
| 2. Insurance | | | **84.52** | 83.98 |
| 3. Rates & Taxes | | | **48.62** | 45.74 |
| 4. Donations | | | **1.00** | 26.54 |
| 5. Payment to Auditors: | | | | |
| a) Audit Fees | | **0.43** | | 0.41 |
| b) Tax Audit Fees | | **0.09** | | 0.05 |
| c) Other Services (for issuing certificates etc.) | | **0.17** | | 0.16 |
| d) Out of Pocket Expenses | | **0.05** | | 0.04 |
| | | | **0.74** | 0.66 |
| 6. Travelling & Conveyance | | | **158.38** | 153.49 |
| 7. Communication Expenses | | | **37.03** | 36.86 |
| 8. Printing & Stationery | | | **16.91** | 18.36 |
| 9. Electricity & Water | | | **116.77** | 108.77 |
| 10. Bank Charges | | | **25.17** | 21.21 |
| 11. Bad Debts, Advances & Claims written off | | | **2.60** | 3.94 |
| 12. Loss on Assets sold, lost or written off | | | **15.89** | 23.96 |
| 13. Technical Assistance Fees | | | **146.10** | 223.88 |
| 14. Exchange Fluctuation (Net) | | | **199.06** | 0.00 |
| 15. Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores | | | **124.40** | 18.66 |
| 16. Provision for Investments/Advance against Investments | | | **3.94** | 42.00 |
| 17. Loss on Investments written off | | | **2.00** | 0.00 |
| 18. Security Force Expenses | | | **94.44** | 83.50 |
| 19. Sales Promotion Expenses | | | **233.55** | 202.83 |
| 20. Handling Expenses | | | **74.03** | 70.22 |
| 21. Inventory Carrying Cost | | | **24.25** | 17.76 |
| 22. Expenses on Enabling Facilities | | | **0.17** | 0.22 |
| 23. Commodity Hedging Loss (Net) | | | **0.00** | 10.53 |
| 24. Provision for Probable Contingencies | | | **3.77** | 59.91 |
| 25. Exploration Cost - Survey Expenditure | | | **67.78** | 58.63 |
| 26. Amortisation of Premium on Forward Contracts | | | **10.47** | 0.00 |
| 27. Other Expenses | | | **286.23** | 231.11 |
| **TOTAL** | | | **1,955.65** | 1,740.38 |

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

(Rs. in Crore)

| | March-06 | March-05 |
|---|---|---|
| **Income:** | | |
| 1. Interest | **9.42** | (2.09) |
| 2. Miscellaneous Income | **9.39** | 1.93 |
| **Total Income** | **18.81** | (0.16) |
| **Expenditure:** | | |
| 1. Purchase of Products and Crude | **0.00** | 0.79 |
| 2. Raw Material | | |
| a) Consumption | **11.71** | 0.00 |
| 3. Depreciation and Amortisation on: | | |
| a) Fixed Assets | **(2.01)** | 110.51 |
| b) Intangible Assets | **3.81** | 0.08 |
| 4. Consumption | | |
| a) Stores, Spares and Consumables | **0.29** | 1.72 |
| 5. Technical Fees | **2.08** | 0.00 |
| 6. Power & Fuel | **0.00** | 0.36 |
| 7. Repairs and Maintenance | **0.16** | 0.14 |
| 8. Interest | **0.00** | 0.17 |
| 9. Rent | **1.82** | 0.00 |
| 10. Insurance | **0.00** | (0.31) |
| 11. Payment to and provision for employees | **(0.22)** | (0.06) |
| 12. Other Expenses | **(15.62)** | (1.12) |
| **Total Expenses** | **2.02** | 112.28 |
| **NET INCOME/(EXPENDITURE)** | **16.79** | (112.44) |

## 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 up to the date of capitalisation.

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 other than Insurance spares which are depreciated upto 100%. 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/- per item 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.

**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 “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 at the year end.

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.

4.4.3 Premium/discount arising at the inception of the forward exchange contracts entered into to hedge foreign currency risks are amortised as expense/income over the life of the contract. Gain or loss on account of exchange differences on such transactions are recognized in the Profit & Loss Account.

**5. INVESTMENTS**

5.1 Long term investments are valued at cost and provision for diminution in value, thereof is made, wherever such diminution is other than temporary.

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

**6. INVENTORIES**

**6.1 Raw Materials**

6.1.1 Raw materials including crude oil is valued at cost determined on weighted average basis 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 weighted average 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 addition to the specific provision made, an adhoc provision @ one percent is also made in respect of debtors other than those relating to Oil Marketing Companies and Subsidiary companies to recognize the element of uncertainty.

**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 such 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)** | **(S. V. Narasimhan)** | **(Raju Ranganathan)** |
| Chairman | Director (Finance) | Company Secretary |

Place : New Delhi
Date : May 26, 2006

## SCHEDULE "R" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

1. **Contingent Liabilities:**

   a) Contingent Liabilities amounting to **Rs. 5323.41 crore** (2005 : Rs. 4806.41 crore) include:

      i) **Rs. 443.66 crore** (2005 : Rs. 456.26 crore) being the demands raised by the Central Excise /Customs authorities.

      ii) **Rs. 3049.46 crore** (2005 : Rs. 3055.88 crore) in respect of Sales Tax/ Entry Tax demands.

      iii) **Rs. 717.52 crore** (2005 : Rs. 645.46 crore) including **Rs. 454.94 crore** (2005 : Rs. 450.26 crore) on account of Projects for which suits have been filed in the Courts or cases are lying with Arbitrators.

      iv) **Rs. 593.39 crore** (2005 : Rs. 146.12 crore) in respect of Income Tax demands.

      v) **Rs. 82.76 crore** (2005 : Rs. 87.86 crore) relating to projects.

      The Company 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 Company has issued corporate guarantee in favour of Citicorp Investment Bank (Singapore) Limited on behalf of Lanka IOC Limited (LIOC), a subsidiary of the Company, for raising a syndication of **Rs. 70.99 crore (US $ 15.91 million)** (2005: Rs. 153.12 crore {US $ 35 million}) by LIOC.

   e) The Company has issued corporate guarantee in favour of HSBC Bank, Mauritius, on behalf of Indian Oil (Mauritius) Limited (IOML), a subsidiary of the Company, for raising a loan of **Rs. 40.16 crore (US$ 9 million)** (2005 : Rs. NIL) by IOML.

2. Purchase of crude oil from ONGC, Oil India Limited and Panna Mukta has been accounted for provisionally pending finalisation of agreements with respective parties. Adjustments, if any, will be made on finalisation of agreements.

3. Estimated amount of contracts remaining to be executed on Capital Account not provided for **Rs. 3290.20 crore** (2005 : Rs. 6506.64 crore).

4. Amalgamation of erstwhile Indian Oil Blending Ltd. (IOBL) with the Company:

   a) IOBL, a 100% subsidiary of the Company, was engaged primarily in the process of blending Base oil and Additives to Lubricants for the company.

   b) Pursuant to the Scheme of Amalgamation ('the Scheme') of the erstwhile Indian Oil Blending Ltd ('IOBL') with the company as approved in the members meeting convened at Mumbai on 27th January, 2006 and subsequently sanctioned by the Govt. of India, Ministry of Company Affairs by its order dated 08.05.06, copy of which was filed with the Registrar of Companies on 12th May 06, the Assets and Liabilities of the erstwhile IOBL were transferred to and vested in the Company effective from 1st April 2004. Accordingly, the scheme has been given effect to in these accounts.

   c) The Amalgamation has been accounted for under the 'Pooling of interests' method as prescribed by Accounting Standard–14 on Accounting for Amalgamations issued by the Institute of Chartered Accountants of India. Accordingly, the Assets, Liabilities and other Reserves of the erstwhile IOBL at 1st April 2004 have been transferred in accordance with the said scheme.

   d) Accumulated balance in the general reserve of IOBL as at 1st April, 2005 has been adjusted to the opening balance of the general reserve of the company as reserves transferred on Amalgamation. Current year transactions are duly incorporated in the books of the company.

   e) 8,000 equity shares of Rs. 500 each of IOBL held by the Company has been treated as cancelled pursuant to the said scheme being given effect to.

   f) In view of, the above current year figures are not strictly comparable to those of the previous year.

5. 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. 147.68 crore** (2005: Rs. 148.46 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.

6. The transactions with Other Oil Companies are reconciled on an ongoing basis and are subject to confirmation. Accordingly, necessary adjustments have been carried out in the books upto 31st March 2004.

7. The customs duty on crude oil are accounted for as per the prevailing Customs Valuation Rules and net claims recoverable amounting to **Rs. 362.63 crore** (2005 : Rs. 445.42 crore) for the period 1997-98 to 2005-06 are pending for final assessment/settlement by the authorities. The claims are considered good for recovery.

8. Subsidy of **Rs. 1424.07 crore** (2005 : Rs. 1356.96 crore) on SKO (PDS) and LPG (Domestic) has been reckoned as per the scheme notified by MOP&NG and reflected separately as income in the Profit & Loss Account.

9. The Company has received Government of India Special Bonds of Rs. 6571.44 crore in lieu of under-recoveries on SKO (PDS) and LPG (Domestic) for 2005-06. The same has been accounted in the Profit & Loss Account as Revenue Grants.

10. In line with the scheme formulated by Petroleum Planning and Analysis Cell (PPAC), the Company has received discounts of **Rs. 6440.02 crore** (2005 : Rs. 3292.74 crore) on Crude Oil/LPG/SKO purchased from ONGC/ GAIL/OIL towards part of the under-recovery suffered on sale of MS, HSD, LPG (Domestic) and SKO (PDS) and the same has been adjusted against the purchase cost.

11. The Company has export obligation to the extent of **Rs. 655.04 crore** (2005 : Rs.3962.45 crore) on account of concessional rate of customs duty availed under EPCG license scheme on import of capital goods.

12. Consequent upon the approval of the Board of Directors to the Scheme of Amalgamation of IBP Co. Ltd. with Indian Oil Corporation Ltd with 1st April 2004 being the Appointed Date recommending the swap ratio of 125 equity shares of Rs. 10/- each of Indian Oil Corporation Ltd for every 100 equity share of Rs. 10/- each of IBP Co. Ltd., the Government of India while conveying its approval to the Scheme of Amalgamation advised that the Board of Directors might reconsider the swap ratio. Accordingly, the Board has recommended the revised swap ratio of 110 equity shares of Indian Oil Corporation Ltd as fully paid for every 100 equity shares of IBP Co. Ltd. A meeting of shareholders of Indian Oil Corporation Ltd is scheduled on 29th May 2006 to consider and approve the Scheme of Amalgamation. The Scheme of Amalgamation envisages transferring of investments of the Company held in IBP Co Ltd. on merger to a Trust wherein Indian Oil Corporation will be the sole beneficiary. Adjustments, if any, in the cost of investments and reserves in this regard will be carried out at the time of merger. Pending such approval, the investments has been continued to be considered as a Long Term Investment.

13. The Board of Directors of Indian Oil Corporation Limited at its meeting held on 27th February 2006 had accorded approval for transfer of the entire share capital of its 100% subsidiary company, Indian Strategic Petroleum Reserves Limited (ISPRL) in favour of Oil Industry Development Board (OIDB). The Board of ISPRL at its meeting held on 9th May 2006 has given effect to the transfer of shares from Indian Oil Corporation Limited to OIDB and consequently subsequent to the year end, ISPRL has ceased to be the subsidiary of Indian Oil Corporation Limited.

14. The Board of Directors has accorded ‘in principle’ approval for amalgamation of Bongaigaon Refinery and Petrochemicals Limited with Indian Oil Corporation Limited. Process for the amalgamation has been initiated.

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. The Company has changed the method of valuation of crude oil from ‘FIFO’ to ‘Weighted Average” during the current financial year. This has resulted in decrease in inventory and profit by Rs. 83.55 crore.

17. Pursuant to change in the accounting policy in respect of the amortisation of insurance spares from 95% to 100% over the useful life of the asset¸ additional depreciation has been charged and accordingly, profit for the year has reduced by Rs. 3.78 crore.

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:**

Company 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-06 | March-05 |
|---|---|---|---|
| A. | Gross Investments in Finance Lease | **384.46** | 384.46 |
| | Less: Unearned Finance Income | **22.84** | 32.54 |
| | Less: Finance Income Received | **135.47** | 125.77 |
| | Less: Minimum Lease payment received | **155.58** | 130.66 |
| | **Net Investment in Finance Lease as on Date** | **70.57** | **95.49** |
| B. | Unearned finance Income | **22.84** | 32.54 |
| C. | Present Value of Minimum Lease Payments Receivable | | |
| | Not Later than one year | **25.16** | 24.91 |
| | Later than one year and not later than five years | **34.90** | 56.81 |
| | Later than Five years | **10.51** | 13.77 |
| | **Total** | **70.57** | **95.49** |
| D. | Break-up of un-earned income | | |
| | Not Later than one year | **7.17** | 9.70 |
| | Later than one year and not later than five years | **11.06** | 16.55 |
| | Later than Five years | **4.61** | 6.29 |
| | **TOTAL** | **22.84** | **32.54** |

**Operating leases:**

The Company has taken operating lease Pipeline from Koyali to Navagam for a period of 10 years and has also entered into a long term operating agreement with M/s Gujarat Adani Port Limited for use of SBM and related facilities at Mundra upto February 2031. The future minimum payment dues are:

**(Rs. in Crore)**

| | March-06 | March-05 |
|---|---|---|
| Not later than One Year | **39.78** | 0.50 |
| Later than one year and not later than five years | **158.51** | 2.00 |
| Later than five years | **780.77** | 0.00 |

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-06 | March-05 |
|---|---|---|
| Profit After Tax (Rupees in Crore) | **4915.12** | 4891.38 |
| 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) | **42.08** | 41.88 |
| 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. 116.15 crore** (2005 : Rs. 34.37 crore) has been provided during the current year. The item-wise details of cumulative Deferred Tax Liability are as under:

(Rs. in Crore)

| | As on 01.04.2005 | Opening Balance taken over pursuant to amalgamation of IOBL | Provided during the year | Balance as on 31.3.2006 |
|---|---|---|---|---|
| **Deferred Tax Liability:** | | | | |
| Depreciation and other fixed Assets | 4490.55 | 7.21 | 181.76 | 4679.51 |
| **Total Deferred Tax Liability (A)** | **4490.55** | **7.21** | **181.76** | **4679.51** |
| **Deferred Tax Assets:** | | | | |
| Provision for Retirement Benefits | 0.00 | 1.37 | 0.46 | 1.83 |
| Provision on Inventories, Debtors, Loans and advances | 121.42 | 0.00 | 27.15 | 148.57 |
| 43B Disallowances etc. | 48.28 | 0.20 | 19.43 | 67.91 |
| 40a Disallowances | 0.00 | 0.00 | 21.78 | 21.78 |
| Capital Grants | 3.54 | 0.00 | 0.97 | 4.51 |
| Impairment Loss | 11.97 | 0.00 | 0.00 | 11.97 |
| Un absorbed Loss | 0.00 | 4.19 | -4.18 | 0.00 |
| **Total Deferred Tax Assets (B)** | **185.21** | **5.76** | **65.61** | **256.57** |
| **Deferred Tax Liability (Net) (A – B)** | **4305.34** | **1.45** | **116.15** | **4422.94** |

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 SKO (PDS) and LPG (Domestic) would be phased out by March 2007, future cash flows have been worked out based on the desired margins for these products for deciding on impairment of related Cash Generating Units. No further impairment is considered as at 31st March 2006. In view of this assumption being technical, peculiar to the industry and policy matter, the auditors have relied on the same.

25. In compliance of Accounting Standard – 29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, the required information is as under:

(Rs. in Crore)

| | Opening Balance as on 1st April | Additions during the year | Utilisation during the year | Reversals during the year | Closing balance as on 31st March |
|---|---|---|---|---|---|
| Excise | 1.36 | 0.27 | 0.00 | 0.90 | 0.73 |
| Sales Tax | 58.55 | 0.00 | 0.00 | 0.00 | 58.55 |
| Others | 0.00 | 3.50 | 0.00 | 0.00 | 3.50 |
| **Total** | **59.91** | **3.77** | **0.00** | **0.90** | **62.78** |
| Previous Year | 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 Company owes a sum together with interest outstanding which is outstanding for more than 30 days are as under:

Advance Pectra - Tech Pvt. Ltd., Aep Company, Aero Engineers, Air Liquid North India, Aru Compressor Valves & Engg Co., Associated Industries, Associated Toolings India, Baliga Lighting Equip., Begusarai Petrolium, Bharat Chemicals, Bliss Anand Pvt. Ltd., Brijbasi Udyog, Mathura, C.D. Engg. Co., Chaudhry Hammer Works, Commercial Supply Agency, Datre Corporation Ltd., Dee Development Engrs. Ltd., Delta Agro Chemicals, Dott Ing Scandura Calibration & Eby Industries, Econo Valves Pvt. Ltd., Ex Protecta, Fix Fit Fasteners Mfg., Flash Forge Pvt. Ltd., Flexpro Electricals, Fouress Engineering, General Instruments, Golden Iron & Steel Works, Guru Nanak Engg. Works, H Guru Instruments, Haldia Ex. Serviceman's Engg, Hardwin Fasteners, IGP Engineers Pvt. Ltd., Indira Industries, Isspat Engg, J M Enterprises, Jaishree Udyog, Joseph Leslie Drager, Laroan Enginers

& Consult, M.S. Fittings, Madras Industrial Products, Metachem Industries, Mortex, Multitex Filtration Engin, Niton Valves, Oriental Enterprises, Overseas Engg. Co., Oxide (India) Pvt. Ltd., Packing & Joint Pvt. Ltd., Panchvati Valves, Panchvati Valves & Flanges Pvt. Ltd., Pennant Engineering, Piping & Energy Prod., Powertech Engineers, Precise Engineers, Pyro Electric, Radient Cables, Ratan Engineering Co, Ratnamani Metal & Tube Ltd., Ray Engineering, Shah Bhogilal Jethalal & Bros., Shri Kusuma Haranadhara, Spiraseal Gasket, Sree Guru Instruments, Swelore Engineering , Techno Forge, Teekay Tubes Pvt. Ltd., Tractel Trifor, Tube Bend Pvt. Ltd., Vasu Chemicals, Vinayaka Business, Yamuna Gases & Chemicals, Zenith Erectors, Multitex Filteration Engineering (P) Ltd., Vee Kay Vikram & Company, A K M N Cylinders Pvt. Ltd., Alampally Brothers Ltd., Andhra Cylinders, Asian Cylinders, Associated Cylinders & Accessories Pvt. Ltd., Blowplast Ltd., Blow Container, B.T.P. Structural (India) Pvt. Ltd., Balaji Pressure Vessels Ltd., ECP Industries Ltd., Elite Valves, Esspen Appliances, Essee Cans, G.D.R Cylinders Ltd., Global Gas Cylinders Ltd., Gurdial Singh & Sons, Hari Engineering works, Him Valves & Regulators Pvt. Ltd., IAS Products, Indian LPG Cylinders, Indofab Engineers, Intel Gas Gadgets Pvt. Ltd. – Unit II, Jagadamba Engineering Pvt. Ltd., Jesmejo Industrial Fabrication, K S Technosafe Pvt. Ltd., Kalsan Engineering Industries Pvt. Ltd., Kanyaka Parameshwari Engg. Ltd., Karnataka Pressure Vessels Ltd., Konark Cylinders & Containers Pvt. Ltd., Lalith Corrugating, M.Techno Engg. (India) Pvt. Ltd., M.M Cylinders Pvt. Ltd., Madras Metal Components Pvt. Ltd., Mahaveer Cylinders Ltd., MIDCO-Mumbai, Maruthi Plast, Nandi Cylinders Pvt.Ltd., Om Containers, Padavi Engineers & Pressure Vessels Ltd., Prathima Extrusion Pvt. Ltd., Prathima Industries Pvt. Ltd., Presvels Pvt. Ltd., Plastic Processes, Radha Valves, Redson Engineers Pvt. Ltd., R P Gas Equipments, R.M. Cylinders Pvt. Ltd., Sahuwala Cylinders Ltd., Sanghvi Cylinders Pvt. Ltd., Sanmati Metals Ltd., Shri Shakti Cylinders Pvt. Ltd., Southern Cylinders, Sree Srinivas Cylinders Pvt. Ltd., Sri Balaji Cylinders Pvt. Ltd., Sri Mahavishnu Cylinders, Sunrays Engineers Pvt. Ltd., Super Industries, Supreme Cylinders Ltd., Tee Kay Metals Pvt. Ltd., Tirupati Cylinders Ltd., Tirupati Lpg Industries Ltd., United Associates, Verny Containers Ltd, Verny Engineers Pvt. Ltd. - Gagillapur, Verny Engineers-Pydibhimavaram, Vidhya Cylinders (P) Ltd., Saneka Press.

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

28. Remuneration paid/payable to Directors:

**(Rs. in Crore)**

| | | **2005-06** | 2004-05 |
|---|---|---|---|
| i) | Salaries & Allowances | **0.96** | 0.86 |
| ii) | Contribution to Provident Fund | **0.08** | 0.07 |
| iii) | Contribution to Gratuity Fund | **0.01** | 0.01 |
| iv) | Other benefits and Perquisites | **0.41** | 0.27 |
| v) | Sitting Fees to Part Time Directors | **0.12** | 0.12 |
| | **Total** | **1.58** | 1.33 |

In addition, whole-time Directors are also allowed the use of Company'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. 18.97 crore** (2005 : Rs. 21.30 crore) which is inclusive of **Rs. 4.82 crore** (2005: Rs. 5.07 crore) on account of Staff and Establishment and **Rs. 14.15 crore** (2005 : Rs. 16.23 crore) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover (inclusive of excise duty) is 0.00010:1 (2005: 0.00014:1).

b) Research and Development expenses **Rs. 59.84 crore** (2005 : Rs. 60.57 crore).

c) Entertainment Expenses **Rs. 1.29 crore** (2005 : Rs. 0.26 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)** | **(S. V. Narasimhan)** | **(Raju Ranganathan)** |
| Chairman | Director (Finance) | Company Secretary |

Place : New Delhi
Date : May 26, 2006

IndianOil

**Annexure-1**

**Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2006 is as under:**

**(Rs. in Crore)**

| | March-06 | | | | March-05 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 | 156,754.41 | 17,624.63 | | 174,379.04 | 128,360.67 | 10,371.18 | - | 138,731.85 |
| Inter-segment Revenue | 368.02 | 142.72 | | 510.74 | 217.68 | 47.69 | - | 265.37 |
| **Total Revenue** | **157,122.43** | **17,767.35** | | **174,889.78** | **128,578.35** | **10,418.87** | **-** | **138,997.22** |
| **Result** | | | | | | | | |
| Segment Results | 6,379.26 | (189.28) | 7.80 | 6,182.18 | 6,138.00 | (236.48) | 4.82 | 5,896.70 |
| Less: Unallocated Expenses net of unallocated Income | - | - | | - | - | - | | - |
| **Operating Profit** | **6,379.26** | **(189.28)** | **7.80** | **6,182.18** | **6,138.00** | **(236.48)** | **4.82** | **5,896.70** |
| **Less:** | | | | | | | | |
| Interest Expenditure | | | | 1,022.19 | | | | 582.96 |
| Provision for diminution in Investments | | | | 3.94 | | | | 42.00 |
| Loss on Investments written off | | | | 2.00 | | | | - |
| Prior year Expenditure | | | | 2.02 | | | | 112.28 |
| **Add:** | | | | | | | | |
| Interest/Dividend Income | | | | 1,094.69 | | | | 795.88 |
| Profit on sale of investments | | | | 438.46 | | | | |
| Provision for diminution in Investments written back | | | | 2.00 | | | | - |
| Prior year Income | | | | 18.81 | | | | (0.16) |
| **Profit Before Tax** | | | | **6,705.99** | | | | **5,955.18** |
| Less: Income Tax (including deferred tax) | | | | 1,790.87 | | | | 1,063.80 |
| **Profit After Tax** | **-** | | | **4,915.12** | **-** | | | **4,891.38** |
| **Other Information** | | | | | | | | |
| Segment Assets | 65,455.64 | 5,594.17 | | 71,049.81 | 59,648.92 | 4,248.07 | | 63,896.99 |
| Corporate Assets | | | | 14,756.47 | | | | 5,738.02 |
| **Total Assets** | | | | **85,806.28** | | | | **69,635.01** |
| Segment Liabilities | 21,999.25 | 2,008.47 | | 24,007.72 | 18,775.27 | 1,553.78 | | 20,329.05 |
| Corporate Liabilities | | | | 32,495.89 | | | | 23,321.60 |
| **Total Liabilities** | | | | **56,503.61** | | | | **43,650.65** |
| Capital Expenditure | 3,869.51 | 867.58 | | 4,737.09 | 5,727.09 | 1,201.21 | | 6,928.30 |
| Depreciation | 2,142.62 | 58.84 | | 2,201.46 | 2,027.48 | 45.32 | | 2,072.80 |
| Impairment Loss | | | | | 35.56 | | | 35.56 |
| Non-cash expenses other than Depreciation (Amortisation of VRS Compensation and premium on Forward contracts) | | | | 26.50 | | | | 55.08 |

**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) Joint Venture Companies**

1) Indian Oiltanking Ltd.
2) Lubrizol India Pvt. Ltd.
3) Petronet VK Ltd.
4) Petronet CI Ltd.
5) IndianOil Petronas Pvt. Ltd.
6) IndianOil Panipat Power Consortium Ltd.
7) Avi-Oil India Pvt.Ltd.
8) Petronet India Ltd.
9) Petronet LNG Ltd.
10) Green Gas Ltd.

