



Seeking new horizons



Indian Oil Corporation Limited

A N N U A L R E P O R T 2 0 0 1 - 2 0 0 2



IndianOil

VISION

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

MISSION

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

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Indian Oil Corporation Limited

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

43rd Annual Report

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



Indian Oil Corporation Limited

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

NOTICE

NOTICE is hereby given that the **43rd Annual General Meeting** of the Members of **INDIAN OIL CORPORATION LIMITED** will be held at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai - 400 018 on **Monday, the 30th September 2002 at 1100 hrs.** to transact the following business:

A. ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2002 and the Balance Sheet as on that date together with Reports of the Directors and the Auditors.
2. To declare dividend.
3. To appoint a Director in place of Dr. A.K. Bhatnagar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri P. Sugavanam, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. R.K. Pachauri, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Shri Vineet Nayar, who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint a Director in place of Shri Naresh Narad, who retires by rotation and being eligible, offers himself for reappointment.

B. SPECIAL BUSINESS

8. Appointment of Shri P.K. Agarwal as a Director of the Corporation

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

"RESOLVED THAT Shri P.K. Agarwal, who was appointed as an Additional Director by the Board of Directors effective 1st November 2001 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

9. Appointment of Shri A.K. Mitra as a Director of the Corporation

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

"RESOLVED THAT Shri A.K. Mitra, who was appointed as an Additional Director by the Board of Directors effective 9th November 2001 and who holds office upto the date of this Annual General Meeting and in respect of



whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

10. Appointment of Shri R.S. Sharma as a Director of the Corporation

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

"RESOLVED THAT Shri R.S. Sharma, who was appointed as an Additional Director by the Board of Directors effective 27th March 2002 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

11. Appointment of Dr. Surajit Mitra as a Director of the Corporation

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

"RESOLVED THAT Dr. Surajit Mitra, who was appointed as an Additional Director by the Board of Directors effective 17th May 2002 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

Registered Office:

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

By Order of the Board of Directors


(R. NARAYANAN)
Company Secretary

25th August 2002

- (4) Shri P. Sugavanam, Director(Finance), aged 57 years, is a Chartered Accountant. During his three decade service in IndianOil, he has handled the Finance function in different capacities including Head of Finance in the Pipelines, Refineries and Marketing Divisions. Shri Sugavanam has participated in several professional training programmes and seminars in India and abroad. He combines his deep knowledge of the core finance function with an innovative and holistic approach that has enthused fresh life into the finance stream of IndianOil. Recognising his expertise, the Government of India also appointed him as the Member of the Expert Technical Group for review of Pipelines and Marketing infrastructure.

Details of other Directorships:

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

Membership in the Committees of other Companies:

Name of the Committee	Position held
Share Transfer Committee of ONGC Ltd.	Member

- (5) Dr. R.K. Pachauri, aged 62 years, is a Director of Tata Energy Research Institute (TERI), New Delhi, a premier research institute in the areas of Energy, Environment, Forestry, Biotechnology and the Conservation of Natural Resources. Dr. Pachauri is a Doctorate in Industrial Engineering and Economics and has served as a faculty both abroad and in India. His wide ranging expertise has resulted in his being invited to join various international and national committees and Boards. He has also served in various committees set up by the Government of India as well as on academic and research institutes. He has been recently elected as a Chairman of the Inter-Governmental Panel on Climate Change (IPCC).

Dr. R.K. Pachauri is not a Director in any other company and does not hold membership/Chairmanship in the Committees of any other company.

- (6) Shri Vineet Nayyar, aged 64 years, is currently Managing Director HCL Corporation Ltd. and Chief Executive Officer of HCL Perot Systems. In a career spanning 39 years, he has handled an array of vastly different and critical assignments. As a Member of Indian Administrative Service (IAS), he has served the Government of India in various capacities.

He has also served in the World Bank dealing with Oil & Gas, Energy operations etc. and was also Chairman & Managing Director of Gas Authority of India Limited (GAIL).



Details of other Directorships:

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

Membership in the Committees of other companies: Nil

(7) Shri Naresh Narad, aged 58 years, is a nominee Director of the Government of India. Shri Narad is an IAS of 1968 batch from the Madhya Pradesh cadre and has held various positions in the State and Central Government including Principal Secretary to Government of Madhya Pradesh, Member Secretary, the National Commission on Urbanisation and Joint Secretary in the Ministry of Steel, Government of India. He has also served as Consultant to the United Nations Centre for Human Settlement in Nairobi and Vice Chairman, NAM Co-ordination Group on Housing and represented in United Nations Pre-Conference meet on Building Material. He is currently Special Secretary in the Ministry of Petroleum and Natural Gas, Government of India.

Details of other Directorships:

Name of the Company	Position held
Bharat Petroleum Corporation Limited	Director
Hindustan Petroleum Corporation Limited	Director
IBP Co. Limited	Director

Membership in the Committees of other companies:

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

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

Item No. 8

Shri Pravin Kumar Agarwal, Director(Marketing) was appointed as an Additional Director effective 1st November 2001 by the Board of Directors, pursuant to Article 94(1) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds the office upto the date of this Annual General Meeting.

Shri P.K. Agarwal, aged 57 years, is a Mechanical Engineer from the University of Roorkee and an MBA from IMI. He has also studied Industrial and Production Engineering at IIT, Delhi. Prior to his elevation as Director(Marketing), Shri Agarwal was Executive Director of Oil Co-ordination Committee (OCC) under the Ministry of Petroleum & Natural Gas and was involved in the preparation of the blue print for the dismantling of the APM in the Oil Industry. Shri Agarwal has over three decades of rich and varied experience in the Oil Industry covering areas of Marketing Operations, Sales, Lubes-Marketing, Planning, Corporate Finance, etc. Shri Agarwal has participated in several national and international conferences.

Details of other Directorships:

Name of the Company	Position held
IndianOil Petronas Pvt. Ltd.	Chairman
Indian Oiltanking Limited	Director

Membership in the Committees of other companies:

Nil

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

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

Item No.9

Shri Arun Kumar Mitra, Director(Human Resources) was appointed as an Additional Director effective 9th November 2001 by the Board of Directors, pursuant to Article 94(1) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds the office upto the date of this Annual General Meeting.

Shri A.K. Mitra, aged 59 years, is a Post Graduate in Mathematics and holds a Post Graduate Diploma in Social Work from University of Kolkata. In a career spanning 33 years, he has rich and varied experience in Human Resources with specific focus on Industrial Relations. He has travelled both in India and abroad and participated in training programmes and seminars specialising in Human Resources.

Shri A.K. Mitra is not a Director in any other company and does not hold membership/Chairmanship in the Committees of any other company.

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

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

Item No. 10

Shri Radhey Shyam Sharma was appointed as an Additional Director effective 27th March 2002 by the Board of Directors, pursuant to Article 94(l) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds the office upto the date of this Annual General Meeting.

Shri R.S. Sharma, aged 51 years, is a fellow member of the Institute of Cost & Works Accountants of India and also an associate member of the Indian Institute of Bankers. He is currently Director(Finance) of ONGC Limited and has rich and varied experience in Project & Corporate Finance. Earlier, he was Director(Finance) of ONGC Videsh Limited, a wholly owned subsidiary of ONGC Ltd. His earlier assignments before joining ONGC include finance, banking and credit appraisal.

Details of other Directorships:

Name of the Company	Position held
Oil & Natural Gas Corporation Ltd.	Director.
ONGC Videsh Limited	Director

Membership in the Committees of other companies:

Name of the Committee	Position held
Shareholders'/Investors' Grievance Committee of ONGC Ltd.	Member
Remuneration Committee of ONGC Ltd.	Member
Share Transfer Committee of ONGC Ltd.	Member

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

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

Item No. 11

Dr. Surajit Mitra, was appointed as an Additional Director effective 17th May 2002 by the Board of Directors, pursuant to Article 94(l) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds the office upto the date of this Annual General Meeting.

Dr. Surajit Mitra, aged 50 years, is an IAS (1977 batch, Assam-Meghalaya Cadre) and is currently Joint Secretary and Financial Advisor to the Ministry of Petroleum & Natural Gas. Dr. Mitra is an M.A. in Political Economy from the Jawaharlal Nehru University, New Delhi and is a Doctorate from the University of Cambridge with specialisation in 'Economics of Development'.

Dr. Mitra has held various senior level posts in the Central and State Governments and has also represented the country at various international conferences and seminars.

Details of other Directorships:

Name of the Company	Position held
Gas Authority of India Limited	Director
Oil & Natural Gas Corporation Limited	Director

Membership in the Committees of other companies:

Name of the Committee	Position held
Audit Committee of GAIL	Member

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

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Dr. Surajit Mitra is interested or concerned in the resolution.

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

By Order of the Board of Directors


(R. NARAYANAN)
Company Secretary

25th August 2002



Indian Oil Corporation Limited

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

ATTENDANCE CARD

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

I/We hereby record my/our presence at the **43rd Annual General Meeting** of the Company held on Monday, the 30th September 2002 at 1100 hrs. at Nehru Centre Auditorium, Discovery of India Building, Dr. Annie Besant Road, Worli, Mumbai - 400 018.

Name of the Shareholder
(In Block Letters) _____

Signature of the Shareholder _____

Name of the Proxy
(In Block Letters) _____

Signature of the Proxy _____

NOTES

1. You are requested to sign and hand this over at the entrance.
2. If you intend to appoint a proxy to attend the meeting instead of yourself, the form of proxy (given below) should be duly filled in and deposited with the Company Secretary at the Registered Office of the Company at IndianOil Bhavan, G-9, Ali Yavar Jung Marg, Bandra(East), Mumbai - 400 051, not less than 48 hours before the time for holding the meeting.
3. If you are attending the meeting in person or by proxy, your copy of the Annual Report may please be brought by you/ your proxy for reference at the meeting.

-----TEAR HERE-----



Indian Oil Corporation Limited

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

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

FORM OF PROXY

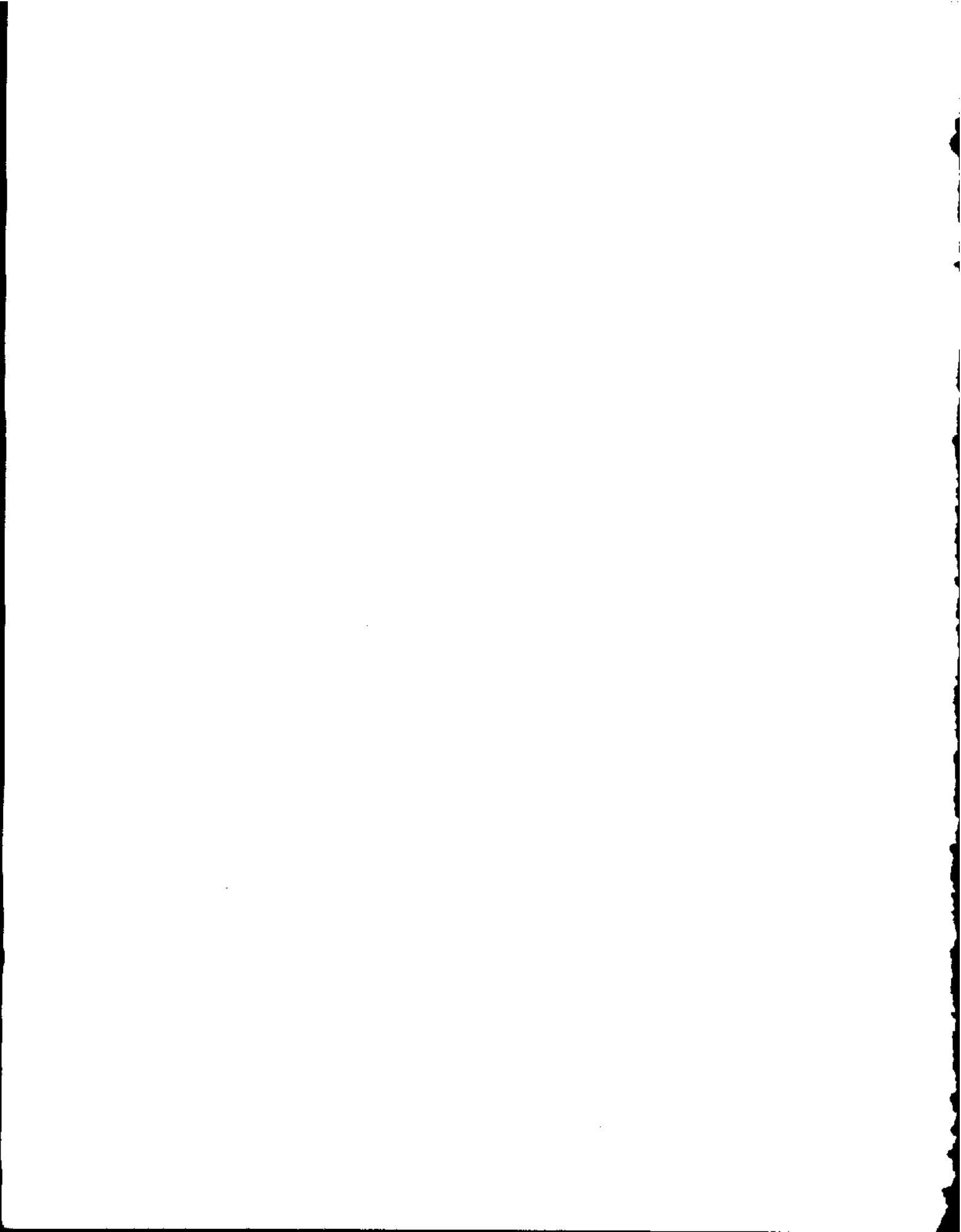
I/We of in the district of being a member/members of the abovenamed Company hereby appoint..... of in the district of as my/our proxy to vote for me/us on my/our behalf at the **43rd Annual General Meeting** of the Company to be held on 30th September 2002 and at any adjournment thereof.

Please Affix
Re. I
Revenue
Stamp

Signed this day of 2002.

Signature

NOTE: This Proxy Form duly filled in must be deposited with the Company Secretary at the Registered Office of the Company at IndianOil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai - 400051 not less than 48 hours before the time for holding the meeting.





IndianOil

Indian Oil Corporation Limited

Indian Oil Corporation Ltd. (IndianOil) is the largest commercial enterprise in India, and the only Indian presence in the *Fortune* magazine's 'Global 500' listing of the world's largest corporations, with a ranking of 226 for fiscal 2001. In the 'Forbes International 500' list of the largest companies outside US, IndianOil is ranked 112 and tops the four Indian companies appearing in the listing. In addition to being the largest national oil company in the Asia Pacific region, IndianOil has also been ranked 'First' in Petroleum Trading among the 15 national oil companies in the region in the 2001 Industry Perception Survey conducted by Applied Trading Systems, Singapore.

Indian Refineries Ltd. and Indian Oil Company Ltd. were set up in 1958 and 1959 respectively, to build national competence in the oil refining and marketing business. On 1st September 1964, these two companies were merged to form Indian Oil Corporation Ltd.

IndianOil owns and operates seven of the country's 18 refineries, at Digboi, Guwahati, Barauni, Gujarat, Haldia, Mathura and Panipat, with a combined capacity of 38.15 million metric tonnes per annum (MMTPA). A new 9 MMTPA grassroots refinery is being set up at Paradip in Orissa. In addition, IndianOil has two subsidiary companies, Chennai Petroleum Corporation Ltd. and Bongaigaon Refinery and Petrochemicals Ltd., with a combined refining capacity of 9.35 MMTPA, thereby raising its total refining capacity to 47.50 MMTPA, the highest in the country today.

IndianOil has the country's largest network of crude and product pipelines, with a combined length of 6,523 km and a capacity of 43.45 MMTPA.

With sales of 47.17 million metric tonnes in 2001-02, IndianOil holds over 53% of the petroleum products market share in India. Its extensive network of over 22,000 sales points is backed for supplies by 182 bulk storage points and 78 Indane bottling plants. 92 Aviation Fuel Stations cater to the Aviation Industry, defence as well as civil. IBP Co. Limited, a stand-alone marketing company and a subsidiary of IndianOil, has a nationwide network of over 1,550 retail outlets.

IndianOil's Research and Development Centre has been engaged in world-class research in tribology (lubricants formulation), refinery processes and pipeline transportation. The Centre has developed over 2000 lubricant and grease formulations, and obtained approvals of Original Equipment Manufactures in India and abroad.

A wholly owned subsidiary, Indian Oil Blending Ltd., manufactures over 450 grades of the country's leading **SERVO** brand of lubricants and greases.

In pursuit of its Vision of becoming 'a major, diversified, transnational, integrated energy company, with national leadership and a strong environment conscience, playing a national role in oil security and public distribution', IndianOil is proactively identifying and developing business opportunities in Exploration & Production (E&P), Gas and Gas-to-Liquid, Petrochemicals, Power, Information Technology & Communications, Collaborative R&D, Exports, Shipping, Training & Consultancy, Engineering & Construction, and Transnational Operations.

Twelve Joint Ventures are now operational in partnership with some of the leading international and Indian companies:

- Avi-Oil (India) Pvt. Ltd. with NYCO SA, France, and Balmer Lawrie & Co. for manufacturing and marketing Defence and civil aviation lubricants and specialities

- Indian Oiltanking Ltd., with Oiltanking (India) GmbH, Germany, for infrastructure development and terminalling services
- Petronet India Ltd. (PIL), a consortium of oil companies and financial institutions, for petroleum product pipeline projects
- Petronet Vadinar-Kandla Ltd., as a subsidiary of PIL, for Vadinar-Kandla product pipeline.
- Petronet Chennai-Trichy-Madurai Ltd., also as a subsidiary of PIL, for Chennai-Trichy-Madurai product pipeline.
- Petronet CIPL Ltd., with PIL, Reliance Petroleum Ltd. (RPL), Essar Oil Ltd. (EOL) and Bharat Petroleum Corporation Ltd.(BPCL) to evacuate petroleum products from RPL and EOL refineries at Jamnagar and from IndianOil's Koyali Refinery.
- Petronet LNG Ltd., with Oil & Natural Gas Corporation Ltd. (ONGC), Gas Authority of India Ltd. (GAIL), BPCL and others, for import and marketing of LNG (liquefied natural gas).
- IndianOil Petronas Pvt. Ltd., with Petronas, Malaysia, for import of LPG (liquefied petroleum gas) at Haldia and for parallel marketing of LPG.
- IndianOil Panipat Power Consortium Ltd., with Marubeni Corporation, Japan, for power project at Panipat.
- IndianOil TCG Petrochem Ltd., with The Chatterjee Group for pursuing opportunities in petroleum and petrochemicals.
- Lubrizol India Pvt. Ltd., with Lubrizol Corporation, USA, for lube additives.
- ONGIO International Pvt. Ltd. with ONGC for training, consultancy and services in the upstream and downstream hydrocarbon sector in India and abroad.

IndianOil and ONGC, in a strategic alliance, are pooling their knowledge and resource base to exploit opportunities across the hydrocarbon value chain.

IndianOil, in a strategic alliance with CMC Ltd., is pursuing opportunities for application of IT (Information Technology) in its business.

IndianOil has entered into Memoranda of Understanding/Collaboration with the following reputed companies in India and abroad to take up projects of mutual interest:

- Maldives Airports Authority for providing technical assistance in aviation refuelling services
- Petronas, Malaysia, in E&P, refining, petrochemicals, LPG import, LNG, R&D and training
- Marubeni, Japan, in E&P, refining, petrochemicals, power and pipelines
- Emirates National Oil Co., UAE, for management training opportunities
- Petrotrin Corporation, Trinidad & Tobago, in R&D and training & consultancy services
- Larsen & Toubro Ltd. for undertaking EPC (Engineering, Procurement and Construction) jobs, turnaround



maintenance, and collaboration in E&P, refining, pipelines, and power

- Petroleum Authority of Thailand for refining, petrochemicals, R&D, lube oil blending, packaging and marketing, training & consultancy, and trading

An MoU was signed between the Government of Andhra Pradesh and Kakinada IndianOil LNG Consortium (KIOLC), promoted by IndianOil, Petronas-Malaysia, and Cocanada Port Co. Ltd., for setting up an LNG project at Kakinada in Andhra Pradesh.

IndianOil is marketing diesel fuel additives for automobiles in collaboration with Elf Antar, France.

IndianOil and Air BP are collaborating in aviation fuelling business.

IndianOil's investments in creation of assets will exceed Rs.40,000 Crore over the decade beginning 1997. These investments, substantially funded from internal resources, will result in expansion and modernisation of existing capacities, as well as creation of state-of-the-art facilities.

IndianOil is an "academy" company with 18 training centres. The IndianOil Institute of Petroleum Management (IIPM), Gurgaon, serves as an apex training and consultancy institute and conducts management development programmes in association with reputed national and international institutes. The Corporation proposes to offer a mid-career two-year programme for graduation in Engineering and Technology at the IndianOil Management Academy (IMA), Haldia. IndianOil Management Centre for Learning (IMCL) recently set up in Mumbai will facilitate in upgrading the functional knowledge and skills of the employees and also impart behavioural training.

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

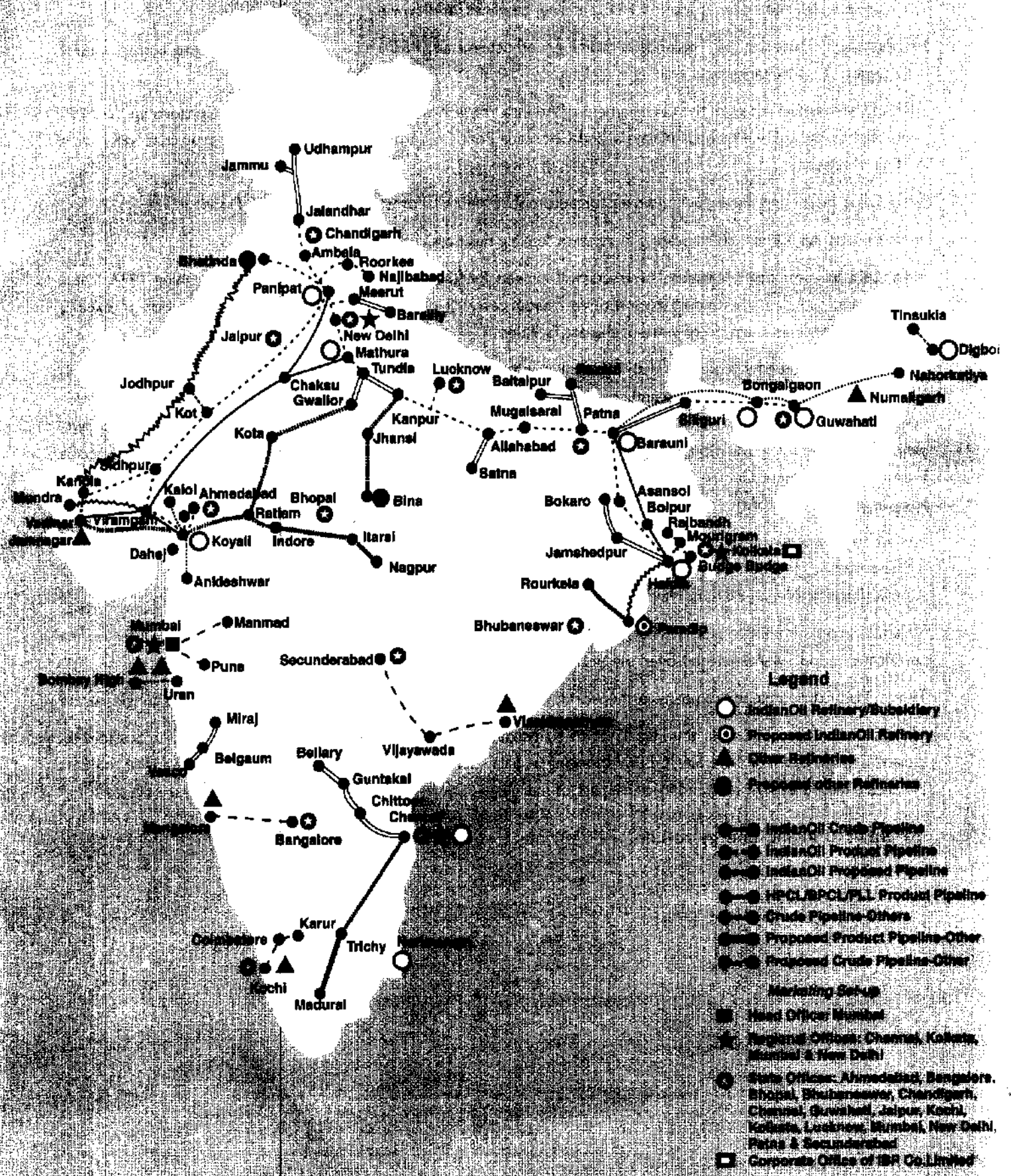
IndianOil's commitment to quality, safety, health and environment is reflected in the series of national and international certifications and awards earned over the years.

The 17th largest petroleum company in the world, IndianOil, is now emerging as a transnational energy conglomerate.

From the icy slopes of Leh in the Himalayas to Kanyakumari where the Bay of Bengal and the Arabian Sea join the Indian Ocean, and from the Single Buoy Mooring at Salaya in the West to the Monasteries at Tawang in the East, IndianOil lives in every heart and in every part of India.

IndianOil. Bringing Energy to Life.

Refineries, Pipelines and Marketing Set-up



Objectives and Obligations

Objectives

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

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

To earn a reasonable rate of interest on investment.

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

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

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

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

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

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

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

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

Obligations

Towards customers and dealers

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

Towards suppliers

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

Towards employees

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

Expeditious redressal of grievances.

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

Towards community

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

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

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

Towards Defence Services

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

Financial Objectives

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

To ensure maximum economy in expenditure.

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

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

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

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

Board of Directors

Shri M.S. Ramachandran	Chairman (w.e.f. 01.04.2002)
Shri M.A. Pathan	Chairman (up to 31.03.2002)
Shri A.K. Arora	Director (Refineries)
Dr. A.K. Bhatnagar	Director (R&D)
Shri P. Sugavanam	Director (Finance)
Shri A.M. Uplenchwar	Director (Pipelines) (w.e.f. 01.09.2001)
Shri S.N. Jha	Director (Pipelines) (up to 31.08.2001)
Shri P.K. Agarwal	Director (Marketing) (w.e.f. 01.11.2001)
Shri O.N. Marwaha	Director (Marketing) (up to 31.10.2001)
Shri A.K. Mitra	Director (Human Resources) (w.e.f. 09.11.2001)
Shri Naresh Narad	Director
Shi Ravi Saxena	Director (up to 21.02.2002)
Shri Shivraj Singh	Director
Shri Surajit Mitra	Director (w.e.f. 17.05.2002)
Dr. R.K. Pachauri	Director
Shri M. Kalyanasundaram	Director
Prof. S.K. Barua	Director
Shri Vineet Nayyar	Director
Shri L. Sabaretnam	Director
Shri R.S. Sharma	Director (w.e.f. 27.03.2002)
Shri R. Narayanan	Company Secretary

Principal Executives

S/Shri

C B Satpathy, IPS	Chief Vigilance Officer	S C Aggarwal (Maj.)	Executive Director(Projects), Pipelines HO
Raman Kakkar, IPS	Advisor (Security) (up to 24.05.2002)	J K Nobis	CEO, The IndianOil Foundation
M B L Agarwal	Executive Director (Internal Audit), Corporate Office	R N J Mathur	Executive Director (Human Resources), Marketing HO
A N Das	Executive Director, Assam Oil Division, Digboi	Ramesh Mehta	Executive Director(LPG), Marketing HO
J K Verma	Executive Director(Projects), Refineries HQ	R Shah	Executive Director(M&I), Refineries HQ
P K Biswas	Executive Director, Haldia Refinery	S K Swaminathan	Executive Director, Western Region
P S Govindarajan	Executive Director(Planning), Corporate Office	N R Raje	Executive Director (Lube Technology), R&D Centre
Sobhan Ghosh (Dr.)	Executive Director, (Ref. Tech.), R&D Centre	Narayan Prasad	Executive Director(PJ & ID), Marketing HO
S Basu	Executive Director(Supplies), Marketing HO	R P Verma (Dr.)	Executive Director(Chem. Tech), R&D Centre
Rajendra Prasad	Executive Director (S,H&E), Corporate Office	S K Garg	Executive Director (Corporate Finance), Corporate Office
K M Bansal	Executive Director (Operations), Pipelines HO	V P Sharma	Executive Director (Finance), Refineries HQ
K P Shahi	Executive Director, Barauni Refinery	J M Gugnani	Executive Director(Sales), Marketing HO
P S Rao	Executive Director (Business Development), Corporate Office	V C Agarwal	Executive Director (Human Resources), Refineries HQ
B K Mittal	Executive Director, Eastern Region	B M Bansal	Executive Director, Mathura Refinery
A K Mishra	Executive Director (Operations), Refineries HQ	P S Ahluwalia	Executive Director (Lubes), Marketing HO
V K Chawla (Capt.)	Executive Director(Shipping), Refineries HQ	T L Jain	Executive Director, Southern Region
V K Chaudhri	Executive Director, Northern Region	N K Nayyar	Executive Director (IT & Treasury), Corporate Office
Jaspal Singh	Executive Director, Panipat Refinery	G C Daga	Executive Director (Finance), Marketing HO
B K Mukherjee	Executive Director, Gujarat Refinery		

Performance at a Glance

	2001-02 US \$ Million	2001-02	2000-01	1999-00 (Rs. Crores)	1998-99	1997-98
I. Financial						
Turnover	23,572	114,864	117,371	94,141	69,430	59,176
Gross Profit*	1,546	7,533	5,860	5,971	4,993	4,128
Profit Before Interest & Tax	1,260	6,141	4,636	3,976	3,936	3,090
Profit Before Tax	944	4,599	2,962	2,970	2,733	1,964
Profit After Tax	592	2,885	2,720	2,443	2,214	1,706
Dividend	176	857	740	584	506	195
Dividend Tax	0	0	75	64	56	19
Retained Earnings	416	2,028	1,905	1,795	1,652	1,492
Value Added	3,018	14,706	12,989	12,210	10,864	9,652
Contribution to Central Exchequer	3,399	16,561	16,118	15,138	10,728	10,302
Cumulative Dividend	767	3,737	2,880	2,140	1,556	1,050

* Profit before Depreciation, Interest Expenditure and Tax.

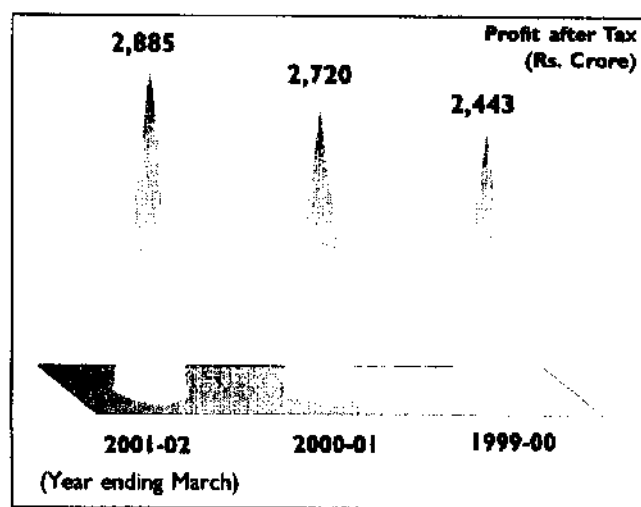
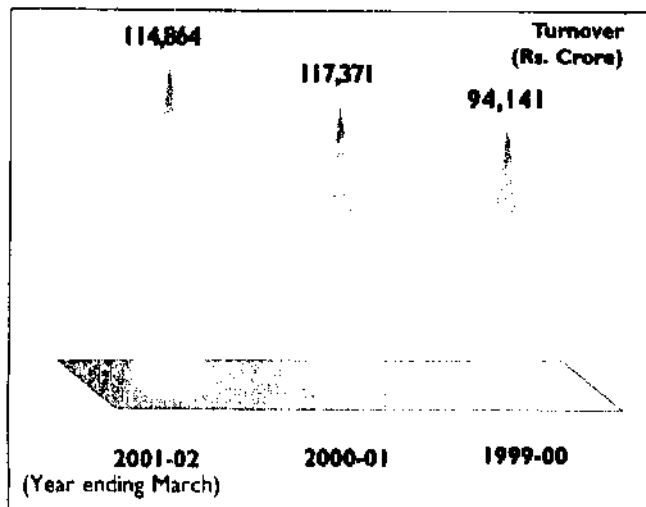
What Corporation Owns

Gross Fixed Assets	6,103	29,741	27,144	23,107	17,226	13,313
Depreciation	2,249	10,961	9,634	8,431	6,480	5,402
Net Fixed Assets	3,854	18,780	17,510	14,676	10,746	7,911
Capital Work In Progress	1,067	5,200	4,527	3,517	4,420	4,001
Investments	1,995	9,722	3,444	3,149	5,568	9,283
Finance Lease Receivables	33	161	-	-	-	-
Working Capital	775	3,778	10,959	7,440	1,597	3,629
Misc. Expenditure	30	145	167	-	-	-
Total	7,754	37,786	36,607	28,782	22,331	24,824

What Corporation Owes

Net Worth						
- Share Capital	160	779	779	779	389	389
- Reserves	2,982	14,532	15,192	13,286	11,880	10,225
- Total	3,142	15,311	15,971	14,065	12,269	10,614
Borrowings	3,913	19,070	20,636	14,717	10,062	14,210
Deferred Tax Liability	699	3,405	-	-	-	-
Total	7,754	37,786	36,607	28,782	22,331	24,824

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



2001-02 2001-02 2000-01 1999-00 1998-99 1997-98
US \$

Ratios

Debt Equity Ratio

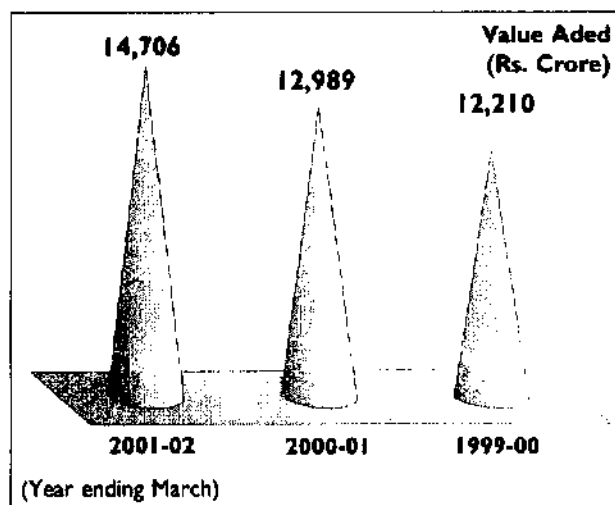
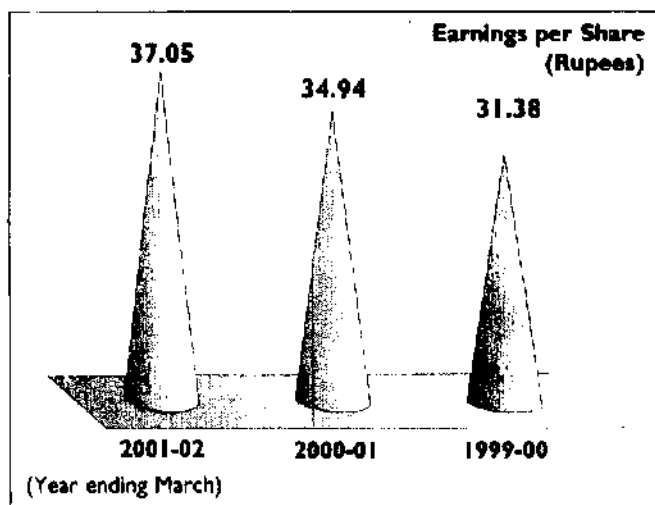
- Total Debt To Equity	1.25:1	1.25:1	1.29:1	1.05:1	0.82:1	1.34:1
- Long Term Debt to Equity	0.48:1	0.48:1	0.40:1	0.35:1	0.24:1	0.43:1
Earnings Per Share (Rupees)	0.76	37.05	34.94	31.38**	56.85	43.83
Cash Earnings Per Share (Rupees)	1.13	54.93	50.65	57.00**	84.01	70.49
Profit After Tax To Average Networth (%)	18.4	18.4	18.1	18.6	19.4	17.3
Networth Per Equity Share (Rupees)	4.04	196.63*	205.10	180.62**	315.12	272.62

* Networth per equity share has decreased during the year due to charging off of Deferred Tax liability amounting to Rs.2,688 Crore as on 01.04.2001 to Opening Reserves.

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

II Operations

		2001-02	2000-01	1999-00	1998-99	1997-98
Operating Performance						
Product Sales	Million Tonnes	47.17	47.80	48.79	46.05	43.41
Refineries Throughput	Million Tonnes	33.76	33.22	32.42	30.36	27.50
Pipelines Throughput	Million Tonnes	40.36	39.44	39.50	34.05	31.03
Marketing Network Facilities						
Divisional Offices	Nos.	44	44	44	44	44
LPG Area Offices	Nos.	35	35	34	33	32
Terminals and Depot	Nos.	182	186	188	185	184
Aviation Fuel Stations	Nos.	92	92	92	92	92
Total Product Tankage	Lakh Kl.	68.45	64.77	63.16	59.45	54.54
LPG Bottling Plants	Nos.	78	71	61	50	43
LPG Bottling Capacity	'000 Tonnes	3,221	3,007	2,335	1,896	1,653
Retail Outlets	Nos.	7,870	7,549	7,239	6,954	6,779
SKO/LDO Dealers	Nos.	3,455	3,436	3,430	3,422	3,423
Indane Distributors	Nos.	3,881	3,424	3,251	2,977	2,902
Multi Purpose Distribution Centres (MPDC)	Nos.	3	3	3	3	3
Towns with Indane	Nos.	1,985	1,637	1,531	1,355	1,335
Indane Customers	Lakh	322	296	239	192	170
III Manpower	Nos.	31,675	32,266	34,059	33,515	33,403



Bankers, Auditors, Stock Exchanges and Registrar & Transfer Agents

Bankers

State Bank of India
United Bank of India

Statutory Auditors

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

Branch Auditors

M/s. S.N. Mukherji & Co.
M/s. P. Purushottam & Co.
M/s. Sen & Ray
M/s. Vinay Kumar & Co.
M/s. Vidya & Co.
M/s. Rajnish & Associates

Stock Exchanges

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

Mumbai Stock Exchange

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

National Stock Exchange

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

Madras Stock Exchange

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

Delhi Stock Exchange

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

Calcutta Stock Exchange

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

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

Registrar & Transfer Agents

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

Major Units

REGISTERED OFFICE	IndianOil Bhavan G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai - 400 051
Corporate Office	SCOPE Complex, Core-2 7, Institutional Area, Lodhi Road, New Delhi - 110 003
REFINERIES DIVISION	
Head Office	SCOPE Complex, Core 2 7, Institutional Area, Lodhi Road, New Delhi - 110 003
Barauni Refinery	P.O. Barauni Oil Refinery Dist. Begusarai - 861 114 (Bihar)
Gujarat Refinery	P.O. Jawahar Nagar Dist. Vadodara - 391 320 (Gujarat)
Guwahati Refinery	P.O. Noonmati Guwahati - 781 020 (Assam)
Haldia Refinery	P.O. Haldia Refinery Dist. Midnapur-721 606 (West Bengal)
Mathura Refinery	P.O. Mathura Refinery Mathura - 281 005 (Uttar Pradesh)
Panipat Refinery	P.O. Panipat Refinery Panipat - 132 140 (Haryana)
PIPELINES DIVISION	
Head Office	A-1, Udyog Marg, Sector-1, Noida - 201 301
Eastern Region (PL)	14, Lee Road, Kolkata - 700 020
Western Region (PL)	P.O. Box, 1007, Bedipara, Morvi Road, Gauridad, Rajkot - 360 003
Northern Region (PL)	P.O. Panipat Refinery Panipat - 132 140 (Haryana)

MARKETING DIVISION

Head Office	IndianOil Bhavan G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai - 400 051
Northern Region	IndianOil Bhavan 1, Aurobindo Marg, Yusuf Sarai, New Delhi - 110 016
Eastern Region	IndianOil Bhavan 2, Gariahat Road, South (Dhakuria), Kolkata - 700 068
Western Region	234-C, Dr. Annie Besant Road Prabhadevi Mumbai - 400 025
Southern Region	IndianOil Bhavan 139, Nungambakkam High Road, Chennai - 600 034
R&D CENTRE	Sector 13, Faridabad - 121 007 (Haryana)
ASSAM OIL DIVISION	Digboi - 768 171 (Assam)
SUBSIDIARIES	
Indian Oil Blending Ltd.	(A wholly owned subsidiary of Indian Oil Corporation Ltd.) Pir Pau, Trombay, Mumbai - 400 074
Chennai Petroleum Corporation Ltd.	(A subsidiary of Indian Oil Corporation Ltd.) 536, Anna Salai, Teynampet, Chennai - 600 018
Bongaigaon Refinery and Petrochemicals Ltd.	(A subsidiary of Indian Oil Corporation Ltd.) P.O. Dhaligaon, Dist. Bongaigaon Assam - 783 385
IBP Co. Limited	(A subsidiary of Indian Oil Corporation Ltd.) IBP House, 34-A, Nirmal Chandra Street, Kolkata - 700 013

Directors' Report, including Management Discussion and Analysis

To

The IndianOil Family of Shareowners

Dear Members,

On behalf of the Board of Directors, it is my privilege to present you the 43rd Annual Report on the working of your Corporation for the financial year ended 31.03.2002 alongwith the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India.

GLOBAL RANKING

You would be happy to know that your Corporation maintained its position as the sole Indian presence in the *Fortune* 'Global 500' listing of the world's largest corporations for the eighth year in succession. In the latest ranking released by the *Fortune* magazine for the year 2001, your Corporation is ranked 226 against the ranking of 209 last year. The lower ranking is mainly due to the diminished value of the Rupee as compared to the US \$ by 5.65% for the period under review. As per the *Fortune* listing, amongst the 26 largest petroleum-refining companies in the world, IndianOil is ranked 17, a step above last year's position of 18.

In the list of '*Forbes* International 500 Companies' outside the US, IndianOil retains its last year ranking of 112, and tops the list among the four Indian corporates appearing in the listing.

In addition to the *Fortune* and *Forbes* rankings, your Corporation has been ranked 'First' in Petroleum Trading among the 15 National Oil Companies in Asia Pacific Region in the 2001 Industry Perception Survey conducted by Applied Trading Systems, Singapore.

INDUSTRY STRUCTURE AND DEVELOPMENTS

The downstream hydrocarbon sector in India plays a vital role in fulfilling the country's energy needs. This sector deals with procurement, transportation and refining of crude and subsequent transportation and marketing of petroleum products. Apart from IndianOil, which is the market leader, and its subsidiary IBP Co. Limited, there are two other Public Sector marketing companies marketing petroleum products (viz., Bharat Petroleum Corporation Ltd. and Hindustan Petroleum Corporation Ltd.). More players would enter the market in due course of time with marketing rights for transportation fuels having already been granted. For products that have been decontrolled earlier, a number of private players exist.

During 2001-02, the Indian petroleum sector witnessed several landmark developments. The process of dismantling of Administered Pricing Mechanism (APM) continued during the year culminating in the complete deregulation of the sector on 31.03.2002. Major policy announcements and specific developments during this period are as following:

- Aviation Turbine Fuel (ATF) was decontrolled w.e.f. 01.04.2001. With this, only four products, viz., Motor Spirit (MS), Superior Kerosene Oil (SKO) for Public Distribution, Liquefied Petroleum Gas (LPG) for domestic use, and High Speed Diesel (HSD) remained under APM during the year. From 01.04.2002, all products have been decontrolled.
- In the Exim Policy of April 2001, canalisation was replaced with the 'State Trading Enterprise' concept for the Import/Export of petroleum products and crude.
- The Government of India vide Gazette Notification dated 08.03.2002 authorised companies investing or proposing to invest Rs. 2,000 Crore in exploration or production, refining, pipelines or terminals, to market transportation fuels, viz., MS, HSD and ATF.
- The Government of India vide Gazette Notification dated 28.03.2002 dismantled APM in the petroleum sector with effect from 01.04.2002. As per this notification, pricing of all petroleum products would become market-determined effective 01.04.2002, except SKO (PDS) and LPG (Domestic). Subsidy on SKO (PDS) and LPG (Domestic) would be phased out in the next three to five years.
- The Government of India issued Oil Bonds (@ 6.96%) worth Rs. 9,000 Crore to oil companies against their outstanding with the Oil Pool Account, to the extent of 80% of their dues.
- The Oil Co-ordination Committee (OCC) was replaced by 'Petroleum Planning & Analysis Cell', created to monitor domestic and international market movements in the deregulated scenario and to assist the Government of India.

- A major disinvestment in the petroleum sector took place with the Government of India disinvesting 33.58% equity in IBP Co. Limited, the stand-alone petroleum marketing company, in favour of IndianOil through competitive bidding in February 2002.
- The Mashelkar Committee on Auto Fuel Policy suggested introduction of Bharat Stage II in the entire country from April 2005. The Committee has also recommended introduction of Euro III or Bharat Stage III equivalent emission norms for all categories of vehicles (excluding two and three wheelers) to be introduced in seven mega cities from April 2005, and to be extended to other parts of the country by 2010.

With the dismantling of APM w.e.f. 01.04.2002 and deregulation of the petroleum sector, a turning point in the history of the hydrocarbon industry in India has been reached. The Government of India has also introduced a Petroleum Regulatory Bill in the Parliament for the constitution of a Regulatory Board, which will oversee the functioning of the Industry and ensure fair play in the deregulated environment.

OPPORTUNITIES

Deregulation inevitably changes all rules of the industry and a paradigm shift takes place: so has been the case with the downstream petroleum sector in India. The new environment provides immense opportunities for growth through increased competitiveness in the domestic petroleum industry, thereby improving productivity and efficiency besides opening avenues for vertical integration. Opportunities in the deregulated scenario would include increasing customer focus and loyalty, customisation of products for specific market segments, securing and expanding markets with vast distribution network, and also in ventures across the hydrocarbon value chain like Exploration & Production (E&P), Liquefied Natural Gas (LNG), etc.

The domestic demand for petroleum products in the year ended 31.03.2002 remained practically at the same level as the previous year due to economic slowdown. However, with HSD sales picking up during this year, coupled with the growth of LPG at over 10.5% and MS at over 6% during 2001-02 over the previous year, the industry will, in all probability, see a growth in the year 2002-03. The 'Hydrocarbon Vision 2025' had projected a demand of 148 Million Metric Tonnes (MMT) by 2006-07 and 368 MMT by 2024-25 (even in a pessimistic scenario, it is expected to be 277 MMT). The Sub-Group on 'Demand Projections for the X Plan' has projected demand to be 123.6 MMT in the Base Case and 134.5 MMT in the Upper Case by 2006-07. With such phenomenal projected growth in this sector, there is ample scope and opportunity for growth for existing players as well as new entrants. These include transfer of technology, partnerships in upgradation, expansion, replacement and construction of new refineries, pipelines and marketing infrastructure, and quality improvement of petroleum products to make them environment-friendly and globally competitive. Extensive oil distribution infrastructure such as cross-country pipelines, port terminals, tankages for operational and strategic reserves, bottling plants, etc. will have to be developed to meet the projected requirements.

Further, with the per capita consumption of petroleum products in India being very low when compared with the developed countries, there is high potential for growth. Hence, notwithstanding the short-term sluggishness in demand for some products, the medium to long-term outlook for overall demand for petroleum products in India remains strong.

THREATS

With total deregulation from 01.04.2002, the downstream petroleum sector is now exposed to the volatility of oil prices and the low differential between price of crude and petroleum products in the international market. On the refining front, the refining margins of Indian refineries are now linked to the international refining margins. The year 2001-02 has seen the price of crude oil rise past even the \$ 29 mark to severely affect Indian refining margins. A fluctuation in international prices of crude oil and petroleum products translates into variation in the domestic margins. In addition, the Corporation's crude purchasing leverage as the sole canalising agent has decreased with the announcements in the Exim Policy of 2001, as mentioned earlier. However, since hedging has been permitted by the Government of India and other risk management tools are proposed to be put in place, these threats can be converted into opportunities.

With marketing rights being granted to four more domestic companies by the Government of India, competition will intensify. In addition, competition will also come from formidable vertically integrated multinational companies.

The distortions in pricing caused by local levies and State level taxes will continue to exist causing under-recoveries vis-a-vis direct imports by the users and parallel marketers. While appropriate strategies are being planned to address these issues, it is hoped that introduction of Value Added Tax (VAT) throughout the country, as announced by the Government of India, will rationalise the same.

The major fallout of demand having remained static during the year is the generation of exportable surpluses. With the neighbouring countries being in deficit, grant of export incentives by the Government would enable oil companies to counter this threat and operate their refineries profitably. However, in the case of your Corporation, the acquisition of IBP Co. Limited, a stand-alone marketing company, has ensured that a gap exists between sales potential and production from our refineries.

Development of commercially viable alternative fuels, particularly LNG, CNG and LPG (as alternative auto fuel) are posing a threat to the liquid fuel market, which will require the liquid fuel marketing companies to become more competitive.

SEGMENTWISE PERFORMANCE

During the year, the revenue earned by your Corporation pursuant to the sale of imported crude oil amounted to Rs. 18,239 Crore, while the revenue generated pursuant to sale of petroleum products amounted to Rs. 96,798 Crore. The Profit before Tax, Interest Income, Interest Expenditure and Dividend generated from the sale of imported crude oil amounted to Rs.23 Crore, while that on the sale of petroleum products amounted to Rs. 5,512 Crore. The sale of imported crude oil constituted 16% of the total revenues.

OUTLOOK

The Asia Pacific region, led by China and India, will represent the world's largest energy market in the next decade. Though technological advancements and search for alternative environment-friendly fuels will lead to increased demand for Natural Gas, the region's dependence on traditional sources of energy, i.e., coal and oil, will continue. Further, to sustain an economic growth rate of around 6% or more, the demand for petroleum products should continue to increase, as oil elasticity in India continues to be higher than that of developed countries. The outlook for petroleum industry in India is, therefore, positive and your Corporation will continue to strive to maintain its market leadership in the sector.

RISK AND CONCERN

Deregulation has brought uncertainty and volatility in margins and returns. Pricing of petroleum products will have to reflect international trends in order to protect margins. In the international market, the differential between crude and petroleum product prices have been fluctuating so drastically that it took toll on refinery margins. In order to mitigate the risks outlined above, initiatives are being taken by your Corporation to introduce hedging and other tools in a limited manner. Your Corporation is also developing a comprehensive Risk Management and Oil-Trading Desk.

In the deregulated market scenario, the petroleum companies should be able to change prices of products in accordance with prevailing international prices. To what extent the Indian market will be able to absorb and respond to this "dynamic pricing" concept is a matter of concern, considering that the sector has operated under APM for a very long period. The role of the Regulator would, therefore, be crucial for the sustained growth of the Industry.

Your Corporation has retained the services of McKinsey, one of the leading consultants in the world, to assist in formulation of business strategy and to address 'people, processes, system issues'. With the mindset now having changed and with renewed focus on growth with competitive advantage, emphasis on quality, quantity, service, speed and customer, your Corporation is poised for a bright future.

CORPORATE HIGHLIGHTS

During the year, your Corporation acquired 33.58% of equity and management control in IBP Co. Limited from the Government of India, by paying Rs. 1,153.68 Crore. IBP Co. Limited is a stand-alone marketing company with a nationwide network of over 1,550 retail outlets. Acquisitions of IBP Co. Limited has opened new avenues for customer service and optimum utilisation of national resources through synergy of the two 'Ratnas', besides consolidating your Corporation's market leadership. Your Corporation had earlier acquired IBP Co. Limited's 25% equity in Indian Oiltanking Ltd., thereby making it a 50:50 Joint Venture Company of IndianOil and Oiltanking (India) GmbH, Germany.

Pursuant to the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations 1997, your Corporation has further acquired through Open Offer 20% of equity from the shareholders of IBP Co. Limited. Thus, IndianOil now holds 53.58% of equity in the same.

CORPORATE REVIEW

FINANCIAL

	2001-02		2000-01	
	US \$ Million	Rs. Crore	US \$ Million	Rs. Crore
Turnover	23,572	114,864	25,160	117,371
Profit				
Profit Before Interest, Depreciation and Tax	1,546	7,533	1,256	5,860
Interest Payment	316	1,542	359	1,674
Depreciation	286	1,392	262	1,224
Profit Before Tax	944	4,599	635	2,962
Tax Provision - Current	205	997	52	242
- Deferred	147	717	-	-
Profit After Tax	592	2,885	583	2,720
Appropriations				
Proposed Dividend	176	857	159	740
Corporate Dividend Tax	-	-	16	75
Insurance Reserve	2	10	-	-
Bond Redemption Reserve	99	482	86	401
General Reserve	315	1,536	322	1,504

PHYSICAL

(Million Metric Tonnes)

	2001-02	2000-01
Product Sales	47.17	47.80
Refinery Throughput	33.76	33.22
Pipelines Throughput	40.36	39.44

SHARE VALUE

	2001-02		2000-01	
	US \$	Rupees	US \$	Rupees
Cash Earnings Per Share	1.13	54.93	1.09	50.65
Earnings Per Share	0.76	37.05	0.75	34.94
Book Value Per Share	4.04	196.63	4.40	205.10

Notes:

- (a) 1 US \$ = Rs. 48.73 (Exchange rate as on 31.03.2002)
 1 US \$ = Rs. 46.65 (Exchange rate as on 31.03.2002)

- (b) Figures for the previous year have been rerouped, wherever necessary.

Financial Review

Turnover

The turnover of your Corporation for the year ended 31.03.2002 was Rs. 114,864 Crore as compared to Rs 117,371 Crore in the previous year. The reduction in turnover is mainly on account of reduced sale of crude and product to other Oil Marketing Companies. Further, the inland sales volume reduced by 0.63 million metric tonnes from 47.80 million metric tonnes in 2000-01 to 47.17 million metric tonnes during 2001-02, registering a decline of 1.32%. The reduction in sales is mainly due to lower off-take of HSD, SKO and Naphta consequent to slow down of economy.

Profit Before Tax

The Corporation recorded the highest ever Profit Before Tax of Rs. 4,599 Crore during the current year as against Rs. 2,962 Crore in 2000-01, registering a growth of 55%. The increase in Profit Before Tax is mainly on account of settlement of Pool claims pertaining to previous year.

Provision for Taxation

a) Current Tax

An amount of Rs. 997 Crore has been provided towards Current Tax considering the applicable Income Tax rates, as against Rs. 242 Crore provided during 2000-01. The effective tax rate for the current financial year works out to 21.68% as against 8.18% in 2000-01. The increase in effective tax rate is due to provision of tax during the current year at normal rates of tax due to higher profits as compared to provision at MAT (Minimum Alternative Tax) rate in the previous year.

b) Deferred Tax

In compliance of Accounting Standard-22 on "Accounting for Taxes on Income" issued by The Institute of Chartered Accountants of India, the Corporate has

- (i) Provided accumulated Deferred Tax Liability as on 01.04.2001 amounting to Rs. 2,688 Crore with a corresponding charge to General Reserve having no impact on current year Profits.
- (ii) Provided Deferred Tax Liability for financial year ended 31.03.2002 amounting to Rs. 717 Crore and accordingly Profit has been reduced by the same amount.

Profit After Tax

Profit After Tax has improved from Rs. 2,720 Crore in 2000-01 to Rs. 2,885 Crore during current financial year, registering a growth of 6%.

Depreciation

Consequent to increased capitalisation of fixed assets, depreciation for the year 2001-02 was Rs. 1,392 Crore as against Rs. 1,224 Crore for the year 2001-02.

Interest (Net)

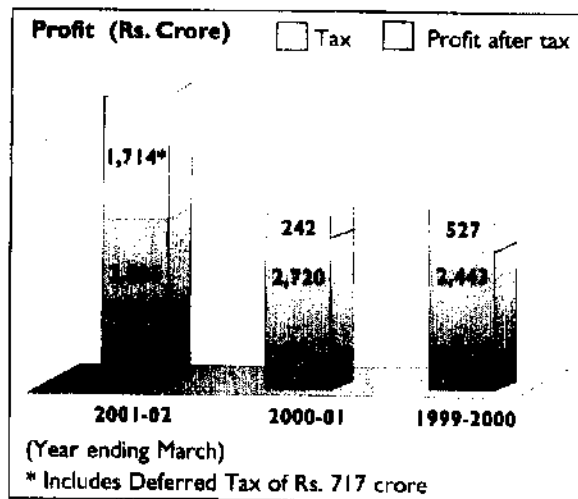
Interest Expenditure (net) decreased from Rs. 1,174 Crore during 2000-01 to Rs. 882 Crore for the current year. The decrease is mainly due to reduction in short-term loans and decrease in overall cost of borrowings.

Borrowings

The borrowings of the your Corporation have also reduced from Rs. 20,636 Crore as on 31.03.2001 to Rs. 19,070 Crore as on 31.03.2002. The Total Debt to Equity ratio as on 31.03.2002 works out to 1.25:1 as against 1.29:1 as on 31.03.2001 and Long Term Debt to Equity ratio stands at 0.48:1 as on 31.03.2002 as against 0.40:1 as on 31.03.2001.

Capital Assets

Rs. 3,270 Crore was invested in creating Capital Assets during the year. Gross Fixed Assets (including Capital Work in progress) increased from Rs. 31,671 Crore as on 31.03.2001 to Rs. 34,941 Crore as on 31.03.2002, of which 72% has been financed through internal resources.



Investments

Investments of your Corporation have also increased from Rs. 3,444 Crore as on 31.03.2001 to Rs 9,722 Crore as on 31.03.2002. The major reasons for increase in investments are:

	(Rs. Crore)
a) Acquisition of controlling interest of IBP Co. Limited by purchasing 33.58% equity capital	1,154
b) Issue of 6.96% Oil Companies Govt Special Bonds 2009 in lieu of part settlement of pool dues (net of provisions)	5,076

The aggregate market value of the Quoted Investments as on 31.03.2002, i.e., investments made in Oil & Natural Gas Corporation Ltd. (ONGC), Gas Authority of India Ltd. (GAIL), Chennai Petroleum Corporation Ltd. (CPCL), Bongaigaon Refinery & Petrochemicals Ltd. (BRPL) and IBP Co. Limited, is Rs. 5,109 Crore as against the cost price of Rs. 4,282 Crore.

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

Net Current Assets

Working Capital has decreased from Rs. 10,959 Crore as on 31.03.2001 to Rs. 3,778 Crore as on 31.03.2002. The decrease in Working Capital is mainly on account of part settlement of Pool Dues receivable from the Oil Co-ordination Committee (OCC) and reduction in debtors.

Earning Per Share

Earning Per Share, as on 31.03.2002 is Rs. 37.05 as compared to Rs. 34.94 as on 31.03.2001, registering a growth of 6.04%.

MoU Performance

For the thirteenth consecutive year, your Corporation attained an 'Excellent' rating, the highest performance rating according to laid down criteria in the Memorandum of Understanding (MoU) signed with the Government of India for the year 2001-02, having achieved the targets in all key areas of operations. Your Corporation recently signed the fourteenth MoU with the Government of India for the year 2002-03. In the new MoU, maximum focus has been laid on financial performance with the introduction of new parameters such as 'Gross Profit to Capital Employed' and 'Marketing Cost per MT of Sales Volume'.

INTERNAL CONTROL SYSTEMS

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

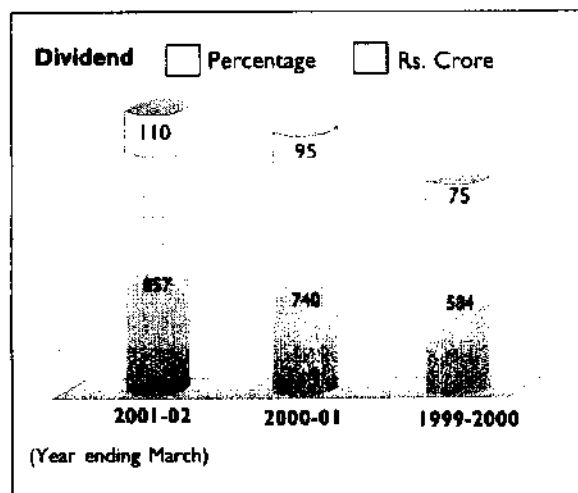
Further, your Corporation has a full-fledged independent Internal Audit Department, which carries out extensive audits round the year covering each and every aspect of business activities so as to ensure accuracy, reliability and consistency of records, systems and procedures. The recommendations and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

DIVIDEND

The Board of Directors of your Corporation has recommended 110% Dividend for the year 2001-02, as against 95% in the previous year. This is the 36th consecutive year of Dividend declaration by your Corporation. So far, your Corporation has paid a cumulative Dividend of Rs. 2,880 Crore.

Contribution to Exchequer

Your Corporation has made the highest ever contribution of Rs. 27,358 Crore to the Exchequer during the year, out of which Rs. 16,561 Crore was made to the Central Exchequer and Rs. 10,797 Crore to the State Exchequer in the form of Duties and Taxes.



PUBLIC DEPOSIT SCHEMES

The total outstanding deposits amounted to Rs. 6.77 Crore as on 31.03.2002. The Public Deposit Scheme has been opened effective 01.05.1999 only for employees and ex-employees of your Corporation.

EXPORT EARNINGS

During the year, your Corporation earned Rs. 2,078 Crore through exports as against Rs. 2,206 Crore in 2000-01. The exports include exports of ~~SEVO~~ lubricants to Nepal, Sri Lanka, Indonesia, Bangladesh, Bahrain and Mauritius, and sale of ATF to international airlines.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard-21 "Consolidated Financial Statements" issued by The Institute of Chartered Accountants of India, your Corporation has prepared the Consolidated Financial Statements consolidating all its subsidiaries (CPCL, BRPL, IBP Co. Limited, IndianOil Blending Ltd. and IndianOil Mauritius Ltd.). The Consolidated Financial Results are as follows:

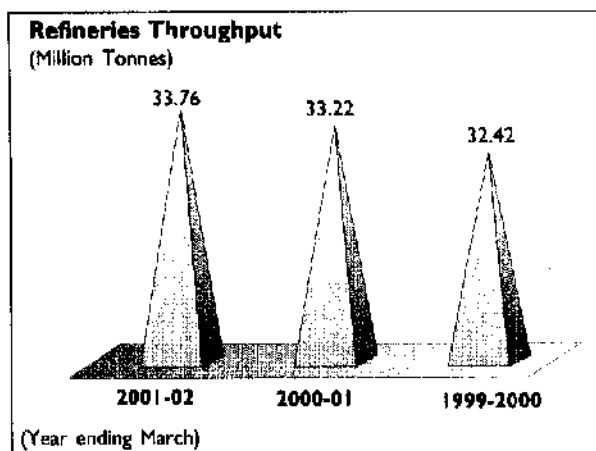
	(Rs. Crore)
Turnover	113,400
Profit Before Tax	4,417
Profit for the Group (After Tax)	2,807

OPERATIONS

REFINERIES

Your Corporation achieved record crude throughput of 33.76 million metric tonnes (MMT) during the year, surpassing the previous best of 33.22 MMT in 2000-01.

The overall hydrocarbon loss and energy consumption were lowest at 0.31% wt. and 116 MBTU/BBL/NRGF respectively. Your Corporation's refineries at Panipat and Gujarat achieved the lowest ever hydrocarbon loss of 0.25% wt., which is the lowest among all PSU refineries in the country. Highest ever Fluidised Catalytic Cracking (FCC) Unit throughput of 1,668 Thousand Metric Tonnes (TMT) (112% capacity utilisation) and 726 TMT (104% capacity utilisation) were achieved at Gujarat and Panipat refineries respectively during the year. IndianOil refineries also achieved record overall production of LPG, MS and SKO.

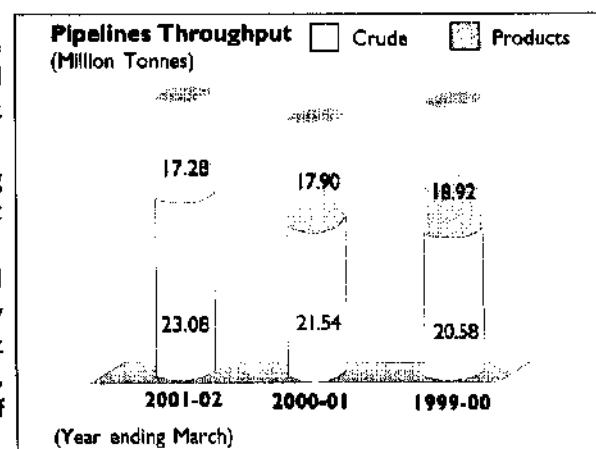


PIPELINES

Your Corporation owns and operates the largest network of crude and product pipelines in the country with a total length of 6,523 km and overall capacity 43.45 MMT. The pipeline network transported 40.36 MMT of crude and petroleum products during 2001-02 against the previous year's throughput of 39.44 MMT.

Your Corporation achieved savings in transportation cost by bringing High Sulphur crude oil in Very Large Crude Carriers (VLCC) at Vadinar instead of smaller tankers.

For effective and efficient monitoring of pipelines, a Central Monitoring Control Room has been set up, which provides easy access to all information like operational data, track record, salient features, profile, hydraulic gradient, route maps, operations manual, general layout drawings, etc. for ready reference at any point of time, including during crisis period.



Maintenance, Inspection & Health Monitoring

A study on suspected microbiological induced corrosion in Kandla-Bhatinda Pipeline has been undertaken in association with Central Electro-chemical Research Institute, Karaikudi. A consolidated health status report on overall integrity of various pipelines has been prepared. Further, for assessment of tank bottom condition without de-commissioning of tank, a new technology, namely Acoustic Emission Survey, is under implementation.

Pipelines Division has submitted its credentials to various companies like GAIL, Petronet LNG Ltd., ONGC, Hindustan Petroleum Corporation Ltd. (HPCL), Bharat Petroleum Corporation Ltd. (BPCL) regarding its capabilities and is seeking to provide PMC services for their pipeline projects. Pipelines Division is also looking for strategic alliance with renowned pipeline construction companies and back-up consultants for execution of gas pipelines on EPC basis in India and abroad.

MARKETING

During the year, IndianOil's Marketing Division performed well in all key areas despite increased competition and unpredictable market conditions. New initiatives in the form of products and services were taken to achieve 'Customer Delight'.

Sales

During 2001-02, your Corporation sold 47.17 MMT of petroleum products as compared to 47.80 MMT in the previous year. The actual demand for petroleum products in the country during the year was much below the projections. This had an adverse impact on your Corporation's sales. Despite the sluggish demand and severe competition, your Corporation increased its market share in products like MS (Retail) and HSD (Retail).

Your Corporation commissioned 350 Retail Outlets and 19 SKO/LDO Dealerships during the year, raising their total number to 7,870 and 3,455 respectively. This includes 80 Jubilee Retail Outlets.