**B) Whole-time Directors**

1) Shri S.Behuria (w.e.f. 01.03.2005)
2) Shri A.M. Uplenchwar
3) Shri Jaspal Singh
4) Dr. N.G.Kannan
5) Shri B.M.Bansal (w.e.f. 01.03.2005)
6) Shri S.V.Narasimhan (w.e.f. 01.07.2005)
7) Shri V.C.Agrawal (w.e.f. 01.08.2005)
8) Shri M.S.Ramachandran (upto 28.02.2005)
9) Shri P. Sugavanam (upto 30.06.2005)
10) Shri P.K. Aggarwal (upto 31.07.2005)
11) Shri N.K.Nayyar (upto 28.10.2005 )
12) Shri N.R.Raje (upto 28.02.2005)

**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-06** | March-05 |
|---|---|---|---|
| i) | Sales | **2.71** | 1.88 |
| ii) | Interest received | **0.09** | 0.05 |
| iii) | Consultancy Services/Other Income | **1.25** | 4.52 |
| iv) | Purchase of Products | **1,287.86** | 696.48 |
| v) | Purchase of Chemicals/materials | **0.36** | 1.67 |
| vi) | Handling Expenses | **33.51** | 41.40 |
| vii) | Freight Expenses | **12.29** | 2.52 |
| viii) | Reimbursement of Expenses | **2.78** | 0.89 |
| ix) | Investments made during the year | **5.90** | - |
| x) | Fixed Assets purchased | **87.42** | 105.80 |
| xi) | Provisions made/(written off) during the year | **0.17** | 41.88 |
| xii) | Outstanding Receivables | **6.46** | 14.90 |
| xiii) | Outstanding Payables | **58.86** | 114.24 |

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

| | | **March-06** | March-05 |
|---|---|---|---|
| i) | Remuneration | **1.46** | 1.21 |
| ii) | Recovery of Interest & Furniture Hire Charges | **0.01** | 0.01 |
| iii) | Outstanding loans/advances receivables | **0.38** | 0.12 |
| iv) | Assets on Hire | **0.12** | 0.14 |

**Notes:**

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.
3) No disclosure is required for Subsidiary Companies 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) In case of Joint Venture Companies constituted/acquired during the year, transactions w.e.f. date of constitution/ acquisition is disclosed.
5) In case of Joint Venture Companies which have been closed/divested during the year, transactions upto the date of closure/disinvestment only are disclosed.

**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 (%) 31.03.2006 | 31.03.2005 |
|---|---|---|
| **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 | relinquished | 15 |
| GV-ONN-2000/1 | relinquished | 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 | 43.55 | 27 |
| **OUTSIDE INDIA** | | |
| FARSI BLOCK, IRAN | 40 | 40 |
| KUWAIT | 5 | 5 |
| LIBYA BLOCK 86 | 50 | 50 |
| LIBYA BLOCK 102/4 | 50 | N.A |

**(b) Jointly Controlled Assets:**

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

**(c) Jointly Controlled Entities:**

| Name | Country of Incorporation | Ownership Interest of IOC(%) 31.03.2006 | 31.03.2005 |
|---|---|---|---|
| (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) IndianOil Petronas Pvt.Ltd. | India | 50 | 50 |
| (vi) IndianOil Panipat Power Consortium Ltd. | India | 50 | 50 |
| (vii) Avi-Oil India Pvt. Ltd. | India | 25 | 25 |
| (viii) Petronet India Ltd. | India | 16 | 16 |
| (ix) Petronet LNG Ltd. | India | 12.5 | 12.5 |
| (x) Green Gas Ltd. | India | 22.5 | 0 |

Proportionate share in assets, liabilities, income & expenditure of Petronet VK Ltd., Petronet CI Ltd, Indian Oil Panipat Power Consortium Ltd. & Petronet India 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)**

| | **31.03.2006** | 31.03.2005 |
|---|---|---|
| (i) Assets | | |
| - Long Term Assets | **544.27** | 544.16 |
| - Current Assets | **256.90** | 244.61 |
| (ii) Liabilities | | |
| - Current Liabilities and Provisions | **88.15** | 104.69 |
| - Other Liabilities | **305.99** | 323.59 |
| (iii) Income | **909.13** | 630.68 |
| (iv) Expenses | **817.24** | 595.35 |
| (v) Contingent Liabilities | **11.11** | 10.50 |
| (vi) Capital Commitments | **149.05** | 25.73 |

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

**(Rs. in Crore)**

| | **31.03.2006** | 31.03.2005 |
|---|---|---|
| (a) Jointly Controlled Operations | | |
| (i) Contingent Liabilities | **-** | - |
| (ii) Capital Commitments | **4.24** | 29.72 |
| (b) Jointly Controlled Assets | | |
| (i) Contingent Liabilities | **-** | - |
| (ii) Capital Commitments | **-** | - |

**Annexure-4**

**Disclosure as required by Clause 32 of Listing Agreement**

**(Rs. in Crore)**

| | **Amount as on** | | **Max. Amount outstanding during the year ended** | |
|---|---|---|---|---|
| | **31.03.2006** | **31.03.2005** | **31.03.2006** | **31.03.2005** |
| **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 & Petroleum Limited | - | - | - | - |
| (iv) IBP Company Limited | - | - | - | - |
| (v) IndianOil Mauritius Limited | - | 40.62 | 40.62 | 202.39 |
| (vi) Lanka IOC Limited | - | - | - | - |
| (vii) IndianOil 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'06 | March'05 | March'06 | March'05 | March'06 | March'05 |
| i) | Crude Processing | MTs | | 390.00 | 390.00 | 413.50 | 413.50 | 356.55 | 340.87 |
| | | | | | | | | | (Refer Note D) |
| ii) | Lubricating Oil | MTs | Note C | 2.58 | 1.68 | 2.18 | 1.28 | 2.86 | 0.57 |
| | | | Note E | 3.75 | 2.26 | 3.07 | 1.58 | 1.46 | 1.08 |
| iii) | Wax/Bitumen/Asphalt Lube Oil Drums | Nos. | | 15.58 | 15.58 | 15.00 | 15.00 | 3.98 | 3.77 |
| 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 | 0.18 | 0.22 |
| vi) | MTBE Unit | MTs | | 0.48 | 0.48 | 0.37 | 0.37 | 0.02 | 0.00 |
| vii) | Butene Plant | MTs | | 0.17 | 0.17 | 0.17 | 0.17 | 0.00 | 0.00 |
| viii) | LAB Plant | MTs | | 1.20 | 1.20 | 1.20 | 1.20 | 1.12 | 0.46 |

**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. i) Represents finished petroleum products.

ii) Excludes crude processed in secondary units for other companies/refiners.

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 31.03.06** | | 44.01 | 9993.59 | 253.91 | 73216.08 | 618.33 | 164351.54 | 46.32 | 12055.72 |
| Year ended 31.03.05 | | 49.26 | 8554.39 | 286.58 | 62378.11 | 638.25 | 139311.61 | 44.01 | 9993.59 |
| 2 Lubricants & Greases: | MTs | | | | | | | | |
| **Year ended 31.03.06** | | 0.43 | 195.05 | 0.02 | 30.28 | 4.19 | 2592.15 | 0.44 | 251.00 |
| Year ended 31.03.05 | | 0.52 | 213.09 | 0.06 | 170.88 | 3.71 | 2114.96 | 0.43 | 195.05 |
| 3 Crude Oil: | MTs | | | | | | | | |
| **Year ended 31.03.06** | | 0.00 | 0.00 | 89.16 | 15647.51 | 89.16 | 15647.51 | 0.00 | 0.00 |
| Year ended 31.03.05 | | 0.00 | 0.00 | 74.73 | 9433.32 | 74.73 | 9433.32 | 0.00 | 0.00 |
| 4 Base Oil & Additives: | MTs | | | | | | | | |
| **Year ended 31.03.06** | | 0.00 | 0.00 | 0.64 | 223.24 | 0.64 | 256.71 | 0.00 | 0.00 |
| Year ended 31.03.05 | | 0.00 | 0.00 | 0.77 | 197.05 | 0.77 | 240.79 | 0.00 | 0.00 |
| 5 LAB: | MTs | | | | | | | | |
| **Year ended 31.03.06** | | 0.06 | 22.17 | 0.00 | 0.00 | 1.07 | 775.35 | 0.10 | 62.76 |
| Year ended 31.03.05 | | 0.00 | 0.00 | 0.00 | 0.00 | 0.40 | 277.05 | 0.06 | 22.17 |
| **SUB TOTAL(A):** | **MTs** | | | | | | | | |
| **Year ended 31.03.06** | | 44.50 | 10210.81 | 343.73 | 89117.11 | 713.39 | 183623.26 | 46.86 | 12369.48 |
| Year ended 31.03.05 | | 49.78 | 8767.48 | 362.14 | 72179.36 | 717.86 | 151377.73 | 44.50 | 10210.81 |
| B. | | | | | | | | | |
| 1 GAS: | MBTUs | | | | | | | | |
| **Year ended 31.03.06** | | 6.10 | 9.38 | 665.22 | 1143.18 | 670.80 | 1198.75 | 0.52 | 0.82 |
| Year ended 31.03.05 | | 7.28 | 7.93 | 357.80 | 590.92 | 358.98 | 628.45 | 6.10 | 9.38 |
| **GRAND TOTAL(A+B):** | | | | | | | | | |
| **Year ended 31.03.06** | | | **10220.19** | | **90260.29** | | **184822.01** | | **12370.30** |
| Year ended 31.03.05 | | | 8775.41 | | 72770.28 | | 152006.18 | | 10220.19 |

## 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-06** | | | | | | |
| **Crude Oil** | **55,433.06** | **83** | **11,629.75** | **17** | **385.34** | **67062.81** |
| **Base Oil** | **4.38** | **0** | **1,007.03** | **100** | **3.76** | **1011.41** |
| **Ethanol** | **0.00** | **0** | **72.86** | **100** | **0.29** | **72.86** |
| **MTBE** | **52.98** | **38** | **87.56** | **62** | **0.49** | **140.54** |
| **Benzene** | **0.00** | **0** | **53.51** | **100** | **0.15** | **53.51** |
| **Natural Gas/RLNG** | **0.00** | **0** | **432.75** | **100** | **5.20** | **432.75** |
| **Additives** | **27.63** | **12** | **196.76** | **88** | **0.31** | **224.39** |
| **Packing Materials Consumed** | **0.00** | **0** | **206.95** | **100** | **0.14** | **206.95** |
| **Steel Coils / Sheets / Stores / Component and Spare Parts** | **119.45** | **28** | **301.04** | **72** | **0.07** | **420.49** |
| **March-05** | | | | | | |
| Crude Oil | 37,851.78 | 78 | 10,914.37 | 22 | 366.43 | 48766.15 |
| Base Oil | 6.34 | 1 | 787.77 | 99 | 3.31 | 794.11 |
| Ethanol | 0.00 | 0 | 108.11 | 100 | 0.47 | 108.11 |
| MTBE | 49.24 | 89 | 5.84 | 11 | 0.20 | 55.08 |
| Benzene | 0.00 | 0 | 6.78 | 100 | 0.02 | 6.78 |
| Natural Gas/RLNG | 0.00 | 0 | 237.64 | 100 | 4.21 | 237.64 |
| Additives | 14.87 | 7 | 211.72 | 93 | 0.31 | 226.59 |
| Packing Materials Consumed | 0.00 | 0 | 150.93 | 100 | 0.12 | 150.93 |
| Steel Coils / Sheets / Stores / Component and Spare Parts | 118.53 | 29 | 292.07 | 71 | 0.07 | 410.60 |

**Note:**

1. Base Oil and Additives in Refineries Division amounting to Rs.4.93 Crore (2005: Nil) are not considered as Raw Materials.
2. Consumption excludes value adjustments if any, shown under items pertaining to the prior period.
3. Indigenous Base Oil includes Rs.758.98 crore (2005: Rs.488.32 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-06** | March-05 |
|---|---|---|---|
| 1. Royalty | | **140.51** | 211.46 |
| 2. Professional, Consultation Fees and Technical Service Fees | | **96.09** | 58.76 |
| 3. Interest | | **399.36** | 162.78 |
| 4. Purchase of Products | | **9,049.55** | 6,720.59 |
| 5. Commodity Hedging | | **15.76** | 11.29 |
| 6. Others | A | **1,116.95** | 804.33 |
| **TOTAL** | | **10,818.22** | 7,969.21 |

**Note:**

A. Includes **Rs. 927.57 Crore** (2005 : Rs. 589.53 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.

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## SCHEDULE "W" - EARNINGS IN FOREIGN EXCHANGE

**(Rs. in Crore)**

| | Note | **March-06** | March-05 |
|---|---|---|---|
| 1. Export of Crude Oil, LAB and Petroleum Products | A | **5,574.48** | 3,540.62 |
| 2. Interest | | **2.44** | 4.23 |
| 3. Income from Consultancy Services | | **2.32** | 1.69 |
| 4. Management Contract Fees | | **-** | - |
| 5. Income from Royalty | | **1.22** | 1.50 |
| 6. Commodity Hedging | | **32.01** | 0.76 |
| 7. Others | | **5.09** | 0.10 |
| **TOTAL** | | **5,617.56** | 3,548.90 |

**Note:**

A. Includes **Rs. 2154.29 crore** (2005 : Rs. 1405.78 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-06** | March-05 |
|---|---|---|---|
| 1. Crude Oil | A | **67,837.32** | 45,651.23 |
| 2. Base Oil | | **6.10** | 3.47 |
| 3. Additives | | **69.91** | 17.49 |
| 4. Capital Goods | | **112.01** | 666.18 |
| 5. Revenue Stores,Component, Spare and Chemicals | | **170.65** | 156.07 |
| **TOTAL** | | **68,195.99** | 46,494.44 |

**Note:**

A. Includes FOB value of Imports made by the Corporation on behalf of Other Oil Companies **Rs. 15900.08** crore (2005 : Rs. 9765.09 crore)

# INDIAN OIL CORPORATION LIMITED

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

### I. Registration Details

Registration No. 11388

State Code 11

Balance Sheet Date 31 03 2006

### 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 |
| 85806.28 | 85806.28 |

**Sources of Funds**

| | |
|---|---|
| Paid up Capital | Reserves & Surplus |
| 1168.01 | 28134.66 |
| Secured Loans | Unsecured Loans |
| 7793.54 | 18610.77 |
| Deferred Tax Liability | |
| 4422.94 | |

**Application of Funds**

| | |
|---|---|
| Fixed Assets/Intangible Assets (Net) (Incl. Dismantled Capital Stores & C.W.I.P.) | Investments |
| 34668.72 | 14526.39 |
| Finance Lease Receivables | Net Current Assets |
| 70.57 | 10806.73 |
| Misc. Expenditure | Accumulated Losses |
| 57.51 | NIL |

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

| Turnover (net) | Total Expenditure |
|---|---|
| 165406.29 | 172214.27 |

| Profit Before Tax | Profit After Tax |
|---|---|
| + 6705.99 | + 4915.12 |

| Earnings per share in Rs. (Basic and Diluted) | Dividend Rate % |
|---|---|
| 42.08 | 125 |

## 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 |

# Cash Flow Statement

**annexed to the Balance Sheet for the year ended 31st March, 2006**

**(Rs. in Crore)**

| | | | 2005-06 | | 2004-05 |
|---|---|---|---|---|---|
| **A** | **Cash Flow from Operating Activities** | | | | |
| 1 | Profit Before Tax | | **6705.99** | | 5955.18 |
| 2 | Adjustments for: | | | | |
| | Depreciation | **2203.26** | | 2183.39 | |
| | Loss/(Profit) on sale of Assets (Net) | **5.51** | | 14.46 | |
| | Loss/(Profit) on Investments | **-438.46** | | 0.00 | |
| | Amortisation of Capital Grants | **-0.76** | | -0.75 | |
| | Amortisation of Voluntary Retirement Compensation | **16.03** | | 55.08 | |
| | Amortisation of Premium on Forward Contracts | **10.47** | | 0.00 | |
| | Provision for Probable Contingencies (net) | **2.87** | | 59.91 | |
| | Revenue Grant received in the form of Government Bonds | **-6571.44** | | 0.00 | |
| | Provision for Loss in cost of Investment written back | **-2.00** | | 0.00 | |
| | Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores | **89.76** | | -2.03 | |
| | Loss/Provision for Loss on Investments | **5.94** | | 42.00 | |
| | Interest Income on Investments | **-112.73** | | 0.00 | |
| | Dividend Income on Investments | **-898.03** | | -686.76 | |
| | Interest Expenditure | **1022.19** | | 583.13 | |
| | | | **-4667.39** | | 2248.43 |
| B | Operating Profit before Working Capital Changes (1+2) | | **2038.60** | | 8203.61 |
| C | i) Change in Working Capital: (Excluding Cash & Bank Balances) | | | | |
| | Trade & Other Receivables | **491.68** | | -2147.41 | |
| | Inventories | **-4780.53** | | -4552.84 | |
| | Trade and Other Payables | **3504.31** | | 3663.41 | |
| | Change in Working Capital | **-784.54** | | -3036.84 | |
| | ii) Unamortised Expenditure on Retirement Benefits | **-9.65** | | -14.88 | |
| | | | **-794.19** | | -3051.72 |
| D | Cash Generated From Operations (B+C) | | **1244.41** | | 5151.89 |
| E | Less: Taxes paid | | **2206.45** | | 771.60 |
| F | Net Cash Flow from Operating Activities (D-E) | | **-962.04** | | 4380.29 |
| G | Cash Flow from Investing Activities: | | | | |
| | Sale/Transfer of Assets | **59.99** | | 73.31 | |
| | Sale/Maturity of Investments | **560.98** | | 0.00 | |
| | Interest Income on Investments | **112.73** | | 0.00 | |
| | Dividend Income on Investments | **898.03** | | 686.76 | |
| | Purchase of Assets | **-462.76** | | -849.26 | |
| | Finance Lease Receivable | **24.92** | | 23.97 | |
| | Investment in Indian Oil Mauritius Limited | **-50.17** | | -1.00 | |
| | Oil Companies GOI Special Bonds | **-2320.81** | | -150.00 | |
| | Investment/Advance for Investments in Joint Venture Companies | **-5.90** | | 0.00 | |

(Rs. in Crore)

| | | | 2005-06 | | 2004-05 |
|---|---|---|---|---|---|
| | Expenditure on Construction Work in Progress | **-4254.10** | | -6144.07 | |
| | Net Cash used in Investing Activities | | **-5437.09** | | -6360.29 |
| **H** | **Net Cash Flow From Financing Activities:** | | | | |
| | Receipt of Grant for Capital Projects | **0.00** | | 0.03 | |
| | Proceeds from Long-Term Borrowings | **4554.35** | | -202.76 | |
| | Proceeds from/(Repayments of) Short-Term Borrowings | **4529.72** | | 5344.44 | |
| | Interest paid | **-1055.68** | | -706.67 | |
| | Dividend\Dividend Tax paid | **-1332.06** | | -2706.79 | |
| | Net Cash Generated/(Used) from Financing Activities: | | **6696.33** | | 1728.25 |
| **I** | **Net Change in Cash & Cash Equivalents (F+G+H)** | | **297.20** | | -251.75 |
| J | Cash & Cash Equivalents as at end of the Financial Year | | **744.17** | | 446.32 |
| | Less: | | | | |
| K | Cash & Cash Equivalents as at the beginning of Financial Year | **446.32** | | | |
| | Add: Adjustment pursuant to IOC & IOBL merger | **0.65** | | | |
| | | | **446.97** | | 698.07 |
| | **NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)** | | **297.20** | | -251.75 |
| **Notes:** | | | | | |
| 1. | Cash and Cash Equivalents include: | | | | |
| | Cash and Bank Balances | | | | |
| | As per Balance Sheet | | **744.17** | | 446.32 |
| | Unrealised (gain)/loss on foreign exchange | | **0.00** | | 0.00 |
| | **Total Cash and Cash Equivalents** | | **744.17** | | 446.32 |

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

Sd/-
**(S. Behuria)**
Chairman

Sd/-
**(S. V. Narasimhan)**
Director (Finance)

Sd/-
**(Raju Ranganathan)**
Company Secretary

**As per our attached Report of even date**

**SURESH CHANDRA & ASSOCIATES**
Chartered Accountants

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

**M. M. NISSIM AND CO.**
Chartered Accountants

Sd/-
**(SAMIR MEHTA)**
Partner
M.No. 43086

**K K S & CO.**
Chartered Accountants

Sd/-
**(K. P. KHANDELWAL)**
Partner
M.No. 50244

Place : New Delhi
Date : May 26, 2006

## Statement Pursuant to Section 212(1)(e) of the Companies Act,1956

| | 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 31.3.2006 : | | | | | | | |
| - No. of Shares | 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) | 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 | 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 31.3.2006 | 226.34 | 130.13 | 6.67 | 6.07 | (232.18) | 0.20 | - |
| - For all the previous financial years of the subsidiary (After adjusting for Deferred Tax Liability as on 1.4.2001) | 413.77 | 150.17 | 103.67 | (3.22) | 109.79 | 0.41 | - |
| 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 31.3.2006 | 115.90 | 89.28 | 11.87 | - | - | - | - |
| - For all the previous financial years of the subsidiary | 100.46 | 244.01 | 70.03 | - | - | - | - |

**Notes:**

(1) Since financials of Indian Oil Blending Ltd (IOBL) are part of financials of Indian Oil Corporation Ltd (IOCL) for the year 2005-06 consqeuent to merger of IOBL with IOCL, no disclosure is made for IOBL.

| Sd/- | Sd/- | Sd/- |
|---|---|---|
| **(S. Behuria)** | **(S. V. Narasimhan)** | **(Raju Ranganathan)** |
| Chairman | Director (Finance) | Company Secretary |

Place : New Delhi
Date : May 26, 2006

# Schedule of Fixed Assets (Township, etc.)

## Schedule of Fixed Assets (Township) for the year ended 31.3.2006

**(Rs. in Crore)**

| Particulars | Gross Block as on 01.04.2005 (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 31.3.2006 (At Cost) | Depern./ Amorts. provided during the year | Total Dep. Amorts. up to 31.3.2006 | Net Depreciated Block As on 31.3.2006 | Net Depreciated Block As on 31.3.2005 |
|---|---|---|---|---|---|---|---|---|---|
| Land Freehold | 21.92 | 0.36 | 0.29 | - | 22.57 | - | - | 22.57 | 21.92 |
| Land-Leasehold | 6.70 | - | - | (0.20) | 6.50 | 0.10 | 1.28 | 5.22 | 5.66 |
| Bldgs, Roads Etc. | 263.83 | 5.11 | 2.14 | (2.97) | 268.11 | 4.01 | 54.19 | 213.92 | 216.38 |
| Plant & Mach. | 29.76 | 0.16 | 0.24 | (0.04) | 30.12 | 1.45 | 13.38 | 16.74 | 17.82 |
| Fur. & Fix. | 5.58 | 0.28 | - | (0.27) | 5.59 | 0.29 | 3.34 | 2.25 | 2.42 |
| Drainage,Sewage & Water Supply Sys. | 25.49 | - | - | - | 25.49 | 1.01 | 14.55 | 10.94 | 11.95 |
| Equipments & Appliances | 22.37 | 2.37 | - | (2.28) | 22.46 | 1.80 | 10.58 | 11.88 | 12.22 |
| Vehicles | 2.12 | 0.03 | - | (0.12) | 2.03 | 0.08 | 1.93 | 0.10 | 0.16 |
| Grand Total | 377.77 | 8.31 | 2.67 | (5.88) | 382.87 | 8.74 | 99.25 | 283.62 | 288.53 |
| Previous Year | 360.55 | 2.71 | 6.80 | 7.69 | 377.77 | 9.02 | 89.23 | 288.53 | |

## Income and Expenditure Account for the year ended 31st March 2006 on provision of Township, Education, Medical and other Facilities

(Rs. in Crore)

| | March-06 | March-05 |
|---|---|---|
| **Income:** | | |
| 1. Recovery of House Rent | **3.94** | 4.73 |
| 2. Recovery of Utilities-Power and Water | **6.46** | 2.85 |
| 3. Recovery of Transport Charges | **0.10** | 0.10 |
| 4. Other Recoveries | **4.74** | 3.39 |
| 5. Excess of Expenditure over Income | **160.03** | 152.75 |
| **TOTAL** | **175.27** | 163.82 |
| **Expenditure:** | | |
| 1. Salaries, Wages and PF & Gratuity Contribution | **53.00** | 49.95 |
| 2. Consumable Stores and Medicines | **9.35** | 7.78 |
| 3. Repairs and Maintenance | **31.35** | 29.25 |
| 4. Interest | **15.34** | 17.27 |
| 5. Depreciation | **8.74** | 9.05 |
| 6. Miscellaneous Expenses: Taxes, License Fees, Insurance etc. | **14.53** | 13.93 |
| 7. Utilities-Power and Gas | **30.19** | 27.03 |
| 8. Rent | **0.62** | 0.19 |
| 9. Subsidies for Social & Cultural Activities | **6.36** | 4.83 |
| 10. Bus Hire Charges | **1.42** | 1.28 |
| 11. Club and Recreation | **0.06** | 0.49 |
| 12. Others | **4.31** | 2.77 |
| **TOTAL** | **175.27** | 163.82 |

**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 2005-06 or not less than Rs. 2,00,000 per month during part of the financial year 2005-06.**

| Name of the Employee | Designation | Age | Last Employment | Designation in Last Employment | Date of Joining | Qualification | Expe-rience | Remun. Gross Rs. |
|---|---|---|---|---|---|---|---|---|
| Abraham K I | Dy Genl Mgr(Ops) | 60 | Fact | Draftman | 05/11/1968 | DME | 39 | 546641.33 |
| Ali Meer | C'man(Avn) | 60 | Nil | Nil | 01/06/1966 | BA | 40 | 878145.28 |
| Amon D B | Sr F'man-Av | 60 | Nil | Nil | 01/06/1966 | N.a. | 40 | 1231467.69 |
| Anil Kumar A | Avn Officer | 28 | Nil | Nil | 16/08/2000 | B.tech | 6 | 108972.00 |
| Aravamudhan S | Dy Genl Mgr (Cons Sales) | 60 | Nil | Nil | 05/11/1967 | LEE,M A | 39 | 1057091.58 |
| Arora R K | Mgr(LPG), Delhi LSA | 60 | Nil | Nil | 08/02/1967 | BA,M A-Socio | 39 | 1708796.02 |
| Badan T R | Dy Mgr (Tml) | 60 | Nil | Nil | 21/06/1974 | MA,PGDPM | 32 | 1003473.77 |
| Bandopadhyay Tuhin | Asst Mgr (Law) | 53 | Nil | Nil | 12/12/1980 | MA,LLB,B ED | 26 | 1661711.37 |
| Basu D P | Sr HR Mgr | 60 | Nil | Nil | 23/04/1973 | MA/LLB/Dip Bus Mgmt/DIRPM/Dip Soc | 33 | 556145.08 |
| Bhandari V K | Dy Genl Mgr (HR) | 59 | Nil | Nil | 01/01/1967 | B Com, DME | 39 | 2205115.01 |
| Bhatia A K | Dy Genl Mgr (LPG-Ops) | 60 | Nil | Nil | 01/08/1968 | B Sc Engg (Civil) | 38 | 2010889.36 |
| Bhattacharyya Sruprakash | So II | 60 | Nil | Nil | 02/05/1972 | BA | 34 | 206145.00 |
| Bhola I M | Dy Genl Mgr | 60 | Nil | Nil | 27/01/1967 | SSC,DME | 39 | 1733101.67 |
| Chandrasekhar R | Sr HR Mgr | 60 | Indian News | Editorial Asst | 01/04/1966 | B A (Eco) | 41 | 734516.66 |
| Chayasrikant | So II | 55 | Nil | Nil | 29/06/1984 | Bsc | 22 | 1531427.50 |
| Chibber V J | Genl Mgr | 60 | Nil | Nil | 03/04/1967 | DME | 39 | 2469707.33 |
| Chiranjeevi R | Sr Optr(f) | 53 | I O C L | Casual Worker | 15/02/1974 | Class VII | 34 | 1261026.23 |
| Choudhary V K | Ch Mgr (LPG-Sales) | 58 | Nil | Nil | 09/02/1970 | Dip in Prod Engg,Amie(Mech) | 36 | 2495507.49 |
| Dalvi P M | So II | 60 | Nil | Nil | 03/02/1966 | N.A. | 40 | 1393428.70 |
| Das Biren Ch | F'man (T) | 53 | Nil | Nil | 04/05/1982 | Std VI | 24 | 859666.32 |
| Dasan A S | Dy Mgr (RC) | 60 | Nil | Nil | 13/03/1971 | SSLC | 35 | 2066121.98 |
| De Dulal Chandra | Ao II | 60 | Nil | Nil | 13/09/1968 | B Com | 38 | 303512.00 |
| Deo D G | Asst Mgr (Fin) | 52 | Nil | Nil | 27/01/1975 | B Com | 31 | 4864695.18 |
| Dinesh H Anam | F'man F | 60 | Nil | Nil | 31/07/1965 | N.A. | 41 | 895769.33 |
| Duli Chand | F'man (T) | 58 | Nil | Nil | 30/11/1966 | Primary | 40 | 1410441.92 |
| Gadekar G A | Dy Mgr (Avn) | 57 | Nil | Nil | 17/07/1973 | BA | 33 | 3764950.60 |
| Ganguly A N | Dy Mgr (Tl) | 60 | Nil | Nil | 22/04/1969 | PU (Sc)/LEE | 37 | 808499.81 |
| Gharat M G | Asst Mgr (Plant) | 57 | Nil | Nil | 03/10/1967 | HsSE | 39 | 3685905.04 |
| Gondhalekar D D | Asst Mgr (Fin) | 54 | Nil | Nil | 14/11/1973 | M Com Cert in Fin & Acctg Practice | 33 | 4643754.56 |
| Gupta V P | Dy Genl Mgr (Avn) | 60 | Nil | Nil | 02/02/1967 | HSC, Pre Eng Bsc | 39 | 1752104.97 |
| Jadhav N P | Sr Ope FSG | 60 | Nil | Nil | 27/06/1979 | N.A. | 27 | 633468.22 |
| Jadhav R F | Mgr (S&EP) | 60 | Nil | Nil | 06/01/1970 | M A, L L B,Cer Compute | 36 | 1753674.36 |
| Jai Prakash | Sr F'man-T | 53 | Nil | Nil | 02/09/1976 | Higher Sec | 30 | 869802.83 |
| Jain Mohanlal | Genl Mgr (Regl Services) | 60 | Nil | Nil | 13/10/1969 | B Sc (Chem Engg), MSc (Chem Engg) | 37 | 686795.12 |
| Jha Hare Krishna | Dy Mgr (Avn) | 58 | Nil | Nil | 01/10/1973 | B A | 33 | 1867366.02 |
| John K C | Dy Mgr (Avn) | 53 | Nil | Nil | 04/10/1979 | B A | 27 | 5231581.24 |
| John P V | So(f)/SG1 | 55 | I O C L | Casual Worker | 04/02/1985 | Class VIII | 27 | 47063.06 |
| Juneja S K | Mgr (Plant) | 60 | Nil | Nil | 28/01/1967 | DME | 39 | 1591603.24 |
| Kagda H S | Sr Janitor | 52 | Nil | Nil | 08/02/1985 | N.A. | 21 | 902370.00 |
| Kailasam J | Asst Mgr (IC) | 51 | Nil | Nil | 26/02/1976 | M A | 30 | 1088282.13 |
| Kaul B B | Dy Genl Mgr (LPG) | 60 | Nil | Nil | 01/08/1968 | DME | 38 | 2038102.91 |
| Khanderkar H P | Mgr (Shift-Admn) | 60 | O C S | Clerk-cum-typist | 18/10/1973 | B A | 40 | 775023.34 |
| Khetan D J | Key Accts Mgr (Railways)-D | 60 | Nil | Nil | 09/02/1970 | B Com | 36 | 1579493.27 |
| Koneru S R | Dy Genl Mgr (Ops) | 60 | Vishwanath Fin Comp | Systems Consultant | 22/07/1985 | M Sc (Maths with Stats), Dip in Sys Mgmt | 22 | 652961.31 |
| Krishna Mohan K M | Mgr (Quality Audit) | 58 | Nil | Nil | 01/07/1969 | B.Sc | 37 | 1961080.60 |
| Krishnan Mohan | Dy Genl Mgr (Avn) | 60 | Nil | Nil | 17/11/1969 | B Tech (Ch),MBA | 37 | 854622.74 |
| Kumar Sudershan | Dy Mgr (Avn) | 52 | Nil | Nil | 01/09/1977 | B Com | 29 | 3080668.72 |
| Lakshmi Balaraman | Accts Officer | 26 | Nil | Nil | 19/12/2001 | B Com Aca,Bsc (London) | 5 | 74567.00 |
| Malik A K | Ch Ops Mgr | 60 | Nil | Nil | 01/01/1967 | DME, BA | 39 | 1878037.93 |
| Mangalambal V | Mgr (HR) | 58 | Nil | Nil | 25/03/1966 | B A, Dip Pers Mgmt | 40 | 1316795.59 |

**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 2005-06 or not less than Rs. 2,00,000 per month during part of the financial year 2005-06.**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Mehra D N | Ao II | 60 | Nil | Nil | 31/08/1967 | BA | 39 | 934426.49 |
| Mehta Vimla Kumari | Sr Attd O SG | 60 | Nil | Nil | 27/03/1981 | Std VIII | 25 | 607006.79 |
| Misra Ramraj | Sr Ope-FSG | 57 | Nil | Nil | 13/08/1985 | Std VIII | 21 | 909189.32 |
| Mittal Amita | D M (IPSAL) | 43 | Nil | Nil | 23/02/1988 | MBA | 18 | 681783.01 |
| Mondolker Parasuram | Dy Manager I/c | 57 | S B I | Clerk | 26/06/1972 | B.Sc. | 37 | 2822602.64 |
| More A A | SSG (SG) | 60 | Nil | Nil | 11/09/1982 | N.A. | 24 | 606805.00 |
| Murlidharan P P | Dy Mgr (Avn) | 60 | Nil | Nil | 08/03/1966 | SSLC | 40 | 1904451.80 |
| Narasinga Rao V | Sr Mgr (Lab) | 57 | Naval Dockyard,Vizag | Sr Scientific Asst | 03/09/1982 | MSc (Org Chem) | 33 | 2364876.85 |
| Natharai Mangalram | Sr Sec Gauard-SG | 60 | Nil | Nil | 07/06/1982 | N.A. | 24 | 568570.28 |
| Om Dutt | Mgr (Terml) | 60 | Nil | Nil | 14/11/1969 | DME | 37 | 929800.02 |
| Padmanabhamurthy A | Sr F'man-R | 59 | S Dastagiri Co | Casual Worker | 21/12/1972 | Matric/Highschl/Cl X | 41 | 895337.00 |
| Pande B D | Sr F'man-F | 60 | Nil | Nil | 01/03/1965 | Std VIII | 41 | 876426.79 |
| Pasarnikar S D | Mgr (Engg) | 60 | Nil | Nil | 03/05/1971 | Dip in Arch | 35 | 2101131.05 |
| Patel G A | Sr Attd II | 58 | Nil | Nil | 01/12/1967 | N.A. | 39 | 1299221.77 |
| Patel R R | Ops Officer | 60 | Nil | Nil | 05/07/1971 | SSC ITI | 35 | 1550269.22 |
| Patil T S | Sr F'man SG | 58 | Nil | Nil | 04/05/1966 | N.A. | 40 | 1971230.23 |
| Raghavan M V | Mgr (Admn) | 55 | Aspick Engg Pvt Ltd. | Manager | 03/06/1981 | B.Com | 34 | 2464647.10 |
| Rajagopalan K | Avn Officer | 47 | Nil | Nil | 04/08/1983 | B Com | 23 | 2904194.72 |
| Ram Parshad | Sr F'man-Avn | 57 | Nil | Nil | 01/07/1969 | Std IV | 37 | 1432088.08 |
| Ram Swarup | Sr F'man (F) | 60 | Nil | Nil | 19/08/1967 | N.A. | 39 | 942165.30 |
| Ramacharya B | Dy Genl Mgr (Matls) | 60 | Jayanti Shipping Co | Trainee Marine Engr | 12/12/1969 | B E (Mech) | 37 | 1097465.00 |
| Ravishankar C S | Dy Manager (Fin) | 53 | Nil | Nil | 05/03/1976 | First year B Com | 30 | 2145616.99 |
| Reddy Raghavendra | Asst Mgr(Tech Serv) | 28 | Nil | Nil | 26/07/1999 | B.Tech | 7 | 216836.90 |
| Roy N C | Asst Mgr (Ops) | 60 | Nil | Nil | 07/01/1969 | B Com | 37 | 343831.00 |
| Shanmugam Manjunath | S O (Ret Sales) | 29 | Nil | Nil | 28/07/2003 | Be (Comp Sc),PGDM | 3 | 2702517.61 |
| Sharma S K | Dy Mgr (Plant) | 60 | Nil | Nil | 29/12/1965 | Inter | 41 | 949277.05 |
| Shingade B N | Ops Officer | 60 | Nil | Nil | 01/06/1970 | SSLC | 36 | 1092538.34 |
| Sikka V C | Genl Mgr (Regl Services) | 60 | Nil | Nil | 19/02/1974 | B Sc Engg (Mech),DMS | 32 | 2047744.50 |
| Singh B N | Sr Mgr (Retail Sales) | 59 | Nil | Nil | 13/02/1970 | M Sc(Agri) | 36 | 2108074.70 |
| Singh Gayatri | F'man | 60 | Nil | Nil | 08/01/1969 | Std VIII | 37 | 1698981.18 |
| Singh Govind | F'man (F) | 60 | Nil | Nil | 24/06/1967 | Std V | 39 | 780447.87 |
| Singh Gurdev | Dy Mgr (LPG-Fin) | 56 | Nil | Nil | 31/10/1969 | B A | 37 | 2165271.87 |
| Singh Gurmail | Sr F'man Av | 60 | Nil | Nil | 01/11/1965 | N.A. | 41 | 1054355.26 |
| Singh Hanwant | F'man (F) | 57 | Nil | Nil | 15/07/1967 | Std VIII | 39 | 1277522.90 |
| Singh Kaka | C'man (F) | 60 | Nil | Nil | 15/06/1965 | Under Matric | 41 | 662208.64 |
| Singh Mukhtiar | Sr Ope-FSG | 45 | Nil | Nil | 25/10/1983 | Std VIII | 23 | 479804.08 |
| Singla B K | Ch A P T M | 60 | Nil | Nil | 15/04/1965 | B A | 41 | 1492560.52 |
| Soni B D | Director (Fin) | 60 | Nil | Nil | 08/05/1972 | ICWA | 33 | 976244.40 |
| Sri Sood Y | Dy Genl Mgr (Co-ordn) | 60 | Nil | Nil | 10/06/1966 | DME | 40 | 1862145.69 |
| Srinivasan R | Ch Marine Mgr | 60 | Nil | Nil | 19/02/1968 | B E (Elec) | 38 | 790707.00 |
| Srinivasan S | Genl Mgr (Avn) | 60 | Nil | Nil | 03/11/1967 | LME,BE(Mech),MBA | 39 | 2474479.26 |
| Srivastava K K | Dy Mgr (Tml) | 58 | Nil | Nil | 29/05/1967 | B A | 39 | 1847301.00 |
| Sud U P | Ch L P G Mgr (M&I) | 55 | Nil | Nil | 01/02/1974 | B Sc (Mech-Engg) | 32 | 3500050.63 |
| Sudhir S R | S D M | 58 | Nil | Nil | 10/08/1977 | MA,Dip in IR & PM | 29 | 1845210.46 |
| Unnikrishnan C | So II | 60 | Central Govt | Steno | 21/01/1970 | B.Com | 39 | 523579.00 |
| Unnikumaran K | Dy Manager (I/c) | 60 | O/O Medical Health Officer | Typist/Clerk | 01/07/1967 | M.A. Dip.Ind.Rel PGD MM | 42 | 850300.51 |
| Uppal S P | Mgr (Retail Sales) | 60 | Nil | Nil | 01/06/1963 | BA | 43 | 1889034.73 |
| Vazir A M | Sr Optr-SG II | 60 | Nil | Nil | 21/10/1967 | N.A. | 39 | 840614.62 |
| Vellingiri M | Oo II | 53 | Nil | Nil | 18/11/1974 | Matric/Highschl/Cl X | 32 | 1776401.88 |
| Venkataramana D | Ch Engg Mgr | 45 | Nil | Nil | 12/12/1984 | B E(civil) | 22 | 623164.81 |
| Venkateshwarloo A | Dy Genl Mgr (Lubes-ret S) | 58 | Permali Wallace Ltd | Sales Engr | 13/03/1974 | Be(mech),Mie(I), Chrtr D Engr(i),AIMA, LIF | 40 | 2971362.25 |
| Vijayaraghavan Divya | Asst Mgr (Cons) | 32 | Nil | Nil | 15/05/1997 | B Tech(e&E) | 9 | 438784.25 |
| Vohra P R | Mgr (Avn) | 59 | Nil | Nil | 01/11/1968 | B A | 38 | 2052026.63 |
| Wadhwani O | Ao II | 60 | Nil | Nil | 20/05/1969 | B Com | 37 | 914571.74 |
| Yadav M R | A M (Tml) | 55 | Nil | Nil | 20/01/1981 | MA (Socio) | 25 | 1889949.81 |
| Yash Pal | Sr Ope-FSG | 56 | Nil | Nil | 15/06/1984 | High School | 22 | 312494.43 |

**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 2005-06 or not less than Rs. 2,00,000 per month during part of the financial year 2005-06.**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Mehra D N | Ao II | 60 | Nil | Nil | 31/08/1967 | BA | 39 | 934426.49 |
| Mehta Vimla Kumari | Sr Attd O SG | 60 | Nil | Nil | 27/03/1981 | Std VIII | 25 | 607006.79 |
| Misra Ramraj | Sr Ope-FSG | 57 | Nil | Nil | 13/08/1985 | Std VIII | 21 | 909189.32 |
| Mittal Amita | D M (IPSAL) | 43 | Nil | Nil | 23/02/1988 | MBA | 18 | 681783.01 |
| Mondolker Parasuram | Dy Manager I/c | 57 | S B I | Clerk | 26/06/1972 | B.Sc. | 37 | 2822602.64 |
| More A A | SSG (SG) | 60 | Nil | Nil | 11/09/1982 | N.A. | 24 | 606805.00 |
| Murlidharan P P | Dy Mgr (Avn) | 60 | Nil | Nil | 08/03/1966 | SSLC | 40 | 1904451.80 |
| Narasinga Rao V | Sr Mgr (Lab) | 57 | Naval Dockyard,Vizag | Sr Scientific Asst | 03/09/1982 | MSc (Org Chem) | 33 | 2364876.85 |
| Natharai Mangalram | Sr Sec Gauard-SG | 60 | Nil | Nil | 07/06/1982 | N.A. | 24 | 568570.28 |
| Om Dutt | Mgr (Terml) | 60 | Nil | Nil | 14/11/1969 | DME | 37 | 929800.02 |
| Padmanabhamurthy A | Sr F'man-R | 59 | S Dastagiri Co | Casual Worker | 21/12/1972 | Matric/Highschl/Cl X | 41 | 895337.00 |
| Pande B D | Sr F'man-F | 60 | Nil | Nil | 01/03/1965 | Std VIII | 41 | 876426.79 |
| Pasarnikar S D | Mgr (Engg) | 60 | Nil | Nil | 03/05/1971 | Dip in Arch | 35 | 2101131.05 |
| Patel G A | Sr Attd II | 58 | Nil | Nil | 01/12/1967 | N.A. | 39 | 1299221.77 |
| Patel R R | Ops Officer | 60 | Nil | Nil | 05/07/1971 | SSC ITI | 35 | 1550269.22 |
| Patil T S | Sr F'man SG | 58 | Nil | Nil | 04/05/1966 | N.A. | 40 | 1971230.23 |
| Raghavan M V | Mgr (Admn) | 55 | Aspick Engg Pvt Ltd. | Manager | 03/06/1981 | B.Com | 34 | 2464647.10 |
| Rajagopalan K | Avn Officer | 47 | Nil | Nil | 04/08/1983 | B Com | 23 | 2904194.72 |
| Ram Parshad | Sr F'man-Avn | 57 | Nil | Nil | 01/07/1969 | Std IV | 37 | 1432088.08 |
| Ram Swarup | Sr F'man (F) | 60 | Nil | Nil | 19/08/1967 | N.A. | 39 | 942165.30 |
| Ramacharya B | Dy Genl Mgr (Matls) | 60 | Jayanti Shipping Co | Trainee Marine Engr | 12/12/1969 | B E (Mech) | 37 | 1097465.00 |
| Ravishankar C S | Dy Manager (Fin) | 53 | Nil | Nil | 05/03/1976 | First year B Com | 30 | 2145616.99 |
| Reddy Raghavendra | Asst Mgr(Tech Serv) | 28 | Nil | Nil | 26/07/1999 | B.Tech | 7 | 216836.90 |
| Roy N C | Asst Mgr (Ops) | 60 | Nil | Nil | 07/01/1969 | B Com | 37 | 343831.00 |
| Shanmugam Manjunath | S O (Ret Sales) | 29 | Nil | Nil | 28/07/2003 | Be (Comp Sc),PGDM | 3 | 2702517.61 |
| Sharma S K | Dy Mgr (Plant) | 60 | Nil | Nil | 29/12/1965 | Inter | 41 | 949277.05 |
| Shingade B N | Ops Officer | 60 | Nil | Nil | 01/06/1970 | SSLC | 36 | 1092538.34 |
| Sikka V C | Genl Mgr (Regl Services) | 60 | Nil | Nil | 19/02/1974 | B Sc Engg (Mech),DMS | 32 | 2047744.50 |
| Singh B N | Sr Mgr (Retail Sales) | 59 | Nil | Nil | 13/02/1970 | M Sc(Agri) | 36 | 2108074.70 |
| Singh Gayatri | F'man | 60 | Nil | Nil | 08/01/1969 | Std VIII | 37 | 1698981.18 |
| Singh Govind | F'man (F) | 60 | Nil | Nil | 24/06/1967 | Std V | 39 | 780447.87 |
| Singh Gurdev | Dy Mgr (LPG-Fin) | 56 | Nil | Nil | 31/10/1969 | B A | 37 | 2165271.87 |
| Singh Gurmail | Sr F'man Av | 60 | Nil | Nil | 01/11/1965 | N.A. | 41 | 1054355.26 |
| Singh Hanwant | F'man (F) | 57 | Nil | Nil | 15/07/1967 | Std VIII | 39 | 1277522.90 |
| Singh Kaka | C'man (F) | 60 | Nil | Nil | 15/06/1965 | Under Matric | 41 | 662208.64 |
| Singh Mukhtiar | Sr Ope-FSG | 45 | Nil | Nil | 25/10/1983 | Std VIII | 23 | 479804.08 |
| Singla B K | Ch A P T M | 60 | Nil | Nil | 15/04/1965 | B A | 41 | 1492560.52 |
| Soni B D | Director (Fin) | 60 | Nil | Nil | 08/05/1972 | ICWA | 33 | 976244.40 |
| Sri Sood Y | Dy Genl Mgr (Co-ordn) | 60 | Nil | Nil | 10/06/1966 | DME | 40 | 1862145.69 |
| Srinivasan R | Ch Marine Mgr | 60 | Nil | Nil | 19/02/1968 | B E (Elec) | 38 | 790707.00 |
| Srinivasan S | Genl Mgr (Avn) | 60 | Nil | Nil | 03/11/1967 | LME,BE(Mech),MBA | 39 | 2474479.26 |
| Srivastava K K | Dy Mgr (Tml) | 58 | Nil | Nil | 29/05/1967 | B A | 39 | 1847301.00 |
| Sud U P | Ch L P G Mgr (M&I) | 55 | Nil | Nil | 01/02/1974 | B Sc (Mech-Engg) | 32 | 3500050.63 |
| Sudhir S R | S D M | 58 | Nil | Nil | 10/08/1977 | MA,Dip in IR & PM | 29 | 1845210.46 |
| Unnikrishnan C | So II | 60 | Central Govt | Steno | 21/01/1970 | B.Com | 39 | 523579.00 |
| Unnikumaran K | Dy Manager (I/c) | 60 | O/O Medical Health Officer | Typist/Clerk | 01/07/1967 | M.A. Dip.Ind.Rel PGD MM | 42 | 850300.51 |
| Uppal S P | Mgr (Retail Sales) | 60 | Nil | Nil | 01/06/1963 | BA | 43 | 1889034.73 |
| Vazir A M | Sr Optr-SG II | 60 | Nil | Nil | 21/10/1967 | N.A. | 39 | 840614.62 |
| Vellingiri M | Oo II | 53 | Nil | Nil | 18/11/1974 | Matric/Highschl/Cl X | 32 | 1776401.88 |
| Venkataramana D | Ch Engg Mgr | 45 | Nil | Nil | 12/12/1984 | B E(civil) | 22 | 623164.81 |
| Venkateshwarloo A | Dy Genl Mgr (Lubes-ret S) | 58 | Permali Wallace Ltd | Sales Engr | 13/03/1974 | Be(mech),Mie(I), Chrtr D Engr(i),AIMA, LIF | 40 | 2971362.25 |
| Vijayaraghavan Divya | Asst Mgr (Cons) | 32 | Nil | Nil | 15/05/1997 | B Tech(e&E) | 9 | 438784.25 |
| Vohra P R | Mgr (Avn) | 59 | Nil | Nil | 01/11/1968 | B A | 38 | 2052026.63 |
| Wadhwani O | Ao II | 60 | Nil | Nil | 20/05/1969 | B Com | 37 | 914571.74 |
| Yadav M R | A M (Tml) | 55 | Nil | Nil | 20/01/1981 | MA (Socio) | 25 | 1889949.81 |
| Yash Pal | Sr Ope-FSG | 56 | Nil | Nil | 15/06/1984 | High School | 22 | 312494.43 |