Customer Service

In your Corporation's pursuit to provide better services, IVRS based complaint tracking and redressal system for customers was launched in 33 Indane Area Offices. Further, in order to provide value-added service to motoring public, your Corporation, in association with State Bank of India, launched the SBI-IndianOil co-branded pre-paid card called "Smart Gold" for customers to avail of products and services at IndianOil retail outlets. Your Corporation introduced 35 ATMs at retail outlets during the year in various parts of the country, thereby bringing the total number of ATMs installed to 57. The IndianOil-Citibank co-branded credit card has reached a membership of 1.48 lakh as on 31.03.2002. Your Corporation, in association with Chennai based Sundaram Finance Ltd., also launched "Power Plus Fleet Card" for transport fleet operators.

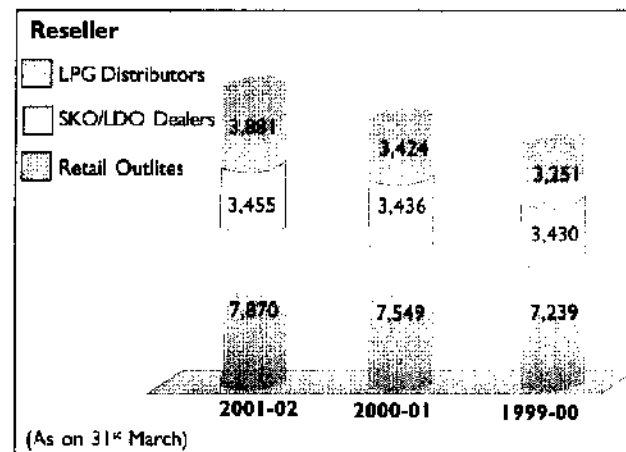
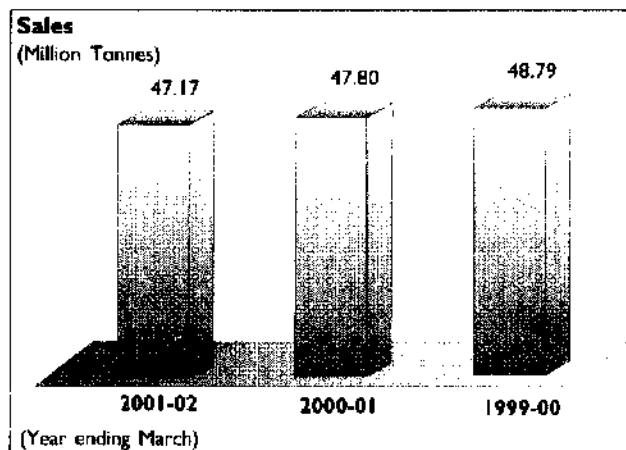
Indane Cooking Gas

During the year, your Corporation enrolled 26 lakh Indane customers, and the cumulative Indane consumer population reached 322 lakhs. The number of Indane distributorships commissioned during the year was 457 raising the total number of distributors to 3,881.

During the year, 7 new Indane Bottling Plants were commissioned, thus raising the total number of Indane Bottling Plant to 78 and the total bottling capacity to 32.21 lakh metric tonnes per annum.

Aviation

Your Corporation continued to be the market leader in Aviation Fuel supply business with a market share of 67.9%. The entire Aviation Fuel requirements of Indian Navy and Indian Army, and over 87% requirement of Indian Air Force was met by your Corporation. The major requirements of other market segments like Indian Airlines were also catered to by your Corporation. Your Corporation



commissioned a state-of-the-art Hydrant Refuelling System at Netaji Subhas Chandra Bose Airport in Kolkata during the year for use of Industry.

As part of customer service initiatives, your Corporation has developed a user-friendly IndianOil Aviation web page on Internet, providing information on ruling prices, service network, aviation highlights, and information on products available location-wise.

Your Corporation organised the 11th International Aviation Conference at Hyderabad, which was attended by representative of major international airlines, IATA, aviation equipment manufacturers and Government.

Lubricants

Your Corporation produced 3.96 lakh metric tonnes of lubes and 0.13 lakh metric tonne of grease during the year. In spite of depressed market conditions, your Corporation improved its market share in finished lubricants. 36 **servo** bazar-on-wheels were added to penetrate the bazar trade. 24 **servo** stockists (auto) and 11 **servo** stockists (industrial) were commissioned during the year to give a thrust to lubricant sales.

During the year, **servo** lubricants were launched in Bangladesh and Sri Lanka.

Specialities

Your Corporation introduced four new products, viz., Needle Coke (Guwahati Refinery), Microcrystalline Wax (Haldia Refinery), and Polymer Grade Hexane and Butene-2 (Gujarat Refinery) in the market as import substitutes.

Shipping

149 product import tankers, 11 product export tankers and 444 crude import tankers were handled during the year.

Quality Assurance

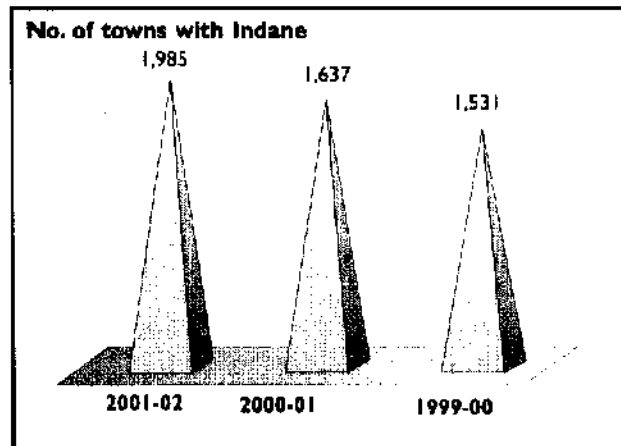
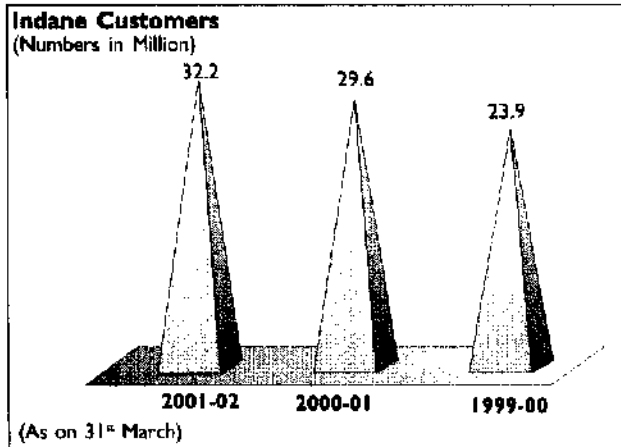
Your Corporation consistently accorded top priority on Quality Assurance for its products and services. IndianOil continues to be the market leader for testing petroleum products by providing the largest network of testing facilities. More than 2 lakh samples were tested in its 37 laboratories located across the country.

During the year, a mobile laboratory was added at Patna, taking the number of mobile laboratories to 23. Laboratory Information Management System was successfully commissioned in a few IndianOil laboratories with the Laboratory Documentation and Management System software developed by the Quality Control Department of Marketing Division.

With the successful accreditation of Gauripur Laboratory, Kolkata by the National Accreditation Board of Calibration and Testing Laboratories (NABL) under the Department of Science and Technology, Government of India, the total number of prestigious NABL accredited laboratories has gone up to seven.

The Quality Control laboratory at Haldia Refinery was accredited by NABL during the year. The laboratories at Guwahati and Digboi refineries have also earned this accreditation recently. Mathura, Panipat and Gujarat refineries have already been accredited by NABL in earlier years.

For the first time in petroleum industry, a mobile laboratory based at Nagpur was accredited with ISO 9002. This is in addition to the already existing 16 ISO 9002 certified static laboratories.





Central Laboratory, Antop Hill, Mumbai has been successfully participating alongwith 16 more countries in the International Air BP, United Kingdom, quarterly co-relation programme on testing of Aviation Turbine Fuel.

INTERNATIONAL TRADE

Your Corporation arranged import of crude oil, petroleum products and lubricants for meeting the country's requirements through a carefully selected diversified mix of supply sources and also exported petroleum products during 2001-02 as detailed hereunder:

	Quantity (MMT)	Value (Rs. Crore)
Imports		
Crude Oil	47.98	38,910.15
Petroleum Products, including for Nepal Oil Corporation	2.28	2,506.80
Lube Base Oils/Lubricants/Additives	0.02	51.30
Exports		
Petroleum Products	0.21	203.41
Lubricants	1,382 MT	4.28
Bitumen	2,574 MT	2.09

RESEARCH & DEVELOPMENT

During 2001-02, your Corporation's R&D Centre focussed on commercialisation of already developed technologies, development of innovative and cost-effective technologies with reduced gestation period, and specialised technical services to operating divisions of the Corporation.

During 2001-02, IndianOil's R&D Centre developed 80 formulations, which include 42 new product formulations; 32 product formulations got approval from various national and international Original Equipment Manufacturers and 14 products got American Petroleum Institute (API) certification while field trials on 12 new products were conducted.

Intellectual Property Rights activities of the R&D Centre led to grant of 19 patents, including 10 Indian, seven US, one Canadian and one European. 11 new patents were filed, which include four in India, three in US and one each in Europe, China and Brazil.

The efforts of the R&D Centre in proprietary additive development resulted in the synthesis of an EP Additive and Friction Modifier and its production on commercial scale at Talaja Additive Complex in Maharashtra. The Oilivorous-S Technology developed jointly with Tata Energy Research Institute for safe disposal of oil sludge has been put on field trial at Barauni and Mathura refineries. A multi-functional additive for MS was developed for improving the quality of fuel. Another breakthrough was the development of a process to improve deodorisation and dry point of MTO at Panipat Refinery. As further advancement in Bitumen technology, a high performance binder known as Crumb Rubber Modified Bitumen was developed and commercialised.

In refining technology, technologies developed earlier have moved up on the commercialisation process chain during the year. These include INDALIN Process for conversion of olefinic petroleum fractions into LPG and Aromatics, LOTUS-24, which is under field trial at Mathura Refinery, and IMAX Additive for maximisation of LPG yield, plant trial for which has been completed at Gujarat Refinery.

Other breakthroughs include development of LPG-MAX, a new process for LPG maximisation and continuous film contactor based process for removal of Mercaptan from LPG. The Instrumented Pig developed jointly by R&D Centre and Bhabha Atomic Research Centre, Mumbai has completed field trials and is ready for commercialisation.

ASSAM OIL DIVISION

The Digboi Refinery of the Assam Oil Division (AOD) achieved the unique distinction of continuous operation for 100 years. The Centenary Celebrations included release of a Commemorative Centenary Stamp by the Hon'ble Prime Minister of India, inauguration of an Oil Museum at Digboi by the Hon'ble Minister of Petroleum & Natural Gas and inauguration of a Centenary Ecological Park by the Hon'ble Chief Minister of Assam.

Digboi Refinery processed 0.65 MMT of crude oil during the year. The Division sold 0.94 MMT of products and retained its

position as market leader in the NorthEast. AOD at present operates 322 Retail Outlets, 397 SKO/LDO Dealerships and 58 Consumer Outlets. It supplies Indane LPG to 10.7 lakh households through 230 distributors covering 155 towns.

PROJECTS

Some of the major projects completed and commissioned during the year, under implementation and proposed to be taken up are:

Completed Projects

- Gas Turbine alongwith Heat Recovery Steam Generator at Panipat Refinery
- Fluidised Catalytic Cracker Unit at Haldia Refinery
- 6 x 12,000 KL MS Storage Tanks at Gujarat Refinery
- Facilities for production of unleaded MS (using ISOSIV process of UOP, USA) at Guwahati Refinery
- New Vacuum Distillation Unit at Haldia Refinery
- Augmentation of Kandla-Bhatinda Product Pipeline to 8.8 MMTPA
- LPG bottling plants of 108 thousand tonnes per annum capacity at five locations
- New terminals/depots at eight locations

On-Going projects

- Barauni Refinery Expansion Project
- Hydrotreater Unit at Guwahati and Digboi refineries
- Catalytic Dewaxing Unit at Haldia Refinery
- Linear Alkyl Benzene Unit at Gujarat Refinery
- Diesel Hydrotreater Unit at Mathura Refinery
- MS Quality Improvement at Mathura Refinery
- PX/PTA Unit at Panipat Refinery
- Panipat Refinery Expansion
- Solvent Dewaxing Unit at Digboi Refinery
- Augmentation of Haldia-Barauni Crude Oil Pipeline system from 4.2 to 7.5 MMTPA
- Panipat Refinery Expansion linked Pipeline Project
- Koyali-Navgam Product Pipeline
- Koyali-Viramgam-Sidhpur Product Pipeline
- Mathura-Tundla Product Pipeline
- Kurukshetra-Najibabad branchline from Panipat-Ambala section of Mathura-Jalandhar Pipeline
- Branchline to Lucknow from Allahabad-Kanpur section of Barauni-Kanpur Pipeline
- New terminals/depots at seven marketing locations
- Construction of Port Terminal with 18,000 MT Tankage, Aviation Fuelling Stations and 10 Service Stations at Mauritius
- Additional tankage of 27,918 KL at four marketing locations



- Eight grassroots LPG bottling plants and four augmentation projects
- Five mini LPG bottling plants in the North East

Schedule of Paradip Refinery Project at Paradip, Orissa and Residue Upgradation Project at Gujarat Refinery is under review.

New Projects

- MS quality improvement facilities at Haldia, Barauni and Gujarat refineries
- Installation of facilities for improvement of Distillate Yield and HSD Quality (Once through Hydrocracker Unit) at Haldia Refinery
- Floating Storage and Off-loading facility/Paradip-Haldia Crude Oil Pipeline
- Branchline from Barauni-Kanpur Pipeline at Patna to Raxaul and further branchline to Baitalpur
- Koyali-Dahej Pipeline
- Chennai-Cuddapah-Guntakal-Kurnool Pipeline
- Extension of Mathura-Tundla Feeder Pipeline to Gwalior
- Feasibility studies in progress for construction of 12 thousand tonnes per annum LPG bottling plant at Mauritius as a joint venture project, and five thousand tonnes per annum LPG bottling plant in Bhutan on total responsibility basis.

BUSINESS DEVELOPMENT

With the vision of evolving into 'a major, diversified, transnational, integrated energy company', your Corporation has launched a series of strategic initiatives, and entered into several ventures in partnership with reputed organisations from India and abroad.

Overseas Business

Your Corporation has been successfully pursuing opportunities in overseas markets by capitalising on its skills, technical capabilities and reputation. The overseas offices at Dubai, Kuala Lumpur and Mauritius continue to co-ordinate business activities in their respective regions, seeking new customers for IndianOil's products and services, in line with the transnational role envisaged by the Corporation. The office at Kuwait, which was opened to tap opportunities during the rebuilding of Kuwait, has been closed, since results fell short of expectations. The Dubai office will now co-ordinate business activities for the entire Middle East.

Bangladesh has been identified as a potential target country by your Corporation for export of LPG, MS, HSD, Lubricants and Bitumen, and for undertaking related business in the hydrocarbon sector. Your Corporation has been permitted by the MoP&NG to export LPG to Bangladesh. A Supply Agreement is being entered into with a party for marketing LPG in Bangladesh. The first LPG export shipment to Bangladesh has materialised in June 2002. Your Corporation has appointed a Lube Distributor and a Bitumen & Speciality Products Distributor in Bangladesh, and has commenced export of Lubricants and Bitumen to Bangladesh.

Your Corporation has signed an MoU with Ceylon Petroleum Corporation (CPC) for forging a relationship for mutual benefits. As per the MoU, CPC will divest 100 CPC-owned Retail Outlets in favour of IndianOil and will assist IndianOil to re-assign the franchise outlets. IndianOil will modernise and provide additional services through these Retail Outlets. For development and better operating efficiency of petroleum terminals, storage depots, including aviation fuelling facilities and other infrastructure in Sri Lanka, both IndianOil and CPC have agreed to operate and use the total existing and future downstream infrastructure on a common user principle basis. Besides, IndianOil will take over Trincomalee tankages on long-term lease. The partnership will further enhance benefits for the customers and provide IndianOil market opportunities in the island nation. The Lube Distributor appointed in Sri Lanka has been performing well by increasing sales of **SERVO** lubricants in Sri Lankan market.

In its endeavour to expand activities in South East Asia, your Corporation has been targeting new markets like Thailand,

Philippines and Indonesia. A consultant has been appointed for guiding your Corporation in deciding the mode of entry, identifying possible partners and exploiting business opportunities in these countries. The Franchise Blender cum Distributor of your Corporation in Malaysia continues to blend and market **servo** lubricants in South East Asia. Sale of **servo** lubricants continues to pick up in other overseas markets, viz., Mauritius, Kuwait, Bahrain and Indonesia.

Your Corporation has established IndianOil (Mauritius) Ltd. (IOML) as a wholly owned subsidiary in Mauritius, for implementing IndianOil's projects in that country. While engineering work for setting up Bulk Petroleum Terminal has commenced, IOML is in the process of acquiring land for setting up Retails Outlets in Mauritius. IOML is also holding discussions with other players for development of common facilities at the SSR International Airport in Mauritius.

Exploration & Production

In partnership with ONGC, your Corporation had been awarded two exploration blocks, MB-OSN-97/4 in Bombay Offshore and GV-ONN-97/1 in Ganga Valley, under the first New Exploration Licensing Policy (NELP-I). Petroleum Exploration License has been granted for both these blocks.

Your Corporation, in partnership with ONGC, Oil India Ltd. (OIL), GAIL and GSPL, has been awarded eight Exploration blocks under NELP-II, which include three onland blocks (GV-ONN-2000/1, MN-ONN-2000/1 and WB-ONN-2000/1), three offshore shallow water blocks (MB-ONS-2000/1, MN-OSN-2001 and WB-OSN-2000/1) and two deep-water blocks (MB-DWN-2000/1 and MB-DWN-2000/2). In addition, in partnership with ONGC, your Corporation has been awarded two blocks BK-CBM-2001/1 and NK-CBM-2001/1, under the first round of Coal Bed Methane (CBM).

Your Corporation had entered into a 'Farm Out Agreement' with Premier Oil (NE India) BV and HOEC for acquiring 27% participating interest of HOEC in the Exploration Block AAP-ON-94/1 in Assam-Arunachal Pradesh. Post Farm-Out participating interests stand as Premier Oil (38% with operatorship), IndianOil (27%) and OIL (10%), subject to Government approval.

Your Corporation alongwith alliance partner ONGC has been shortlisted to participate as non-operator in the bidding round for development of Northern Kuwait Oil Fields. Bid for an exploration field in Iran has also been submitted alongwith ONGC and OIL. Your Corporation alongwith partners ONGC Videsh Ltd., Petronas Carigali of Malaysia and Premier Oil of UK are exploring opportunities for securing equity oil and gas in Iran, Kuwait, Sudan, Bangladesh, Qatar, Papua New Guinea and Indonesia. In addition, your Corporation is contemplating to participate in the bidding for NELP-III exploration blocks in alliance with ONGC, OIL, Petronas Carigali and Premier Oil.

Refining

The Technical Services Agreement (TSA) between your Corporation and Emirates National Oil Company (ENOC), Dubai has been renewed for the fifth consecutive year. Further, the Manpower Secondment Agreement with ENOC has been renewed for the fourth consecutive time. Data on Catalytic Reformer generated at Gujarat Refinery and R&D Centre have been provided to ENOC for assessment for simulating their reformer operations.

A pre-qualification bid for Operation & Maintenance contract for Sohar Refinery Company, Oman, has been submitted jointly with ENOC, Dubai. In addition, a bid has been submitted to Qatar Petroleum for front-end engineering and design for NGL-III off-spec Condensate Recovery project in Qatar. Almana Trading Company, Qatar, a local liaison agency has been lined up for assisting IndianOil's business development pursuits in Qatar.

Marketing

Your Corporation has signed product off-take agreements with Reliance Petroleum Ltd.

Petrochemicals

The investment proposal for Integrated PX/PTA Project at Panipat was reviewed and approved by the Board in October 2001. Engineers India Ltd. has been selected as the project management consultant. A joint statement of intent was signed with Hindustan Lever for supply of linear alkyl benzene from Gujarat Refinery, and discussions on commercial agreement have been initiated.

Your Corporation plans to set up a PET Project at Panipat Refinery for which approval has been obtained for carrying out Detailed Feasibility Report (DFR). Lurgi India has been lined up as consultant for DFR preparation and IDS has been awarded the job of carrying out market survey.

DI-Methyl Ether (DME)

British Petroleum withdrew from the consortium of DME indicating that it is not fitting with their strategic interest. Induction of a new strategic investor is being explored by the consortium of IndianOil, GAIL and IIP. Discussions on gas linkage, as raw material, with international parties have been initiated.

LNG

Your Corporation is the promoter of Petronet LNG Ltd. (PLL) alongwith ONGC, BPCL and GAIL. The 5.0 MMPTA LNG receipt, storage and regasification terminals at Dahej will be ready by December 2003. This terminal will in all probability be the first LNG terminal to receive LNG import in the country. The Joint Venture Agreement between the promoters of PLL has been executed in May 2001. The Shareholders' Agreement between the promoters of PLL and Gaz de France International (GdFI) has been executed in June 2001 for 10% equity participation of GdFI in PLL. The Gas Sales Purchase Agreement between PLL and offtakers - IndianOil, GAIL, BPCL - has been initiated in February 2002. LNG FOB price is being negotiated with RasGas, the supplier of LNG, and is in an advanced stage of finalisation.

The Kakinada-IndianOil LNG Consortium (KIOLC) led by your Corporation is pursuing actively for 'in-principle' clearance of Detailed Project Report (DPR) on the Kakinada LNG Project submitted to the Government of Andhra Pradesh. The Expert Group formed by the Government of Andhra Pradesh to review the DPR has submitted its report in December 2001. It has been established by the Expert Group that the bus-bar tariff from the proposed Integrated Power Project of KIOLC alongwith LNG Terminal will be competitive to the grassroots coal-based power projects in Andhra Pradesh. KIOLC is expecting in-principle approval from the Government of Andhra Pradesh during the current year. The MoU with the Government of Andhra Pradesh for development of the Kakinada LNG Project has been extended till January 2003.

Bangladesh-India Gas Pipeline Project

Your Corporation has been nominated by MoP&NG as the lead company in consortium with ONGC and GAIL in Bangladesh-India Natural Gas Pipeline Project from the Indian side. The consortium will form a JV with 48% equity participation by your Corporation, and 26% each by ONGC and GAIL for import of Natural Gas from Bangladesh and putting a pipeline network in India for distribution and sale of gas to the end users. While the consortium has already started Market Survey in West Bengal, Bihar, Orissa, Jharkhand and Uttar Pradesh for absorption of Natural Gas from Bangladesh, the project is expected to take off once the Government of Bangladesh gives its consent.

Joint Ventures

In order to gain access to new business, your Corporation has formed a number of Joint Venture Companies (JVCs). These JVCs enable the Corporation to undertake business activities that would have otherwise been uneconomical or risky to undertake alone. It also provides your Corporation strategic insights into related areas of business where future exists. Your Corporation's joint ventures with Lubrizol Corp., USA in Lubrizol India Pvt. Ltd., with Nyco S.A., France and Balmer Lawrie in Avi-Oil (India) Pvt. Ltd., with Oiltanking (India) GmbH, Germany in Indian Oiltanking Ltd., with Petronas, Malaysia in IndianOil Petronas Pvt. Ltd., etc., are proving to be beneficial and extremely relevant in today's context. The LPG import/export facility of IndianOil Petronas Pvt. Ltd. at Haldia has been commissioned, and is terminalling LPG for public sector oil companies.

Your Corporation will soon be signing agreements with TotalFinal Elf of France for marketing their fuel additives through your Corporation's retail network, and for collaborating in R&D activities in fuel additives.

Power Project

Your Corporation has signed an MoU with National Thermal Power Corporation Ltd. (NTPC) to set up residue, or other petroleum products based power plants.

Your Corporation is implementing a refining residue (petcoke) based power project at Panipat through the IndianOil Panipat Power Consortium Ltd., a joint venture with Marubeni Corporation, Japan.

INFORMATION SYSTEMS

Your Corporation aims at maintaining its leadership in the Indian hydrocarbon industry by assimilation of emerging Information Technology and web-enabled business solutions for integrating and optimising the Corporation's hydrocarbon supply chain. Your Corporation is focussing on total customer delight through value-added IT solutions, with emphasis on centralised control and decentralised response.

Project Manthan

As part of the on-going ERP (Enterprise Resource Planning) implementation across the Corporation under *Project Manthan*, 12 units have gone live on the latest, state-of-the-art SAP R/3 software system on New Year Day (01.01.2002) and three more on 01.07.2002, without any disruption in operations at any of the units. Earlier, your Corporation's R&D Centre at Faridabad became the maiden unit to Go-live on SAP in August 2001, followed by IndianOil Institute of Petroleum Management (IIPM) at Gurgaon in October 2001. The Laboratory Information Management System package was also implemented at Panipat Refinery in March 2001 and at R&D Centre in August 2001.

Construction of the Data Communication Centre, the electronic and communication hub of the project, at IIPM campus is in progress. It will not only host the SAP Production System (including Database Servers, Application Servers and Storage Libraries) but also form the nucleus of a Wide Area Network linking all locations of your Corporation through an extensive and robust communication network using V-SATs, leased lines, ISDN/PSTN dial-up lines, radio/wireless links and the Optical Fibre Cable communication system of Pipelines Division.

Project Manthan is also in an advanced stage of customising Add-On software packages in core business areas like demand forecasting; crude allocation to refineries; distribution planning for finished products; transportation scheduling; optimising refinery operations and product mix solutions; and planning, optimising and scheduling of the Corporation's profitable lubricants business.

ENERGY CONSERVATION AND ENVIRONMENT PROTECTION

As in the past, your Corporation maintained its thrust on energy conservation. Concerted efforts were made during the year to minimise energy consumption at all refineries. Energy conservation schemes implemented during the year resulted in fuel savings of about 36,000 tonnes per annum valued at about Rs. 21 Crore based on FOB price of FO during 2001-02. To promote oil conservation amongst the masses, various programmes were conducted during the Oil Conservation Fortnight.

Your Corporation is also fully committed to environment protection and maintaining ecological balance. All refineries of your Corporation have Environmental Management System certified to ISO 14001 standard. The refineries fully comply with prescribed effluent and emission standards and re-use treated effluent to the extent of 50-60%. Panipat Refinery has been maintaining zero discharge since commissioning.

Safety, Health & Environment

Your Corporation has a well-defined Safety, Health and Environment Policy. Your Corporation is committed to conducting business with a strong environment conscience ensuring sustainable development, safe work places and enrichment of quality of life of employees, customers and community. Great thrust is given to the safety of plant and personnel through continuous upgradation of fire-fighting facilities and imparting safety training to all concerned.

Gujarat Refinery achieved record accident free operation of 2,383 days equivalent to 43.09 million man-hours as on 31.03.2002. This is the longest accident-free spell achieved in the Indian refining sector.

HUMAN RESOURCES

Employee Profile

The human resource in your Corporation was 31,675 strong as on 31.03.2002, of which 9,728 are in the Officers cadre and 21,947 are in the Staff cadre. There are 5,672 employees from SC category and 2,097 from ST category. The SC and ST employees constitute 24.53% of the total employees' strength. There are 2,387 women employees, out of whom 692 are in the Officers cadre and 1,695 in Staff cadre. The women employees constitute 7.54% of total employees' strength.

Welfare of Employees

Your Corporation continued its endeavour to upgrade facilities and promote the welfare of employees. With a view to promote employees' welfare, your Corporation brought about improvements in policies concerning medical facilities, allowances at remote locations, Productivity Incentive Scheme and post-retirement medical facilities.

Welfare of Weaker Sections

Your Corporation has been diligently following the Presidential Directives and various instructions/guidelines issued by the Government of India regarding reservation in Services for SCs/STs/OBCs/Physically Handicapped/Ex-servicemen, etc. Sincere efforts have been made to recruit reserved category candidates as per the Government's instructions.

It has been the endeavour of your Corporation to utilise 25% of Community Development Funds towards Special Component Plan (SCP) and Tribal Sub Plan (TSP) for meeting the needs of weaker sections.

Status on Implementation of Disabilities Act, 1995

Before the enactment of the Act, your Corporation had been extending reservation for physically handicapped persons in recruitment to the posts in Group 'C' & 'D'. With the enactment of the Act, w.e.f. 07.02.1996, the reservation for physically handicapped persons has been extended to the posts in Group 'A' & 'B' as well. Your Corporation has been implementing the provision of 3% reservation for physically handicapped and disabled persons in letter and spirit. Besides, various concessions and relaxations are being extended to physically handicapped persons in recruitment.

Presidential Directives regarding Representation of SCs and STs

Officials dealing with the subject are given training as required so as to enable them to update their knowledge on the subject and perform their job effectively. Liaison Officers have been appointed at various locations/units/installations all over the country to ensure implementation of Government Directives. In accordance with para-29 of the Draft Presidential Directives, a note about the Corporation's activities having direct relevance to advancement of SC/ST category of employees alongwith statistics relating to presentation of SCs/STs, in the prescribed proforma - Appendices VII (A) and VII(B) - is placed as Annexure-2.

In accordance with the revised instructions of the Government of India, Vacancy Based Rosters have been replaced with Post Based Rosters w.e.f. 02.07.1997.

Industrial Relations

Industrial Relations in general during the year 2001-02 in all establishments remained harmonious and peaceful. The main area of concern remained the right sizing of manpower. Most of the new locations were by and large manned through internal manpower generation and redeployment. This was possible mainly due to better employees' relations management and the constructive approach of the employees unions.

The recognised union of Eastern Region (Marketing Division) had not signed the Long Term Settlement (LTS) on wage revision alongwith other 20 recognised unions, but raised a dispute which was under conciliation with Dy. Central Labour Commissioner (Central), New Delhi. As per the understanding reached between the Management and the Union during conciliation held in July 2001, based on the LTS signed with other unions on 04.01.2001, the revision of pay and pay scales of workmen has been effected. Some of the issues of the union are still under consideration of Central Labour Machinery.

Your Corporation is confident of getting continuous support from its collectives in meeting the challenges posed by competition in the deregulated scenario.

Employees' Participation in Management

Since the implementation of the Workers' Participation Scheme, various shop floor councils/plant committees are functioning in various units with the involvement of workers and Management representatives. Your Corporation continued its committed approach towards making management a participative affair through sharing of information with the collectives and seeking their support, suggestions and cooperation to the various challenges faced by the Corporation as also in the administration of various welfare facilities. This has contributed in setting higher standards, besides bringing in a qualitative change in the general well being of the employees.

The participative culture has taken roots in the form of Grievance Committees, Safety Committees, House Allotment Committees, Canteen Committees, Recreation Clubs, Consumer Co-operatives, PF Trust, Superannuation Benefit Fund Trust, etc. Employees' participations is being practised through local, departmental committees primarily in the operational and safety areas. In addition, Quality Circles are functioning at various locations and are engaged in improving quality, cost effectiveness, systems improvements and productivity.

HRD & Training

With reforms and economic liberalisation ushering in free market conditions, your Corporation continued building sustainable competitive advantage through its human resource. Your Corporation facilitated learning and development process in a focussed manner during the year. Special emphasis was laid on IT-related training.

To prepare executives to function effectively in a cross-functional and multi-unit environment in the deregulated scenario, career progression of executives at the middle level has been linked to their career path.

Your Corporation's apex learning centre, the IndianOil Institute of Petroleum Management (IIPM) completed the 6th International MBA (iMBA) Programme. The programme was attended by 30 officers from your Corporation and one each from the Army, the Air Force, and ONGC. So far, 192 executives comprising 184 executives from the hydrocarbon sector and eight Officers from the Defence forces have successfully completed the iMBA programme.

Your Corporation has set up the IndianOil Management Centre for Learning (IMCL) in Mumbai on 3rd October 2001. IMCL symbolises the importance IndianOil places on developing human resources with world class excellence through learning and development. IMCL will facilitate in upgrading the functional knowledge and skills of the employees and also impart behavioural training.

Advanced Management Programme for senior executives titled 'The Threshold' was held at IIPM during the year in collaboration with Indian Institute of Management, Ahmedabad for building comprehensive strategic perspective, preparing for Board positions, creating mindset of stretched targets and quick response, and leading the organisation effectively.

Likewise for middle and junior level executives, a Management Development Programme titled 'Cutting Edge - Strategies to Stay Ahead of Competition' was conducted for building cross-functional skills, preparing for senior management positions, creating integrated outlook on organisational issues/situations and learning to perform with high vigour and intensity.

Sports

Your Corporation continued its policy to nurture and support young talent in sports and games and recruited several youngsters as officers in golf and hockey.

The Ministry of Youth Affairs & Sports had on 19.03.2002 for the first time announced names of outstanding sports person selected for Special Cash Awards. S/Shri Devesh Chauhan, Viren W. Rasquinha, Deepak Thakur, Rajpal Singh, Prabhjot Singh, and Inderjeet Singh, all members of the IndianOil Hockey Team, were presented the award for their winning performance in the Junior Hockey World Cup at Hobart, Australia during October 2001. S/Shri Devesh Chauhan, Deepak Thakur and Prabhjot Singh represented the Indian Hockey team in the Men's World Cup Hockey Tournament held in Kuala Lumpur, Malaysia in February 2002.

S/Shri Chetan Baboor, S.Raman, Soumyadeep Roy, Arjun Dutta and Ms. N.R. Indu, members of the IndianOil Table Tennis Team were presented Special Cash Award for their outstanding performance in the 15th Commonwealth Table Tennis Championship held during April 2001 in New Delhi. Further, Shri S.S. Ganguly was presented the Special Cash Award for winning the bronze medal in the Asian Games Championship held during August 2001 in Kolkata.

Shri Abhinav Shyam Gupta became the National Badminton Champion for the first time this year while Ms. Aparana Popat won the National Badminton Championship for the fifth consecutive year.

S/Shri Zaheer Khan, Wasim Jaffer and Eqbal Siddique represented India in the test and one-day cricket during the year.

Your Corporation won the PSCB Cricket Tournament in February 2002 in Pune by defeating the defending champions ONGC in the finals. Your Corporation won the PSCB Hockey Tournament at Hyderabad in February 2002 for the first time by defeating ONGC in the final.

Hindi Implementation

In accordance with the Official Language Act, 1963 and Official Language Rules, 1976, including guidelines issued by the Government regarding implementation of official language, efforts were made on a continuous basis during the year to increase use of Hindi in day-to-day official work.

The Committee of Parliament on Official Language visited various units/offices of your Corporation and appreciated the efforts being made by your Corporation in this regard.

Special efforts were made to popularise the multi-lingual Hindi software Leap Office throughout your Corporation through special training programmes. Corporate level all-India competitions were conducted with massive participation.

THE INDIANOIL FOUNDATION

As part of the Corporate Mission 'to help enrich the quality of life of the community and preserve ecological balance and heritage...', your Corporation has set up The IndianOil Foundation as a non-profit Trust to protect, preserve and promote our national heritage and culture, in collaboration with the Archaeological Survey of India and the National Culture Fund of the Ministry of Culture.

The IndianOil Foundation will adopt at least one heritage site in every State and Union Territory. Archaeological works will be funded by The IndianOil Foundation to the Archaeological Survey of India through the National Culture Fund. Five prestigious sites have been identified, viz., Qutb Minar, Delhi; Khajuraho, Madhya Pradesh; Hampi, Karnataka; Kanheri Caves, Maharashtra; and Konark, Orissa. The IndianOil Foundation will develop world-class facilities and conveniences for visitors. Your Corporation will provide refuelling facilities for travellers and also undertake community development in the neighborhood.

COMMUNITY DEVELOPMENT

As a responsible corporate citizen, your Corporation has made substantive contribution during the year to national causes, social welfare and community development programmes throughout the country, particularly in the vicinity of its major units 'to improve the quality of life of the people.'

Your Corporation constructed 800 temporary shelters for earthquake victims at Bachau in Gujarat. Besides, your Corporation contributed Rs. 23 Lakh during the year to Shri Vedic Mission Trust, Rajkot towards reconstruction of 100 houses at Kharoda village in Kutch district of Gujarat. The employees of your Corporation also contributed Rs. 91 Lakh to the Gujarat Chief Minister's Relief Fund for earthquake victims.

VIGILANCE

Your Corporation's Vigilance team commissioned a 'Document Examination System', the first ever introduced by a Vigilance Department in any PSU in India. The 'Document Examination System' has the capability of examining all types of questionable documents. In addition, your Corporation launched a user-friendly vigilance intranet website during the Vigilance Awareness Week observed during 30.10.2001 to 05.11.2001. A number of seminars and awareness programmes were conducted by the Chief Vigilance Officer and Vigilance functionaries all over the country to update the vigilance knowledge of the employees.

SECURITY

During the year, the Security Department conducted Security Sensitisation Programmes at various locations of your Corporation throughout the country. Security Inspection Audits of installations not only generated security awareness but also created a conducive and secure work environment. Instructions were issued to units in case of any threat perceptions received from the Intelligence Bureau to beef up security arrangements. The efforts resulted in no major security related incident throughout the year in any of the Divisions.

CORPORATE COMMUNICATIONS

Your Corporation continued to project a positive image to the media, the public and the stakeholders through various campaigns. During the year a number of press conferences were organised by your Corporation in Delhi, Mumbai, Kolkata and Chennai.

The ~~new~~ umbrella campaign on Television titled 'Best Friends for Life' was well received and adjudged the Most Recalled Advertising Commercial on Television, winning the *Indian Express* Award for Excellence.

IndianOil Day was celebrated on 01.09.2001 by the employees of your Corporation to reinforce the resolve of the *IndianOilPeople* to strive for excellence.

INDIANOIL BLENDING LTD. (IOBL)

The Annual Accounts and Directors' Report of IndianOil Blending Ltd. (IOBL), a wholly owned subsidiary of the Corporation, are annexed. IOBL earned a Net Profit of Rs. 6.86 Crore and declared a Dividend of 30% for the year 2001-02. The production for the year 2001-02 was 226 TMT, attaining a capacity utilisation of 95%.

CHENNAI PETROLEUM CORPORATION LTD. (CPCL)

The annual Accounts and Directors' Report of Chennai Petroleum Corporation Ltd. (CPCL), a subsidiary of the Corporation, are annexed. CPCL earned a Net Profit of Rs. 63.71 Crore on a Turnover of Rs. 6,175 Crore and declared a Dividend of 20% for the year 2001-02.

BONGAIGAON REFINERY & PETROCHEMICALS LTD. (BRPL)

The Annual Accounts and Directors' Report of Bongaigaon Refinery & Petrochemicals Ltd. (BRPL), a subsidiary of the Corporation, are annexed. BRPL incurred a loss of Rs. 198.61 Crore on a Turnover of Rs. 1,195 Crore during the year 2001-02.

IBP CO. LIMITED

The Annual Accounts and Directors' Report of IBP Co. Limited, a subsidiary of the Corporation, are annexed. IBP Co. Limited earned a Net Profit of Rs. 195.79 Crore on a Turnover of Rs. 8,453 Crore and declared a Dividend of 100% for the year 2001-02.

FOREIGN TOURS

Out of total 342 foreign tours undertaken by officers during 2001-02, 193 were for attending training programmes/seminars. The total expenditure on foreign tours was Rs. 4.58 Crore.

ENTERTAINMENT EXPENSES

The Entertainment expenses for the year 2001-02 stood at Rs. 19.84 lakh.

BOARD OF DIRECTORS

Shri M.A. Pathan, Chairman, superannuated from the services of the Corporation on 31.03.2002. Shri M.S. Ramachandran took over as Chairman w.e.f. 01.04.2002.

Shri S.N. Jha, Director (Pipelines), superannuated from the services of the Corporation on 31.08.2001. Shri A.M. Uplenchwar was appointed Director (Pipelines) w.e.f. 01.09.2001.

Shri O.N. Marwaha, Director (Marketing), superannuated from the services of the Corporation on 31.10.2001. Shri P.K. Agarwal was appointed Director (Marketing) w.e.f. 01.11.2001.

Shri A.K. Mitra was appointed as Director (Human Resources) w.e.f. 09.11.2001.

Shri R.S. Sharma, Director (Finance), ONGC, was inducted on the Board of IndianOil w.e.f. 27.03.2002 as a nominee of ONGC.

Shri Ravi Saxena, Jt. Secretary & Financial Adviser, MoP&NG, ceased to be a Director of IndianOil consequent upon his sad demise on 21.02.2002. Dr. Surajit Mitra, Jt. Secretary & Financial Adviser, MoP&NG, was appointed as Director w.e.f. 17.05.2002.

Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings

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

PARTICULARS OF EMPLOYEES

The particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 and Companies (Particulars of Employees) Rules, 1975 as amended is provided in the Annexure.

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 31.03.2002, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and 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 31.03.2002 on a 'going concern' basis.

ACKNOWLEDGEMENTS

The Board of Directors deeply appreciates the valuable services and dedicated efforts of the members of the IndianOil family but for whose efforts the excellent results and achievements of your Corporation could not have been possible. The Board of Directors also wishes to acknowledge the valuable guidance and support received from the Government of India and the various State Governments.

The Board of Directors also wishes to place on record its appreciation of the significant contribution and valuable services rendered by S/Shri M.A. Pathan, S.N. Jha, O.N. Marwaha and the late Shri Ravi Saxena during their tenure on the Board of IndianOil as Directors.

For and on behalf of the Board

M.S. Ramachandran

(M.S. RAMACHANDRAN)

Chairman

Place : New Delhi

Dated : 2nd August 2002

IndianOil's Joint Venture Companies

S. No.	Name of JV	Date of Incorporation	Promoters & Equity	Area of Operation
1	Avi-Oil India Pvt. Ltd	04.11.1993	IOC-25% Balmer Lawrie-25% NYCO SA, France-50%	To blend, manufacture and sell synthetic, semi-synthetic and mineral based lubricating oils, greases and hydraulic fluids, related products and specialities for Defence and Civil Aviation uses.
2	Indian Oiltanking Ltd.	28.08.1996	IOC-50% Oiltanking GmbH-50%	To build and operate terminalling services for petroleum products.
3	Lubrizol India Pvt. Ltd.	Existing Co. restructured w.e.f. 01.04.2000	IOC - 50% Lubrizol Corporation, USA-50%	To manufacture and market chemicals for use as additives in fuels, lubricants and greases.
4	Petronet India Ltd.	26.05.1997	IOC-16%, BPC-16%, HPC-16% IBP-02%, RPL-10%, EOL-10% IL&FS-10%, SBI-10%, ICICI Ltd.-10%	To implement Petroleum Products Pipeline projects through Special Purpose Vehicles.
5	Petronet VK Ltd.	21.05.1998	IOC-26%, PIL-26%, RPL-13% EOL-13%, SBI-05%, GIIC-05% KPT-05%, IL&FS-05% CB-02%	To construct and operate a pipeline for transportation of petroleum products from Vadinar to Kandla.
6	Petronet CTM Ltd.	09.04.1999	IOC-26%, PIL-26% Others-48%	To construct and operate a pipeline for transportation of petroleum products from Chennai to Madurai via Trichy.
7	Petronet CI Ltd.	07.12.2000	IOC, PIL and RPL-26% each EOL & BPC-11% each	To construct and operate a pipeline for evacuation of petroleum products from RPL and EOL refineries at Jamnagar as well as from Gujarat Refinery at Koyali to feed the consumption zones at Central India.
8	Petronet LNG Ltd.	02.04.1998	IOC, BPC, ONGC, GAIL-12.5% each Ras Gas-10%, Gaz de France-10%, Gujarat Govt-5%, FI-25%	For development of facilities for import and regasification of LNG at Dahej and Kochi.
9	IndianOil Petronas Pvt. Ltd.	03.12.1998	IOC, Petronas-Malaysia-50% each	To construct and operate facilities for LPG import at Haldia, and to engage in parallel marketing of LPG.
10	IndianOil Panipat Power Consortium Ltd. (IPPCL)	06.10.1999	Currently IOC-50% and MC-50%.	To build, own and operate Power Generation Plant at Panipat and to sell power to Haryana Vidyut Prasaran Nigam Ltd.
11	IndianOil TCG Petrochem Ltd.	06.12.1999	IOC-50%, TCG-50%	To explore opportunities in the field of petroleum and petrochemicals and to invest in existing and new companies / projects in these areas.
12	ONGIO International Pvt. Ltd.	08.06.2001	IOC-50 %, ONGC-50 %	For Training, Consultancy and Services in Upstream and Downstream of Hydrocarbon Sector.

Abbreviations:

BPC-Bharat Petroleum Corporation Ltd., EOL-Essar Oil Ltd., GAIL-Gas Authority of India Ltd., HPC-Hindustan Petroleum Corporation Ltd., IL&FS-Infrastructure Leasing & Financial Services, IOC-Indian Oil Corporation Ltd., KPT-Kandla Port Trust, ONGC-Oil & Natural Gas Corporation Ltd., PIL-Petronet India Ltd., RPL-Reliance Petroleum Ltd., SBI-State Bank of India, TCG-The Chatterjee Group, GIIC-Gujarat Industry Investment Corporation, CB-Canara Bank, FI-Financial Institution(s), MC-Marubeni Corporation, Japan.

Earnings for Customers

(Awards, certifications and recognition earned by IndianOil during 2001-02)

Individual

- **Shri Ramesh Prasad Singh**, Operator-B, Barauni Refinery, received the Prime Minister's *Shram Shri* Award, the only *Shram* Award for the year 1999 in the refining sector.
- **Shri M.A. Pathan**, Chairman, received the *National Citizens Award-2001* for outstanding contribution to development of the petroleum industry and for improving the work culture in public sector.
- **Shri Pathan** was conferred the *Best Industrial Manager of the Year* award by the Institution of Industrial Managers, India.

Corporate

- IndianOil received the Gold Trophy of *SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management'*, (Institutional Category) for the year 1999-2000.
- IndianOil received merit certificate and trophy for excellence in the achievement of MaU targets for the year 1999-2000 during the *SCOPE Award for Excellence*.
- IndianOil was conferred the *Mother Teresa Award for Corporate Citizenship* by Loyala Institute of Business Administration, Chennai.
- IndianOil received the *Best Employer Award* alongwith 25 leading corporates in India from *Business Today* as per the survey conducted by Hewitt Associates.
- IndianOil was conferred *WIPS Award for Excellence in Women Development* for the year 2001.

Safety

- Gujarat Refinery achieved record accident free operation of 2,383 days equivalent to 43.09 million man-hours as on 31st March 2002. This is the longest accident-free spell achieved in the Indian refining sector.
- Gujarat, Haldia and Panipat Refineries received the International Safety Rating System certification from M/s. Det Norske Veritas (DNV) during the year.
- Barauni Refinery became the first refinery in India to receive 5-Star rating under the new scoring system of British Safety Council, followed by Panipat Refinery.
- Barauni, Gujarat and Mathura Refineries received the *National Safety Award* of the British Safety Council, U.K., for the year 2000.
- Gujarat Refinery received the *Oil Industry Safety Award – First Best Performer* for both the years 1999-2000 and 2000-2001 in January 2002, while Barauni Refinery received the *Oil Industry Safety Award – Second Best Performer* for the year 1999-2000.
- Gujarat Refinery won the *National Safety Awards* declared by the Ministry of Labour, Government of India, for the year 1999 in September 2001.
- Gujarat Refinery won the *Prashansa Patra-1999* declared by the National Safety Council of India for meritorious achievements in safety performance and management.
- IndianOil was conferred *OISD Award for the Best Safety Performance* amongst POL marketing organisations for the year 1999-2000 and 2000-2001.
- Moghulsarai Terminal received the *National Safety Award* for the year 1999.
- Salaya-Mathura Pipeline received the *Second Best Performer Award* under the *OISD Safety Awards* for 1999-2000 & 2000-01.

- Safety Awards from the Gujarat Safety Council for Vadinar, Gauridad and Koyali pump stations of Salaya-Mathura Pipeline.
- Koyali-Ahmedabad Pipeline and Salaya-Mathura Pipeline received the *British Safety Council Award* for 2000.
- Koyali-Ahmedabad Pipeline received the runners-up trophy of the *National Safety Award* of the Ministry of Labour for 1999.

Energy Conservation Awards

- Gujarat and Panipat Refineries received the first and second prizes respectively of "National Energy Conservation Award 2001" in the refineries sector, instituted by the Ministry of Power.
- Mathura and Panipat Refineries were adjudged the best and the second best performing refineries respectively in Steam Leak amongst Indian Refineries based on a survey conducted during Oil Conservation Fortnight-2001 by the Centre for High Technology.
- Haldia and Gujarat Refineries were conferred the *Best Performance Award for Energy Conservation* for the year 1998-99 and 1999-2000 respectively in the Jawaharlal Nehru Centenary Awards for Energy Conservation in Refineries, while Barauni Refinery received the *Award for Best Improvement in Energy Consumption* for the year 1999-2000.

Environment Management

- *Indo-German Greentech Environment Excellence Award* for Gujarat and Barauni Refineries for the year 2000-01.
- *Golden Peacock National Award for Environment Management-2001* for Koyali-Ahmedabad Pipeline.
- Salaya-Mathura Pipeline re-certified under ISO-14001 for three years from August 2001.
- Haldia-Maurigram-Rajbandh Pipeline and Haldia-Barauni Crude Oil Pipeline earned ISO 14001 certification.
- Sonapat-Meerut branch line of Mathura-Jalandhar Pipeline earned ISO 9002 and ISO 14001 certifications.

Quality

- Quality Control laboratories at Haldia, Guwahati, Digboi refineries and Gauripur Lab (Kolkata) were accredited by the National Accreditation Board for Calibration and Testing Laboratories (NABL) under the Dept. of Science and Technology, Government of India.
- Quality Control Laboratory of Korukkupet Terminal earned the ISO 14001 certification under Environmental Management System.
- For the first time in the oil industry, the mobile lab based at Nagpur has earned ISO 9002 certification. This is in addition to the existing 16 ISO 9002 certified static labs.
- *Rajiv Gandhi National Quality Award* commendation certificate for Panipat Refinery for the year 1999.
- Salaya-Mathura Pipeline bagged the *Golden Peacock National Award for Quality 2001*.

Projects

- Gujarat Refinery received "Lakshya-2001 Best Project Award for Systems & IT Management" and "Lakshya-2001 Rolling Trophy for Best Projects" across all categories instituted by the National Institute of Training & Industrial Engineering, Mumbai, while Panipat Refinery received the "Lakshya Award for Excellent Project Management" for Standby Sulphur Recovery Unit Project.

MoU Performance

- For the thirteenth consecutive year, IndianOil attained an 'Excellent' rating, which is the highest performance rating according to laid down criteria in the Memorandum of Understanding signed with the Government of India for the year 2001-02, having achieved the targets in all key areas of operations.

NPMP

- IndianOil received the *NPMP Award for Excellence in Human Resource Management*.
- IndianOil and ONGC jointly shared the *NPMP Award for Excellence in Project Management*.
- Dr. A.K. Bhatnagar, Director (R&D), and his team received the *NPMP Award for Creativity and Innovation (Team category)* for development of fuel saving railroad oil-2001.
- IndianOil also received the *NPMP Award for Excellence in Women Development (Enterprise category)*.

Corporate Accounts

- IndianOil won the Institute of Chartered Accountants of India's award for the Best Presented Accounts for the year 2000-01, for the fourth year in succession.

Corporate Communications

- The **SERVO** umbrella campaign on television 'Best Friends for Life' was adjudged the most recalled advertising commercial on television, winning the *Indian Express Award for Excellence*.

Sports

- Abhinav Shyam Gupta became the National Champion in Badminton for the first time this year while Aparna Popat won the National Championship for the fifth consecutive year.
- Devesh Chauhan, Viren W. Rasquinha, Deepak Thakur, Rajpal Singh, Prabhjot Singh and Inderjeet Singh, all member of IndianOil hockey team, received the special cash award from the Ministry of Youth Affairs & Sports for their winning performance in the Junior Hockey World Cup at Hobart, Australia during October 2001.
- Chetan Baboor, S. Raman, Soumyadeep Roy, Arjun Dutta and N.R. Indu, all members of IndianOil table tennis team, were presented the special cash award by the Ministry of Youth Affairs & Sports for their outstanding performance in the 15th Commonwealth Table Tennis Championship held during April 2001 at New Delhi.
- S.S. Ganguly received the special cash award from the Ministry of Youth Affairs & Sports for his winning bronze medal in the Asian Games Championship held during August 2001 at Kolkata.
- IndianOil won the PSCB Inter Cricket Tournament by defeating the defending champion ONGC in the finals.
- IndianOil won the winners trophy for the first time at the PSCB Inter Unit Hockey Tournament by defeating ONGC in the final.
- PSCB Trophy of Excellence for the year 2001 was conferred on IndianOil for its contribution at the national and international level through its sportspersons.

Other Awards

- Koyali-Ahmedabad Pipeline was conferred the Baroda Productivity Council Award for good house-keeping.
- Mathura-Jalandhar Pipeline re-certified for ISO 9002.
- Department of Scientific and Industrial Research Award to R&D for 'Corporate Excellence' for developing fuel efficient high performance railroad oil in the category of Chemical and Allied Industries for 2001.
- 'Corrosion Awareness Awards' conferred on R&D Centre by the National Association of Corrosion Engineers (USA), India Chapter, for creation of excellent facilities for corrosion study and for efforts made to mitigate corrosion.
- Haldia Refinery participated in the National Level Exhibition for development of SSI units at Kolkata and received the 3rd prize, out of the 95 stalls put up by various industries.
- Gujarat Refinery bagged the *Golden Peacock Award for Innovation Management* for the year 2001.

ANNEXURE I
ANNEXURE TO DIRECTORS' REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AS PER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.
A. CONSERVATION OF ENERGY
a. Energy Conservation measures taken:

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

b. Additional Investment and Proposal, if any, being implemented for reduction of consumption of energy:
I. SCHEMES IMPLEMENTED

Sr. No.	Item	Cost* (Rs. Lakhs)	Fuel Savings FO Equivalent * (Tonnes/Year)
I.	FPU-2 Preheat Improvement at Gujarat Refinery	1456	2500
	Total	1456	2500

* Provisional and subject to reconciliation.

II. MAJOR SCHEMES UNDER IMPLEMENTATION

- Installation of second Gas Turbine with HRSG at Barauni Refinery
- Installation of GT/HRSG at Haldia 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 30000 MT per year valuing about Rs.17 crores per year.

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:

SERVO lubricants continued to make further in-roads in the overseas markets, viz., Bangladesh, Sri Lanka, Mauritius, Bahrain and Indonesia. A total of 1,570 kl of lubricants were exported during 2001-02. Additionally, for the first time, IndianOil exported 2,575 MTs of Bitumen to Bangladesh. The export of lubricants and Bitumen resulted in foreign exchange earnings of US \$ 67,554 and US \$ 131,525 respectively.

(b) Total foreign exchange used and earned.

	(Rs. Crore)
Foreign Exchange earnings	2,078.85
Foreign Exchange used	41,474.66

Form 'A'

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	TOTAL 2001-2002	TOTAL 2000-2001
A. POWER AND FUEL CONSUMPTION		
I. ELECTRICITY:		
a) Purchased		
Qty ('000 KWH)	22750	26302
Rate/Unit	7.53	6.31
Amount (Rs./Lakhs)	1712	1661
b) Own Generation		
i) Through Dual Fuel (HSD/Natural Gas Generator		
Unit ('000 KWH)	863367	751480
KWH per MT of STD Fuel	3671	3086
Cost/Unit (Rs./KWH)	1.99	2.03
ii) Through Steam Turbine/Generator		
Unit ('000 KWH)	817038	854587
KWH per MT of STD Fuel	2767	1233
Cost/Unit (Rs./KWH)	4.43	4.03
c) Electricity Consumed (a+b) ('000 KWH)	1703156	1632370
2. COAL		
3. LIQUID FUEL (LSHS & FO)		
Qty (MTs)	1114923	1088303
Amount (Rs./Lakhs)	89803	92871
Average Rate (Rs./MT)	8055	8534
4. OTHER / INTERNAL FUEL		
a) INTERNAL FUEL		
i) Fuel Gas		
Unit (MTs)	630172	597564
Amount (Rs./Lakhs)	53012	51970
Average Rate (Rs./MT)	8412	8697
ii) LDO / HSD		
Unit (MTs)	146105	81950
Amount (Rs./Lakhs)	13455	8228
Average Rate (Rs./MT)	9209	10040
iii) Coke		
Unit (MTs)	149955	148808
Amount (Rs./Lakhs)	12251	12061
Average Rate (Rs./MT)	7208	8105
b) PURCHASED FUEL		
i) Natural Gas		
Unit (MTs)	374927	382479
Amount (Rs./Lakhs)	19848	20739
Average Rate (Rs./MT)	5294	5422
B. CONSUMPTION PER MT OF PRODUCT		
i) Actual Production ('000 MTs)	31631	31081
ii) Consumption per MT of Product		
- Electricity (KWH/MT)	53.844	52.521
- Liquid Fuel (MT/MT)	0.038	0.035
- Fuel Gas/LDO/Coke (MT/MT)	0.030	0.027
- Natural Gas (MT/MT)	0.012	0.012

ANNEXURE I (Contd.)

Form 'B'

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
- c) Refinery processes
- d) Pipeline transportation of crude oil and products
- e) Material failure analysis
- f) Synthesis of additives
- g) Fuel efficient appliances

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

Development of the following products

- A car wash solution for use in 1:50 dilution with pressure wash water for cleaning cars.
- An all season orchard spare oil
- A new synthetic refrigeration compressor oil
- Crumb Rubber Bitumen
- Multifunctional gasolene additive
- Process for production of food /polymer grade Hexane, commercialised
- Development of LPG-MAX as a new process for maximisation of LPG using novel catalyst system.
- Plant trials carried out on iMax additive at Gujarat Refinery and performance at par with commercial catalysts.
- 200 tons of Lotus-24 produced and put on trial at Mathura Refinery. Performance at par with commercial FCC catalysts.
- Low pressure process developed for removal of mercaptans from ATF.
- Process for improving deodorisation and dry point of MTO developed.
- Oilivorous-S technology developed for safe disposal of oily sludge put on field trial.
- Instrumented Pig developed earlier is ready for commercial launching.

3. Future plan of action

- a) Development of long life and energy efficient lubricants, greases and specialities
- b) Development of biodegradable and eco-friendly lubricants
- c) High performance novel lubricants
- d) Setting up of following facilities and pilot plants:
 - Hydroprocessing
 - Simulation and mathematical modeling
 - Additional product development and analytical facilities
 - Mass emission facilities, including particulate for buses.
 - On-line particulate measurement and size distribution facilities.
- e) Extended R&D services to other refineries
- f) Optimisation/upgradation of existing refinery processes to maximise product yield
- g) Value addition/cost reduction

4. Expenditure on R&D

	Rs in Crores
a) Capital	23.58
b) Revenue	45.05
c) Total	68.63

ANNEXURE I (Contd.)

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

A. Imported Technology:

i) Hydrocracker Technology for middle distillate improvement:

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

ii) Diesel Hydrotreatment Technology:

Diesel Hydrotreatment Units are under implementation at Guwahati, Barauni and Digboi refineries with technology from M/s UOP, USA. Technology from M/s IFP, France has been selected for Mathura and Panipat refineries (under expansion to 12 MMTPA).

iii) Resid Fluidised Catalytic Cracking Technologies:

For improvement of distillate yield, Resid Fluidised catalytic cracking technology from M/s SWEC, USA has been successfully implemented at Panipat and Haldia refineries. This technology is under implementation at Barauni Refinery.

iv) Catalytic Iso-Dewaxing Unit at Haldia Refinery:

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

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

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

vi) Solvent Dewaxing/Deoiling technology at Digboi:

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

vii) Hydrogen Generation Technology :

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

This technology from M/s KTI Technip, The Netherlands, has been selected for hydrogen plant at Haldia and Mathura refineries.

viii) Sulphur Recovery Technologies for reduction of SO₂ emission:

Refineries at Gujarat, Haldia and Mathura are successfully operating the Sulphur Recovery Technology from M/s. Stork Comprimo, Netherlands. Sulphur Recovery Technology from M/s.Delta Hutson, USA is employed at Paniapt Refinery. For the Sulphur Recovery Unit (SRU) of Barauni under Barauni Expansion and additional SRU at Haldia, the technology from M/s. Stork Comprimo, Netherlands, has been selected.

Further for the projects of Panipat expansion as well as for PDRP, technologies from M/s B & V Pritchard, USA has been considered for implementation. All these new units are adopting technology to maximise sulphur removal efficiency to 99.9%.

ix) Isosiv Technology at Guwahati Refinery:

For production of unleaded MS at Guwahati refinery, ISOSIV technology from M/s UOP, USA has been adopted. Plant has been successfully commissioned in January, 2002.

x) Delayed Coker Technology:

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

xi) IGCC Technology:

For generation of Power from Petroleum Coke, Integrated Gasification Combined Cycle (IGCC) based technology from M/s Shell, Netherlands has been selected for implementation at PDRP.

xii) Continuous Catalytic Reforming Technology:

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

xiii) Technology for ParaXylene:

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

xiv) Technology for Purified Terephthalic Acid (PTA):

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

xv) Technology for Linear Alkyl Benzene (LAB)

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

xvi) MS Quality Upgradation Technology

For MS Quality Upgradation, Isomerisation Technology of M/s.UOP, USA has been selected for implementation at Mathura Refinery.

ANNEXURE I (Contd.)

B. Indigenous Technology:

i) INDMAX Technology:

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

ii) Hexane Hydrogenation Technology:

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

C. MODERNISATION OF INSTRUMENTATION & CONTROL

A) Distributed Digital Control System (DDCS)

Conventional pneumatic instruments in existing process units and captive power plants are being replaced by microprocessor based DDCS in a phased manner. DDCS has already been implemented and commissioned in the following plants.

- Process Units of all refineries.
- Captive Power Plants of all refineries except Guwahati refinery.

B) Advanced Control & Optimisation (APC)

APC has been implemented in

- Crude & Vacuum Distillation Units, Hydro-cracker, Fluidised Cracking Unit and CRU of Gujarat Refinery.
- Crude Distillation Unit-I/II of Haldia Refinery.
- Crude Distillation Unit & Delayed Coker Unit of Guwahati refinery.

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

- Atmospheric and Vacuum Distillation Units, Once Through Hydracker and Resid Fluidised Cracking Unit of Panipat Refinery.
- Atmospheric and Vacuum Distillation Units of Barauni Refinery.
- New Delayed Coker Unit of Digboi Refinery.

C) Offsite Modernisation

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

- Automated Tank Wagon gantry at Barauni Refinery.
- Automated Sixth Tank Wagon gantry, FCCU and GRE gantries at Gujarat Refinery.
- Automation of Tank Truck gantry at Gujarat Refinery.

- Automation of Tank Truck gantry at Haldia Refinery.
- Automation of 2nd Tank Wagon gantry at Haldia Refinery
- Blending Automation at Haldia Refinery
- Automation of Tank Wagon gantries at Mathura Refinery
- Auto Tank gauging has been completed at all the refineries.

Implementation of the following project for off-sites modernisation is in progress:

- Blending Automation at Mathura Refinery.

D) Automation of Laboratories has been completed at all Refineries.

E) Networking & Real Time Data Base

- Networking of units and offsite facilities has been completed at all refineries.
- Real time data-base has been implemented at Gujarat & Mathura Refineries

Statement showing the number of reserved posts filled by SC and ST candidates during the year 2001

A. Posts filled by Direct Recruitment

Class of posts	Backlog of Vacancies					
	Notified		Filled		Balance carried forward	
	SC	ST	SC	ST	SC	ST
i	2	3	4	5	6	7
					(Col.2-4)	(Col.3-5)
A	4	4	6	4	0	0
B	No recruitment is made in this group.					
C	5	8	5	3	0	5
D (excluding Safai Karamcharis)	8	21	8	4	0	17
D (Safai Karamcharis)	0	0	0	0	0	0

Total No. Notified	Current Vacancies						Remarks
	Out of Col 8 reserved for		Filled		Balance carried forward as backlog		
	SC	ST	SC	ST	SC	ST	
8	9	10	11	12	13	14	15
					(Col.9-11)	(Col.10-12)	
244	26	11	29	8	0	3	
148	35	8	39	9	0	4	
53	2	4	3	1	0	20	
16	3	2	4	2	0	0	

Annexure 2: (Contd.) Appendix VII (B)
B. Posts filled by Promotion

Class of posts	Total No. of vacancies notified	Out of Col.2 posts reserved for		No. of Posts filled by		Balance		Remarks
		SC	ST	SC	ST	SC	ST	
						(Col.3-5)	(Col.4-6)	
I	2	3	4	5	6	7	8	9
A	380	23	11	57	19	0	0	
B	379	48	28	61	45	0	0	
C	1693	174	123	287	113	0	10	
D (excluding Safai Karamcharis)				These posts are filled by recruitment only				
D (Safai Karamcharis)				These posts are filled by recruitment only				

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

Report on Corporate Governance

(Forming part of the Directors' Report for the period ended 31st March 2002)

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

IndianOil is fully committed to the principle of good Corporate Governance as the key to enhancing long-term stakeholder values and therefore, ensures compliance of the stipulations laid down in the guidelines on Corporate Governance by Securities & Exchange Board of India as specified in Clause 49 of the Listing Agreement executed with the Stock Exchanges. In addition, to maximise shareholders' long-term value, IndianOil is also committed to its other business constituents like the customers, employees, suppliers and the community at large. The philosophy of IndianOil is to attain the highest standard of Corporate Governance and to ensure transparency in all its operations, disclosures and maximise shareholders' value.

Board of Directors

The Board of IndianOil has set certain strategic goals to achieve international standards of excellence in all aspects of its business based on its Vision and Mission statement. The Board defines the Company's policy and oversees its implementation to enable actions that would lead to attainment of these goals.

The Board of IndianOil consists of optimum combination of Executive and non-Executive Directors. Part-time non-Executive independent Directors are persons with proven record in diverse areas like Energy Policy, Academics, Government and Public Sector, Industry and Trade Unions. Pursuant to the Memorandum of Strategic Alliance entered into with ONGC Ltd., consequent upon cross-holding of shares between the two companies, an independent Director representing ONGC has also been inducted on the Board of the Corporation.

At present, the Board has a total of 16 Directors. These include Chairman and six whole time Functional Directors, five Part-time non-Executive Directors, three Part time non-Executive nominee Directors from the Ministry of Petroleum & Natural Gas (MOP&NG), Govt. of India and a nominee from ONGC.

The Board of IndianOil meets at least once every month. There were 14 Board meetings during the financial year 2001-02.