IndianOil

**REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH, 2006 BY THE COMPTROLLER & 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)**

| | | | 2003-04 | 2004-05 | 2005-06 |
|---|---|---|---|---|---|
| **LIABILITIES:** | | | | | |
| a) | Paid up Capital | | | | |
| | i) | Government | 959.43 | 959.43 | 959.43 |
| | ii) | Others | 208.58 | 208.58 | 208.58 |
| b) | Reserves and Surplus | | | | |
| | i) | Free Reserves & Surplus | 20,727.33 | 24,250.61 | 27,015.68 |
| | ii) | Share Premium | 175.86 | 175.86 | 175.86 |
| | iii) | Capital Reserves | 11.40 | 10.68 | 13.57 |
| | iv) | Bonds Redemption Reserves | 964.81 | 379.20 | 929.55 |
| c) | Borrowings | | | | |
| | i) | From Government of India | - | - | - |
| | ii) | From Financial Institutions | 4,134.40 | - | - |
| | iii) | Foreign Currency Loans | 5,118.69 | 8,656.79 | 10,952.27 |
| | iv) | Cash Credit, EPC, Wkg. Capital demand loan | 2,039.93 | 2,111.79 | 2,620.35 |
| | v) | Others | 884.59 | 6,551.35 | 12,831.10 |
| | vi) | Interest accrued & due on loans | 0.95 | 0.31 | 0.59 |
| d) | Current Liabilities and Provisions | | | | |
| | i) | Current Liabilities and Provisions | 18,848.38 | 22,025.07 | 25,676.36 |
| | ii) | Provision for Gratuity | - | - | - |
| e) | Deferred Tax Liability | | 4,283.73 | 4,305.34 | 4,422.94 |
| | **TOTAL** | | **58,358.08** | **69,635.01** | **85,806.28** |
| **ASSETS:** | | | | | |
| f) | Gross Block | | 36,388.30 | 39,869.26 | 43,694.96 |
| g) | Less: Cumulative Depreciation | | 14,341.69 | 16,452.91 | 18,635.98 |
| | Impairment Loss | | - | 35.56 | 35.56 |
| h) | Net Block | | 22,046.61 | 23,380.79 | 25,023.42 |
| h(i) | Finance Lease Receivables | | 119.46 | 95.49 | 70.57 |
| i) | Capital Work-in-Progress (including Dismantled Capital Stores) | | 5,286.57 | 8,733.91 | 9,645.30 |
| j) | Investments/ Advances for Investments | | 5,595.93 | 5,704.93 | 14,526.39 |
| k) | Current Assets, Loans and Advances | | | | |
| | i) | Interest accrued on Investments/ Bank Bal. | - | - | 31.55 |
| | ii) | Inventories | 14,951.08 | 19,504.82 | 24,277.79 |
| | iii) | Sundry Debtors | 3,973.12 | 5,689.87 | 6,699.48 |
| | iv) | Cash and Bank Balances | 698.07 | 446.32 | 744.17 |
| | v) | Loans and Advances | 5,613.95 | 6,045.79 | 4,730.10 |
| l) | Miscellaneous Expenditure (to the extent not written off or adjusted) | | 73.29 | 33.09 | 57.51 |
| | **TOTAL** | | **58,358.08** | **69,635.01** | **85,806.28** |

| | | 2003-04 | 2004-05 | 2005-06 |
|---|---|---|---|---|
| m) | Working Capital {(k-d(i)-c(vi)} | 6,386.89 | 9,661.42 | 10,806.14 |
| n) | Capital Employed (h+m) | 28,433.50 | 33,042.21 | 35,829.56 |
| o) | Net Worth {(a+b(i)+b(ii)-l)} | 21,997.91 | 25,561.39 | 28,302.04 |
| p) | Networth per rupee of equity capital (Rupees) | 18.83 | 21.88 | 24.23 |

**i)** The existing holding of Government of India remains at 82.03% as on 31.3.2006.

**ii)** The working capital of the company for the year 2003-04, 2004-05 and 2005-06 was Rs. 6386.89 crore, 9661.42 crore and Rs. 10806.14 crore respectively. The increase in 2005-06 was mainly on account of increase in value of inventories and Sundry Debtors.

**iii)** The capital employed of the company for the year 2003-04, 2004-05 and 2005-06 was Rs. 28,433.50 crore, Rs. 33,042.21 crore and Rs. 35,829.56 crore respectively. The increase in Capital employed during 2005-06 is mainly due to increase in net fixed assets and working capital.

**iv)** The Net Worth of the company for the year 2003-04, 2004-05 and 2005-06 was Rs. 21,997.91 crore, Rs. 25,561.39 crore and Rs. 28,302.04 crore respectively. The increase in the networth is mainly due to increase in Reserves and Surplus.

**2. RESERVES & SURPLUS**

The free reserves and surplus of the company was 23 times of the paid up capital as on 31st March, 2006 as against 21 times as on 31st March, 2005. 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. 5704.93 crore as on 31st March 2005 to Rs. 14,526.39 crore as on 31st March, 2006. The increase in investment was mainly on account of Special Oil Bonds issued by Govt of India.

**4. SOURCES AND UTILISATION OF FUNDS:**

Funds amounting to Rs. 16,374.72 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 | | 4,915.12 |
| ii) | Depreciation | | 2,183.07 |
| iii) | Provision for Diminution in Investments | | 5.94 |
| iv) | Capital Grants Received During the Year | | 4.11 |
| v) | Provision for Deferred Tax | | 117.60 |
| vi) | Increase in Loans | | 9,083.79 |
| vii) | Increase in Reserve due to Amalgamation of IOBL | | 65.09 |
| | | | **16,374.72** |
| **UTILISATION OF FUNDS:** | | | |
| i) | Capital Expenditure (including Finance Lease Receivables) | | 4,712.17 |
| ii) | Dividend and Dividend Tax paid | | 1,332.06 |
| iii) | Increase in Working Capital | | |
| | - Increase in Current Assets | 4,796.29 | |
| | - Increase in Current Liabilities | 3,318.84 | 1,477.45 |
| iv) | Increase in Investments | | 8,827.40 |
| v) | Capital Grants Amortised | | 1.22 |
| vi) | Increase in Miscellaneous Expenditure | | 24.42 |
| | | | **16,374.72** |

5. **WORKING RESULTS:**

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

**(Rs. in Crore)**

| | | 2003-04 | 2004-05 | 2005-06 |
|---|---|---|---|---|
| i) | Sales | 130,202.95 | 150,677.07 | 183,204.40 |
| ii) | Less: Duties | 17,022.57 | 14,374.20 | 18,321.76 |
| iii) | Net Sales | 113,180.38 | 136,302.87 | 164,882.64 |
| iv) | Other or Misc. Income (Interest & Claims/ (Surrender) to Industry Pool Account | 1,865.15 | 1,464.75 | 2,512.39 |
| v) | Profit/(Loss) before tax and prior period adjustments | 9,645.78 | 6,067.62 | 6,689.20 |
| vi) | Prior period adjustments | 45.06 | (112.44) | 16.79 |
| vii) | Profit/(Loss) before tax | 9,690.84 | 5,955.18 | 6,705.99 |
| viii) | Tax Provisions | | | |
| | - Current Tax | 2,275.40 | 1,029.43 | 1,617.63 |
| | - Deferred Tax | 410.62 | 34.37 | 116.15 |
| | - Fringe Benefit Tax | | | 57.09 |
| ix) | Profit after tax | 7,004.82 | 4,891.38 | 4,915.12 |
| x) | Proposed Dividend | | | |
| | - Interim Dividend | 584.01 | 525.61 | - |
| | - Final Dividend (Proposed) | 1,868.82 | 1,168.01 | 1,460.02 |

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)**

| | 2003-04 | 2004-05 | 2005-06 |
|---|---|---|---|
| **CONSOLIDATED POSITION:** | | | |
| Profit (+) / Loss (-) for the year as per accounts | **9,645.78** | **6,067.62** | **6,689.20** |
| Unclaimed/Unspent liabilities written back | **139.83** | **133.89** | **486.97** |
| Prior period adjustments | **45.06** | **(112.45)** | **16.79** |
| Write back of Dev. Rebate Reserve | **-** | **-** | **-** |
| Profit Before Tax | **9,690.84** | **5,955.17** | **6,705.99** |
| **REFINERIES DIVISION** | | | |
| Profit (+) / Loss (-) for the year as per accounts | 6,013.81 | 6,420.17 | 4,445.38 |
| Unclaimed/Unspent liabilities written back | 1.49 | 2.30 | 3.51 |
| Prior period adjustments | (30.92) | (109.59) | 19.40 |
| Write back of Dev. Rebate Reserve | - | - | - |
| Profit Before Tax | 5,982.89 | 6,310.58 | 4,464.78 |
| **PIPELINES DIVISION** | | | |
| Profit (+) / Loss (-) for the year as per accounts | 327.78 | 343.39 | 293.00 |
| Unclaimed/Unspent liabilities written back | 0.33 | 0.59 | 6.63 |
| Prior period adjustments | 0.42 | (1.21) | 1.11 |
| Write back of Dev. Rebate Reserve | - | - | - |
| Profit Before Tax | 328.20 | 342.18 | 294.11 |

II Unit-wise working levels (Contd.)

(Rs. in Crore)

| | 2003-04 | 2004-05 | 2005-06 |
|---|---|---|---|
| **MARKETING DIVISION** | | | |
| Profit (+) / Loss (-) for the year as per accounts | 2,686.01 | (1,041.44) | 1,538.20 |
| Unclaimed/Unspent liabilities written back | 137.56 | 128.34 | 473.99 |
| Prior period adjustments | 5.99 | (1.65) | (8.53) |
| Write back of Dev. Rebate Reserve | - | - | - |
| Profit Before Tax | 2,692.00 | (1,043.09) | 1,529.67 |
| **R & D CENTRE** | | | |
| Profit (+) / Loss (-) for the year as per accounts | 0.03 | 0.04 | - |
| Unclaimed/Unspent liabilities written back | 0.45 | 0.12 | 0.04 |
| Prior period adjustments | - | - | - |
| Write back of Dev. Rebate Reserve | - | - | - |
| Profit Before Tax | 0.03 | 0.04 | - |
| **ASSAM OIL DIVISION** | | | |
| Profit (+) / Loss (-) for the year as per accounts | 111.57 | (133.29) | 27.04 |
| Unclaimed/Unspent liabilities written back | - | - | 2.80 |
| Prior period adjustments | (1.03) | - | (4.61) |
| Write back of Dev. Rebate Reserve | - | - | - |
| Profit Before Tax | 110.54 | (133.29) | 22.43 |
| **REGISTERED OFFICE** | | | |
| Profit (+) / Loss (-) for the year as per accounts | 506.58 | 478.75 | 385.58 |
| Unclaimed/Unspent liabilities written back | - | 2.54 | - |
| Prior period adjustments | 70.60 | - | 9.42 |
| Write back of Dev. Rebate Reserve | - | - | - |
| Profit Before Tax | 577.18 | 478.75 | 395.00 |

**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:

| | 2003-04 | 2004-05 | 2005-06 |
|---|---|---|---|
| **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)]x100} | 133.88 | 143.86 | 142.08 |
| **B. Debt Equity Ratio:** | | | |
| Long Term Debt to Equity {[c(i to v excldg. Short term)/o]x100} | 32.44 | 21.81 | 36.82 |
| **C. Profitability Ratios:** | | | |
| a) Profit before tax to: | | | |
| i) Capital Employed | 34.08 | 18.02 | 18.72 |
| ii) Net Worth | 44.05 | 23.30 | 23.69 |
| iii) Sales (excluding duties) | 8.56 | 4.37 | 4.07 |
| b) Profit after tax to Equity | 599.72 | 418.78 | 420.81 |
| c) Earning per Share (Rs.) | 59.97 | 41.88 | 42.08 |

- **i)** The percentage of Long Term debt equity ratio has gone up to 36.82 in 2005-06 from 21.81 in 2004-05 because of increase in Long Term Loans.
- **ii)** The percentage of Profit before tax to Sales (excluding duties) was 8.56 in 2003-04, 4.37 in 2004-05 and 4.07 in 2005-06. The reduction is mainly due to marginal increase in profit as compared to increase in Sales.

**7. INVENTORY:**

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

**(Rs. in Crore)**

| | | 2003-04 | 2004-05 | 2005-06 |
|---|---|---|---|---|
| i) | Raw Materials | 4,534.84 | 7,311.48 | 9,395.52 |
| ii) | Stores & Spares | 667.97 | 785.53 | 877.91 |
| iii) | Stock-in-trade | 8,775.41 | 10,220.19 | 12,370.30 |
| iv) | Stock-in-process | 966.44 | 1,175.56 | 1,624.78 |
| v) | Stock of empty barrels and tins | 6.42 | 12.06 | 9.28 |

**i)** The stock of raw materials was equivalent to about 1.7 month's consumption in 2005-06 as compared to 1.4 month's consumption and 1.8 month's consumption in 2003-04 and 2004-05 respectively. The inventory at the end of the year 2005-06 has increased by Rs. 4772.97 crore over the previous year 2004-05.

**8. SUNDRY DEBTORS:**

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

**(Rs. in Crore)**

| | | 2003-04 | 2004-05 | 2005-06 |
|---|---|---|---|---|
| i) | Sundry Debtors Considered good | 3,973.12 | 5,689.87 | 6,699.48 |
| ii) | Sundry Debtors Considered doubtful | 265.62 | 268.03 | 255.88 |
| iii) | Total Sundry Debtors | 4,238.74 | 5,957.90 | 6,955.36 |
| iv) | Sales | 130,202.95 | 150,677.07 | 183,204.40 |
| v) | Percentage of Sundry Debtors to Sales | 3.26% | 3.95% | 3.80% |

(A) The percentage of Sundry Debtors considered doubtful to Sundry Debtors decreased to 3.68 in 2005-06 as compared to 4.50 in 2004-05 and 6.27 in 2003-04.

(B) Percentage of Sundry Debtors to sales was 3.26% in 2003-04 which increased to 3.95% in 2004-05. However, it has decreased to 3.80% in 2005-06 due to increase in Sales.

**9. DIVIDEND:**

The total dividend for the year 2005-06 works out to 125% as against 145% for the year 2004-05. The dividend payout ratio calculated as a percentage of total dividend paid/ proposed to Profit After Tax works out to 30% in 2005-06 as compared to 35% in 2003-04 and 2004-05 .

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

**NEW DELHI**
**DATED: 31/7/2006**

## 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 2006 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**<br>**Schedule E: Fixed Assets**<br>**Plant & Machinery: Gross Block – Rs. 37201.12 Crore**<br>(i) The above amount does not include<br>a) Rs. 550.20 crore being the value of Diesel Hydro Treating unit and Hydrogen Generation Unit commissioned on 21st December 2005 and 19th December 2005 respectively. | (a) The main units (CDU/VDU) of Panipat Refinery expansion were not completed in 2005-06. Therefore, the required feed for Diesel Hydro Treating Plant (DHDT) was not available. However, DHDT plant was intermittently tested with the straight run feed from the existing refinery to save time at the stage of commissioning of the main units.<br>Since the required feed was not available due to non-completion of main units, the plant was not ready for commercial production and hence the same was not capitalised. |
| | b) Rs. 11.10 crore being the value of Cooling Tower & Cooling Water Treatment Plant, which was completed on 31 January 2006 and was in operation during 2005-06<br>Due to non-capitalisation of the above units the Fixed Assets were understated by Rs. 561.30 crore. This has also resulted into understatement of Depreciation and overstatement of Profit by Rs. 7.36 crore. | (b) The new Cooling Tower & Cooling Water treatment Plant for Panipat Refinery Expansion Project was not tested with hot water circulation due to non-commissioning of various units like CDU, VDU, HCU. Therefore, the same was not capitalised. |
| | ii) The fixed assets (Net Block) also includes Rs. 4.04 crore being the cost of railway siding constructed on railway land (adjacent to Guwahati Refinery), the ownership of which does not lie with the Company. The amount should have been charged as per the Accounting Policy (Para 2.3.4 of Schedule Q) of the Company.<br>This has resulted in overstatement of Net Block and profit by Rs. 4.04 crore. | Noted. |

| | COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA | REPLIES OF THE BOARD OF DIRECTORS |
|---|---|---|
| 2) | **Schedule F-1:**<br><br>**Construction Period Expenses – Rs. 457.68 crore**<br><br>An Income of Rs. 57.86 crore earned from operation of DHDT unit during the period from December 2005 to March 2006 has been incorrectly treated as Project Income and deducted from the Construction Period Expenses though the unit was commissioned on 21 December 2005.<br><br>This has resulted into Understatement of Income / Profit for the year by Rs. 57.86 crore and construction period expenses by Rs. 57.86 crore. | DHDT unit was under trial operation and the same could not be put to commercial production due to non-availability of feed from the main units of Panipat Refinery expansion as mentioned in reply to comment no. 1 above and hence not capitalized.<br><br>Therefore, the income from trial operation has been shown under Construction Period Expenses/Income in line with Guidance Note on "Treatment of expenditure during construction period" issued by Institute of Chartered Accountants of India. |
| 3) | **Schedule F:**<br><br>**Capital Work in Progress – Rs. 9620.03 crore**<br><br>The above includes an expenditure of Rs. 3.05 crore incurred on modification work of Solvent De-waxing Unit (SDU) of Digboi Refinery although this expenditure was recoverable from the technology provider.<br><br>This has resulted in overstatement of capital work in progress and understatement of claims recoverable by Rs. 3.05 crore. | Noted. |
| 4) | **Schedule K: Loans and Advances**<br><br>**Claims recoverable – From others**<br><br>**B. Unsecured considered good Rs. 1138.41 crore**<br><br>The above includes Railway claims of Rs. 11.19 crore on account of Non Delivery of Product (missing wagons), in respect of which the Company has filed an appeal with Railway Claims Tribunal. As the realization of these claims is not certain, booking of Income in respect of these Claims is not in line with Accounting Policy 9.3 (a) of the Company. A provision for the same is therefore required to be made.<br><br>Non-provision has resulted into overstatement of Income and understatement of Provision for Doubtful Claims by Rs. 11.19 crore. | Claims have been lodged with Railway Claim Tribunal mainly to fulfill the requirement of lodgement of claims within the required time period of three years from the date of transaction as per the provisions of Railway Claim Tribunal Act to avoid the claims becoming time-barred.<br><br>These claims are good for realization based on the past experience of the Company and accordingly no provision has been made in respect of these claims. This is also in line with the Accounting Policy followed by the Company. |

| | COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA | REPLIES OF THE BOARD OF DIRECTORS |
|---|---|---|
| 5) | **Schedule L: Current Liabilities & Provisions**<br>**Sundry Creditors: Rs. 12830.74 crore**<br>The above includes Rs. 16.45 crore pertaining to disputed concessional customs duty withheld from the contractor.<br>This was also pointed out in comments of the Comptroller and Auditor General of India on the accounts of the Company for the years ended March 2004 and March 2005 and has resulted in overstatement of Current Liabilities, Fixed Assets (Gross Block Rs. 16.45 crore and Depreciation Rs. 5.65 crore) and understatement of Contingent Liability to the extent of Rs. 16.45 crore. | The liability of Rs. 16.45 crore has been provided as payable to the contactor 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 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. |
| | **Sd/-**<br>**(A.K. SINGH)**<br>**PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT & EX-OFFICIO MEMBER, AUDIT BOARD-II** | **Sd/-**<br>**(S. BEHURIA)**<br>**CHAIRMAN**<br>**FOR AND ON BEHALF OF BOARD OF DIRECTORS** |
| | **Place : New Delhi**<br>**Dated : 31/7/2006** | **Place : New Delhi**<br>**Dated : 04/08/2006** |

# Consolidated Accounts
# 2005-2006

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 2006 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. 11,255.72 crore (net) as on March 31, 2006 and total revenue of Rs. 49,719.43 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.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.

*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 2006;

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**<br>Chartered Accountants | **M. M. NISSIM AND CO.**<br>Chartered Accountants | **K K S & CO.**<br>Chartered Accountants |
|---|---|---|
| Sd/-<br>**(MADHUR GUPTA)**<br>Partner<br>M.No. 90205 | Sd/-<br>**(SAMIR MEHTA)**<br>Partner<br>M.No. 43086 | Sd/-<br>**(K. P. KHANDELWAL)**<br>Partner<br>M.No. 50244 |

Place : New Delhi
Date : May 26, 2006

(Rs. in Crore)

| | Schedule | | March-06 | March-05 |
|---|---|---|---|---|
| **SOURCES OF FUNDS:** | | | | |
| 1. Shareholders' Funds: | | | | |
| a) Capital | "A" | **1,168.01** | | 1,168.01 |
| b) Reserves and Surplus | "B" | **29,472.93** | | 26,281.96 |
| | | | **30,640.94** | 27,449.97 |
| 2. Loan Funds: | | | | |
| a) Secured Loans | "C" | **9,730.85** | | 3,901.28 |
| b) Unsecured Loans | "D" | **20,332.76** | | 16,427.80 |
| | | | **30,063.61** | 20,329.08 |
| 3. Deferred Tax Liability (Net) (Rs. 41.77 crore {2005: Rs. 24.74 crore} towards share of jointly controlled entities) | | | **5,223.68** | 5,055.53 |
| 4. Minority Interest | | | **1,742.59** | 1,706.65 |
| **TOTAL** | | | **67,670.82** | 54,541.23 |
| **APPLICATION OF FUNDS:** | | | | |
| 1. Fixed Assets & Intangible Assets: | | | | |
| 1.1 Fixed Assets: | | | | |
| a) Gross Block | "E" | **51,552.13** | | 47,608.71 |
| b) Less: Depreciation | | **21,299.35** | | 18,859.19 |
| c) Less: Impairment Loss | | **35.56** | | 35.56 |
| d) Net Block | | **30,217.22** | | 28,713.96 |
| 1.2 Intangible Assets: | | | | |
| a) Gross Block | "E-1" | **212.89** | | 159.89 |
| b) Less: Amortisation | | **49.40** | | 16.95 |
| c) Net Block | | **163.49** | | 142.94 |
| 1.3 Dismantled Capital Stores (Rs. 0.55 crore {2005 : Rs. 2.12 crore} towards share of jointly controlled entities) | | **27.23** | | 17.48 |
| 1.4 Capital Work-in-Progress | "F" | **9,871.63** | | 8,907.57 |
| | | | **40,279.57** | 37,781.95 |
| 2. Goodwill on Acquisition | | | **1,669.68** | 1,748.06 |
| 3. Investments | "G" | | **12,292.26** | 2,730.28 |
| 4. Advances for Investments (Rs. 0.72 crore {2005 : Rs. Nil} towards share of jointly controlled entities) | | | **4.59** | 150.00 |
| 5. Finance Lease Receivables | | | **75.87** | 103.00 |
| 6. Current Assets, Loans and Advances: | | | | |
| a) Inventories | "H" | **28,639.73** | | 23,237.83 |
| b) Sundry Debtors | "I" | **5,032.11** | | 4,447.41 |
| c) Cash and Bank Balances | "J" | **1,052.85** | | 1,373.71 |
| d) Other Current Assets - Interest accrued on Investments/Bank Deposits (Rs. 0.11 crore {2005 : Rs. 0.10 crore} towards share of jointly controlled entities) | | **33.86** | | 2.21 |
| e) Loans and Advances | "K" | **5,126.29** | | 6,562.28 |
| | | **39,884.84** | | 35,623.44 |

(Rs. in Crore)

| | Schedule | | March-06 | March-05 |
|---|---|---|---|---|
| **APPLICATION OF FUNDS (Contd.):** | | | | |
| 7. Less: Current Liabilities and Provisions | "L" | | | |
| a) Current Liabilities | | **24,475.36** | | 21,540.84 |
| b) Provisions | | **2,122.57** | | 2,095.19 |
| | | **26,597.93** | | 23,636.03 |
| 8. Net Current Assets (6-7) | | | **13,286.91** | 11,987.41 |
| 9. Miscellaneous Expenditure (to the extent not written off or adjusted) (Rs. 1.58 crore {2005 : Rs. 2.72 crore} towards share of jointly controlled entities) | | | **61.37** | 38.78 |
| 10. Deferred Tax Asset (Rs. Nil {2005 : Rs. 1.75 crore} towards share of jointly controlled entities) | | | **0.57** | 1.75 |
| **TOTAL** | | | **67,670.82** | 54,541.23 |
| 11. Notes on Accounts | "Q" | | | |

| | | |
|---|---|---|
| Sd/- | Sd/- | Sd/- |
| **(S. Behuria)** | **(S. V. Narasimhan)** | **(Raju Ranganathan)** |
| Chairman | Director (Finance) | Company Secretary |