Attendance of each Director at the Board meetings held during the year and the last Annual General Meeting is given below:

Name of the Director	No. of Board Meetings attended out of 14 meetings held	Last AGM held on 24.9.2001 attended (Yes/No)
Whole-time Functional Directors		
Shri M.S. Ramachandran, Chairman ¹	14	Yes
Shri M.A. Pathan, Chairman ²	14	Yes
Shri A.K. Arora, Director(Refineries)	14	Yes
Dr. A.K. Bhatnagar, Director(R&D)	13	Yes
Shri P. Sugavanam, Director(Finance)	14	Yes
Shri S.N. Jha, Director(Pipelines) ³	5	No
Shri A.M. Uplenchwar, Director(Pipelines) ⁴	7	Yes
Shri O.N. Marwaha, Director(Marketing) ⁵	8	Yes
Shri P.K. Agarwal, Director(Marketing) ⁶	6	No
Shri Subir Raha, Director(Human Resources) ⁷	2	No
Shri A.K. Mitra, Director(Human resources) ⁸	7	No

Name of the Director	No. of Board Meetings attended out of 14 meetings held	Last AGM held on 24.9.2001 attended (Yes/No)
Part-time Non-Executive Government Directors		
Shri Naresh Narad	14	No
Shri Ravi Saxena ⁹	12	No
Shri Shivraj Singh	9	No
Part-time Non-Executive Directors		
Dr. R.K. Pachauri	7	No
Shri M. Kalyanasundaram	14	Yes
Prof. S.K. Barua	13	Yes
Shri Vineet Nayyar	10	Yes
Shri L. Sabaretnam	12	Yes
Part-time Non-Executive Nominee Director of ONGC Ltd.		
Shri I.N. Chatterjee ¹⁰	1	No
Shri R.S. Sharma ¹¹	1	No

Remarks :

- ¹ Shri M.S. Ramachandran took over as Chairman w.e.f. 01.04.2002
- ² Shri M.A. Pathan ceased to be Chairman on his superannuation on 31.03.2002
- ³ Shri S.N. Jha ceased to be the Director(Pipelines) on his superannuation on 31.08.2001
- ⁴ Shri A.M. Uplenchwar, Director(Pipelines) was inducted on the Board w.e.f. 01.09.2001.
- ⁵ Shri O.N. Marwaha ceased to be Director(Marketing) on his superannuation on 31.10.2001.
- ⁶ Shri P.K. Agarwal was inducted as Director(Marketing) on the Board w.e.f. 01.11.2001.
- ⁷ Shri Subir Raha ceased to be Director(Human Resources) w.e.f. 25.05.2001.
- ⁸ Shri A.K. Mitra was inducted as Director(Human Resources) w.e.f. 09.11.2001.
- ⁹ Shri Ravi Saxena ceased to be Director consequent upon his demise on 21.02.2002.
- ¹⁰ Shri I.N. Chatterjee (ONGC nominee) ceased to be Director w.e.f. 16.07.2001.
- ¹¹ Shri R.S. Sharma (ONGC nominee) was inducted on the Board w.e.f. 27.03.2002.

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

Details of Board meetings held during the year:

S. No.	Date	Board Strength	No. of Directors Present
1.	30.04.2001	17	16
2.	18.05.2001	17	17
3.	14.06.2001	16	14
4.	31.07.2001	15	14

S. No.	Date	Board Strength	No. of Directors Present
5.	28.08.2001	15	14
6.	22.09.2001	15	12
7.	13.10.2001	15	13
8.	30.10.2001 adjourned to 02.11.2001 and finally adjourned to 09.11.2001	16	16
9.	27.11.2001	16	14
10.	26.12.2001	16	14
11.	31.01.2002	16	12
12.	07.02.2002	16	13
13.	27.02.2002	15	12
14.	27.03.2002	16	15

Number of Directorship on other Boards and Membership / Chairmanship of Committees of other Board:

S. No.	Name of Director	No. of Directorship in other Boards	Membership in Committees of other Boards	Chairmanship of Committees of other Boards
1.	Shri M.S. Ramachandran	2	-	-
2.	Shri M.A. Pathan	2	-	-
3.	Shri A.K. Arora	1	-	-
4.	Dr. A.K. Bhatnagar	-	-	-
5.	Shri P. Sugavanam	5	1	-
6.	Shri S.N. Jha	2	-	-
7.	Shri A.M. Uplenchwar	6	-	-
8.	Shri O.N. Marwaha	3	-	-
9.	Shri P.K. Agarwal	2	-	-
10.	Shri Subir Raha	2	2	-
11.	Shri A.K. Mitra	-	-	-
12.	Shri Naresh Narad	3	1	-
13.	Shri Ravi Saxena	2	2	-
14.	Shri Shivraj Singh	3	2	-
15.	Dr. R.K. Pachauri	-	-	-
16.	Shri M. Kalyanasundaram	-	-	-
17.	Shri L. Sabaretnam	4	-	-
18.	Shri Vineet Nayyar	12	-	-
19.	Prof. S.K. Barua	2	1	-
20.	Shri I.N. Chatterjee	2	1	-
21.	Shri R.S. Sharma	2	3	-

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

Audit Committee

IndianOil constituted its Audit Committee on 2nd June 2000 comprising three independent Directors, one of whom is the Chairman of the Committee. Chairman of the Audit Committee is a person with sound financial background.

The composition of the Audit Committee and attendance at the meetings held during the year 2001-02 are given below

Dates of the Meetings	Prof. S.K. Barua (Chairman)	Shri M. Kalyanasundaram (Member)	Dr. R.K. Pachauri (Member)	*Shri L. Sabaretnam (Member)
01.06.2001	Yes	Yes	No	-
14.06.2001	Yes	Yes	No	-
14.07.2001	Yes	Yes	No	-
09.08.2001	Yes	Yes	Yes	-
28.08.2001	Yes	Yes	No	-
30.10.2001	Yes	Yes	No	-
17.11.2001	Yes	Yes	-	Yes

* Shri L. Sabaretnam was inducted in Audit Committee w.e.f. 09.11.2001

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

The Terms of Reference of Audit committee includes overseeing the audit functions, review of the Company's financial performance, review critical findings of Internal Audit, compliance with the accounting standards and all other matters specified under Clause 49 of the Listing Agreement of the Stock Exchange. The Committee considered the Annual Accounts for the financial year 2001-02 before recommending the same to the Board for approval.

Remuneration Committee

IndianOil being a Government Company, the remuneration of the whole time Directors is decided by the Government of India. The non-Executive Part-time Directors are not paid any remuneration except sitting fees for attending the meetings of the Board or Committees thereof. However, the Board has constituted a Remuneration Committee to approve certain perquisites for whole-time Directors and below Board level Executives which are within the powers of the Board. The Remuneration Committee comprises Shri Naresh Narad, Chairman, Shri P. Sugavanam, Director(Finance), Shri A.K. Mitra, Director(Human Resource), Shri L. Sabaretnam, Part time Non-Executive Director.

Remuneration paid to whole-time Directors and sitting fees paid to Part-time Non-executive Directors during the financial year 2001-02:

Whole-time Functional Directors		(Rs. Lakhs)				
Name of the Directors	Designation	Salaries & Allowances	Contribution to Provident Fund	Contribution to Gratuity Fund	Other Benefits & Perquisites	Total Remuneration
Shri M.S. Ramachandran	Chairman	5.60	0.53	0.30	3.27	9.70
Shri M.A. Pathan	Chairman(upto 31.03.2002)	13.70	0.58	0.30	1.79	16.37
Shri A.K. Arora	Director(Refineries)	8.50	0.55	0.30	1.45	10.80
Dr. A.K. Bhatnagar	Director(R&D)	5.67	0.52	0.30	3.21	9.70
Shri P. Sugavanam	Director(Finance)	7.04	0.52	0.30	0.60	8.46
Shri A.M. Uplenchwar	Director(Pipelines)	3.15	0.35	0.31	0.42	4.23
Shri S.N. Jha	Director(Pipelines) (upto 31.08.2001)	8.03	0.21	-	0.17	8.41

Name of the Directors	Designation	Salaries & Allowances	Contribution to Provident Fund	Contribution to Gratuity Fund	Other Benefits & Perquisites	Total Remuneration
Shri P.K. Agarwal	Director(Marketing)	2.47	0.24	0.31	0.83	3.85
Shri O.N. Marwaha	Director(Marketing) (upto 31.10.2001)	7.99	0.32	-	1.43	9.74
Shri A.K. Mitra	Director(HR)	2.51	0.24	0.13	0.25	3.13
Shri Subir Raha	Director(HR) (upto 25.05.2001)	1.26	0.08	0.05	0.14	1.53
TOTAL		65.92	4.14	2.30	13.56	85.92

Note :

- 1) No Performance Linked incentive is paid to the Whole-time Directors.
- 2) No Stock Options have been issued to Whole-time Directors during the year.
- 3) The terms of appointment of the Whole-time Directors, as issued by the Government of India, provides for three months notice period for severance of service.

Part-time Non-Executive Directors

Name of the Director	Designation	Sitting Fees (Rs. Lakhs)
Shri Vineet Nayyar	Director	1.10
Shri L. Sabaretnam	Director	1.35
Shri M. Kalyanasundaram	Director	1.22
Dr. R.K. Pachauri	Director	0.55
Prof. S.K. Barua	Director	1.50
TOTAL		5.72

Shareholders'/Investors' Grievance Committee

IndianOil has constituted a Shareholders'/Investors' Grievance Committee of the Board on 14th March 2001 with an independent Director as Chairman. Two meetings of the committee were held during the year.

The composition of the Shareholders'/Investors' Grievance Committee is given below:

Name of the Member	Number of meetings held during the year	Number of meetings attended
Prof. S.K.Barua(Chairman)	2	2
Director(Finance)	2	2
Director(Human Resources)	2	1

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

The Committee is to examine and redress the grievances of shareholders/investors. No overdue share transfers are pending as on date.

Summarised information on Complaints received and resolved during the period 1st April 2001 to 31st March 2002:

S. No.	Nature of Complaint	Received during the period	Redressed during the period 1.4.2001 to 31.3.2002	Pending Less than 30 days
1.	Letters received from SEBI	6	1	5
2.	Letters received from Stock Exchanges	-	-	-
3.	Letters received from Department of Company Affairs	-	-	-
4.	Court/Consumer Forum cases	-	-	-
5.	Change of Address	1740	1740	-
6.	Request for Nomination	145	145	-
7.	Non-Receipt of Dividend	879	879	-
8.	Revalidation of Dividends	61	52	9
9.	Indemnity Bond for duplicate Dividends	35	35	-
10.	Indemnity Bond for issue of duplicate Share certificates	46	44	2

Other Committees of the Board

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

Sr. No.	Name of the Committee	Role and Responsibilities	Members
1.	Planning & Projects Committee	For approval of capital investments upto Rs.100 Crore.	Chairman and all whole-time Directors
2.	Contracts Committee	For award of contracts and implementation thereof.	- do -
3.	Projects Evaluation Committee	For evaluating and recommending for Board approval, projects costing over Rs.250 Crore	Three Part-time Non-Executive Directors, Director(Finance) and concerned whole-time Directors.
4.	Establishment Committee	To take decisions in respect of creation of posts of General Managers and above, selection, appointment and promotion to General Managers and above and Conduct, Discipline and Appeal Rules.	Chairman and all whole-time Directors, two Part-time Non-Executive Government Directors and one Part-time Non-Executive Director.
5.	Deleasing of Flats Committee	To consider request for Deleasing of Company leased flats/accommodation	Chairman, Director(Human Resources), Director(Finance) and a Part-time Non-Executive Government Director.

In line with Corporate Governance requirements, in order to expedite the process of Share Transfer, the Company has delegated the power of share transfer to the R&T Agent, M/s. Karvy Consultants Limited.

Annual General Meetings (AGMs)

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

	1998-99	1999-2000	2000-01
Date & Time	02.09.1999 11.00 A.M.	08.09.2000 11.00 A.M.	24.09.2001 11.00 A.M.
Venue	Nehru Centre Auditorium Discovery of India Building Worli, Mumbai - 400 018	Nehru Centre Auditorium Discovery of India Building Worli, Mumbai - 400 018	Shri Bhaidas Maganlal Sabhagriha, U-1, Juhu Development Scheme, Vile Parle (W), Mumbai -400 056
No. of special resolutions passed	4	Nil	Nil

Disclosures

- There were no transactions of the Company of material nature with its Directors or relatives etc. that may have potential conflict with the interest of the Company at large.
- There were no cases of non-compliance by the Company and no penalties/strictures were enforced on the Company by Stock Exchange/SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

Means of Communication

The quarterly financial results of the Company are announced within a month of the end of the respective quarter and the Audited financial results are announced within three months of the end of the financial year. The results are published in leading National dailies and also put up on our website www.iocl.com. The Company also issues news releases on significant corporate decisions and activities and posts them on its website. The Directors' Report deals with all matters stipulated under the Management Discussion and Analysis Report.

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

In line with the recent SEBI guidelines, the Company has posted its Shareholding pattern and Financial results in the new EDIFAR system of SEBI in the website www.sebiedifar.nic.in.

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

Shareholder Information

(a) Annual General Meeting

Date, Time & Venue of the Annual General Meeting	30.09.2002 at 1100 hours at Nehru Centre Auditorium Discovery of India Building, Worli, Mumbai-400 018.
--	--

(b) Financial Calendar for 2002-03

First Quarter Results	On or before 31.07.2002
Second Quarter Results	On or before 31.10.2002
Third Quarter Results	On or before 31.01.2003
Fourth Quarter/Annual Financial Results	On or before 30.06.2003

(c) Date of Book Closure for Dividend: 17.09.2002 to 30.09.2002

(d) Dividend Payment Date (tentative) 10.10.2002

(e) Listing on Stock Exchanges

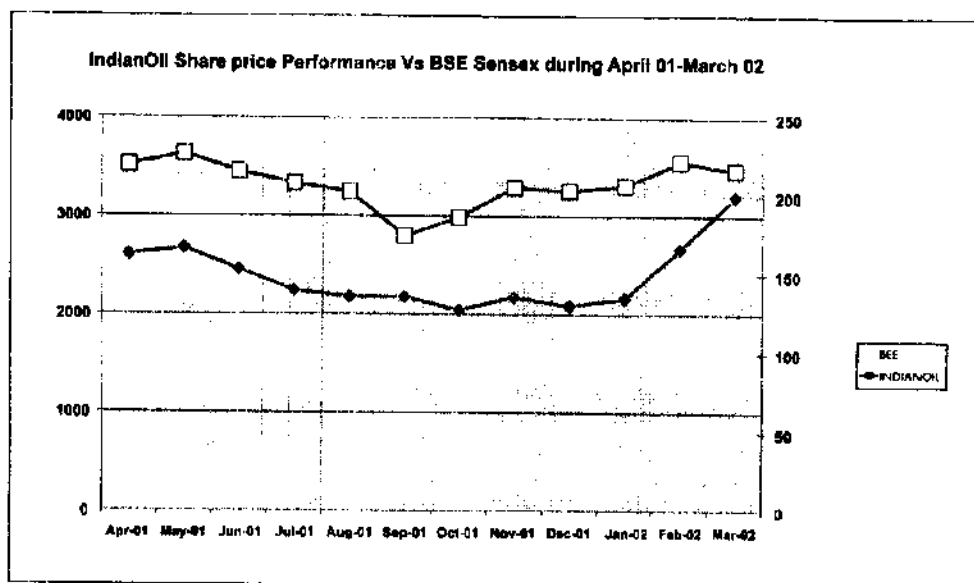
The shares of the Company are listed on the Stock Exchange of Mumbai, Delhi, Kolkata, Chennai and the National Stock Exchange.

- (f) Stock Code at Stock Exchange of Mumbai 530965
 (g) Stock Code at National Stock Exchange IOCEQ
 (h) Demat ISIN Number at NSDL/CDSL INE 242A01010
 (i) Market Price Data

Month 2001-02	Mumbai Stock Exchange Price (Rs.)		National Stock Exchange Price (Rs.)	
	High	Low	High	Low
April	171.00	151.15	170.95	150.30
May	169.45	155.00	169.70	156.00
June	169.80	151.05	175.25	151.20
July	161.95	137.25	159.00	136.55
August	150.00	130.10	166.00	131.00
September	137.00	102.05	136.95	105.75
October	140.00	126.05	149.00	125.10
November	138.70	126.00	138.00	127.00
December	146.95	126.60	149.90	126.00
January	139.75	130.55	139.90	127.60
February	223.90	136.00	244.70	136.50
March	203.90	165.00	203.00	160.00
52 Weeks	223.90	102.05	244.70	105.75

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

The comparison of monthly closing share price with monthly closing BSE sensex reveals that the share price increased by 22.92%, whereas BSE sensex has fallen by 1.42% during the period April 2001 – March 2002.



(k) Registrar & Transfer Agents

M/s. Karvy Consultants Limited

Karvy House

46, Avenue 4, Street No.1,

Banjara Hills,

Hyderabad - 500 034.

Tel.Nos. 040-3312454/3320251/3320751/3320752

Fax No. 040-3311968/3323049

E-mail Address : mailmanager@karvy.com

Website : www.karvy.com

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

City	STD Code	Tel.No.	Fax No.
Agra	0562	352368	352368
Ahmedabad	079	6420422 / 6400527 / 528	6565551
Allahabad	0532	400588	400988
Ambala City	0171	530891 / 533878	530891
Amritsar	0183	547279	-
Asansol	0341	204968 / 200169	-
Bangalore	080	6621184 /6621192	6621196
Bareilly	0581	574731	-
Bellary	08392	77592	77592
Bhubaneswar	0674	539287 / 539387	-
Chennai	044	8253445 / 8258034	8273181
Coimbatore	0422	237501 - 502	237507
Dehradun	0135	713351	-
Dhanbad	0326	302838 / 304068	303021
Erode	0424	225601 / 03	-
Ghaziabad	0120	4796496	4792961
Goa	0832	226150 / 228470	223742
Gulbarga	08472	27635 / 41193	26794
Guntur	0863	326684 / 326686	326687
Guwahati	0361	543322 / 515251	515251
Gwalior	0751	321524	328007

City	STD Code	Tel.No.	Fax No.
Hubli	0836	254568 / 351533	351756
Hyderabad	040	3312454 / 3320251	3312946
Indore	0731	432837	-
Jabalpur	0761	312009 / 504165	312009
Jagdishpur	05361	70049	-
Jaipur	0141	363321 / 375039 / 375099	364660
Jammu	0191	547246	-
Jamnagar	0288	540998	-
Jamshedpur	0657	432064	423061
Jodhpur	0291	627918 / 641533	627918
Kanpur	0512	318850 / 357672	318850
Karur	04324	66881 / 66882	66881
Kharagpur	03222	55092 / 55582	55582
Kochi	0484	310884 / 322152	323104
Kolkata	033	4647231 / 4644891	4644866
Lucknow	0522	230552 / 230273	280978
Ludhiana	0161	424862 / 426112	407749
Madurai	0452	587948	587948
Mangalore	0824	492302	-
Mumbai-Andheri	022	6730153 / 6730292	6310882
Mumbai - Nariman Point	022	2855814 / 2875951	2828454
Mysore	0821	524292/293	524294
Nagpur	0712	537531 / 538131	538133
Nashik	0253	577811 / 577833	-
New Delhi	011	3324401	3324621
Ongole	08592	26091 / 26092	-
Patna	0612	263604 / 268292	-
Pondicherry	0413	220633/644	220659
Pune	020	5530204 / 5530205	5533292

City	STD Code	Tel.No.	Fax No.
Rajahmundry	0883	434468/69	434471
Rajkot	0281	223733 / 220339	220339
Rourkela	0661	510771 / 510772	-
Salem	0427	335701	335705
Shimoga	08182	78199	78199
Sirsi	08384	27919 / 27929	25319
Solapur	0217	311027	312219
Surat	0261	8357356 / 8369634	-
Tanjore	04362	50147	-
Vadodara	0265	361514 / 364168	363207
Vijayawada	0866	436965 / 437250	436241
Visakhapatnam	0891	752915 to 18/752872	595338

(l) Share Transfer System

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

(m) Distribution of shareholding as on 31.03.2002

Sr. No.	Nominal Value of Shares Held In Rs.	Number of Shareholders	% of Shareholders	Amount	% of Amount
1.	1-5000	17315	39.43	27966260.00	0.3600
2.	5001-10000	8417	19.17	65090230	0.8400
3.	10001-20000	18054	41.12	216860270	2.7800
4.	20001-30000	43	0.10	1065850	0.0100
5.	30001-40000	12	0.03	420670	0.0100
6.	40001-50000	8	0.02	388000	0.0000
7.	50001-100000	15	0.03	1111910	0.0100
8.	Above 100001	44	0.10	7473844810	95.9800
	Total	43908	100.00	7786748000	100.0000

Categories of Shareowners as on 31.03.2002

Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
President of India	1	0.00	638718570	82.03
Governor of Gujarat	1	0.00	900000	0.12
Government Company (ONGC Ltd.)	1	0.00	70968730	9.11
Corporate Bodies	593	1.35	647573	0.08
FII's/NRI	62	0.14	160210	0.02
Banks	22	0.06	2070393	0.26
Indian Financial Institutions	3	0.02	18564693	2.37
Mutual Funds	6	0.02	266780	0.03
Insurance Companies	10	0.00	15176325	1.96
Public	43207	98.41	31083852	3.99
NSDL/CDSL/Clearing Members A/c	2	0.00	117674	0.02
Total	43908	100.00	778674800	100.00

(n) Dematerialisation of Shares and Liquidity

The shares of the Company are compulsorily traded in dematerialised form. In order to facilitate the shareholder to dematerialise the shares, the Company has entered into an agreement with NSDL and CDSL. The President of India holds 82.03% of the total equity share capital. Out of the balance 17.97% equity, 86% is in dematerialised form as on 31.03.2002.

(o) Plant locations

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

(p) Address for Correspondence
Company Secretary

Indian Oil Corporation Limited

IndianOil Bhavan,

G-9, Ali Yavar Jung Marg,

Bandra (East),

Mumbai - 400 051.

Tel. No.: 6427363/6423272 Extn: 7616/7528

Fax: 6443880

E-mail ID: investors@indianoil.co.in

Certificate

To

The Shareholders of Indian Oil Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Indian Oil Corporation Limited for the year ending March 31, 2002, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

For Jagdish Chand & Co.
Chartered Accountants

For P.K. Mitra & Co.
Chartered Accountants

For B.K. Khare & Co.
Chartered Accountants

For Chatterjee & Co.
Chartered Accountants

Sd/-
(PRAVEEN KUMAR JAIN)
Partner

Sd/-
(P.R. SAMANTA)
Partner

Sd/-
(PADMINI KHARE)
Partner

Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi

Date : 09/08/2002

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 2002 and the Profit and Loss Account of the Company annexed thereto for the year ended on that date in which are incorporated the accounts of certain units audited by branch auditors. These financial statements are the responsibility of the Company's Management and our responsibility is to express an opinion on these financial statements based on our audit.

We have 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 about whether the financial statements are free of material misstatement. Our audit included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion and report that:

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) The allocation of work amongst the auditors has been followed as per directions contained in letter No.CA V/COY/CENTRAL GOVT. COMP. IOC (10)/21 dated 17.10.2001, letter No.CA V/COY/CENTRAL GOVT. COMP. IOC (10)/28 dated 05.12.2001 and letter No.CA V/COY/CENTRAL GOVT. COMP. IOC (10)/414 dated 24.12.2001 addressed to Indian Oil Corporation Limited by the Office of the Comptroller & Auditor General of India, New Delhi;
 - c) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from branches not visited by us;
 - d) The reports on the accounts audited by the respective Branch Auditors were received and properly dealt with by us while preparing our report;
 - e) The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - f) In our opinion, the Balance Sheet and Profit and Loss Account comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956;

- g) On basis of the written representations received from the directors as on March 31, 2002 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2002 from being appointed as director in terms of clause(g) of sub-section (1) of section 274 of the Companies Act, 1956;
- h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Statement of Significant Accounting Policies (Schedule "Q"), Notes on Accounts (Schedule "R") and other Schedules ("S" to "X") give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
- i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2002
and
- ii) In the case of Profit and Loss Account, of the profit of the Company for the year ended on that date.

JAGDISH CHAND & CO.
Chartered Accountants

Sd/-
(J. C. GUPTA)
Partner

P.K. MITRA & CO.
Chartered Accountants

Sd/-
(P. R. SAMANTA)
Partner

B.K. KHARE & CO.
Chartered Accountants

Sd/-
(PADMINI B. KHARE)
Partner

CHATTERJEE & CO.
Chartered Accountants

Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi
Dated : June 18, 2002

Annexure to the Auditors' Report

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

1. The Company has generally maintained proper records to show full particulars including quantitative details and situation of Fixed Assets. The Fixed Assets of the Company are physically verified by the Management in a phased programme of three year cycle which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As per the information given to us by the Management, no material discrepancies were noticed on such verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stocks of finished goods, packages and raw materials (except those in-transit) have been physically verified during the year by the Management and the stocks of stores and spare parts are verified by them in a phased programme so as to complete the verification of all items over a period of three years. In our opinion, the above frequency of verification is reasonable in relation to the size of the Company and the nature of its business.
4. In our opinion, the procedures of physical verification of stocks followed by the Company are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. We have been informed that the discrepancies noticed on verification between the physical stocks and the book records were not material in respect of items reconciled and the same have been properly dealt with in the books of account.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stocks, is fair and proper in accordance with the normally accepted accounting principles and except as stated in note no.11 in Schedule-"R" is on the same basis as in the preceding year.
7. The Company has taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of such loans are not, prima facie prejudicial to the interest of the company. In terms of sub-section (6) of section 370 of the Companies Act, 1956 provisions of the section are not applicable to a company as per Companies (Amendment) Act, 1999.
8. The Company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. In terms of sub-section(6) of section 370 of the Companies Act, 1956, provisions of the section are not applicable to a company as per Companies (Amendment) Act, 1999.
9. The parties to whom loans or advances in the nature of loans have been given by the Company are repaying the principal amounts wherever stipulated and are also regular in payment of interest where applicable.
10. In our opinion and according to the information and explanations given to us, and having regard to some of the items purchased being of special nature, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of raw materials, stores including components, plant and machinery, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, there are no purchases of goods and materials and sale of goods, materials and services, exceeding Rs.50,000/- in value for each type thereof, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956.

12. As explained to us, the Company has regular procedure for the determination of unserviceable, damaged and/or surplus stores, packages, raw materials and finished goods and adequate provision for likely loss is made for such items.
13. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public.
14. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of contaminated products, slops and scraps where applicable.
15. The Company has an internal audit system commensurate with its size and nature of its business.
16. We have broadly reviewed the books of account maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records in respect of certain products under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of these records.
17. According to the records of the Company, Provident Fund dues have generally been regularly deposited with the appropriate authorities during the year. Employees' State Insurance Scheme is not applicable to the Company.
18. According to the records and information and explanations furnished, there were no amounts outstanding on 31st March, 2002 in respect of undisputed income tax, wealth tax, sales tax, customs duty and excise duty which were due for more than six months from the date they became payable.
19. According to information and explanations given to us, no personal expenses of employees or Directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
20. The company is not a sick industrial company within the meaning of clause (o) of section 3(1) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. As per the information and explanations given to us, damaged goods in respect of trading activities have been determined and consequential adjustments, which were not significant, have been made in the accounts.

JAGDISH CHAND & CO.
Chartered Accountants

Sd/-
(J. C. GUPTA)
Partner

P.K. MITRA & CO.
Chartered Accountants

Sd/-
(P. R. SAMANTA)
Partner

B.K. KHARE & CO.
Chartered Accountants

Sd/-
(PADMINI B. KHARE)
Partner

CHATTERJEE & CO.
Chartered Accountants

Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi
Dated : June 18, 2002

Balance Sheet

BALANCE SHEET AS AT 31ST MARCH 2002

		(Rs. Lakhs)	
	Schedule	March-02	March-01
SOURCES OF FUNDS:			
1. Shareholders' Funds:			
a) Capital	"A"	77,867.39	77,867.24
b) Reserves and Surplus	"B"	<u>1,453,235.48</u>	<u>1,519,229.87</u>
		1,531,102.87	1,597,097.11
2. Loan Funds:			
a) Secured Loans	"C"	461,695.53	471,329.56
b) Unsecured Loans	"D"	<u>1,445,302.88</u>	<u>1,592,245.77</u>
		1,906,998.41	2,063,575.33
3. Deferred Tax Liability (Net)		<u>340,505.86</u>	0.00
TOTAL		<u>3,778,607.14</u>	<u>3,660,672.44</u>
APPLICATION OF FUNDS:			
1. Fixed Assets:			
a) Gross Block	"E"	2,974,061.06	2,714,446.04
b) Less: Depreciation		<u>1,096,081.90</u>	<u>963,430.73</u>
c) Net Block		<u>1,877,979.16</u>	<u>1,751,015.31</u>
d) Dismantled Capital Stores		1,048.61	490.42
e) Capital Work-in-Progress	"F"	<u>519,012.80</u>	<u>452,220.66</u>
		2,398,040.57	2,203,726.39
2. Investments	"G"	966,701.12	341,142.67
3. Advances for Investments	"G-I"	5,470.85	3,230.00
4. Finance Lease Receivables		16,113.33	0.00
5. Current Assets, Loans and Advances:			
a) Inventories	"H"	1,045,454.66	1,017,027.11
b) Sundry Debtors	"I"	394,143.86	467,231.79
c) Cash and Bank Balances	"J"	66,958.63	77,109.73
d) Other Current Assets - Interest accrued on Investments/Bank Deposits		204.54	0.63
e) Loans and Advances	"K"	<u>476,282.07</u>	<u>1,011,770.93</u>
		<u>1,983,043.76</u>	<u>2,573,140.19</u>

(Rs. Lakhs)

	Schedule	March-02	March-01
APPLICATION OF FUNDS (Contd.) :			
6. Less: Current Liabilities and Provisions	"L"	<u>1,605,234.43</u>	<u>1,477,229.19</u>
7. Net Current Assets (5-6)		377,809.33	<u>1,095,911.00</u>
8. Miscellaneous Expenditure (to the extent not written off or adjusted)	"L-1"	14,471.94	16,662.38
TOTAL		<u>3,778,607.14</u>	<u>3,660,672.44</u>
9. Statement of Significant Accounting Policies	"Q"		
10. Notes on Accounts	"R"		
11. Other Schedules forming part of Accounts	"S" to "X"		

Sd/-
(M. S. Ramachandran)
Chairman

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

Sd/-
(R. Narayanan)
Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.
Chartered Accountants

Sd/-
(J. C. GUPTA)
Partner

P.K. MITRA & CO.
Chartered Accountants

Sd/-
(P. R. SAMANTA)
Partner

B.K. KHARE & CO.
Chartered Accountants

Sd/-
(PADMINI B. KHARE)
Partner

CHATTERJEE & CO.
Chartered Accountants

Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi
Dated : June 18, 2002

Profit and Loss Account

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002

(Rs. Lakhs)

	Schedule	March-02	March-01
INCOME:			
1. Sale of Products and Crude		11,511,794.79	11,754,001.00
Less: Commission and Discounts		<u>25,399.52</u>	<u>16,920.34</u>
		11,486,395.27	11,737,080.66
2. Company's use of own Products and Crude		17,531.59	15,257.67
3. Net claim from/(surrender to) Industry Pool A/Cs.*		(14,112.05)	491,086.28
4. Increase/(Decrease) in Stocks	"M"	(36,187.92)	(45,857.55)
5. Interest and other Income	"N"	118,023.81	118,483.84
TOTAL INCOME		<u>11,571,650.70</u>	<u>12,316,050.90</u>
* Includes Rs.261,647.71 lakhs (2001 : Rs.166,411.52 lakhs) on account of additional margin, claims etc pertaining to previous years			
EXPENDITURE:			
1. Purchase of Products and Crude for resale (Net: of loan from/to OMCs)		5,647,517.25	6,420,879.46
2. Manufacturing, Admn., Selling & Other Expenses	"O"	3,793,961.58	4,145,278.52
3. Duties		1,372,083.81	1,165,164.97
4. Depreciation and Amortisation		137,956.76	121,867.00
5. Interest Payments on:			
a) Fixed period loans from Banks/ Financial Institutions/Others		32,108.34	16,732.05
b) Bonds		16,353.74	15,725.42
c) Short term loans from Banks		46,446.72	83,838.03
d) Short term loans from Subsidiaries		8.16	0.00
e) Public Deposits		70.40	399.86
f) Others		62,090.12	52,035.87
		<u>157,077.48</u>	<u>168,731.23</u>
Less: Interest Capitalised		<u>2,635.00</u>	<u>1,773.00</u>
		154,442.48	166,958.23
TOTAL EXPENDITURE		<u>11,105,961.88</u>	<u>12,020,148.18</u>
PROFIT FOR THE YEAR		<u>465,688.82</u>	<u>295,902.72</u>
Income/(Expenses) pertaining to previous years (Net)	"P"	(5,748.57)	358.69
PROFIT BEFORE TAX		<u>459,940.25</u>	<u>296,261.41</u>
Provision for Current Tax (Net)		99,702.00	24,228.08
PROFIT BEFORE DEFERRED TAX		<u>360,238.25</u>	<u>272,033.33</u>
Provision for Deferred Tax		71,772.20	0.00
PROFIT AFTER TAX		<u>288,466.05</u>	<u>272,033.33</u>
Balance brought forward from last year's account		0.41	0.77
DISPOSABLE PROFIT		<u>288,466.46</u>	<u>272,034.10</u>

	Schedule	March-02	March-01
APPROPRIATIONS:			
Proposed Dividend		85,654.24	73,974.11
Corporate Dividend Tax		0.00	7,545.36
Insurance Reserve Account		1,000.00	0.00
Bond Redemption Reserve		48,207.05	40,117.22
General Reserve		153,605.00	150,397.00
Balance carried to Balance Sheet		0.17	0.41
		<u>288,466.46</u>	<u>272,034.10</u>
6. a) Earning Per Share (Rupees) (Basic & Diluted)		37.05	34.94
7. Statement of Significant Accounting Policies	"Q"		
8. Notes on Accounts	"R"		
9. Other Schedules forming part of Accounts	"S" to "X"		

Sd/-
(M. S. Ramachandran)
Chairman

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

Sd/-
(R. Narayanan)
Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.
Chartered Accountants

P.K. MITRA & CO.
Chartered Accountants

B.K. KHARE & CO.
Chartered Accountants

CHATTERJEE & CO.
Chartered Accountants

Sd/-
(J. C. GUPTA)
Partner

Sd/-
(P. R. SAMANTA)
Partner

Sd/-
(PADMINI B. KHARE)
Partner

Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi
Dated : June 18, 2002

Schedules

SCHEDULE "A" - CAPITAL

	Note	March-02	March-01
Authorised :			
250,00,00,000 Equity Shares of Rs. 10 each		<u>250,000.00</u>	<u>250,000.00</u>
Issued, Subscribed and Paid up:			
77,86,74,800 Equity Shares of Rs. 10 each	A	<u>77,867.48</u>	<u>77,867.48</u>
Less :- Calls in Arrears		<u>0.09</u>	<u>0.24</u>
		77,867.39	77,867.24
Out of which:			
1. Shares allotted as fully paid without payment being received in cash:			
a) Pursuant to the Petroleum Companies Amalgamation Order, 1964 :			
3,76,49,700 Shares of Rs. 10 each			
b) Pursuant to Gujarat Refinery Project Undertaking (Transfer), (Amendment) Order 1965 :			
1,00,00,000 Shares of Rs. 10 each			
2. Shares allotted as fully paid up Bonus Shares by Capitalisation of General Reserve :			
67,69,57,600 Shares of Rs. 10 each			
TOTAL		<u>77,867.39</u>	<u>77,867.24</u>

Note :

- A. Includes Rs. 1,954.00 lakhs for Equity Shares issued during 1995-96 to employees. Ex-employees have filed a writ petition for non-allotment of shares to them, before Honourable High Court of Delhi, the outcome of which is awaited.

SCHEDULE "B" - RESERVES AND SURPLUS

	(Rs. Lakhs)	
	March-02	March-01
1. Capital Reserve :		
As per last Account	15.82	15.82
2. Share Premium Account :		
As per last Account	17,586.00	17,586.00
Less: Call in Arrears	<u>0.80</u>	<u>2.12</u>
	17,585.20	17,583.88
3. General Reserve :		
As per last Account	1,447,504.81	1,296,527.81
Add : Transferred from Profit and Loss Account	153,605.00	150,397.00
Add : Transferred from Insurance Reserve	0.00	580.00
Less : Deferred Tax Liability	<u>260,733.66</u>	<u>0.00</u>
	1,332,376.15	1,447,504.81
4. Insurance Reserve :		
As per last Account	0.00	580.00
Add : Transferred from Profit and Loss Account	1,000.00	0.00
Less : Transferred to General Reserve	<u>0.00</u>	<u>580.00</u>
	1,000.00	0.00
5. Export Profit Reserve :		
As per last Account	5,941.00	5,941.00
6. Capital Grants :		
As per last Account	1,306.29	1,201.00
Add: Grants received during the year	0.00	175.16
Less: Amortisation of Capital Grants	<u>73.86</u>	<u>69.87</u>
	1,232.43	1,306.29
7. Bond Redemption Reserve Account:		
As per last Account	46,877.66	6,760.44
Add : Transferred from Profit and Loss Account	<u>48,207.05</u>	<u>40,117.22</u>
	95,084.71	46,877.66
8. Profit and Loss Account :		
As per Annexed Account	0.17	0.41
TOTAL	<u><u>1,453,235.48</u></u>	<u><u>1,519,229.87</u></u>

SCHEDULE "C" - SECURED LOANS

(Rs. Lakhs)

	Note	March-02	March-01
I. Bonds			
a) Deep Discount Bonds - Series - II	A	39,599.51	39,599.51
b) Non-Convertible Redeemable Bonds - Series - III	B	72,360.00	72,360.00
c) Non-Convertible Redeemable Bonds - Series - IV	C	30,000.00	30,000.00
d) Non-Convertible Redeemable Bonds - Series - V	D	41,080.00	0.00
Total of (I)		183,039.51	141,959.51
2. Loans and Advances from Banks :	E		
i) Working Capital Demand Loan		210,000.00	70,000.00
Interest accrued and due on above		50.56	22.05
Total of (i)		210,050.56	70,022.05
ii) Export Packing Credit		-	2,288.64
Interest accrued and due on above		-	1.49
Total of (ii)		0.00	2,290.13
iii) Cash Credit		68,576.63	257,057.87
Interest accrued and due on above		28.83	0.00
Total of (iii)		68,605.46	257,057.87
Total of (2)		278,656.02	329,370.05
TOTAL		461,695.53	471,329.56

Note :

- A. 6863 Deep Discount Bonds of face value of Rs.10,00,000 each issued at a price of Rs.5,77,000 each, were allotted on 20th December 1999 and are redeemable at par on 20th December, 2004. The Bond also carry a put/call option at the end of 36 months from the date of allotment i.e. 20th December, 2002, on the exercise of which the Bonds are redeemable at Rs.8,02,547 each. These are secured by way of legal mortgage over the company's premises at Malabar and Cumballa Hill Division situated at Mumbai. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series III & IV holders.
- B. 7236 Bonds of face value of Rs.10,00,000 each, allotted on 21st February 2000, are redeemable at par on 21st February 2007. The Bonds also carry a put/call option at the end of 60 months from the date of allotment i.e. 21st February 2005, on the exercise of which the Bonds are redeemable at par. The Bonds carry an annual coupon rate of 10.85% payable

annually. These are secured by way of legal mortgage over the company's premises at Malabar and Cumballa Hill Division situated at Mumbai. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series II & IV holders.

- C. 3000 Bonds of face value of Rs.10,00,000 each, allotted on 24th May 2000, are redeemable at par on 24th November 2003. The Bonds carries an annual coupon rate of 10.65% payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 1343 situated at Ground Floor of Building No. 47 of MIG Adarsh Nagar Co-op. Housing Society Ltd. at Worli situated at Mumbai together with 5 shares of MIG Adarsh Nagar Co-op. Housing Society Ltd. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series II & III holders
- D. 158 Bonds of face value of Rs.2,60,00,000 each allotted on 18th July 2001, are redeemable in 13 equal instalments from the end of 3 year upto the end of 15th year from the date of allotment. The Bonds carry an annual coupon rate of 10.25% payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 301 situated in Bandra Anita Premises Co-op. Housing Society Ltd. at Bandra, Mumbai together with 5 shares of Bandra Anita Premises Co-op. Housing Society Ltd. These bonds are also secured by way of charge on immovable properties at Panipat refinery in the state of Haryana ranking interse pari passu with Bonds Series II, III & IV holders
- E. Against hypothecation of raw materials, stock-in-trade, sundry debtors, outstanding monies, receivables, claims, contracts, engagements etc.

SCHEDULE "D" - UNSECURED LOANS

	(Rs. Lakhs)	
	March-02	March-01
1. Public Deposits :	677.35	509.75
(including Rs.285.05 lakhs (2001 : Rs.Nil) due for payment within one year)		
2. Short Term Loans and Advances :		
i) From Banks & Financial Institutions:		
a) In Foreign Currency		
US \$ 867.54 Million,	422,817.18	823,583.10
(2001 : US \$ 1765.45 Million)		
b) In Rupee	253,500.00	111,000.00
Add: Interest accrued and due	4,417.85	0.00
	257,917.85	111,000.00
Total (2)(i)	680,735.03	934,583.10
ii) Inter Corporate Deposits :	23,300.00	160,000.00
iii) Commercial Paper :	67,000.00	0.00
iv) Export Packing Credit :	10,000.00	0.00
v) From Others (OIDB):	117,525.00	0.00
Total (2)	898,560.03	1,094,583.10
3. Other Loans and Advances		
From Banks/Financial Institutions:		
i) In Foreign Currency		
a) B A Asia: US \$ 45 Million		
(2001 : US \$ 245 Million)	21,931.88	114,292.50
(US \$ 45 Million repayable in Jan 2003)		
Incl. Rs.21931.88 lakhs (2001 : Rs.Nil)		
payable within one year)		
b) A N Z Grindlays Bank: £5.59 Million,		
(2001 : £6.84 Million)	3,893.00	4,572.92
(repayable in instalments by June' 2006)		
(Incl. Rs.867.32 lakhs, (2001 : Rs.833.18 lakhs)		
payable within one year)		
c) Sumitomo Bank , Japan (Club deal) :		
US \$ 75 Million	36,553.12	34,987.50
(2001 : US \$ 75 Million) -		
(repayable in March' 2004)		

		(Rs. Lakhs)
	March-02	March-01
d) Canara Bank: US \$ 200 Million (2001 :US \$ Nil) (US \$ 100 Million repayable in September 2003 and US \$ 100 Million repayable in December 2003)	97,475.00	0.00
e) Bank of India: US \$ 100 Million (2001 :US \$ Nil) (repayable in September 2004)	48,737.50	0.00
f) ABN AMRO Bank: US \$ 200 Million (2001 :US \$ 200 Million) (repayable in September 2004)	97,475.00	93,300.00
Total of 3. i)	306,065.50	247,152.92
ii) In Rupee		
a) ICICI Bank Limited (repayable in June, 2004) @	50,000.00	50,000.00
b) ICICI Bank Limited (repayable in June, 2008)	75,000.00	75,000.00
c) ICICI Bank Limited (Repaid in March,2002)	0.00	75,000.00
d) ICICI Bank Limited (repayable in three annual instalment w.e.f. August, 2016)	50,000.00	50,000.00
e) ICICI Bank Limited (Rs. 16000 Lakhs each repayable in June'2016, June'2019 & June'2022 and Rs. 17000 lakhs in June'2025)	65,000.00	0.00
Total of 3. ii)	240,000.00	250,000.00
Total of 3	546,065.50	497,152.92
TOTAL	1,445,302.88	1,592,245.77

Note : US \$ 200 Million Loan from BA Asia (Item no. 3.i) a)} which was repayable in Aug'2002 has been refinanced by a Short Term Loan arranged by SBI, London appearing in Item no. 2. i) a).
@ Formerly ICICI Limited.

SCHEDULE "E" - FIXED ASSETS

AT COST				
Note	Gross Block as at 1-Apr-01	Additions during the year (Ref Note No. C)	Transfers from Construction Work-in- Progress	Disposals During the year
Land - Freehold	49,873.16	8,637.44	0.00	(27.80)
- Leasehold	17,634.09	916.30	5,131.74	(32.40)
- Right of Way	1,058.84	229.98	0.00	0.00
Buildings, Roads etc.	241,846.11	3,314.62	53,565.98	(2,282.93)
Plant and Machinery	2,304,359.58	46,243.43	171,836.47	(5,345.51)
Transport Equipments	48,014.93	1,584.53	120.25	(260.09)
Furnitures and Fixtures	12,499.10	1,180.18	1,033.10	(88.86)
Railway Sidings	20,552.06	312.71	229.93	(48.24)
Drainage, Sewage and Water Supply System	18,608.17	23.65	463.80	0.00
Total	2,714,446.04	62,442.84	232,381.27	(8,085.83)
Previous Year	2,310,663.55	144,337.04	279,626.48	(1,794.89)

Note :

- A. Right of way is a perpetual right of use of land but does not bestow upon the company, the ownership of land.
- B. Buildings include **Rs.0.92 lakhs** (2001:Rs.0.92 lakhs) towards value of **1895** (2001: 1895) Shares in Co-operative Housing Societies towards membership of such societies for purchase of flats.
- C. Additions to Fixed Assets include **Rs.3630.32 lakhs** (2001: Rs.3422.27 lakhs) on account of exchange fluctuations.
- D. The cost of assets are net of MODVAT/CENVAT, wherever applicable.
- E. Depreciation and amortisation for the year includes **Rs.1278.50 lakhs** (2001 : Rs.525.96 lakhs) pertaining to prior year and **Rs.450.41 lakhs** (2001 : Rs. 383.53 lakhs) relating to construction period expenses taken to Schedule F-I.

(Rs. Lakhs)

NET DEPRECIATED BLOCK

Transfers/ Deductions/ Reclassi- fications	Gross Block as at 31-Mar-02 (Ref Note No. D)	Depreciation and Amortisation for the year (Ref Note No. E)	Total Depreciation and Amortisation upto 31-Mar-02	NET DEPRECIATED BLOCK	
				AS AT 31-Mar-02	AS AT 31-Mar-01
462.93	58,945.73	0.00	0.00	58,945.73	49,873.16
50.34	23,700.07	405.48	2,138.87	21,561.20	15,898.54
3.67	1,292.49	0.00	0.03	1,292.46	1,058.81
(411.00)	296,032.78	6,973.08	36,108.39	259,924.39	212,418.72
(4,608.51)	2,512,485.46	134,054.64	1,022,160.86	1,490,324.60	1,409,934.24
(22,370.12)	27,089.50	(4,211.71)	14,014.81	13,074.69	29,510.73
(44.46)	14,579.06	879.09	5,992.41	8,586.65	7,311.84
(205.15)	20,841.31	902.29	6,351.52	14,489.79	15,034.23
(0.96)	19,094.66	682.80	9,315.01	9,779.65	9,975.04
(27,123.26)	2,974,061.06	139,685.67	1,096,081.90	1,877,979.16	1,751,015.31
(18,386.14)	2,714,446.04	122,776.49	963,430.73	1,751,015.31	

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

(Rs. Lakhs)

Assets Particulars	Name of Joint Owner	Original Cost	Accumulated Depreciation & Amortisation	W.D.V. as at 31-Mar-02
Land - Freehold	HPC/IBP	119.02	0.00	119.02
Land - Leasehold	BPC/IBP	95.31	10.50	84.81
Buildings	HPC	42.54	7.38	35.16
Plant and Machinery	HPC/BPC/IBP/GSFC/ IPCL/ACC/CSIR	1157.46	304.10	853.36
Transport Equipment	RAILWAYS	18234.86	8875.95	9358.91
Railway Sidings	HPC/BPC	2243.85	592.05	1651.80
Drainage, Sewage & Water Supply	GSFC	99.40	94.43	4.97
		21992.44	9884.41	12108.03

SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

		(Rs. Lakhs)	
	Note	March-02	March-01
1.	Construction Work-in-Progress (including unallocated capital expenditure, materials at site)	221,112.51	196,543.98
	Less : Provision for Capital Losses	<u>1,084.89</u>	<u>868.35</u>
		220,027.62	195,675.63
2.	Advance for Capital Expenditure	202,843.39	164,925.46
	Less : Provision for Doubtful Advance	<u>0.00</u>	<u>111.11</u>
		202,843.39	164,814.35
3.	Capital Stores	34,015.68	47,579.02
	Less : Provision for Capital Losses	<u>0.00</u>	<u>0.00</u>
		34,015.68	47,579.02
4.	Capital Goods-in-Transit	5,689.33	11,953.82
5.	Construction period expenses pending allocation :		
	Balance as at 1st April, 2001	32,197.84	15,231.59
	Add : Net Expenditure during the year (Sch. "F-I")	<u>40,492.04</u>	<u>31,892.76</u>
		72,689.88	47,124.35
	Less : Allocated to Assets during the year	<u>16,253.10</u>	<u>14,926.51</u>
		56,436.78	32,197.84
	TOTAL	<u>519,012.80</u>	<u>452,220.66</u>
Note :			
A.	Includes Stock lying with contractors	2,003.39	4,986.37

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

	March-02	(Rs. Lakhs) March-01
1. Payments to and Provision for Employees	2,964.13	2,890.06
2. Repairs & Maintenance	100.05	110.71
3. Consumption of Stores & Spares	10.76	13.57
4. Power & Fuel	577.61	545.38
5. Rent	261.11	419.27
6. Insurance	140.22	306.11
7. Rates & Taxes	14.04	67.14
8. Travelling Expenses	638.58	542.23
9. Communication Expenses	122.02	89.32
10. Printing & Stationery	43.82	28.21
11. Electricity & Water Charges	89.50	117.07
12. Bank Charges	2.25	2.58
13. Technical Assistance Fees	33.64	15.97
14. Exchange Fluctuation	761.07	3,818.81
15. Interest	32,346.28	19,987.98
16. Depreciation	450.41	383.53
17. Start up/Trial Run Expenses	221.90	197.59
18. Others	3,155.42	3,251.04
Total Expenses	41,932.81	32,786.57
Less : Recoveries	1,440.77	893.81
Net Expenditure during the year	40,492.04	31,892.76

SCHEDULE "G" - INVESTMENTS

(Rs. Lakhs)

		No. and Particulars of Shares	Face Value per Share Rupees	March-02	March-01
I. LONG TERM INVESTMENTS:					
I. QUOTED:					
Trade Investments:					
a) In Subsidiary Companies:					
i)	Chennai Petroleum Corporation Limited	7,72,65,200 Equity Shares each fully paid in cash	10/-	50,933.22	50,933.22
ii)	Bongaigaon Refinery & Petrochemicals Limited	14,87,93,826 Equity Shares each fully paid in cash	10/-	14,879.38	14,879.38
iii)	IBP Company Limited	74,37,808 Equity Shares each fully paid in cash	10/-	115,368.00	0.00
Sub-total: (a)				181,180.60	65,812.60
b) Others:					
i)	Oil and Natural Gas Corporation Limited	13,70,67,381 Equity Shares each fully paid in cash	10/-	222,515.19	222,515.19
ii)	Gas Authority of India Ltd.	4,08,39,549 Equity Shares each fully paid in cash	10/-	24,503.73	24,503.73
Sub-total (b):				247,018.92	247,018.92
TOTAL: I				428,199.52	312,831.52
Aggregate Market Value of securities mentioned at I. (1) above Rs.510,895.81 lakhs (2001: Rs.235,445.25 lakhs)					
2. UNQUOTED:					
A) Non-Trade Investments:					
i)	In Government - Securities Deposited with various bodies			0.72	0.92
ii)	In Consumer Cooperative Societies:				
	Barauni	500 Equity Shares each fully paid in cash (including 250 bonus fully paid Bonus Shares)	10/-		
	Guwahati	500 Equity Shares each fully paid in cash	10/-		
	Mathura	200 Equity Shares each fully paid in cash	10/-	0.27	0.27
	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				0.99	1.19

(Rs. Lakhs)

	No. and Particulars of Shares	Face Value per Share Rupees	March-02	March-01	
B) Trade Investments :					
a) In Subsidiary Companies					
i)	Indian Oil Blending Ltd.	8,000 Equity Shares each fully paid in cash	500/-	40.00	40.00
ii)	Indian Oil Mauritius Ltd.	250 Equity Shares each fully paid in cash	100/- *	0.40	0.00
Sub-total: (a)			40.40	40.00	
b) In Joint Venture Companies					
i)	Avi-Oil India Pvt Limited	45,00,000 (2001: 37,50,000) Equity Shares fully paid in cash	10/-	450.00	375.00
ii)	Indo-Mobil Limited	Nil (2001: 2,20,00,000) Equity Shares fully paid in cash	10/-	0.00	2,200.00
iii)	Petronet India Limited	1,60,00,000 (2001: 5,40,000) Equity Shares fully paid up in cash and Nil (2001: 1,02,60,000) Equity Shares partly paid of Rs.6.66 each in cash	10/-	1,600.00	737.32
iv)	Indian Oiltanking Limited	5,50,00,000 (2001: 2,75,00,000) Equity Shares fully paid in cash	10/-	7,172.00	2,750.00
v)	Petronet VK Limited	2,59,99,970 Equity Shares fully paid in cash	10/-	2,600.00	2,600.00
vi)	IndianOil Panipat Power Consortium Limited	1,01,64,503 Equity Shares fully paid in cash	10/-	1,016.45	1,016.45
vii)	Lubrizol India Pvt Limited	9,60,000 Equity Shares fully paid in cash	100/-	11,867.04	11,878.85
viii)	IndianOil Petronas Private Limited	6,00,00,000 Equity Shares fully paid in cash	10/-	6,000.00	6,000.00
ix)	Petronet LNG Limited	45 (2001: 25) Equity Shares fully paid in cash	10/-	0.00	0.00
x)	Petronet CI Limited	26,000 Equity Shares fully paid in cash	10/-	2.60	2.60
xi)	ONGIO International Pvt Limited	15,00,000 (2001: Nil) Equity Shares fully paid in cash	10/-	150.00	0.00
Sub-total: (b)			30,858.09	27,560.22	

* In Mauritian Rupees.

(Rs. Lakhs)

	No. and Particulars of Shares	Face Value per Share Rupees	March-02	March-01	
c) In Others					
i)	International Cooperative Petroleum Association	350 Shares fully paid up and partly paid up common stock of \$72.31	\$100	2.12	2.12
ii)	Petroleum India International (Association of Person - Oil Companies)	Seed Capital		0.00	5.00
iii)	Petroleum India International (Association of Person - Oil Companies)	Share in accumulated surplus		0.00	702.62
	Sub-total: (c)			2.12	709.74
	Sub-total: 2B			30,900.61	28,309.96
	Total: 2			30,901.60	28,311.15
	Total: I (1 + 2)			459,101.12	341,142.67
II. CURRENT INVESTMENTS (UNQUOTED):					
i)	6.96% Oil Companies GOI SPL Bonds 2009	Bonds	527,600.00		0.00
	Less: Provision for Diminution		20,000.00		0.00
	Total: II			507,600.00	0.00
	TOTAL: I + II			966,701.12	341,142.67

NOTE :

A) Consequent upon withdrawal of membership from Petroleum India International, amount transferred to Claims Recoverable in Schedule- K - Loans & Advances.

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

<u>PARTICULARS</u>	<u>Nos.</u>	<u>Face Value (Rupees)</u>
Indo Mobil Limited	22,000,000	220,000,000.00
Government Securities		20,000.00

SCHEDULE "G-I" - ADVANCES FOR INVESTMENT

		(Rs. Lakhs)	
		March-02	March-01
A. Joint Venture Companies			
a)	Petronet LNG Limited	2,750.00	2,750.00
b)	Petronet India Limited	-	355.00
c)	Avi-Oil India Pvt Limited	-	75.00
d)	IndianOil TCG Petrochem Limited	50.00	50.00
e)	Petronet CI Limited	104.00	-
		<u>2,904.00</u>	<u>3,230.00</u>
B. Subsidiary Companies			
a)	IndianOil Mauritius Limited	2,566.85	-
TOTAL		<u>5,470.85</u>	<u>3,230.00</u>

SCHEDULE "H" - INVENTORIES

		(Rs. Lakhs)	
		March-02	March-01
I. In Hand :			
a.	Stores, Spares etc.	48,682.83	47,225.14
	Less: Provision for Losses	<u>2,822.90</u>	<u>2,468.26</u>
		45,859.93	44,756.88
b.	Raw Materials	190,695.68	193,880.88
c.	Finished Products	601,997.28	624,479.53
d.	Stock in Process	58,212.12	62,311.10
e.	Barrels and Tins	729.71	809.95
Total (1)		<u>897,494.72</u>	<u>926,238.34</u>
2. In Transit :			
a.	Stores & Spares	2,668.78	1,456.58
b.	Raw Materials	145,291.16	79,725.50
c.	Imported Finished Products	0.00	9,606.69
Total (2)		<u>147,959.94</u>	<u>90,788.77</u>
TOTAL		<u>1,045,454.66</u>	<u>1,017,027.11</u>

Note : Includes :

A.	Stock lying with contractors	606.33	1,594.29
B.	Stock lying with others	8,583.85	8,482.13
C.	Stock lying with others	7,350.07	8,016.74
D.	Stock lying with others	173.46	150.65

SCHEDULE "I" - SUNDRY DEBTORS

(Rs. Lakhs)

	Note	March-02	March-01
1. Over Six Months :			
a) From Subsidiary Companies			
i) Unsecured, Considered Good		300.92	0.00
b) From Others			
i) Unsecured, Considered Good		43,825.22	70,892.12
ii) Unsecured, Considered Doubtful		10,840.48	8,556.06
Total 1: (a+b)		54,966.62	79,448.18
2. Other Debts :			
a) From Subsidiary Companies			
i) Unsecured, Considered Good		61,328.02	30,495.12
b) From Others			
i) Unsecured, Considered Good		288,789.70	365,844.55
Total 2 : (a+b)		350,017.72	396,339.67
Total : (1+2)		405,004.34	475,787.85
Less: Provision for Doubtful Debts		10,840.48	8,556.06
TOTAL	A	394,143.86	467,231.79

Note :

A. Includes Rs. Nil (2001 : Rs. 28823.98 lakhs) payable to Industry Pool Account on realisation of identical amount. (Reference Item No.2 of Schedule "K")

SCHEDULE "J" - CASH AND BANK BALANCES

	(Rs. Lakhs)	
	March-02	March-01
I. Cash Balances		
a) Cash Balances including imprest	298.41	354.92
b) Cheques in hand	<u>64,673.13</u>	73,671.18
	64,971.54	74,026.10
2. Bank Balances with Scheduled Banks :		
a) Current Account	964.36	2,570.88
b) Fixed Deposit Account	296.38	474.74
c) Call Deposit Account	3.50	4.79
d) Blocked Account	23.50	18.50
e) Escrow Account for Investments	687.05	0.00
f) No Lien Account	<u>0.00</u>	0.00
	1,974.79	3,068.91
3. Bank Balances with Non-Scheduled Banks:		
a) Current Account		
i) Bhumiputra Commerce Bank, Malaysia [Maximum balance during the year - Rs.14.22 lakhs (2001: Rs. 15.37 lakhs)]	10.37	9.53
ii) National Bank of Kuwait, Kuwait [Maximum balance during the year - Rs.11.05 lakhs (2001: Rs. 16.94 lakhs)]	1.93	4.66
iii) Indo Zambia Bank Limited, Zambia [Maximum balance during the year - Rs.0.53 lakhs (2001: Rs.23.71 lakhs)]	<u>0.00</u>	0.53
	12.30	14.72
TOTAL	<u>66,958.63</u>	<u>77,109.73</u>

SCHEDULE "K" - LOANS AND ADVANCES

	Note	March-02	March-01
(Rs. Lakhs)			
1. Advance recoverable in cash or in kind or for value to be received :	A		
a) From Subsidiary Companies			
i) Unsecured, Considered Good		352.01	3.57
Total (a)		352.01	3.57
b) From Others			
i) Secured, Considered Good		80,885.92	67,008.12
ii) Unsecured, Considered Good		68,052.11	66,375.66
iii) Unsecured, Considered Doubtful		126.23	95.15
Total (b)		149,064.26	133,478.93
Total 1: (a+b)		149,416.27	133,482.50
Less: Provision for Doubtful Advances		126.23	95.15
		149,290.04	133,387.35
2. Amount recoverable from Industry Pool Account (Net):			
Unsecured, Considered Good		225,791.51	751,539.00
3. Claims Recoverable :			
a) From Subsidiary Companies			
i) Unsecured, Considered Good		0.00	0.00
b) From Others			
i) Unsecured, Considered Good	B	69,815.56	66,492.96
ii) Unsecured, Considered Doubtful		2,781.57	2,419.47
Total: 3		72,597.13	68,912.43
Less: Provision for Doubtful Claims		2,781.57	2,419.47
		69,815.56	66,492.96
4. Investment Deposit Scheme, 1986 :			
Unsecured, Considered Good		0.01	0.01
5. Balance with Customs, Port Trust and Excise Authorities :			
Unsecured, Considered Good		7,180.94	11,654.53
6. Advance Tax (net)		21,124.59	43,665.54

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

	Note	March-02	March-01
(Rs. Lakhs)			
7. Materials given on loan			
a) From Subsidiary Companies			
i) Secured, Considered Good	0.00		6,394.15
Less: Deposits received	0.00		6,394.15
	0.00		0.00
ii) Unsecured, Considered Good	0.21		0.00
Total (a)	0.21		0.00
b) From Others			
i) Secured, Considered Good	259.67		217,593.90
Less: Deposits received	259.67		217,593.90
	0.00		0.00
ii) Unsecured, Considered Good	0.00		1,742.91
Total (b)	0.00		1,742.91
Total 7: (a+b)		0.21	1,742.91
8. Sundry Deposits (including amount adjustable on receipt of Final bills) :			
a) From Subsidiary Companies			
i) Unsecured, Considered Good	0.00		47.60
Total (a)	0.00		47.60
b) From Others			
i) Secured, Considered Good	899.50		899.50
ii) Unsecured, Considered Good	2,179.71		2,341.53
iii) Unsecured, Considered Doubtful	0.58		0.99
Total (b)	3,079.79		3,242.02
Total 8 : (a+b)	3,079.79		3,289.62
Less: Provision for Doubtful Deposits	0.58		0.99
		3,079.21	3,288.63
TOTAL		476,282.07	1,011,770.93

Note A: Includes :

1. Due from Directors	11.30	9.21
Maximum amount during the year	15.93	10.02
2. Due from other Officers	217.57	89.21
Maximum amount during the year	249.18	110.38
3. Due from Private Co. in which Director of the Corporation is a Director	99.52	0.00
B. Includes Provisional Customs Duty Claims	28,903.32	21,125.27

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

	Note	March-02	(Rs. Lakhs) March-01
I. Current Liabilities			
a) Sundry Creditors			
i) Total Dues of small scale industrial undertaking(s)	A	7,639.87	10,178.70
ii) Total Dues of creditors other than small scale industrial undertaking(s)		795,854.11	725,702.07
Total of (a)		803,493.98	735,880.77
b) Other Liabilities		210,411.30	213,495.85
c) Unpaid/Unclaimed Dividend		143.55	81.93
d) Security Deposits		423,540.98	389,206.36
Less: Investments and Deposits with Banks lodged by outside parties		90.88	181.80
		423,450.10	389,024.56
e) Material taken on loan			
i) From Subsidiary Companies		6.39	55,857.05
Less: Deposits given		0.00	55,857.05
Total (i)		6.39	0.00
ii) From Others		0.00	136,967.53
Less: Deposits given		0.00	136,967.53
Total (ii)		0.00	0.00
Total (e) : (i + ii)		6.39	0.00
f) Interest accrued but not due on loans		28,954.01	34,597.83
		1,466,459.33	1,373,080.94
2. Dues to Subsidiary Companies			
		33,076.32	6,611.87
Total Current Liabilities		1,499,535.65	1,379,692.81
3. Provisions			
a) Provision for Retirement Benefits		20,044.55	16,016.91
b) Provision for Taxation		219,574.87	161,160.84
Less: Advance payments		219,574.87	161,160.84
		0.00	0.00
c) Proposed Dividend		85,654.23	73,974.11
d) Corporate Dividend Tax		0.00	7,545.36
Total Provisions		105,698.78	97,536.38
TOTAL		1,605,234.43	1,477,229.19

Note :

- A. Names of Small Scale Industrial Undertakings to whom the Corporation owe a sum exceeding Rs.1 lakh which is outstanding for more than 30 Days are given in Schedule 'R' - Notes to Accounts.

SCHEDULE "L-1" - MISCELLANEOUS EXPENDITURE

	(Rs. Lakhs)	
	March-02	March-01
Deferred Revenue Expenditure		
a) Voluntary Retirement Compensation		
As per last accounts	16,662.38	0.00
Add: Expenditure during the year	2,475.38	20,827.97
Less: Amortised during the year	4,665.82	4,165.59
TOTAL	<u><u>14,471.94</u></u>	<u><u>16,662.38</u></u>

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

	(Rs. Lakhs)	
	March-02	March-01
Closing Stock		
a) Finished Products	601,997.28	634,086.22
b) Stock in Process	<u>58,212.12</u>	<u>62,311.10</u>
	660,209.40	696,397.32
Less:		
Opening Stock		
a) Finished Products	634,086.22	692,389.86
b) Stock in Process	<u>62,311.10</u>	<u>49,865.01</u>
	696,397.32	742,254.87
TOTAL	<u><u>(36,187.92)</u></u>	<u><u>(45,857.55)</u></u>

SCHEDULE "N" - INTEREST AND OTHER INCOME

	Note	March-02	(Rs. Lakhs) March-01
1. Interest on:			
a) Loans and Advances		54,975.84	44,258.43
(Tax deducted at source Rs.8066.51 lakhs (2001 : Rs.9562.87 lakhs))			
b) Fixed Deposits with Banks		5.05	76.60
c) Short Term Deposits with Banks		20.65	54.80
d) Customers Outstandings			
i) From Subsidiary Companies		132.72	0.00
ii) From Others		10,621.98	4,708.88
		10,754.70	4,708.88
e) Fully Paid Bonds (Tax Free) of Govt. Companies *		0.00	901.16
f) 6.96% Oil Companies GOI SPL Bonds 2009 **		204.01	0.00
g) Others (Gross)		1.27	2.60
		65,961.52	50,002.47
2. Dividend (Gross) : *			
a) From Subsidiary Companies		1,943.63	10.00
b) From Unit Trust of India/Mutual Funds		0.00	242.00
c) From Other Companies		18,751.51	11,382.57
		20,695.14	11,634.57
3. Profit on sale of Investments		0.00	324.14
4. Sale of Power and Water		456.43	615.71
5. Profit on sale and disposal of Assets		1,096.34	507.27
6. Unclaimed/Unspent liabilities written back		5,428.98	2,625.57
7. Provision for Doubtful Debts, Advances, Claims and Stores written back		1,559.54	1,138.21
8. Provision for loss in cost of investment written back		0.00	0.80
9. Recoveries from Employees	A	2,534.17	2,235.92
10. Retail Outlet Licence Fees		3,845.21	3,758.03
11. LPG Tatal Deposit	B	0.00	29,778.39
12. Collection Charges for Outstation Cheques		1,475.21	1,298.61
13. Sale of Scrap		2,146.37	2,298.67
14. Financing Charges on Finance Leases		1,683.36	0.00
15. Amortisation of Capital Grants		73.86	69.87
16. Other Miscellaneous Income	C	11,067.68	12,195.61
TOTAL		118,023.81	118,483.84

* Income on Long term Investments

** Income on Current Investments

Note :

A. Includes Rs.Nil (2001 : Rs.851.37 lakhs) towards previous year.

B. Includes Rs.Nil (2001 : Rs.29702.83 lakhs) received upto previous year.

C (i) Includes Tax-Free income of Rs.108.69 lakhs (2001 : Rs.20.00 lakhs) received from Petroleum India International (AOP).

(ii) Includes Rs. 1624.78 lakhs (2001: Rs. Nil) towards canalising commission pertaining to previous years.



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

		(Rs. Lakhs)	
	Note	March-02	March-01
1. Raw Materials Consumed :			
Opening Balance	273,606.38		326,799.38
Add : Receipts :			
a) Purchases	2,975,687.67		3,166,961.99
b) Taken on Loan	45,855.27		262,837.83
c) Given on loan	(57,136.57)		(255,567.13)
	<u>3,238,012.75</u>		<u>3,501,032.07</u>
Less:Closing Stock	<u>335,986.84</u>	<u>2,902,025.91</u>	<u>3,227,425.69</u>
2. Consumption :			
a) Stores, Spares and Consumables	18,836.34		16,927.87
b) Packages & Drum Sheets	15,280.59		20,036.21
		<u>34,116.93</u>	<u>36,964.08</u>
3. Power & Fuel	200,275.04		197,129.72
Less:Fuel for own production	<u>169,153.43</u>		<u>165,124.95</u>
		<u>31,121.61</u>	<u>32,004.77</u>
4. Processing Fees, Blending Fees, Royalty & Other Charges		4,561.85	5,942.11
5. Octroi, Other Levies and Irrecoverable Taxes		75,816.96	72,396.56
6. Repairs and Maintenance:			
i) Plant and Machinery	34,686.06		34,377.20
ii) Buildings	8,142.14		7,245.55
iii) Others	2,666.48		2,758.41
		<u>45,494.68</u>	<u>44,381.16</u>
7. Freight, Transportation Charges and Demurrage		410,783.86	418,028.25
8. Payments to and Provisions for Employees :	A		
(a) Salaries, Wages, Bonus etc.	109,965.33		152,691.48
(b) Contribution to Provident & Other Funds	17,316.94		15,638.36
(c) Amortisation of Voluntary Retirement Compensation	4,665.82		4,165.59
(d) Staff Welfare Expenses	<u>22,611.09</u>		<u>17,317.23</u>
		<u>154,559.18</u>	<u>189,812.66</u>
9. Office Administration, Selling and Other Expenses (Schedule "O-I")		<u>135,480.60</u>	<u>118,323.24</u>
TOTAL		<u><u>3,793,961.58</u></u>	<u><u>4,145,278.52</u></u>

Note : includes :

- A. 1. Towards previous years Rs.Nil (2001 : Rs.58021.21 lakhs) on account of long term settlement with employees.
2. Towards previous years Rs.5487.48 lakhs (2001 : Rs.Nil) on account of arrears of productivity linked bonus

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

	Note	(Rs. Lakhs)	
		March-02	March-01
1. Rent	A	17,802.65	25,360.68
2. Insurance		7,343.89	6,099.95
3. Rates & Taxes		3,177.92	2,464.34
4. Donations		1,059.54	3,604.82
5. Payment to Auditors :			
a) Audit Fees	26.25		22.05
b) Tax Audit Fees	4.88		4.92
c) Other Services (for issuing certificates etc.)	6.72		5.71
d) Out of Pocket Expenses	4.26		4.04
		42.11	36.72
6. Travelling & Conveyance		13,339.11	12,632.06
7. Communication Expenses		4,190.82	4,234.12
8. Printing & Stationery		1,759.35	1,994.51
9. Electricity & Water		10,037.65	8,639.00
10. Bank Charges		2,699.39	2,664.10
11. Bad Debts, Advances & Claims written off		250.87	415.85
12. Loss on Assets sold, lost or written off		1,643.18	1,823.91
13. Technical Assistance Fees		838.03	1,918.05
14. Exchange Fluctuation (Net)		92.63	91.35
15. Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores		4,716.80	3,903.06
16. Provision for Investments		20,000.00	0.00
17. Security Force Expenses		4,490.80	4,392.21
18. Sales Promotion Expenses		6,706.19	5,474.03
19. Handling Expenses		6,349.91	6,239.21
20. Expenses on Enabling Facilities		63.88	968.78
21. Other Expenses		28,875.88	25,366.49
TOTAL		135,480.60	118,323.24

Note : Includes :

A. Includes Rs.Nil (2001 : Rs.10617.24 lakhs) towards previous year.

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

(Rs. Lakhs)

	Note	March-02	March-01
Income :			
1. Net claim from/(surrender to) Industry Pool Accounts		196.58	(43.76)
2. Miscellaneous Income	A	87.32	869.72
Total Income		283.90	825.96
Expenditure :			
1. Purchase of Products and Crude		3,224.31	(134.21)
2. Duties		(9.76)	0.00
3. Payment to and Provision for Employees		0.00	(135.82)
4. Depreciation and Amortisation		1,278.50	525.96
5. Consumption - Stores, Spares and Consumables		(96.41)	14.84
6. Power and Fuel		81.37	(13.10)
7. Repairs and Maintenance		(105.05)	33.28
8. Interest		(250.81)	420.95
9. Rates & Taxes		732.42	0.00
10. Exchange Fluctuation		0.00	52.86
11. Other Expenses		1,177.90	(297.49)
Total Expenses		6,032.47	467.27
NET INCOME/(EXPENDITURE)		(5,748.57)	358.69

Note:

- A. Includes Rs.NIL (2001 : Rs.702.62 lakhs) share of accumulated surplus (Tax-free) of Petroleum India International (Association of Person)

SCHEDULE "Q" - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

I. FIXED ASSETS

1.1 Land

- 1.1.1 Land acquired on lease for over 99 years and on perpetual lease is treated as free hold land.
- 1.1.2 Cost of Right-of-Way for laying pipelines is capitalised.

1.2 Construction Period Expenses on Projects

- 1.2.1 Revenue expenses including expenses for crop compensation for acquiring Right-of-Way exclusively attributable to projects incurred during construction period are capitalised. However, such expenses in respect of capital facilities being executed along with the production/operations simultaneously are charged to revenue.
- 1.2.2 Financing cost incurred during the construction period on loans specifically borrowed for projects is capitalised at the actual borrowing rates.
- 1.2.3 Financing cost incurred on General Borrowings used for projects is capitalised at the weighted average cost. The amount of such borrowings is determined after setting off the amount of internal accruals.

1.3 Depreciation/Amortisation

- 1.3.1 Cost of lease hold land for 99 years or less is amortised during the lease period.
- 1.3.2 Depreciation on fixed assets including LPG Cylinders and Pressure Regulators is provided in accordance with the rates as specified in Schedule XIV to The Companies Act, 1956, on straight line method, upto 95% of the cost of the asset. Depreciation is charged pro-rata on quarterly basis on assets, from/upto the quarter of capitalisation/sale, disposal and dismantled during the year.
- 1.3.3 Assets, other than LPG Cylinders and pressure regulators, costing upto Rs. 5,000/- are depreciated fully in the year of capitalisation.
- 1.3.4 Capital expenditure on items like electricity transmission lines, railway siding, roads, culverts etc. the ownership of which is not with the Corporation are charged off to revenue. Such expenditure incurred during the construction period of projects is accounted as unallocated capital expenditure and is charged to revenue in the year of capitalisation of such projects.

2. FOREIGN CURRENCY TRANSLATION

- 2.1 Transaction in foreign currency are recorded at exchange rates prevailing on the date of transactions except for transactions relating to withdrawals through the US Dollars account with SBI, Nassau which are recorded at the weighted average rate.
- 2.2 Monetary Items denominated in foreign currencies (such as cash, receivables, payables etc) outstanding at the year end, are translated at exchange rates applicable as of that date.
- 2.3 Non-monetary items denominated in foreign currency, (such as investment, fixed assets etc) are valued at the exchange rate prevailing on the date of transaction.
- 2.4 Any gains and losses arising due to exchange differences at the time of translation or settlement are charged to the Profit & Loss Account except those relating to acquisition of fixed assets which are adjusted to the cost of such assets till they are fully depreciated.

3. INVESTMENTS

- 3.1 All long term investments are valued at cost and provision for diminution in value, thereof is made, wherever such diminution is not temporary.
- 3.2 All current investments are valued at lower of cost or fair market value.

4. INVENTORIES

4.1 Raw materials

- 4.1.1 Crude Oil is valued at cost on First In First Out basis or net realisable value, whichever is lower. Base Oils and Additives are valued at weighted average cost or net realisable value, whichever is lower.
- 4.1.2 Stock in process is valued at raw material cost plus conversion costs as applicable or net realisable value, whichever is lower.

4.2 Stock-in-Trade

- 4.2.1 Finished Products are valued at cost or net realisable value, whichever is lower.
- 4.2.2 Cost of Finished Products internally produced is determined based on crude cost reckoned on FIFO basis and processing cost. Cost of lubes and greases is determined based on weighted average cost of inputs.
- 4.2.3 Imported products in transit are valued at CIF cost.

4.3 Stores and Spares

- 4.3.1 Stores and Spares (including Barrels, Tins and Capital Stores) are valued at weighted average cost. In case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale/disposal and charged to revenue.
- 4.3.2 Stores & Spares in transit are valued at cost.

5. DEBTORS

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

6. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

- 6.1 Contingent Liabilities are disclosed in each case above Rs.5 lakhs. Show Cause Notices issued by various Government Authorities are not considered as contingent liabilities. However, when the demand notices are raised against such show cause notice after considering Corporation's views, these demands are either paid or treated as liabilities, if accepted by the Corporation and are treated as contingent liability, if disputed by the Corporation.
- 6.2 Estimated amount of contracts remaining to be executed on capital accounts are disclosed in each case above Rs. 5 lakhs.

7. PROFIT AND LOSS ACCOUNT

- 7.1 Adjustments pertaining to purchase of raw materials/finished products, sales and others admissible under the Administered Pricing Mechanism are accounted as "net claim from/ (surrender to) Industry Pool Accounts".
- 7.2 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, determined based on the actuarial valuation by LIC, is charged to Profit & Loss Account.

- 7.3 Provision towards leave encashment and post retirement benefits to employees is made based on the actuarial valuation as at the end of the year.
- 7.4 Pre-paid expenses upto Rs. 50,000/- in each case are charged to revenue.
- 7.5 Income and expenditure upto Rs.5 lakhs in each case pertaining to previous years are accounted for the current year.
- 7.6 Claims on Oil Coordination Committee/Government arising on account of Administered Pricing Mechanism are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/clarifications subject to final adjustment as per separate audit.
- 7.7 Other claims (including interest on outstandings) are accounted :
- a) When there is certainty that the claims are realisable
 - b) Generally at cost
- 7.8 Expenditure incurred on Voluntary Retirement Schemes is treated as Deferred Revenue Expenditure and is amortised over a period of five years beginning from the year in which expenditure is incurred.

8. GRANTS

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

9. R&D EXPENDITURE

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

Sd/-
(M.S. Ramachandran)
Chairman

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

Sd/-
(R. Narayanan)
Company Secretary

Place : New Delhi
Dated : June 18, 2002

SCHEDULE "R" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002

I. Contingent Liabilities :

- a) Claims against the Corporation not acknowledged as debts **Rs.452,486.73 lakhs** (2001: Rs. 354,280.58 lakhs). These include :
- i) **Rs.88,634.04 lakhs** (2001: Rs. 100,809.49 lakhs) including **Rs.17,259.58 lakhs** (2001: Rs. 1,842.15 lakhs) claimable from Government of India on payment, if any, being the demands raised by the Central Excise / Customs authorities.
 - ii) **Rs.220,769.34 lakhs** (2001: Rs. 119,705.47 lakhs) including **Rs.96,119.37 lakhs** (2001: Rs. 66,868.11 lakhs) claimable from Government of India on payment, if any in respect of Sales Tax demands.
 - iii) **Rs.56,963.49 lakhs** (2001: Rs. 35,562.52 lakhs) including **Rs.37,893.06 lakhs** (2001: Rs.21,428.50 lakhs) on account of Projects for which suits have been filed in the Courts or cases are lying with Arbitrators.
 - iv) **Rs.41,426.72 lakhs** (2001: Rs. 55,161.74 lakhs) in respect of Income Tax demands.
 - v) **Rs.6,119.00 lakhs** (2001: Rs. 4,264.87 lakhs) relating to projects.
- b) Customs Duty demands of **Rs.16,376.37 lakhs** (2001: Rs.16,382.89 lakhs) are pending for final disposal due to :
- (i) **Rs.420.65 lakhs** (2001: Rs. 427.17 lakhs) quantity disputes. Such quantity disputes in similar cases have been decided in favour of the Corporation.
 - (ii) **Rs.15,120.09 lakhs** (2001: Rs. 14,672.92 lakhs) documents submitted to Customs Authorities as proof of payment by the Corporation are under verification. Documents towards proof of payment for **Rs.835.63 lakhs** (2001: Rs. 1,282.80 lakhs) are in the process of submission to the Customs Authorities.
- c) Demands of Excise Duty of **Rs.13,926.05 lakhs** (2001: Rs. 13,206.00 lakhs) on the alleged grounds of non-inclusion of certain elements of price as part of assessable value for the period 1.3.94 to 2.7.96 are pending at various Appellate stages. On a similar issue of another Oil Company, Customs, Excise & Gold (Control) Appellate Tribunal (CEGAT), Chennai during 1998-99 had passed judgement in favour of the Oil Company. During 2000-01, in a similar case, an order has been passed by CEGAT in favour of the Corporation. Management, therefore, does not anticipate any liability on this account.
- d) Central Excise Authorities have raised demands of **Rs.17,753.41 lakhs** (2001: Rs. 20,991.46 lakhs) on the alleged ground of non-payment of Excise Duty collected in respect of sale of imported petroleum products on which Customs Duty has already been paid. An amendment has been made with retrospective effect in the Finance Act, 2000, that Section 11D of the Central Excise Act applies only to excisable goods. CEGAT, Chennai, has decided similar cases in favour of the Corporation. Management, therefore, does not anticipate any liability on this account.
- e) The case of Customs duty demand of **Rs.97,598.31 lakhs** (2001: Rs. 97,598.31 lakhs) along with penalty and interest on the elements of demurrage and bank charges, raised by Calcutta Customs Authorities during 1999-2000 has been decided in favour of the Corporation by Larger bench of CEGAT, New Delhi. Subsequent to the above decision, Customs Department has filed an appeal before Hon. Supreme Court against the order of CEGAT. Final decision in the matter is awaited.
- f) Interest/Penalty, if any, on some of the above claims is unascertainable.
- g) Income tax, if any, reimbursable to foreign contractors is unascertainable
- h) Uncalled liability on partly paid shares **Rs.Nil** (2001: Rs.342.68 lakhs)

- i) Corporation, along with three other promoters, has issued Corporate Guarantees in favour of banks and financial institutions for short term loans taken by Petronet LNG Limited from such banks and financial institutions. Corporation's share in the guarantees issued is **Rs.28,625.00 lakhs** (2001: Rs.17,125.00 lakhs), being one fourth share of the total guarantees of **Rs.114,500.00 lakhs** (2001: Rs. 68,500.00 lakhs) issued as on 31.3.2002. Total amount of Corporate Guarantees to be issued by the promoters has been agreed at Rs. 140,000.00 lakhs. Petronet LNG Limited has given counter guarantees in favour of the promoters for the above amounts. The Short Term Loan outstanding in the books of Petronet LNG Limited as on 31st March 2002 is **Rs.39,007.66 lakhs** (2001: Rs.Nil)
2. Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs.374,272.93 lakhs** (2001: Rs. 511,806.88 lakhs).
3. a) Title Deeds for Land and residential apartments as also lease and other agreements in respect of certain lands/buildings the book value of which is **Rs.22,714.77 lakhs** (2001: Rs. 17,165.93 lakhs) are pending for execution or renewal and are, therefore, not available for verification.
b) Pending decision of the Government, no liability could be determined and provided for in respect of additional compensation, if any, payable to the land owners and the Government for certain lands acquired.
4. The Corporation has numerous transactions with other Oil Companies, which are reconciled on an ongoing basis and are subject to confirmation. Adjustments, if any, arising therefrom are not likely to be material.
5. Government of India issued on March 30, 2002 6.96% Oil Companies Government of India Special Bonds, 2009 consequent to Gazette notification dated 30th March 2002 amounting to Rs.527,600.00 lakhs in lieu of part settlement of dues recoverable from Oil Coordination Committee.
6. Pursuant to decisions taken during the year, Corporation has acquired the controlling interest of IBP Company Limited (IBP) by acquiring 74,37,808 equity shares of Rs.10/- each (33.58% holding) for Rs.115,368.00 lakhs from Government of India on February 19, 2002. The said shares cannot be sold, transferred, assigned, pledged, charged, mortgage or disposed off either directly or through affiliate for a period of three years as provided for in the Shareholders Agreement, Share Purchase Agreement and Non-Disposal Agreement entered into between Corporation and Government of India. Further, in line with the SEBI Substantial Acquisition of Shares and Takeovers (SATS) Regulation, the Corporation has initiated steps for purchase of 44,29,454 equity shares of Rs.10/- each representing 20% of total equity of IBP at a price of Rs.155.10 per share aggregating to Rs.68,705.26 lakhs from public shareholders of IBP through public announcement and open offer subsequently, for which an Escrow Account with Bank has been opened.
7. An amount of **Rs.1000.00 lakhs** has been appropriated towards Insurance Reserve for creating self-insurance fund in respect of certain marketing facilities not covered under the Insurance Policy taken by the Corporation.
8. Amount of terminalling charges payable to Reliance Petroleum Limited has been reckoned on provisional basis based on Ministry of Petroleum & Natural Gas's letter no. P-20012/5/99 dated 11.01.2001. An amount of **Rs.353.59 lakhs** (2001 : Nil) towards Terminalling Charges to M/s Indianoil Petronas Pvt. Ltd. has not been reckoned pending approval from MOP&NG which has no impact on the profit since the same is claimable from Petroleum Planning and Analysis Cell.
9. Subsequent to dismantling of APM with effect from 1.4.2002, the subsidy scheme in respect of domestic LPG and Kerosene for PDS as announced in the Union Budget is yet to be finalized by Government of India. Hence, no subsidy has been reckoned as part of realization for the purpose of valuation of closing stock of these products.
10. Insurance claims arising out of earthquake in Gujarat has not been reckoned in the accounts pending final settlement. An amount of **Rs.820.00 lakhs** received as "On account payment" in the month of April 2002, is being accounted in the year of receipt.
11. During the year the Corporation has changed its Accounting Policy for Valuation of Inventories (Raw Materials and Stock-in-Process) from "Valuation at Cost" to "Valuation at Cost or Net Realisable Value, whichever is lower". However, this has no impact on the profit for the year.

12. In compliance of Accounting Standard – 17 on “Segment Reporting” issued by The Institute of Chartered Accountants of India which is mandatory from 1st April, 2001, the required information is given as per Annexure-1 to this schedule.
13. In compliance of Accounting Standard – 18 on “Related Party Disclosures” issued by The Institute of Chartered Accountants of India which is mandatory from 1st April, 2001, the required information is given as per Annexure-2 to this schedule.
14. The Corporation has implemented Accounting Standard 19 on “Leases” issued by the Institute of Chartered Accountants of India with retrospective effect. Application of AS-19 with retrospective effect has resulted in decrease in Gross Fixed assets Rs.22,276.67 lakhs and increase in Finance Leases receivable by Rs.1,683.36 lakhs and increase in profit by Rs.3,367.87 lakhs during the year.
15. Disclosure as required under As-19 on Finance lease is as under:

Finance Leases:

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

Particulars	(Rs. Lakhs)
	March-02
A. Gross Investments in Finance Lease	38,446.37
Less : Unearned Finance Income	7,537.15
Less : Finance Income Received	8,293.81
Less : Minimum Lease payment received	6,502.08
Net Investment in Finance Lease as on Date	16,113.33
B. Unearned finance Income	7,537.15
C. Present Value of Minimum Lease Payments Receivable	
Not Later than one year	1,982.81
Later than one year and not later than five years	9,588.46
Later than Five years	4,542.06
Total :	16,113.33
D. Break-up of un-earned income	
Not Later than one year	1,635.66
Later than one year and not later than five years	4,332.93
Later than Five years	1,568.56
Total :	7,537.15

Operating leases:

The Corporation has taken an operating lease Pipeline from Koyali to Navagam for a period of 10 years. The lease rentals incurred upto the current year amounting to Rs.112.50 lakhs are included in Construction Period Expenses, after capitalization of the pipeline the same will be charged to the Profit & Loss Account over the remaining term of the lease.

The future minimum payment dues are:

	(Rs. Lakhs)
Not later than One Year	50.00
Later than one year and not later than five years	200.00
Later than five years	137.50

16. In compliance of Accounting Standard – 20 on "Earning Per Share" issued by Institute of Chartered Accountants of India which is mandatory from 1st April, 2001, the elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	March-02	March-01
Profit After Tax (Rupees in Lakhs)	288,466.05	272,033.33
Weighted Average number of equity shares	778,674,800	778,674,800
Earning Per Share (Basic and Diluted) (Rupees)	37.05	34.94
Face value per share (Rupees)	10/-	10/-

17. In compliance of Accounting Standard – 22 on "Accounting for Taxes on Income" issued by Institute of Chartered Accountants of India which is mandatory from 1st April, 2001, the Corporation has:

- Provided Accumulated Deferred Tax Liability as on 1st April 2001 amounting to Rs.268,733.66 lakhs with a corresponding charge to General Reserve having no impact on the current year profit.
- Deferred Tax Liability for the financial year ended 31st March 2002 amounting to Rs.71,772.20 lakhs has been provided and the post tax profit has accordingly reduced by the same amount.

The item-wise details of Deferred tax liability are as under:

	As on 01.04.2001	(Rs. Lakhs) As on 31.03.2002
Deferred Tax Liability:		
i) Depreciation	283,931.98	360,576.97
Less: Deferred Tax Assets:		
ii) Provision for Retirement Benefits	5,718.04	7,366.37
iii) Provisions on Inventories, Debtors, Loans and advances	4,083.36	5,338.72
iv) 43B Disallowances	4,930.58	6,913.10
v) Capital Grants	466.34	452.92
Deferred Tax Liability (Net)	268,733.66	340,505.86

18. The names of Small Scale Industrial Undertakings to whom the Corporation owes a sum exceeding Rs.1 lakh which is outstanding for more than 30 days are as under:

M/S. Amar Singh & Sons Pvt. Ltd., M/S. A.K.M.N. Cyls. Pvt. Ltd., M/S. B.T.P Structural Pvt. Ltd., M/S Mahaveer Cyls. Ltd., M/S. Sunrays Engg. Pvt. Ltd., M/S. Chandawat Udyog Pvt. Ltd., M/S. Associated Cyls. & Access. Pvt. Ltd., M/S. Dessma Engg. Pvt. Ltd., M/S. Shri Balaji Cyls. Pvt. Ltd., M/S. Balaji Pressure Vessels P. Ltd., M/S. Faradays Engg. Indus P. Ltd., M/S. Ecp Indus. Ltd., M/S. G.D.R. Cyls. Pvt. Ltd., M/S. Andhra Cyls. Pvt. Ltd., M/S. Hyderabad Cyls. Pvt. Ltd., M/S. Indian Lpg Cylinders, M/S. International Cyls. Pvt. Ltd., M/S. Jesmajo Indus. Fabrication (K), M/S. J.R. Fabricators Ltd., M/S. Jagdamaba Engg. Pvt. Ltd., M/S. Kanyaka Parmeshwari Engg. Pvt. Ltd., M/S. Konark Cyls. & Cont.Pvt. Ltd., M/S. Karnataka Pressure Vessels Pvt. Ltd., M/S. Lite Containers Pvt. Ltd., M/S. Nandi Cyls. Ltd., M/S. Sanghavi Cyls. Ltd., M/S. Presvels Pvt. Ltd., M/S. Pankaj Gas Cyls. Ltd., M/S. R.M. Cyls. Pvt. Ltd., M/S. Super Indus. Ltd., M/S. Sanmati Metals Pvt. Ltd., M/S. Sapphire (I) Pvt. Ltd., M/S. Prathima Indus. Pvt. Ltd., M/S. Sree Srinivas Cyls. Pvt. Ltd., M/S. Shri Shakti Cyls. Pvt. Ltd., M/S. Southern Cyls. Pvt. Ltd., M/S. Supreme Cyls. Ltd., M/S. Saroj Metal Work P. Ltd., M/S. Sahuwala Cyls. Ltd., M/S. Salem Cylinders Pvt Ltd, M/S. Kurnool Cylinders Pvt Ltd, M/S. Tirupati Cyls. Ltd., M/S Vidhya Cylinders Pvt Ltd, M/S. Global Gas Cyls. Ltd., M/S Verry Containers Ltd., M/S Arihant Technomac, M/S Amrit Industries, M/S Auto & General Castings, M/S Ashkin Fabs, M/S Cylin Valves Industries, M/S Chennai Valves, M/S Essen Appliances, M/S Him Valves & Regulators, M/S Hyderabad Valves Pvt Ltd, M/S Intech Engg. & Services, M/S Intel Gas Gadgets Pvt Ltd, M/S Indofab Engineers, M/S K S Technosafe, M/S Kabsons Gas Equipment, M/S Krishna Die Casting, M/S M.E.M. Industries,

M/S Max Valves & Regulators, M/S Prabha Electronics, M/S Power Fabricators Pvt Ltd, M/S Primevalve Indu. Pvt Ltd, M/S Spec Engg., M/S Salico Trading Corporation, M/S Southern Metal & Allied, M/S Skn Industries Pvt Ltd, M/S Trans Valves Pvt Ltd, M/S Vidharbha Gas Vessels, Hi-Tec Engineers, Vimal Control, Ganapati Metchem, Bon Aluplast, Jaraikela Lumburman, A. K. Industries, Krishna Packaging, Diamond Box, M/s Spack Turnkey Projects, Amar Plastics, Delux Plastics, Mercury Enterprises, Modij Industries, Nandan Impex Pvt. Ltd., Nandan Polyplastics, Plastic Processers, Premier Grinders, Rajiv Plastics, Kus Chemicals Pvt. Ltd, Hazarika & Co., Prasanna Welding Industries, TMT Engineering, Advanced Spectra-Tek, AEP Company, Amtrex Hitachi, Bengal Industries, Brizwasi Udyog, Commercial Supply Agency, ECONO Values Pvt., IGP Engg., Kamal Engg., Madras Industrial, Minicom Ltd., MS Fittings, Mutitex Filtration Engg., Newage Industries, Nitin Fasteners, Nitin Steels, Niton Valve Industries, Precision Engg., Silvasa Drums, Teeky Tubes, Tube Bend, Vasu Chem, Maccan Engg. Pvt. Ltd., Tube Fab Pvt. Ltd, ITS Corporation.

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

19. Remuneration paid/payable to Directors:

	(Rs. Lakhs)	
	2001-02	2000-01
i) Salaries & Allowances	65.92	36.40
ii) Contribution to Provident Fund	4.14	3.88
iii) Contribution to Gratuity Fund	2.30	0.76
iv) Other benefits and Perquisites	13.56	10.66
v) Sitting Fees to Part Time Directors	5.72	4.75
Total	91.64*	56.45

* Includes Rs.3.96 lakhs for previous year.

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

20. The Profit and Loss Account includes:

- Expenditure on Public Relations and Publicity amounting to **Rs.2,060.46 lakhs** (2001 - Rs. 1,632.44 lakhs) which is inclusive of **Rs.401.97 lakhs** (2001 - Rs. 413.33 lakhs) on account of Staff and Establishment and **Rs.1,658.49 lakhs** (2001- Rs. 1,219.11 lakhs) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover is **0.00018:1** (2001 - 0.00014:1).
- Research and Development expenses **Rs.4,504.65 lakhs** (2001 - Rs.4,313.95 lakhs).
- Entertainment Expenses **Rs.19.84 lakhs** (2001 - Rs.24.04 lakhs).

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

Sd/-
(M. S. Ramachandran)
Chairman

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

Sd/-
(R. Narayanan)
Company Secretary

Place : New Delhi
Dated : June 18, 2002

Information regarding Primary Segment Reporting as per AS-17 for the year ended 31st March 2002 is as under:

	Crude Sales	Petroleum Products	Total (Rs. Lakhs)
Revenue			
External Revenue	1823872	9679778	11503650
Inter-segment Revenue	-	-	-
Total Revenue	1823872	9679778	11503650
Result			
Segment Results	2320	551155	553475
Less: Unallocated Expenses net of Unallocated Income	-	-	-
Operating Profit	2320	551155	553475
Less:			
Interest Expenses			154442
Provn. for diminution in Investments			20000
Prior Year Expenditure			6032
Add:			
Interest/Dividend Income			86656
Prior Year Income			283
Profit Before Tax			459940
Less : Income Taxes (including deferred tax)			171474
Profit After Tax			288466
Other Information			
Segment Assets	160854	4215219	4376073
Corporate Assets			1007769
Total Assets			5383842
Segment Liabilities	131254	3380979	3512233
Corporate Liabilities			340506
Total Liabilities			3852739
Capital expenditure	-	326965	326965
Depreciation	-	137957	137957
Non-cash expenses other than Depreciation (Amortisation of VRS Compensation)			4666

Notes :

1. The Company is engaged in two main business segments i.e.
 - a) Sale of Imported Crude Oil
 - b) Sale of Petroleum Products
 Segments have been identified and reported taking into account, the nature of products and services and the differing risks and returns.
2. Segment revenue comprises of the following:
 - i. Turnover
 - ii. Net claim/(surrender to) Industry Pool Account
 - iii. Other Income (excluding interest income, dividend income)
3. There are no geographical segments



IndianOil

Annexure-2

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

I. Relationship:

A) Joint Venture Companies

- 1) Indo Mobil Ltd.
- 2) Avi-Oil India Pvt. Ltd.
- 3) Indian Oiltanking Ltd.
- 4) Lubrizol India Pvt. Ltd.
- 5) IndianOil Petronas Pvt. Ltd.
- 6) Petronet VK Ltd.
- 7) Petronet CTM Ltd.
- 8) Petronet CIPL Ltd.
- 9) IndianOil Panipat Power Consortium Limited
- 10) IndianOil TCG Petrochem Ltd.

B) Whole-time Directors

- 1) Shri M.A. Pathan
- 2) Shri A.K. Arora
- 3) Shri S.N. Jha (upto August 31, 2001)
- 4) Shri O.N. Marwaha (upto October 31, 2001)
- 5) Shri Subir Raha (upto May 25, 2001)
- 6) Dr. A.K. Bhatnagar
- 7) Shri P. Sugavanam
- 8) Shri M.S. Ramachandran
- 9) Shri A.M. Uplenchwar (w.e.f. September 1, 2001)
- 10) Shri P.K. Aggarwal (w.e.f. November 1, 2001)
- 11) Shri A.K. Mitra (w.e.f. November 9, 2001)

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

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

	(Rs. Lakhs)
	Total
i) Sales	28.73
ii) Interest received	202.35
iii) Consultancy Services/Other Income	111.79
iv) Purchase of Products	20691.32
v) Purchase of Chemicals	31.76
vi) Handling Expenses	1466.59
vii) Freight Expenses	5063.55
viii) Reimbursement of Expenses	280.50
ix) Outstanding Receivables	1212.74
x) Outstanding Payable	1948.81

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

	(Rs. Lakhs)
	Total
i) Remuneration	85.92
ii) Other Benefits/Recoveries	0.95
iii) Outstanding loans/advances receivables	12.02
iv) Assets on Hire	6.79

Note:

- 1) Remuneration includes Basic, allowances, reimbursements, contribution to P.F. and perquisites (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 appointments.

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

		Licenced Capacity		Installed Capacity		Actual Production	
		(Refer Note A)		(Refer Note B)			
Unit		March-02	March-01	March-02	March-01	March02	March01
i) Crude Processing	MTs	390.00	376.00	381.50	381.50	316.30	310.76
						(Refer Note D)	
ii) Lubricating Oil	MTs	3.94	3.34	2.86	2.26	1.23	1.12
						(Refer Note E)	
iii) Wax/Bitumen/Asphalt Lube Oil Drums	Nos.	15.58	15.58	15.00	15.00	4.21	3.68
iv) Oxygen Plant	C.U.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	0.13	0.10
vi) MTBE Unit	MTs	0.45	0.37	0.48	0.37	0.00	0.02
vii) Butene Plant	MTs	0.15	0.00	0.17	0.00	0.00	0.00

Note :

- A. i) Licenced Capacity of Refinery is not specified for Assam Oil Division.
 ii) Capacity for projects under construction not considered.
- B. As certified by the Management and accepted by the auditors without verification.
- C. Per year operating in two shifts.
- D. Represents finished petroleum products.
- E. Per year operating in single shifts.

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

(Figures in Lakhs)

	Opening Stock		Purchases		Sales		Closing Stock	
	Quantity MTs	Value Rupees	Quantity MTs	Value Rupees	Quantity MTs	Value Rupees	Quantity MTs	Value Rupees
1. Petroleum Products :								
Year ended 31.03.02	43.28	606698.37	320.50	3799383.49	625.24	9493862.76	46.19	577290.95
Year ended 31.03.01	50.74	666501.60	332.10	4467890.68	644.56	9631380.14	43.28	606698.37
2. Lubricants & Greases :								
Year ended 31.03.02	0.70	27387.85	0.08	18571.48	3.45	188338.94	0.61	24706.33
Year ended 31.03.01	0.73	25888.26	0.09	17724.02	3.59	187253.96	0.70	27387.85
3. Crude Oil :								
Year ended 31.03.02	0.00	0.00	232.24	1821300.99	232.24	1821298.07	0.00	0.00
Year ended 31.03.01	0.00	0.00	214.60	1931315.18	214.60	1931315.18	0.00	0.00
4. Base Oil & Additives :								
Year ended 31.03.02	0.00	0.00	0.48	8261.29	0.48	8295.01	0.00	0.00
Year ended 31.03.01	0.00	0.00	0.25	3949.58	0.25	4051.72	0.00	0.00
Total								
Year ended 31.03.02	43.98	634086.22	553.30	5647517.25	861.41	11511794.78	46.80	601997.28
Year ended 31.03.01	51.47	692389.86	547.04	6420879.46	863.00	11754001.00	43.98	634086.22

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

	Imported		Indigenous		Quantity MTs (In lakhs)	Total Rupees (In lakhs)
	Value Rupees (In lakhs)	% to total consumption	Value Rupees (In lakhs)	% to total consumption		
March-02						
Crude Oil	2,212,898.13	77	645,344.54	23	337.61	2858242.67
Base Oil	5,148.83	10	47,678.32	90	3.02	52827.15
Additives	2,259.00	9	23,367.78	91	0.30	25626.78
Packing Materials Consumed	0.00	0	13,906.91	100	0.00	13906.91
Steel Coils / Sheets / Stores / Component and Spare Parts	6,588.46	21	24,061.21	79	0.07	30649.67
March-01						
Crude Oil	2,511,618.41	79	662,662.21	21	337.15	3174280.62
Base Oil	7,087.02	12	53,582.20	88	2.94	60669.22
Additives	3,587.81	16	18,711.73	84	0.33	22299.54
Packing Materials Consumed	0.00	0	17,959.64	100	0.00	17959.64
Steel Coils/Sheets/ Stores / Component and Spare Parts	7,971.91	28	20,606.90	72	0.08	28578.81

Note :

- Additives are not considered as Raw Materials in Refineries.
- Consumption excludes value adjustments of any, shown under items pertaining to the prior period.
- Indigenous Base Oil includes **Rs. 37060.07 lakhs** (2001: Rs. 29823.69 lakhs) which is internally produced.

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

	Note	March-02	March-01
1. Royalty		4755.77	6872.35
2. Professional, Consultation Fees and Technical Service Fees		3765.54	17841.03
3. Interest		39965.57	85249.52
4. Purchase of Product		157853.94	365158.41
5. Others	A	35766.72	55018.33
Total		242107.54	530139.64

Note :

- Includes **Rs. 29019.44 lakhs** (2001 : Rs. 35601.14 lakhs) on account of crude purchases from an Indian Company, payments of which were made in foreign currency.
- Expenditure in Foreign Currency has been considered on Accrual basis.

SCHEDULE "W" - EARNING IN FOREIGN EXCHANGE

	Note	March-02	(Rs. Lakhs) March-01
1. Export of Crude Oil and Petroleum Products	A	207787.24	220650.42
2. Interest		20.12	54.87
3. Income from Consultancy Services		61.90	219.87
4. Management Contract Fees		14.17	5.41
5. Inventory Holding Charges		0.00	0.00
6. Income from Royalty		1.24	3.58
Total		207884.67	220934.15

Note:

- A. Includes **Rs. 167917.43 lakhs** (2001 : Rs. 170745.62 lakhs) 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

	Note	March-02	(Rs. Lakhs) March-01
1. Crude Oil	A	3891015.00	4104150.15
2. Base Oil		3979.78	5112.67
3. Additives		1173.76	2818.58
4. Capital Goods		8792.32	16767.59
5. Revenue Stores, Component, Spare and Chemicals		398.08	4666.74
Total		3905358.94	4133515.73

Note :

- A. i) Includes FOB value of Imports made by the Corporation on behalf of Other Oil Companies **Rs. 1815842.82 lakhs** (2001 : Rs. 1931315.18 lakhs)



INDIAN OIL CORPORATION LIMITED

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

I. Registration Details

Registration No.

State Code

Balance Sheet Date

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

PUBLIC ISSUE

RIGHTS ISSUE

BONUS ISSUE

PRIVATE PLACEMENT

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities

Total Assets

Sources of Funds

Paid-Up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

Application of Funds

Net Fixed Assets

Investments

Finance Lease Receivables

Net Current Assets

Misc. Expenditure

Accumulated Losses

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

Turnover	Total Expenditure
1 1 4 8 6 3 9 5 2 7	1 1 1 1 1 7 1 0 4 5
Profit Before Tax	Profit After Tax
+ 4 5 9 9 4 0 2 5	+ 2 8 8 4 6 6 0 5
Earnings per share in Rs. (Basic and Diluted)	Dividend Rate %
3 7 . 0 5	1 1 0

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

Item Code No. (ITC Code) 2 7 1 0

Product Description Bulk Petroleum Products

Item Code No. (ITC Code) 2 7 0 9

Product Description Crude Oil

Item Code No. (ITC Code) 2 7 1 0 9 0

Product Description Lubricants

Statements As Per SEBI Requirements

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2002

		2001-02	(Rs. Lakhs) 2000-01
A Cash Flow from Operating Activities			
1 Profit Before Tax		459940	296261
2 Adjustments for :			
Depreciation	139235		122393
Loss/(Profit) on sale of Assets (Net)	547		1317
Amortisation of Capital Grants	-73		-70
Amortisation of Voluntary Retirement Compensation	4166		0
Profit on sale of Investments (Net)	0		-324
Provision for Loss in cost of Investment written back	0		-1
Unrealised (gain)/loss on foreign exchange	0		0
Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	3157		2765
Provision for Loss on Investments	20000		0
Interest Income on Investments	-204		-901
Dividend Income on Investments	-20695		-11635
Interest Expenditure	<u>154442</u>		<u>166958</u>
		300575	280502
B Operating Profit before Working Capital Changes (1+2)		760515	576763
C i) Change in Working Capital: (Excluding Cash & Bank Balances)			
Trade & Other Receivables	583134		-467584
Inventories	-28783		94560
Trade and Other Payables	<u>129452</u>		<u>-6447</u>
Change in Working Capital	683803		-379471
ii) Unamortised Expenditure on Retirement Benefits	<u>-1975</u>		<u>-16662</u>
		681828	-396133
D Cash Generated from Operations (B+C)		1442343	180630
E Less : Taxes paid		77160	52853
F Net Cash Flow from Operating Activities (D-E)		1365183	127777
G Cash Flow from Investing Activities:			
Sale of Assets	5351		16458
Sale / Maturity of Investments	2920		39246
Interest Income on Investments	204		901
Dividend Income on Investments	20695		11635
Purchase of Assets	-62443		-144337
Adjustment for Finance Lease Receivable	6164		0
Advance for Investments in CPCL/BRPL	0		-65812
Acquisition of Controlling interest in IBP Company Limited	-115368		0
Placement of Funds in Escrow Account for open offer of IBP Shares	<u>-687</u>		<u>-</u>



Acquisition of Controlling interest in Indian Oil Mauritius Ltd.	-2567	0
Share in Accumulated Surplus of Petroleum India international (Association of Person)	0	-703
Investment/Advance for Investments in Joint Venture Companies	-5184	-1894
Investment in 6.96% Oil Companies GOI SPL Bonds 2009 *	-527600	0
Expenditure on Construction Work in Progress	-267042	-361121
Net Cash used in Investing Activities	<u>-945557</u>	<u>-505627</u>
H Net Cash Flow From Financing Activities:		
Proceeds From Calls in Arrear/Issue of Shares including Premium	1	3
Receipt of Grant for Capital Projects	0	175
Proceeds from Long-Term Borrowings	90160	90797
Proceeds from/(Repayments of) Short-Term Borrowings	-246737	501034
Interest paid	-192432	-171305
Dividend\Dividend Tax paid	-81457	-35628
Net Cash Generated/(Used) from Financing Activities:	<u>-430465</u>	<u>385076</u>
I Net Change in Cash & Cash Equivalents (F+G+H)	<u>-10839</u>	<u>7226</u>
J Cash & Cash Equivalents as at end of the Financial Year	66271	77110
K Less: Cash & Cash Equivalents as at the beginning of Financial Year	77110	69884
NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)	<u>-10839</u>	<u>7226</u>

* Received in lieu of part settlement of OCC dues.

As per Notes Attached.

Sd/-
(M. S. Ramachandran)
Chairman

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

Sd/-
(R. Narayanan)
Company Secretary

Place : New Delhi

Dated : June 18, 2002

NOTES TO THE CASH FLOW FOR THE YEAR ENDED MARCH 31, 2002

	(Rs. Lakhs)	
	2001-02	2000-01
J. Cash and Cash Equivalents include:		
Cash and Bank Balances		
As per Balance Sheet	66958	77110
Less: Escrow Account	687	0
	<u>66271</u>	<u>77110</u>
Unrealised (gain)/loss on foreign exchange	0	0
Total Cash and Cash Equivalents	<u>66271</u>	<u>77110</u>

2. The above Cash Flow Statement has been prepared as per the "Indirect Method" set out in Accounting Standard-3 on 'Cash Flow Statements' issued by the Institute of Chartered Accountants of India.

3. The previous year's figures have been regrouped wherever necessary in order to conform to this year's presentation.

Auditors' Certificate on Cash Flow Statement

To

The Board of Directors,
Indian Oil Corporation Limited,

We have examined the Cash Flow Statement of Indian Oil Corporation Limited for the year ended 31st March, 2002. The statement has been prepared by the Company in accordance with the requirement of listing agreement clause 32 with Kolkata/Chennai/Delhi/Mumbai/ National Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report of dated June 18, 2002 to the Shareholders of the Company.

JAGDISH CHAND & CO.
Chartered Accountants

P.K. MITRA & CO.
Chartered Accountants

B.K. KHARE & CO.
Chartered Accountants

CHATTERJEE & CO.
Chartered Accountants

Sd/-
(J. C. GUPTA)
Partner

Sd/-
(P. R. SAMANTA)
Partner

Sd/-
(PADMINI B. KHARE)
Partner

Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi
Dated : June 18, 2002

Statement Pursuant to Section 212 (1)(e)

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

	Indian Oil Blending Limited	Chennai Petroleum Corporation Limited	Bongaigaon Refinery & Petrochemicals Limited	IBP Company Limited <i>(Refer Note 'A')</i>	Indian Oil Mauritius Limited
1. The extent of holding Company's interest In the subsidiary at the end of the financial year 31.3.2002:					
- No. of Shares	8,000	77,265,200	148,793,826	7,437,808	250
- Paid up value of Shares (Rs. Lakhs)	40.00	7,726.52	14,879.38	743.78	0.40
- Percentage of Holding Company's interest in the total share capital of the Subsidiaries (Shares in the Subsidiary Company were Registered in the name of the Company and their nominees as indicated)	100%	51.81%	74.46%	33.58%	100%
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./lakhs	Rs./lakhs	Rs./lakhs	Rs./lakhs	Rs./lakhs
- For the financial year ended 31.3.2002	685.92	3,300.91	(14,788.80)	738.35	(43.16)
- For all the previous financial years of the subsidiary (After adjusting for Deferred Tax Liability as on 1.4.2001)	6,179.50	(11,956.79)	(4,365.82)	Nil	Nil
3. The net aggregate amount of the profit of the subsidiary Company so far as its profits are dealt with in the holding Company's accounts :					
- For the financial year ended 31.3.2002	12.00	1,931.63	Nil	Nil	Nil
- For all the previous financial years of the subsidiary	209.11	Nil	Nil	Nil	Nil

Note :

A. Figures for item no. 2 & 3 are on pro-rata basis, for the period from February 19,2002 (Date of acquisition) to March 31,2002.

Sd/-
(M.S. Ramachandran)
Chairman

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

Sd/-
(R. Naryanan)
Company Secretary

Place : New Delhi.

Dated : June 18, 2002

Schedule of Fixed Assets (Township)

SCHEDULE OF FIXED ASSETS (TOWNSHIP) FOR THE YEAR ENDED 31.3.2002

Particulars	Rs. Lakhs								
	Gross Block as on 01.04.2001 (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 31.3.2002 (At Cost)	Depern/ Amorts. Provided During the year	Total Dep Amorts. Up To The 31.3.2002	Net Depreciated Block	
								As on 31.03.2002	As on 31.03.2001
Land Freehold	1175.38	96.91	0.00	-50.33	1221.96	0.00	0.00	1221.96	1175.38
Land-Leasehold	619.16	1.02	0.00	50.33	670.51	9.79	80.62	589.89	548.33
Bldgs. Road Etc.	23117.98	26.92	1103.80	-337.57	23911.13	343.63	3673.61	20237.52	19751.23
Plant & Mach	2434.62	111.96	3.07	-3.09	2546.56	117.52	826.61	1719.95	1724.10
Fur & Fix	401.43	24.26	0.00	22.01	447.70	25.76	241.36	206.34	189.71
Drainage, Sewage & Water Supply Sys	2472.13	0.89	16.21	0.00	2489.23	93.65	1056.61	1432.62	1508.61
Equipments & Appliances	1537.94	84.92	35.82	-46.00	1612.68	85.04	487.52	1125.16	1116.98
Vehicles	250.52	7.26	0.00	-57.95	199.83	18.18	147.47	52.36	104.09
Grand Total :	32009.16	354.14	1158.90	-422.60	33099.60	693.57	6513.80	26585.80	26118.43
Previous Year	29816.52	656.35	1553.19	-16.90	32009.16	665.07	5890.73	26118.43	

Income And Expenditure Account (Township)

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2002
ON PROVISION OF TOWNSHIP, EDUCATION, MEDICAL AND OTHER FACILITIES**

	March-02	Rs. Lakhs March -01
Income :		
1. Recovery of House Rent	481.69	448.86
2. Recovery of Utilities-Power and Water	156.17	127.67
3. Recovery of Transport Charges	5.52	6.55
4. Other Recoveries	428.29	386.09
5. Excess of Expenditure over Income	13770.36	14555.74
Total	14842.03	15524.91
Expenditure:		
1. Salaries, Wages and PF & Gratuity Contribution	4618.96	6155.27
2. Consumable Stores and Medicines	650.89	612.25
3. Repairs and Maintenance	2330.02	2097.49
4. Interest	1522.82	1348.53
5. Depreciation	693.56	655.07
6. Miscellaneous Expenses: Taxes, License Fees, Insurance etc.	642.88	682.40
7. Utilities-Power and Gas	3391.57	3063.33
8. Rent	14.68	5.43
9. Subsidies for Social & Cultural Activities	632.28	579.72
10. Bus Hire Charges	82.55	78.11
11. Club and Recreation	1.10	2.86
12. Others	260.72	234.45
Total	14842.03	15524.91

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

Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining IndianOil	Qualification	Experience	Remun. Gross Rs
ABBASI M	MGR(LPG)	60	NIL	NIL	01/04/1963	M A	39	945325.00
AGARWAL R D	DM(FINANCE)	60	NIL	NIL	17/08/1966	B.COM	36	1031354.00
AGGARWAL R C	ACCTS OFFICER II	60	NIL	NIL	14/05/1965	10 th STD	35	1043668.00
AHMED SALEEM	MGR(RETAIL)	58	NIL	NIL	03/02/1966	B A	36	2570081.00
AILAWADI V K	DGM(ENGG-PROJ)	60	NIL	NIL	25/03/1964	B SC, B E(CIVIL)	38	1261142.00
AIYASWAMY M	CH ENGG MGR	60	CPWD	SECTION OFFICER	20/01/1964	B E(CIVIL), M.SC(ENGG)	39	955950.00
AJAY SINGH	FOREMAN(TECHNICAL)	34	NIL	NIL	31/10/1987	MATRIC & ITI	15	1276384.00
AJEEM M	DGM(LPG)	60	NIL	NIL	02/07/1964	B A L L B	38	1204200.00
ALI M A	SR FOREMAN-SG	60	BURMAH SHELL	FUELLING CREW	21/02/1968	VIII STD	38	130869.00
ANDAVADI H G	ACCTS OFFICER II	60	NIL	NIL	12/11/1962	S S C	39	435059.00
ANAND C K	DM(PLANT)	60	ONGC	TECH ASST	16/02/1970	B SC	32	1783838.00
ANAND R K	SR FORMAN	60	NIL	NIL	23/11/1965	4TH	37	1373787.00
ANDHARE K S	DM(FIN)	38	LARSEN & TOLEDO	ACCOUNTS OFFICER	23/03/1992	C A	10	263575.00
ANIL KUMAR	SYSTEM OFFICER	29	NIL	NIL	26/08/1997	B E	4	35160.00
ANNAMALAI A L	DGM(PLANT)	60	GOVT OF TAMILNADU FISHERIES DP	FOREMAN	01/07/1966	B E (MECH)	36	593094.00
ATMARAMANI K S (SMT)	AM(FIN)	46	MACNEILL MAGOR LTD.	TEL OPTR CUM RECEPTIONIST	23/06/1975	B A	27	1196227.00
ATTAR I G	SR FOREMAN-TT	58	NIL	NIL	27/08/1965	V STD	35	1355621.00
BACHHI RAM	ST ATTENDANT	60	NIL	NIL	01/11/1966	8 th STD	36	977032.00
BADKI NATH	SR OPERATOR	60	NIL	NIL	09/02/1966	NIL	36	902737.00
BALAKRISHNAN N	SR FOREMAN-TT	57	BHARAT EARTH MOVERS LTD.	MILLER	10/04/1972	SSLC	36	748197.00
BALASUBRAMANIAM G	DM(OPS)	55	NIL	NIL	17/08/1970	B SC	32	1958978.00
BALSIR SINGH	SR T T D	60	NIL	NIL	01/06/1966	NIL	36	930841.00
BAHAL H	D GMGR(MKTG OPS)	60	NIL	NIL	09/02/1970	B A	32	1993949.00
BALIS S	FOREMAN	60	NIL	NIL	11/07/1964	9TH	38	1204424.00
BANKELAL V	OPERATOR-F	38	NIL	NIL	09/04/1988	VIII STD.	36	1548362.00
BANSAL S K	CH TERML MGR	60	NIL	NIL	10/06/1966	B SC	36	1533644.00
BANSAL U K	DM(RLY CLAIMS)	57	NIL	NIL	12/06/1970	B A	32	2300399.00
BASU PRANAB KUMAR	GM	58	NIL	NIL	01/07/1968	B E(CHEM), M.TEC (CHEM)	33	1279352.16
BHATIA L K	TERML MGR	60	NIL	NIL	23/08/1966	B A	36	1345388.00
BHATIA R C	FOREMAN(TECHNICAL)	41	NIL	NIL	28/10/1987	HIGH SCHOOL	15	1273411.00
BJENDRA SINGH	FOREMAN(FIELD)	51	NIL	NIL	12/04/1981	INTER	21	1243060.00
BARIA M D	SR T T DRIVER	60	NIL	NIL	02/10/1980	II STD	21	280046.00
BASU HARAMOCHAN	DM(RETAIL)	55	NIL	NIL	23/07/1970	B SE	31	1237215.72
BHAGELU RAM	SR OPERATOR	60	NIL	NIL	07/02/1964	NIL	38	1101799.00
BHALLA S K	MGR(PLANT)	60	NIL	NIL	20/11/1965	B SC	37	1089306.00
BHASKARA RAO R M K	DGM(MKTG OPS)	58	GOVT OF ORESSA	ASST ENGINEER	06/06/1969	B E(MECH), M E(AUTO), PG DBM	36	1273329.00
BHASKARAN P	DGMGR(WELF)	60	NIL	NIL	17/12/1960	B A	41	1021637.00
CHADHA P N	ACCTS OFFICER II	60	NIL	NIL	01/04/1966	10TH	36	1261117.00
CHAHAL RAM KUMAR	CHARGEMAN(FIELD)	49	NIL	NIL	12/01/1979	HR SEC PART I	23	1404067.00
CHATTERJEE ANUP KUMAR	DM(FIN)	57	NIL	NIL	31/10/1969	B SC	32	1368214.78
CHAWLA KRISHAN GOPAL	PA	52	NIL	NIL	20/10/1982	B.COM	20	1453481.00
CHHATAR SINGH	MGR(LAB)	56	NIL	NIL	24/07/1973	M SC	29	1860407.00
CHUGH M L	DM(TERML)	58	NIL	NIL	02/07/1963	MATRIC	39	1900585.00
CHACKO K	DM(PLANT)	60	NIL	NIL	28/01/1964	S S L C	37	248873.00
CHALLA SUBBA RAO	DM(ADMIN)	38	NIL	NIL	23/02/1989	B E(CIVIL)	12	282650.00
CHANDRASEKHARAN R	DM(MARINE)	55	NIL	NIL	01/07/1967	B SE	35	2069024.00
CHAT TERJEE S	ACCTS OFFICER II	60	NIL	NIL	24/12/1964	H S C	38	937646.00
CHUGH S L	ACCTS OFFICER II	60	NIL	NIL	14/04/1962	10 th STD	40	1109018.00

Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining IndianOil	Qualification	Experience	Remun. Gross Rs
DHINGRA K K	ED	60	NIL	NIL	16/05/1965	B E(ELECT),M M M	37	1235521.00
DHINGRA K L	OPS OFFICER II	60	NIL	NIL	05/05/1964	10 th	38	1692627.00
D' SOUZA S	OPS OFFICER II	60	AIR INDIA	TYPIST CLERK	23/08/1961	S S C	31	836098.00
D'SOUZA N (SMT)	AM(LUBES)	60	NIL	NIL	23/11/1962	S S L C	39	1276086.00
DASGUPTA S S	GM	55	NIL	NIL	13/10/1969	B TECH (HON) (CIVIL-ENGG)	32	769371.00
DAYARAM	SR OPERATOR	60	NIL	NIL	14/09/1982	10 th STD	20	790531.00
DAYANAND	SR FOREMAN-R	57	PRAGA TOOLS /SEC BAD	QTY CONTROL INSPECTOR	20/06/1973	H SC,ITI	36	266683.00
DHARAM PAL	FOREMAN	60	NIL	NIL	20/04/1965	7 th STD	35	1019258.00
DIGHE G P	NON MEMBER SECRETARY	59	NIL	NIL	09/02/1970	BA, LLB	32	72396.00
DUTTA U	DM(S)	38	NIL	NIL	09/05/1988	B SC, PGD COMPUTER	13	368839.00
GOMBER	DY MGR(LAW)	57	NIL	NIL	05/05/1964	M A L L B	38	2425569.00
GOPAL KRISHAN	ACCTS OFFICER II	60	NIL	NIL	10/03/1966	10TH	36	1213402.00
GOYAL A K	AM(ADMIN)	51	NIL	NIL	10/06/1974	B A	28	2031320.00
GANESHAN S V	SR DEPOT MGR	54	PRIVATE FIRMS	STENO	31/07/1970	H SC	37	1785580.00
GHAISAS A K (SMT)	DM(R C)	50	NIL	NIL	21/08/1969	B A, 2nd LLB, DPMIR	32	1887119.00
GONSALVES L (SMT)	DM(SHIPPING)	51	NIL	NIL	29/07/1969	S S C	32	1756146.00
GOPAL SINGH	FOREMAN	60	NIL	NIL	18/08/1965	8TH STD	35	1011054.00
GOPINATH T A	RESIDENT MGR	59	ENGLISH ELECTRICAL CO	CLERK	05/11/1967	B COM, FICA, AMAESI	39	893961.00
GUPTA SULOCHNA	ACCTS OFFICER II	60	NIL	NIL	16/11/1983	10 th STD	19	583333.00
GULATI D K	FOREMAN(FIELD)	46	NIL	NIL	11/01/1978	MATRIC	24	1345732.00
GURCHARAN SINGH	CAM	60	NIL	NIL	02/03/1960	BA, BGL	41	581770.00
HASHMI I H	ED(M O)	60	NIL	NIL	22/11/1963	B SC	39	1433125.00
HUKAM CHAND	FOREMAN(AVIATION)	59	NIL	NIL	26/09/1964	NIL	38	1356774.00
HINGORANI K R	MGR(OPS)	60	NIL	NIL	18/04/1963	B A	39	1402145.00
JAGDISH CHANDER	SR FOREMAN(SG)	52	NIL	NIL	13/01/1970	HIGH SCHOOL	32	1302222.00
JAGDISH KUMAR	JR OPERATOR(FIELD)	39	NIL	NIL	09/02/1995	NIL	7	1395934.00
JAIN J K	ACCTS OFFICER	55	NIL	NIL	01/12/1968	B COM	34	1252548.00
JANAKIRAMAN U	AM(TERML)	60	RAYALA CORPN	SALESMAN	08/10/1965	B COM	39	300560.00
JANARDHANAN L (SMT)	DM(ADMIN)	60	NIL	NIL	01/04/1966	B A B ED	35	800526.00
JAYARAMAN T M	NON MEMBER SECRETARY	60	MRF	ELECTRICIAN	17/09/1965	SSLC	39	583751.00
JENAKA NANDHINI P	AM(S)	51	EASTERN ENGG. CO. LTD.	TYPIST CUM TELE OPTR	25/06/1975	B SC, M B A, COMP COURSE, DIP IN RDBMS	31	1003803.00
JOLLY P A	SR DEPOT MGR	55	NIL	NIL	09/04/1966	S S L C	36	2805329.00
KALIA S C	DM(FIN)	57	NIL	NIL	02/12/1967	B A	35	2391275.00
KARTAR SINGH	SR OPERATOR(FIELD)	50	NIL	NIL	01/10/1985	IX STD	17	1690710.00
KASBEKAR R N	AM(ENGG)	43	TRISTAR EN. & CO	TRAINEE ENGINEER	20/09/1982	D M E	18	1247960.00
KHURANA I S	DM(PLANT)	54	NIL	NIL	01/10/1975	B SC	27	2294444.00
KISHAN LAL	FOREMAN(AVIATION)	57	NIL	NIL	01/11/1969	IC ARS	33	1200157.00
KRISHAN LAL	SR FOREMAN	60	NIL	NIL	08/03/1965	10 th	37	1252210.00
KUNDAN LAL	CHARGEMAN(FIELD)	44	NIL	NIL	15/05/1978	VI STD	24	1241616.00
KARLASAM N	AM(FIN)	57	YANI VIDYASHALA HIGH SCHOOL	TYPIST CLERK	01/05/1969	S S L C	34	1659937.00
KAKKAR K K	MGR(OPS)	57	NIL	NIL	11/08/1969	B SC ENGG(AERO)	32	2059091.00
KALER H B	SR FOREMAN-TT	60	GARWARE NYLONS LTD	WATCHMAN	01/01/1977	2 STD	25	492176.00
KAPOOR G S	CH MARINE MGR CH MGR(HINDI IMPL)	59	CWE, DEOLALI	STENO GRAPHER	10/04/1962	B A(SPL), D B M	40	1434574.00
KASKHEDIKAR A P	CH MGR (Hindi IMPL)	60	CONSERVATOR OF FORESTS	STENO GRAPHER	28/06/1965	B SC, DIP PA'S COUR, SAH.RATNA	38	1018542.00
KAURA M L	MGR(FIN)	60	NIL	NIL	04/04/1963	B A	39	1015540.00
KAZI M M	DM(AVIATION)	55	MAHARASHTRA REVENUE TRIBUNAL	TYPIST CLERK	05/11/1965	B A	37	2803679.00
KOIRY R	SR OPREATOR	60	NIL	NIL	01/05/1967	4 th STD	35	876956.00
KULDEEP SINGH	SR S S G	60	NIL	NIL	27/01/1984	8 th STD	18	987593.00

Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining IndianOil	Qualification	Experience	Remun. Gross Rs
KUMAR H (SMT)	AM(ADMN)	49	NATIONAL RUBBER MFRS LTD	STENOGRAPHER	30/01/1978	B A, DIP IN MKTG	27	1413035.00
LAL M C	DM(MCO)	55	NIL	NIL	01/10/1977	B A	25	1688466.00
LAKSHMANAN S V	DM(SHIFT ADMN)	60	MAHENDRA & MAHENDRA LTD	JR STENOGRAPHER	23/06/191965	B A	37	982774.00
LAKSHMANAN V	DM(OPPS)	53	D/O EXECUTIVE ENGG	DRAFTSMAN	08/07/1974	D C E	32	1906866.00
LAWRENCE SAMUEL S	SR OPTR (F)	59	INDIAN ARMY	NAIK	25/06/1983	IX STD	38	3090281.00
LUTHRA J K	SR CONSUMER MGR	60	NIL	NIL	18/06/1962	B A	40	1125027.00
MACWAN J C	ACCTS OFFICER II	60	PREMIER INSURANCE CO LTD.	CLERK	07/02/1966	B A	40	1207666.00
MAHAJAN R	SR MGR(ENGG)	60	NIL	NIL	05/09/1966	B SC, B E(CIVIL)	36	2145031.00
MARWAH N K	DM(FIN)	40	NIL	NIL	21/08/1963	MATRIC	39	1308411.00
MARWAH S C	MGR(AVIATION)	60	NIL	NIL	11/08/1964	M A	38	1374600.00
MATHUR P S	ACCTS OFFICER II	40	NIL	NIL	14/02/1964	10 th	38	1511711.00
MIDDHA K K	DM(TERML)	55	NIL	NIL	02/07/1969	M COM	33	2514392.00
MOHINDER SINGH	FOREMAN(TECHNICAL)	52	NIL	NIL	13/01/1975	X STD	27	1308695.00
MUKHARJI A	NON MEMBER SECRETARY	57	NIL	NIL	26/03/1973	B SC, L L B	29	2630872.00
MUL CHAND	FOREMAN(TECHNICAL)	47	NIL	NIL	15/05/1978	V STD	24	1274811.00
MALGURIA O P	E D(LPG ENGG)	60	MES	SDO	08/12/1969	B E (CIVIL)	40	640495.00
MALHOTRA R M	AM(TERML)	60	NIL	NIL	21/10/1969	M. COM	33	884833.00
MALHOTRA S K	SUPERVISOR WORKS	60	NIL	NIL	01/08/1963	10 th STD	39	1120640.00
MALOOK SINGH	SR FOREMAN-TT	60	NIL	NIL	09/12/1966	INT SC	38	948037.00
MANTANI C	AM(PLANT)	60	NIL	NIL	15/07/1963	MATRIC	39	1072631.00
MARATHE P D	MGR(PLANT)	56	NIL	NIL	25/11/1972	B SC	30	2578944.00
MARTIS L V (SMT)	DM(AIRW)	54	HINDUSTAN IDEAL INSURANCE CO	TYPIST	03/10/1960	B A	33	1997185.00
MARWAHA O N	DIRECTOR (MKTG)	60	JAGAJIT DISTILLING	ACCTS OFFICER	02/08/1966	B COM (HONS), C A	35	1061264.00
MATHUR R S	SR ADMN & WELF MGR	60	NIL	NIL	24/08/1964	B SC, L L B	38	940698.00
MEHIRA J M	CH RETAIL MKTG NGR	60	NIL	NIL	09/02/1970	B A, PG DIP M & SM	32	1091729.00
MOHAMED SHARIF J	AVIATION OFFICER	47	NIL	NIL	20/05/1977	M A	24	649020.00
MOHANRAJ T A	SR PETRO & SPL MGR	48	DIRECTOR OF EMPLOYMENT TRG	GROUP INSTRUCTOR	21/05/1980	B TECH(CHEM)	24	1224866.00
MOHD SUFI R K	SR OPERATOR	60	NIL	NIL	19/06/1966	NIL	34	1004723.00
MOHINDROO	MGR (MKTG CO-ORDN)	60	NIL	NIL	26/06/1963	B A	39	1012136.00
MONDAL AMITA RANJAN	MGR (PLANT)	54	NIL	NIL	16/10/1968	M COM	33	1543732.76
MUBALLAR M M	DM(SALES)	52	HANDLOOM HOUSE	TYPIST	15/04/1972	B COM	30	2092908.00
MUKHERJEE SOURENDRA NATH	DGM(AVN)	60	AIRWAYS(INDIA) LTD.	APPRENTICE	01/12/1964	B SC, MAESI, AIRCRAFT MAINT	38	543273.10
MURTHY E	OPERATOR-F	47	NIL	NIL	15/10/1991	VIII STD	10	390545.00
MIDDHA K K	DM(TERML)	55	NIL	NIL	02/07/1969	M COM	33	2514392.00
MUKHARJI A	NON MEMBER SECRETARY	57	NIL	NIL	26/03/1973	B SC, L L B	29	2630872.00
MIN KHAN	GM	60	NIL	NIL	10/04/1965	B.SC.	36	902388.00
MRS. VL RAI	GARAGE (ADNN)	58	NIL	NIL	24/06/1996	BA	35	1923715.00
NARENDER KUMAR	ACCTS OFFICER	37	NIL	NIL	13/10/1987	B A	15	1286578.00
NARENDRA SINGH	OPS OFFICER I	54	NIL	NIL	18/02/1974	B A	28	1305907.00
NEGI SINGH V S	FOREMAN(FIELD)	47	NIL	NIL	13/05/1975	X STD	27	1300059.00
NACHNANI S (SMT)	AM(LUBE-MATLS)	60	NIL	NIL	19/02/1962	SSC	40	1166525.00
NAGARMATH S V (SMT)	SECT OFFICER(CSC)	49	PLASTIC RESINS LIMITED	TELEPHONE OPERATOR	01/07/1975	B A	29	1345429.00
NAIR A S V	SECT OFFICER II	60	VOLTAS LTD	TYPIST	14/05/1965	SSLC	37	307548.00
NANAK RAM	SR T T DRIVER	60	NIL	NIL	01/03/1965	2ND STD	37	655034.00
NAVANEETHA KRISHNAN E K	GM	60	NIL	NIL	29/04/1967	B SC (ENGG) (MECH)	34	1138892.00
OBEROI S C	DM(T)	55	NIL	NIL	11/09/1969	B A, PGMD	33	2217856.00
OM PRAKASH	CHARGEMAN(FIELD)	46	NIL	NIL	12/01/1979	IX STD	23	1210804.00
OLGA XAVIER	AM(LPG-SALES)	48	SOUTH INDIAN EXPORTS PVT LTD	STENO	03/11/1976	B SC	27	976915.00