**As per our attached Report of even date**

| | | |
|---|---|---|
| **SURESH CHANDRA & ASSOCIATES** | **M. M. NISSIM AND CO.** | **K K S & CO.** |
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Sd/- | Sd/- | Sd/- |
| **(MADHUR GUPTA)** | **(SAMIR MEHTA)** | **(K. P. KHANDELWAL)** |
| Partner | Partner | Partner |
| M.No. 90205 | M.No. 43086 | M.No. 50244 |

Place : New Delhi
Date : May 26, 2006

(Rs. in Crore)

| | Schedule | | March-06 | March-05 |
|---|---|---|---|---|
| **INCOME:** | | | | |
| 1. Sale of Products and Crude | | **176,908.28** | | 149,771.45 |
| Less: Commission and Discounts | | **1,686.08** | | 1,313.91 |
| Sale (Net of Commission & Discounts) | | **175,222.20** | | 148,457.54 |
| Less: Excise Duty | | **22,796.89** | | 16,762.00 |
| Sale (Net of Commission, Discount & Excise Duty) | | | **152,425.31** | 131,695.54 |
| 2. Company's use of own Products and Crude | | | **408.08** | 272.21 |
| 3. Net claim from/(surrender to) PPAC/GOI | | | **0.00** | 77.97 |
| 4. Subsidy From Government of India (As per scheme) | | | **1,482.91** | 1,415.00 |
| 5. Grant from Government of India (Special Oil Bonds) | | | **6,992.02** | 0.00 |
| 6. Increase/(Decrease) in Stocks | "M" | | **2,934.20** | 2,169.30 |
| 7. Interest and other Income | "N" | | **2,338.40** | 1,433.32 |
| **TOTAL INCOME** | | | **166,580.92** | 137063.34 |
| **EXPENDITURE:** | | | | |
| 1. Purchase of Products and Crude for resale | | | **65,227.80** | 57,315.86 |
| 2. Manufacturing, Admn., Selling & Other Expenses | "O" | | **89,706.68** | 68,489.90 |
| 3. Duties (Net) | | | **576.07** | 426.13 |
| 4. Depreciation and Amortisation on: | | | | |
| i) Fixed Assets | | **2,521.78** | | 2,400.34 |
| ii) Intangible Assets | | **28.65** | | 13.58 |
| | | | **2,550.43** | 2,413.92 |
| 5. Interest Payments on: | | | | |
| a) Fixed period loans from Banks/Financial Institutions/Others | | **459.52** | | 335.58 |
| b) Bonds | | **100.69** | | 70.12 |
| c) Short term loans from Banks | | **676.37** | | 330.89 |
| d) Public Deposits | | **0.96** | | 1.45 |
| e) Others | | **13.90** | | 29.89 |
| | | **1,251.44** | | 767.93 |
| Less: Interest Capitalised | | **0.00** | | 0.01 |
| | | | **1,251.44** | 767.92 |
| 6. Deferred Revenue Expenditure written off | | | **0.26** | 2.79 |
| **TOTAL EXPENDITURE** | | | **159,312.68** | 129,416.52 |
| **PROFIT FOR THE YEAR** | | | **7,268.24** | 7,646.82 |
| Income/(Expenses) pertaining to previous years (Net) | "P" | | **24.95** | (111.07) |
| **PROFIT BEFORE TAX** | | | **7,293.19** | 7,535.75 |
| Less: Provision for Tax | | | | |
| a) Current Tax | | | **1,945.02** | 1,384.75 |
| b) Fringe Benefit Tax | | | **62.94** | 0.00 |
| c) Deferred Tax | | | **169.33** | 250.09 |
| **PROFIT AFTER TAX** | | | **5,115.90** | 5,900.91 |
| **Add: Transfer from Burma Current A/c** | | | **(0.03)** | 0.08 |
| **Less: Share of Minority Interest** | | | **183.45** | 431.76 |
| **PROFIT FOR THE GROUP** | | | **4,932.42** | 5,469.23 |
| Balance brought forward from last year's account | | | **15.43** | 16.51 |
| **PROFIT AVAILABLE FOR APPROPRIATION** | | | **4,947.85** | 5,485.74 |

**Note:**
Total Income includes Rs. 909.14 crore (2005 : Rs. 630.68 crore) share of jointly controlled entities.
Total Expenditure includes Rs.817.23 crore (2005 : Rs. 595.35 crore) share of jointly controlled entities.

(Rs. in Crore)

| | Schedule | March-06 | March-05 |
|---|---|---|---|
| **APPROPRIATIONS:** | | | |
| Interim Dividend | | **10.08** | 525.61 |
| Final Dividend (Proposed) | | **1,462.17** | 1,180.79 |
| Share of Minority Interest in Interim Dividend | | **21.50** | 30.61 |
| Corporate Dividend Tax on | | | |
| Final Dividend of 2003-04 (education cess) | | **0.00** | 5.12 |
| Interim Dividend | | **7.68** | 84.62 |
| Final Dividend (Proposed) | | **232.06** | 210.51 |
| Insurance Reserve Account | | **10.00** | 10.00 |
| Bond Redemption Reserve | | **552.35** | (583.61) |
| Devaluation Exchange Difference Reserve | | **(0.03)** | 0.08 |
| General Reserve | | **2,592.07** | 4,006.58 |
| Balance carried to Balance Sheet | | **59.97** | 15.43 |
| | | **4,947.85** | 5,485.74 |
| **7. a) Earning Per Share (Rupees) (Basic & Diluted)** | "Q" (Note no.22) | **42.23** | 46.83 |
| **b) Face Value Per Share (Rupees)** | | **10/-** | 10/- |
| 8. Notes on Accounts | "Q" | | |

| Sd/- | Sd/- | Sd/- |
|---|---|---|
| **(S. Behuria)** | **(S. V. Narasimhan)** | **(Raju Ranganathan)** |
| Chairman | Director (Finance) | Company Secretary |

**As per our attached Report of even date**

| **SURESH CHANDRA & ASSOCIATES** | **M. M. NISSIM AND CO.** | **K K S & CO.** |
|---|---|---|
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Sd/- | Sd/- | Sd/- |
| **(MADHUR GUPTA)** | **(SAMIR MEHTA)** | **(K. P. KHANDELWAL)** |
| Partner | Partner | Partner |
| M.No. 90205 | M.No. 43086 | M.No. 50244 |

Place : New Delhi
Date : May 26, 2006

## SCHEDULE "A" - CAPITAL

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| **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

| | | March-06 | March-05 |
|---|---|---|---|
| **1. Capital Reserve:** | | | |
| As per last Account (includes Rs.0.03 crore (2005: Rs.0.03 crore) on account of jointly controlled entities and Rs.407.42 crore (2005: Rs.407.42 crore) on acquisition) | | **407.61** | 407.61 |
| **2. Share Premium Account:** | | | |
| As per last Account | **262.35** | | 175.86 |
| Add: on Fresh issue of shares of Lanka IOC Ltd. | **0.00** | | 72.06 |
| Add : Share of jointly controlled companies | **0.00** | | 14.43 |
| Less: Cancellation of multiple applications | **0.03** | | 0.00 |
| | | **262.32** | 262.35 |
| **3. General Reserve:** | | | |
| As per last Account | **25,099.92** | | 21,116.45 |
| Add: Opening Balance Adjustment | **(1.30)** | | 0.00 |
| Add: Transferred from Profit and Loss Account | **2,592.07** | | 4,006.58 |
| Less: Adjustment in line with AS-26 | **0.00** | | 0.31 |
| Less: Adjustment of Impairment Loss (net of | **0.00** | | 22.80 |
| Deferred tax credit as on 1.4.2004) (Rs.6.59 crore {2005: Rs.4.72 crore} towards share of jointly controlled entities) | | **27,690.69** | 25,099.92 |
| **4. Insurance Reserve:** | | | |
| As per last Account | **40.00** | | 30.00 |
| Add: Transferred from Profit and Loss Account | **10.00** | | 10.00 |
| | | **50.00** | 40.00 |
| **5. Export Profit Reserve:** | | | |
| As per last Account | | **59.41** | 59.41 |
| **6. Capital Grants:** | | | |
| As per last Account | **10.52** | | 11.24 |
| Add: Received during the year | **4.11** | | 0.03 |
| Less: Amortised during the year | **0.76** | | 0.75 |
| Less: Surrendered/adjusted against asset sold during the year | **0.46** | | 0.00 |
| | | **13.41** | 10.52 |

## SCHEDULE “B” - RESERVES AND SURPLUS (Contd.)

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| **7. Bond Redemption Reserve Account:** | | | |
| As per last Account | **381.20** | | 964.81 |
| Add: Transferred from Profit and Loss Account | **552.35** | | (583.61) |
| (Rs.4.00 crore {2005: Rs.2.00 crore} towards share of jointly controlled entities) | | **933.55** | 381.20 |
| **8. Profit and Loss Account:** As per Annexed Account | | **59.97** | 15.43 |
| **9. Devaluation Exchange Difference Reserve** | | | |
| As per last Account | **5.52** | | 0.98 |
| Add : Transferred from Profit and Loss Account | **(0.03)** | | 0.08 |
| Add : on translation | **(9.52)** | | 4.46 |
| | | **(4.03)** | 5.52 |
| **TOTAL** | | **29,472.93** | 26,281.96 |

## SCHEDULE “C” - SECURED LOANS

| | | March-06 | March-05 |
|---|---|---|---|
| **1. Bonds** | | | |
| a) Non-Convertible Redeemable Bonds - Series - V | **347.60** | | 379.20 |
| b) Non-Convertible Redeemable Bonds - Series - VI | **1,000.00** | | 0.00 |
| c) Non-Convertible Redeemable Bonds - Series - VII A | **725.00** | | 0.00 |
| d) Non-Convertible Redeemable Bonds - Series - VII B | **500.00** | | 0.00 |
| Total of (1) | | **2,572.60** | 379.20 |
| **2. Loans and Advances from Banks:** | | | |
| i) Working Capital Demand Loan | **3,000.17** | | 2,221.47 |
| Interest accrued and due on above | **0.59** | | 0.00 |
| Total of (i) | **3,000.76** | | 2,221.47 |
| ii) Term Loan | **731.49** | | 804.23 |
| Interest accrued and due on above | **0.01** | | 0.00 |
| Total of (ii) | **731.50** | | 804.23 |
| iii) Cash Credit | **602.87** | | 408.64 |
| Interest accrued and due on above | **0.00** | | 0.24 |
| Total of (iii) | **602.87** | | 408.88 |
| iv) Foreign Currency Loans | **223.12** | | 87.50 |
| Total of (2) | | **4,558.25** | 3,522.08 |
| **3. Loans and Advances from Others:** | | | |
| i) Loan through Collateralized Borrowings and Lending Obligation (CBLO) of Clearing Corporation of India Limited (CCIL) | | **2,600.00** | 0.00 |
| **TOTAL** | | **9,730.85** | 3,901.28 |

**Notes:**

A. Includes Rs.259.46 crore (2005 : Rs.280.09 crore) share of jointly controlled entities.

## SCHEDULE “D” - UNSECURED LOANS

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| **1. Public Deposits:** | | **8.37** | 13.15 |
| **2. Short Term Loans and Advances:** | | | |
| **i) From Banks & Financial Institutions:** | | | |
| a) In Foreign Currency | **7,119.52** | | 6,024.03 |
| b) In Rupee | **2,877.08** | | 2,634.36 |
| Total (2) i) | **9,996.60** | | 8,658.39 |
| **ii) Export Packing Credit:** | | | |
| In Foreign Currency | **446.22** | | 109.38 |
| **iii) From Others (OIDB):** | **0.00** | | 2.50 |
| Total (2) | | **10,442.82** | 8,770.27 |
| **3. Other Loans and Advances:** | | | |
| **A) From Banks/Financial Institutions:** | | | |
| **i) In Foreign Currency** | | | |
| a) Canara Bank: US $ NIL (2005 : US $ 200 Million) (US $ 100 Million repaid in September 2005 and US $ 100 Million repaid in December 2005) | **0.00** | | 875.00 |
| b) Canara Bank: US $ 200 Million (2005 : Nil) (US $ 100 Million repayable in September 2007 and US $ 100 Million repayable in December 2007) | **892.45** | | 0.00 |
| c) CitiBank Syndication: US $ NIL (2005 : US $ 200 Million) (refinanced in September 2005) | **0.00** | | 875.00 |
| d) BNP Paribas Syndication: US $ 175 Million (2005 : US $ Nil) (US $ 50 million repayable in January 2011, US $ 25 million repayable in February 2011 and US $ 100 Million repayable in March 2011) | **780.89** | | 0.00 |
| e) Standard Chartered Bank Syndication: US $ 200 Million (2005: US $ 200 Million) (repayable 70 Million in January 2010, 60 Million in Feb 2010 and 70 Million in March 2010) | **892.45** | | 875.00 |
| f) Standard Chartered Bank Syndication: US $ 200 Million (2005: Nil) (repayable in December 2006) | **892.45** | | 0.00 |
| g) Leaseplan North America Inc US $ 53.93 million (2005 :US $ 22.68 million) (fully guaranteed by Export Import Bank of US and repayable in 20 half yearly installment w.e.f. March 2006) (amount repayable within one year Rs.12.67 crore) | **240.65** | | 99.22 |
| Total of 3. A i) | **3,698.89** | | 2,724.22 |

**(Rs. in Crore)**

| | | March-06 | March-05 |
|---|---|---|---|
| **ii) In Rupee** | | | |
| a) Citibank (repayable in 4 equal half yearly installment w.e.f. November 2006, amount repayabale within one year Rs.50 crore) | **200.00** | | 0.00 |
| b) Corporation Bank (repayable in June 2008) | **300.00** | | 0.00 |
| c) Union Bank of India (repayable in August 2008) | **500.00** | | 0.00 |
| d) IDBI (repayable in October 2014. The facility also has a put/call option at the end of 7th year.) | **500.00** | | 500.00 |
| e) IDBI (repayable in 5 equal half yearly installments w.e.f. May'06. Amount repayable within one year Rs.100 crore) | **500.00** | | 0.00 |
| f) State Bank of India (repayable in March 2009) | **500.00** | | 500.00 |
| Add: Interest accrued and due | **0.00** | | 0.07 |
| | **500.00** | | 500.07 |
| g) Others | **53.49** | | 57.06 |
| Total of 3. A ii) | **2,553.49** | | 1,057.13 |
| **B) From Others:** | | | |
| a) OIDB | **3,629.19** | | 3,863.03 |
| **Total of 3.** | | **9,881.57** | 7,644.38 |
| **TOTAL** | | **20,332.76** | 16,427.80 |

**Note:**

Includes Rs.4.76 crore (2005 : Rs.18.76 crore) share of jointly controlled entities.

## SCHEDULE "E" - FIXED ASSETS

**(Rs. in Crore)**

| | At Cost | | | | | | Depreciation and Amortisation for the year | Total Depr-eciation and Amortisation up to 31-Mar-06 | Impairment Loss for the year | Total Impairment Loss up to 31-Mar-06 | Net Depreciated Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Gross Block as at 1-Apr-05 | Additions during the year | Transfers from Construction Work-in-Progress | Disposals During the year | Transfers/ Deductions/ Reclassi-fications | Gross Block as at 31-Mar-06 | | | | | As at 31-Mar-06 | As at 31-Mar-05 |
| Land-Freehold | 841.52 | 9.34 | 0.05 | (0.67) | (11.27) | 838.97 | 0.00 | 0.00 | 0.00 | 0.00 | 838.97 | 841.52 |
| -Leasehold | 369.16 | 6.08 | 11.36 | (0.08) | 8.83 | 395.35 | 8.08 | 51.33 | 0.00 | 0.00 | 344.02 | 325.89 |
| Buildings, Roads etc. | 4,766.67 | 81.31 | 392.59 | (4.66) | 3.50 | 5,239.41 | 133.29 | 860.82 | 0.00 | 0.00 | 4,378.59 | 4,038.82 |
| Plant and Machinery | 40,626.33 | 510.58 | 3,077.14 | (71.99) | (103.36) | 44,038.70 | 2,344.16 | 19,784.96 | 0.00 | 35.56 | 24,218.18 | 23,057.02 |
| Transport Equipments | 323.14 | 21.54 | 1.91 | (4.48) | (0.80) | 341.31 | 26.78 | 247.63 | 0.00 | 0.00 | 93.68 | 97.78 |
| Furnitures and Fixtures | 223.04 | 15.17 | 0.48 | (2.47) | 2.83 | 239.05 | 13.13 | 123.96 | 0.00 | 0.00 | 115.09 | 112.23 |
| Railway Sidings | 246.39 | 0.24 | (0.27) | (0.88) | (1.55) | 243.93 | 6.92 | 108.13 | 0.00 | 0.00 | 135.80 | 144.51 |
| Drainage, Sewage and Water Supply System | 212.46 | 0.30 | 3.54 | 0.00 | (0.89) | 215.41 | 7.08 | 122.52 | 0.00 | 0.00 | 92.89 | 96.19 |
| **Total** | 47,608.71 | 644.56 | 3,486.80 | (85.23) | (102.71) | 51,552.13 | 2,539.44 | 21,299.35 | 0.00 | 35.56 | 30,217.22 | 28,713.96 |
| Previous Year | 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 | |

**Note:** Net Fixed Assets includes Rs.493.39 crore (2005: Rs.514.90 crore) share of jointly controlled entities

## SCHEDULE "E-1" - INTANGIBLE ASSETS

**(Rs. in Crore)**

| | | At Cost | | | | | | | | | | Net | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Gross Block as at 1-Apr-05 | Additions during the year | Transfers from Construction Work-in-Progress | Disposals During the year | Transfers/ Deductions/ Reclassi-fications | Gross Block as at 31-Mar-06 | Amortisation for the year | Total Amortisation up to 31-Mar-06 | Impairment Loss for the year | Total Impairment Loss up to 31-Mar-06 | Depreciated Block As at 31-Mar-06 | As at 31-Mar-05 |
| Right of Way | A | 25.00 | 2.26 | 0.00 | 0.00 | (0.31) | 26.95 | 0.02 | 0.10 | 0.00 | 0.00 | 26.85 | 24.93 |
| Licenses | | 114.44 | 8.43 | 17.48 | (1.77) | 0.00 | 138.58 | 13.36 | 26.25 | 0.00 | 0.00 | 112.33 | 101.55 |
| Computer Software | | 20.45 | 6.24 | 6.03 | 0.00 | 14.64 | 47.36 | 19.08 | 23.05 | 0.00 | 0.00 | 24.31 | 16.46 |
| **Total** | | 159.89 | 16.93 | 23.51 | (1.77) | 14.33 | 212.89 | 32.46 | 49.40 | 0.00 | 0.00 | 163.49 | 142.94 |
| **Previous Year** | | 61.88 | 59.55 | 37.80 | (0.60) | 1.26 | 159.89 | 13.72 | 16.95 | 0.00 | 0.00 | 142.94 | |

**Note:**

Net Intangible Assets includes Rs.1.67 crore (2005: Rs.1.87 crore) share of jointly controlled entities

## SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

**(Rs. in Crore)**

| | | **March-06** | March-05 |
|---|---|---|---|
| 1. Construction Work-in-Progress - Fixed Assets (including unallocated capital expenditure, materials at site) | **3,214.02** | | 2,297.19 |
| Less: Provision for Capital Losses | **44.80** | | 16.72 |
| | | **3,169.22** | 2,280.47 |
| 2. Advance for Capital Expenditure | **4,086.31** | | 4,147.58 |
| Less: Provision for Doubtful Advance | **10.50** | | 0.47 |
| | | **4,075.81** | 4,147.11 |
| 3. Capital Stores | **1,066.90** | | 1,120.55 |
| Less: Provision for Capital Losses | **10.31** | | 2.20 |
| | | **1,056.59** | 1,118.35 |
| 4. Capital Goods-in-Transit | | **296.15** | 371.55 |
| 5. Construction period expenses pending allocation: | | | |
| Balance as at beginning of the year | **726.14** | | 649.91 |
| Less: Opening Balance Adjustment | **(0.18)** | | 47.21 |
| Add: Net Expenditure during the year (Sch. "F-1") | **458.06** | | 245.00 |
| | **1,184.02** | | 942.12 |
| Less : Allocated to Assets during the year | **193.60** | | 215.98 |
| | | **990.42** | 726.14 |
| 6. Work-in-Progress - Intangible Assets (including unallocated capital expenditure) | **317.39** | | 263.95 |
| Less: Provision for loss | **33.95** | | 0.00 |
| | | **283.44** | 263.95 |
| **TOTAL** | | **9,871.63** | 8,907.57 |

**Note:**

Includes Rs. 19.65 crore (2005 : Rs.11.46 crore) share of jointly controlled entities.

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

(Rs. in Crore)

| | March-06 | March-05 |
|---|---|---|
| 1. Payments to and Provision for Employees | **51.93** | 47.18 |
| 2. Repairs & Maintenance | **2.03** | 1.42 |
| 3. Consumption of Stores & Spares | **0.02** | 0.06 |
| 4. Power & Fuel | **7.73** | 4.58 |
| 5. Rent | **2.94** | 5.13 |
| 6. Insurance | **13.27** | 8.00 |
| 7. Rates & Taxes | **0.04** | 0.04 |
| 8. Travelling Expenses | **10.50** | 8.88 |
| 9. Communication Expenses | **1.35** | 1.08 |
| 10. Printing & Stationery | **0.49** | 0.44 |
| 11. Electricity & Water Charges | **0.69** | 0.30 |
| 12. Bank Charges | **0.40** | 0.14 |
| 13. Technical Assistance Fees | **0.13** | 0.11 |
| 14. Exchange Fluctuation | **6.02** | 0.05 |
| 15. Interest | **149.37** | 108.85 |
| 16. Depreciation | **19.48** | 3.71 |
| 17. Start up/Trial Run Expenses | **140.07** | 22.49 |
| 18. Company's use of own products | **0.00** | 19.30 |
| 19. Others | **127.44** | 28.82 |
| Total Expenses | **533.90** | 260.58 |
| Less: Recoveries | **75.84** | 15.58 |
| **Net Expenditure during the year** | **458.06** | 245.00 |

## SCHEDULE "G" - INVESTMENTS

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| **I. LONG TERM INVESTMENTS:** | | | |
| **1. QUOTED:** | | **2,349.76** | 2,470.19 |
| **2. UNQUOTED:** | | | |
| i) Oil Companies GOI SPL Bonds | | **2,479.15** | 56.00 |
| ii) In Government - Securities | | **0.01** | 2.25 |
| iii) In Joint Venture Companies/PII | | **23.21** | 186.77 |
| iv) In Subsidiary Companies | | **1.00** | 0.00 |
| v) In Others | | **378.88** | 15.07 |
| | | **5,232.01** | 2,730.28 |
| **II. CURRENT INVESTMENTS (UNQUOTED):** | | | |
| i) Oil Companies GOI SPL Bonds | **7,064.53** | | 0.00 |
| Less: Provision for Diminution | **4.28** | | 0.00 |
| | | **7,060.25** | 0.00 |
| **Total: I and II** | | **12,292.26** | 2,730.28 |

**Note:**
Includes Rs.26.71 crore (2005: Rs.9.34 crore) share of jointly controlled entities

## SCHEDULE "H"- INVENTORIES

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| **1. In Hand:** | | | |
| a. Stores, Spares etc. | 1,042.50 | | 889.53 |
| Less: Provision for Losses | 66.66 | | 57.97 |
| | | 975.84 | 831.56 |
| b. Raw Materials | | 7,690.36 | 5,708.66 |
| c. Finished Products | | 14,008.38 | 11,527.21 |
| d. Stock in Process | | 1,924.64 | 1,401.78 |
| e. Work-in-Progress - Construction Contracts | | 29.92 | 27.97 |
| f. Barrels and Tins | | 9.43 | 12.27 |
| **Total (1)** | | **24,638.57** | 19,509.45 |
| **2. In Transit:** | | | |
| a. Stores & Spares | | 54.51 | 85.24 |
| b. Raw Materials | | 3,832.19 | 3,458.85 |
| c. Finished Products | | 114.46 | 184.29 |
| **Total (2)** | | **4,001.16** | 3,728.38 |
| **TOTAL** | | **28,639.73** | 23,237.83 |

**Note:**
Includes Rs.102.08 crore (2005 : Rs.91.76 crore) share of jointly controlled entities.

## SCHEDULE "I" - SUNDRY DEBTORS

(Rs. in Crore)

| | March-06 | March-05 |
|---|---|---|
| **1. Over Six Months:** | | |
| i) Secured, Considered Good | 0.01 | 0.12 |
| ii) Unsecured, Considered Good | 117.67 | 44.27 |
| iii) Unsecured, Considered Doubtful | 264.87 | 276.43 |
| **Total 1** | **382.55** | 320.82 |
| **2. Other Debts:** | | |
| i) Secured, Considered Good | 7.29 | 9.46 |
| ii) Unsecured, Considered Good | 4,907.14 | 4,393.56 |
| iii) Unsecured, Considered Doubtful | 325.89 | 0.52 |
| **Total 2** | **5,240.32** | 4,403.54 |
| **Total : (1+2)** | **5,622.87** | 4,724.36 |
| Less: Provision for Doubtful Debts | 590.76 | 276.95 |
| **TOTAL** | **5,032.11** | 4,447.41 |