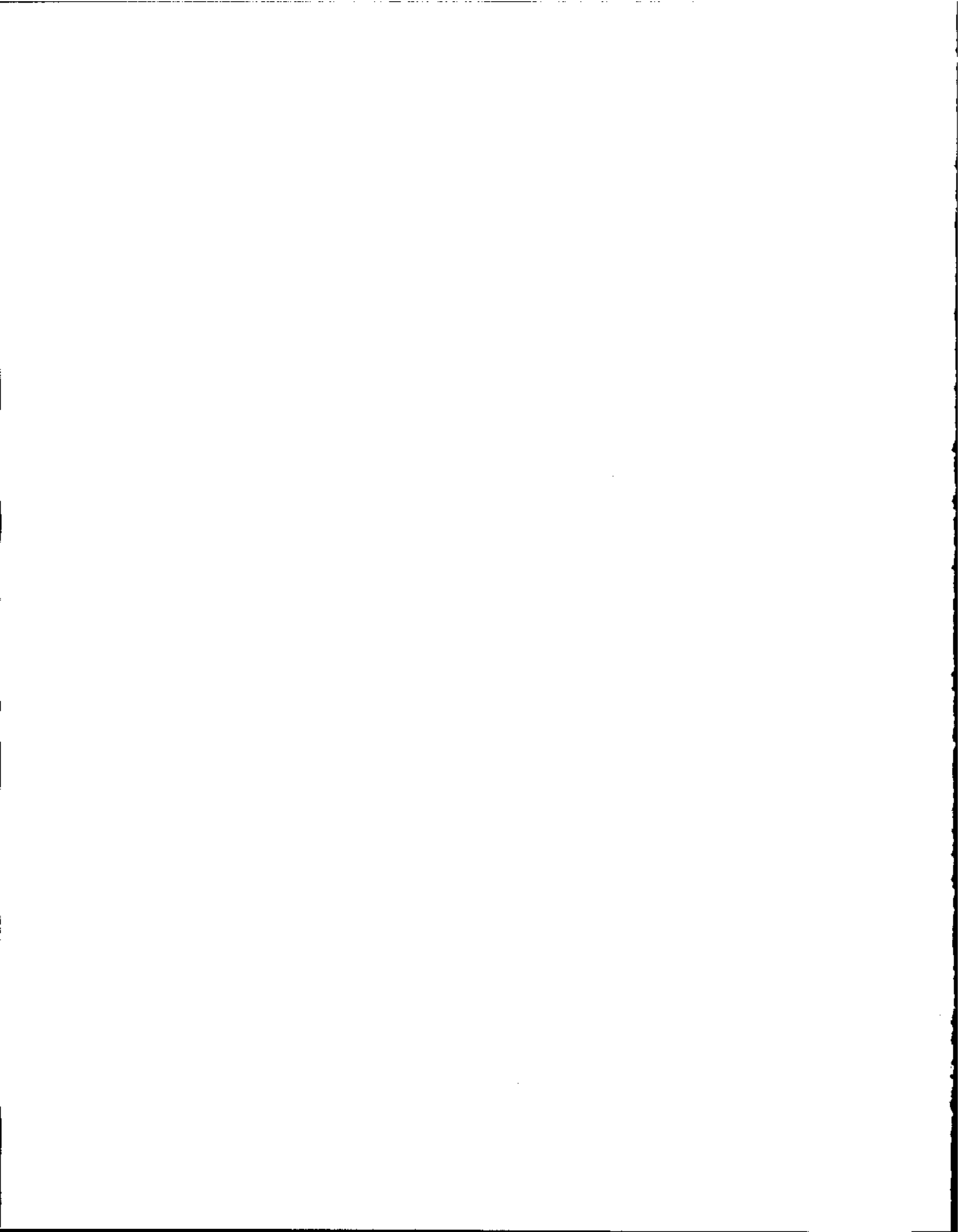
IndianOil

Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining IndianOil	Qualification	Experience	Remun. Gross Rs
PARIHAR HIRA SINGH	CHARGEMAN(FIELD)	49	NIL	NIL	03/12/1982	V STD	20	1222624.00
PARVEZ JAMEEL	OPS OFFICER I	49	NIL	NIL	09/10/1982	B COM	20	1216152.00
PHUL H S	OPS OFFICER I	53	NIL	NIL	11/10/1972	B A	30	1391972.00
PANDLOSAR R M	SECT OFFICER II	60	HAFF KINE INSTITUTE	CLERK TYPIST	27/07/1967	SSC	38	528097.00
PANDURANGA RAO P	MGR(CONSUMER)	59	L I C	STENO	14/06/1963	M A	41	1110604.00
PARHI CHANDRA KANT	NON MEMBER SECRETARY	57	NIL	NIL	04/02/1967	B A	35	1633319.00
PATEL D B	DM(TERML)	60	DIST PANCHAYATS OFFICE	JR CLERK	15/04/1966	B A	37	1100255.00
PATEL J R	FOREMAN (F)	60	NIL	NIL	11/02/1966	X STD	37	1007798.00
PATEL P D	BUSSINESS MGR	60	NIL	NIL	10/11/1965	D M E	37	890771.00
PATWAL BALBIR S	RECORD CLERK	60	NIL	NIL	16/08/1962	NIL	40	911494.00
PRASAD SHEO KUMAR	DM(FIN)	60	NIL	NIL	27/09/1962	B COM	40	380537.18
PRAVEEN KUMAR	MLE	27	NIL	NIL	09/06/1999	B.TECH	NIL	2739665.00
QUERASHI I A	ACCTS OFFICER II	60	DUBE ENGG WORKS	CLERK-CUM-TYPIST	26/08/1968	SSC	38	663192.00
RADHA KRISHNA KURLUP M E	MGR(TERML)	57	NIL	NIL	05/12/1965	B SC(BOT)	36	1899567.00
RAHA SHYAMAL KUMAR	DM(FIN)	60	NIL	NIL	05/02/1964	M COM, LLB	37	439707.36
RAHMAT KHAN	T T D	46	NIL	NIL	23/06/1967	NIL	35	1143172.00
RAJSEKHAR M M	ACCTS OFFICER II	57	BRADWAY INDIA LTD	SKILLED WORKER	12/07/1969	DIP TEL OPTR	34	1787947.00
RAM SARAN	FOREMAN(TECHNICAL)	48	NIL	NIL	11/01/1978	UPTO MATRIC	24	1406885.00
RAM DASS	SR TT DRIVER	60	NIL	NIL	19/05/1963	NIL	39	887354.00
RAM SAMAJ SINGH	SR ATTENDANT	60	NIL	NIL	08/07/1963	8 th STD	39	754810.00
RAMACHANDRAN K	ED(MKTG OPS)	60	P W D	JR ENGINEER	18/05/1965	B E(MECH)	37	625345.00
RAMACHANDRAN S	SR Q C MGR	56	NIL	NIL	06/07/1970	B Sc	32	2865991.00
RAMACHANDRAN T	DM(AVN)	54	NIL	NIL	10/10/1968	B COM	34	2250484.00
RAMANI S	AM(R C)	51	ELFORD EDWARDS P LTD	TYPIST	18/11/1968	B COM	34	1363034.00
RAMDEO SINGH	FOREMAN	60	NIL	NIL	26/08/1965	NIL	37	1026052.00
RANA BALBIR SINGH	CHARGEMAN(FIELD)	48	NIL	NIL	12/01/1979	IV STD	23	1217208.00
RASAM V V	SR SEC GUARD	60	INDIAN ARMY	NAIK	01/07/1982	VIII STD	39	204262.00
RAWAL O P	ACCTS OFFICER	60	NIL	NIL	15/10/1965	10TH STD	37	110363.00
RAWAT M S	FOREMAN(TECHNICAL)	49	NIL	NIL	11/01/1978	INTER	14	1358231.00
ROSHAN LAL	FOREMAN	60	NIL	NIL	23/04/1965	8 th STD	37	1066875.00
RK SHARMA	MANAGER (COORDN)	60	NIL	NIL	09/02/1970	M SC.	31	547582.00
SABHARWAL MANJU	DM	57	NIL	NIL	22/09/1966	M A(ECO)	36	2613469.00
SACHDEVA S K	OPS OFFICER I	45	NIL	NIL	12/07/1981	NIL	21	1241882.00
SADASIVAN S	AM(LPG)	60	NIL	NIL	03/12/1962	SSLC	39	203160.00
SAIGAL P P	CH LUBES MGR(TRANS CELL)	60	NIL	NIL	15/04/1965	B A, DAME, AMA&SI	37	1335557.00
SALAMPURIA O P	CH OPS MGR	60	NIL	NIL	12/05/1964	B SC(HONS),PET TECH	38	1152562.00
SALUJA G R	ACCTS OFFICER	60	NIL	NIL	13/11/1965	H SC	37	1347440.00
SAMPATHKUMARAN M R	DGM (ENGG PROJ & I D)	60	HINDUSTAN STEEL LTD.	TECH. ASSTT.	12/05/1964	B SC, B TECH (Civil) FEL IIPE	38	613832.00
SANCHAWALA M I	OPS OFFICER	57	NIL	NIL	21/10/1965	S S C	36	1556236.00
SANGAR R K	SR A P T M	60	NIL	NIL	12/08/1969	M SC(CHEM), A DIP OF 33 CH, M SC(MATHS)	33	1030429.00
SANT RAM	SR OPERATOR	60	NIL	NIL	08/10/1964	6 th STD	38	958407.00
SAREEN R C	ACCTS OFFICER II	60	NIL	NIL	11/10/1965	10 th STD	37	868213.00
SAWANT L G	SR OPTR-P5G	60	NIL	NIL	19/05/1969	NIL	32	431281.00
SAXENA N C	SR OPS MGR	59	NIL	NIL	15/06/1963	B COM	39	1920691.00
SAYEERAM T S	NON MEMBER SECRETARY	55	NIL	NIL	05/02/1968	B SC, D S M	34	2647189.00
SEQUERIA C (SMT)	NON MEMBER SECRETARY	54	NIL	NIL	29/04/1969	B A	33	549606.00
SETHI B M	CH AVIATION MGR	59	NIL	NIL	18/10/1967	B SC	35	1201329.00
SETHURAMAN V S	DM(TERML)	56	GOVT OF MAHARASHTRA	STENOGRAPHER	28/07/1970	B A(SPL)	38	2639279.00

Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining IndianOil	Qualification	Experience	Remun. Gross Rs
SHAIKH T A	JR C/MAN-OS	60	NIL	NIL	15/09/1962	II STD	39	539500.00
SHANNUGAM S	SR FOREMAN-R	57	NIL	NIL	09/12/1963	7 th STD	38	172495.00
SHARMA D G	SR FOREMAN-F	60	JOHN THOMSON PVT. LTD.	ELECTRICIAN	26/05/1966	S S C	37	457606.00
SHARMA M L	DM(AVN)	60	BOMBAY POLYTECHNIC	INSTRUCTOR	06/10/1965	S S C	36	962221.00
SHARMA R G	AM(AVN)	60	NIL	NIL	21/12/1966	B A	36	830972.00
SHARMA RAJ KUMAR	SECT OFFICER II	60	NIL	NIL	11/04/1967	10 th	35	1208709.00
SHARMA S	F'MAN(F)	60	NIL	NIL	11/07/1960	NIL	41	600210.00
SHARMA V D	FORMAN	60	NIL	NIL	27/08/1965	NIL	37	1051565.00
SHARMA V K	FOREMAN(TECHNICAL)	55	NIL	NIL	19/12/1973	HIGH SCHOOL	29	1379271.00
SHARMA VED PRAKASH	SR OPERATOR	60	NIL	NIL	15/09/1982	10 th STD	20	834313.00
SHUKLA RAM NATH	S S GUARD	60	NIL	NIL	27/04/1984	9 th STD	18	756098.00
SIDHARTHAN K A	AM(OPS)	60	JANTA TUTORIALS	CLERK CUM LECTURER	01/12/1964	S S L C	38	713551.00
SINGH B R	AM(AVN)	60	NIL	NIL	01/08/1966	10 th STD	36	1026629.00
SINGH S N	SR OPTR-FSG	60	NIL	NIL	11/10/1969	VIII STD	32	415777.00
SISTA S	SR PETRO & SPL MGR	56	NIL	NIL	09-02-1969	M SC	32	2213786.00
SITA RAM	FORMAN	60	NIL	NIL	08/08/1963	NIL	39	973731.00
SOMA C	SR JM-SG	60	TELCO	UNSKILLED MATE	07/08/1973	III STD	34	387890.00
SONAR H Z	SR OPTR-FSG	60	EXCEL DYE/CHEM INDUSTRIES	WORKER	11/02/1966	SSC	36	431370.00
SRINATH RAO S	CH LUBES MGR (CON & INV CTR)	59	BEST	PROBATION ENGR	13/10/1969	B E (ELEC)	34	1470512.00
SRIVASTAVA H K L	DM	60	NIL	NIL	10/01/1966	10 th STD	36	724538.00
SUBBANNA D	OPERATOR-F	47	NIL	NIL	21/09/1990	X STD	11	965583.00
SUBHASH CHANDER	FORMAN	60	NIL	NIL	19/05/1963	10 th STD	39	764903.00
SUBRAMANIAM K V	NON MEMBER SECRETARY	56	DY COMMISSIONER /CBE	STENO/TYPIST	22/04/1966	B SC(CHEM)	37	1374264.00
SUKTTE V G	SR FN-TT	57	NIL	NIL	20/09/1965	VIII STD	36	1105302.00
SHIV KUMAR	FOREMAN(TECHNICAL)	49	NIL	NIL	13/05/1978	MATRIC	24	1350292.00
SHIV RAJ SINGH	CHARGE MAN(FIELD)	58	NIL	NIL	15/07/1967	VIII TH STD	35	1384745.00
SINGH GURMAIL	FOREMAN(AVIATION)	57	NIL	NIL	11/01/1967	NIL	35	1586740.00
SINGH S P	MGR(S & D)	59	NIL	NIL	27/04/1964	M A,PGD LL & AL	39	1962459.00
SUBASH CHANDER	CHARGE MAN(FIELD)	47	NIL	NIL	12/01/1979	MIDDLE	23	1200476.00
SULTAN SINGH	FOREMAN(AVIATION)	52	NIL	NIL	09/01/1965	VIII STD	37	1328522.00
SURESH CHANDER	ACCTS OFFICER	50	NIL	NIL	08/04/1977	B A	25	1225914.00
SUSHIL KUMAR	ACCTS OFFICER II	60	NIL	NIL	04/04/1967	12 th	35	1338992.00
THAKUR PRASAD	SR OPERATOR	60	NIL	NIL	14/10/1964	NIL	38	1247913.00
THAKURDESAI A M	DM(E & C)	52	MSRTC	TYPIST-CLERK	20/07/1968	B A	35	2769362.00
TYAGI R S	DM(AVIATION)	60	NIL	NIL	13/08/1964	M A(ECCO)	38	1279514.00
UMESH K M	DM(RETAIL)	55	NATIONAL ELECTRICAL IND LTD	TYPIST	06/04/1966	B A, L L B	37	2413002.00
VASU M E	ED	60	A N JAIN COLLEGE	DEMONSTRATOR	21/01/1966	B SC, DMIT (AUTO)	40	754393.00
VASUDEVAN R	MGR(AVIATION)	55	NIL	NIL	01/08/1966	B A	36	3233047.00
VATTS A K	SY GENL MGR (M C)	60	NIL	NIL	08/06/1963	B SC ENGG (MECH) M B	39	1083681.00
VENKATACHALAM S (SMT)	DM(CONS)	53	NIL	NIL	04/02/1966	B A	35	2025308.00
VENKATARAMAN V M	OPS OFFICER	52	ENFIELD INDIA LTD MADRAS	ASSISTANT	02/06/1976	B A	29	1235674.00
VENKATASWAMY T	SR OPTR(F)	58	ARMY	WASHERMAN	03/04/1982	IV STD	37	343378.00
VENUGOPALAN E K	SR R C	60	NIL	NIL	29/04/1963	B SC	38	807028.00
VERMANI R S	ACCTS OFFICER	55	NIL	NIL	14/12/1967	B A	35	1206210.00
VIDHYADHARAN P	F MAN (F)	60	NIL	NIL	01/07/1972	S S L C	29	513063.00
VYAS K R	DM(OPS)	60	STEVEDORE ASSN, OKHA	SUPERVISOR	22/12/1964	S S C	38	865141.00
WADKE J M	DM(SALES)	54	BOMBAY CITY CIVIL COURT	TYPIST	05/08/1965	B A D P MAIR	36	2045378.00



WAGHELA S J (MS)	AM(FIN)	48	SALES TAX OFFICE	CLERK	29/06/1979	B A	25	1353202.00
YADAV RAM LAL	CHARGEMAN(FIELD)	47	NIL	NIL	27/07/1979	MIDDLE	23	1470620.00
ZAHIRUDDIN S	DM (INT AUDIT)	60	CITY CIVIL COURT	TYPST	26/03/1964	S S L C	39	907810.00



Consolidated Accounts
2001-2002



Indian Oil Corporation Limited



AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF INDIAN OIL CORPORATION LTD. & ITS SUBSIDIARIES

AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF INDIAN OIL CORPORATION LTD.

We have examined the attached Consolidated Balance Sheet of Indian Oil Corporation Limited and its subsidiaries as at 31st March, 2002 and the Consolidated Profit and Loss Account annexed thereto 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. Our audit included 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, whose financial statements reflect total assets of Rs. 357,599.23 Lakhs as on March 31, 2002 and total revenue of Rs. 860,841.89 Lakhs for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amount included in respect of the subsidiaries, 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, issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statement of Indian Oil Corporation Limited and its subsidiaries included in the consolidated financial statements.

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 and its aforesaid subsidiaries, we are of opinion that:

1. The Consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Indian Oil Corporation Limited and its subsidiaries as at 31st March 2002; and
2. The Consolidated Profit and Loss Account gives a true and fair view of the consolidated results of operations of Indian Oil Corporation Limited and its subsidiaries for the year ended on that date.

JAGDISH CHAND & CO.
Chartered Accountants

Sd/-
(J. C. GUPTA)
Partner

P. K. MITRA & CO.
Chartered Accountants

Sd/-
(P. R. SAMANTA)
Partner

B. K. KHARE & CO.
Chartered Accountants

Sd/-
(PADMINI B. KHARE)
Partner

CHATTERJEE & CO.
Chartered Accountants

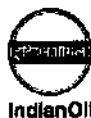
Sd/-
(S. K. CHATTERJEE)
Partner

Place : New Delhi
Dated : June 18, 2002

Indian Oil Corporation Limited Consolidated Financial Statements

BALANCE SHEET AS AT 31ST MARCH 2002

	Schedule		(Rs. Lakhs)
			March - 02
SOURCES OF FUNDS:			
1. Shareholders' Funds:			
a) Capital	"A"	77,867.39	-
b) Reserves and Surplus	"B"	<u>1,473,157.23</u>	-
			1,551,024.62
2. Loan Funds:			
a) Secured Loans	"C"	471,477.96	-
b) Unsecured Loans	"D"	<u>1,573,987.90</u>	-
			2,045,465.86
3. Deferred Tax Liability (Net)			372,543.64
4. Minority Interest			89,622.82
			<u>89,622.82</u>
TOTAL			<u><u>4,058,656.94</u></u>
APPLICATION OF FUNDS:			
1. Fixed Assets:			
a) Gross Block	"E"	3,354,071.46	
b) Less: Depreciation		<u>1,259,507.26</u>	
c) Net Block		2,094,564.20	
d) Dismantled Capital Stores		1,228.13	
e) Capital Work-in-Progress	"F"	<u>581,787.98</u>	
			2,677,580.31
2. Investments	"G"		796,423.29
3. Advances for Investments			2,904.00
4. Finance Lease Receivables			17,434.17
5. Goodwill on Acquisition			101,043.87
6. Current Assets, Loans and Advances:			
a) Inventories	"H"	1,176,095.79	
b) Sundry Debtors	"I"	353,229.73	
c) Cash and Bank Balances	"J"	99,095.33	



Indian Oil Corporation Limited Consolidated Financial Statements
BALANCE SHEET AS AT 31ST MARCH 2002

(Rs. Lakhs)
March - 02

	Schedule		
d) Other Current Assets - Interest accrued on Investments/Bank Deposits		2,609.75	
e) Loans and Advances	"K"	<u>516,876.13</u>	
		2,147,906.73	
APPLICATION OF FUNDS (Contd.)			
7. Less: Current Liabilities and Provisions	"L"	<u>1,707,205.34</u>	
8. Net Current Assets (6-7)			440,701.39
9. Miscellaneous Expenditure (to the extent not written off or adjusted)	"L-1"		17,158.28
10. Deferred Tax Asset			5,411.63
	TOTAL		<u><u>4,058,656.94</u></u>
11. Notes on Accounts	"Q"		

Sd/-
(M. S. Ramachandran)
Chairman

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

Sd/-
(R. Narayanan)
Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.
Chartered Accountants

P. K. MITRA & CO.
Chartered Accountants

B. K. KHARE & CO.
Chartered Accountants

CHATTERJEE & CO.
Chartered Accountants

Sd/-
(J. C. GUPTA)
Partner

Sd/-
(P.R. SAMANTA)
Partner

Sd/-
(PADMINI B. KHARE)
Partner

Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi

Dated : June 18, 2002



Indian Oil Corporation Limited Consolidated Financial Statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002

	Schedule	(Rs. Lakhs) March - 02
INCOME:		
1. Sale of Products and Crude		11,366,793.96
Less: Commission and Discounts		<u>26,803.63</u>
		11,339,990.33
2. Company's use of own Products and Crude		17,545.90
3. Net claim from/(surrender to) Industry Pool A/Cs.*		4,432.76
4. Increase/(Decrease) in Stocks	"M"	(37,720.91)
5. Interest and other Income	"N"	<u>125,556.53</u>
TOTAL INCOME		<u>11,449,804.61</u>
Expenditure:		
1. Purchase of Products and Crude for resale (Net of loan from/to OMCs)		5,081,368.53
2. Manufacturing, Admn., Selling & Other Expenses	"O"	4,185,186.76
3. Duties		1,415,263.26
4. Depreciation and Amortisation		148,783.85
5. Interest Payments on:		
a) Fixed Period Loans from Banks/Financial Institutions/Others		42,824.27
b) Bonds		17,011.48
c) Short Term Loans from Banks		46,856.08
d) Public Deposits		951.05
e) Others		<u>66,638.09</u>
		174,280.97
Less: Interest Capitalised		<u>3,069.93</u>
		171,211.04
6. Deferred Revenue Expenditure Written Off:		655.44
TOTAL EXPENDITURE		<u>11,002,468.88</u>
PROFIT FOR THE YEAR		447,335.73
Income/(Expenses) pertaining to previous years (Net)	"P"	<u>(5,593.56)</u>
PROFIT BEFORE TAX		441,742.17
Provision for Current Tax (Net)		<u>101,586.85</u>
PROFIT BEFORE DEFERRED TAX		340,155.32
Provision for Deferred Tax		<u>62,951.03</u>



IndianOil

Indian Oil Corporation Limited Consolidated Financial Statements

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2002

(Rs. Lakhs)

Schedule

March - 02

PROFIT AFTER TAX	277,204.29
Less: Share of Minority Interest	(3,470.61)
PROFIT FOR THE GROUP	280,674.90
Balance brought forward from last year's account	(4,363.71)
DISPOSABLE PROFIT	276,311.19
APPROPRIATIONS:	
Proposed Dividend	85,654.24
Insurance Reserve Account	1,000.00
Bond Redemption Reserve	48,207.05
Devaluation Exchange Difference Reserve	0.32
General Reserve	141,449.41
Balance carried to Balance Sheet	0.17
	<u><u>276,311.19</u></u>

7. a) **Earning Per Share (Rupees)** **36.05**
(Basic & Diluted)

8. Notes on Accounts "Q"

Sd/-
(M. S. Ramachandran)
Chairman

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

Sd/-
(R. Narayanan)
Company Secretary

As per our attached Report of even date

JAGDISH CHAND & CO.
Chartered Accountants

P. K. MITRA & CO.
Chartered Accountants

B. K. KHARE & CO.
Chartered Accountants

CHATTERJEE & CO.
Chartered Accountants

Sd/-
(J. C. GUPTA)
Partner

Sd/-
(P.R. SAMANTA)
Partner

Sd/-
(PADMINI B. KHARE)
Partner

Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi

Dated : June 18, 2002

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "A" - CAPITAL

		(Rs. Lakhs)
		March - 02
Authorised :		
250,00,00,000 Equity Shares of Rs.10 each		<u>250,000.00</u>
Issued, Subscribed and Paid up:		
77,86,74,800 Equity Shares of Rs.10 each	77,867.48	
Less :- Calls in Arrears	<u>0.09</u>	
		77,867.39
TOTAL		<u><u>77,867.39</u></u>

SCHEDULE "B" - RESERVES AND SURPLUS

		(Rs. Lakhs)
		March - 02
1. Capital Reserve :		
a) As per last Account	15.82	
b) On Acquisition	<u>40,736.65</u>	
		40,752.47
2. Share Premium Account :		
As per last Account	17,586.00	
Less: Call in Arrears	<u>0.80</u>	
		17,585.20
3. General Reserve :		
As per last Account	1,462,198.13	
Add : Transferred from Profit and Loss Account	141,449.41	
Add : Transferred from Insurance Reserve	0.00	
Less : Deferred Tax Liability	<u>292,087.07</u>	
		1,311,560.47
4. Insurance Reserve :		
As per last Account	0.00	
Add : Transferred from Profit and Loss Account	<u>1,000.00</u>	
		1,000.00
5. Export Profit Reserve :		
As per last Account		5,941.00
6. Capital Grants :		
As per last Account	1,306.29	
Add: Grants received during the year	0.00	
Less: Amortisation of Capital	<u>73.86</u>	
		1,232.43
7. Bond Redemption Reserve Account:		
As per last Account	46,877.66	
Add : Transferred from Profit and Loss Account	<u>48,207.05</u>	
		95,084.71
8. Profit and Loss Account :		
As per Annexed Account		0.17
9. Devaluation Exchange Difference Reserve		
Add : Transferred from Profit and Loss Account	<u>0.46</u>	
	0.32	
		0.78
TOTAL		<u><u>1,473,157.23</u></u>



Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "C" – SECURED LOANS

(Rs. Lakhs)
March - 02

	Note		
I. Bonds			
a) Deep Discount Bonds - Series - II	A	39,599.51	
b) Non-Convertible Redeemable Bonds - Series - III	B	72,360.00	
c) Non-Convertible Redeemable Bonds - Series - IV	C	30,000.00	
d) Non-Convertible Redeemable Bonds - Series - V	D	41,080.00	
Total of (i)			183,039.51
2. Loans and Advances from Banks :			
E			
i) Working Capital Demand Loan		210,000.00	
Interest Accrued and due on above		50.56	
Total of (i)		210,050.56	
ii) Export Packing Credit		0.00	
Interest Accrued and due on above		0.00	
Total of (ii)		0.00	
iii) Cash Credit		78,356.82	
Interest Accrued and due on above		31.07	
Total of (iii)		78,387.89	
Total of (2)			288,438.45
TOTAL			471,477.96

Note :

- A. 6863 Deep Discount Bonds of face value of Rs.10,00,000 each issued at a price of Rs.5,77,000 each, were allotted on 20th December 1999 and are redeemable at par on 20th December, 2004. The Bond also carry a put/call option at the end of 36 months from the date of allotment i.e. 20th December, 2002, on the exercise of which the Bonds are redeemable at Rs.8,02,547 each. These are secured by way of legal mortgage over the company's premises at Malabar and Cumballa Hill Division situated at Mumbai. These Bonds are also secured by way of charge on immovable properties at Panipat Refinery in the state of Haryana ranking interse pari passu with Bonds Series III & IV holders.
- B. 7236 Bonds of face value of Rs.10,00,000 each, allotted on 21st February 2000, are redeemable at par on 21st February 2007. The Bonds also carry a put/call option at the end of 60 months from the date of allotment i.e. 21st February 2005, on the exercise of which the Bonds are redeemable at par. The Bonds carry an annual coupon rate of 10.85% payable annually. These are secured by way of legal mortgage over the company's premises at Malabar and Cumballa Hill Division situated at Mumbai. These bonds are also secured by way of charge on immovable properties at Panipat Refinery in the state of Haryana ranking interse pari passu with Bonds Series II & IV holders.
- C. 3000 Bonds of face value of Rs.10,00,000 each, allotted on 24th May 2000, are redeemable at par on 24th November 2003. The Bonds carries an annual coupon rate of 10.65% payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 1343 situated at Ground Floor of Building No. 47 of MIG Adarsh Nagar Co-op. Housing Society Ltd. at Worli situated at Mumbai together with 5 shares of MIG Adarsh Nagar Co-op.

Indian Oil Corporation Limited Consolidated Financial Statements

Housing Society Ltd. These Bonds are also secured by way of charge on immovable properties at Panipat Refinery in the state of Haryana ranking interse pari passu with Bonds Series II & III holders

- D. 158 Bonds of face value of Rs.2,60,00,000 each, allotted on 18th July 2001, are redeemable in 13 equal instalments from the end of 3 year upto the end of 15th year from the date of allotment. The Bonds carry an annual coupon rate of 10.25% payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 301 situated in Bandra Anita Premises Co-op. Housing Society Ltd. at Bandra, Mumbai together with 5 shares of Bandra Anita Premises Co-op. Housing Society Ltd. These Bonds are also secured by way of charge on immovable properties at Panipat Refinery in the state of Haryana ranking interse pari passu with Bonds Series II, III & IV holders
- E. Against hypothecation of raw materials, stock-in-trade, sundry debtors, outstanding monies, receivables, claims, contracts, engagements etc.

SCHEDULE "D" - UNSECURED LOANS

		(Rs. Lakhs)
		March - 02
1. Public Deposits :		8,327.73
(including Rs.285.05 lakhs (2001 : Rs.Nil) due for payment within one year)		
2. Short Term Loans and Advances :		
i) From Banks & Financial Institutions:		
a) In Foreign Currency		
US \$ 867.54 Million, (2001 : US \$ 1765.45 Million)	422,817.18	
b) In Rupee	257,926.16	
Add: Interest Accrued and due	4,417.85	
	262,344.01	
Total (2) (i)	685,161.19	
ii) Inter Corporate Deposits :	23,300.00	
iii) Commercial Paper :	67,000.00	
iv) Export Packing Credit :	10,000.00	
v) From Others (OIDB):	117,525.00	
Total (2)	902,986.19	
3. Other Loans and Advances From Banks/Financial Institutions:		
i) In Foreign Currency		
a) B A Asia: US \$ 45 Million (2001 : US \$ 245 Million)	21,931.88	
(US \$ 45 Million repayable in Jan 2003) Incl. Rs.21931.88 Lakhs (2001 : Rs.Nil) payable within one year)		
b) A N Z Grindlays Bank: £5.59 Million, (2001 : £6.84 Million)	3,893.00	
(repayable in instalments by June' 2006) (Incl. Rs.867.32 lakhs, (2001 : Rs.833.18 Lakhs) payable within one year)		



Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "D" - UNSECURED LOANS (Contd.)

(Rs. Lakhs)

March - 02

c) Sumitomo Bank , Japan (Club deal): US \$ 75 Million (2001 : US \$ 75 Million) - (repayable in March' 2004)	36,553.12	
d) Canara Bank: US \$ 200 Million (2001 :US \$ Nil) (US \$ 100 Million repayable in September 2003 and US \$ 100 Million repayable in December 2003)	97,475.00	
e) Bank of India: US \$ 100 Million (2001 :US \$ Nil) (repayable in September 2004)	48,737.50	
f) ABN AMRO Bank: US \$ 200 Million (2001 :US \$ 200 Million) (repayable in September 2004)	97,475.00	
Total of 3. i)	306,065.50	
ii) In Rupee		
a) ICICI Bank Limited (repayable in June, 2004) @	50,000.00	
b) ICICI Bank Limited (repayable in June, 2008)	75,000.00	
c) ICICI Bank Limited (repaid in March,2002)	0.00	
d) ICICI Bank Limited (repayable in three annual instalment w.e.f. August, 2016)	50,000.00	
e) ICICI Bank Limited (Rs.16000 Lakhs each repayable in June'2016, June'2019 & June'2022 and Rs.17000 Lakhs in June'2025)	65,000.00	
f) OADB	116,534.38	
g) Others	73.99	
Total of 3. (ii)	356,608.37	
Total of 3.		662,673.87
4. 14% Fully Convertible Debentures of Rs.120 each	0.23	
Less: Calls in Arrears	0.12	
		0.11
TOTAL		1,573,987.90

Note : US \$ 200 Million Loan from BA Asia (Item no. 3.i) a)} which was repayable in Aug'2002 has been refinanced by a Short Term Loan arranged by SBI, London appearing in Item no. 2. i) a).

@ Formerly ICICI Limited.

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "E" - FIXED ASSETS

	AT COST					Gross Block as at 31-Mar-02	Depreciation and Amortisation for the year upto 31-Mar-02	Total Depreciation and Amortisation upto 31-Mar-02	(Rupees / Lakhs)
	Gross Block as at 1-Apr-01	Additions during the year	Transfers from Construction Work-in-Progress	Disposals During the year	Transfers/ Deductions/ Reclassifications				NET DEPRECIATED BLOCK 31-Mar-02
Land-Freehold	56,344.57	8,761.05	0.00	(32.31)	462.93	65,536.24	0.00	0.00	65,536.24
- Leasehold	19,699.72	916.73	5,131.74	(32.40)	50.34	25,766.13	416.92	2,264.34	23,501.79
- Right of Way	1,073.99	231.90	0.00	0.00	3.67	1,309.56	0.00	0.03	1,309.53
Buildings, Roads etc.	283,153.06	4,052.75	53,598.99	(2,293.81)	(411.00)	338,099.99	7,395.33	43,500.81	294,599.18
Plant and Machinery	2,617,752.13	55,690.76	172,197.88	(5,419.36)	(4,811.55)	2,835,409.86	145,620.92	1,174,666.23	1,660,743.63
Transport Equipments	49,490.25	1,623.31	120.25	(278.57)	(22,370.12)	28,585.12	(4,158.88)	15,030.01	13,555.11
Furnitures and Fixtures	15,278.22	1,246.16	1,035.68	(137.37)	(40.84)	17,381.85	955.20	7,576.35	9,805.50
Railway Sidings	22,183.97	318.42	229.93	(48.24)	(216.49)	22,467.59	921.96	6,960.62	15,506.97
Drainage, Sewage and Water Supply System	19,028.63	23.65	463.80	0.00	(0.96)	19,515.12	684.62	9,508.87	10,006.25
Total	3,084,004.54	72,864.73	232,778.27	(8,242.06)	(27,334.02)	3,354,071.46	151,836.07	1,259,507.26	2,094,564.20

Note : The fixed assets of IBP Company Limited are consolidated with effect from February 19, 2002 (Date of Acquisition)

SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

	(Rs. Lakhs)
	March - 02
1. Construction Work-in-Progress (Including unallocated capital expenditure, materials at site) Less : Provision for Capital Losses	264,931.38 <u>1,520.25</u>
	263,411.13
2. Advance for Capital Expenditure Less : Provision for Doubtful Advance	208,816.11 <u>43.33</u>
	208,772.78
3. Capital Stores Less : Provision for Capital Losses	41,997.91 <u>123.42</u>
	41,874.49
4. Capital Goods-in-Transit	10,508.24
5. Construction period expenses pending allocation : Balance as at 1 st April, 2001 Add : Net Expenditure during the year (Sch. "F-1")	32,606.36 43,945.77 <u>76,552.13</u>
Less : Allocated to Assets during the year	<u>19,330.79</u>
TOTAL	<u><u>57,221.34</u></u> <u>581,787.98</u>

Indian Oil Corporation Limited Consolidated Financial Statements

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

(Rs. Lakhs)

March - 02

1. Payments to and Provision for Employees	3,266.56
2. Repairs & Maintenance	126.25
3. Consumption of Stores & Spares	17.25
4. Power & Fuel	692.94
5. Rent	261.11
6. Insurance	140.22
7. Rates & Taxes	14.04
8. Travelling Expenses	638.58
9. Communication Expenses	122.02
10. Printing & Stationery	43.82
11. Electricity & Water Charges	89.50
12. Bank Charges	2.25
13. Technical Assistance Fees	33.64
14. Exchange Fluctuation	761.07
15. Interest	35,155.65
16. Depreciation	450.41
17. Start up/Trial Run Expenses	221.90
18. Others	3,349.33
Total Expenses	45,386.54
Less : Recoveries	1,440.77
Net Expenditure during the year	43,945.77

SCHEDULE "G" - INVESTMENTS

(Rs. Lakhs)

March - 02

I. LONG TERM INVESTMENTS:

1. Quoted

Trade Investments:

247,427.72

2. UNQUOTED:

a) Non-Trade Investments:

i) 6.96% Oil Companies GOI SPL Bonds 2009

6,800.00

ii) In Government - Securities

1.84

iii) Others

2,348.95

iv) In Consumer Cooperative Societies:

1.17

sub-total (a)

9,151.96



Indian Oil Corporation Limited Consolidated Financial Statements
SCHEDULE "G" – INVESTMENTS (Contd.)

		(Rs. Lakhs)
		March - 02
b) Trade Investments :		
i) In Joint Venture Companies		32,241.49
ii) In Others		2.12
	sub-total (b)	<u>32,243.61</u>
	sub-total (2)	<u>41,395.57</u>
	sub-total (1)	<u>288,823.29</u>
II. CURRENT INVESTMENTS (UNQUOTED):		
i) 6.96% Oil Companies GOI SPL Bonds 2009	527,600.00	
Less: Provision for Diminution	20,000.00	507,600.00
	Total: (1 + II)	<u><u>796,423.29</u></u>

SCHEDULE "H" – INVENTORIES

		(Rs. Lakhs)
		March - 02
I. In Hand :		
a. Stores, Spares etc.	62,089.02	
Less: Provision for Losses	3,578.45	
		58,510.57
b. Raw Materials		217,653.33
c. Finished Products		665,351.40
d. Stock in Process		66,111.63
e. Barrels and Tins		729.71
	Total (1)	<u>1,008,356.64</u>
2. In Transit :		
a. Stores & Spares		3,149.72
b. Raw Materials		163,242.08
c. Imported Finished Products		1,347.35
	Total (2)	<u>167,739.15</u>
	TOTAL	<u><u>1,176,095.79</u></u>



Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "I" – SUNDRY DEBTORS

(Rs. Lakhs)

March - 02

1. Over Six Months :

i) Secured, Considered Good	1,100.00
ii) Unsecured, Considered Good	44,471.94
ii) Unsecured, Considered Doubtful	11,957.60
Total 1	57,529.54

2. Other Debts :

i) Secured, Considered Good	460.58
ii) Unsecured, Considered Good	307,197.21
ii) Unsecured, Considered Doubtful	0.52
Total 2	307,658.31

Total : (1+2)

365,187.85

Less: Provision for Doubtful Debts

11,958.12

TOTAL

353,229.73

SCHEDULE "J" – CASH AND BANK BALANCES

(Rs. Lakhs)

March - 02

1. Cash Balances

a) Cash Balances including imprest	360.83
b) Cheques in hand	68,647.59
	69,008.42

2. Bank Balances with Scheduled Banks :

a) Current Account	12,713.63
b) Fixed Deposit Account	16,552.77
c) Call Deposit Account	3.50
d) Blocked Account	23.50
e) Escrow Account for Investments	687.05
f) No Lien Account	0.00
	29,980.45

3. Bank Balances with Non-Scheduled Banks:

a) Current Account	
i) Bhumi Putra Commerce Bank, Malaysia	10.37
[Maximum balance during the year - Rs.14.22 Lakhs (2001: Rs. 15.37 Lakhs)]	
ii) National Bank of Kuwait, Kuwait	1.93
[Maximum balance during the year - Rs.11.05 Lakhs (2001: Rs. 16.94 Lakhs)]	
iii) Indo Zambia Bank Limited, Zambia	0.00
[Maximum balance during the year - Rs.0.53 Lakhs (2001: Rs.23.71 Lakhs)]	
iv) Myanmar Economic Bank Branch (5), Rangoon	81.43
[Maximum balance during the year - Rs.81.43 Lakhs (2001: Rs.81.11 Lakhs)]	
	93.73

4. With Post Office Savings Account

0.00

5. Remittance in Transit

12.73

TOTAL

99,095.33

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "K" - LOANS AND ADVANCES

(Rs. Lakhs)

March - 02

1. Advance recoverable in cash or in kind or for value to be received :		
i) Secured, Considered Good	94,372.36	
ii) Unsecured, Considered Good	73,187.16	
iii) Unsecured, Considered Doubtful	269.33	
Total 1	167,828.85	
Less: Provision for Doubtful Advances	269.33	
		167,559.52
2. Amount recoverable from Industry Pool Account (Net):		
Unsecured, Considered Good		234,094.55
3. Claims Recoverable :		
i) Unsecured, Considered Good	76,334.83	
ii) Unsecured, Considered Doubtful	2,915.79	
Total 3	79,250.62	
Less: Provision for Doubtful Claims	2,915.79	
		76,334.83
4. Investment Deposit Scheme, 1986 :		
Unsecured, Considered Good		0.01
5. Balance with Customs, Port Trust and Excise Authorities :		
Unsecured, Considered Good		9,261.16
6. Advance Tax (net)		25,241.94
7. Materials given on Loan		
i) Secured, Considered Good	262.21	
Less: Deposits Received	259.67	
	2.54	
ii) Unsecured, Considered Good	11.25	
Total 7		13.79
8. Sundry Deposits (including amount adjustable on receipt of final bills) :		
i) Secured, Considered Good	1,833.53	
ii) Unsecured, Considered Good	2,536.80	
iii) Unsecured, Considered Doubtful	10.50	
Total 8	4,380.83	
Less: Provision for Doubtful Deposits	10.50	
		4,370.33
TOTAL		516,876.13



IndianOil

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "L" – CURRENT LIABILITIES AND PROVISIONS

(Rs. Lakhs)

March - 02

1. Current Liabilities		
a) Sundry Creditors		
i) Total Dues of Small Scale Industrial Undertaking(s)	7,864.17	
ii) Total Dues of Creditors other than Small Scale Industrial Undertaking(s)	876,327.05	
TOTAL (a)	884,191.22	
b) Other Liabilities	252,005.48	
c) Unpaid/Unclaimed Dividend	442.06	
d) Security Deposits	428,005.90	
Less: Investments and Deposits with Banks lodged by outside parties	90.88	
	<u>427,915.02</u>	
e) Interest Accrued but not due on Loans	29,006.50	
Total Current Liabilities		1,593,560.28
2. Provisions		
a) Provision for Retirement Benefits	26,019.23	
b) Provision for Taxation	236,006.38	
Less: Advance Payments	236,003.28	
	3.10	
c) Proposed Dividend	87,620.25	
d) Contingencies	2.48	
Total Provisions		113,645.06
TOTAL		1,707,205.34

SCHEDULE "L-I" – MISCELLANEOUS EXPENDITURE

(Rs. Lakhs)

March - 02

Deferred Revenue Expenditure		
As per last accounts		18,854.28
Add: Expenditure during the year		3,761.56
Less: Amortised during the year		5,457.56
TOTAL :		17,158.28

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

(Rs. Lakhs)

March - 02

Closing Stock		
a) Finished Products	666,698.75	
b) Stock in Process	66,111.63	
		732,810.38
Less:		
Opening Stock		
a) Finished Products	695,881.99	
b) Stock in Process	74,649.30	
TOTAL		770,531.29
		(37,720.91)

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. Lakhs)

March - 02

1. Interest on:		
a) Loans and Advances	56,950.48	
(Tax deducted at source Rs.8066.51 lakhs (2001 : Rs.9562.87 lakhs))		
b) Fixed Deposits with Banks	29.52	
c) Short Term Deposits with Banks	485.25	
d) Customers Outstandings		
i) From Subsidiary Companies	0.00	
ii) From Others	<u>11,562.84</u>	
	11,562.84	
e) Fully Paid Bonds (Tax Free) of Govt. Companies *	0.00	
f) 6.96% Oil Companies GOI SPL Bonds 2009 **	204.47	
g) Others (Gross)	<u>29.59</u>	
		69,262.15
2. Dividend (Gross) : *		
a) From Subsidiary Companies	1,960.58	
b) From Unit Trust of India/Mutual Funds	0.00	
c) From Other Companies	<u>18,787.54</u>	
		20,748.12
3. Profit on sale of Investments		306.14
4. Sale of Power and Water		553.56
5. Profit on sale and disposal of Assets		1,384.97
6. Unclaimed/Unspent liabilities written back		5,552.33
7. Provision for Doubtful Debts, Advances, Claims and Stores written back		1,775.10
8. Provision for loss in cost of investment written back		0.00
9. Recoveries from Employees		2,643.11
10. Retail Outlet Licence Fees		3,908.56
11. LPG Tatkal Deposit		0.00
12. Collection Charges for Outstation Cheques		1,475.21
13. Sale of Scrap		2,231.78
14. Financing Charges on Finance Leases		1,683.36
15. Amortisation of Capital Grants		73.86
16. Other Miscellaneous Income		<u>13,958.28</u>
	TOTAL	<u><u>125,556.53</u></u>

* Income on Long Term Investments

** Income on Current Investments



Indian Oil Corporation Limited Consolidated Financial Statements
SCHEDULE "O" – MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. Lakhs)
March - 02

1. Raw Materials Consumed :		
Opening Balance	334,107.42	
Add : Receipts :		
a) Purchases	3,295,153.53	
b) Taken on Loan	68,391.47	
c) Given on loan	<u>(84,463.11)</u>	
	3,613,189.31	
Less:Closing Stock	<u>380,895.41</u>	
		3,232,293.90
2. Consumption :		
a) Stores, Spares and Consumables	22,404.95	
b) Packages & Drum Sheets	<u>15,513.87</u>	
		37,918.82
3. Power & Fuel	248,322.78	
Less:Fuel for own production	<u>215,083.04</u>	
		33,239.74
4. Processing Fees, Blending Fees, Royalty & Other Charges		1,129.31
5. Octroi, Other Levies and Irrecoverable Taxes		77,704.90
6. Repairs and Maintenance:		
i) Plant and Machinery	35,418.76	
ii) Buildings	11,593.48	
iii) Others	<u>3,582.73</u>	
		50,594.97
7. Freight, Transportation Charges and Demurrage		434,961.43
8. Payments to and Provisions for Employees :		
(a) Salaries, Wages, Bonus etc.	122,604.16	
(b) Contribution to Provident & Other Funds	18,806.26	
(c) Voluntary Retirement Compensation	372.62	
(d) Amortisation of Voluntary Retirement Compensation	4,802.13	
(e) Staff Welfare Expenses	<u>25,887.76</u>	
		172,472.93
9. Office Administration, Selling and Other Expenses (Schedule "O-I")		144,870.76
TOTAL		<u><u>4,185,186.76</u></u>

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "O-I" – OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

		(Rs. Lakhs)
		March - 02
1.	Rent	19,584.84
2.	Insurance	9,006.23
3.	Rates & Taxes	3,389.97
4.	Donations	1,078.07
5.	Payment to Auditors :	
	a) Audit Fees	32.13
	b) Tax Audit Fees	6.41
	c) Other Services (for issuing certificates etc.)	9.67
	d) Out of Pocket Expenses	10.68
		58.89
6.	Travelling & Conveyance	14,324.59
7.	Communication Expenses	4,509.44
8.	Printing & Stationery	1,911.93
9.	Electricity & Water	10,123.64
10.	Bank Charges	2,840.44
11.	Bad Debts, Advances & Claims written off	462.90
12.	Loss on Assets sold, lost or written off	1,759.79
13.	Technical Assistance Fees	838.03
14.	Exchange Fluctuation (Net)	138.29
15.	Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores	5,818.38
16.	Provision for Investments	20,000.00
17.	Security Force Expenses	5,389.31
18.	Sales Promotion Expenses	6,851.42
19.	Handling Expenses	6,567.88
20.	Expenses on Enabling Facilities	63.88
21.	Other Expenses	30,152.84
	TOTAL	144,870.76

Indian Oil Corporation Limited Consolidated Financial Statements

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

(Rs. Lakhs)

March - 02

Income :

1. Net claim from/(surrender to) Industry Pool Accounts	196.58
2. Miscellaneous Income	87.32
3. Sales of Products	124.00
4. Interest	167.02
Total Income	574.92

Expenditure :

1. Purchase of Products and Crude	3,224.31
2. Duties	(9.76)
3. Payment to and Provision for Employees	0.00
4. Depreciation and Amortisation	1,457.71
5. Consumption	0.00
- Stores, Spares and Consumables	(176.76)
6. Power and Fuel	81.37
7. Repairs and Maintenance	(105.05)
8. Interest	(250.81)
9. Rates & Taxes	732.42
10. Exchange Fluctuation	0.00
11. Other Expenses	1,215.05
Total Expenses	6,168.48
NET INCOME/(EXPENDITURE)	(5,593.56)

Indian Oil Corporation Limited Consolidated Financial Statements

SCHEDULE "Q" - NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2002

I. Principles of consolidation

- 1.1 The consolidated financial statements related to Indian Oil Corporation Limited (Parent Company) and its subsidiary 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 and intra-group transactions resulting in unrealised profits or losses.
 - b) The consolidated financial statements have been prepared using uniform accounting policies, except as explained in Note no. 2.12 of this schedule, for the 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.
 - c) The excess/shortfall of cost to the Parent Company of its investment in the respective subsidiary companies is recognised in the financial statements as goodwill/capital reserve respectively.
- 1.2 The subsidiary companies where controlling power is vested with the parent company considered in the consolidated financial statements are:

Name of Company	Country of Incorporation	% voting power held as on 31st March 2002
a) Indian Oil Blending Limited (IOBL)	India	100
b) Chennai Petroleum Corporation Limited (CPCL)	India	51.81
c) Bongaigaon Refinery & Petrochemicals Limited (BRPL)	India	74.46
d) IBP Company Limited (IBP)*	India	33.58
e) Indian Oil Mauritius Limited (IOML)	Mauritius	100

* Vide Share Purchase Agreement between Government of India, Indian Oil Corporation Limited (IOCL) and IBP Company Limited (IBP), IOCL controls the composition of Board of Directors of IBP with effect from 19th February, 2002.

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, IOBL, CPCL, BRPL, IBP and IOML.

2. Notes to Account

2.1 Contingent Liabilities :

- a) Claims against the Companies not acknowledged as debts **Rs. 480291.72 lakhs** - These include :
 - i) **Rs. 320302.31 lakhs** being the demand raised by the Central Excise/Customs/Sales Tax Authorities.
 - ii) **Rs. 61568.47 lakhs** for which suits have been filed in the Courts or cases are lying with Arbitrators.
 - iii) **Rs. 46677.38 lakhs** in respect of Income Tax demands.
- b) Customs Duty demands of **Rs. 16376.37 lakhs** are pending for final disposal due to :
 - (i) **Rs. 420.65 lakhs** quantity disputes. Such quantity disputes in similar cases have been decided in favour of the Corporation.
 - (ii) **Rs. 15120.09 lakhs** documents submitted to Customs Authorities as proof of payment by the Corporation are under verification. Documents towards proof of payment for **Rs. 835.63 lakhs** are in the process of submission to the Customs Authorities.



Indian Oil Corporation Limited Consolidated Financial Statements

- c) Demands of Excise Duty of **Rs. 13,926.05 lakhs** on the alleged grounds of non-inclusion of certain elements of price as part of assessable value for the period 1.3.94 to 2.7.96 are pending at various Appellate stages. On a similar issue of another Oil Company, Customs, Excise & Gold (Control) Appellate Tribunal (CEGAT), Chennai during 1998-99 has passed judgement in favour of the Oil Company. During 2000-01, in a similar case, an order has been passed by CEGAT in favour of the Corporation. Management, therefore, does not anticipate any liability on this account.
- d) Central Excise Authority have raised demands of **Rs. 17,853.41 lakhs** on the alleged ground of non-payment of Excise Duty collected in respect of sale of imported petroleum products on which Customs Duty has already been paid. An amendment has been made with retrospective effect in the Finance Act, 2000, that Section 11D of the Central Excise Act applies only to excisable goods. CEGAT, Chennai, has decided similar cases in favour of the Corporation. Management, therefore, does not anticipate any liability on this account.
- e) The case of Customs duty demand of **Rs. 97,598.31 lakhs** along with penalty and interest on the elements of demurrage and bank charges, raised by Calcutta Customs Authorities during 1999-2000 has been decided in favour of the Corporation by Larger bench of CEGAT, New Delhi. Subsequent to the above decision, Customs Department has filled an appeal before Hon. Supreme Court against the order of CEGAT. Final Decision in the matter is awaited.
- f) Interest/Panalty, if any, on some of the above claims is unascertainable.
- g) Income tax, if any, reimbursable to foreign contractor is unascertainable
- h) Corporation, along with three other promoters, has issued Corporate Guarantees in favour of banks and financial institution for short terms loans taken by Petronet LNG Limited from such banks and financial institutions. Corporation's share in the guarantees issued is **Rs. 28,625.00 lakhs**, being the one fourth share of the total guarantees of **Rs. 114,500.00 lakhs** issued as on 31.3.2002. Total amount of Corporate Guarantees to be issued by the promoters has been agreed at Rs. 140,000.00 lakhs. Petronet LNG Limited has given counter guarantees in favour of the promoters for the above amounts. The Short Term Loan outstanding in the books of Petronet LNG Limited as on 31st March 2002 is **Rs. 39007.66 lakhs**.
- 2.2 Estimated amount of contracts remaining to be executed on Capital Account and not provided for **Rs. 532567.74 lakhs**.
- 2.3 The Corporation has numerous transactions with other Oil Companies, which are reconciled on an ongoing basis and are subject to confirmation. Adjustments, if any, arising therefrom are not likely to be material.
- 2.4 Government of India issued on March 30, 2002 6.96% Oil Companies Government of India Special Bonds 2009 consequent to Gazette notification dated 30th March 2002 amounting to **Rs. 534400 lakhs** in lieu of part settlement of dues recoverable from OCC. The Certificates in respect of CPCL and BRPL are yet to be received.
- 2.5 During the year, Corporation has acquired the controlling interest of IBP Company Limited (IBP) by acquiring 74,37,808 equity shares of Rs. 10/- each (33.58% holding) for Rs. 115,368.00 lakhs from Government of India on February 19, 2002. The said shares cannot be sold, transferred, assigned, pledged, charged, mortgaged or disposed off either directly or through affiliate for a period of three years as provided for in the Shareholders Agreement, Share Purchase Agreement and Non-Disposal Agreement entered into between Corporation and Government of India. Further, in line with the SEBI Substantial Acquisition of Shares and Takeovers (SATS) Regulation, the Corporation has initiated steps for purchase of 44,29,454 equity shares of Rs. 10/- each representing 20% of total equity of IBP at a price of Rs. 1551.10 per share aggregating of Rs. 68,705.26 lakhs from public shareholders of IBP through public announcement and open offer subsequently, for which an Escrow Account with Bank has been opened.
- 2.6 Amount of terminalling charges payable to Reliance Petroleum Limited has been reckoned on provisional basis based on Ministry of Petroleum & Natural Gas's letter on P-20012 dated 11.01.2001. An amount of Rs. 353.59 lakhs towards Terminalling Charges to M/s IndianOil Petronas Pvt. Ltd. has not been considered pending approval from MOP&NG which has no impact on the profit since the same is claimable from PPAC.
- 2.7 In compliance of Accounting Standard & 17 on "Segment Reporting" issued by Institute of Chartered Accountants of India which is mandatory from 1st April, 2001, the required information on the basis of consolidated financial statement is given as per Annexure-I to this schedule.

Indian Oil Corporation Limited Consolidated Financial Statements

- 2.8 In compliance of Accounting Standard -18 on "Related Party Disclosures" issued by Institute of Chartered Accountants of India which is mandatory from 1st April, 2001, the required information is given as per Annexure-2 to this schedule.
- 2.9 The Companies have implemented Accounting Standard 19 on "Leases" issued by the Institute of Chartered Accountants of India with retrospective effect. Application of AS-19 with retrospective effect has resulted in decrease in Gross Fixed assets by Rs. 24188.74 lakhs and increase in Finance Leases receivable by Rs. 1833.25 lakh and increase in profit by Rs. 3367.87 lakhs during the year.

Disclosure as required under AS-19 on Finance lease is as under:

Finance Leases:

Companies have entered into Lease Agreement with India 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% of the first 10 years and thereafter at the nominal rate of 1% of the cost.

Particulars	(Rs. Lakhs)
	March-02
A. Gross Investments in Finance Lease	41696.73
Less : Unearned Finance Income	8136.09
Less : Finance Income Received	9033.16
Less : Minimum Lease Payment received	7093.31
Net Investment in Finance Lease as on Date	<u>17434.17</u>
B. Unearned finance Income	8136.09
C. Present Value of Minimum Lease Payments Receivable	
Not Later than one year	2154.65
Later than one year and not later than five years	10405.21
Later than Five years	4874.31
Total :	<u>17434.17</u>
D. Break-up of un-earned income	
Not Later than one year	1769.76
Later than one year and not late than five years	4677.01
Later than Five years.	1689.32
Total :	<u>8136.09</u>
Operating Leases :	
Future minimum payment dues	
Not Later than one year	50.00
Later than one year and not later than five years	200.00
Later than Five years	137.50
Total	<u>387.50</u>

Indian Oil Corporation Limited Consolidated Financial Statements

2.10 In Compliance of Accounting Standard – 20 on “Earning Per Share” issued by Institute of Chartered Accountants of India which is mandatory from 1st April, 2001, the elements considered for calculation of Earning Per Share (Basic and Diluted) are as under:

	2001-02
Profit After Tax (Rupees in Lakhs)	280674.90
Weighted Average number of equity shares	778674800
Earning Per Share (Basic and Diluted) (Rupees)	36.05
Face value per share (Rupees)	10.00

2.11 In compliance of Accounting Standard – 22 on “Accounting for Taxes on Income” issued by Institute of Chartered Accountants of India which is mandatory from 1st April, 2001, the Companies have:

- a) Provided Accumulated Deferred Tax Liability as on 1st April, 2001 amounting to Rs. 304149.72 Lakhs with a corresponding charge to General Reserve/ Profit & Loss Account having no impact on the current year profit.
- b) Deferred Tax Liability for the financial year ended 31st March, 2002 amounting to Rs. 62981.92 Lakhs has been provided and the post tax profit has accordingly reduced by the same amount.
- c) Recognised Deferred tax Asset of Rs. 5412.00 Lakhs for the financial year ended 31st March, 2002 in case of BRPL.

The item-wise details of Deferred tax liability are as under:

	(Rs. Lakhs)
	As on
	<u>31.03.2002</u>
Deferred Tax Liability:	
i) Depreciation	402680.35
ii) Interest	1041.17
iii) Others	717.40
Total Deferred Tax Liability (A)	404438.92
Deferred Tax Assets:	
i) Compensation under Voluntary retirement scheme	980.06
ii) Provision for doubtful advances / claims/materials	5661.36
iii) Provision for Retirement Benefits	8724.63
iv) Carry forward losses	10645.00
v) Unabsorbed depreciation	2599.00
vi) Others	8697.23
Total Deferred Tax Assets (B)	37307.28
Deferred Tax Liability (Net) (A-B)	367131.64



Indian Oil Corporation Limited Consolidated Financial Statements

2.12 The impact of deviations in the uniform accounting policies followed by IOC and its subsidiaries are as under:

- In case of IBP prepaid expenses upto Rs. 1 Lakhs in each case are charged to revenue as against Rs. 0.50 Lakhs in case of others. This has an impact of reduction in profit by Rs. 0.53 Lakhs.
- IBP is following policy of depreciating full cost of assets from the date/upto the date of capitalisation, sale, disposal or dismantle. In case of others, depreciation is charged upto 95% of the cost of the assets from / upto the quarter in which in assets are capitalised, sold disposed or dismantled. This has resulted in additional depreciation of Rs. 80.88 Lakhs.

2.13 Financial statements of IOML are drawn in Mauritius Rupees. They have been converted to Indian Rupees for the purpose of Consolidated Financial Statements.

2.14 Auditor's Report of BRPL has following qualifications:

- Non-provision of long outstanding dues Rs. 154.00 Lakhs.
- Non-provision for the possible loss in value of stores Rs.635.77 Lakhs.
- Non provision against Interest due from Canbank
Financial Services Ltd. Rs. 347.13 Lakhs.

In the opinion of BRPL management these amounts require no provision as either they are fully recoverable or have value at which they are stated.

2.15 Remuneration paid / payable to Directors – Rs. 200.07 lakhs

2.16 In accordance with the transitional provision of Accounting Standard 21 (consolidated Financial Statements) issued by the Institute of Chartered Accountants of India, the current year being the first occasion that consolidated financial statements are presented, comparative figures for the previous year have not been given.

2.17 In respect of IBP and IOML acquired / floated during the year, profit / (loss) for the amount of Rs. 2198.77 lakhs and Rs. (43.16) lakhs respectively have been included in the consolidated profit and loss account and has also resulted in goodwill of Rs. 101,043.87 Lakhs

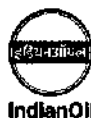
Sd/-
(M.S. Ramachandran)
Chairman

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

Sd/-
(R. Narayanan)
Company Secretary

Place : New Delhi

Dated : June 18, 2002



Indian Oil Corporation Limited Consolidated Financial Statements

Annexure - I

INFORMATION REGARDING PRIMARY SEGMENT REPORTING AS PER AS-17 FOR THE YEAR ENDED 31st MARCH 2002 IS AS UNDER

(Rs. Lakhs)

	Crude Sales	Petroleum Products	Other Businesses	Total
Revenue				
External Revenue	1486829	9869661	9694	11366184
Inter-segment Revenue	-	10599	2880	13479
Total Revenue	<u>1486829</u>	<u>9880260</u>	<u>12574</u>	<u>11379663</u>
Result				
Segment Results	1685	554305	(7760)	548230
Less : Unallocated Expenses net of unallocated income	-	-	-	-
Operating Profit	<u>1685</u>	<u>554305</u>	<u>(7760)</u>	<u>548230</u>
Less:				
Interest Expenses				171211
Provision for diminution in Investments				20000
Prior Year Expenditure				6168
Add :				
Interest/Dividend Income				90010
Profit on sale of Investments				306
Prior Year Income				575
Profit Before Tax				<u>441742</u>
Less : Income Taxes (including deferred tax)				<u>164538</u>
Profit After Tax				<u>277204</u>
Other Information				
Segment Assets	133059	4656239	28382	4817680
Corporate Assets				948183
Total Assets				<u>5765863</u>
Segment Liabilities	131254	3615829	5588	3752671
Corporate Liabilities				372544
Total Liabilities				<u>4125215</u>
Capital expenditure	-	374200	980	375180
Depreciation	-	147471	1313	148784
Non-cash expenses other than Depreciation (Amortisation of VRS Compensation)				

Note :

1. The activities of the Company and its Subsidiaries comprise :
 - a) Sale of Imported Crude Oil
 - b) Sale of Petroleum Products
 - c) Other Business primarily comprising of Petrochemicals, Polyester Staple Fibre, Chemicals and Engineering.
2. Segment revenue comprises of the following
 - i. Turnover
 - ii. Net claim/(surrender to) Industry Pool Account
 - iii. Other Income (excluding interest income, dividend income)
3. There are no geographical segments

Indian Oil Corporation Limited Consolidated Financial Statements

Annexure-2

Related Party Disclosures

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

I. Relationship:

A) Joint Venture Companies

- 1) Indo Mobil Ltd.
- 2) Avi-Oil India Pvt. Ltd.
- 3) Indian Oitanking Ltd.
- 4) Lubrizol India Pvt. Ltd.
- 5) IndianOil Petronas Pvt. Ltd.
- 6) Petronet VK Ltd.
- 7) Petronet CTM Ltd.
- 8) Petronet CIPL Ltd.
- 9) IndianOil Panipat Power Consortium Limited
- 10) IndianOil TCG Petrochem Ltd.
- 11) Indian Additives Limited

B) Whole-time Directors

- 1) Shri M.A. Pathan
- 2) Shri A.K. Arora
- 3) Shri S.N. Jha
- 4) Shri O.N. Marwaha
- 5) Shri Subir Raha
- 6) Dr. A.K. Bhatnagar
- 7) Shri P. Sugavanam
- 8) Shri M.S. Ramachandran
- 9) Shri A.M. Uplenchwar
- 10) Shri P.K. Aggarwal
- 11) Shri A.K. Mitra
- 12) Shri J.L. Raina
- 13) Shri S. Ram Mohan
- 14) Shri S.V. Narasimhan
- 15) Shri B.K. Gogoi
- 16) Shri R.M. Hazarika
- 17) Shri M.P. Srinivasan
- 18) Shri K. Narayanan
- 19) Shri R.N. Das
- 20) Shri R.D. Shira
- 21) Shri K.R. Pillai
- 22) Shri S.N. Mathur
- 23) Shri Arun Jyoti
- 24) Shri A.K. Sinha
- 25) Shri R.S. Guha

Indian Oil Corporation Limited Consolidated Financial Statements

Annexure 2 (Contd.)

- 26) Shri R. Sareen
- 27) Shri V. Ramdeny
- 28) Shri Couldip B. Lala

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. Lakhs)
	Total
i) Sales	28.73
ii) Sale of Land	289.57
iii) Interest Received	202.35
iv) Consultancy Services/Other Income	111.79
v) Purchase of Products	20691.32
vi) Purchase of Corrossion Inhibitor	31.76
vii) Handling Expenses	1466.59
viii) Operating and Maintenance Expenses	80.54
ix) Freight Expenses	5,063.55
x) Reimbursement of Expenses	280.50
xi) Outstanding Receivables	1,502.31
xii) Outstanding Payables	1,948.81

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

	(Rs. Lakhs)
	Total
i) Remuneration	190.04
ii) Other Benefits/Recoveries	13.74
iii) Recovery of Interest & Furniture Hire Charges	0.70
iv) Outstanding Loans Receivables	22.07
v) Assets on Hire	6.79

Indian Oil Corporation Limited Consolidated Financial Statements

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2002

		(Rs. Lakhs)
		2001-02
A Cash Flow from Operating Activities		
1 Profit Before Tax		441,742
2 Adjustments for :		
Depreciation	150,343	
Loss/(Profit) on sale of Assets (Net)	283	
Amortisation of Capital Grants	(73)	
Amortisation of Voluntary Retirement Compensation	4,166	
Profit on sale of Investments (Net)	(185)	
Liabilities Written Back	(13)	
Provision for Loss in cost of Investment written back	-	
Exchange Fluctuation	-	
Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	3,804	
Provision for Loss on Investments	20,000	
Interest Income on Investments	(3,439)	
Dividend Income on Investments	(20748)	
Interest Expenditure	171,352	
		325,490
B Operating Profit before Working Capital Changes (1+2)		767,232
C i) Change in Working Capital: (Excluding Cash & Bank Balances)		
Trade & Other Receivables	594,695	
Inventories	(11,075)	
Trade and Other Payables	162,145	
Change in Working Capital	<u>745,765</u>	
ii) Unamortised Expenditure on Retirement Benefits	(2,560)	
		743,205
D Cash Generated From Operations (B+C)		1,510,437
E Less : Taxes paid		79,033
F Net Cash Flow from Operating Activities (D-E)		1,431,404

Indian Oil Corporation Limited Consolidated Financial Statements
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2002 (Contd.)

(Rs. Lakhs)

2001-02

G Cash Flow from Investing Activities:

Sale of Assets	5,933
Sale / Maturity of Investments	1,846
Interest Income on Investments	3,197
Dividend Income on Investments	20,796
Purchase of Assets	(110,431)
Adjustment for Finance Lease Receivable	6,164
Advance for Investments in CPCL/BRPL	-
Acquisition of Controlling Interest in IBP Company Limited	(115,368)
Placement of Funds in Escrow Account for open offer of IBP	(687)
Acquisition of Controlling Interest in Indian Oil Mauritius Ltd. Share in Accumulated Surplus of Petroleum India international (Association of Person)	(2,567)
	(150)
Investment/Advance for Investments in Joint Venture Companies	(5,184)
Investment in 10.5% Govt. of India Special Bonds 2005 *	-
Investment in 6.96% Oil Companies Govt. of India Special Bonds	(533,200)
Preliminary Expenses	(2)
Expenditure on Construction Work in Progress	(267,637)
Net Cash used in Investing Activities	(997,290)

H Net Cash Flow From Financing Activities:

Proceeds From Calls In Arrear/Issue of Shares including Premium	2,568
Receipt of Grant for Capital Projects	-
Proceeds from Long-Term Borrowings	107,385
Proceeds from/(Repayments of) Short-Term Borrowings	(249,230)

Indian Oil Corporation Limited Consolidated Financial Statements
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2002 (Contd.)

	(Rs. Lakhs)
	2001-02
Exchange Fluctuation	1
Interest paid	(209,434)
Dividend/Dividend Tax paid	<u>(85,521)</u>
Net Cash Generated/(Used) from Financing Activities:	(434,231)
I Net Change in Cash & Cash Equivalents (F+G+H)	<u>117</u>
J Cash & Cash Equivalents as at end of the Financial Year	98,395
K Less: Cash & Cash Equivalents as at the beginning of Financial Year	98,512
NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)	<u><u>(117)</u></u>

* Received in lieu of part settlement of OCC dues.

NOTE In case of IBP, the Cash Flow Statement is for the period from the date of acquisition of IBP by its holding company, i.e. IOC (19.02.2002) to 31.03.2002.

As per Notes Attached.

Sd/- (M. S. Ramachandran) Chairman	Sd/- (P. Sugavanam) Director (Finance)	Sd/- (R. Narayanan) Company Secretary
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Place : New Delhi
Date : June 18, 2002

NOTES TO THE CASH FLOW FOR THE YEAR ENDED MARCH 31, 2002

	(Rs. Lakhs)
1. Cash and Cash Equivalents include:	2001-02
Cash and Bank Balances	99,083
As per Balance Sheet	687
Less: Escrow Account	98,396
Unrealised (gain)/loss on foreign exchange	(1)
Total Cash and Cash Equivalents	98,395

* Excludes Rs. 12 lakhs for remittance in transit.

2. The above Cash Flow Statement has been prepared as per the "Indirect Method" set out in Accounting Standard-3 on 'Cash Flow Statements' issued by the Institute of Chartered Accountants of India.



Indian Oil Corporation Limited Consolidated Financial Statements

To
The Board of Directors,
Indian Oil Corporation Limited,

We have examined the Consolidated Cash Flow Statement of Indian Oil Corporation Limited and its Subsidiary Companies for the year ended 31st March, 2002. The statement is based on and in agreement with the corresponding Consolidated Profit and Loss Account and Consolidated Balance Sheet of the Company covered by our report of dated June 18, 2002 to the Shareholders of the Company.

JAGDISH CHAND & CO.
Chartered Accountants

Sd/-
(J. C. GUPTA)
Partner

P. K. MITRA & CO.
Chartered Accountants

Sd/-
(P.R. SAMANTA)
Partner

B. K. KHARE & CO.
Chartered Accountants

Sd/-
(PADMINI B. KHARE)
Partner

CHATTERJEE & CO.
Chartered Accountants

Sd/-
(S.K. CHATTERJEE)
Partner

Place : New Delhi
Dated : June 18, 2002



ANNUAL REPORT 2001-2002



अप. ऑ. सी. एल.

**INDIAN OIL BLENDING LIMITED
(A WHOLLY OWNED SUBSIDIARY OF
INDIAN OIL CORPORATION LIMITED)**



To keep pace with the international level of specifications, the formulation of automotive grades, industrial grades, speciality grades of Lubricants and Greases were upgraded jointly with IndianOil's R&D Centre and a number of genuine oils were introduced with the engine manufacturers' approval.

All the Plant Laboratories are equipped with most modern automated equipments to maintain high quality standards of Lubricants and Greases.

ECOLOGY/ENVIRONMENT, SAFETY AND ENERGY CONSERVATION :

In pursuit of its commitment to environment protection and preservation of ecological balance, regular testing of storm water drain samples and exhaust gas samples are analysed and report sent to the concerned State Pollution Control Board. The results of analysis were always found to be within the prescribed parameters.

As a part of continuous process towards minimizing pollution level, your company has already installed Oil Water Separator at Mumbai and Kolkata Plants which are being continuously monitored for improvement. As already stated, your company has obtained ISO 14001 Environment Management System accreditation for all three plants during the year which is a major leap in furthering and consolidating our commitments to environment protection.

Safety continues to be accorded high priority in your Company. The operating practices are continuously upgraded and the directives issued by the Oil Industry Safety Directorates (OISD) are strictly followed by your Company.

The manufacturing facilities, wherever fuel and electricity are required, are included within the purview of scope of monitoring the operations through Distributed Digital Control System (DDCS) provided with software of latest version.

Your Company is geared to excel in a rapidly changing environment using its enhanced strength, which include strong R&D support, ISO and QS accreditations and available infrastructure.

Report on Energy Conservation, Technology absorption and Foreign Exchange Earnings/Outgo:

In accordance with the Companies (Disclosures of Particulars in the report of Board of Directors) Rules 1988, a report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings/Outgo is provided in Annexure-I.

During the year, High Mast Lighting System in Mumbai Plant has been installed which will result into substantial energy saving to the tune of 32,000 units per annum. Also, Thermal and Electric Audit was carried out during the year by Petroleum Conservation Research Association for Mumbai and Vashi Plants and the recommendations are under implementation.

HUMAN RESOURCES

Your Company's greatest strength is the reservoir of skilled and highly competent team of employees with a strong commitment and a shared ambition for growth. Human Resources Development is key to organizational excellence and in line with this philosophy high priority has been accorded for creation of conducive environment for growth and excellence besides self-improvement of all the employees. The services of M/s. Jamnalal Bajaj Institute of Management Studies were availed to draw a strategic plan for IOBL which was deliberated by the Board of Directors in October 2001 followed by a formal presentation to Executive Committee of IndianOil Board in November 2001.

At the end of the year, the employees' strength in IOBL stood at 495 comprising of 83 officers and 412 workmen, as compared to 509 employees comprising of 77 officers and 432 workmen at the end of the

previous year. During the year 5 nos. of employees opted for One Time Voluntary Separation Scheme (OVSS).

Your Company also continued to provide encouragement to developmental activities, quality circles, suggestion scheme etc.

Industrial relations in your company continued to be cordial and harmonious during the year. IOBL Day was observed on 22/03/02 in all locations. First anniversary of SADBHAVNA Club was celebrated on 30th November 2001. The club has adopted two girl children under "Nanhi Kali" project, wherein their yearly education expenditure is sponsored through voluntary contribution of the Members of the club.

IOBL Geet was launched on 6th October 2001. Training on "Productivity & new role in changing environment" was imparted to about 60 workmen at IOBL-Plants.

IOBL has got all round recognition as CMD, IOBL was elected President of National Lubricating Grease Institute (NLGI), India Chapter w.e.f. 5th June 2001. Besides, International Project Management Association conferred prestigious status of First Assessor to CMD, IOBL.

Indian Oil Day on 1st September, 2001 was celebrated and long service awards were distributed.

IOBL has launched its Website at www.indoblend.com

In line with the existing policies of the Holding Company, your company continued to provide comprehensive welfare facilities to all members of the IOBL family. Similar support is also provided to 150 Nos. of retired employees who are covered under the Post Retirement Medical Attendance Scheme (PRMAS).

WORKERS PARTICIPATION IN MANAGEMENT

In line with the commitment to the concept of Workers' Participation in the Management, your company has encouraged Workers' Participation in Management through establishment of various Committees like Canteen Committee, Safety Committee, Workers' Committee, Sports Committee, Hygiene Committee etc. which have been functioning productively and satisfactorily.

An Advisory Council has been formed consisting of Sr. Executives alongwith representatives of Officers & Workmen category, which acts as a catalyst and accelerate the implementation of the decisions taken by the Management through better communication & coordination to achieve company's goal.

The Management and Employees efficiently manage activities of the Provident Fund Trust jointly.

WELFARE OF WEAKER SECTIONS

Your company continues to follow the Presidential Directives regarding the recruitment/promotion of Scheduled Castes/Scheduled Tribes and other backward classes, ex-servicemen and physically challenged. A liaison officer looks after the employment and welfare of Schedule Castes/Scheduled Tribes.

Statistical information in the prescribed proforma (VIIA & VIIB) relating to representation of Scheduled Castes/Scheduled Tribes is given in Annexure-II.

HINDI IMPLEMENTATION

As a part of national obligation, efforts were intensified for the progressive use and development of Hindi in official work at all its locations, in accordance with the Provisions of Official Languages Act (OLA) 1963. Hindi training programmes/workshops, competitions were conducted. Necessary software support was also extended to encourage the use of Hindi for official work. Quarterly meetings of Hindi Implementation Committee were held to review the progress made during the year.



ENTERTAINMENT EXPENSES

The Entertainment Expenses for the year 2001-02 were Rs.13900/-

FUTURE OUTLOOK

The ensuing year will see a greater competition in the Lube Market. Your Company believes that the key to success lies in total commitment to exceptional standards of performance and productivity with a desire to embrace new ideas and learn continuously. Your Company with the inherent strengths, which inter alia, includes the available infrastructure and R&D support by the Holding Company is fully geared to meet the blending requirements of the Holding Company to enable them to meet the future challenges with superior quality of lubricants.

Your Company has drawn up plans for modernisation, which includes Revamping of Mumbai Plant. In addition, we are also planning a Grass Root Plant at Haldia as EOU and partial resitment of Kolkata Plant. However, this will be subject to feasibility and approval by your Board. With the Installation of modern Laboratory equipments and modernisation plans already underway, your company will endeavor to give better performance in the coming years.

Your Company also have plans in offering Consultancy Services for better operation of not only IndianOil Plants but also providing consultancy on construction and operation / management of Lube Plant in neighbouring countries including setting up of own plants on economic consideration. Your company is under continuous look out for third party Toll Blending in view of available excess capacity.

PARTICULARS OF EMPLOYEES

The Particulars of Employees u/s 217(2A) of the Companies Act, 1956, and the Companies (Particulars of Employees (Amendment) Rules, 1999 are at Annexure-III.

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, 2002, the applicable accounting standards had been followed and there were no material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made 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, 2002 on a 'going concern' basis.

BOARD OF DIRECTORS

Shri P. Banerjee ceased to be Director of the Company with effect from 27/8/2001 and Shri C.P. Joshi was appointed Director in his place effective 6/10/2001.

Shri M.C. Sachdeva ceased to be Director of the Company effective 1/3/2002 and Shri B.K. Mittal was appointed in his place on 14/5/2002.

Shri Arun Jyoti ceased to be Director of the Company effective 14/5/2002 and Shri S.K. Swaminathan was appointed in his place on 14/5/2002.

Shri B.K. Mukherjee ceased to be Director of the Company effective 14/5/2002 and Shri P.K. Biswas was appointed as Director in his place on 14/5/2002.

Shri C.P. Joshi ceased to be Director of the Company effective 14/5/2002 and Shri P.S. Ahluwalia was appointed as Director in his place on 14/5/2002.

Shri T.L. Jain ceased to be Finance Director of the Company effective 14/5/2002 and Shri G.C. Daga was appointed as Finance Director in his place on 14/5/2002.

The following Directors are liable to retire at the conclusion of the next Annual General Meeting and are eligible for re-appointment :-

- Shri N.R. Raje
- Shri B.K. Mittal
- Shri S.K. Swaminathan
- Shri P.K. Biswas
- Shri P.S. Ahluwalia
- Shri G.C. Daga

ACKNOWLEDGEMENTS

The Board of Directors take this opportunity to place on record the valuable contribution made by the employees, which enabled the Company to achieve excellent results and look forward to their dedicated services and endeavours in the years ahead, so as to achieve even greater heights.

The Board of Directors also wish to acknowledge the contribution, guidance and support received from the Government and Indian Oil Corporation Ltd., the Holding Company.

The Board also wishes to place on record their deep appreciation of the significant contribution and excellent guidance rendered by S/Shri P. Banerjee, M.C. Sachdeva, Arun Jyoti, B.K. Mukherjee, C.P. Joshi and T.L. Jain during their tenure on the Board of the Company.

For and on behalf of
INDIAN OIL BLENDING LIMITED

Sd/-

(J.L. RAINA)

Chairman and Managing Director

Mumbai

Dated: 4th July 2002



ANNEXURE - I

PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

I. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

- Thermal and Electrical Energy Audit conducted by PCRA for Mumbai and Vashi Plants. Recommendations are under implementation.
- Automatic Steam Control/Monitoring System for blending tanks installed at Mumbai Plant.
- All manufacturing facilities requiring fuel and electricity have been included within the purview and scope of monitoring of the operations through Distributed Digital Control System.
- High Mast Lighting Tower commissioned at Mumbai Plant.

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

- With the installation of High Mast Lighting System in Mumbai Plant, there will be substantial energy saving to the tune of 32,000 units per annum.
- Implementation of recommendations emanating from Energy Audit by PCRA will also eliminate wasteful practices and result into saving.

c) Total energy consumption and energy consumption per unit of production.

- Details at Form "A" annexed.

II. TECHNOLOGY ABSORPTION

d) Efforts made in technology absorption :

- Details at Form "B" annexed

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

e) Activities relating to exports/initiatives taken to increase exports; development of new export markets for products and services; export plans :

- As all products processed by the Company are marketed by its Holding Company, Indian Oil Corporation Ltd., the Company does not have any sales (including exports) activities.

f) Total foreign exchange used and earned

- During the year, no foreign exchange was earned. However, there is a foreign exchange outgo of Rs.301.60 lakhs towards Revenue and Capital Expenditure.

FORM "A"
(See Rule-2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

Particulars	2001-2002	2000-2001
A. POWER & FUEL CONSUMPTION		
1. ELECTRICITY :		
a) Purchased :		
Unit (KW)	31,10,803	30,60,602
Rate / Unit (Rupees)	5.17	5.13
Total amount (Rs/lakhs)	140.88	156.92
b) Own Generation :		
i) Through Diesel Generators		
Unit (KW)	68,564	66,856
Unit / Ltr.of diesel oil	3.08	3.30
Cost / Unit	*	*
Through Steam Turbine	-	-
ii) Generator		
	-	-
2. COAL		
	-	-
3. FURNACE OIL / LDO		
Quantity (KL)	934.41	841.12
Total amount (Rs/Lakhs)	*	*
Average rate (Rs/KL)	*	*
4. OTHER / INTERNAL GENERATION		
	-	-
*Cost borne by IndianOil		

B. CONSUMPTION PER UNIT OF PRODUCTION

PRODUCTS	2001-2002	2000-2001
Electricity (KW/Ton)	13.79	13.15
FO LDO (Ltr/Ton)	4.14	3.55
Coal (Specify Qty.)	-	-
Others (Specify)	-	-

FORM "B"
(See Rule - 2)

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D) :

RESEARCH & DEVELOPMENT (R&D)

R&D work with regard to Lube Oils and Greases is basically carried out by the R&D Centre of the Holding Company - IndianOil.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION.

With a view to improve product quality and productivity, IOBL has been making efforts to absorb new technology. Major steps taken in this direction areas under :

1. Upgradation of Information Technology

Existing PC hardware and software are continuously upgraded to set up the backbone of Information Technology and for meeting the challenges in advancement in information technology. Existing LAN systems are also upgraded/expanded to cover majority of the users.

2. Upgradation of Communication facilities

E-mail facility introduced for communication thereby reducing paper communication. In line with IndianOil, IP telephones is being introduced at IOBL for exchange of communication/information/data between IOBL / IndianOil Units.

3. Provision of Automatic Machine

Installation of Auto Batch Blending System for 9 Nos. Blending Kettles at Mumbai Plant.

Automatic Steam Control/Monitoring System for Blending Tanks at Mumbai Plant.

Auto Labeling Machine and Auto Cartooning System installed at Kolkata Plant.

Automatic Barrel Filling Machines at Mumbai and Kolkata Plants under process.

Future plans for Technology Adoption

- Extension of fibre optic cable between IOBL and IndianOil Trombay Lube complex for converting Local Area Network (LAN) into Wide Area Network (WAN).
- ISDN Line with LAN Modem for multiple use in communication, both data and voice simultaneously. Multiple use of Internet under one account.
- Provision for connecting all the location through V-SAT for data Bios & Video conferencing.
- Proposal for adopting ERP(SAP) for implementation in IOBL as a whole.



ANNEXURE - II

APPENDIX - VIIA

STATEMENT SHOWING THE NUMBER OF RESERVED POSTS FILLED BY SC AND ST CANDIDATES DURING THE YEAR 2001

A. Posts filled by Direct Recruitment

Class of posts	Backlog of vacancies						Total No. notified	Current vacancies				Remarks		
	Notified		Filled		Balance carried forward			Out of Col. B reserved for		Filled			Balance carried forward as backlog	
	SC	ST	SC	ST	SC	ST		SC	ST	SC	ST		SC	ST
I	2	3	4	5	6	7	8	9	10	11	12	13	14	15
GROUP A	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GROUP B	THESE POSTS ARE FILLED BY PROMOTIONS													
GROUP C	0	0	0	0	0	0	0	0	0	0	0	0	0	0
GROUP D (Excluding Safai Karmacharies)	0	0	0	0	0	0	1	0	0	0	0	0	0	0
Group D (Safai Karmacharies)	0	0	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX - VIIB

STATEMENT SHOWING THE NUMBER OF RESERVED POSTS FILLED BY SC AND ST CANDIDATES DURING THE YEAR 2001

B. Post filled by promotion

Class of posts	Total No. of vacancies notified	Out of Col. 2 posts reserved for		No. of posts filled by		Balance		Remarks
		SC	ST	SC	ST	SC	ST	
I	2	3	4	5	6	7	8	9
A	-	-	-	-	-	-	-	-
B	12	1	-	2	1	-	-	-
C	45	6	3	7	2	2	2	-
D (Excluding Safai Karmacharies)	These posts are filled by recruitment only							
D (Safai Karmacharies)	These posts are filled by recruitment only							

ANNEXURE III

STATEMENT SHOWING THE PARTICULARS OF EMPLOYEES WHO ARE/WERE IN RECEIPT OF REMUNERATION OF NOT LESS THAN RS.24,00,000/- PER ANNUM DURING THE FINANCIAL YEAR 2001-2002 OR NOT LESS THAN RS. 2,00,000/- PER MONTH DURING PART OF THE YEAR

PART OF THE YEAR

SRL NO.	NAME OF THE EMPLOYEE	AGE	LAST EMPLOYMENT	DESIGNATION IN LAST EMPLOYMENT	DATE OF COMMENCEMENT OF EMPLOYMENT IN IOBL/IOCL	DESIGNATION/ NATURE OF BUSINESS	QUALIFICATION	EXPERIENCE (Years)	REMUNERATION GROSS (Rs.)
1	M D Mustafa	60	-	-	08.09.1964	Sr.Foreman(Field)	-	37	1483590
2	M V Wagle	49	-	-	08.08.1973	Dy.Manager(F)	B.Sc.	28	1744880
3	S F Fernandes	56	-	-	25.02.1965	Manager(F)	M.A.	36	2747237
4	U G Talpade	57	Goodless Nerolac Paints Ltd.	Cost Assistant	01.09.1971	Sr.Finance Mgr.	B.Com.	30	2315307
5	V B D'souza	48	-	-	20.01.1975	Asstt.Mgr.(Q.C)	B.A.	26	1239661
6	Vijaya Unnikrishnan	47	-	-	04.03.1979	Asstt.Mgr.(Admn)	B.Sc.	22	1237689



Auditors' Report

AUDITORS' REPORT TO THE MEMBERS

We have audited the attached Balance Sheet of Indian Oil Blending Limited, as at 31st March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988, issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, and as per the information and explanations given to us during the course of our audit, we enclose in the Annexure a Statement on the matters specified in the Paragraph 4 of said Order as far as applicable to the Company.
2. Further to our comments in the Annexure referred to in paragraph (1) above,
 - a) Reference is invited to Note No.4 of Schedule "M" regarding change in the method of charging depreciation on fixed assets from WDV to SLM as a consequence of which the profit for the year has increased by Rs.11.44 crores on account of written back of depreciation upto 31.3.01. Also the depreciation for the current year is less by Rs.0.71 crores and correspondingly the profit is higher by that amount.

- b) 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.
- c) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books.
- d) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account.
- e) In our opinion, the Profit and Loss Account and Balance Sheet comply with the Accounting Standards referred to in Sub-Section (3 C) of Section 211 of the Companies Act, 1956.
- f) On the basis of information and explanations given to us and representations obtained by the Company, there are no directors of the Company who are disqualified as on 31st March, 2002 under section 274 (1)(g) of the Companies Act from being appointed as directors.
- g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Statement of Accounting Policies (Schedule "L"), Notes on the Accounts (Schedule "M") and other Schedules ("N" to "R") give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - i) In the case of the Balance Sheet, of the state of the affairs of the Company as on 31st March, 2002, and
 - ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date.

For Gondalia & Mandviwalla,
Chartered Accountants

Sd/-

(Dilip G Gondalia)
Partner

Place : Mumbai
Dated : 14 May, 2002



Annexure to the Auditors' Report

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

- i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. Major portion of the fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of fixed assets is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
- ii) None of the fixed assets have been revalued during the year.
- iii) The Company has stocks of maintenance stores and spare parts only, which have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- iv) The Company does not hold any stock of raw materials and finished goods. In our opinion, the procedures of physical verification of maintenance stores and spare parts followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- v) The discrepancies noticed on verification between the physical stock of maintenance stores and spare parts and its book records were not material and the same have been properly dealt with in the books of account.
- vi) On the basis of our examination of stocks, we are of an opinion that the valuation of the above mentioned stocks is fair and proper in accordance with normally accepted accounting principles and is on the same basis as in the preceding year.
- vii) The Company has not taken any loans, secured or unsecured from any companies, firms or other parties listed in the Register maintained under section 301 of the Companies Act, 1956 and from the companies under the same management as defined under section 370 (1-B) of the Companies Act, 1956.
- viii) The Company has not given any loans, secured or unsecured to companies, firms and other parties listed in the Register maintained under Section 301 and 370 (1-B) of the Companies Act, 1956.
- ix) Loans and advances in the nature of loans have been given to the employees and employees have been regular in repaying the principal amounts and have also been regular in the payment of interest wherever applicable.
- x) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, components, plants and machinery, equipment and other assets.
- xi) During the year, the Company has not entered into any contracts for purchase of goods and materials and sale of goods, materials and services in pursuance of contracts or arrangements requiring entry in the register maintained under Section 301 of the Companies Act, 1956.
- xii) As explained to us, the Company has formal procedure for determination of unserviceable or damaged stores and we are informed that these are regularly reviewed by the management and based on this, sufficient provision is made in the accounts, wherever necessary.
- xiii) The Company has not accepted any deposits from the public during the year, to which the provisions of section 58A of Companies Act, 1956 and Companies (Acceptance of Deposits) Rules, 1975 are applicable.
- xiv) According to the information and explanations given to us, the Company does not have any by-products from its processing activity. Scrap of maintenance stores and components are accounted for only at the time of sale for which reasonable records are maintained.
- xv) The Company has an internal audit system commensurate with the size and nature of its business.
- xvi) The Central Government has not prescribed maintenance of Cost Records under section 209 (1) (d) of the Companies Act, 1956 for any of the products of the Company.
- xvii) According to the records of the Company, Provident Fund dues have generally been regularly deposited during the year with the appropriate authorities. As informed by the Company, the Employees' State Insurance Scheme is not applicable to the Company.
- xviii) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty were outstanding as at 31st March, 2002 for a period of more than six months from the date they became payable.
- xix) According to the information and explanations given to us, no personal expenses of employees or Directors have been charged to Revenue Account, other than those payable under contractual obligations or in accordance with generally accepted business practice.
- xx) The Company is not a sick industrial Company within the meaning of clause (o) of sub-section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For Gondalia & Mandviwalla,
Chartered Accountants

Sd/-

(Dilip G Gondalia)
Partner

Place : Mumbai
Dated : 14 May, 2002



BALANCE SHEET

Balance Sheet as at 31st March, 2002

		(Rupees)	
		March 2002	March 2001
SOURCES OF FUNDS :			
Shareholders' Funds			
a) Share Capital	"A"	4000000	4000000
b) Reserves and Surplus	"B"	<u>685342457</u>	<u>641796484</u>
TOTAL		<u><u>689342457</u></u>	<u><u>645796484</u></u>
APPLICATION OF FUNDS:			
1. Fixed Assets			
a) Gross Block	"C"	665647760	627353391
b) Less: Depreciation		<u>292171830</u>	<u>37211829</u>
c) Net Block		373475930	255241562
d) Capital Work-In-Progress	"D"	<u>42155286</u>	<u>19072774</u>
		415631216	274314336
2. Current Assets, Loans and Advances			
a) Inventories	"E"	1787083	1867648
b) Book Debts	"F"	204144968	156096156
c) Cash and Bank Balances	"G"	7029878	9894433
d) Loans and Advances	"H"	<u>224383046</u>	<u>503734102</u>
		437344975	671592339
3. Less: Current Liabilities and Provisions		<u>203051424</u>	<u>330688184</u>
4. Net Current Assets (2-3)		234293551	340904155
5. Deferred Revenue Exp. Voluntary Retirement Comp.			
As per Last year account		30577993	0
Add: Exp. Incurred during the year		20605245	38222491
Less: Amortised during the year		<u>11765548</u>	<u>7644498</u>
		39417690	30577993
TOTAL		<u><u>689342457</u></u>	<u><u>645796484</u></u>
Statement of Significant Accounting Policies	"L"		
Notes on Accounts	"M"		
Other Schedules Forming Part of Accounts	"N" to "R"		

Place : Mumbai
Dated : 14 May, 2002

Sd/-
(J.L. RAINA)
Chairman & Managing Director

Sd/-
(G.C. DAGA)
Finance Director

Sd/-
(R. RANGANATHAN)
Company Secretary

As per our Report attached of even date
Gondalia & Mandviwalla
Chartered Accountants

Place : Mumbai
Dated : 14 May, 2002

Sd/-
(Dilip G Gondalia)
Partner



Profit & Loss Account

Profit & Loss Account for the year ended 31st March, 2002

	Schedule	March 2002	(Rupees) March 2001
INCOME :			
1. Blending and Processing Charges		332962997	290154442
Less: Operational Loss		<u>509185</u>	<u>192804</u>
		332453812	289961638
2. Reimbursement in lieu of Blending/Processing Chgs.		30536214	258736092
3. Interest and Other Income	"J"	14778778	10476619
4. Write Back of Depreciation		114409399	0
TOTAL		<u><u>492178203</u></u>	<u><u>559174349</u></u>
EXPENDITURE :			
1. Manufacturing, Administration and Other Expenses	"K"	332368919	476298744
2. Depreciation and Amortisation		35875463	44690973
3. Interest Expense		0	0
TOTAL		<u><u>368244382</u></u>	<u><u>520989717</u></u>
PROFIT FOR THE YEAR		123933821	38184632
Income/(Expenditure) relating to Prior Period (Net)		0	0
PROFIT BEFORE TAX		<u><u>123933821</u></u>	<u><u>38184632</u></u>
Provision for Tax :			
1. Deferred Tax		44807000	0
2. Current Tax		<u>10534848</u>	0
		55341848	18420750
PROFIT AFTER TAX		<u><u>68591973</u></u>	<u><u>19763882</u></u>
Balance Brought Forward from Last Years' Account		15946	74464
DISPOSABLE PROFIT		<u><u>68607919</u></u>	<u><u>19838346</u></u>
APPROPRIATIONS :			
1. Proposed Dividend		1200000	1200000
2. Tax on Proposed Dividend		0	122400
3. Interim Dividend		0	0
4. Tax on Interim Dividend		0	0
5. General Reserve		67300000	18500000
6. Balance Carried to Balance Sheet		107919	15946
TOTAL		<u><u>68607919</u></u>	<u><u>19838346</u></u>
Statement of Significant Accounting Policies	"L"		
Notes on Accounts	"M"		
Other Schedules Forming Part of Accounts	"N" to "R"		

Place : Mumbai
Dated : 14 May, 2002

Sd/-
(J.L. RAINA)
Chairman & Managing Director

Sd/-
(G.C. DAGA)
Finance Director

Sd/-
(R. RANGANATHAN)
Company Secretary

As per our Report attached of even date
Gondalia & Mandviwalla
Chartered Accountants

Place : Mumbai
Dated : 14 May, 2002

Sd/-
(Dilip G Gondalia)
Partner



Schedules

SCHEDULE "A" - SHARE CAPITAL

	(Rupees)	
	March 2002	March 2001
Authorised 8,000 Equity Shares of Rs.500/- each	<u>4000000</u>	<u>4000000</u>
Issued and Subscribed 8,000 Equity Shares of Rs.500/- each fully paid (the entire Share Capital is held by Indian Oil Corporation Limited, the Holding Company and its Nominees)	<u>4000000</u>	<u>4000000</u>
TOTAL	<u>4000000</u>	<u>4000000</u>

SCHEDULE "B" - RESERVES AND SURPLUS

	(Rupees)	
	March 2002	March 2001
1) General Reserve		
As per Last Account	641780538	623280538
Less: Deferred Tax Liability upto 31.3.01	23846000	
Add: Transferred from Profit & Loss Account	<u>67300000</u>	18500000
	685234538	641780538
2) Profit and Loss Account	0	
Add: Profit for the year	<u>107919</u>	15946
TOTAL	<u>685342457</u>	<u>641796484</u>

SCHEDULE "C" - FIXED ASSETS

Note	AT COST						Gross Block as at 31.3.2002	Depreciation and Amortisation charged this year	Total Depreciation and Amortisation upto 31.03.2002	NET DEPRECIATED BLOCK	
	Gross Block as at 1.4.2001	Additions during the year	Transfers from Construction Work in-progress	Disposals during the year	Transfers/ Deductions/ Reclassifications	As at 31.03.2002				As at 31.03.2002	
	Land Leasehold	8006000	0	0	0	0				8006000	84274
Office/Factory Building	106220408	0	1635007	0	0	107855415	2994215	29424659	78430754	61615750	
Residential Flats	162336	0	0	0	0	162336	2646	68799	93537	54008	
Railway Siding	2173731	0	0	0	0	2173731	16109	1851606	322125	835419	
Plant & Machinery	452116023	91408	14299797	1861827	(66286)	484579115	27636505	225752093	258827022	164386758	
Computers/Microprocessors	22277798	2156468	120300	400000	100000	24254566	2812071	13626653	10627933	8219112	
Furniture, Fixtures & Office Equipment	19946651	1221666	255396	831029	361549	20954233	1104923	9432583	11521650	8372390	
Forklift Trucks	15350621	744080	0	0	0	16094701	1119634	9903360	6191341	4860656	
Motor Vehicles	1099823	467840	0	0	0	1567663	105086	679439	888224	239853	
Total	627333391	4681462	36318500	3092856	395263	665647760	35875463	292171830	373475930	255241562	
Previous Year	590300547	39267070	0	1818112	(396114)	627353391	44690973	372111829	255241562	261206597	

Note :

A. Includes a Compound Wall jointly owned with Herdita Unimers Limited as detailed below:-

- Share of Original Cost	Rs. 130706	(2001: Rs. 130706)
- Accumulated Depreciation	Rs. 34637	(2001: Rs. 29581)
- Written Down Value	Rs. 96069	(2001: Rs. 101125)

B. Residential flats includes Rs. 3500 (2001: Rs. 3500) towards value of 70 (2001: 70) shares in Co-operative Housing Society towards membership of such society for purchase of flat.

C. The Assets transferred from Indian Oil Corporation Limited, the Holding Company, consequent to transfer of employees have been accounted at original cost to the Holding Company. The Depreciation provision till 31.03.01, as per the Holding Company's account has been taken by the Company.

SCHEDULE "D" - CAPITAL WORK-IN-PROGRESS

	(Rupees)	
	March 2002	March 2001
1. Work-in-Progress	12457934	18839266
2. Advances for Capital Expenditure	29527521	5338
3. Capital Stores	<u>169830</u>	<u>228170</u>
TOTAL	<u>42155286</u>	<u>19072774</u>



SCHEDULE "E" - INVENTORIES

		(Rupees)
	March 2002	March 2001
In Hand		
Stores, Spares etc.	1787083	1867648
TOTAL	<u>1787083</u>	<u>1867648</u>

SCHEDULE "F" - BOOK DEBTS

		(Rupees)
	March 2002	March 2001
1. Over Six Months	0	0
2. Others		
Unsecured, Considered Good		
- Due from Indian Oil Corporation Limited, the Holding Company	204144968	156096156
TOTAL	<u>204144968</u>	<u>156096156</u>

SCHEDULE "G" - CASH AND BANK BALANCES

		(Rupees)
	March 2002	March 2001
1. Cash Balances		
a) Cash balances including Imprest	540552	318066
b) Cheques in hand	<u>0</u>	<u>0</u>
	540552	318066
2. Bank Balances with Scheduled Banks		
a) Current Account	1175045	4262086
b) Fixed Deposit lodged with Outside Party including interest accrued thereon	<u>5314281</u>	<u>5314281</u>
TOTAL	<u>6489326</u>	<u>9576367</u>
	<u>7029878</u>	<u>9894433</u>

SCHEDULE "H" - LOANS AND ADVANCES

		(Rupees)
	March 2002	March 2001
1. Advances Recoverable in Cash or in Kind or for Value to be received		
a) Secured, Considered Good	59221551	49289113
b) Unsecured, Considered Good		
- Due from Indian Oil Corporation Limited, the Holding Company	72536892	324366824
- Others	<u>86783687</u>	<u>114672088</u>
	<u>159319499</u>	<u>439038912</u>
	218541050	488328025
2. Sundry Deposits (including amount adjustable on receipt of final bills)		
a) Secured Considered Good	0	0
b) Unsecured, Considered Good	<u>5841996</u>	<u>5809783</u>
	5841996	5809783
3. Advance Tax (Net)	0	9596294
TOTAL	<u>224383046</u>	<u>503734102</u>



SCHEDULE "I" - CURRENT LIABILITIES AND PROVISIONS

		(Rupees)	
		March 2002	March 2001
1. Current Liabilities			
a) Sundry Creditors *		9911771	9082099
b) Other Liabilities		132189176	311855607
c) Security Deposits	4430067		8428078
Less: Investment and Deposits with Banks lodged by Outside Parties	<u>0</u>		<u>0</u>
		4430067	8428078
d) Interim Dividend	0		0
Tax on Interim Dividend	<u>0</u>		<u>0</u>
		0	0
2. Provisions			
a) Provisions for Taxation (Gross)	192433772		118498853
Less: Advance Tax Paid	<u>137113362</u>		<u>118498853</u>
		55320390	0
b) Proposed Dividend	1200000		1200000
Tax on Proposed Dividend	<u>0</u>		<u>122400</u>
		1200000	1322400
TOTAL		<u>203051424</u>	<u>330688184</u>

Amount due to Small Scale Industrial Undertaking - Nil. As certified by the Management and relied upon by the Auditors.

SCHEDULE "J" - INTEREST AND OTHER INCOME

		(Rupees)	
		March 2002	March 2001
1. Interest On			
a) Loans and Advances	5022119		4698491
b) Fixed Deposits with Banks	<u>0</u>		<u>0</u>
		5022119	4698491
2. Profit on Sale and Disposal of Assets		47184	381276
3. Unclaimed / Unspent Liabilities written back		4530030	822238
4. Recoveries from Employees for rent etc.		3853830	3571988
5. Sale of Scrap etc.		211418	223860
6. Other Miscellaneous Income		1114197	778766
TOTAL		<u>14778778</u>	<u>10476619</u>

SCHEDULE "K" - MANUFACTURING, ADMINISTRATION AND OTHER EXPENSES

		(Rupees)	
		March 2002	March 2001
1. Consumption of Stores, Spares and Consumables		1982645	1461019
2. Power, Fuel and Water		17537976	17786572
3. Repairs and Maintenance			
a) Plant and Machinery	8378241		7925777
b) Building	6418724		5603194
c) Others	<u>3710678</u>		<u>2872668</u>
		18707643	16401639
4. Handling Expenses		4481438	5183005
5. Payments to and provisions for employees *			
a) Salaries, Wages, Bonus etc	156298790		256329741*
b) Contribution to Provident Fund and Other Funds	17608785		24494108
c) Staff Welfare Expenses	44696654		37364912
d) Voluntary Retirement Scheme Compensation	0		0
e) Amortisation of Vol. Retirement Compensation	<u>11765548</u>		<u>7644498</u>
		230369779	325833259
6. Office Administration and Other Expenses "K-1"		59289438	109633250
TOTAL		<u>332368919</u>	<u>476298744</u>

Includes Provision of Rs.109687695/- upto 31.03.2000 on account of Arrears due to Long Term Settlement with Workmen.



SCHEDULE "K-I" - OFFICE ADMINISTRATION AND OTHER EXPENSES

(Rupees)

	March 2002	March 2001
1. Rent	29725378	85013308 ⁰
2. Insurance	1059185	1071872
3. Rates and Taxes	4255249	5436002
4. Donations	0	300000
5. Payment to Auditors		
a) Audit Fees	50000	59000
b) Tax Audit Fees	10500	10500
c) Other Services	0	14000
d) Out of Pocket Expenses	11610	26229
	72110	109729
6. Travelling and Conveyance	8092404	5567529
7. Communication Expenses	1864314	1725854
8. Printing and Stationery	815817	766316
9. Bank Charges	68649	37143
10. Bad Debts, Advances and Claims Written Off	0	0
11. Loss on Assets Sold, Lost or Written Off	553783	198349
12. Security Force Expenses	1181323	301505
13. Pollution Control Expenses	592600	347222
14. Other Expenses	11008626	8758421
TOTAL	59289438	109633250

* Includes Provision of Rs.27591968/- upto 31.03.2000 on account of Arrears of Self Lease Rent to Employees.

SCHEDULE "L" - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS :

1.1 Land

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

1.2 Construction Period Expenses on Projects :

Revenue expenses exclusively attributable to projects incurred during construction period are capitalized. However, such expenses in respect of capital facilities being executed along with production/operations simultaneously, are charged to revenue.

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

1.3 Depreciation / Amortisation :

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

1.3.2 Assets costing upto Rs.5,000/- are depreciated fully in the year of capitalisation.

1.3.3 Depreciation on Fixed Assets is provided in accordance with the rules as specified in Schedule XIV to the Companies Act, 1956, on Straight Line Method, upto 95% of the cost of asset. Depreciation is charged pro-rata on quarterly basis on assets from / upto the quarter of capitalization / sale, disposal and dismantled during the year.

2. EXCHANGE RATE :

Current Assets, Current liabilities for foreign credit outstanding at the year end are translated at exchange rate applicable as of that date. The resultant exchange gains and losses, except those relating to acquisition of fixed assets which are adjusted to the cost of such assets till they are fully depreciated, are accounted in the Profit and Loss Account.

3. CURRENT ASSETS, LOAN, & ADVANCES :

Value of Inventories (Stores & Spares) :

Stores and spares (including capital stores) are valued at weighted average cost. In case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale / disposal and charged to revenue.

4. Contingent liabilities and Capital Commitments :

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

4.2 Estimated amount of contracts remaining to be executed on Capital account are disclosed in each case exceeding Rs. 5 lakhs.

5. Profit & Loss Account :

5.1 Blending/Processing Income is accounted based on volume of products blended/manufactured/filled.

5.2 Retirement Benefits :

5.2.1 Payment of gratuity is made through a Trust. The amount is contributed to LIC as per the actuarial valuation by LIC at the end of the year and is charged to Profit & Loss Account.

5.2.2 Liability towards leave encashment, post retirement medical benefit and resettlement allowance to employees as at the end of the year is assessed on the basis of actuarial valuation and provided for.

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

5.3 Prepaid expenses upto Rs. 0.50 lakhs in each case are charged to Revenue.



- 5.4 Income and Expenditure upto Rs. 5 lakhs in each case pertaining to previous years are accounted for in the current year.
 5.5 Claims are accounted which there is certainty that the claims are realisable.

Sd/-
(J.L. Raina)
 Chairman & Managing Director

Sd/-
(G.C. Daga)
 Finance Director

Sd/-
(R.Ranganathan)
 Company Secretary

Place : Mumbai
 Date : 14 May 2002

Schedule "M" - Notes on the account for the year ended 31st March, 2002

1. CONTINGENT LIABILITIES :

- (a) Claims against the Company not acknowledged as debts Rs. 33.32 Lakh (2001 :Rs. 74.28 Lakhs). These include :
 (i) Rs. 9.62 Lakhs (2001 : Rs. 21.50 Lakhs) in respect of appeals by Income Tax Department. Interest, if any, on some of the claims is unascertainable.
 (ii) Rs. 23.70 Lakhs (2001 : Rs. 23.70 Lakh) for which suits have been filed against the Company for compensation / damages.
 (iii) Rs. Nil (2001 : Rs. 29.08 Lakhs) on account of demand raised by Mumbai Port Trust towards interest on disputed Way Leave License Fee.
 (iv) Suits filed against the company for permanent employment by contract labourers. The liability to the company is indeterminable.
2. Estimated amount of contract remaining to be executed on Capital Account and not provided for Rs. 223.17 Lakhs (2001 : Rs. 105.66 Lakhs)
 3. Lease Agreement in respect of land at Vashi Plant of the gross value of Rs. 80.06 Lakhs (2001 : Rs. 80.06 Lakhs) is pending for execution and is, therefore, not available for verification.
 4. The company has switched over from Written Down Value to Straight Line Method of charging Depreciation in the books of account. Consequent to the change, the profit for the year has increased by Rs. 11,44,09,399/- on account of write back of depreciation upto 31.03.01. Further, the depreciation for the current year is less by Rs. 71,35,43,4/- and correspondingly profit is higher by that amount due to change in the method of charging depreciation.
 5. Remuneration paid/payable to whole time Chairman and Managing Director from April '2001 to March '2002.

(Rs. lakhs)

	2001-02	2000-01
(i) Salaries & Allowances.	5.29	2.14
(ii) Contribution to Provident & Other Funds.	0.92	0.24
(iii) Other Benefits and Perquisites.	0.73	0.44
Total	6.94	2.82

In addition, CMD is also allowed the use of Company's car for private purpose upto 12000 kms per annum on a payment of Rs. 400 per mensem for car less than 16 hp. However, terms and conditions of CMD's appointment are pending from MOP&NG.

6. In line with Accounting Policy of the Company, expenditure incurred on account of Voluntary Retirement Scheme towards ex-gratia and monthly payments to the retired employees aggregating to Rs. 5,11,83,238/- has been provided and 1/5th of the same amounting to Rs. 1,17,65,548/- has been amortised and charged to Profit & Loss Account during the year and the balance has been carried forward as "Deferred Revenue Expenses" to be amortised in the subsequent years.
 7. Previous year's comparative figures have been regrouped and recast to the extent practicable, wherever necessary.

Sd/-
(J.L. Raina)
 Chairman & Managing Director

Sd/-
(G.C. Daga)
 Finance Director

Sd/-
(R.Ranganathan)
 Company Secretary

Place : Mumbai
 Date : 14 May 2002

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

	2002			2001			ECA 8586 KL
	LUBES IN SU	GREASES IN MT Equivalent	GREASES MT	LUBES IN SU	GREASES IN MT Equivalent	GREASES MT	
Licensed Capacity	250000	224417	14000	250000	224417	14000	1003
Installed Capacity ^a	250000	224417	14000	250000	224417	14000	=900 MT 1003
Actual Production	236346	212160	13382	250094	224501	12662	=900 MT 0

Note : The manufacturing facility of ECA 8586 has been dismantled during current year.

(As certified by the Management and accepted by the Auditors without verification).

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

	2002			2001		
	QUANTITY		VALUE	QUANTITY		VALUE
	IN SU	IN MT EQUIVALENT	RUPEES	IN SU	IN MT EQUIVALENT	RUPEES
Lubes	236346 KL	212160	269396162	250094 KL	224501	236338820
Greases	13382 MT	13382	63566835	12662 MT	12662	53815622
TOTAL:		225542	332962997		237163	290154442

NOTES:

A. The Company has not purchased or consumed any raw materials during the year. There is no opening or closing stock of finished goods. The Company processes materials received by it from Indian Oil Corporation Limited, the Holding Company. Quantities mentioned above such processing. The Value represents Blending Fee receive from the Holding Company.

**SCHEDULE "P" - CONSUMPTION OF STORES, SPARES AND CONSUMABLES DURING THE YEAR**

	2002		2001	
	Rupees	% to Total Consumption	Rupees	% to Total Consumption
Imported	149055	8	0	0
Indigenous	1833590	92	1461019	100
TOTAL:	1982645	100	1461019	100

SCHEDULE "Q" - EXPENDITURE IN FOREIGN CURRENCY

	(Rupees)	
	2002	2001
Books and Periodicals	36440	0
Others	545945	0
TOTAL	582385	0

SCHEDULE "R" - C I F VALUE OF IMPORTS

	(Rupees)	
	2002	2001
Chemicals and Revenue Stores	81277	0
Capital Goods	29496568	0
TOTAL	29577845	0



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

State Code

Balance Sheet Date

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

PUBLIC ISSUE

RIGHTS ISSUE

BONUS ISSUE

PRIVATE PLACEMENT

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lakhs)

Total Liabilities

Total Assets

Sources of Funds

Paid-Up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

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

Turnover

Total Expenditure

Profit Before Tax

Profit After Tax

(Please tick appropriate box + for Profit, - for Loss)

Earnings per share in Rs.

Dividend Rate %

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

Item Code No. (ITC Code)

Product /Services Description

Item Code No. (ITC Code)

Product /Services Description

Item Code No. (ITC Code)



Comments of the Comptroller & Auditors General of India U/S 619(4) of the Companies Act, 1956 on the Accounts of Indian Oil Blending Limited for year Ended 31st March, 2002

I have to state that the Comptroller and Auditor General of India has no comments upon or supplement to the Auditors' Report under Section 619 (4) of the Companies Act, 1956 on the accounts of Indian Oil Blending Limited for the year ended 31st March, 2002.

Sd/-

Gautam Guha

Principal Director of Commercial Audit &
ex-officio Member, Audit Board-II, Mumbai

Mumbai
27 June 2002



**ANNUAL REPORT
2001-2002**

**INDIAN OIL MAURITIUS LIMITED
(A WHOLLY OWNED SUBSIDIARY OF
INDIAN OIL CORPORATION LIMITED)**



**INDIAN OIL MAURITIUS LIMITED
BOARD OF DIRECTORS**

Shri V. Ramdeny

Director

Shri Couldip B. Lala

Director

Shri B.K. Mittal

Director

Capt. V.K. Chawla

Director

Shri R. Sareen

Managing Director

Directors' Report

The Directors present their report and the audited financial statements of the Company for the period ended 31 March 2002.

REVIEW OF THE BUSINESS

The Company has not yet started trading.

RESULTS AND DIVIDENDS

The Company made a loss of Mauritian Rs. 2,685,530 for the period. The directors do not recommend the payment of any Dividend.

AUDITORS

Mr. Jugdeo Naginal FCCA has indicated his willingness to continue in office and a resolution concerning his re-appointment will be proposed at the Annual General Meeting.

By order of the Board

Sd/-

R. Sareen

Managing Director

Place : Port Louis, Mauritius

Date : 23 May 2002

Auditor's Report

To

The Members

IndianOil (Mauritius) Limited

I have audited the attached financial statements in accordance with approved auditing standards.

Respective Responsibilities of Directors and Auditors

The Company's directors are responsible for the preparation of financial statements. It is my responsibility to form an Independent opinion, based on my audit, on those statements and to report my opinion to you.

Base of Opinion

I conducted my audit in accordance with Generally Accepted Auditing Standards. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2002 and of the results of the Company for the period then ended and comply with the Companies Act, 2001 and the appropriate Accounting Standards.

Sd/-

Jugdeo Naginlal

Chartered Certified Accountant

Place : Port Louis, Mauritius

Date : 23 May 2002

Balance Sheet as at 31st March 2002

	Notes	In Mauritian Rs.
EMPLOYMENT OF FUNDS		
FIXED ASSETS	3	<u>214,957</u>
CURRENT ASSETS		
Accounts receivable	4	150,200
Cash at bank and in hand		157,877,875
		<u>158,028,075</u>
CURRENT LIABILITIES		
Accounts payable	5	<u>2,165,997</u>
NET CURRENT ASSETS		155,862,078
Preliminary Expenses	6	<u>129,770</u>
		<u>156,206,805</u>
FINANCED BY		
Share Capital	7	25,000
Reserves		<u>(2,685,530)</u>
		(2,660,530)
Deposit on shares		158,867,335
		<u>156,206,805</u>

The accompanying notes form an integral part of these accounts.

Approved by the Board of Directors on 23 May 2002

Sd/-
R. Sareen
Managing Director

Sd/-
V. Ramdeny
Director

Income Statement - Period from 24 October 2001 to 31 March 2002

	Notes	In Mauritian Rs.
Turnover	-	<u>-</u>
Administrative & Selling Expenses		(2,781,789)
Other Income	8	96,259
Loss Before Taxation		<u>(2,685,530)</u>

Cash Flow Statement - Period from 24 October 2001 to 31 March 2002

	In Mauritian Rs.
NET LOSS	(2,685,530)
Add Depreciation	511
	<u>(2,685,019)</u>
Increase in accounts receivables	(150,200)
Increase in accounts payable	2,165,997
	<u>(669,222)</u>
INVESTING ACTIVITIES	
Preliminary expenses	(129,770)
Purchase of fixed assets	(215,468)
	<u>(345,238)</u>
NET CASH (OUTFLOW) BEFORE FINANCING	(1,014,460)
FINANCING ACTIVITIES	
Share capital	25,000
Deposit on shares	158,867,335
	<u>158,892,335</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	157,877,875
CASH AND CASH EQUIVALENTS AT 31 MARCH 2002	157,877,875

Notes to the Financial Statements - Period from 24 October 2001 to 31 March 2002

1. INCORPORATION AND ACTIVITIES

The "Company" is incorporated in Mauritius under the Companies Act 1984.

The "Company" had not started its operations at the balance sheet date.

2. ACCOUNTING POLICIES

The principal accounting policies adopted by the Company are as follows:-

Basis of Accounting

The accounts are prepared under the historical cost convention and in accordance with the appropriate Accounting Standards.

Foreign Currencies

Transactions in foreign currencies are converted at the exchange rate at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated to Mauritian rupees at the rates of exchange ruling at the balance sheet date. Exchange differences arising on translation of assets and liabilities are dealt within the income statement.

Fixed Assets and Depreciation

Fixed assets are stated at cost less depreciation. Depreciation is provided so as to write off the cost of tangible assets on a straight line basis over the expected useful lives of the assets. The annual depreciation rate used for the purpose are as follows:

Furniture & Fittings	10%
Equipment	25%

Preliminary Expenses

Preliminary expenses will be written off in the first year of operation

3. FIXED ASSETS

	Furniture & Fixings In Mauritian Rs.	Equipment In Mauritian Rs.	Total In Mauritian Rs.
Cost			
Additions	73,011	142,457	215,468
At 31 March 2002	<u>73,011</u>	<u>142,457</u>	<u>215,468</u>
Depreciation			
Charge for the period	161	350	511
At 31 March 2002	<u>161</u>	<u>350</u>	<u>511</u>
Net Book Value			
At 31 March 2002	<u>72,850</u>	<u>142,107</u>	<u>214,957</u>

2002
In Mauritian Rs.

4. ACCOUNTS RECEIVABLE

Other receivables and prepayments

150,200

5. ACCOUNTS PAYABLE

Indian Oil Corporation Ltd.
Other payables and accruals

1,932,941

233,056

2,165,997

6. PRELIMINARY EXPENSES

Incorporation costs incurred

129,770

Ordinary Share of Mauritian
Rs. 100 - each

7. SHARE CAPITAL

AUTHORISED

Value

Mauritian Rs.

160,000,000

Number of Shares

1,600,000

ALLOTTED, CALLED UP AND FULLY PAID

Value

Mauritian Rs.

25,000

Number of Shares

250

8. OTHER INCOME

Interest received

Mauritian Rs.

96,259

9. REGISTERED OFFICE

The Registered Office of the Company is at Suite 619, St. James Court, St. Denis Street Port Louis, Mauritius.

Appendices - Period from 24 October 2001 to 31 March 2002

In Mauritian Rs.

ADMINISTRATIVE & SELLING EXPENSES

Salaries, Wages and Allowances	476,073
Electricity, Telephone & Fax	55,691
Rent	205,335
Licences	4,000
Legal and Professional charges	216,635
Printing, Postage and Stationery	15,338
General Expenses	21,686
Travelling Expenses	66,500
Loss on Exchange	263,695
Medical Expenses	3,778
Advertising	10,542
Newspaper	4,522
Entertainment	9,383
Bank Charges	2,590
Depreciation	511
Consultancy Fee	1,425,510
	<u>2,781,789</u>



ANNUAL REPORT 2001-2002



**CHENNAI PETROLEUM CORPORATION LIMITED
(A SUBSIDIARY OF INDIAN OIL CORPORATION LIMITED)**



Board of Directors

Shri S. Rammohan	Chairman & Managing Director
Shri M.P. Srinivasan	Director (Technical)
Shri S.V. Narasimhan	Director (Finance)
Shri K. Narayanan	Director (Operations)
Shri Shivraj Singh	Director
Shri Mohit Sinha	Director (up to 20.07.2002)
Shri P. Baskaradoss	Director
Shri M.A. Gowrishankar	Director (up to 03.07.2002)
Shri M.B.L. Agarwal	Director (up to 01.08.2002)
Shri A.K. Mishra	Director
Shri S. Basu	Director
Shi T.L. Jain	Director (from 05.08.2002)
Shri S.M. Mortazavi	Director
Shri M.B. Samlei Khonsari	Director
Shri L. Sabaretnam	Director
Shri V. Srinivasan	Company Secretary

Directors' Report – 2001-02

To the Chennai Petroleum family of Shareholders,

Your Directors have immense pleasure in presenting their 36th Annual Report together with the Audited Statement of Accounts of the Company for the financial year ended March 31, 2002.

1.0 HIGHLIGHTS OF THE YEAR

- All time High thruput of 833 TMT achieved in Fluidised Catalytic Cracking Unit (FCCU), the main secondary processing unit.
- Highest ever production of LPG (148.4 TMT- previous best 144 TMT) and Petrochemical Feedstocks (30.3 TMT- previous best 25.6 TMT) such as Propylene and Polybutene Feedstocks.
- De-bottlenecking the capacity of Cauvery Basin Refinery from 0.5 MMTPA to 1.0 MMTPA.
- Successfully commissioned the second reactor of Diesel Hydro Desulphuriser Unit (DHDS) to produce entire High Speed Diesel (HSD) to meet 0.05% sulphur.
- Zero Discharge Plant, a landmark eco-friendly project, constructed in a record period of 9 months and commissioned successfully.
- Successfully installed Inspection Management System Software (IMS) 2000 to facilitate faster decision making by Inspection.
- ISO 9001 Certification for Manali Refinery awarded by M/s. Det Norske Veritas, Netherlands, for compliance with Quality Management System.
- OHSAS 18001 Certification for Manali Refinery awarded by M/s. Det Norske Veritas, Netherlands, for Occupational Health & Safety Management System.
- Enterprise Excellence Award for the year 2000-01 given by Indian Institution of Industrial Engineering.
- Safety Award for the 10th time from British Safety Council, U.K. for the year 2001.

2.0 PERFORMANCE AT A GLANCE

2.1 Physical:

	2001-02		2000-01	
	('000 Tonnes)	%	('000 Tonnes)	%
Crude Thruput				
Imported	4479.9	67.0	4686.5	70.7
Indigenous	2208.9	33.0	1938.8	29.3
Total Crude processed	6688.8		6625.3	
Manali Refinery (in '000 Tonnes)	6122.6		6046.0	
Cauvery Basin Refinery (in '000 Tonnes)	566.2		579.3	
Total Crude	6688.8		6625.3	
Net Gas intake	15.7		16.2	
Gross Total	6704.5		6641.5	
Production				
	('000 Tonnes)	%	('000 Tonnes)	%
Light Ends	1330.8	19.85	1262.4	19.01
Middle Distillates	3239.9	48.32	3256.9	49.04
Heavy Ends	1463.0	21.82	1345.9	20.27
Lube Base Stocks	177.1	2.64	205.4	3.09
Wax	20.7	0.31	22.0	0.33
Other (Intermediate Stock Differential)	-43.1	-0.64	12.3	0.18
Fuel & Loss	516.1	7.70	536.6	8.08
Total	6704.5	100.00	6641.5	100.00

2.2 Financial:

	(Rs. Crores)	
	2001-02	2000-01
Turnover	6273.09	7132.62
Profit before Interest, Depreciation and Tax	296.00	381.66
Interest	128.09	131.46
Depreciation	79.02	102.77
Profit before Tax	88.89	147.43
Provision for Taxation		
- Current Tax	7.20	25.00
- Deferred Tax	17.98	-
Profit after Tax	63.71	122.43
Value Added	436.57	557.57

3.0 PRODUCTION PERFORMANCE

- 3.1 The Manali Refinery processed 6.123 Million Metric Tonnes (MMT) of crude as compared to 6.046 MMT in the previous year. This accounted for 94.20% of its capacity. The lower thruput as compared to full capacity was mainly on account of acute water shortage experienced by Chennai City in general and Manali Industries in particular during July and August 2001 leading to the shutdown of one of the units for a period of 33 days.
- 3.2 The thruput of Cauvery Basin Refinery was 0.566 MMT as against 0.579 MMT in the previous year. The marginal reduction was on account of processing of different and heavier crude mix, and also due to restricted availability of crude.
- 3.3 The Fuel and Loss of Manali Refinery was contained at 8.0 wt.% as compared to the previous year figure of 8.4 Wt.%. The lower Fuel and Loss was mainly due to the sustained efforts undertaken by the Company on energy conservation measures. Every 0.1% saving in Fuel and Loss will give Rs.4.94 crores savings.
- 3.4 The Fuel and Loss of Cauvery Basin Refinery was lower at 4.7 Wt.% as compared to 5.0 Wt.% during the previous year. Various energy conservation measures taken by CBR resulted in lower fuel and loss.
- 3.5 The other significant features of Manali Refinery's operations during the year were:
 - a) All time High Thruput of 833 TMT against the previous best thruput of 809 TMT in 1997-98, achieved in Fluidised Catalytic Cracking Unit (FCCU).
 - b) Highest ever production of LPG (148.4 TMT) and Petrochemical Feedstocks (30.3 TMT) such as Propylene and Polybutene Feedstocks.
 - c) Successfully commissioned the second reactor of Diesel Hydro Desulphuriser Unit (DHDS) to produce entire High Speed Diesel (HSD) of 0.05% sulphur (Metro Diesel).

4.0 FINANCIAL PERFORMANCE

- 4.1 Your Company achieved a turnover of Rs.6273.09 crores during the year as against Rs.7132.62 crores in the previous year. Reduction in turnover was mainly due to lower international prices of products. The Gross Profit before Interest, Depreciation and Taxation has reduced from Rs.381.66 crores during the previous year to Rs.296.00 crores during the year. The Profit before Tax has reduced from Rs.147.43 crores to Rs.88.89 crores, mainly on account of reduction in thruput due to water scarcity, lower demand for Lube Base Stocks, lower refining margins and provision for deferred tax.



- 4.2 The Internal Resources generated during the current year was Rs.136.64 crores, compared to Rs.187.96 crores during the previous year and the value addition was at Rs.436.57 crores during the current year as against Rs.557.57 crores during the previous year.
- 4.3 The Company's Reserves position is Rs.902.22 crores after considering Deferred Tax Liability of Rs.231.15 crores for opening balances and Rs.17.98 crores towards deferred tax liability for the Financial Year 2001-2002. The book value per share is Rs.69.19 after considering the above Deferred Tax Liability.
- 4.4 The expenditure against Plan Projects during the year amounted to Rs.404.79 crores (previous year - Rs.85.78 crores). The expenditure against Non-Plan Projects during the year was Rs.31.13 crores (previous year - Rs.35.64 crores).
- 4.5 Total outstanding Public Deposits amounted to Rs.76.52 crores as on 31.3.2002. Out of these, 57 deposits amounting to Rs.18.75 lakhs remained unclaimed as on that date.
- 4.6 Your Company had transferred to the Investor Education and Protection Fund, the required amount as per Section 205(C) (2) of the Companies Act, 1956 during the year 2001-02, within the stipulated time.

5.0 DIVIDEND

Your Company has been maintaining a good track record of dividend payment since 1972 without any interruption. In spite of reduced profitability this year, your Directors have recommended a Dividend of 20% on the paid-up share capital of the Company.

6.0 MoU PERFORMANCE

It is worthwhile to note that the concerted efforts of the entire CPCL team enabled the Company to attain the top rating of "Excellent" in the MOU performance evaluation. The Company performed exceedingly well on various areas covered under the MOU with the Government of India. We take pride in informing that your Company has been achieving "Excellent" performance rating every year except for the year 1995-96, ever since we started signing the Memorandum of Understanding with the Ministry of Petroleum and Natural Gas, Government of India from the year 1988-89

7.0 PRODUCTIVITY AND PROFITABILITY IMPROVEMENT

In order to be globally competitive, to sustain growth and remain an economically viable world-class entity in the de-controlled era of the oil industry, your Company took a number of proactive measures to improve the Refinery Profitability. As reported last year, your Company's operation and work practices were benchmarked by M/s.Solomon Associates Inc., USA against world-class practices using 1998 operation data as the basis. Progressive steps were taken to bridge the potential gaps identified in various areas of Refinery Operations (Refinery Gross Margin and Operating Expenses) as compared to the Peer group Refineries in order to enhance the profitability of the Company, through the Pace Setter Performance Process of M/s.Solomon Associates Inc. This improvement program named as "Excellence in Competitive

Performance Program". (ECPP) commenced during June 2000 and was successfully completed in January 2002.

As a part of this Programme, Best Practices Team (BPTs) in different functional areas of Operations were formed and action Plans were formulated by these Teams for implementing the profitability improvement recommendations. The members of the Best Practices Teams spearheaded the activities for execution of the action plans. The program was a big success because of active participation from various sections of the Company.

A new Production Planning system was generated with the help of M/s. Solomon Associates Inc., to focus the "Production Planning Process" through regular monitoring of Gross Refinery Margin (GRM) for Profit maximization. By linking several of the tactical plans with the Long-term strategic business plan, the continuity in the planning efforts towards the long-term growth was ensured. A constant review mechanism for sustaining the improvements in the business planning systems was put in place to keep the sustained thrust for excellence.

The following measures have been undertaken to sustain the improvements achieved:

- 1. A separate Group consisting of senior officials was formed for close follow up of ECPP projects under implementation and also sustenance of various activities implemented under the ECPP.
- 2. Out bound training programmes on "Sustaining the benefits accrued through Excellence in Competitive Performance Programme (ECPP)" were conducted for 10 batches of employees, each batch consisting of 25 personnel from various cross sections of the Refinery, focusing on Teamwork, Ownership, Work discipline etc. Suggestions received from the employees participating in these programmes for improving refinery operations and profitability are being evaluated and implemented based on their suitability.
- 3. Awareness among the employees was created about various activities of the ECPP, which resulted in their active participation in the implementation of the ECPP and also brought into limelight, the need for economies in refinery operations, which is crucial for success in the de-regulated and competitive environment.

8.0 MARKETING

Your Company continued to focus on improving the sale of products directly marketed by it.

Direct marketing, in terms of quantity increased from 537813 MTs in the year 2000-01 to 547360 MTs in the year 2001-02, inspite of a reduction in the offtake of Naphtha to the tune of 56,600 MT by M/s.Madras Fertilizers Limited owing to their operational problems and sluggish market of the end product of MFL.

Even though the offtake of total Lube Oil Base Stock was low during the year, the direct sale of Lube Oil Base Stock during the year was impressive, recording an increase of 49% as compared to the previous year. Bulk consumers of LOBS, who traditionally used to

resort to imports were also brought into the fold of direct customer portfolio of CPCL. The direct sale of Bitumen also registered an increase of 35% over the previous year.

Another significant development is the beginning of marketing of LOBS and CBFS to Nepal during this year.

The sale of paraffin wax registered a remarkable growth of 26% over the previous year despite intense competition from imports by traders.

There was also a significant increase in the sale of PBFS and Propylene by 38% and 40% respectively as compared to the previous year.

The sale of Crumb Rubber Modified Bitumen (CRMB), a new product exceeded the targeted figure of 3000 MTs and touched 6730 MTs during the year 2001-02. Your Company's CRMB has been used extensively in a major roadway project near Chennai. Our specification of CRMB has been adopted by National Highways, State Government and various contractors. This stands testimony to the superior quality of this product.