**Note:**
Includes Rs.76.87 crore (2005 : Rs.79.67 crore) share of jointly controlled entities.

## SCHEDULE “J” - CASH AND BANK BALANCES

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| 1. Cash Balances | | | |
| a) Cash Balances including imprest | 119.61 | | 87.34 |
| b) Cheques in hand | 717.10 | | 477.21 |
| | | 836.71 | 564.55 |
| 2. Bank Balances with Scheduled Banks: | | | |
| a) Current Account | 113.96 | | 123.51 |
| b) Fixed Deposit Account | 70.71 | | 597.31 |
| c) Call Deposit Account | 30.45 | | 87.30 |
| d) Blocked Account | 0.16 | | 0.15 |
| | | 215.28 | 808.27 |
| 3. Bank Balances with Non-Scheduled Banks: | | | |
| a) Current Account | | | |
| i) Myanmar Economic Bank Branch (5), Rangoon [Maximum balance during the year - Rs. 0.89 crore (2005 : Rs.0.89 crore)] | 0.86 | | 0.89 |
| | | 0.86 | 0.89 |
| TOTAL | | 1,052.85 | 1,373.71 |

**Note:**
Includes Rs. 50.52 crore (2005 : Rs. 50.40 crore) share of jointly controlled entities.

## SCHEDULE “K” - LOANS AND ADVANCES

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| 1. Advance recoverable in cash or in kind or for value to be received: | | | |
| i) Secured, Considered Good | 1,153.55 | | 1,135.26 |
| ii) Unsecured, Considered Good | 1,408.15 | | 950.52 |
| iii) Unsecured, Considered Doubtful | 7.68 | | 6.63 |
| Total | 2,569.38 | | 2,092.41 |
| Less: Provision for Doubtful Advances | 7.68 | | 6.63 |
| | | 2,561.70 | 2,085.78 |
| 2. Amount recoverable from PPAC (Net): Unsecured, Considered Good | | 0.00 | 2,484.66 |
| 3. Amount recoverable from Government of India: Unsecured, Considered Good | | 53.36 | 155.63 |
| 4. Claims Recoverable: | | | |
| i) Secured, Considered Good | 0.10 | | 0.10 |
| ii) Unsecured, Considered Good | 1,184.51 | | 1,243.71 |
| iii) Unsecured, Considered Doubtful | 34.45 | | 22.40 |
| Total | 1,219.06 | | 1,266.21 |
| Less: Provision for Doubtful Claims | 34.45 | | 22.40 |
| | | 1,184.61 | 1,243.81 |

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

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| 5. Balance with Customs, Port Trust and Excise Authorities: Unsecured, Considered Good | | **107.08** | 112.85 |
| 6. Advance Tax (net) | | **209.60** | 35.93 |
| 7. Materials given on loan | | | |
| i) Secured, Considered Good | **0.07** | | 0.12 |
| Less: Deposits received | **0.07** | | 0.09 |
| | **0.00** | | 0.03 |
| ii) Unsecured, Considered Good | **0.42** | | 0.14 |
| **Total** | **0.42** | | 0.17 |
| **Total** | | **0.42** | 0.17 |
| 8. Sundry Deposits (including amount adjustable on receipt of Final bills): | | | |
| i) Secured, Considered Good | **9.09** | | 9.02 |
| ii) Unsecured, Considered Good | **1,000.43** | | 434.43 |
| iii) Unsecured, Considered Doubtful | **0.01** | | 0.00 |
| **Total** | **1,009.53** | | 443.45 |
| Less: Provision for Doubtful Deposits | **0.01** | | 0.00 |
| | | **1,009.52** | 443.45 |
| **TOTAL** | | **5,126.29** | 6,562.28 |

**Notes:**
Includes Rs. 27.32 crore (2005 : Rs. 22.68 crore) share of jointly controlled entities.

## SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| **1. Current Liabilities** | | | |
| a) Sundry Creditors | | | |
| i) Total Dues of small scale industrial undertaking(s) | **37.67** | | 46.88 |
| ii) Total Dues of creditors other than small scale industrial undertaking(s) | **13,946.64** | | 12,547.09 |
| **Total of (a)** | **13,984.31** | | 12,593.97 |
| b) Other Liabilities | **4,240.98** | | 3,255.30 |
| c) Investor Education and Protection Fund shall be credited by the following amount namely: | | | |
| - Unpaid Dividend | **8.84** | | 7.75 |
| - Unpaid Matured Deposits | **2.04** | | 1.22 |
| - Unpaid Matured Bonds | **0.09** | | 0.03 |
| d) Security Deposits | **5,647.29** | | 5,309.07 |
| Less:Investments and Deposits with Banks lodged by outside parties | **0.05** | | 0.06 |
| | **5,647.24** | | 5,309.01 |

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| e) Material taken on loan | | | |
| i) From Others | 368.95 | | 307.72 |
| Less: Deposits given | 0.32 | | 0.28 |
| **Total (i)** | **368.63** | | 307.44 |
| **Total:** | **368.63** | | 307.44 |
| f) Liability on Foreign Currency Contract | 265.55 | | 0.00 |
| Less: Foreign Currency Receivables | 223.11 | | 0.00 |
| | 42.44 | | 0.00 |
| g) Interest accrued but not due on loans | 180.79 | | 66.12 |
| **Total Current Liabilities** | | **24,475.36** | 21,540.84 |
| **2. Provisions** | | | |
| a) Provision for Taxation | | | |
| i) Provision for Current Tax | 6,725.86 | | 6,678.12 |
| Less:Advance payments | 6,720.63 | | 6,311.06 |
| **Sub-total (i)** | **5.23** | | 367.06 |
| ii) Provision for Fringe Benefit Tax | 60.44 | | 0.00 |
| Less:Advance payments | 56.33 | | 0.00 |
| **Sub-total (ii)** | **4.11** | | 0.00 |
| **Sub-total (a) = (i + ii)** | **9.34** | | 367.06 |
| b) Proposed Dividend | 1,462.17 | | 1,171.20 |
| c) Corporate Dividend Tax | 232.06 | | 209.25 |
| d) Provision for Retirement Benefits | 356.22 | | 287.77 |
| e) Contingencies for probable obligations | 62.78 | | 59.91 |
| **Total Provisions** | | **2,122.57** | 2,095.19 |
| **TOTAL** | | **26,597.93** | 23,636.03 |

**Note:**
Includes Rs.88.14 crore (2005 : Rs. 104.69 crore) share of jointly controlled entities.

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

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| **Closing Stock** | | | |
| a) Finished Products | 14,122.84 | | 11,711.50 |
| b) Stock in Process | 1,924.64 | | 1,401.78 |
| | | 16,047.48 | 13,113.28 |
| Less: | | | |
| **Opening 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 |
| **NET INCREASE/ (DECREASE)** | | **2,934.20** | 2,169.30 |

## SCHEDULE “N” - INTEREST AND OTHER INCOME

(Rs. in Crore)

| | | March-06 | March-05 |
|---|---|---|---|
| 1. Interest on: | | | |
| a) Loans and Advances | | | |
| i) From Others | 50.23 | | 46.44 |
| | 50.23 | | 46.44 |
| b) Fixed Deposits with Banks | 3.91 | | 1.99 |
| c) Short Term Deposits with Banks | 15.86 | | 44.30 |
| d) Customers Outstandings | | | |
| i) From Subsidiary Companies | 0.00 | | 2.63 |
| ii) From Others | 48.82 | | 51.05 |
| | 48.82 | | 53.68 |
| e) Oil Companies GOI SPL Bonds | 124.18 | | 3.90 |
| f) Others | (1.33) | | 2.56 |
| | | 241.67 | 152.87 |
| 2. Dividend | | 688.40 | 456.10 |
| 3. Profit on sale of Long Term Investments | | 533.27 | 1.00 |
| 4. Sale of Power and Water | | 14.99 | 15.61 |
| 5. Profit on sale and disposal of Assets | | 17.00 | 11.56 |
| 6. Unclaimed/Unspent liabilities written back | | 503.17 | 166.17 |
| 7. Provision for Doubtful Debts, Advances, Claims and Stores written back | | 38.30 | 24.66 |
| 8. Provision for Contingencies written back | | 0.90 | 0.00 |
| 9. Recoveries from Employees | | 16.32 | 16.63 |
| 10. Retail Outlet Licence Fees | | 52.64 | 51.73 |
| 11. Collection Charges for Outstation Cheques | | 10.42 | 14.09 |
| 12. Sale of Scrap | | 36.63 | 36.97 |
| 13. Financing Charges on Finance Leases | | 9.69 | 12.13 |
| 14. Amortisation of Capital Grants | | 0.76 | 0.75 |
| 15. Exchange Fluctuations (Net) | | 3.68 | 165.71 |
| 16. Commodity Hedging Gain (Net) | | 16.24 | 0.00 |
| 17. Terminalling Charges | | 82.24 | 67.12 |
| 18. Recovery towards Inventory Carrying Cost | | 34.34 | 29.83 |
| 19. Provision for loss in cost of Investment written back | | 2.00 | 0.00 |
| 20. Other Miscellaneous Income | | 35.74 | 210.39 |
| TOTAL | | 2,338.40 | 1,433.32 |

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

(Rs. in Crore)

| | | | March-06 | March-05 |
|---|---|---|---|---|
| 1. | Raw Materials Consumed: | | | |
| | Opening Balance | 9,167.51 | | 5,364.64 |
| | Add: Purchases | 80,176.96 | | 60,759.98 |
| | | 89,344.47 | | 66,124.62 |
| | Less: Closing Stock | 11,522.55 | | 9,167.51 |
| | | | 77,821.92 | 56,957.11 |
| 2. | Consumption: | | | |
| | a) Stores, Spares and Consumables | 377.98 | | 349.86 |
| | b) Packages & Drum Sheets | 231.37 | | 175.31 |
| | | | 609.35 | 525.17 |
| 3. | Power & Fuel | 5,647.82 | | 4,218.72 |
| | Less: Fuel for own production | 5,343.48 | | 3,974.83 |
| | | | 304.34 | 243.89 |
| 4. | Processing Fees, Blending Fees, Royalty & Other Charges | | 75.17 | 31.42 |
| 5. | Octroi, Other Levies and Irrecoverable Taxes | | 1,077.78 | 1,052.37 |
| 6. | Repairs and Maintenance: | | | |
| | i) Plant and Machinery | 602.88 | | 611.43 |
| | ii) Buildings | 106.24 | | 72.94 |
| | iii) Others | 61.94 | | 63.45 |
| | | | 771.06 | 747.82 |
| 7. | Freight, Transportation Charges and Demurrage | | 4,353.98 | 4,566.63 |
| 8. | Payments to and Provisions for Employees: | | | |
| | (a) Salaries, Wages, Bonus etc. | 1,612.48 | | 1,566.07 |
| | (b) Contribution to Provident & Other Funds | 236.86 | | 246.97 |
| | (c) Voluntary Retirement Compensation | 0.26 | | 4.09 |
| | (d) Amortisation of Voluntary Retirement Compensation | 18.13 | | 59.33 |
| | (e) Staff Welfare Expenses | 353.56 | | 382.23 |
| | | | 2,221.29 | 2,258.69 |
| 9. | Office Administration,Selling and Other Expenses (Schedule "O-1") | | 2,471.79 | 2,106.80 |
| | **TOTAL** | | 89,706.68 | 68,489.90 |

## SCHEDULE “O-1” - OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. in Crore)

| | | | March-06 | March-05 |
|---|---|---|---|---|
| 1. | Rent | | **227.48** | 244.46 |
| 2. | Insurance | | **111.89** | 115.06 |
| 3. | Rates & Taxes | | **58.24** | 54.08 |
| 4. | Donations | | **2.33** | 29.46 |
| 5. | Payment to Auditors: | | | |
| | a) Audit Fees | **0.65** | | 0.61 |
| | b) Tax Audit Fees | **0.13** | | 0.08 |
| | c) Other Services (for issuing certificates etc.) | **0.28** | | 0.25 |
| | d) Out of Pocket Expenses | **0.14** | | 0.09 |
| | | | **1.20** | 1.03 |
| 6. | Travelling & Conveyance | | **196.59** | 191.37 |
| 7. | Communication Expenses | | **44.33** | 43.92 |
| 8. | Printing & Stationery | | **20.52** | 22.56 |
| 9. | Electricity & Water | | **124.15** | 114.88 |
| 10. | Bank Charges | | **33.31** | 27.37 |
| 11. | Bad Debts, Advances & Claims written off | | **4.92** | 4.96 |
| 12. | Loss on Assets sold, lost or written off | | **21.96** | 28.95 |
| 13. | Technical Assistance Fees | | **146.21** | 224.60 |
| 14. | Exchange Fluctuation (Net) | | **232.21** | 0.44 |
| 15. | Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores | | **454.38** | 23.01 |
| 16. | Provision for Investments/Advance against Investments | | **3.94** | 42.00 |
| 17. | Loss on Investments written off | | **2.00** | 0.00 |
| 18. | Security Force Expenses | | **109.02** | 97.05 |
| 19. | Sales Promotion Expenses | | **254.41** | 221.76 |
| 20. | Handling Expenses | | **99.95** | 94.49 |
| 21. | Inventory Carrying Cost | | **9.10** | 3.15 |
| 22. | Expenses on Enabling Facilities | | **28.51** | 12.03 |
| 23. | Terminalling Charges | | **12.88** | 14.02 |
| 24. | Commodity Hedging Loss (Net) | | **0.00** | 10.53 |
| 25. | Provision for Probable Contingencies | | **3.77** | 59.91 |
| 26. | Exploration Cost - Survey Expenditure | | **67.78** | 58.63 |
| 27. | Amortisation of Premium on Forward Contracts | | **10.47** | 0.00 |
| 28. | Amortisation of Goodwill | | **1.66** | 5.34 |
| 29. | Other Expenses | | **188.58** | 361.74 |
| | **TOTAL** | | **2,471.79** | 2,106.80 |

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

(Rs. in Crore)

| | March-06 | March-05 |
|---|---|---|
| **Income:** | | |
| 1. Interest | **9.42** | (2.09) |
| 2. Miscellaneous Income | **9.39** | 5.35 |
| 3. Sales of Products | **8.32** | 0.00 |
| 4. Company's use of own products | **0.00** | (2.37) |
| **Total Income** | **27.13** | 0.89 |
| **Expenditure:** | | |
| 1. Purchase of Products and Crude | **0.00** | 0.79 |
| 2. Raw Material | | |
| a) Consumption | **11.71** | 0.00 |
| 3. Depreciation and Amortisation on: | | |
| a) Fixed Assets | **(1.82)** | 110.51 |
| b) Intangible Assets | **3.81** | 0.14 |
| 4. Consumption | | |
| a) Stores, Spares and Consumables | **0.29** | 1.53 |
| 5. Technical Fees | **2.08** | 0.00 |
| 6. Power & Fuel | **0.00** | 0.36 |
| 7. Repairs and Maintenance | **(0.50)** | (0.02) |
| 8. Interest | **0.46** | 0.14 |
| 9. Rent | **1.82** | 0.00 |
| 10. Insurance | **0.00** | (0.31) |
| 11. Payment to and provision for employees | **(0.22)** | (0.06) |
| 12. Other Expenses | **(15.45)** | (1.12) |
| **Total Expenses** | **2.18** | 111.96 |
| **NET INCOME/(EXPENDITURE)** | **24.95** | (111.07) |

## SCHEDULE "Q" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2006

### 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 has 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. | Chennai Petroleum Corporation Ltd (CPCL) | India | Subsidiary | 51.88% |
| 2. | Bongaigaon Refinery and Petrochemicals Ltd (BRPL) | India | Subsidiary | 74.46% |
| 3. | IBP Co Ltd. (IBP) | India | Subsidiary | 53.58% |
| 4. | Lanka IOC Ltd (LIOC) | Sri Lanka | Subsidiary | 75.11% |
| 5. | Indian Oil Mauritius Ltd (IOML) | Mauritius | Subsidiary | 100% |
| 6. | Indianoil Technologies Ltd | India | Subsidiary | 100% |
| 7. | Indian OilTanking Ltd (IOTL) | India | Joint Venture | 50% |
| 8. | Lubrizol India Pvt. Ltd | India | Joint Venture | 50% |
| 9. | AVI-OIL India Pvt. Ltd | India | Joint Venture | 25% |
| 10. | Petronet LNG Ltd | India | Joint Venture | 12.5% |
| 11. | IndianOil Petronas Pvt.Ltd. | India | Joint Venture | 50% |
| 12. | Green Gas Ltd | India | Joint Venture | 22.50% |

Note:

1. The current year Consolidated Financial Statements does not include the financials of it's 100% subsidiary M/s Indian Strategic Petroleum Reserves Ltd as the Board of Directors of the Company had accorded approval for transfer of the entire share capital held by the Company in favour of Oil Industry Development Board and hence the investments in the subsidiary are held for disposal as on 31st March 2006.

2. Proportionate consolidation in respect of Investments in the Joint Venture Companies M/s Petronet CI Ltd., Petronet VK Ltd; Petronet India Ltd and Indianoil Panipat Power Consortium 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 Company and its subsidiaries and Joint Ventures have followed different accounting policies in certain cases. 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. 6056.42 crore** (2005 : Rs. 5207.43 crore). These include:

**i)** **Rs. 4003.36 crore** (2005 : Rs. 3712.67 crore) being the demands raised by the Central Excise / Customs / Sales tax authorities.

**ii)** **Rs. 732.77 crore** (2005 : Rs. 661.33 crore) for which suits have been filed in the Courts or cases are lying with Arbitrators.

**iii)** **Rs. 710.25 crore** (2005 : Rs. 242.13 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.

5. Purchase of crude oil from ONGC, Oil India Limited and Panna Mukta has been accounted for provisionally pending finalisation of agreements with respective parties. Adjustments, if any, will be made on finalisation of the agreement.

6. Estimated amount of contracts remaining to be executed on Capital Account not provided for **Rs. 3893.54 crore** (2005 : Rs. 6764.38 crore).

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

8. Subsidy (including freight for far-flung areas) of **Rs. 1,482.91 crore** (2005 : Rs. 1,415.00 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.

9. Indian Oil Corporation Ltd and IBP Co. Ltd have received Government of India Special Bonds of Rs. 6992.02 crore in lieu of under-recoveries on SKO (PDS) and LPG (Domestic) for 2005-06. The same has been accounted in the Profit & Loss Account as Revenue Grants.

10. The Company and its subsidiaries have export obligation to the extent of **Rs. 655.04 crore** (2005 : Rs.4002.55 crore) on account of concessional rate of customs duty availed under EPCG license scheme on import of capital goods.

11. 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. 7,193.63 crore** (2005 : Rs. 3468.46 crore) towards discount on Crude Oil/ LPG/SKO purchased from ONGC/ GAIL / OIL towards part of the under-recovery suffered on sale of MS, HSD, LPG (Domestic) and SKO (PDS) and the same has been adjusted against purchase cost.

12. Amalgamation of erstwhile Indian Oil Blending Ltd. (IOBL) with the Company:

    a) IOBL, a 100% subsidiary of the Company, was engaged primarily in the process of blending Base oil and Additives to Lubricants for the company.

    b) Pursuant to the Scheme of Amalgamation ('the Scheme') of the erstwhile Indian Oil Blending Ltd ('IOBL') with the company as approved in the members meeting convened at Mumbai on 27th January, 2006 and subsequently sanctioned by the Govt. of India, Ministry of Company Affairs by its order dated 08.05.06, copy of which was filed with the Registrar of Companies on 12th May 06, the Assets and Liabilities of the erstwhile IOBL were transferred to and vested in the Company effective from 1st April 2004. Accordingly, the scheme has been given effect to in these accounts.

    c) The Amalgamation has been accounted for under the 'Pooling of interests' method as prescribed by Accounting Standard – 14 on Accounting for Amalgamations issued by the Institute of Chartered Accountants of India. Accordingly, the Assets, Liabilities and other Reserves of the erstwhile IOBL as at 1st April 2004 have been transferred in accordance with the said scheme.

    d) Accumulated balance in the general reserve of IOBL as at 1st April, 2005 has been adjusted to the opening balance of the general reserve of the company as reserves transferred on Amalgamation. Current year transactions are duly incorporated in the books of the company.

    e) 8,000 equity shares of Rs. 500 each of IOBL held by the Company has been treated as cancelled pursuant to the said scheme being given effect to.

13. Consequent upon approval of the Board of Directors to the Scheme of Amalgamation of IBP Co. Ltd. with Indian Oil Corporation Ltd with 1st April 2004 being the Appointed Date and recommended the swap ratio of 125 equity shares of Rs. 10/- each of Indian Oil Corporation Ltd for every 100 equity share of Rs. 10/- each of IBP Co. Ltd, the Government of India while conveying its decision to the scheme of amalgamation advised that the Board of Directors might reconsider the swap ratio. Accordingly, the Board has recommended the revised swap ratio of 110 equity shares of Indian Oil Corporation Ltd as fully paid for every 100 equity shares of IBP Co. Ltd. A meeting of shareholders of Indian Oil Corporation Ltd is scheduled on 29$^{th}$ May 2006 to consider and approve the Scheme of amalgamation. The Scheme of Amalgamation envisages transferring of investments of the Company held in IBP Co. Ltd. on merger to a Trust wherein Indian Oil Corporation will be the sole beneficiary. Adjustments, if any, in the cost of investments and reserves in this regard will be carried out at the time of merger. Pending such approval, the investments 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. The Board of Directors of the Company has accorded " In Principle Approval" for amalgamation of Bongaigoan Refineries and Petrochemicals Ltd with Indian Oil Corporation Ltd. Process for the amalgamation has been initiated.

15. Due to change in the method of valuation of crude oil from 'FIFO' to 'Weighted Average" during the current financial year, the inventory and profit for the year has decreased by Rs.84.52 crore.

16. 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.

17. 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 Company from the joint venture AROCHEM, with SPIC Ltd., the amount due to the Company as on 31st March 2006 stood at Rs. 14.40 Crores. As SPIC Ltd. has expressed it's keenness to implement its projects and clear the dues to the company, the company is confident of recovering the investment made in the project.

**Lanka IOC Ltd.**

(i) Goodwill is 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 Retail Outlets. The Goodwill is amortised on a straight line basis over 20 years commencing from January 2004, based on the Petroleum Products License granted to the Company.

(ii) Lanka IOC Ltd owns 1/3rd share of Ceylon Petroleum Storage Terminal Ltd (CPSTL) also known as the "Common User Facility". The Company paid US $ 45 million to Ceylon Petroleum Corporation on 22nd January 2005 to obtain 1/3rd share of CPSTL.

**(Rs. in Crore)**

| | **2005-06** | 2004-05 |
|---|---|---|
| At the beginning of the year | **193.26** | 195.71 |
| Prior year adjustments | | (2.37) |
| Translation difference | **(2.11)** | (0.08) |
| Closing Net book amount | **191.15** | 193.26 |

The investment in CPSTL is accounted for at cost, from the current financial year. The Board of Directors are of the view that the Company has no significant influence in the financial and operating policy decisions of the investee and hence the adoption of the Equity method is inappropriate. Necessary adjustments have been made in this regard in the opening General Reserve.

(iii) Subsidy receivable from Government of Sri Lanka (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 Secretary to the Treasury, GOSL. The total subsidy receivable from GOSL at the balance sheet date amounted to Rs. 334.75 crore representing the claims from January 2004 to March 2006. The Chairman of the Public Enterprises Reform Commission (PERC), of Sri Lanka has forwarded an opinion from the Attorney General's Department regarding the validity of the claims for subsidy by the Company.The Company is contesting this position. However, in order to present a fair view of the financial position of the Company, the Board of Directors have decided to make a provision (net of amounts subsequently received) against the subsidy receivable from GOSL.

(iv) In terms of the agreement entered into with the Board of Investment of Sri Lanka under section 17 of the Board of Investment Law No.4 of 1978, the company is exempt from income tax for a period of 10 years commencing from 14.02.2003. The current year tax charge wholly consists of tax on non exempt interest income.

**Bongaigaon Refinery and Petrochemicals Ltd.**

(i) Polyester Staple Fibre (PSF) unit was operated for 53 days (CP-I) and 145 days (CP-II) only during the year 2005-06 due to uneconomic operations of the units. DMT unit was run to match the PSF requirement. The Reformer unit of Xylene plant continues to operate on Motor Spirit mode for the full year.

(ii) Confirmations of balances in respect of Advances, Deposits, Creditors and Debtors have not been received.

**Petronet LNG Limited**

(i) In terms of the provisions contained in the LNG Port Terminal Concession Agreement, the Company has to develop a Solid Cargo Port along with LNG Terminal. The Company is required to take 50% equity in the

IndianOil

Joint Venture Company formed for implementation of the Solid Cargo Project. Expenses to the extent of Rs. 2.38 crore have been incurred on this account which includes a deposit of Rs. 1.70 crore with Gujarat Industrial Development Corporation classified under " Loans and Advances**"**.