9.0 PROJECTS

Consistent with the overall business policy of the company, new initiatives were taken to make the Company a progressive growth oriented enterprise. These initiatives, conceptualised in the form of new projects, are intended to contribute towards significant revenue generation, product quality upgradation and meeting operational necessities or substantially upgrading the environmental standards.

9.1 COMPLETED PROJECTS

9.1.1 Second Reactor for DHDS

In order to meet the future specification of 0.05% Sulphur in Diesel and to mitigate the particulate emissions, a Second Reactor in Diesel Hydro Desulphuriser Unit was installed at a cost of Rs.20 crores in the existing Diesel Hydro Desulphurisation unit, to produce eco friendly fuel. This unit was commissioned in September 2001. With this, your refinery at Manali can ensure 100% production of 0.05% sulphur content HSD.

9.1.2 Sewage Reclamation Project

With a view to ensure reclamation of sewage generated from various refinery buildings and canteen waste water, a project to facilitate their collection, treatment and reuse was implemented in May 2001 at a cost of Rs.2.13 Crores.

9.1.3 Manual Call Point Alarm System

As per the directive of OISD, your Company has installed and commissioned during August 2001 Manual Call Point (MCP) fire alarm system project to augment the safety requirements of Manali Refinery and the Tank farm areas at a cost of Rs.1.16 crores. This project would enable quicker communication and response action during emergencies.

9.1.4 Capacity Expansion At Cauvery Basin Refinery

The facilities to de-bottleneck the existing capacity from 0.5 MMTPA

to 1.0 MMTPA at Cauvery Basin Refinery were installed. Two numbers of new crude tanks and seven numbers of new product tanks were commissioned. One cell of new cooling tower was also commissioned. New RO Unit was installed for additional requirement of demineralised water for boilers.

9.1.5 Zero Discharge Project

During the year, your Company commissioned the Zero Discharge project at a cost of Rs.4.6 Crores. This project is for the purpose of converting refinery treated effluents into usable water for various process applications and the treated effluent water discharge from the refinery will be negligible.

9.2 ON-GOING PROJECTS

9.2.1 3 MMTPA Refinery Expansion Project

This project would enable your Company to manufacture auto fuels conforming to Bharat Stage III specifications, which will become mandatory by the year 2005 in Metros, as per Dr.Mashekar Committee's recommendations. The estimated cost of the project is Rs.2360.38 crores including a FE component of Rs.333.82 crores.

The expansion project envisages process integration with the existing refinery to improve distillates yield, product quality and to reduce environmental emissions from the existing refinery. In order to improve the distillates yield of the existing refinery, processing of 500,000 TPA of heavy ends from the existing refinery as additional feed in the Visbreaker unit is being considered as part of the expansion project. The expansion project also envisages integration of the proposed Hydrocracker unit with the existing FCCU to reduce the environmental emissions from the existing refinery. The expansion project will also have the flexibility to optimise the production with fluctuations in market demand for LOBS.

The project is on schedule and the following major activities have been completed:

- In CDU / YDU – all the equipment have been ordered and most of the static equipment have been received at site and erection of the same has commenced.
- In OHCU - Hydrocracker reactors have been ordered and procurement of long lead items for this unit are in progress. Piling works have been completed and Civil & Structural works are in progress.
- In LSTK packages - ordering of all long lead / major equipment have been completed and Engineering works are in progress. Piling works have been started.
- In Utilities – all the major packages such as DM Plant, Nitrogen, Cooling Tower etc. have been ordered and site activities have commenced.
- In Off-sites – Contract for storage tanks awarded and civil jobs have commenced.

The project is expected to be completed by July 2003, as per schedule.

9.2.2 Automatic Truck Loading Facilities

To enhance the safety standards in the refinery and to facilitate effective loading of Carbon Black Feedstock, Slack Wax, Fuel Oil and SoFo Oil, your Company is implementing this project with the state-of-art technology, at a cost of Rs.15.75 crores. With this, the trucks entering the refinery licensed area for filling of above products will be eliminated. The project is in advanced stage of completion.

9.2.3 Oil Jetty Project

As reported last year, your company is constructing Oil Jetty Facilities at Cauvery Basin Refinery at a cost of Rs.96 crores with a view to make available the required quantity of crude at Cauvery Basin Refinery and for ocean movement of petroleum products in the long run. During the course of the project activities, certain difficulties were experienced due to hard soil strata while commencing steel pile driving. Therefore, additional soil survey was carried out by M/s.AFCONS and M/s. Engineers India Limited (EIL), the consultants and based on the recommendations given by EIL, further activities are in progress and the project is expected to be completed in the second quarter of 2002-2003.

9.3 NEW PROJECTS

9.3.1 FCCU Revamp Project

Your company is revamping its existing Fluidised Catalytic Cracking Unit (FCCU) at Manali, to process the unconverted oil, as the new feedstock, from the once-through Hydrocracker being put up as the key secondary processing unit in the ongoing 3MMTPA Expansion Project, which will significantly increase the yields of light distillates and produce superior quality products like Motor Spirit and cycle oil, besides reducing environmental emission.

In addition, the FCCU will be revamped with the state-of-art hardware modifications in the Reactor-Regenerator (R-R) section to improve its mechanical reliability, thereby enabling the unit to achieve higher run lengths of process units.

This project will result in considerable value addition to your Manali Refinery.

M/s.UOP, USA, has been chosen as the process licensor for the R-R section of this project. Process package preparation activity and finalisation of Detailed Engineering Contractor are in progress.

9.4 JOINT VENTURE PROJECTS

9.4.1 Indian Additives Limited (IAL)

The performance of Indian Additives Limited, a Joint Venture of your Company with Chevron Oranite Company LLC (successor of Chevron Chemical Corporation) has shown improvement over the previous year and it posted a cash profit of Rs.4.89 crores. Indigenisation and outsourcing have been taken up in a big way to improve the competitiveness of the unit.

9.4.2 National Aromatics and Petrochemical Corporation Limited (Arochem)

As reported earlier, the Government of India had approved the Memorandum of Settlement (MoS) to be entered into between your Company and SPIC. SPIC had indicated that they are in the

process of finalising the financial tie-up with Banks and Financial Institutions and hence sought time for payment of the amount envisaged in the Memorandum of Settlement. The MoS will be executed soon after the money is received.

9.4.3 Power Project

The Company obtained the approval of MoPNG for selection of consortium of PSEG Global Inc USA and L&T as joint venture partners for the implementation of the power project. Subsequently, PSEG Global Inc (USA) and L&T did not show much interest in the project and hence your company had signed an "Expression of Intention" with Neyveli Lignite Corporation Limited (NLC), a premier PSU in the power sector, for the joint development of 492 MW Power Project. Discussions are on with NLC regarding formation of a Joint Venture Company, carrying on project development activities and fuel supply issues.

9.4.4 Crude Unloading Facilities For Manali Refinery

Your Company proposes to have new facilities for crude unloading for the Manali Refinery, since the life of the existing crude oil pipeline from Chennai Port to the Manali Refinery may be outlived by 2006. The transportation of crude oil in Very Large Crude Carriers (VLCCs) has also been found to be cost effective as per the study done by Indian Oiltanking Limited. Your Company will benefit by way of lower crude transportation costs on completion of this project. Your Company is discussing with Ennore Port Limited for this purpose.

9.4.5 Desalination Project

Your Company is proposing to install a desalination plant to supplement the current raw water requirement at Manali Complex and the future requirements of 3 MMTPA Expansion project, near Chennai on Build Own and Operate (BOO) basis. Tenders have been floated for this purpose and responses are awaited.

10.0 INFORMATION TECHNOLOGY

Your Company firmly believes that information technology is integral to all aspects of the Company's operations and continuous assimilation of emerging technologies, web enabled business solutions and constant automation are becoming inevitable commercial compulsions to sustain growth and profitability.

Towards achieving this end, your Company engaged M/s.CMC Ltd. and M/s. RAMCO Systems Ltd. for implementing a state-of-art Enterprise Resource Planning (ERP) based business information systems encompassing the functional areas of Finance and Accounts, Materials Management, Human Resources Management, Sales & Distribution, Stock and Oil Movement, Maintenance and Project Management. The above functional areas were automated. Data availability, data integrity and information flow between various modules have been achieved. The system facilitates effective operational monitoring and decision making, based on comprehensive operational reports and on line information availability.

Your Company has taken a number of steps for improving the Network performance over Wide Area Network (WAN) through installation of necessary Hardware and Software. Web enabling of

ERP will be taken up as the next phase.

11.0 RESEARCH & DEVELOPMENT (R&D)

Your Company recognizes the need for continuous upgradation of technologies and absorption of cutting edge technology to attain leadership position under the new liberalised policies of the Government. Accordingly, all the facets of the operations of the Company receive the focussed attention of the management, to keep pace with the technological developments in the rest of the world.

Your Company has taken all the required steps to further accelerate and intensify its R&D activities to augment its growth opportunities.

Your Company's R&D centre has been continuously providing technical support service to the Refinery in evaluation of crudes, catalysts and feedstocks. R&D pilot plants and analytical facilities provide valuable data for solving problems related to the refinery process units and in optimising the operating parameters.

The notable contributions of R&D Centre for the refinery operations include:

- generation of crude assay data for several new imported and indigenous crudes to find out their suitability for processing.
- selection of catalysts for FCC, hydro-treating, hydro-finishing of lube/wax, reforming and DHDS units.
- providing input data to Optimisation section for operation of the Aspen IQ inferential quality prediction software to predict end point of distillates.
- implementation of Zero Discharge plant for recovering product water from the refinery effluents.

Some of the collaborative projects of your Company's R&D are highlighted below:

- An MoU was signed by your Company with IIP and CHT for the project on "Development of catalyst for reducing Sulfur in FCC Gasoline with Minimum Octane Loss".
- Collaboration with NCL, Pune and Sud-Chemie India Limited for developing nano-particulate catalysts for ultra low sulfur Diesel under the CSIR funded New Millennium Indian Technology Leadership Initiative (NMITLI) program. Characterisation of feed and evaluation of commercially available nano-particulate catalysts were completed.
- Modeling and simulation project on industrial trickle bed reactors with IIT, Madras has been completed. Software developed in the project was installed at R&D for implementation.
- Collaborative project with Invensys India and IIT, Bombay for the development of FCCU reactor/regenerator model is in progress. The model developed is being evaluated with commercial plant data to improve predictions.
- Indigenisation of RO membrane technology.

12.0 SAFETY AND SECURITY MANAGEMENT

Your Company recognizes safety management as an important tool for preventing accidents involving people and property. Your Company is strongly committed to achieve production without compromising on safety, which is clearly reflected in the safety

policy of the Company, which aims at Zero accident and freedom from occupational illness at the work place.

The safety practices adopted by the Company received many accolades from various quarters. The most important and prestigious among them was the award of the OHSAS 18001 certification for Occupational Health and Safety Management Systems.

Your Company embarked upon various measures to ensure the safety of its employees and important among them are:

- The Best Practices Team formed for Safety in Refinery Operations continued its study and developed best practices and safety procedures, which are in line with the world class refineries.
- Closed Circuit Televisions (CCTVs) have been installed at strategic locations in the Manali Refinery.
- An Access Control System has been installed both in the Corporate Office as well as in the Refinery Control Rooms.
- Three independent safety studies were carried out by Foreign Experts, each with specific focus, this year.
- Recommendations for improvement of Refinery Safety System given by M/s.Solomon Associates Inc., USA as a part of the Excellence in Competitive Performance Programme were implemented.
- Safety study carried out by M/s. Allianz Singapore as a part of reinsurance assessment.
- The 5-Star Safety Audit, by British Safety Council, U.K., was carried out to audit the Safety Management System, Occupational Health & Hygiene Practices. The Audit Score qualified us for a 3-Star award. Efforts are being taken to bridge the gaps with a view to achieve 5-Star award in future.
- A review of Hazop and Risk Assessment of the entire refinery complex was carried out by M/s. CLRI, Chennai. The study was completed, the risk potential assessed and found to be within controllable limits.

Two off-site mock drills in the Manali - Ennore area were conducted by the statutory authorities to check the effectiveness of the off-site emergency plans. Your Company participated in these mock drills.

Your Company sponsored a workshop on "SAFETY IN REFINERIES" jointly with Oil Industry Safety Directorate at Chennai in which Safety Professionals from other oil companies participated. Papers on safety were presented, and case studies were taken up for discussion.

As a part of the regular Safety Management System, Safety visits, mock drills, safety promotion activities and safety awareness programmes such as display of Safety Posters in the plant areas and safety competitions were organised. Safety training is an ongoing activity. Various safety committees regularly meet and discuss safety related issues to enhance Safety in the Refinery.

13.0 CONCERN FOR ENVIRONMENT

Your Company's values and business strategies reflect the highest

possible environmental standards, going beyond statutory requirements, to protect the people and environment. Your Company has set an exemplary track record in the environmental field by implementing various environmental conservation measures from time to time. The Company's commitment to meet Environmental Norms is evident from the three-pronged approach adopted in your Company's Environmental Management System:

- Use of cleaner technology in Refinery process operations;
- Continuous operation of pollution control facilities; and
- Creation of environmental awareness amongst all employees.

Your Company complied with all the statutory requirements and renewed all the requisite consents for the year 2001-02 from the regulatory body.

As referred to earlier, your Company commissioned the prestigious Zero Discharge Project to reclaim the Refinery treated effluents during the year 2001-2002. This project is yet another milestone in the Company's proven track record of environmental protection, including Company's exhaustive Effluent Treatment Facilities to meet the Minimum National Standards (MINAS) and setting up of tertiary treatment plant to treat City's Secondary Treated Sewage Water for processory use. In recognition of the Company's Environmental Management efforts, the Manali Refinery was awarded the ISO 14001 Certification of Environmental Management System by M/s.BVQI effective April 11, 2001.

14.0 ENERGY CONSERVATION

Your Company accords top priority to the various Energy Conservation measures by regular monitoring and analysing fuel consumption and optimizing plant operations.

The persistent efforts made by your Company in constantly monitoring the energy usage have resulted in minimising the energy consumption in every sphere. Novel suggestions towards energy conservation are rewarded with awards and incentives. Innovative and efficient techniques are being implemented to identify and reduce energy consumption levels. Training programs for promoting the awareness of energy conservation and also Energy Audits to closely monitor the efficacy of energy conservation practices are regularly conducted. The Oil Conservation Fortnight programmes focussed on the involvement of the Society at large in realising the need for energy conservation in the overall interest of the Country.

15.0 OPTIMISATION

The pervasive power of new information and communication technologies is enabling change in almost every sphere of human activity and your Company foresees enormous scope for digitising the business processes, across and beyond the organisation.

Your Company has revamped the existing Advanced Process Control (APC) technology to the latest powerful and robust DMC Plus technology from world leading APC vendor M/s.Aspentech of USA and got license to implement this technology in all major process units with a view to optimise its profits. Your Company successfully commissioned this technology in FCCU and Crude II and is implementing this technology in other units as well.

All the real time Process Information technology has been upgraded to the latest web based three-tier architecture. Integration of all databases and development of web based client programs were carried out internally. Real time database IP21 was procured from M/s Aspentech. At present all PIN users can access vast process information through intranet and the same is also made available through Internet.

Your Company has successfully developed and implemented internally Web / Oracle based Laboratory Information Management System (LIMS) and tankfarm information system, which helps all PIN users to take corrective action to produce quality products and to plan product movements.

16.0 INSPECTION MANAGEMENT SYSTEM (IMS 2000)

Your Company has installed a specialized Inspection Management System software package – IMS 2000 jointly developed by M/s. MECON Limited, Ranchi and Indian Oil Corporation – Mathura Refinery. The system is a client server based one, with ORACLE as the RDBMS and Developer 2000 as the front end. The originally developed package was fully customized to your Company's requirements and made operational in January 2001.

The system maintains a valuable database built over many years and facilitates analysis and decision-making. The compilation of equipment masters including CADD drawings and 30 years old history for all static equipment of the refinery is in an advanced stage, which would render the system more user friendly.

The system captures various reports & schedules and also facilitates viewing of graphs & trends for equipment & pipeline thickness and furnace temperature profile. Provision is also available to store photographs in the equipment record and an exclusive Inspection Museum is given to record / view failure & observation photographs and video clips.

As an extension to IMS 2000, your Company has developed an in-house web site for inspection, which can be accessed through the Intranet. This Intranet site dynamically updates and fetches reports generated by IMS 2000 and ensures on line information to the various refinery Sections & Departments.

The tangible benefits derived from implementation of IMS 2000 and the reports made available through Intranet are two folds:

- The information & reports facilitate faster decision-making by Inspection, which would improve reliability of static equipment in a cost-effective manner.
- The relevant reports pertaining to status of incoming material, welder qualification & schedules to meet statutory requirements, provide necessary information to operations, maintenance & materials for planning follow up action as necessary.

17.0 IMPORT SUBSTITUTION AND DEVELOPMENT OF SMALL SCALE INDUSTRIES

Your Company continued to give thrust to the development of small-scale industries. The value of import substitution amounted to Rs.0.69 crores during the year. Your Company effected purchases to the tune of Rs.1.60 crores during the year from small-scale industries.



18.0 HUMAN RESOURCES

18.1 HUMAN RESOURCES DEVELOPMENT

Your Company strongly believes that, in order to have global aspirations and sustained success, we need personnel with broad capabilities, a commitment to building enduring relationships, a trusted reputation and a culture of relentless improvement and constant innovation.

The Oil Industry has undergone unprecedented changes consequent to the dismantling of the Administered Pricing Mechanism. Changing customer needs and rapid advancements in technology are continually redrawing the lines of innovation and competition, thereby providing your Company with new challenges and opportunities. Your Company has extensively relied on its human resources for meeting these challenges.

Your Company has delayered the organization structure in order to improve the workflow and ensure better control and communication processes. This has been achieved by reducing the supervisory structure to four levels. Based on the delayered organization structure, your Company has redeployed the manpower position for supervisory levels.

During this year, your Company achieved high average training man-day of 4.21 per employee with total training man-days of 6714. The number of internal programmes organised were 113, which covered wide ranging subjects like Strategic Management, Management Development, Personality Development, Information Technology, etc.

During the year, 284 employees were nominated for external training within India and 6 employees were nominated for training abroad. In addition to this, Programmes on OHSAS 18001 were conducted. Simulator training was provided to employees to strengthen their technical capabilities.

As a part of Excellence in Competitive Performance Programme, 330 employees were exposed to communication workshops and 165 employees were trained in Fire & Safety programmes.

The Refinery Engineering School of Training (RESOT) – an accredited Refinery Technology Institute of CPCL, conducted a Core course of 8 weeks duration during the year. In addition to technological development programmes, RESOT also conducted short duration programmes on Information Technology, Optimisation, Turnaround Management, Power and Utilities, etc.

As on 31.03.2002, there are 581 Supervisory employees and 1106 Non-supervisory employees, totalling 1687.

18.2 INDUSTRIAL RELATIONS

Industrial Relations in your Company continued to remain peaceful and cordial throughout the year.

18.3 EMPLOYEE WELFARE

Your Company dedicates a significant amount of time to constantly ensure that the employees remain highly motivated by extending various employee welfare schemes. Also, your Company, in collaboration with Birla Institute of Technology and Science (BITS), Pilani, is conducting a B.S. (Process Engineering) Programme for

its employees to upgrade their Diploma Qualification to a prestigious degree qualification.

18.4 REPORT ON WOMEN EMPLOYMENT

There are 72 women employees in the Company of whom 14 are in the Supervisory Grade and 58 are in Non-supervisory Grade. This constituted 2.41% of the total supervisory employees and 5.24% of the total Non-supervisory employees.

Women's Empowerment through education and skill acquisition were accorded top priority by management. Special focus was given by your Company to the various facets of women development plans and programmes. International Women's Day was celebrated by organising a Seminar on "Weaving Gender Equity in the New Millenium" in which eminent women entrepreneurs and delegates from Women in Public Sector (WIPS) forum participated.

Your Company was awarded the Prestigious National Award for Best Enterprise – 3rd prize for the year 2001 from the Forum of Women in Public Sector under the aegis of Standing Conference of Public Enterprises (SCOPE).

57 Women employees out of 72 were given training during the year 2001-2002.

18.5 COMMUNITY WELFARE

Your Company has patronized the neighbourhood villages around Manali Refinery for comprehensive Rural Development and Social Welfare Programmes, demonstrating its concern for the upliftment of the society. The Community Development Programmes adopt a multi-disciplinary approach incorporating health, family welfare, education, environment protection, drinking water, sanitation and empowerment of women.

Your Company has also taken a number of health care initiatives from primary health to the provision of advanced health services to the weaker section of the society and important among them are:

- Your Company is running a Health Centre, since 1984, in the neighbourhood Manali. The centre gives free treatment for the poor people. On an average, about 80 poor patients are getting free treatment daily and the annual expenditure on this account is about Rs.2.2 Lakhs.
- A full time creche is being run at Manali, for the kids of daily labourers, in association with Women's India Association. Around 30 children are taken care, by providing food, medical care, play facilities etc., at an annual expenditure of about Rs.70,000/-.
- A full-fledged physiotherapy centre is functioning at Manali, with a physiotherapist, for giving free treatment to the handicapped persons. Daily about 10-15 persons are availing this facility. Calipers for the handicapped students are supplied free of cost. Annual expenditure for this centre is Rs.75,000/-.
- Your Company, in collaboration with Sankara Nethralaya, conducted three cataract identification camps at Manali Town Panchayat and Chinna Sekkadu Town Panchayat, which are in

the Manali Refinery neighbourhood. Your Company identified 150 cataract cases out of 650 cases screened and arranged Intraocular Lens for the 150 cataract cases, who have undergone cataract surgery. Apart from conducting the camps, regular follow-up is being made in close co-ordination with the hospital and the villagers to ensure that the village neighbourhood remains "cataract-free".

- A mobile health clinic is being operated for the benefit of the villagers around the Cauvery Basin Refinery.

18.6 IMPLEMENTATION OF DISABILITIES ACT

Before enactment of the Act, your Company had been extending reservation for Physically Handicapped persons in recruitment to the posts in Group 'C' & 'D'. With the enactment of the Act with effect from 7.2.1996, the reservation for Physically Handicapped persons has been extended to the posts in Group 'A' & 'B' as well. Your Company has been implementing the provision of 3% reservation for Physically Handicapped and Disabled persons in letter and spirit.

18.7 PRESIDENTIAL DIRECTIVES REGARDING REPRESENTATION OF SCs AND STs

Your Company has been diligently following the Presidential Directives and various instructions of the Government pertaining to the welfare of the SC, ST, OBC, and Physically Handicapped etc. The percentage of employees belonging to SC / ST at the end of the year was 26.67.

Officials dealing with the subject are given training so as to enable them to update their knowledge on the subject and perform their job effectively. A Liaison Officer ensures the implementation of Government Directives. In accordance with para-29 of the Draft Presidential Directives, a note about the Corporation's activities having direct relevance to advancement of SCs/STs along with statistics relating to representations of SCs/STs, in the prescribed proforma - Appendices-VI, VII(A) and VII(B), is placed as Annexure-1.

In accordance with revised instructions of Government of India, Vacancy Based Rosters have been replaced with Post Based Rosters w.e.f. 2.7.1997.

18.8 OCCUPATIONAL HEALTH SERVICES

The Occupational Health Services (OHS) centre of your Company, launched in 1992, has been promoting preventive health care since its inception, by consistently upgrading the standards of health of employees at the work place.

OHS is guided by two priority criteria on the pursuit of improved health of employees: firstly, anticipation, recognition, evaluation and control of occupational health hazards and secondly periodic health surveillance of employees exposed to various occupational health risks. These broad fields of endeavour encompass a wide variety of activities such as determination of hazards, material safety data sheets, providing medical guidance to employees on health problems, information and training programmes for employees, etc.

With a decade's experience in occupational health care, particularly

in petroleum industry, the OHS centre has been a forerunner for the establishment of similar systems in other oil companies in the country. The centre has pioneered in developing OISD guidelines on "Occupational Health Monitoring in Oil and Gas Industry".

The expertise of OHS centre extends to providing consultancy services to other industrial organisations, environmental monitoring at workplace, health appraisals of employees in relation to work - (pre-employment and periodic), and short-term training of occupational health professionals-doctors, nurses and occupational hygienists.

The OHS centre has made a definitive lasting achievement in the field of occupational health. The staff of OHS centre have authored about 20 scientific reports and award winning papers so far.

The occupational health and safety management system (OHSMS) of our company has been accredited and certified by M/s. Det Norske Veritas (DNV) to conform to OHSAS 18001.

18.9 CPCL EDUCATIONAL TRUST

CPCL Educational Trust sponsored by your Company runs an Industrial Training Institute (ITI) and a Polytechnic at Manali near the refinery. The Polytechnic is conducting a full time Diploma Course in Petroleum Engineering, which is the first of its kind in India. Diploma in Mechanical Engineering (Full Time) has been introduced from the academic year 2001-02. The AICTE of Government of India and the Director of Technical Education have approved all the courses.

The Diploma Course in Petroleum Engineering has been recognised and registered by Economic Development Board, Singapore.

The Trust also conducted skill upgradation training programmes for the employees of Indian Oil Corporation Limited during the year.

CPCL Educational Trust arranged for campus selection and industries like Saint Gobain participated and 6 students of the final year were selected. 23 students joined B.Tech course in various Engineering Colleges in Tamilnadu.

18.10 SPORTS

As a member of the Petroleum Sports Control Board (PSCB), your company organized a "PSCB Inter-Unit Chess Tournament" during the year in which 11 teams from 9 member organizations participated.

During the year, 73 employees participated in the Sports events like Football, Hockey, Cricket, Volley Ball, Tennis, Chess, etc. organized by other member organizations of PSCB.

19.0 INVESTOR RELATIONS

Your Company is committed to maintaining an investor friendly approach while dealing with the grievances of the investors. The Company communicates adequately with the investors and constantly strives to minimise the response time to investors' complaints.

The Shareholders / Investors Grievance Committee of the Board closely monitors the Shareholders / Investors Grievance Redressal mechanism by meeting periodically.

Your Company played a pro-active role in displaying the details of Shareholders, who have not encashed the dividend warrants in its web site to facilitate the shareholders to approach the Company to issue duplicate dividend warrants. The Company also issued individual letters to the shareholders, who had not encashed Dividend Warrants for the years 1994-95 to 1999-2000 calling upon them to claim such dividend after complying with the formalities. Based on the response received from the shareholders, the Company sent Demand Drafts in lieu of the unencashed Dividend Warrants to the tune of Rs. 9 Lakhs upto 30.04.2002.

So far, 11,96,59,873 shares representing 80.23% of Subscribed Capital have been dematerialised.

20.0 VIGILANCE

Your Company continued to pursue and lay greater emphasis on preventive vigilance measures. Vigilance Awareness Week was observed from October 31, 2001 to November 6, 2001 and special programmes were conducted. Shri B.P.Nailwal, I.P.S., DGP, Chennai inaugurated the Programme and formally released the "Handbook on Departmental Proceedings". Training programmes relating to vigilance including sessions on Business Ethics were conducted during the year.

21.0 OFFICIAL LANGUAGE IMPLEMENTATION

During the year, efforts were intensified for the progressive use of Hindi in Official work, in accordance with the provisions of the Official Languages Act, 1963 and the Official Language Rules, 1976. The Official Language Implementation Committee continued to monitor the use of Hindi in the organization and gave necessary instructions and offered guidance. More number of forms were bilingualised and loaded through "Leap Office" Software in the Server to enable the employees use bilingual forms easily. Hindi Workshops were conducted both at Manali Refinery and the Cavuery Basin Refinery during the year. Various Hindi Competitions were conducted for employees and their family members in connection with the Hindi Week Celebrations. The House Journal of your company, viz., "CPCL News" is being published both in Hindi and English. The incentives for passing Hindi Typing / Stenography have been enhanced. More number of Hindi Dictionaries and books were purchased. The Dictionaries were distributed to all departments.

22.0 STATUTORY INFORMATION

- Particulars of Employees as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 - Nil.
- Statutory details of Energy Conservation and Technology Absorption, R&D activities and Foreign Exchange Earnings and Outgo, required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure and form part of this report - Annexure-II.
- Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 is Annexed and forms part of this report - Annexure-III.

- Management Discussion and Analysis Report, as required under Clause 45VA of the Listing Agreement, is Annexed and forms part of this report - Annexure-IV.
- Certificate received from the Auditors of the Company regarding compliance of conditions of Corporate Governance, as required under Clause 45 VIII of the Listing Agreement, is Annexed and forms part of this report - Annexure-V.

23.0 AUDITORS

The Comptroller and Auditor General of India has appointed M/s.M.Thomas & Co., Chartered Accountants and M/s.B.V.Rao & Co., Chartered Accountants as Joint Statutory Auditors of the Corporation for the financial year 2001-02. The Board of Directors of the Company fixed a remuneration of Rs.1,50,000/- to each of the Joint Statutory Auditors in addition to actual travelling, boarding and lodging expenses in Chennai for the out-station Auditors.

24.0 DIRECTORS

1. Mr.K.Narayanan was appointed as Director (Operations) effective 01.06.2001 in the place of Mr. N.K.Sinha who retired on attaining the age of superannuation.
2. Mr.M.A.Gowrishankar, I.A.S., Secretary, Industries Department, Government of Tamilnadu was appointed as a part-time Director effective 19.07.2001 in the place of Mr.Shaktikanta Das, I.A.S.
3. Mr.L.Sabaretnam, Chief Executive Officer, ICL Sugars Limited was appointed as a part-time Director with effect from 28.02.2002.

Your Directors place on record their appreciation of the valuable contributions made by Mr.N.K.Sinha and Mr.Shaktikanta Das during their tenure.

25.0 ACKNOWLEDGEMENT

Your Directors sincerely appreciate the invaluable guidance and support extended by the Ministry of Petroleum & Natural Gas, Indian Oil Corporation Limited, Oil Industry Development Board, Oil Industry Safety Directorate, Centre for High Technology, the other Ministries of Government of India, Government of Tamilnadu and Comptroller & Auditor General of India. The Directors profoundly thank National Iranian Oil Company for its continued co-operation.

Your Directors take this opportunity to express their deep sense of gratitude to the employees of the Company for their commendable devotion to duty, dedication and indefatigable work.

Your Directors are thankful to the shareholders for the faith and continued support reposed by them on the Company.

for and on behalf of the Board of Directors

Sd/-
S.RAMMOHAN
CHAIRMAN & MANAGING DIRECTOR

Date : 23.05.2002
Place : Chennai

NAME OF THE PUBLIC UNDERTAKING: CHENNAI PETROLEUM CORPORATION LIMITED

Statement showing the total number of employees and the number of Scheduled Castes and Scheduled Tribes amongst them as on 1.1.2002

Group/Class	Total No. of Employees	Out of		%age of SC to total Tribes	Out of Col.2 Scheduled employees	%age of ST to total	Remarks
		Col. 2 Scheduled employees	Scheduled Castes				
I	2	3	4	5	6	7	
A. i) Other than Lowest rung of Group -A	353	81	22.95	9	2.55	-	
(II) Lowest rung of Group-A	126	37	29.37	4	3.17	-	
B	105	18	17.14	5	4.76	-	
C	947	221	23.34	12	1.27	-	
D (Excluding Safai Karamcharis)	162	62	38.27	2	1.23	-	
D (Safai Karamcharis)	-	-	-	-	-	-	

APPENDIX-VII (A)

STATEMENT SHOWING THE NUMBER OF RESERVED POSTS FILLED BY SC AND ST CANDIDATES DURING THE YEAR 2001

A. POST FILLED BY DIRECT RECRUITMENT

CLASS OF POSTS	BACKLOG VACANCIES						CURRENT VACANCIES						Remarks	
	Notified		Filled		Bal. Carried Forward		Out of Col : reserved for		Filled		Bal. C/F as backlog			
	SC (2)	ST (3)	SC (4)	ST (5)	SC (6) (col. 2-4)	ST (7) (col. 3-5)	Notified (8)	SC (9)	ST (10)	SC (11)	ST (12)	SC (13)		ST (14)
A	NIL	NIL	NIL	NIL	NA	NA	3	NIL	NIL	1	NIL	NIL	NIL	NIL
B	NIL	1	NIL	1	NA	NA	24	3	1	3	NIL	NIL	1	NIL
C	NIL	NIL	NIL	NIL	NA	NA	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL
D (Excluding Safai Karamcharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
D (Safai Karamcharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

APPENDIX-VII (B)

STATEMENT SHOWING THE NUMBER OF RESERVED POSTS FILLED BY SC AND ST CANDIDATES DURING THE YEAR 2001

B. POST FILLED BY PROMOTION

Class of posts	Total No. of Vac. notified	Out of Col. 2 Post reserved for		No. of Post filled by		Balance		Remarks
		SC	ST	SC	ST	SC (3-5)	ST (4-8)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
A #	24	3	1	6	Nil	Nil	Nil	-
B	-	-	-	-	-	-	-	-
C	-	-	-	-	-	-	-	-
D (Excluding Safai Karamcharis)	-	-	-	-	-	-	-	-
D (Safai Karamcharis)	-	-	-	-	-	-	-	-

Promotion from Group B to the Lowest rung of Group "A".



ANNEXURE - II

ANNEXURE TO DIRECTORS' REPORT ON ENERGY CONSERVATION

FORM A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Current year 2001-2002	Previous year 2000-2001
A. Power and Fuel Consumption		
1. Electricity		
(a) Purchased		
Unit (in Million KW Hr.)	2.051	1.542
Total Amount (Rs. in Crores) (inclusive of Compensation charges)	6.83	4.84
Rate / Unit [average](Rs./KWHr.) *	3.81	3.90
* Excludes maximum demand charges		
(b) Own generation	Not Applicable	Not Applicable
(i) Through diesel generator		
(ii) Through steam turbine/ generator		
Units (in Million KW Hr.)	363.592	346.042
Units per litre of fuel oil/gas	2.970	2.830
Fuel Cost / Unit (Rs.)	2.39	2.76
2. Coal	Not Applicable	Not Applicable
3. Furnace Oil		
Quantity (in thousand K.Litres)	342.646	361.343
Average rate (Rs./MT)	7678.98	7886.48
4. Others/Internal generation		
(For Manali Refinery only)		
Gas Turbine		
Quantity		
Power (in Million KW Hr.)	26.068	51.450
Fuel (in thousand MTs)	11.200	22.560
Total Cost (Rs. in Crores)	13.18	26.06
Fuel Cost / Unit (In Rs.)	3.50	3.37
Fuel Gas (TMT)	64.993	70.349
B. Consumption per Unit of Production		
Electricity (KWHr / MT of Crude)	54.520	55.020
Furnace Oil (KG / MT of Crude)	52.840	52.250
Coal	Not Applicable	Not Applicable
Other (specify)		
FCCU Coke (KG / MT of Crude)	6.250	5.710
Fuel Gas (KG / MT of Crude)	9.710	10.600

ANNEXURE - II (CONTD.)

FORM B

RESEARCH AND DEVELOPMENT (R&D) ACTIVITIES:

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

- (a) Support services to Refinery Operation in evaluation of crudes and selection of catalysts
- (b) Trouble Shooting of process units
- (c) Product Development
- (d) Environmental Studies
- (e) Modeling and Simulation of Refinery Processes

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

R&D Centre has been providing valuable support to refinery operations in optimising various process units, evaluation of feedstocks and catalysts using its well equipped analytical and pilot plant facilities. R&D has provided support in developing and marketing new products. R&D is also involved in developing new catalysts and processes in-house & through collaboration with National Laboratories. These services are valued at Rs.500 lakhs during the year 2001-02. Details of the work are given in Annexure.

3. Future plan of action:

- Selection of "Opportunity crudes" and resolving process constrains of by introduction of suitable catalysts/ additives
- Modeling & Simulation of FCC and Hydroprocessing processes
- Development of catalyst for Ultra Deep Hydrodesulphurisation of Diesel
- Development of catalyst for reduction of Sulfur in FCC Gasoline and Diesel
- Working in frontier areas for development of novel processes for hydro-processing.

4. Expenditure on R&D: (Rs. Lakhs)

	2001-02	2000-01
Capital	34.18	178.28
Recurring	249.84	410.21
Total	284.02	588.49
Total R&D expenditure as % of Turnover	0.05%	0.08%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

- Improvement of VI of dewaxed oil by raffinate hydrotreating is under implementation based on R&D studies and techno-economic evaluation.
- Pilot plant studies showed that mild hydrocracking of VGO results in 10-15% additional yields of distillates.
- R&D identified catalyst for use in DHDS to obtain Diesel with 500ppm sulfur and for processing high Sulfur crudes.
- Alternates feeds were identified as potential feeds for FCCU in the absence/shortage of conventional feed-stocks.
- Scheme for upgrading CLO as a potential Carbon Black Feed Stock was developed at R&D in pilot scale.
- Evaluation of 8" dia used and unused X-20 (imported) membrane element was done at Tertiary Treatment Plant.

ANNEXURE - II (CONTD.)

**ANNEXURE TO FORM B:
BENEFITS DERIVED AS A RESULT OF R&D ACTIVITIES**

Crude Assay:

R&D has carried out crude assay for twelve indigenous and imported crudes (Zier Bay, Cabinda, Essider, Zueitina, Seria Light, Masila, etc) to monitor the changes in crude quality which is related to the pricing.

Hydroprocessing Studies:

Hydro-treating catalysts from different Vendors were evaluated for FCC pre-treatment service using high sulfurous VGO under Plant 13 conditions and a suitable catalyst was recommended.

Catalysts from different Vendors were evaluated for Lube hydro-finishing application in Plant 10 conditions using BN HVI as feedstock.

Hydrotreating of DAO was studied and results showed significant improvement in viscosity, VI and RCR of product.

Pilot plant studies were conducted to compare the performance of catalysts of different Vendors for DHDS application and a suitable catalyst was recommended for meeting the 500 ppm Sulfur specification in Diesel.

Pilot plant studies showed that Group II Base Oils can be produced from Hydrocracker Bottom (HCB) by solvent dewaxing of HCB or iso-dewaxing of HCB.

Raffinate hydro-treating followed by solvent dewaxing showed that dewaxed oil from hydro-treated raffinate has higher VI and lower Pour point compared to that from untreated raffinate.

Catalyst Studies:

Evaluation of Bottom Cracking Additives (BCAs) from three Vendors was carried out which showed that there is no advantage of using BCAs with the high matrix base catalysts being used now in the FCCU.

Steam reforming catalysts from different Vendors are evaluated by carrying out tests for leachable Potash, promoter in catalyst, reducibility of active Nickel metal in the catalyst, etc.

FCC Catalysts from 5 Vendors were evaluated using PG HVGO and BH HVGO as feeds to select optimum catalyst for the FCCU. Commercial trials of the catalyst are in progress.

Studies were carried out for using Slack wax, Foots Oil, DAO blend, INHVO Lube oil, etc as additional feed-stocks for FCCU. Based on our studies these are being tried out in the commercial plant.

Analytical Services:

GC-SIMDIST data is being generated for different crudes to develop a quick method to understand the distribution of various fractions in crude oil.

New test method was developed for estimation of total normal paraffins (TNP) in the feed/return streams of SK.

High temperature SIMDIST is being used to monitor fractionation of Crude I vacuum tower.

Distillation characteristics of Crude-II Stabiliser Naphtha, Diesel, LVGO, HVGO, etc were determined and provided to Optimisation Section for predicting the end point of distillates using the Aspen IQ inferential quality prediction software.

Product development:

Operating conditions were optimised for the upgradation of CLO as a potential Carbon Black Feedstock (BMCI>125).

Environmental Studies:

Monitoring quality of surface water and ground water periodically (at monthly intervals) and recording of rainfall, ambient air and meteorological data in refinery premises for use as data bank.

Comparative evaluation of imported and indigenous 8" dia spiral R.O. elements in Test skid with tertiary treated sewage as feed.

STATEMENT OF FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products and services and export plans: The Company exported Lube Oil Base Stock (LOBS) and Carbon Black Feed Stock (CBFS) to Nepal during the year 2001-02.
- ii) Total Foreign Exchange used and earned :

	2001-2002	(Rs. Lakhs) 2000-2001
Used	1269.30	1388.01
Earned	Nil	Nil

ANNEXURE-III

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- i) that, in the preparation of the annual accounts for the financial year ended 31st March 2002, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors had prepared the annual accounts for the financial year ended 31st March 2002, on a going concern basis.

ANNEXURE-IV
MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1.0 Industry Structure and Developments

- 1.1 Oil and gas continue to play a pre-eminent role in meeting the energy requirements of the world. Today oil provides for about 40% of the world's primary energy demand and about 25% of world's primary energy demand is met by natural gas (Source: Cambridge Energy Research Associate's Publication).
- 1.2 The world oil demand is surging at the rate of 2% per annum. The demand is expected to increase to 86 million barrels per day by 2005 and 96 million barrels per day by 2010. It is interesting to note that 50% of the future growth expected emanates from India and China (Source: Cambridge Energy Research Associate's Publication).
- 1.3 Oil consumption in the developing countries increased rapidly over the last three decades, as a result of robust GDP growth, urbanization and a substantial increase in motor vehicle ownership. The replacement of non-commercial energy sources by modern fuels has also contributed to the rapid rise in oil demand in the developing world. While developing countries accounted for only 25% of total world oil demand in the early 1970s, their share is close to 40% today, and is expected to continue growing (Source: Cambridge Energy Research Associate's Publication).
- 1.4 Oil Industry in India moved to a new era of free pricing after three decades with the dismantling of the Administered Pricing Mechanism (APM) on April 1, 2002. Earlier, effective 1st April 1998, the refining sector was decontrolled and refinery gate prices were fixed based on import parity pricing. Effective 01.04.2002, the entire oil sector has been deregulated and henceforth Petrol, diesel, kerosene, etc. will be sold at market-determined rates by the oil companies, while the Govt. will continue to provide a subsidy for kerosene supplied through the Public Distribution System (PDS) and also LPG for domestic purpose.
- 1.5 The Government has dismantled the Administered Pricing Mechanism (APM) and abolished the complex system of oil pool accounts administered by the Oil Co-ordination Committee (OCC). OCC is now substituted by the Petroleum Planning & Analysis Cell (PP&AC), attached to the Ministry of Petroleum and Natural Gas and to assist the Ministry, inter alia, in the discharge of following functions:
- (a) Administration of subsidy on PDS Kerosene and domestic LPG and freight subsidy for far-flung areas;
 - (b) Maintenance of information data bank and communication system to deal with emergencies and unforeseen situations;
 - (c) Analyzing the trends in the international oil market and domestic prices;
 - (d) Forecasting and evaluation of petroleum import and export trends;
 - (e) Operationalising the sector specific surcharge schemes, if any.

A statutory regulator would be in place soon to take care of most of the areas requiring intervention.

- 1.6 The trend in the consumption of the petroleum products in India is gradually increasing and is expected to grow from the present level of 100 Million Metric Tonnes (MMT) per annum in 2001-02 to about 135 MMT in 2006-07 (Source: Report of the Tenth Five Year Plan Working Group for Petroleum and Natural Gas published by Planning Commission in October 2001) and further to around 360 MMT by 2024-25. The refining capacity in India in 2001-02 was about 115 MMTPA (Source: Report of the Tenth Five Year Plan Working Group). During the year 2002-03, the capacity addition is estimated to be about 9.5 MMTPA through expansion programmes of the existing refineries.
- 1.7 The refining capacity of the country would be augmented by nearly 106 MMTPA in the next 5 years as per the current project proposals, which require massive investments (Source: Report of the Tenth Five Year Plan Working Group). The deregulation of the oil sector is further expected to facilitate huge foreign direct investments in the setting up of refineries, pipelines and other marketing infrastructures.
- 1.8 As reported last year, the Government's holding in CPCL and BRPL were acquired by Indian Oil Corporation Limited (IOCL) as part of the oil industry re-structuring exercise. Similarly, the Government's holding in Kochi Refineries Limited (KRL) and Numaligarh Refineries Limited (NRL) were acquired by Bharat Petroleum Corporation Limited (BPCL).
- The disinvestment of 33.58% Government shareholding in IBP to IOCL was the first transaction involving global bidding undertaken in the petroleum sector by the Government of India, in the run up to deregulation in April 2002. Continuing the disinvestment programme, the shares of BPCL and HPCL owned by Govt. of India are also expected to be offered for sale during 2002-03 involving global bidding process.
- 1.9 Therefore, oil industry in India would continue to remain as a dynamic arena attracting substantial foreign direct investments.

2.0 Opportunities and Threats

- 2.1 The combination of these characteristics portrays an industry which need to plan its configuration for catering to a demand for a decade or more into the future or face the consequences of inadequate planning, if any, at planning stage for even longer. However, the refining technology changes only at a slow pace; so, refineries normally survive with some marginal adjustments for more than three decades.
- 2.2 Against the above background, it is imperative for the refineries in India to remain closer to its customers, predicting better demand trends, closer understanding of customer quality requirements, providing greater customer satisfaction and above all more effective programming of crude thruput. The deregulated scenario offer these opportunities to the refineries in India, to achieve higher asset utilisation through nimble operations, cut down costs by flexible working practices and effect savings by adapting better plant engineering methods, and establish closer links to its customers by adopting better customer relationship management measures.
- 2.3 Besides growing in domestic markets, refineries in India need to plan its evolution and development in a more global context not only in the fields of production and process technologies but also in the rapidly developing area of information and communication technologies with flexibility. The stage is set for refineries in India to reinvent itself to face the threats that accompany the shift in how business is transacted in the context of full decontrol.

3.0 Product-wise performance

3.1 The production of key products in the Manali Refinery during the year 2001-02 were as follows:

PRODUCTS

	QUANTITY IN TMT	
	OEB TARGET	ACTUAL
LPG	140.8	148.4
Petro Chemicals Feed Stock	28.4	30.3
Motor Spirit	350.2	327.4
Naphtha	706.7	671.7
ATF	328.0	287.1
SKO	620.8	540.9
0.25% Sulphur HSD }		1852.9
0.05% Sulphur HSD }	2052.0	196.8
Asphalt	294.3	228.2
Fuel Oil	913.4	1004.7
Wax	25.3	20.7
LOBS	220.0	177.1
LABFS	60.0	57.7

Notes:-

- LPG and Petrochemical Feedstock: Production was higher due to better yield and highest ever thruput in FCCU. The demand was continuously increasing during the year, resulting in better offtake.
- Motor Spirit (MS): The production of MS was in line with demand. Entire quantity of Chennai city requirement of Metro MS (0.05 % wt 'Sulfur') was supplied by CPCL.
- Naphtha: Naphtha production during the second quarter was lower due to shut down of one of the two refineries on account of water shortage and also due to the reduction in the off-take of Naphtha by M/s.Madras Fertilizers Limited (MFL) during June - July 2001 owing to their operational problems and sluggish market of the end product of MFL. Apart from fulfilling the local requirement, Naphtha with high paraffin content was segregated and supplied to Haldia Petro Chemicals.
- Jet Propulsion Fuel (JP-5) / Aviation Turbine Fuel (ATF): About 6 TMT of JP-5 was produced and supplied as per the request of Oil Coordination Committee (OCC). The offtake of ATF during the year was poor and production was in line with the same.
- Superior Kerosene Oil (SKO): The production of SKO was maintained as per the directives of Oil Coordination Committee (OCC).
- Linear Alkyl Benzene Feed Stock (LABFS): Despatch was maximized due to increased demand.
- High Speed Diesel (HSD): Total HSD production was in line with OEB plan inspite of lower crude thruput. However off-take was lower in view of the guidelines prescribed by OCC. Entire quantity of Chennai city requirement of Metro HSD (0.05 % wt 'Sulfur') was supplied by Manali Refinery. After commissioning of second Reactor in DHDS unit, Manali Refinery is now capable of converting entire quantity of HSD to 0.05%wt Sulphur.
- Lube Oil Base Stock (LOBS): Total off-take of LOBS during this year was poor resulting in lower production. However, direct marketing of LOBS touched an all time high figure of 70,310 MTs.
- Fuel Oil / LSHS: Fuel Oil Production was higher due to lower off take of Bitumen. A special grade Low Sulphur Heavy Stock (LSHS) / Low Sulphur Fuel Oil (LSFO) was produced and despatched during the Fourth quarter as per market requirement.
- Bitumen: Off-take of Bitumen was lower resulting in lower production. The production of 60/70 grade was maximised to meet market demand. Crumb Rubber Modified Bitumen was well received in the market.

3.2 The production of key products in the Cauvery Basin Refinery during the year 2001-02 was as follows:

PRODUCTS

	QUANTITY IN TMT	
	OEB TARGET	ACTUAL
LPG (CDU)	16.2	12.7
LPG (LRU)	4.9	4.5
Naphtha	146.4	128.5
NGL	1.7	1.5
HSD	263.9	232.4
LSHS	123.4	119.81

Reasons for Shortfall:-The shortfall in the production was mainly on account of processing of different and heavier crude mix and also due to restricted availability of crude.

4.0 Outlook

4.1 CPCL recognises that operational excellence is important to achieving improved financial returns. Safe and efficient operations reduce the risk of production loss, environmental liability and the higher cost incurred in unscheduled maintenance. CPCL continues to focus on base business excellence to improve operational reliability. Plans to apply technological advancements that are intended to reduce costs and improve environmental and safety performance will be a key focus.



- 4.2 The major relevant issues that stem from such an approach are focus upon customer satisfaction, team work, participative management and professionalism with modern technological and information systems that match with the rest of the world, growing concern for environment, corporate social responsibility, business ethics, social vision, increased accountability to the stakeholders and lastly, yet most importantly, to commit to a "Learning Organisation" that empowers, values and nurtures professional and personal improvements. In India, post deregulation, all critical operational decision making - product-mix, pricing etc.- will shift to the refineries from the OCC. In order to facilitate superior decision making, a refinery has to realign its costing and other information systems.
- 4.3 During the APM period, emphasis was on maximising crude thruput and now the thrust is on Optimizing Refinery Operations to maximize profitability. In CPCL, an apex level Refinery Business Optimisation (RBO) Committee is actively involved in Optimising the Operations of Manali Refinery for maximizing profits. A sophisticated LP Model is being used to generate Multi-period (quarter / month / week) model to analyse and optimise the refinery business to optimise crude selection and processing, achieve best possible product pattern, achieve better inventory control, better co-ordination amongst functional groups, calculate daily Gross Refinery Margin (GRM), etc.
- 4.4 In CPCL, the implementation of Enterprise Resource Planning (ERP) has been completed with the chosen business application modules going live.
- 4.5 From the refinery productivity angle, as part of the Pacesetter Performance Process Consulting Services Agreement with M/s.Solomon Associates Inc. of USA for improving the profitability of the company, CPCL has developed and implemented action plans to narrow down and ultimately close the gaps in the performance of its Manali refinery, as compared to world class oil refineries. These action plans on Lube Refinery Operations Improvement, Fuels Refinery Operations Improvement, Energy & Loss and Maintenance related activities would set the pace for improving CPCL's productivity and profitability.
- 4.6 A series of specialised out-bound training programmes with emphasis on sustaining change and retain the benefits accrued as a result of the PaceSetters programme through team-work are being organised.
- 4.7 Apart from the project to expand Manali Refinery capacity from the present 6.5 MMTPA to 9.5 MMTPA, your Company is involved in developing infrastructure projects viz., Crude Receipt Facilities at Nagapattinam and at Ennore, a Joint Venture Power Project based on Manali refineries' residue. Your Company is planning to invest Rs. 2400 crores during the X Plan period (2002-07) in various projects. As already reported, the facilities to debottleneck the existing capacity of Cauvery Basin Refinery from 0.5 MMTPA to 1.0 MMTPA have been installed.
- 4.8 Your company is revamping its existing Fluidised Catalytic Cracking Unit (FCCU) at Manali, to process the unconverted oil, as the new feedstock, from the once-through Hydrocracker being put up as the key secondary processing unit in the ongoing 3MMTPA Expansion Project, which will significantly increase the yields of light distillates and achieve superior quality products like Motor Spirit and Cycle Oil, besides reducing environmental emission.

In addition, the FCCU will be revamped with the state-of-art hardware modifications in the Reactor-Regenerator (R-R) section to improve its mechanical reliability, thereby enabling the unit to achieve higher run lengths of process units.

This project will result in considerable value addition to your Manali Refinery.

M/s.UOP, USA, has been chosen as the process licensor for the R-R section of this project. Process package preparation activity and finalisation of Detailed Engineering Contractor are in progress.

5.0 Risks and concerns

- 5.1 Exposure to volatile international crude and products prices, competition from units beyond the boundaries of the nation, availability of unutilized refining capacity in South Asia, stringent product quality specifications and high purchase tax in Tamilnadu are some of the risks and concerns of CPCL. However, CPCL's core competence is refining and being a group company of Indian Oil, CPCL is confident to counter these risks and concerns successfully, bolster itself in several refinery related fields like Crude Sourcing, Marketing, R&D, Projects Implementation, Training, etc. and emerge with flying colours in the era of liberalization.

6.0 Internal Control Systems and their adequacy

- 6.1 Internal checks and controls are exercised by strictly adhering to the various procedures listed out in the "Manual on Delegation of Authorities and other Procedures". The Manual indicates the powers along with the monetary limits, where necessary, that can be exercised by various levels of the Managers in the Company.
- 6.2 Your Company also has a Finance Manual, which widely covers all the functional areas, viz., Personal Entitlements, Materials & Works, Pay Roll, Production, Sales, etc. The Finance Manual contains elaborate procedures and checklist for all the activities. Necessary controls and checks are exercised by strictly adhering to the various procedures and checklist prescribed in the Finance Manual.
- 6.3 Similarly, there is an Internal Audit Manual containing the scope and functions of the Internal Audit Department. This manual contains various controls and checklists that are to be carried out before execution of any activity.
- 6.4 A Vigilance Manual has also been brought out by CPCL. This manual indicates various common irregularities, DOs and DON'Ts, procedures for lodging complaints with the Vigilance Department and Code of Conduct for the Officers of CPCL.
- 6.5 CPCL also has Personnel Policy Manual detailing the Personnel Policies and Rules of CPCL.
- 6.6 Similarly, there are elaborate Purchase Procedures for Project and Refinery Operations containing the standard terms and conditions, procedures to be followed for inviting tenders and evaluations and finalisation of tenders.

- 6.7 Materials manual and a Works manual have been prepared and being reviewed.
- 6.8 Proper controls and checks are exercised by CPCL by following the procedures prescribed in the various manuals.
- 7.0 Accredited Quality Certifications**
- 7.1 Your Company's Manali Refinery has been conferred with ISO 9001 Certification and your Company's Cauvery Basin Refinery has been conferred with ISO 9002 Certification for compliance with Quality Management System.
- 7.2 Both Manali Refinery and Cauvery Basin Refinery of your Company have been conferred with ISO 14001 Certification for implementing Environment Management System.
- 7.3 Your Company's Manali Refinery has been conferred with OHSAS 18001 Certification for Occupational Health and Safety Management System.
- 7.4 Your Company always endeavours to sustain and improve upon the quality standards achieved by it.
- 8.0 Financial Performance**
- 8.1 The Directors' Report has adequately dealt with this subject.
- 9.0 Operational Performance:**
- 9.1 The Directors' Report has adequately dealt with this subject.
- 10.0 Material Developments in Human Resources / Industrial Relations**
- 10.1 The Directors' Report has adequately dealt with this subject.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To

The Board of Directors

Chennai Petroleum Corporation Limited

We have reviewed the implementation of Corporate Governance conditions by Chennai Petroleum Corporation Limited (CPCL), as stipulated under Clause-45 of the Company's Listing Agreement with Madras Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by CPCL for ensuring the compliance of the conditions of the Corporate Governance.

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement for the year ended 31st March, 2002 except the requirement relating to minimum number of independent directors which has also been complied with effective 28.2.2002.

for M.Thomas & Co.
Chartered Accountants

for B.V.Rao & Co.
Chartered Accountants

Place : Chennai
Dated : 23.05.2002

Sd/-
A.ROZARIO
Partner

Sd/-
B.V.RAO
Partner



REPORT OF THE AUDITORS

TO THE MEMBERS OF CHENNAI PETROLEUM CORPORATION LIMITED

We have audited the attached Balance Sheet of Chennai Petroleum Corporation Limited as at March 31, 2002, and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing practices generally accepted in India. Those practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Manufacturing and Other Companies (Auditor's report) Order, 1988 issued by the Company Law Board in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we annexe hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to above, we report that,
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) in our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) the Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (iv) in our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (v) on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
 - vi) attention is invited to the following notes to accounts (Schedule-21)
 - a) Note No. 4(i) regarding effect of change in the accounting policy in respect of capitalisation of construction period expenses, resulting in decrease of profit by Rs.347.44 Lakhs.
 - b) Note No. 4(ii) regarding effect of change in the computation of depreciation resulting in increase of profit by Rs.2028.46 Lakhs.
 - c) Note No. 4(iii) regarding effect of change in accounting treatment of expenditure on Voluntary Retirement Scheme resulting in increase of profit by Rs.74.61 lakhs
 - d) Note No.4(iv) regarding effect of change in the practice of accounting of the Liquidated Damages in respect of projects, resulting in decrease of profit by Rs.106.70 Lakhs.

3. Subject of the above,

In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit and Loss Account read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:

- (a) in so far as it relates to Balance Sheet, of the state of affairs of the Company as at 31st March 2002; and
- (b) in so far as it relates to the Profit and Loss account, of the profit for the year ended on that date.

For M.THOMAS & Co.
Chartered Accountants

Sd/-

A.ROZARIO
Partner

For B.V.RAO & Co.
Chartered Accountants

Sd/-

B.V.RAO
Partner

Place : Chennai
Date : May 22, 2002

ANNEXURE TO THE AUDITORS' REPORT

REFERRED TO IN PARAGRAPH I OF OUR REPORT OF EVEN DATE

- i) the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, other than furniture and fixtures. Physical verification of assets is being done in a phased programme proposed by the Company and as per the programme, physical verification has been conducted by the Management and no serious discrepancies were noticed on such verification;
- ii) none of the fixed assets has been revalued during the year.
- iii) as explained to us, stocks of finished products and raw materials have been physically verified by the Management at reasonable intervals during the year. Stocks of stores and spare parts are being verified in a phased manner.
- iv) the procedures for physical verification of stocks of stores and spare parts followed by the Management require further improvement in relation to the size of the Company and the nature of the business.
- v) the value of discrepancies noticed during such physical verification of stocks has been provided for during the year.
- vi) in our opinion, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles.
- vii) we were informed that there was no company, firm or party to be listed in the register referred to in Section 301 of the Companies Act, 1956 and hence we have no comments to offer in respect of taking or giving of loans, secured or unsecured, purchase of goods and materials or sale of goods, materials and services from/to companies, firms or other parties listed in the register referred to in Section 301 of the Companies Act, 1956.
- viii) the Company has given loans and advances in the nature of loans to the employees and other parties who have been repaying regularly the principal and interest, wherever applicable.
- ix) in our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and for the sale of goods.
- x) we were informed that there are no stocks of unserviceable or damaged raw materials or finished goods and the identification of unserviceable or damaged stores and spares is in process. Provision has been made to the extent identified.
- xi) the Company has complied with the directions issued by the Reserve Bank of India and the provisions of Section 58A of the Companies Act, 1956 and the Rules framed thereunder in respect of deposits received from the public.
- xii) in our opinion, reasonable records have been maintained by the Company for the sale and disposal of maintenance and general scrap.
- xiii) in our opinion, the company has an Internal Audit system commensurate with the size and nature of the business.
- xiv) we have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 in respect of Propylene and are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not, however made a detailed examination of the records.
- xv) according to the records of the Company, Provident Fund dues have been regularly deposited during the year.
- xvi) as explained to us there are no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty, which were outstanding as at 31st March, 2002, for a period of more than six months from the date they became payable.
- xvii) as explained to us, no personal expenses have been charged to the revenue account.
- xviii) the Company is not a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985, and that
- xix) in respect of trading activities, according to the information and explanations given to us, there were no damaged goods in the year under audit.

For M.THOMAS & Co.
Chartered Accountants

Sd/-

A.ROZARIO
Partner

For B.V.RAO & Co.
Chartered Accountants

Sd/-

B.V.RAO
Partner

Place : Chennai
Date : May 22, 2002

BALANCE SHEET as at MARCH 31, 2002

(Rs. Lakhs)

	Schedule No.	As at 31st March, 2002	As at 31st March, 2001
SOURCE OF FUNDS			
Shareholders' Funds:			
Capital	1	14900.33	14900.30
Reserves and Surplus	2	90221.74	109945.32
		105122.07	124845.62
Loan Funds:			
Secured Loans	3	3242.94	3267.56
Unsecured Loans		122550.16	111978.15
		125793.10	115245.71
Deferred Tax Liability	3 - A	24913.43	-
Total		255828.60	240091.33
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	210721.86	205603.09
Less: Depreciation		96519.97	88542.73
Net Block		114201.89	117060.36
Capital Work-in-Progress	5	50765.85	11732.05
		164967.74	128792.41
Investments	6	3161.73	1903.04
Interest accrued on Investments		0.46	0.00
Current Assets, Loans and Advances:			
Inventories	7	75743.33	85818.49
Sundry Debtors	8	36822.23	24179.85
Cash and Bank Balances	9	16584.45	8737.72
Other Current Assets	10	2055.45	1922.63
Loans and Advances	11	26544.51	52015.15
		157749.87	172673.84
Less: Current Liabilities and Provisions:			
Liabilities	12	65253.84	56895.41
Provisions	13	6729.30	7816.75
		71983.14	64712.16
Net Current Assets		85766.73	107961.68
Miscellaneous Expenditure (to the extent not written off)	14	1931.94	1434.20
Total		255828.60	240091.33
Revenue expenditure allocated to capital	19		
Statement of Significant Accounting Policies	20		
Notes to Accounts	21		

Place : Chennai
Date : May 22, 2002

Sd/-
V.SRINIVASAN
Secretary

Sd/-
S.V.NARASIMHAN
Director (Finance)

Sd/-
S.RAMMOHAN
Chairman & Managing Director

As per our report attached

for **M.THOMAS & Co.**
Chartered Accountants
Sd/-
A.ROZARIO
Partner

for **B.V.RAO & Co.**
Chartered Accountants
Sd/-
B.V.RAO
Partner

Place : Chennai
Date : May 22, 2002



Profit and Loss Account for the year ended March 31, 2002

(Rs. Lakhs)

	Schedule No.	Year ended 31st March, 2002	Year ended 31st March, 2001
INCOME			
Turnover:			
Sale of Products		618820.46	699727.31
Less: Commission and Discount		1338.80	1458.10
		<u>617481.66</u>	<u>698269.21</u>
Net Recovery from Industry Pool Accounts		9812.70	14993.07
Transfer for own consumption		(4.31)	0.00
		<u>627300.67</u>	<u>713262.28</u>
Accretion to/(Depletion in) Intermediates and Finished Stock		2336.30	(5,221.82)
Other Receipts	15	3944.94	3145.91
		<u>633589.91</u>	<u>711186.37</u>
EXPENDITURE			
Operating and Other Expenses	16	603396.69	675352.62
Interest	17	12888.54	13146.34
Depreciation & Amortisation		7901.86	10276.51
Deferred Revenue Expenditure Written off		372.62	358.55
		<u>624679.71</u>	<u>699134.02</u>
PROFIT FOR THE YEAR		<u>8910.20</u>	<u>12052.35</u>
Adjustments relating to prior years	18	(21.69)	951.19
Extra-ordinary items		0.00	1740.00
PROFIT BEFORE TAX		<u>8888.51</u>	<u>14743.54</u>
Less: Provision for Taxation			
- For current year		718.84	3244.58
- For earlier year		0.00	(744.17)
- For Deferred Tax		1798.48	-
		<u>2517.32</u>	<u>2500.41</u>
PROFIT AFTER TAX		<u>6371.19</u>	<u>12243.13</u>
DISPOSABLE PROFIT		<u>6371.19</u>	<u>12243.13</u>
APPROPRIATIONS			
Proposed Dividend		2980.07	3705.30
Corporate Dividend Tax		0.00	377.94
General Reserve		3391.12	8159.89
		<u>6371.19</u>	<u>12243.13</u>
EARNINGS PER EQUITY SHARE (Face value Rs.10/- per share) (Rupees)			
- Refer Point No. 10 of Notes to Accounts			
Basic and Diluted		4.28	8.21
Basic and Diluted (Without adjustment for Deferred Tax)		3.48	8.21
Revenue expenditure allocated to capital	19		
Statement of Significant Accounting Policies	20		
Notes to Accounts	21		

Place : Chennai
Date : May 22, 2002

Sd/-
V.SRINIVASAN
Secretary

Sd/-
S.V.NARASIMHAN
Director (Finance)

Sd/-
S.RAMMOHAN
Chairman & Managing Director

As per our report attached

for **M.THOMAS & Co.**
Chartered Accountants
Sd/-
A.ROZARIO
Partner

for **B.V.RAO & Co.**
Chartered Accountants
Sd/-
B.V.RAO
Partner

Place : Chennai
Date : May 22, 2002

Schedules

SCHEDULES - I — SHARE CAPITAL

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Authorised		
20,00,00,000 Equity Shares of Rs.10 each	<u>20000.00</u>	<u>20000.00</u>
Issued		
17,00,00,000 Equity Shares of Rs.10 each	<u>17000.00</u>	<u>17000.00</u>
Subscribed, Called-up and Paid-up		
14,91,31,100 Equity Shares of Rs.10 each	<u>14913.11</u>	<u>14913.11</u>
Less Calls unpaid	<u>12.78</u>	<u>12.81</u>
	<u>14900.33</u>	<u>14900.30</u>

Note : Option on Unissued Share Capital:

As per the Formation Agreement entered into between the promoters, an offer is to be made to the National Iranian Oil Company (NIOC) in any issue of the Capital in proportion to the shares held by them at the time of such issue to enable them to maintain their holding at existing percentage

SCHEDULES - 2 — RESERVES AND SURPLUS

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
General Reserve		
As per last Balance Sheet	<u>84942.65</u>	<u>76782.76</u>
Less: Deferred Tax Liability at the beginning of the year	<u>23114.95</u>	<u>-</u>
	<u>61827.70</u>	<u>76782.76</u>
Add: Transfer from Profit & Loss Account	<u>3391.12</u>	<u>8159.89</u>
	<u>65218.82</u>	<u>84942.65</u>
Share Premium account		
As per last Balance Sheet	<u>25092.34</u>	<u>23672.93</u>
Add: Receipts during the year	<u>0.00</u>	<u>1419.41</u>
	<u>25092.34</u>	<u>25092.34</u>
Less: Calls unpaid	<u>89.42</u>	<u>89.67</u>
	<u>25002.92</u>	<u>25002.67</u>
	<u>90221.74</u>	<u>109945.32</u>

SCHEDULES - 3 — LOAN FUNDS

	Note	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Secured :			
Bank Cash Credit	A	<u>3242.94</u>	<u>743.71</u>
Foreign Currency Loan	B	<u>0.00</u>	<u>2523.85</u>
		<u>3242.94</u>	<u>3267.56</u>
Unsecured:			
Bank Current Account (Book Overdraft)		<u>1426.16</u>	<u>475.12</u>
Loans from Government of India and other Institutions	B		
O.I.D.B		<u>110399.63</u>	<u>95174.13</u>
G.O.I. (World Bank loan)		<u>71.99</u>	<u>193.97</u>
		<u>110471.62</u>	<u>95368.10</u>
Foreign Currency Loan		<u>0.00</u>	<u>7467.32</u>
Other Loans	B	<u>3000.00</u>	<u>0.00</u>
Public Deposits	B	<u>7650.38</u>	<u>8665.36</u>
Others	B	<u>2.00</u>	<u>2.25</u>
		<u>122550.16</u>	<u>111978.15</u>
		<u>125793.10</u>	<u>115245.71</u>



SCHEDULES - 3 — LOAN FUNDS (Contd.)