(ii) 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.

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

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. 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.

21. 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-06 | March-05 |
|---|---|---|---|
| A. | Gross Investments in Finance Lease | **416.96** | 416.96 |
| | Less: Unearned Finance Income | **24.58** | 35.05 |
| | Less: Finance Income Received | **147.11** | 136.64 |
| | Less: Minimum Lease payment received | **169.40** | 142.27 |
| | **Net Investment in Finance Lease as on Date** | **75.87** | 103.00 |
| B. | Unearned finance Income | **24.58** | 35.05 |
| C. | Present Value of Minimum Lease Payments Receivable | | |
| | Not Later than one year | **27.14** | 27.12 |
| | Later than one year and not later than five years | **37.34** | 61.00 |
| | Later than Five years | **11.39** | 14.88 |
| | **Total** | **75.87** | 103.00 |
| D. | Break-up of un-earned income | | |
| | Not Later than one year | **7.71** | 10.46 |
| | Later than one year and not later than five years | **11.88** | 17.80 |
| | Later than Five years | **4.99** | 6.79 |
| | **Total** | **24.58** | 35.05 |

**Operating leases:**

The Company has taken operating lease Pipeline from Koyali to Navagam for a period of 10 years and has also entered into a long term operating agreement with M/s Gujarat Adani Port Limited for use of SBM and related facilities at Mundra upto February 2031. The future minimum payment dues are:

**(Rs. in Crore)**

| | March-06 | March-05 |
|---|---|---|
| Not later than One Year | **39.78** | 0.50 |
| Later than one year and not later than five years | **158.51** | 2.00 |
| Later than five years | **780.77** | 0.00 |

22. 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-06 | March-05 |
|---|---|---|
| Profit After Tax for the Group (Rs. in Crore) | **4932.42** | 5469.23 |
| 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) | **42.23** | 46.83 |
| Face value per share (Rupees) | **10/-** | 10/- |

23. 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 31.03.2006** | As on 31.03.2005 |
|---|---|---|
| **Deferred Tax Liability:** | | |
| i) Depreciation | **5507.02** | 5286.18 |
| ii) Others | **1.15** | 1.09 |
| **Total deferred tax liability (A)** | **5508.17** | 5287.27 |
| **Deferred Tax Assets:** | | |
| i) Compensation under voluntary retirement scheme | **2.73** | 3.34 |
| ii) Provision for doubtful advances/claims/materials. | **148.57** | 121.41 |
| iii) Provision for Retirement Benefits | **10.38** | 11.00 |
| iv) Carry forward losses | **-** | 4.19 |
| v) Others | **123.38** | 93.55 |
| **Total deferred tax assets (B)** | **285.06** | 233.49 |
| **Deferred Tax Liability (Net) (A-B)** | **5223.11** | 5053.78 |

24. Considering under-recovery on account of subsidies on sale of SKO (PDS) and LPG (Domestic) would be phased out by March 2007, future cash flows have been worked out by the Company based on the desired margins for these products for deciding on impairment of related Cash Generating Units. No further impairment is considered as at 31st March 2006. In view of this assumption being technical, peculiar to the industry and policy matter, the auditors have relied on the same.

25. In compliance of Accounting Standard – 29 on "Provisions, Contingent Liabilities and Contingent Assets" issued by The Institute of Chartered Accountants of India, the details of provision made by the Company is as under:

**(Rs. in Crore)**

| | **Opening Balance as on 1st April** | **Additions during the year** | **Utilisation during the year** | **Reversals during the year** | **Closing balance as on 31st March** |
|---|---|---|---|---|---|
| Excise | 1.36 | 0.27 | 0.00 | 0.90 | 0.73 |
| Sales Tax | 58.55 | 0.00 | 0.00 | 0.00 | 58.55 |
| Others | 0.00 | 3.50 | 0.00 | 0.00 | 3.50 |
| **Total** | **59.91** | **3.77** | **0.00** | **0.90** | **62.78** |
| Previous Year | 0.00 | 59.91 | 0.00 | 0.00 | 59.91 |

26. 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)** | **(S. V. Narasimhan)** | **(Raju Ranganathan)** |
| Chairman | Director (Finance) | Company Secretary |

Place : New Delhi
Date : May 26, 2006

## Annexure-1

**Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2006 is as under:**

**(Rs. in Crore)**

| | March-06 | | | | March-05 | | | |
|---|---|---|---|---|---|---|---|---|
| | Petroleum Products | Other Businesses | Elimin-ations | Total | Petroleum Products | Other Businesses | Elimin-ations | Total |
| **Revenue** | | | | | | | | |
| External Revenue | 143,455.17 | 18,318.13 | - | 161,773.30 | 123,026.29 | 10,915.16 | | 133,941.45 |
| Inter-segment Revenue | 461.32 | 256.29 | - | 717.61 | 270.35 | 227.09 | | 497.44 |
| **Total Revenue** | **143,916.49** | **18,574.42** | **-** | **162,490.91** | **123,296.64** | **11,142.25** | **-** | **134,438.89** |
| **Result** | | | | | | | | |
| Segment Results | 7,289.85 | (221.77) | 7.80 | 7,060.28 | 8,127.12 | (275.53) | 4.82 | 7,846.77 |
| Less: Unallocated Expenses net of unallocated Income | - | - | | - | - | - | | - |
| **Operating Profit** | **7,289.85** | **(221.77)** | **7.80** | **7,060.28** | **8,127.12** | **(275.53)** | **4.82** | **7,846.77** |
| **Less:** | | | | | | | | |
| Interest Expenditure | | | | 1,251.44 | | | | 767.92 |
| Provision for diminution in Investments | | | | 3.94 | | | | 42.00 |
| Loss on Sale/Write off of Investments | | | | 2.00 | | | | - |
| Prior year Expenditure | | | | 2.18 | | | | 111.96 |
| **Add:** | | | | | | | | |
| Interest/Dividend Income | | | | 930.07 | | | | 608.97 |
| Provision for diminution in Investments written back | | | | 2.00 | | | | - |
| Profit on sale of investments | | | | 533.27 | | | | 1.00 |
| Prior year Income | | | | 27.13 | | | | 0.89 |
| **Profit Before Tax** | | | | **7,293.19** | | | | **7,535.75** |
| Less: Income Tax (including deferred tax) | | | | 2,177.29 | | | | 1,634.84 |
| **Profit After Tax** | | | | **5,115.90** | | | | **5,900.91** |
| **Other Information** | | | | | | | | |
| Segment Assets | 73,840.88 | 6,189.80 | - | 80,030.68 | 68,578.77 | 4,893.69 | - | 73,472.46 |
| Corporate Assets | | | | 12,568.39 | | | | 2,956.74 |
| **Total Assets** | | | | **92,599.07** | | | | **76,429.20** |
| Segment Liabilities | 22,806.72 | 2,087.64 | - | 24,894.36 | 20,221.75 | 1,666.77 | - | 21,888.52 |
| Corporate Liabilities | | | | 36,990.86 | | | | 27,132.12 |
| **Total Liabilities** | | | | **61,885.22** | | | | **49,020.64** |
| Capital Expenditure | 4,090.53 | 879.70 | - | 4,970.23 | 6,299.38 | 1,236.50 | - | 7,535.88 |
| Depreciation & Amortisation | 2,467.00 | 83.44 | - | 2,550.44 | 2,344.63 | 69.29 | - | 2,413.92 |
| Impairment Loss | - | - | - | - | 35.56 | - | - | 35.56 |
| Non-cash expenses other than Depreciation (Deferred Revenue Expenditure written off) | | | | 29.15 | | | | 64.86 |

**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/Special Bonds
   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) Indian OilTanking Ltd.
      2) Lubrizol India Pvt. Ltd.
      3) Petronet VK Ltd.
      4) Petronet CI Ltd.
      5) IndianOil Petronas Pvt. Ltd.
      6) IndianOil Panipat Power Consortium Ltd.
      7) Avi-Oil India Pvt.Ltd.
      8) Petronet India Ltd.
      9) Petronet LNG Ltd.
      10) Green Gas Ltd.
      11) Indian Additives Limited
      12) National Aromatics & Petrochemicals Corp. Ltd.
   B) **Whole-time Directors**
      1) Shri S.Behuria (w.e.f. 01.03.2005)
      2) Shri A.M. Uplenchwar
      3) Shri Jaspal Singh
      4) Dr. N.G.Kannan
      5) Shri B.M.Bansal (w.e.f. 01.03.2005)
      6) Shri S.V.Narasimhan
      7) Shri V.C.Agrawal (w.e.f. 01.08.2005)
      8) Shri M.S.Ramachandran (upto 28.02.2005)
      9) Shri P. Sugavanam (upto 30.06.2005)
      10) Shri P.K. Aggarwal (upto 31.07.2005)
      11) Shri N.K.Nayyar (upto 28.10.2005)
      12) Shri N.R.Raje (upto 28.02.2005)
      13) Shri K.K.Acharya (w.e.f.20.01.2006)
      14) Shri R.Sankaran
      15) Shri N.C.Sridharan
      16) Shri A. Kasturi Rangan
      17) Shri A K Sarmah
      18) Shri R.N.Das
      19) Shri A Saran (w.e.f. 01.02.2006)
      20) Shri R.M.Hazarika (upto 31.01.2006)
      21) Shri Arun Jyoti (upto 30th April 2004)
      22) Shri A.K.Sinha

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-06 | March-05 |
|---|---|---|---|
| i) | Sales | **44.58** | 29.42 |
| ii) | Interest received | **0.09** | 0.05 |
| iii) | Consultancy Services/Other Income | **1.25** | 4.52 |
| iv) | Purchase of Products | **1,287.86** | 696.48 |
| v) | Purchase of Chemicals/materials | **0.36** | 1.67 |
| vi) | Handling Expenses | **33.51** | 41.40 |
| vii) | Freight Expenses | **12.29** | 2.52 |
| viii) | Reimbursement of Expenses | **2.78** | 11.93 |
| ix) | Fixed assets purchased | **87.42** | 105.80 |
| x) | Investments made during the year | **5.90** | - |
| xi) | Provisions made during the year | **0.17** | 41.88 |
| xii) | Outstanding Receivables | **6.45** | 41.65 |
| xiii) | Outstanding Payables | **74.84** | 121.24 |

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

| | | March-06 | March-05 |
|---|---|---|---|
| i) | Remuneration | **2.42** | 2.19 |
| ii) | Recovery of Interest & Furniture Hire Charges | **0.01** | 0.01 |
| iii) | Outstanding loans/advances receivables | **0.45** | 0.13 |
| iv) | Assets on Hire | **0.15** | 0.17 |

**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.
3) In case of Joint Venture Companies constituted/acquired during the year, transactions w.e.f. date of constitution/ acquisition is disclosed.
4) In case of Joint Venture Companies which have been closed/divested during the year, transactions upto the date of closure/disinvestment only are disclosed.

**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 (%) 31.03.2006 | 31.03.2005 |
|---|---|---|
| **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 | relinquished | 15 |
| GV-ONN-2000/1 | relinquished | 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 | 43.55 | 27 |
| **OUTSIDE INDIA** | | |
| FARSI BLOCK, IRAN | 40 | 40 |
| KUWAIT | 5 | 5 |
| LIBYA BLOCK 86 | 50 | 50 |
| LIBYA BLOCK 102/4 | 50 | N.A. |

**(b) Jointly Controlled Assets:-** **(Rs. in Crore)**

| Particulars of Assets | Name of Joint Owner | 31.03.2006 Original Cost | 31.03.2006 Accumulated Depreciation & Amortisation | 31.03.2006 W.D.V. | 31.03.2005 Original Cost | 31.03.2005 Accumulated Depreciation & Amortisation | 31.03.2005 W.D.V. |
|---|---|---|---|---|---|---|---|
| Land-Freehold | HPC | 1.73 | - | 1.73 | 1.55 | - | 1.55 |
| Land-Leasehold | BPC | 0.78 | 0.13 | 0.65 | 0.78 | 0.14 | 0.64 |
| Buildings | HPC | 2.56 | 0.20 | 2.36 | 2.30 | 0.14 | 2.16 |
| Plant and Machinery | HPC/BPC/GSFC/ IPCL/ACC/CSIR | 92.33 | 20.85 | 71.48 | 92.33 | 16.42 | 75.91 |
| Transport Equipment | RAILWAYS | 183.05 | 155.82 | 27.23 | 183.05 | 141.11 | 41.94 |
| Railway Sidings | HPC/BPC | 40.50 | 15.31 | 25.19 | 40.85 | 14.14 | 26.71 |
| Drainage,Sewage and Water Supply | GSFC | 0.99 | 0.94 | 0.05 | 0.99 | 0.94 | 0.05 |
| | | **321.94** | **193.25** | **128.69** | **321.85** | **172.89** | **148.96** |

**(c) Jointly Controlled Entities:-**

| | Name | Country of Incorporation | Ownership Interest of IOC(%) 31.03.2006 | 31.03.2005 |
|---|---|---|---|---|
| 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) | IndianOil Petronas Pvt. Ltd. | India | 50 | 50 |
| (vi) | IndianOil Panipat Power Consortium Ltd. | India | 50 | 50 |
| (vii) | Avi-Oil India Pvt.Ltd. | India | 25 | 25 |
| (viii) | Petronet India Ltd. | India | 16 | 16 |
| (ix) | Petronet LNG Ltd. | India | 12.5 | 12.5 |
| (x) | Green Gas Ltd. | India | 22.5 | 0 |

Proportionate share in assets, liabilities, income & expenditure of Petronet VK Ltd., Petronet CI Ltd, Indian Oil Panipat Power Consortium Ltd. & Petronet India 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)**

| | **31.03.2006** | 31.03.2005 |
|---|---|---|
| (i) Assets | | |
| - Long Term Assets | **544.27** | 544.16 |
| - Current Assets | **256.90** | 244.61 |
| (ii) Liabilities | | |
| - Current Liabilities and Provisions | **88.14** | 104.69 |
| - Other Liabilities | **305.99** | 323.59 |
| (iii) Income | **909.14** | 630.38 |
| (iv) Expenses | **817.24** | 595.35 |
| (v) Contingent Liabilities | **11.11** | 10.50 |
| (vi) Capital Commitments | **149.05** | 25.73 |

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

**(Rs. in Crore)**

| | **31.03.2006** | 31.03.2005 |
|---|---|---|
| (a) Jointly Controlled Operations | | |
| (i) Contingent Liabilities | **-** | - |
| (ii) Capital Commitments | **4.24** | 29.72 |
| (b) Jointly Controlled Assets | | |
| (i) Contingent Liabilities | **-** | - |
| (ii) Capital Commitments | **-** | - |

# Cash Flow Statement

## annexed to the Balance Sheet for the year ended 31st March, 2006

(Rs. in Crore)

| | | | | | |
|---|---|---|---|---|---|
| | | | **2005-06** | | 2004-05 |
| **A** | **Cash Flow from Operating Activities** | | | | |
| | 1 Profit Before Tax | | **7,293.19** | | 7,535.75 |
| | 2 Adjustments for: | | | | |
| | Depreciation | **2,552.42** | | 2,524.57 | |
| | Loss/(Profit) on sale of Assets (Net) | **4.96** | | 17.39 | |
| | Amortisation of Capital Grants | **(0.76)** | | (0.75) | |
| | Amortisation of Goodwill | **1.66** | | 5.34 | |
| | Amortisation of Voluntary Retirement Compensation | **(22.59)** | | 49.03 | |
| | Profit on sale of Investments (Net) | **(533.27)** | | (1.00) | |
| | Provision for Probable Contingencies (net) | **2.87** | | 59.91 | |
| | Loss/Provision for Loss on Investments | **5.94** | | - | |
| | Revenue Grant received in the form of Government Bonds | **(6,992.02)** | | | |
| | Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores | **416.08** | | (1.65) | |
| | Provision for Loss in cost of Investment written back | **(2.00)** | | 42.00 | |
| | Interest Income on Investments | **(124.18)** | | (3.90) | |
| | Dividend Income on Investments | **(688.40)** | | (456.10) | |
| | Interest Expenditure | **1,251.44** | | 767.92 | |
| | | | **(4,127.85)** | | 3,002.76 |
| B | Operating Profit before Working Capital Changes (1+2) | | **3,165.34** | | 10,538.51 |
| C | i) Change in Working Capital: (Excluding Cash & Bank Balances) | | | | |
| | Trade & Other Receivables | **681.79** | | (1,771.18) | |
| | Inventories | **(5,410.59)** | | (6,073.07) | |
| | Trade and Other Payables | **2,887.62** | | 3,797.32 | |
| | Change in Working Capital | | **(1,841.18)** | | (4,046.93) |
| D | Cash Generated From Operations (B+C) | | **1,324.16** | | 6,491.58 |
| E | Less: Taxes paid | | **2,539.35** | | 1,177.09 |
| F | Net Cash Flow from Operating Activities (D-E) | | **(1,215.19)** | | 5,314.49 |
| G | Cash Flow from Investing Activities: | | | | |
| | Sale of Assets | **70.67** | | 35.71 | |
| | Sale / Maturity of Investments | **661.65** | | - | |
| | Interest Income on Investments | **124.18** | | 3.90 | |
| | Dividend Income on Investments | **688.40** | | 456.10 | |
| | Purchase of Assets | **(661.49)** | | (2,372.49) | |
| | Adjustment for Finance Lease Receivable | **27.13** | | 26.06 | |
| | Oil Companies GOI Special Bonds etc. | **(2,532.88)** | | (216.38) | |
| | Expenditure on Construction Work in Progress | **(4,395.44)** | | (5,188.15) | |
| | Net Cash used in Investing Activities | | **(6,017.78)** | | (7,255.25) |

(Rs. in Crore)

| | | 2005-06 | | 2004-05 | |
|---|---|---|---|---|---|
| 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 | **7,025.81** | | (269.81) | |
| | Proceeds from/(Repayments of) Short-Term Borrowings | **2,708.72** | | 5,653.58 | |
| | Interest paid | **(1,286.14)** | | (903.58) | |
| | Change in Minority Interest | | | - | |
| | Dividend\Dividend Tax paid | **(1,535.43)** | | (2,783.56) | |
| | Net Cash Generated/(Used) from Financing Activities: | | **6,912.96** | | 1,849.02 |
| I | Net Change in Cash & Cash Equivalents (F+G+H) | | **(320.01)** | | (91.74) |
| J | Cash & Cash Equivalents as at end of the Financial Year | | **1,052.85** | | 1,373.71 |
| K | Cash & Cash Equivalents on Consolidation of JV | | **-** | | - |
| L | Less: Cash & Cash Equivalents as at the beginning of Financial Year | **1,373.71** | | | 1,465.45 |
| | Less: Adjustment for ISPRL | **0.85** | **1,372.86** | | |
| | **NET CHANGE IN CASH & CASH EQUIVALENTS (J+K-I)** | | **(320.01)** | | (91.74) |

**Notes:**

(Rs. in Crore)

| | | 2005-06 | 2004-05 |
|---|---|---|---|
| 1. | Cash and Cash Equivalents include: | | |
| | Cash and Bank Balances | | |
| | As per Balance Sheet | **1052.85** | 1373.71 |
| | Unrealised (gain)/loss on foreign exchange | **0.00** | 0.00 |
| | **Total Cash and Cash Equivalents** | **1052.85** | **1373.71** |

2. The previous year's figures have been regrouped wherever necessary.

| | | |
|---|---|---|
| Sd/- | Sd/- | Sd/- |
| **(S. Behuria)** | **(S. V. Narasimhan)** | **(Raju Ranganathan)** |
| Chairman | Director (Finance) | Company Secretary |

**As per our attached Report of even date**

| | | |
|---|---|---|
| **SURESH CHANDRA & ASSOCIATES** | **M. M. NISSIM AND CO.** | **K K S & CO.** |
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Sd/- | Sd/- | Sd/- |
| **(MADHUR GUPTA)** | **(SAMIR MEHTA)** | **(K. P. KHANDELWAL)** |
| Partner | Partner | Partner |
| M.No. 90205 | M.No. 43086 | M.No. 50244 |

Place : New Delhi
Date : May 26, 2006

# Summarised Financial Statements of the Subsidiary Companies for the Financial Year 2005-06

1. Chennai Petroleum Corporation Ltd.
2. Bongaigaon Refinery & Petrochemicals Ltd.
3. IBP Co.Ltd.
4. IndianOil Technologies Ltd.
5. Lanka IOC Ltd.
6. IndianOil (Mauritius) Ltd.
7. Indian Strategic Petroleum Reserves Ltd.

The Ministry of Company Affairs, Government of India vide its letter No.47/186/2006-CL-III dated 28th April, 2006 has exempted Indian Oil Corporation Ltd. from attaching the Reports and Accounts of the Subsidiaries Companies with the Annual Report for the year 2005-06.

The summarized financial statements of the Subsidiary Companies are enclosed in the following pages.

The Annual Report of the Subsidiary Companies are available with the Company Secretary, IndianOil and is open for inspection by any shareholder at the registered office of IndianOil during working days between 1030 hrs. to 1230 hrs. and 1430 hrs. to 1630 hrs. The copy of the Annual Report shall also be made available to any shareholder of IndianOil or its subsidiary on request.

## Balance Sheet as on 31st March 2006

(Rs. in Crore)

| | 31.3.2006 | 31.3.2005 |
|---|---|---|
| **SOURCES OF FUNDS:** | | |
| 1. Shareholders' Funds: | | |
| a) Capital | **149.00** | 149.00 |
| b) Reserves and Surplus | **2,132.53** | 1,855.34 |
| | **2,281.53** | 2,004.34 |
| 2. Loan Funds: | | |
| a) Secured Loans | **1,225.17** | 942.69 |
| b) Unsecured Loans | **1,522.72** | 1,454.77 |
| | **2,747.89** | 2,397.46 |
| 3. Deferred Tax Liability (Net) | **566.79** | 550.82 |
| **TOTAL** | **5,596.21** | 4,952.62 |
| **APPLICATION OF FUNDS:** | | |
| 1. Fixed Assets | | |
| a) Gross Block | **4,762.49** | 4,708.05 |
| b) Less: Depreciation | **1,606.27** | 1,389.25 |
| c) Net Block | **3,156.22** | 3,318.80 |
| d) Capital Goods work-in Progress | **70.67** | 45.18 |
| | **3,226.89** | 3,363.98 |
| 2. Intangible Assets: | | |
| a) Gross Block | **60.11** | 59.80 |
| b) Less: Amortisation | **11.07** | 5.06 |
| c) Net Block | **49.04** | 54.74 |
| 3. Investments (Refer details given below) | **115.53** | 22.79 |
| 4. Current Assets, Loans and Advances: | | |
| a) Inventories | **3,149.10** | 2,416.16 |
| b) Sundry Debtors | **1,183.45** | 891.17 |
| c) Cash and Bank Balances | **60.63** | 9.70 |
| d) Other Current Assets - Interest accrued on Investments / Bank Deposits | **0.45** | 0.04 |
| e) Loans and Advances | **211.72** | 283.81 |
| | **4,605.35** | 3,600.88 |
| 5. Less: Current Liabilities and Provisions | | |
| a) Current Liabilities | **2,218.77** | 1,858.26 |
| b) Provisions | **183.85** | 232.39 |
| | **2,402.62** | 2,090.65 |
| Net Current Assets (4 - 5) | **2,202.73** | 1,510.23 |
| 6. Miscellaneous Expenditure (to the extent not written off or adjusted) | **2.02** | 0.88 |
| **TOTAL** | **5,596.21** | 4,952.62 |
| **Details of Investments** | | |
| Indian Additives Ltd. | **11.83** | 11.83 |
| Petroleum India International | **11.86** | 10.83 |
| GOI Special Bonds | **91.71** | - |
| Others | **0.13** | 0.13 |
| **TOTAL** | **115.53** | 22.79 |

## Profit and Loss Account for the year ended 31st March 2006

(Rs. in Crore)

| | 31.3.2006 | 31.3.2005 |
|---|---|---|
| **INCOME:** | | |
| 1. Sale of Products (Gross) | 25,464.35 | 16,279.89 |
| Less: Excise Duty | 4,280.42 | 2,082.28 |
| | 21,183.93 | 14,197.61 |
| Less: Commission and Discounts | 56.50 | 9.25 |
| Sale of products (net) | 21,127.43 | 14,188.36 |
| 2. Company's use of own Products | 1.34 | 21.49 |
| 3. Net claim from/(surrender to) Industry Pool Account | - | 3.76 |
| 4. Increase/(Decrease) in Stocks | 399.96 | 397.40 |
| 5. Interest and other Income | 41.83 | 75.97 |
| **TOTAL INCOME** | 21,570.56 | 14,686.98 |
| **EXPENDITURE:** | | |
| 1. Purchase of Products for resale | 111.86 | 33.08 |
| 2. Manufacturing, Admn., Selling & Other Expenses | 20,304.37 | 13,272.25 |
| 3. Duties other than Excise Duty on Sales | 29.42 | 79.69 |
| 4. Depreciation and Amortisation: | 235.84 | 209.38 |
| 5. Interest Payments on: | | |
| a) Fixed period loans from Banks/Financial Institutions/Others | 96.73 | 115.50 |
| b) Short term loans from Banks | 74.27 | 33.01 |
| c) Public Deposits | - | 0.14 |
| d) Others | 3.03 | 8.01 |
| | 174.03 | 156.66 |
| **TOTAL EXPENDITURE** | 20,855.52 | 13,751.06 |
| **PROFIT FOR THE YEAR** | 715.04 | 935.92 |
| Income/(Expenses) pertaining to previous years (Net) | 8.33 | (2.29) |
| **PROFIT BEFORE TAX** | 723.37 | 933.63 |
| Less: Provision for Tax (Net) | | |
| a) Current Year | 225.01 | 157.16 |
| b) Previous Year | (1.11) | (24.96) |
| | 223.90 | 132.20 |
| PROFIT BEFORE DEFERRED AND FRINGE BENEFIT TAX | 499.47 | 801.43 |
| Provision for Deferred Tax | 15.97 | 204.46 |
| Fringe Benefit Tax | 2.54 | - |
| **PROFIT AFTER TAX** | 480.96 | 596.97 |
| **DISPOSABLE PROFIT** | 480.96 | 596.97 |
| **APPROPRIATIONS:** | | |
| Interim Dividend | 44.67 | - |
| Final Dividend (Proposed) | 134.03 | 178.71 |
| Dividend Distribution Tax on Interim Dividend | 6.27 | - |
| Dividend Distribution Tax on Final Dividend (Proposed) | 18.80 | 25.25 |
| General Reserve | 277.19 | 393.01 |
| | 480.96 | 596.97 |
| **Earning Per Share (Rupees) (Basic & Diluted)** | 32.29 | 40.08 |

## Balance Sheet as on 31st March 2006

(Rs. in Crore)

| | 31.3.2006 | 31.3.2005 |
|---|---|---|
| **SOURCES OF FUNDS:** | | |
| 1. Shareholders' Funds: | | |
| a) Capital | **199.82** | 199.82 |
| b) Reserves and Surplus | **671.82** | 558.58 |
| | **871.64** | 758.40 |
| 2. Loan Funds: | | |
| a) Secured Loans | **87.29** | 62.46 |
| b) Unsecured Loans | **-** | - |
| | **87.29** | 62.46 |
| 3. Deferred Tax Liability (Net) | **70.51** | 74.37 |
| **TOTAL** | **1,029.44** | 895.23 |
| **APPLICATION OF FUNDS:** | | |
| 1. Fixed Assets | | |
| a) Gross Block | **952.00** | 929.98 |
| b) Less: Depreciation | **586.35** | 556.70 |
| c) Net Block | **365.65** | 373.28 |
| d) Dismantled Capital Stores | | |
| e) Capital-work-in Progress | **61.39** | 37.34 |
| | **427.04** | 410.62 |
| 2. Intangible Assets: | | |
| a) Gross Carrying Amount | **10.61** | 10.67 |
| b) Less: Accumulated Amortisation | **4.23** | 1.40 |
| c) Net Carrying Amount | **6.38** | 9.27 |
| 3. Investments (Refer details given below) | **78.49** | 66.83 |
| 4. Current Assets, Loans and Advances: | | |
| a) Inventories | **720.90** | 724.37 |
| b) Sundry Debtors | **247.67** | 174.29 |
| c) Cash and Bank Balances | **3.17** | 53.40 |
| d) Other Current Assets - Interest accrued | **0.07** | 0.12 |
| e) Loans and Advances | **138.14** | 122.37 |
| | **1,109.95** | 1,074.55 |
| 5. Less: Current Liabilities and Provisions | | |
| a) Current Liabilities | **511.79** | 515.21 |
| b) Provisions | **80.88** | 151.33 |
| | **592.67** | 666.54 |
| Net Current Assets (4 - 5) | **517.28** | 408.01 |
| 6. Miscellaneous Expenditure (to the extent not written off or adjusted) | **0.25** | 0.50 |
| **TOTAL** | **1,029.44** | 895.23 |
| **Details of Investments** | | |
| Petroleum India International | **11.85** | 10.83 |
| GOI Special Bonds | **66.64** | 56.00 |
| **TOTAL** | **78.49** | 66.83 |

**Profit and Loss Account for the year ended 31st March 2006**

(Rs. in Crore)

| | 31.3.2006 | 31.3.2005 |
|---|---|---|
| **INCOME:** | | |
| 1. Sale of Products | **6,290.35** | 4,996.63 |
| Less: Commission and Discounts | **1.71** | 4.18 |
| | **6,288.64** | 4,992.45 |
| Less: Excise Duty & Cess | **651.70** | 447.14 |
| | **5,636.94** | 4,545.31 |
| 2. Net claim from Industry Pool Account | **-** | (2.19) |
| 3. Increase/(Decrease) in Stocks | **50.27** | 49.13 |
| 4. Interest and other Income | **37.07** | 27.27 |
| **TOTAL INCOME** | **5724.28** | 4619.52 |
| **EXPENDITURE:** | | |
| 1. Manufacturing, Admn., Selling & Other Expenses | **5,405.24** | 3,906.13 |
| 2. Duties applicable on products (net) | **3.82** | (1.41) |
| 3. Depreciation and Amortisation | **33.80** | 31.86 |
| 4. Deferred Revenue Expenditure Written-off | **0.25** | 2.37 |
| 5. Interest Payments on: | | |
| a) Fixed period loans from OIDB | **-** | 1.27 |
| b) Short term loans from Banks | **10.10** | 2.24 |
| c) Others | **3.80** | 0.13 |
| | **13.90** | 3.64 |
| Less: Interest Capitalised | **-** | 0.01 |
| | **13.90** | 3.63 |
| **TOTAL EXPENDITURE** | **5,457.01** | 3,942.58 |
| **PROFIT FOR THE YEAR** | **267.27** | 676.94 |
| Income/(Expenses) pertaining to previous years (Net) | **-** | 0.24 |
| **PROFIT BEFORE TAX** | **267.27** | 677.18 |
| Less: Provision for Income Tax | | |
| a) Current Year | **93.90** | 204.21 |
| b) Previous Year | **1.18** | - |
| c) Fringe Benefit Tax | **1.30** | - |
| d) Deferred Tax | **(3.87)** | (5.33) |
| **PROFIT AFTER TAX** | **174.76** | 478.30 |
| Balance brought forward from last year's account | **-** | - |
| **DISPOSABLE PROFIT** | **174.76** | 478.30 |
| **APPROPRIATIONS:** | | |
| Interim Dividend | **-** | 119.89 |
| Final Dividend (Proposed) | **53.95** | 119.89 |
| Corporate Dividend Tax on | | |
| Interim Dividend | **-** | 15.93 |
| Proposed Final Dividend | **7.57** | 16.82 |
| General Reserve | **113.24** | 205.77 |
| Profit & Loss Account | **0.00** | 0.00 |
| | **174.76** | 478.30 |
| **Earning Per Share (Rupees) (Basic & Diluted)** | **8.75** | 23.94 |

## Balance Sheet as on 31st March 2006

(Rs. in Crore)

| | 31.3.2006 | 31.3.2005 |
|---|---|---|
| **SOURCES OF FUNDS:** | | |
| 1. Shareholders' Funds: | | |
| a) Share Capital | **22.15** | 22.15 |
| b) Forfeited Convertible Debentures | **-** | - |
| c) Reserves and Surplus | **644.77** | 637.42 |
| | **666.92** | 659.57 |
| 2. Loan Funds: | | |
| a) Unsecured Loans | **329.38** | - |
| 3. Deferred Tax Liability | **121.67** | 98.09 |
| **TOTAL** | **1,117.97** | 757.66 |
| **APPLICATION OF FUNDS:** | | |
| 1.1 Fixed Assets: | | |
| a) Gross Block | **1,447.09** | 1,295.13 |
| b) Less: Depreciation | **339.46** | 307.47 |
| c) Net Block | **1,107.63** | 987.66 |
| 1.2 Intangible Assets: | | |
| a) Gross Block | **3.36** | - |
| b) Less: Amortisation | **1.00** | - |
| c) Net Block | **2.36** | - |
| 1.3 Dismantled Capital Stores | **1.41** | 0.92 |
| 1.4 Capital Work-in-Progress | **92.67** | 89.23 |
| | **1,204.07** | 1,077.81 |
| 2. Finance Lease Receivables | **5.30** | 7.51 |
| 3. Investments (Refer details given below) | **486.11** | 16.91 |
| 4. Current Assets, Loans and Advances: | | |
| a) Inventories | **306.71** | 328.31 |
| b) Sundry Debtors | **186.61** | 74.53 |
| c) Cash and Bank Balances | **76.89** | 727.77 |
| d) Other Current Assets - Interest accrued on Investments/Bank Deposits | **1.68** | 1.92 |
| e) Loans and Advances | **117.15** | 162.38 |
| | **689.04** | 1,294.91 |
| 5. Less: Current Liabilities and Provisions | | |
| a) Current Liabilities | **1,208.93** | 1,572.89 |
| b) Provisions | **57.62** | 66.59 |
| | **1,266.55** | 1,639.48 |
| 6. Net Current Assets (4-5) | **(577.51)** | (344.57) |
| **TOTAL** | **1,117.97** | 757.66 |
| **Details of Investments** | | |
| Petronet India Limited | **2.00** | 2.00 |
| Petroleum India International | **11.86** | 10.82 |
| GOI Special Bonds | **472.25** | - |
| ICICI Bank Limited | **-** | 3.59 |
| HDFC Limited | **-** | 0.50 |
| HDFC Bank Limited | **-** | - |
| **TOTAL** | **486.11** | 16.91 |

## Profit and Loss Account for the year ended 31st March 2006

(Rs. in Crore)

| | 31.3.2006 | 31.3.2005 |
|---|---|---|
| **INCOME:** | | |
| 1. Sale of Products | **15,196.58** | 13,478.96 |
| Less: Excise Duty | **39.10** | 181.42 |
| Less: Commission and Discounts | **10.06** | 22.84 |
| | **15,147.42** | 13,274.70 |
| 2. Increase/(Decrease) in Stocks | **(30.49)** | (54.75) |
| 3. Interest and other Income | **152.07** | 64.27 |
| 4. Net claim from/(surrender to) PPAC/GOI | **-** | 85.48 |
| 5. a) Subsidy from Govt. on account of LPG & SKO as per scheme | **58.84** | 58.03 |
| b) Subsidy from Govt. - Issue of Special Bonds | **420.58** | - |
| **TOTAL** | **15,748.42** | 13,427.73 |
| **EXPENDITURE:** | | |
| 1. Purchase of Products for resale | **15,044.79** | 12,594.65 |
| 2. Manufacturing, Admn., Selling & Other Expenses | **633.09** | 702.73 |
| 3. Duties applicable on products (net) | **(1.36)** | (3.98) |
| 4. Depreciation and Amortisation on: | | |
| i) Fixed Assets | **34.22** | 54.72 |
| ii) Intangible Assets | **1.00** | - |
| | **35.22** | 54.72 |
| 5. Interest Payments on: | | |
| a) Short term loans from Banks | **4.08** | 0.04 |
| b) Others | **0.03** | 0.06 |
| | **4.11** | 0.10 |
| **TOTAL** | **15,715.85** | 13,348.22 |
| **PROFIT FOR THE YEAR** | **32.57** | 79.51 |
| Income/(Expenses) pertaining to previous years (Net) | **(0.17)** | 3.43 |
| **PROFIT BEFORE TAX** | **32.40** | 82.94 |
| Less: Provision for Taxation (Net) | | |
| a) Fringe Benefit Tax | **1.55** | - |
| b) Current Tax | **(5.16)** | 9.53 |
| c) Deferred Tax | **23.57** | 14.53 |
| **PROFIT AFTER TAX** | **12.44** | 58.88 |
| **Add: Transfer from Burma Current A/c** | **(0.03)** | 0.08 |
| **DISPOSSABLE PROFIT** | **12.41** | 58.96 |
| **APPROPRIATIONS:** | | |
| Proposed Dividend | **4.43** | 22.15 |
| Corporate Dividend Tax | **0.62** | 3.25 |
| Devaluation Exchange Difference Reserve | **(0.03)** | 0.08 |
| General Reserve | **7.39** | 33.48 |
| | **12.41** | 58.96 |
| **Earning Per Share (Rupees) (Basic & Diluted)** | **5.62** | 26.58 |

## Balance Sheet as on 31st March 2006

(Rs. in Crore)

| | 31.3.2006 | 31.3.2005 |
|---|---|---|
| **SOURCES OF FUNDS:** | | |
| 1 Shareholders' Funds: | | |
| a) Share Capital | **0.55** | 0.55 |
| b) Reserves and Surplus | **0.61** | 0.41 |
| **TOTAL** | **1.16** | 0.96 |
| **APPLICATION OF FUNDS:** | | |
| 1. Current Assets, Loans and Advances: | | |
| a) Cash and Bank balances | **1.03** | 0.55 |
| b) Loans and Advances | **0.03** | - |
| c) Sundry Debtors | **0.09** | 0.47 |
| | **1.15** | 1.02 |
| Less: Current Liabilities and Provisions | | |
| a) Current Liabilities | **0.01** | 0.02 |
| b) Provisions | **-** | 0.06 |
| | **0.01** | 0.08 |
| Net Current Assets | **1.14** | 0.94 |
| 2. Miscellaneous Expenditure (to the extent not written off or adjusted) | **0.02** | 0.02 |
| 3. Profit & Loss Account | **-** | - |
| **TOTAL** | **1.16** | 0.96 |

## Profit and Loss Account for the year ended 31st March 2006

(Rs. in Crore)

| | 31.3.2006 | 31.3.2005 |
|---|---|---|
| **INCOME:** | | |
| Service Charges | **0.89** | 1.09 |
| Other Misc. Income | **0.04** | 0.02 |
| **TOTAL INCOME** | **0.93** | 1.11 |
| **EXPENSES** | | |
| Admn., Selling & Other Expenses | **0.61** | 0.45 |
| **TOTAL EXPENDITURE** | **0.61** | 0.45 |
| **PROFIT FOR THE YEAR** | **0.32** | 0.66 |
| **PROFIT BEFORE TAX** | **0.32** | 0.66 |
| Provision for Income Tax | | |
| a) Current Year | **0.11** | 0.24 |
| b) Previous Year | **0.01** | - |
| **PROFIT AFTER TAX (Transferred to Balance Sheet)** | **0.20** | 0.42 |

## Balance Sheet as on 31st March 2006

| | 31.3.2006 | 31.3.2005 | 31.3.2006 | 31.3.2005 |
|---|---|---|---|---|
| | (in Indian Currency) | | (in Sri Lankan Currency) | |
| | (Rs. in Crore) | (Rs. in Crore) | (Rs.in Million) | (Rs. in Million) |
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| Property, Plant and Equipments | **139.95** | 143.42 | **3,217.03** | 3,260.74 |
| Goodwill | **29.32** | 31.31 | **673.87** | 711.84 |
| Long Term Investment (Refer details given below) | **191.15** | 193.26 | **4,394.00** | 4,394.00 |
| | **360.42** | 367.99 | **8,284.90** | 8,366.58 |
| **Current Assets** | | | | |
| Inventories | **104.79** | 204.48 | **2,408.91** | 4,649.19 |
| Receivables and prepayments | **21.09** | 252.22 | **484.82** | 5,734.47 |
| Cash and cash equivalents | **44.40** | 67.60 | **1,020.58** | 1,536.97 |
| | **170.28** | 524.30 | **3,914.31** | 11,920.63 |
| **TOTAL ASSETS** | **530.70** | 892.29 | **12,199.21** | 20,287.21 |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and Reserves** | | | | |
| Ordinary shares | **250.54** | 250.57 | **5,324.66** | 5,325.30 |
| Share premium | **95.88** | 95.93 | **2,251.92** | 2,253.01 |
| Retained Earnings | **(199.41)** | 109.32 | **(4,583.90)** | 2,485.56 |
| Exchange equilisation reserve | **(16.82)** | (13.18) | **-** | - |
| | **130.19** | 442.64 | **2,992.68** | 10,063.87 |
| **Non-Current Liabilities** | | | | |
| Borrowings | **17.76** | 69.59 | **408.15** | 1,582.16 |
| Retirement benefit obligations | **1.01** | 0.96 | **23.23** | 21.87 |
| | **18.77** | 70.55 | **431.38** | 1,604.03 |
| **Current Liabilities** | | | | |
| Trade and other payables | **178.82** | 198.58 | **4,110.54** | 4,515.02 |
| Current tax payable | **0.14** | 0.04 | **3.35** | 0.90 |
| Borrowings | **202.78** | 180.48 | **4,661.26** | 4,103.39 |
| | **381.74** | 379.10 | **8,775.15** | 8,619.31 |
| **Total Liabilities** | **400.51** | 449.65 | **9,206.53** | 10,223.34 |
| **TOTAL EQUITY AND LIABILITIES** | **530.70** | 892.29 | **12,199.21** | 20,287.21 |
| **Details of Investments** | | | | |
| Ceylon Petroleum Corporation | **191.15** | 193.26 | **4,394.00** | 4,394.00 |

## Income Statement for the year ended 31st March 2006

| | 31.3.2006 | 31.3.2005 | 31.3.2006 | 31.3.2005 |
|---|---|---|---|---|
| | (in Indian Currency) | | (in Sri Lankan Currency) | |
| | (Rs. in Crore) | (Rs. in Crore) | (Rs.in Million) | (Rs. in Million) |
| Revenue | **1,639.40** | 1,217.55 | **37,492.99** | 27,586.11 |
| Cost of Sales | **(1,539.60)** | (1,107.06) | **(35,210.66)** | (25,082.76) |
| Gross Profit | **99.80** | 110.49 | **2,282.33** | 2,503.35 |
| Other operating income | **7.15** | 2.62 | **163.39** | 59.44 |
| Selling and distribution costs | **(1.29)** | (0.45) | **(29.44)** | (10.20) |
| Administrative Expenses | **(33.79)** | (26.16) | **(772.84)** | (592.79) |
| Disallowed input VAT on subsidy | **(36.64)** | - | **(837.91)** | - |
| Provision for subsidy receivable from GOSL | **(325.53)** | - | **(7,444.83)** | - |
| Operating (loss) / profit | **(290.30)** | 86.50 | **(6,639.30)** | 1,959.80 |
| Finance cost | **(18.65)** | (3.29) | **(426.43)** | (74.47) |
| (Loss)/profit before tax | **(308.95)** | 83.21 | **(7,065.73)** | 1,885.33 |
| Tax | **(0.16)** | (0.08) | **(3.73)** | (1.94) |
| **Net (loss)/profit** | **(309.11)** | 83.13 | **(7,069.46)** | 1,883.39 |
| **Earnings per share (Rupees)** | **(5.81)** | 1.87 | **(13.28)** | 4.24 |

**Notes for conversion into Indian Rupees:**

(1) Assets and Liabilities for all Balance Sheet items presented including comparatives are translated at the closing rate (2006: 1 INR = 2.2987 SLR, 2005: 1 INR = 2.2736 SLR) which existed at the date of each balance sheet presented;

(2) Income and Expense items for all periods presented including comparatives are translated at the average exchange rate of (2006: 1 INR = 2.2870 SLR, 2005: 1INR = 2.2657 SLR);

(3) Share Capital and Share Premium are translated at the exchange rate existing at the date of transaction.

## Balance Sheet as on 31st March 2006

| | 31.3.2006 (in Indian Currency) (Rs. in Crore) | 31.3.2005 (in Indian Currency) (Rs. in Crore) | 31.3.2006 (in Mauritian Currency) (Rs.in Million) | 31.3.2005 (in Mauritian Currency) (Rs. in Million) |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-Current Assets** | | | | |
| Property, Plant and Equipments | **36.13** | 37.41 | **247.84** | 227.49 |
| Capital work in progress | **6.96** | 1.17 | **47.70** | 7.13 |
| Deferred Tax Assets | **0.57** | - | **3.93** | - |
| | **43.66** | 38.58 | **299.47** | 234.62 |
| **Current Assets** | | | | |
| Inventories | **34.56** | 17.13 | **237.08** | 104.13 |
| Trade and other receivables | **29.01** | 19.86 | **199.00** | 120.77 |
| Cash and bank balances | **72.04** | 16.46 | **494.10** | 100.11 |
| | **135.61** | 53.45 | **930.18** | 325.01 |
| Foreign Currency Translation Reserve | **4.92** | (2.03) | | |
| **TOTAL ASSETS** | **184.19** | 90.00 | **1,229.65** | 559.63 |
| **EQUITY AND LIABILITIES** | | | | |
| **Capital and Reserves** | | | | |
| Share Capital | **75.67** | 26.13 | **488.20** | 158.89 |
| Revenue Reserves | **3.34** | (3.12) | **20.04** | (18.67) |
| | **79.01** | 23.01 | **508.24** | 140.22 |
| **Non-Current Liabilities** | | | | |
| Borrowings | **33.97** | - | **233.02** | - |
| Deferred Tax Liabilities | **-** | 0.71 | **-** | 4.31 |
| | **33.97** | 0.71 | **233.02** | 4.31 |
| **Current Liabilities** | | | | |
| Trade and other payables | **65.12** | 23.16 | **446.70** | 140.85 |
| Amount due to holding company | **0.09** | 43.12 | **0.57** | 274.25 |
| Borrowings | **6.00** | - | **41.12** | - |
| | **71.21** | 66.28 | **488.39** | 415.10 |
| **TOTAL EQUITY AND LIABILITIES** | **184.19** | 90.00 | **1,229.65** | 559.63 |

### Profit and Loss Account for the year ended 31st March 2006

| | 31.3.2006 | 31.3.2005 | 31.3.2006 | 31.3.2005 |
|---|---|---|---|---|
| | (in Indian Currency) | | (in Mauritian Currency) | |
| | (Rs. in Crore) | (Rs. in Crore) | (Rs.in Million) | (Rs. in Million) |
| Revenue | **302.23** | 127.62 | **1,948.40** | 772.45 |
| Cost of Sales | **(282.34)** | (113.83) | **(1,820.15)** | (688.96) |
| Direct Costs | **(6.90)** | (4.40) | **(44.51)** | (26.64) |
| Gross Profit | **12.99** | 9.39 | **83.74** | 56.85 |
| Administrative Expenses | **4.08** | 2.86 | **26.29** | 17.30 |
| Net Finance Costs | **1.28** | 1.48 | **8.24** | 8.60 |
| Selling Expenses | **0.31** | 0.86 | **2.02** | 5.20 |
| Depreciation | **0.96** | 0.92 | **6.60** | 5.64 |
| Exchange difference | **1.57** | 1.64 | **10.12** | 9.92 |
| | **8.20** | 7.76 | **53.27** | 46.66 |
| Profit Before Tax | **4.79** | 1.63 | **30.47** | 10.19 |
| Taxation | **1.28** | (0.71) | **8.24** | (4.31) |
| **Profit After Tax** | **6.07** | 0.92 | **38.71** | 5.88 |
| **Earning Per Share (Rupees)** | **38.17** | 5.78 | **12.49** | 3.70 |

**Notes for conversion into Indian Rupees:**

(1) Assets and Liabilities for all Balance Sheet items presented including comparatives are translated at the closing rate (2006: 1 MR = 1.4579 INR, 2005: 1 MR = 1.6444 INR) which existed at the date of each balance sheet presented;

(2) Income and Expense items for all periods presented including comparatives are translated at the average exchange rate of (2006: 1 MR = 1.5512 INR, 2005: 1MR = 1.6522 INR);

(3) Share Capital is translated at the exchange rate existing at the date of transaction.

## Balance Sheet as on 31st March 2006

(Rs. in Crore)

| | 31.3.2006 | 31.3.2005 |
|---|---|---|
| **SOURCES OF FUNDS:** | | |
| 1. Shareholders' Funds: | | |
| a) Share Capital | **1.00** | 1.00 |
| **TOTAL** | **1.00** | 1.00 |
| **APPLICATION OF FUNDS:** | | |
| 1. Fixed Assets | | |
| a) Gross Block | **-** | - |
| b) Less: Depreciation | **-** | - |
| c) Net Block | **-** | - |
| d) Pre-operative Expenses (Pending Allocation) | **1.20** | 0.37 |
| | **1.20** | 0.37 |
| 2. Current Assets, Loans and Advances: | | |
| a) Cash and Bank Balances | **0.06** | 0.86 |
| b) Other Current Assets | | 0.01 |
| c) Loans and Advances | **0.15** | 0.15 |
| | **0.21** | 1.02 |
| c. Less: Current Liabilities and Provisions | | |
| a) Current Liabilities | **0.43** | 0.41 |
| b) Provisions | **-** | - |
| | **0.43** | 0.41 |
| 3. Net Current Assets | **(0.22)** | 0.61 |
| 4. Miscellaneous Expenditure (to the extent not written off or adjusted) | **0.02** | 0.02 |
| **TOTAL** | **1.00** | 1.00 |

**Note:**
ISPRL has ceased to be a subsidiary of IndianOil effective 9th May, 2006 consequent upon transfer of IndianOil's entire equity holding in ISPRL to Oil Industry Development Board.

इंडियनऑयल

**Indian Oil Corporation Limited**

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