	Note	(Rs. Lakhs)	
		As at March 31, 2002	As at March 31, 2001
Note :			
A. Bank Cash Credit and Foreign Currency Loan are secured by hypothecation of inventories, book-debts, outstanding monies, receivables, etc present and future, to the extent of Rs.17500 lakhs.			
B. Figures include amounts due for repayment within one year as under:			
Loans from GOI and other Institutions		10471.49	8396.48
Public Deposits		750.74	1347.13
Other Loans		3000.00	0.00
Foreign Currency Loan		0.00	9991.17
		<u>14222.23</u>	<u>19734.78</u>

SCHEDULES - 3A — DEFERRED TAX LIABILITY

	Note	(Rs. Lakhs)	
		As at March 31, 2002	As at March 31, 2001
A. Deferred Tax Liability for temporary differences			
Depreciation		25060.76	-
Interest		1041.17	-
Miscellaneous Expenditure		492.40	-
		<u>26594.33</u>	-
B. Deferred Tax Asset for temporary differences			
Provision for doubtful advances/claims/material write off		322.64	-
Provisions for employee benefits		1358.26	-
		<u>1680.90</u>	-
DEFERRED TAX LIABILITY (NET) (A - B)		<u>24913.43</u>	-

SCHEDULES - 4 — FIXED ASSETS

	Note	COST				DEPRECIATION/AMORTISATION				NET VALUE	
		As at April 1, 2001	Additions/ Adjust during the year	Disposals/ Adjust during the year	As at March 31, 2002	Upto March 31, 2002	For the year	On Disposals/	Upto March 31, 2002	As at March 31, 2002	As at March 31, 2001
		Land	A	2622.93	94.71	4.51	2713.13	12.41	7.61	20.02	2693.11
Roads and Culverts		2092.25	8.76		2101.01	578.58	32.59	611.17	1489.84	1513.67	
Fencing		446.02	47.67		493.69	140.39	7.22	147.61	346.08	305.63	
Buildings		6796.75	238.51		7035.26	1823.77	164.75	1988.52	5046.74	4972.98	
Sewage, Drainage, Water Supply and Effluent Discharge		420.46			420.46	192.04	1.82	193.86	226.60	228.42	
Railway Siding		270.72			270.72	185.68	11.43	197.11	73.61	85.04	
Plant and Machinery		186030.53	4045.68		190076.21	81730.09	7492.93	89223.02	100853.19	104300.44	
Furniture and Fixtures		865.72	37.68	36.39	867.01	560.07	39.50	20.48	579.09	287.92	
Equipment and Appliances		3237.96	590.15	8.77	3819.34	1416.50	119.72	2.00	1534.22	2285.12	
Earthmoving and Transport Equipments		856.89	19.60	4.62	871.87	609.67	29.78	4.39	635.06	236.81	
Electronic Data Processing Equipments		1575.88	87.82	6.64	1657.06	1085.76	90.76	3.18	1173.34	483.72	
Sundry Assets		386.98	9.64	0.52	396.10	207.77	9.39	0.21	216.95	179.15	
		<u>205603.09</u>	<u>5180.22</u>	<u>61.45</u>	<u>210721.86</u>	<u>88542.73</u>	<u>8007.50</u>	<u>30.26</u>	<u>96519.97</u>	<u>114201.89</u>	<u>117060.36</u>
PREVIOUS YEAR		<u>202260.96</u>	<u>3546.42</u>	<u>204.29</u>	<u>205603.09</u>	<u>78334.09</u>	<u>10286.31</u>	<u>77.67</u>	<u>88542.73</u>	<u>117060.36</u>	<u>123926.87</u>

Notes:

1. Out of this Rs.151.62 lakhs is provisional pending fixation of final cost by Govt. of Tamilnadu
 2. Includes Rs.93.79 lakhs (Deposit - Rs.14.93 lakhs and Amortisable Development charges - Rs.78.86 lakhs) towards land taken on 99 year renewable lease from State Industries Promotion Corporation of Tamilnadu Ltd. (SIPCOT)
 3. Includes Rs.675 lakhs towards land taken on 99 year lease from Tamilnadu Industrial Development Corporation Ltd. (TIDCO)
- B. Depreciation and amortisation for the year includes Rs.105.64 lakhs (Previous year Rs.9.80 lakhs) pertaining to prior year

SCHEDULES - 5 — CAPITAL GOODS, WORK-IN-PROGRESS & ADVANCES

(Rs. Lakhs)

	Note	As at March 31, 2002	As at March 31, 2001
Capital goods-in-stock and in transit		10995.64	3344.30
Less: Provision for Material Write Off		107.14	0.00
		<u>10888.50</u>	<u>3344.30</u>
Capital work-in-progress	A	40092.58	8550.89
Less: Provision for write off		215.23	163.14
		<u>39877.35</u>	<u>8387.75</u>
		<u>50765.85</u>	<u>11732.05</u>
Note:			
A. 1. Includes Advance against Capital works - Unsecured		4923.66	261.83
2. Includes Unallocated Capital Expenditure		110.61	121.74

SCHEDULES - 6 — INVESTMENTS - LONG TERM

(Rs. Lakhs)

	Note	As at March 31, 2002	As at March 31, 2001
Unquoted, at cost			
A. Trade			
Investment in Joint Venture Company 11,83,401 Equity Shares of Rs.100/- each, fully paid in Indian Additives Limited		1183.40	1183.40
B. Non-Trade			
9,000 shares of Rs.10/- each, fully paid in CPCL Industrial Cooperative Service Society Limited		0.90	0.90
1120 Units of Rs.100/- each in UTI-Venture Capital Unit Scheme 1990 fully paid		1.12	1.12
6.96% Oil Companies, GOI Special Bonds, 2009 - Refer Point No. 6 of Notes to Accounts		1200.00	0.00
1,00,000 Equity Shares of Rs.10/- each, fully paid in Biotech Consortium India Ltd.		10.00	10.00
Investment in Petroleum India International	A	766.31	707.62
	B	<u>3161.73</u>	<u>1903.04</u>

	COST		MARKET VALUE	
	As at March 31,		As at March 31,	
	2002	2001	2002	2001
Aggregate of quoted Investments	Nil	Nil	Nil	Nil
Aggregate of unquoted Investments	3161.73	1903.04	Nil	Nil
	<u>3161.73</u>	<u>1903.04</u>		

Note: A. Includes undistributed surplus of Rs.761.31 lakhs (previous year Rs.702.62 lakhs)

B. Includes 5 equity shares of Rs.10/-each invested in National Aromatics & Petrochemicals Corporation Ltd.

SCHEDULES - 7 — INVENTORIES

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Stores, Spares, Chemicals and Catalysts In-stock, In-transit and with others	9834.63	10204.46
Less: Provision for write off	<u>788.42</u>	<u>431.16</u>
	8826.21	9773.30
Loose tools	30.88	42.24
Raw Material in-stock and in-transit	34442.85	45895.96
Finished Products	27189.99	19595.30
Intermediate Products	5333.30	10511.69
	<u>75743.23</u>	<u>85818.49</u>

SCHEDULES - 8 — SUNDRY DEBTORS

	Note	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Considered Good			
Debts outstanding for a period exceeding six months	A	1361.67	3287.05
Others		<u>35480.56</u>	<u>20892.80</u>
		36822.23	24179.85
		<u>36822.23</u>	<u>24179.85</u>

Note: A. Secured to the extent of Rs. 1100 lakhs (Previous year 2300 lakhs)

SCHEDULES - 9 — CASH AND BANK BALANCES

	Note	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Cash and Cheques on hand	A	0.95	22.97
Balance with Scheduled Banks:			
In Term Deposit Account		16203.00	7900.00
In Current Account		<u>380.50</u>	<u>814.75</u>
		16583.50	8714.75
		<u>16584.45</u>	<u>8737.72</u>
		0.00	0.52

Note: A. Includes Nil Gold Medals (Previous Year 28)
valued at Original cost

SCHEDULES - 10 — OTHER CURRENT ASSETS

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Interest accrued on Loans, Advances and Deposits	2055.45	1922.63
	<u>2055.45</u>	<u>1922.63</u>



SCHEDULES - II — LOANS & ADVANCES

	Note	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Loans:			
Secured (against hypothecation of vehicles and mortgage of house properties)		6116.79	6179.68
Unsecured, considered good	A	<u>116.40</u>	<u>247.15</u>
		6233.19	6426.83
Advances recoverable in cash or in kind or for value to be received			
Unsecured, considered Good	B	9281.30	23611.43
Unsecured, considered Doubtful		<u>3.99</u>	<u>3.99</u>
		9285.29	23615.42
Less: Provision for Doubtful Advances		<u>3.99</u>	<u>3.99</u>
		9281.30	23611.43
Prepaid expenses		158.21	145.26
Advance Tax (Net)		2463.40	3235.73
Claims recoverable			
Unsecured, Considered Good		5818.65	6001.97
Unsecured, Considered Doubtful		<u>29.12</u>	<u>30.04</u>
		5847.77	6032.01
Less: Provision for Doubtful Claims		<u>29.12</u>	<u>30.04</u>
		5818.65	6001.97
Deposits with Others		0.00	7500.00
Inter Corporate Deposits		0.00	3500.00
Deposits with Railways, Govt. Dept. & Others			
Unsecured, Considered Good		1271.67	789.00
Unsecured, Considered Doubtful		<u>0.14</u>	<u>0.14</u>
		1271.81	789.14
Less: Provision for Doubtful Deposits		<u>0.14</u>	<u>0.14</u>
		1271.67	789.00
Balance with Customs, Excise & Port Trust Authorities		1318.09	804.93
		26544.51	52015.15
Amount due from officers of the Company	C	6.13	6.68
Maximum amount due		6.68	7.15
Note:			
A. Includes loan to IAL, a Joint Venture Company		0.00	225.00
B. Includes claims from IAL, a Joint Venture Company towards sale of Land		289.57	0.00
C. 1. Includes due from Directors		0.39	0.48
2. Maximum amount due		0.48	0.56

SCHEDULES - 12 — CURRENT LIABILITIES

	Note	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Sundry Creditors:	A		
For Crude Oil Supplies		40105.16	36789.63
For Other Supplies and Expenses		21576.44	12633.34
		<u>61681.60</u>	<u>49422.97</u>
Crude oil received on loan		0.00	1882.92
Less: Deposits made for crude received on loan		0.00	1864.79
		0.00	18.13
Trade Deposits	B	480.66	597.66
Deposits received for crude given on loan		432.34	65787.77
Less: Crude oil given on loan		0.00	65164.68
		<u>432.34</u>	<u>623.09</u>
Deposits received from outside parties for use of Assets		32.07	21.14
Other Liabilities		2380.13	5902.18
Interest accrued, but not due, on loans		45.72	137.93
Unclaimed Dividends		201.32	172.31
		<u>65253.84</u>	<u>56895.41</u>
Note:			
A. Includes			
(i) Names of all small scale undertakings to whom outstandings of more than Rs.1 lakhs for a period exceeding 30 days	C		
(ii) Total outstanding dues of Small Scale Undertakings		62.73	21.58
(iii) Outstanding dues of creditors other than small scale undertakings		61618.87	49401.39
B. Includes Rs.6.77 lakhs (Previous year Rs.77.71 lakhs) towards stores and spares issued on loan			
C. Petrochemical Engineering Enterprises, G.R. Engineering Works and Econo Valves (Previous Year: Newage Industries, Emerald Walkway and Petrochemical Engineering)			

SCHEDULES - 13 — PROVISIONS

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
For Taxation	3963.42	7717.28
Less: Advance Payments	3963.42	7717.28
	0.00	0.00
Proposed Dividend	2980.07	3705.30
Corporate Dividend Tax	0.00	377.94
Retirement Benefits	3746.75	3731.03
Contingencies	2.48	2.48
	<u>6729.30</u>	<u>7816.75</u>

SCHEDULES - 14 — MISCELLANEOUS EXPENDITURE (to the extent not written off)

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Deferred Revenue Expenditure		
As per last Balance Sheet	1434.20	0.00
Add: Expenditure during the year	1070.36	1792.75
	<u>2504.56</u>	<u>1792.75</u>
Less: Written off during the year	572.62	358.55
	<u>1931.94</u>	<u>1434.20</u>



SCHEDULES - 15 — OTHER RECEIPTS

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Interest on Deposit, Loans & Advances	2881.92	2188.53
Insurance Claims	165.61	26.59
Miscellaneous Receipts	429.22	708.18
Liabilities written back	12.51	12.04
Income from Long Term Investments	121.37	194.77
Participation fees for Training Programme	46.74	10.05
Profit on sale of investments	0.00	3.09
Profit on sale of assets	287.55	2.66
	<u>3944.94</u>	<u>3145.91</u>

SCHEDULES - 16 — OPERATING AND OTHER EXPENSES

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Raw Material (Crude Oil and Gas Consumed)	558658.42	628524.20
Finished Products	23.85	106.74
	<u>558682.27</u>	<u>628630.94</u>
Fuel, Water and Power		
Fuel	36169.61	42312.21
Purchased Power	579.03	484.43
	<u>36748.64</u>	<u>42796.64</u>
Less: Power supplied to TNEB	689.09	839.92
	<u>36059.55</u>	<u>41956.72</u>
Add: Water Charges	1771.87	1923.22
	<u>37831.42</u>	<u>43879.94</u>
Less: Own Fuel	36169.61	42312.21
	<u>1661.81</u>	<u>1567.73</u>
Stores, Chemicals, Catalysts & Packing Materials consumed	1975.12	2466.98
Demurrage and Wharfage	1125.11	2044.71
Excise Duty	22544.39	17614.36
Product Handling Expenses	79.17	112.30
Payments to and Provision for employees		
Salaries and Wages	4579.90	6533.05
Company's contribution to Employees' Provident, Family Pension and Other Funds	718.30	1658.51
Staff Welfare Expenses	1248.83	1442.93
	<u>6547.03</u>	<u>9634.49</u>
Carried Over	<u>592614.90</u>	<u>662071.51</u>

SCHEDULES - 16 — OPERATING AND OTHER EXPENSES (Contd.)

(Rs. Lakhs)

	As at March 31, 2002	As at March 31, 2001
Brought forward	592614.90	662071.51
Repairs & Maintenance (including stores & spares - Rs.2613.70 lakhs - Previous year Rs.2566.62 lakhs)		
- Buildings	443.36	523.39
- Plant & Machinery	3003.76	4404.81
- Others	692.03	528.87
	<u>4140.15</u>	<u>5457.07</u>
Insurance	1237.21	1231.97
Rent	1177.07	1264.54
Rates & Taxes	1659.02	2019.22
Provision for Materials Write Off	595.60	431.16
Materials Written Off	211.20	0.00
Provision for Materials Write Off no longer required	(211.20)	0.00
General Administration Expenses	1796.89	2601.47
Advertisement and Publicity	76.77	100.78
Auditors Remuneration:		
- As Audit Fee	3.15	5.25
- For other services	2.26	0.94
- Out of pocket expenses	2.08	2.06
	<u>7.49</u>	<u>8.25</u>
Provision for Doubtful Claims/Advances/Deposits	1.93	6.05
Provision for Doubtful Claims/Advances written back	(2.85)	(0.46)
Provision for Discard of Assets	52.09	12.47
Loss on Sale/Discard of Assets (Net)	19.11	92.15
Social and Community Welfare Expenses	21.31	56.44
	<u>603396.69</u>	<u>675352.62</u>

Note:

- A. 1. Includes Entertainment Expenditure of Rs. 14.53 lakhs (Previous year Rs.17.55 lakhs)
- 2. Includes Foreign Exchange Variation Rs. 41.39 lakhs (Previous year Rs.374.80 lakhs)
- B. Includes Nil (Previous year: Rs.3.10 lakh for earlier years)
- C. Includes Rs.0.95 lakhs pertaining to earlier years (Previous year Nil)

SCHEDULES - 17 — INTEREST EXPENDITURE

(Rs. Lakhs)

	As at March 31, 2002	As at March 31, 2001
On - Cash Credit	102.80	266.55
- Unsecured Loans	9999.34	11497.76
- Public Deposits	860.37	1030.05
- Others	1846.03	351.98
	<u>12808.54</u>	<u>13146.34</u>

SCHEDULES - 18 — ADJUSTMENT RELATING TO PRIOR YEARS

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
INCOME:		
Sale of Products	9.90	0.00
Miscellaneous Receipts	0.00	(0.15)
	<u>9.90</u>	<u>0.15</u>
EXPENSES:		
Raw Material	0.00	(239.99)
Fuel, Water and Power	(80.35)	(461.55)
Stores, Chemicals, Catalysts & Packing Materials consumed	0.00	(51.29)
Finished Products	0.00	(149.19)
Depreciation and Amortisation	105.64	9.80
General Administration and Others	6.30	(59.12)
	<u>31.59</u>	<u>(951.34)</u>
Net Income/(Expenditure)	<u>(21.69)</u>	<u>951.19</u>

SCHEDULES - 19 — REVENUE EXPENDITURE ALLOCATED TO CAPITAL

	As at March 31, 2002	(Rs. Lakhs) As at March 31, 2001
Fuel, Water and Power	115.33	0.00
Stores, Spares, Chemicals and Catalysts	6.49	0.00
Salaries & Wages	226.41	261.84
Contribution to Employees' Provident Fund and other Funds	27.29	23.19
Staff Welfare Expenses	24.73	38.16
Repairs & Maintenance	26.20	13.39
Travelling, Printing and other General Administration Expenses	193.91	59.94
Interest	2211.16	614.11
	<u>2831.52</u>	<u>1010.63</u>
Less: Allocated to assets capitalised/work-in-progress	2831.52	1010.63
	<u>0.00</u>	<u>0.00</u>



SCHEDULE - 20 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS

1.1 Land

Land acquired on lease for a period of 99 years or more is treated as freehold land.

1.2 Capitalisation of construction period expenses

- (a) Direct expenses, as well as clearly identifiable indirect expenses, incurred on projects during the period of construction are capitalised.
- (b) Financing cost incurred during the construction period on loans specifically borrowed for projects is capitalised at the actual borrowing rates. Financing cost incurred on general borrowings used for projects is capitalised at the weighted average cost.

1.3 Depreciation / Amortisation

- (a) Depreciation on fixed assets is provided in accordance with the rates as specified in Schedule XIV to the Companies Act, 1956, on straight line method, upto 95% of the cost of the asset. Depreciation is charged pro-rata on quarterly basis on assets, from/upto the quarter of capitalisation/sale, disposal and dismantled during the year.
- (b) Assets costing not more than Rs.5000/- each are depreciated in full in the year of addition.
- (c) Capital expenditure on assets, the ownership of which does not vest with the Company, is accounted as unallocated capital expenditure and is written off over a period of five years, in equal instalments, upon completion of such projects.
- (d) Cost of lease hold land (including premium) for 99 years or less is amortised during the lease period.

2 INVESTMENTS

Long term investments are carried at cost. Current investments are carried at lower of cost or market value. Provision for diminution in the value of long-term investments, other than temporary in nature, is accounted for.

3. CURRENT ASSETS, LOANS AND ADVANCES

Valuation of Inventories

(a) Raw materials

Crude oil - At cost (on FIFO basis) or net realisable value whichever is lower

(b) Stock-in-process

At raw material cost plus overhead at fifty percent of the cost of conversion or net realisable value, whichever is lower.

(c) Finished products

Finished products are valued at cost (on FIFO basis plus processing cost) or net realisable value, whichever is lower.

(d) Stores and Spares

Stores and Spares are valued at weighted average cost. In case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale/disposal and charged to revenue.

Stores and Spares in transit are valued at cost.

(e) Imported Products in-transit and Crude Oil in-transit

Imported products in-transit and crude oil in-transit are valued at CIF cost or net realisable value, whichever is lower.

4. DEFERRED REVENUE EXPENDITURE

Deferred Revenue Expenditure is written off over the period of five years from the year of expenditure.

5. FOREIGN CURRENCY TRANSLATION

Transactions in foreign currency are recorded at exchange rates prevailing on the date of transactions. Current assets, current liabilities and foreign currency loans, outstanding at the year end, are translated at exchange rates applicable as of that date. The resultant exchange gains and

losses except those relating to acquisition of fixed assets which are adjusted to the cost of such assets till they are fully depreciated, are accounted in the Profit and Loss Account.

6. CONTINGENT LIABILITIES

Recognition of amounts under 'Contingent Liabilities' and 'Capital Commitments' is considered only in the case of items exceeding Rs.5,00,000/- . Subject to this limit, contingent liabilities in respect of show cause notices are considered only when they are converted into demands, if disputed by the company.

7. PROFIT AND LOSS ACCOUNT

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

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

- i) When there is certainty that the claims are realisable
- ii) Generally at cost

(c) Prepaid Expenses upto Rs.50,000/- in each case is charged to revenue.

(d) Income and expenditure are disclosed as prior period items only when the value exceeds Rs.5,00,000/- in each case.

(e) (i) Superannuation Schemes

The liability towards Superannuation Schemes as at the year-end is ascertained on the basis of actuarial valuation. Premium paid towards the 'Cash Accumulation Scheme' of LIC and the difference between estimated liability and the corpus available in the 'Cash Accumulation Scheme' is provided for and charged off to revenue.

(ii) Gratuity Schemes

The liability towards gratuity as at the year-end is ascertained on the basis of actuarial valuation. Premium paid towards the 'Cash Accumulation Scheme' of LIC and the difference between estimated liability and the corpus available in the 'Cash Accumulation Scheme' is provided for and charged off to revenue.

(iii) Leave Encashment

The liability towards leave encashment to employees as at the year-end is ascertained on the basis of actuarial valuation and provided for.

(iv) Post retirement medical benefits

The liability towards post retirement medical benefits as at the year-end is ascertained on the basis of actuarial valuation and provided for.

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

8. R&D EXPENDITURE

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

SCHEDULE-21 – NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2002

1. LAND

Seventy Five acres and sixty seven cents of land has been taken on lease from a trust on a five year renewable lease for the construction of Employees Township at Cauvery Basin Refinery.

2. REMUNERATION FOR DIRECTORS

Previous Year Rs. in lakhs		Current Year (Rs. in lakhs)
24.59	Salary	20.96
2.48	Contribution to PF	1.92
0.72	Contribution to Superannuation Fund	0.54
2.57	Other benefits	3.58
<u>30.36</u>		<u>27.00</u>

3. CONTINGENT LIABILITY

	As at March 31, 2002 (Rs.in Lakhs)	As at March 31, 2001 (Rs.in Lakhs)
1) In respect of Claims against the company not acknowledged as debts	6518.05	58009.68
This includes mainly		
a) Rs.Nil (previous year Rs.10855.81 lakhs representing sales tax demanded on pool account receipts for the year 1984-85, 1986-87, 1987-88 and 1988-89).		
b) Rs.Nil (previous year Rs.41082.28 lakhs representing CST for the year 1992-93 and TNGST for the year 1992-93 demanded on crude oil loan transactions).		
2) Estimated amount of contracts remaining to be executed on capital account as on 31 st March, 2002 is Rs.156352.46 lakhs (previous year Rs.26871.41 lakhs).		

4. ACCOUNTING POLICY

The accounting policies followed by the company have been reviewed and policies have been rephrased to enunciate clearly the procedure followed by the company and to be consistent with the accounting policies of Indian Oil Corporation Limited, the holding company.

Had the earlier policies of the company been continued, the impact on profitability for the year would have been as follows:-

(i) Policy No. 1.2 (b) – Capitalisation of Construction period expenses

The practice of charging financing cost for non-plan projects has been discontinued. But for this change in the policy, the profits of the company for the year would have been higher by Rs.347.44 lakhs.

(ii) Policy No. 1.3 - Depreciation

The effect of restricting the depreciation charge to 95% of the cost of the asset and also charging depreciation pro-rata on a quarterly basis on assets from / upto the quarter of capitalisation / sale, disposal and dismantled as against the policy of charging depreciation from / upto the date of addition followed hitherto has an impact of increasing the profits by Rs.2028.46 lakhs.

(iii) Policy No. 7 (c) - Prepaid Expenses

Increasing the threshold limit for recognising prepaid expenses to Rs.50,000 from the previous level of Rs.10,000 has no material impact of increasing/decreasing the profits of the company.

(iv) Policy No. 7 (f) - Expenditure incurred on Voluntary Retirement Scheme

The effect of changing the policy on VRS from treating the entire expenditure as revenue to DRE has an impact of increasing the profits by Rs.74.61 lakhs.

(v) Liquidated Damages

The company during the year deleted a policy on treatment of liquidated damages. The practice followed by the company of crediting the liquidated damages to revenue has been changed to crediting the capital account in the case of projects. But for this change, the profit would have been higher by Rs.106.70 lakhs.

5. Research and Development Expenses of Rs.249.84 lakhs (Previous year Rs.410.21 lakhs) is included in the profit and loss account under respective expenditure heads.

6. Ministry of Petroleum and Natural Gas, Government of India sanctioned "6.96% Oil Companies, Government of India Special Bonds, 2009" in lieu of receivables from the Oil Coordination Committee vide their letter No.P-20030/17/2001-PP dated 30.03.02 and the said bonds are yet to be received.



7. The company operates in a single segment viz. downstream petroleum sector, governed by same set of risk and return. As such reporting is done on a single segment basis.

8. Related Party Transactions

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

a. List of Related Parties

- i) Indian Additives Limited Joint Venture
- ii) KEY MANAGEMENT PERSONNEL
 - 1. S.Rammohan Chairman and Managing Director
 - 2. M.P.Srinivasan Director (Technical)
 - 3. S.V.Narasimhan Director (Finance)
 - 4. K.Narayanan Director (Operations)

b. Details of Transactions carried out in the Ordinary Course of Business in respect of i) above

Nature of transaction	Amount (Rs. in lakhs)
Sale of Land	289.57

c. Details of Transactions in respect of ii) above

Nature of transaction	Amount (Rs. in lakhs)
Remuneration	27.00

d. Amount due from related parties:

- 1. in respect of related party (i) above – Rs.289.57 lakhs
- 2. in respect of related party (ii) above – Rs.0.39 lakhs

9. Consequent to the Accounting Standard 22 on "Accounting for Taxes on Income" becoming mandatory, the company has recorded an adjustment of Rs.23114.95 lakhs by way of transitional provision on account of deferred tax liability (Net) as on 1st April, 2001, by reducing the amount from the Reserves and an amount of Rs.1798.48 lakhs has been provided as deferred tax liability (Net) for the year.

10. Earnings Per Equity Share

Basic and Diluted Earnings per equity share are recorded in accordance with AS – 20, "Earnings Per Share". Basic and Diluted Earnings per Equity Share are calculated by dividing Net Profit After Tax of Rs.6371.19 lakhs by 14,91,31,100 Equity Shares (Face Value Rs.10/- each).

Basic and Diluted Earnings per Equity Share (Without adjustment for Deferred Tax) are calculated by dividing Rs.8169.67 lakhs i.e. Net Profit After Tax but before Provision for Deferred Tax (Rs.1798.48 lakhs) by 14,91,31,100 Equity Shares (Face Value Rs.10/- each).

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

12. General

a) Additional information pursuant to the provisions of Clauses 3, 4C and 4D of Part-II of Schedule VI to the Companies Act, 1956, is furnished in Annexure I.

b) Balance Sheet abstract and Company's General Business Profile as required under Schedule VI to the Companies Act is presented at Annexure II.

Place : Chennai	Sd/- V.SRINIVASAN	Sd/- S.V.NARASIMHAN	Sd/- S.RAMMOHAN
Date : May 22, 2002	Secretary	Director (Finance)	Chairman & Managing Director

As per our report attached

For M.THOMAS & CO.
Chartered Accountants

For B.V.RAO & CO.
Chartered Accountants

Place : Chennai	Sd/- A.ROZARIO
Date : May 22, 2002	Partner

Sd/- B.V.RAO
Partner



Annexure - I

Referred to in Schedule - 2I

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF CLAUSES 3, 4C AND 4D OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956

	Year ended March 31, 2002		Year ended March 31, 2001	
	Employed throughout the year	Employed part of the year	Employed throughout the year	Employed part of the year
1. Expenditure incurred on employees who were in receipt of remuneration of not less than Rs.12,00,000 p.a. or Rs.1,00,000 p.m. if employed for part of the year				
Salaries & Allowances (Rs.in Lakhs)	Nil	Nil	Nil	Nil
Contribution to Provident and Other Funds (Rs.in Lakhs)	Nil	Nil	Nil	Nil
No.of employees	Nil	Nil	Nil	Nil
	Qty.(MT)	Value Rs. Lakhs	Qty.(MT)	Value Rs. Lakhs
2. Raw Material Consumed (Crude Oil and Gas)	6704452	558658.42	6641547	628524.20
3. Turnover - Petroleum Products, Wax and Petrochemical Products	6174497	627308.67	6144774	713262.28
4. Licenced capacity (p.a.)				
- Petroleum Products	7000000		7000000	
- Wax	30000		30000	
- Propylene	17000		17000	
5. Installed capacity (p.a.)				
- Petroleum Products	7000000		7000000	
- Wax	30000		30000	
- Propylene	17000		17000	
- Hexane	25000		25000	
6. Opening stock of goods				
- Petroleum Products (Refer Note A)	146489	17804.72	202390	25655.18
- Wax	5966	1569.60	2028	538.55
- Petrochemical Products	847	220.97	689	171.46
7. Closing stock of goods				
- Petroleum Products	205169	26365.01	146489	17804.72
- Wax	3542	279.43	5966	1569.60
- Petrochemical Products	1989	465.55	847	220.97
8. Actual Production - Finished Products				
- Petroleum Products	6174853		6038612	
- Wax	20725		21883	
- Petrochemical Products	36008		32023	

Note:

A. Includes purchased stock 27 MT

	Year ended March 31, 2002		Year ended March 31, 2001	
	Employed throughout the year	Employed part of the year	Employed throughout the year	Employed part of the year
9. Purchase of Finished Products				
- Petroleum Products	219	23.85	451	106.74
10. Expenditure in Foreign Currency (on cash basis)				
- Travelling Expenses		25.56		18.38
- Subscriptions		7.67		3.92
- Course Fees		14.55		4.10
- Tech. Assistance Fees		-		58.68
- Professional, Consultation Fees		452.49		1302.92
11. CIF Value of goods imported:				
- Raw material - Crude Oil (Refer Note B)		359586.45		511858.14
- Stores, Spares, Chemicals & Catalysts		890.66		872.21
- Capital Goods		948.36		788.70

	Year ended March 31, 2002			Year ended March 31, 2001		
	Total	Imported	Indigenous	Total	Imported	Indigenous
	Rs. Lakhs			Rs. Lakhs		
12. Raw Materials, Stores, Chemicals and Catalysts consumed:						
Rawmaterial						
(Crude oil and Gas)	558658.42	419431.51	139226.91	628524.20	501331.76	127192.44
(%)	100	75	25	100	80	20
Stores, Spares, Chemicals and Catalysts	4288.38	851.20	3437.18	4278.33	845.27	3433.06
(%)	100	20	80	100	20	80

	Year ended March 31, 2002				Year ended March 31, 2001			
	Amount net of taxes	No. of N.R. share holders	No. of shares	Year to which relates	Amount net of taxes	No. of N.R. share holders	No. of shares	Year to which relates
13. Dividend remitted in Foreign Currency	Rs. Lakhs 557.36	590	23085900	2000-01	Rs. Lakhs 5.80	659	193400	1999-2000

Note: B. Imported through M/s Indian Oil Corporation Limited.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**Registration No. State Code

Balance Sheet Date

Date
Month
Year **II. Capital Raised during the year (Amount in Rs. Thousands)**PUBLIC ISSUE
 N I LRIGHTS ISSUE
 N I LBONUS ISSUE
 N I LPRIVATE PLACEMENT
 N I L**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Total Liabilities

Total Assets

Sources of Funds

Paid-Up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

 N I L**IV. Performance of Company (Amount in Rs. Thousand)**

Turnover

Total Expenditure

+ - Profit Before Tax

 +

+ - Profit After Tax

 +

(Please tick Appropriate box + for - for Loss)

Dividend Rate %

Earning Per Share in Rs.

Earning Per Share (without adjustment for Deferred Tax) in Rs.

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

Item Code No.

Product Description

(ITC Code)



CASH FLOW STATEMENT for the year ended March 31, 2002

(Rs. Lakhs)

PARTICULARS	Year ended March 31, 2002	Year ended March 31, 2001
A. Cash Flow from Operating Activities:		
1 Profit Before Tax	8888.51	14743.54
2 Adjustments for:		
Depreciation	8007.50	10286.31
Deferred Revenue Expenditure Written Off	572.62	358.55
Income from Long Term Investment	-121.37	-106.01
Profit on sales of assets	-287.55	-2.66
Profit on sale of investment	0.00	-3.09
Liabilities written back	-12.51	-12.04
Provision for Doubtful Claims/Advances and Discard of Assets	51.17	18.06
Provision for Material Write Off	384.40	431.16
Material Written Off	211.20	0.00
Loss on Sale of Assets	19.11	92.15
Interest on borrowings	12808.54	13146.34
Interest income	-2881.92	-3928.53
B. Operating Profit Before Working Capital Changes	27639.70	35023.78
C. Adjustments for: Changes in Working Capital		
Trade and Other Receivables	11677.73	-5645.75
Inventories	10075.26	10541.87
Trade and Other Payables	8374.15	-7994.16
D. Cash generated from Operations	57766.84	31925.74
E. Adjustments for :		
Direct taxes paid	-377.00	-5392.00
Direct Taxes Received	243.66	3840.62
F. Net Cash flow from Operating Activities	57633.50	30374.36
G. Cash Flow from Investing Activities		
Purchase of Fixed Assets	-44214.02	-12765.45
Deferred Revenue Expenditure	-1070.36	-1792.75
Sale of Assets	329.89	129.28
Profit on Sale of Investment	0.00	3.09
Investments (Net)	-1258.69	-104.89
Interest Received	2749.10	1897.85
Dividend Received	60.00	88.76
Net Cash used in Investing Activities	-43404.08	-12544.11

**CASH FLOW STATEMENT for the year ended March 31, 2002**

(Rs. Lakhs)

PARTICULARS	Year ended March 31, 2002	Year ended March 31, 2001
H. Net Cash Flow from Financing Activities		
Proceeds from Calls in arrears / Issue of Shares including premium	0.28	1519.82
Proceeds from Long Term Borrowings	16084.56	14660.16
Proceeds from /(Repayment of) Short term Borrowings	-5512.55	-10174.49
Interest paid	-12980.75	-13233.08
Dividend Paid	-3676.29	-4366.56
Corporate Dividend Tax Paid	-377.94	-970.87
Net cash Generated /(Used) from Financing Activities	<u>-6382.69</u>	<u>-12565.02</u>
I Net change in cash & Cash Equivalents (F+G+H)	<u>7846.73</u>	<u>5265.23</u>
J. Cash and Cash equivalents as at the end of Financial year	<u>16584.45</u>	<u>8737.72</u>
K. Cash and Cash equivalents as at beginning of the Financial Year	<u>8737.72</u>	<u>3472.49</u>
Net change in Cash and Cash equivalents (J-K)	<u>7846.73</u>	<u>5265.23</u>

Previous year figures have been regrouped wherever necessary.

Sd/-
V.SRINIVASAN
Company Secretary

Sd/-
S.V.NARASIMHAN
Director (Finance)

Sd/-
S.RAMMOHAN
Chairman & Managing Director

Place : Chennai
Date : May 22, 2002

AUDITORS' REPORT

We have verified the attached Cash Flow Statement of Chennai Petroleum Corporation Limited derived from the audited financial statements and the books and records maintained by the Company for the years ended 31st March, 2002 and 31st March, 2001 and found correct.

For M.THOMAS & CO.
Chartered Accountants

For B.V.RAO & CO.
Chartered Accountants

Sd/-
A.ROZARIO
Partner

Sd/-
B.V.RAO
Partner

Place : Chennai
Date : May 22, 2002

REVIEW OF ACCOUNTS OF CHENNAI PETROLEUM CORPORATION LIMITED, CHENNAI FOR THE YEAR ENDED 31ST MARCH 2002 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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

1. Financial Position

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

	1999-2000	2000-01	(Rs. Lakhs) 2001-02
Liabilities			
a) Paid-up Capital			
i) Government	7726.52	Nil	Nil
ii) a) Other Central Government PSUs	Nil	7726.52	7726.52
b) Others	6983.70	7173.78	7173.81
Share Application money	Nil	Nil	Nil
b) Reserves & Surplus			
i) Free Reserves & Surplus	76782.76	84942.65	65218.82
ii) Share Premium Account	23672.93	25002.67	25002.92
iii) Capital Reserves			
c) Borrowings			
i) From Government of India	367.50	193.97	71.99
ii) From Financial Institutions	71733.12	95174.13	110399.63
iii) Foreign Currency Loans	20615.25	9991.17	0.00
iv) Cash Credit	545.09	1218.83	4669.10
v) Others	7324.59	8667.61	10652.38
vi) Interest accrued and due	-	-	-
d) i) Current Liabilities and Provisions (Excluding Provision for Gratuity & incl. DTL)	88456.63	71668.98	71216.69
ii) Provision for Gratuity	705.96	760.46	766.45
e) Deferred Tax Liability	-	-	24913.43
Total	<u>304914.05</u>	<u>312520.77</u>	<u>327811.74</u>
Assets			
f) Gross Block	202260.96	205603.09	210721.86
g) Less: Depreciation	78334.09	88542.73	96519.97
h) Net Block	123926.87	117060.36	114201.89
i) Capital Work in-progress	2475.89	11732.05	50765.85
j) Investments	1798.15	1903.04	3161.73
k) Current Assets, Loans and advances	176713.14	180391.12	157758.33
l) Misc-expenditure not written off	0.00	1434.20	1931.94
m) Accumulated Losses	-	-	-
	<u>304914.05</u>	<u>312520.77</u>	<u>327811.74</u>
n) Working Capital [k-d(i)-c(vi)]	88256.51	108722.14	86533.64
o) Capital Employed [h+n]	212183.38	225782.50	200735.53
p) Net Worth [a+b(i)+b(iv)-l-m]	115165.91	123411.42	103190.13
q) Net Worth per Rupee of paid up capital (in Rs.)	7.83	8.28	6.93

Networth for the year stands reduced mainly due to recognition of Deferred Tax Liability pertaining to earlier years.

2. Ratio Analysis

Some important financial ratios on the financial health and working of the Company at the end of last 3 years are as under:

	1999-2000	2000-2001	(in percentage) 2001-02
A. Liquidity Ratio			
Current Ratio (Current Assets to Current Liabilities & Provisions and interest accrued and due but excluding provisions for gratuity [k{d(i)+c(vi)}x100]	199.77	251.70	221.51

The ratio (expressed as a percentage) indicates the coverage of current liabilities by the liquid assets held by the company. The "Current Liabilities" are fully covered by the Liquid Assets.

B. Debt Equity Ratio

Long term debt to Equity [c (i to v but excluding short term loans)/p]	58.76	77.39	108.12
--	-------	-------	--------

The increase in the ratio in the current year contributed by higher borrowings is due to implementation of capital projects.

C. Profitability Ratios

a) Profit Before Tax to			
i) Capital Employed	9.03	6.53	4.43
The operating profitability of capital employed has decreased indicating decreasing operating earnings out of the capital employed.			
ii) Networth	16.64	11.95	8.61
The decrease in the ratio indicates decline in the Rate of Return on shareholders' funds.			
iii) Sales	3.47	2.07	1.42
b) Profit after tax to networth	12.43	9.92	6.17
c) Profit after tax to equity capital	97.31	82.17	42.76
d) Earnings per share (In Rupees)	9.72	8.22	4.28

3. Sources and Utilisation of Funds

2001-02

Source of Funds

(Rs. Lakhs)

1. Funds from operations:			
Profit after Tax before Deferred Tax Liability		6371.19	
Add: Depreciation		8007.50	
			14378.69
Less: Profit on sale of assets		287.55	
			287.55
			14091.14
2. Increase in Share Capital			0.03
3. Increase in Share Premium A/C.			0.25
4. Increase in Gratuity Provision			5.99
5. Increase in Borrowed Funds			10547.39
6. Sale Proceeds of fixed assets			318.74
7. Decrease in Working Capital*			23262.66
8. Deferred Tax Liability			1798.48
Total			50024.68

Utilisation of Funds

1. Increase in Fixed Assets		5180.22	
2. Increase in Capital Work-in-Progress		39033.80	
			44214.02
3. Dividend paid (including Corporate Dividend Tax)			4054.23
4. Increase in Investments			1258.69
5. Increase in Misc. Expenditure			497.74
Total			50024.68

* After adjusting for provision for Gratuity, Dividend, Dividend Tax and Interest accrued on investments

4. Working Capital

The Working Capital (i.e. Current Assets less Current Liabilities) increased from Rs. 88256.51 lakhs in 1999-2000 to Rs. 108722.14 lakhs in 2000-01 and decreased to Rs. 86533.64 lakhs in 2001-02. As a percentage of sales, it decreased from 16.01 in 1999-2000 to 15.24 in 2000-01 and further to 13.79 in 2001-02 thereby indicating increase in the turning over of working capital in 2000-01 & 2001-02 as compared to 1999-2000.

5. Working Results

The working results of the Company in the last three years were as given below:

	1999-2000	2000-01	2001-02
1. Sales	551429.09	713262.28	627308.67
2. Profit Before Tax	19168.67	14743.54	8886.51
3. Profit After Tax	14314.34	12243.13	6371.19
4. Intermediate Products	8963.63	10511.69	5333.30
5. Closing Stock of Finished Goods	26365.19	19595.30	27109.99
6. Value of Production	566936.91	708040.45	629644.97

6. Inventory Levels

I. The overall inventory decreased in the year 2000-01 over 1999-2000 and has further decreased in the current year as shown below:

	1999-2000	2000-2001	2001-2002
			(Rs. Lakhs)
i. Raw Materials (Crude in stock including in transit)	49603.40	45895.96	34442.85
ii. Stores & Spares	11424.82	9815.54	8857.09
iii. Intermediate products	8963.63	10511.69	5333.30
iv. Finished Products	26365.19	19595.30	27109.99
Total	96357.04	85818.49	75743.23

II. Value of finished products in terms of number of months of production.

0.56

0.33

0.52

The value of finished products in terms of number of months production for the year 2001-02 has increased compared to 2000-01.

7. Sundry Debtors

(i) The following table indicates the volume of book debts and sales for the last three years.

					(Rs. Lakhs)
As on	Sundry debtors	Sundry Debtors	Sales	Percentage of	
31 st March	Considered good	Considered doubtful		Sundry debtors	
				to Sales	
2000	21729.98	NIL	551429.09	3.94	
2001	24179.85	Nil	713262.28	3.39	
2002	36822.23	Nil	627308.67	5.87	

						(Rs. Lakhs)
As on	Less than	Above one year	Above two years	Above	Total	
31 st March	One year	but less than two years	but less than three years	three years		
2000	18150.35	3500.77	63.12	15.74	21729.98	
2001	20924.35	3238.44	0.77	16.29	24179.85	
2002	35622.85	18.49	1163.02	17.87	36822.23	

Place : Chennai - 600 034
Date : 12.08.2002

Sd/-
(U. Sankar)
Principal Director of Commercial Audit &
Ex-Officio Member, Audit Board, Chennai



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF CHENNAI PETROLEUM CORPORATION LIMITED FOR THE YEAR ENDED MARCH 31, 2002 AND REPLIES TO THE COMMENTS BY THE BOARD OF DIRECTORS

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	REPLIES TO THE COMMENTS BY THE BOARD OF DIRECTORS
Balance Sheet	
1. Application of funds Fixed assets - Schedule 4 Gross Block Plant and Machinery - Rs. 1900.76 Crores.	
This includes Rs. 14.76 Crore being the value of non-functional asset since April 1996 (Gas Sweetening Unit) due to non-availability of sour gas (raw material for the plant). The Company stated that it was hopeful of a viable solution for usage of the plant.	The Gas Sweetening Unit (GSU) is not run for want of sour gas.
2. Sources of Funds The details of share holding of the Indian Oil Corporation Limited (holding Company), which held 51.81 percent of the shares has not been disclosed as required under Schedule VI of the Companies Act, 1956.	Discussions with GAIL for outright sale/operation of the plant are in progress and the company is hopeful of finding a viable solution at the earliest.
	Noted for future compliance.
	For and on behalf of the Board
	Sd/- (S. Rammohan) Chairman & Managing Director
Place : Chennai-600 034 Date : 12-08-2002	Place : Chennai Date : 13.08.2002
Sd/- (U. Sankar) Principal Director of Commercial Audit & Ex-Officio Member, Audit Board, Chennai	



EXPLANATORY STATEMENTS FOR THE REPLIES TO THE COMMENTS OF C&AG ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2002

COMMENT

1. Balance Sheet

- 1. Application of funds
 - Fixed assets - Schedule 4
 - Gross Block
 - Plant and Machinery
 - Rs. 1900.76 Crores.

This includes Rs. 14.76 Crores being the value of non-functional asset since April 1996 (Gas Sweetening Unit) due to non-availability of sour gas (raw material for the plant). The Company stated that it was hopeful of a viable solution for usage of the plant.

REPLY OF THE BOARD

The Gas Sweetening Unit (GSU) is not run for want of sour gas.

Discussions with GAIL for outright sale/operation of the plant are in progress and the company is hopeful of finding a viable solution at the earliest.

EXPLANATORY STATEMENT

- a) The Gas Sweetening Unit (GSU) was designed, based on the commitments made by ONGC and GAIL in the joint meeting held among ONGC, GAIL and CPCL during June 1992. It was decided in the meeting that ONGC would supply gas to GAIL at its fence at the rate of 1.8 LCMD from 4 fields and future discoveries in the Narimanam area including sour gas. GAIL was to make arrangement for transportation of gas to CPCL and for the transportation of lean gas to CPCL end to consumers and CPCL was to process gas for sweetening and LPG production.
- b) Since all the three companies involved are PSUs the project was implemented based on the above commitments.
- c) ONGC/GAIL, however, did not lay a separate pipeline for transporting the sour gas from the oil wells to the GSU plant as they found it to be uneconomical. CPCL approached MoPNG for suitable compensation under the Gas Pool Mechanism as the GSU plant has been put up with the approval of the MoPNG. MoPNG has indicated that there is no provision under the Gas Pool Mechanism for compensating the Company. CPCL has again taken up the matter with the MoPNG for review and reimburse the cost incurred in setting up the Gas Sweetening Unit.
- d) CPCL has approached GAIL to ascertain whether they are interested in buying the GSU plant for treating sour gas at their end. The Executive Director of GAIL visited CPCL and had discussions with the Directors of CPCL on modalities for the outright sale/operation of the Plant by GAIL.
- e) Based on the above, CPCL had, vide letter dated 11.7.2002, written to GAIL offering to sell the facilities at 20% premium over the written down value of assets as on 31.3.2002.

CPCL is hopeful of finding a viable solution at the earliest.

COMMENT

2. Sources of Funds

The details of shareholding of the Indian Oil Corporation Limited (holding Company), which held 51.81 percent of the shares has not been disclosed as required under Schedule VI of the Companies Act, 1956.

REPLY OF THE BOARD

Noted for future compliance.

EXPLANATORY STATEMENT

Schedule-VI, Part-I - Form of Balance Sheet to the Companies Act, 1956 prescribes that "In the case of subsidiary companies, the number of shares held by the Holding Company as well as by the ultimate Holding Company and its subsidiaries must be separately stated." By inadvertence, this requirement has not been met by the Company. However, it would be ensured that this requirement would be complied with by the Company in the ensuing years.

ANNUAL REPORT
2001-2002



BONGAIGAON REFINERY & PETROCHEMICALS LIMITED
(A SUBSIDIARY OF INDIAN OIL CORPORATION LIMITED)



Board of Directors

Shri B.K. Gogoi	Chairman & Managing Director
Shri Ashok Chawla	Director
Shri S.C. Das	Director
Shri N.K. Singh	Director
Shri R.C. Mahajan	Director
Shri M.B.L. Agarwal	Director
Shri S. Basu	Director
Shri A.K. Mishra	Director
Shi R.M. Hazarika	Director (Commercial)
Shri R.D. Shira	Director (Production)
Shri R.N. Das	Director (Finance)
Shri V.N. Murthy	Company Secretary

Directors' Report

Dear Shareholders

Your Directors are pleased to present the 28th Annual Report and audited Accounts, Auditors' Report and Comments of Comptroller & Auditor General of India for the Year ended 31st March 2002.

Summary of Financial Results

Particulars	(Rs. crores)	
	2001-02	2000-01
1 Turnover		
- Refinery	1112	1071
- Petrochemicals	53	39
- PSF	30	110
	<u>1195</u>	<u>1220</u>
2 Profit/Loss (-) before Interest, Depreciation & Tax (PBDIT)	(-) 237	(-) 17
3 Interest payment	38	11
4 Depreciation, amortisation & write off	34	29
5 Profit/Loss (-) after Interest & Depreciation (PBT) (2-3-4)	(-) 309	(-) 57
6 Provision for Tax	-	-
7 Deferred Tax Adjustment	110	-
8 Profit/Loss (-) after tax (5-6+7)	(-) 199	(-) 57
9 Opening balance in Profit & Loss Account	351	408
10 Cumulative deferred tax liability upto 31.03.2001 adjusted against Reserves/ Profit & Loss Account as on 01.04.2001	57	-
11 Balance carried forward to Balance Sheet (8+9-10)	95	351
12 Net worth	302	556
13 Capital employed	312	521
14 Debt/Equity Ratio (%)	63	43
15 Value addition	(60)	76
16 Contribution to exchequer	245	230
17 E.P.S. (in Rs.)	(-) 9.94	(-) 2.87

Highlights of Physical Performance

- Highest ever LPG production of 27,279 MT (1.85 % on crude throughput) was achieved in the year 2001-02, the previous highest being 25,220 MT (1.70 %) in 2000-01.
- Production of MS during the year 2001-02 is 110,117 MT which is the highest ever achieved, the previous highest being 67,467 MT in 2000-01. Sale of MS during the year 2001-02 is 10,5744 MT which is the highest ever achieved, the previous highest being 67,964 MT in 2000-01.
- Fuel and Loss as percentage on crude processed during the year 2001-02 was 6.54 %, which was the lowest ever achieved, the previous lowest being 6.63 % in 1994-95. The hydrocarbon loss of 0.23 % was also the lowest ever achieved, the previous lowest being 0.34 % in the year 2000-01. The hydrocarbon loss figure for the year 2001-02 is comparable to best performances of the Indian Refineries.
- The Energy and Loss Index of 132.15 MBTU/BBU/NRGF was also the lowest ever achieved during the year 2001-02, the previous lowest being 142.57 MBTU/BBU/NRGF in 1997-98.

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY SCENARIO

Refinery

The Administered Pricing Mechanism (APM) in the Hydrocarbon Sector has come to an end on 31st March 2002 and all the petroleum products have been fully decontrolled w.e.f 01.04.2002. The Oil Pool Account has been dismantled and Oil Coordination Committee has ceased to exist.

The pricing of petroleum products and indigenous crude oil are now market determined but Government will continue to provide subsidy on PDS kerosene and domestic LPG from the Consolidated Fund of India for some time. The Petroleum Planning and Analysis Cell (PPAC) constituted recently by the Government will administer this. Government will set up a regulatory body to oversee the Oil and Gas sector.

Oil Marketing companies, who shall determine/ fix the prices of petroleum products will continue to market petroleum products of the stand-alone refineries.

Crude oil production in the country during 2001-02 remained more or less at the same level as in the previous year, i.e. 32 million tonnes.

The down stream Petroleum Industry is witnessing volatility in the prices of crude oil. There was substantial increase in the prices of crude oil in the international market during the year 2001-02 without commensurate increase in product prices, which resulted in the fall in refinery margin.

With refining capacity in the country having increased and recession in the demand, the petroleum products became surplus forcing refineries to export part of these products. However, with lower international prices of petroleum products, exports do not seem to be encouraging.

Petrochemicals & PSF

Select major manufacturers are dominating the Petrochemicals and PSF markets. Due to large size of the plants, these players are enjoying benefit of economies of scale. Prices of the products continued to be low as in recent years compared to input prices. It is becoming increasingly difficult for small manufacturers, like BRPL to compete with big players considering wafer-thin margins.

However, the demand of the petrochemicals and PSF products are looking up which is an encouraging sign for Petrochemical and PSF producers.

Opportunities and Threats

In the Union Budget for 2002-03, the Govt. has announced an exemption of 50% Excise Duty for goods cleared from Refineries located in North East. This will help the Company to some extent to be competitive in the Post-APM scenario. However 100% Excise Duty exemption is being sought to make the company viable in the long run.

Having become a part of IndianOil, the Company is being counted along with this Fortune 500 company. Benefit of this association is already being felt. It is expected that the strength of this association will enable the Company to face the challenges of the deregulated scenario in a comprehensive manner and open new vistas of co-operation and development.

Government is also making efforts to increase the indigenous crude oil production from North East oil fields. Increase in availability of Assam crude oil will enable the Company to enhance the capacity utilisation of its plants.

Stagnant production level of crude oil from NE oil fields, distant market for products, economic slow down in North East region and narrowing gap between supply & demand of refinery products are some of the vital threats that the Company is facing today. However, with proper assistances from the Govt., the company will be able to overcome some of these threats and aspire to revive its financial strength in near future.

RISK AND CONCERNS

Sub-economic sizes of Refinery & Petrochemical plants continue to be major concern for the company as it is difficult to achieve economies of

scale while operating such small capacity units vis-a-vis bigger units elsewhere in the country.

With complete dismantling of Administered Pricing Mechanism for petroleum products effective 1st April 2002, prices of petroleum products are now market determined. BRPL, being a stand-alone refinery, has been depending upon the holding company (IOCL) for marketing its petroleum products and prices it would get on its products.

Supply of petroleum products has outstripped the demand in the country. Any further slowdown in the economy will have adverse effect on the demand of petroleum products, which in turn may affect the profitability of the refinery.

The main raw material of petroleum industry, the crude oil, is in deficit in the country and the country has to import two-thirds of its crude oil requirement to meet the domestic demand. Prices of crude oil will be guided by the international prices of crude oil. Hence, the margins of the refinery will depend largely on crude and product price movements in the international market.

The Company has been facing shortage of North East crude oil resulting in lower capacity utilisation of the refinery. Due to remote location and long distance between port and BRPL's plant, processing of imported crude oil is not economical under the present price trends of crude and products. The economics is further affected due to high cost of crude oil import through Haldia port on account of the draft limitation and other bottlenecks of this port. Hence, profitability of the refinery will depend upon availability of sufficient quantity of indigenous crude oil from the North East oil fields. Any further shortfall in the availability of crude oil to BRPL below the projected 1.6 MMT in 2002-03 may affect profitability of the refinery.

Distant location of market for Petroleum & Petrochemical products continue to be a major concern as it entails additional transportation cost of placing the products in the market outside Eastern / North East Region. Govt. has been requested for extending transport subsidy for movement of all these products.

The 50% exemption of excise duty to goods cleared from North East refineries including BRPL is likely to bring relief to the sagging bottom lines of the Company. Any change in Government policy resulting in withdrawal of this exemption will have adverse effect on the profitability of the refinery.

Pricing of indigenous crude oil is proposed on FOB basis for the year 2002-03. Any deviation in policy towards pricing of crude oil for NE refineries resulting in increase in the prices of crude oil over FOB cost will adversely affect the profitability of the refinery.

Govt. is introducing stringent quality specifications for petroleum products through Bharat Stage-II specifications to be effective from the year 2005. To meet the required quality specifications, BRPL will need to install a Hydrotreater unit in its refinery, which will call for substantial investment. BRPL is exploring the possibility of optimising investment by utilising the Hydrotreatment plant of IOCL refineries. If BRPL is unable to implement this project within 2005, it may find it difficult to sell its diesel in the market, as it would not meet the required specifications.

However, the Company is making all possible efforts in association with its holding company Indian Oil to implement this project within the stipulated time frame.

DMT and PSF plant operations continue to be unviable due to unremunerative product prices compared to high input costs. However, the Management is exploring in consultation with Indian Oil all possible alternatives for revival of Petrochemicals and PSF business, including assistance from Petrochemical majors in operational & marketing areas.

OUTLOOK

Refinery

With allocation of 1.6 MMT of indigenous crude oil and likely supply of Crude at FOB price basis along with 50 % excise duty exemption, the

Company is likely to earn profit during the year 2002-03.

Petrochemicals & PSF

Outlook for the Petrochemicals & PSF business is not much encouraging since the benefit of excise duty exemption is not available to Petrochemicals and PSF products.

Revival of existing business is being explored through various measures. Few projects have been identified for production of value added PSF and the same are being examined in association with Indian Oil, the holding Company. Further, association of major Petrochemicals players, in operation and marketing of PSF business is also being explored.

Operation of PSF and DMT Plant will depend upon overall profitability of the Company considering the Excise Duty benefit available to the Company.

Petrochemicals and PSF business may get much-needed boost if the Company gets transport subsidy and sales tax exemption on Petrochemicals and PSF products, which the Company is pursuing with the concerned authorities.

BUSINESS ISSUES BETWEEN BRPL AND INDIANOIL

In order to ensure co-ordinated efforts towards integration of the business activities between the holding Company IndianOil and BRPL, two multi-disciplinary joint working groups have been constituted. The working group at regional level is reviewing the business issues on a regular basis so as to implement action plans and senior level working group will provide direction in those areas requiring policy decision for development and growth.

PHYSICAL PERFORMANCE

Refinery

Crude Throughput

The refinery processed 1,475,071 MT Crude oil during the year against receipt of 1,468,095 MT. This includes processing of 341,111 MT of Low Sulphur Imported Crude Oil. The processing of imported crude oil has been suspended since November 2001 due to high cost of import of Low Sulphur Crude Oil through Haldia port.

The plan target, actual crude receipts & quantities processed for the year 2001-02 & 2000-01 are given below:

	(Figures in MT)	
	2001-02	2000-01
Annual Plan Target		
Imported Crude Oil	749,000	500,000
Indigenous Crude Oil	1,051,000	1,305,000
Total	1,800,000	1,805,000
Actual receipt of Crude Oil		
Imported Crude Oil	327,856	73,837
Indigenous Crude Oil	1,140,239	1,410,103
Total	1,468,095	1,483,940
Actual Crude Oil throughput		
Imported Crude Oil	341,111	60,301
Indigenous Crude Oil	1,133,960	1,427,261
Total	1,475,071	1,487,562

Secondary Processing Units

The throughput of Secondary processing units were as follows:

Units	(Figures in MT)	
	2001-02	2000-01
Kerosene Treating Unit	236,024	233,154
Delayed Coker Unit	611,549	687,250
Coke Calcination Unit	32,402	27,496

Production & Yield Pattern

The production & yield pattern on Crude throughput for the year 2001-02 & 2000-01 were as follows:

Particulars	2001-02		2000-01	
	(MT)	(%)	(MT)	(%)
Light Distillates	2,71,354	18.40	2,66,771	17.93
Middle Distillates	9,25,854	62.76	9,38,781	63.11
Total Distillates	1,197,208	81.16	1,205,552	81.04
Heavy Ends	190,741	12.93	239,407	16.09
Fuel & Loss	96,486	6.54	114,485	7.70
Others (Intermediate Stock Differential)	(9364)	(0.63)	(71,882)	(4.83)
Total	1,475,071	100.00	1,487,562	100.00

PETROCHEMICALS & POLYESTER STAPLE FIBRE (PSF)

(Figures in MT)

Particulars	2001-02		2000-01	
	Production	Sale	Production	Sale
DMT	6,684	497	18,692	1,544
PSF	6,924	5,142	15,128	17,944
Ortho-Xylene	627	645	643	999
Mixed-Xylene	4,066	3,905	3,544	4,068
Ceeseven Solvent	1,482	1,455	261	285
Caenine Solvent	2,237	3,412	3,258	3,126
BRPSOL-100	835	788	1,120	1,159
PETROSOL	4,190	4,328	2,908	2,968
BONMEX	13,243	13,164	5,630	5,678
Para-Xylene	5,157	-	10,935	-
Methanol	2,308	-	5,140	-

Due to un-remunerative product prices, operations of Petrochemicals & PSF plants were restricted during the year.

MARKETING

Refinery products

IndianOil continues to market refinery products of BRPL (except RPC & CPC) under a marketing agreement between the two companies.

Consequent to your Company becoming a subsidiary of IndianOil effective 29.03.2001, co-ordination between BRPL and IndianOil improved in the areas of marketing of refinery products. Smooth evacuation of products took place during the year. Though refinery products are increasingly becoming surplus in the country, the Company can now benefit from the strength of IndianOil being the largest marketing Company in the country.

Highest ever sale of MS and LPG were achieved during the year.

Petrochemicals & PSF

Lower prices of products with high input costs deterred sales during the year and the unit had to be kept idle for better part of the year. Sales of PSF decreased to 5,142 MT compared to 17,944 MT in the previous year.

Various cost effective measures to reduce marketing cost of Petrochemicals & PSF are under implementation.

FINANCIAL PERFORMANCE

Profitability

The Sales Turnover during the year 2001-02 was Rs. 1195 Crores against Rs. 1220 Crores during 2000-01. The sales value in Refinery marginally

decreased during 2001-02 due to lower allocation of indigenous crude oil and non-processing of targeted quantity of imported crude oil as processing of imported crude oil received through the Haldia port resulted in negative margin. Sales value of Petrochemicals increased by 33%, but the sales value of PSF decreased by 72%. Production of DMT and PSF have been suspended for a major portion of the year due to negative contribution in operation over the year.

The Company has suffered operating loss before depreciation, interest and tax during 2001-02 of Rs. 237 Crores against an operating loss of Rs. 17 Crores during previous year.

Depreciation for the year 2001-02 marginally increased to Rs. 33 Crores as compared to Rs. 29 Crores for the year 2000-01 due to capitalisation of few completed assets.

The interest expenditure increased substantially from Rs. 11.48 Crores during 2000-01 to Rs. 37.69 Crores for the year 2001-02. This increase was mainly on account of interest on outstanding crude cost liability payable to Crude Oil producers arising out of low cash generation of the Company during the year.

The net loss of the Company has increased to Rs. 198.61 Crores in 2001-02 against a loss of Rs. 57.44 Crores in 2000-01. The higher loss was attributable primarily to outstanding claim of IndianOil towards freight under recovery of Rs. 209.57 Crores for movement of decontrolled products to outside the North-East region for the period from April 1998 to March 2002. The loss of last two years has eroded the credit balance of Profit & Loss account to Rs. 95 Crores.

Your Company is taking all possible steps for reducing cost and improving operational efficiency. These include better fuel management, implementation of energy conservation schemes, inventory control, preventive maintenance, loss reduction, reduction of administrative expenses, etc. These steps have shown positive results towards containing operating cost compared to earlier years.

However, BRPL being a small stand-alone Refinery away from major customer centres, has requested the Govt. for granting fiscal benefits such as 100% excise duty relief, transport subsidy on both Petroleum & Petrochemicals products and sales tax exemption on Petrochemicals & PSF products. The company has moved the Government and crude oil suppliers (OIL & ONGC) with assistance of Indian Oil to increase allocation of indigenous crude oil and also pricing of crude oil on FOB basis in the post-APM period.

1.6 million tonnes of Assam Crude oil has been allocated to the Company for the year 2002-03 and the oil producers (ONGC & OIL) are likely to supply the crude oil at FOB price basis. This will bring the much-needed financial relief to the Company.

During the year 2001-02, Rs. 31 Crores was invested in creating capital assets. This was financed through OI&B loan of Rs. 20 Crores and the balance from other sources. Gross Fixed Assets (including Capital Works-in-Progress) increased from Rs. 900 Crores as on 31-03-2001 to Rs. 931 Crores as on 31-03-2002.

Dividend

Considering the loss during 2001-02, no dividend is proposed for the year.

Contribution to Exchequer

The Company made contribution of Rs. 245 Crores to the Central Exchequer and Rs. 1 Crore to the States' Exchequer in the form of duties and taxes during the year.

Export Earnings

Your Company earned Rs. 14.22 Crores during the year from exports through IOCL, its marketing company, on account of export of LDO.

Segment wise financial performance during 2001-02:

Particulars	(Rs. crores)				Consolidated Total
	Refinery	Petrochemicals	PSF	Corporate	
1 Turnover	1112	53	311	-	1195
2 Inter segment revenue	106	27	2	-	135
3 Profit/(Loss) before Interest, Depreciation & Tax (PBDIT)	(181)	(30)	(29)	3	(237)
4 Depreciation, amortisation & write off	20	5	9	-	34
5 Interest payment (Net)				38	38
6 Profit/(Loss) after Interest & Depreciation (PBT) (3-4-5)	(201)	(35)	(38)	(35)	(309)
7 Provision for Tax	-	-	-	-	-
8 Profit/(Loss) after tax (6-7)	(201)	(35)	(38)	(35)	(309)
9 Deferred Tax Asset					110
10 Profit & Loss Account after deferred tax adjustment					(199)
11 Capital employed	42	73	82	15	212
12 Value addition	(62)	3	(1)	-	(60)
13 Contribution to exchequer					246

The increase in loss in the refinery sector was mainly due to considerable reduction in the refinery margin, increase in crude cost (especially on account of consumption of imported crude Oil) without corresponding increase in petroleum products prices and outstanding Freight under recovery of Rs. 209 Crores for movement of decontrolled products to outside North-East region for the period from April, 1998 to March, 2002.

Due to high cost of input materials with corresponding lower prices of finished products, both Petrochemicals and PSF plant remained economically unviable through out the year. As a result production of PSF and DMT has been kept suspended w.e.f. 05.10.2001 and 10.10.2001 respectively.

PROJECTS

Projects completed during 2001-02

During the financial year 2001-02, your company has completed the following projects:

- Refinery Instrument Modernisation (Phase-II) - Equipping Refinery units including tank farm and loading system with latest state of art technology of Distributed Digital Control (DIDC) System and automatic tank gauging.
- 5 MW DG set - Building-up flexibility for quick start-up of Captive Power Plant (CPP) at the time of total power failure.
- Offsite facilities - Construction of product tanks (2 SKO and 1 LSHS tank) to enhance the storage capacity of SKO and LSHS.
- ENCON Projects - During the financial year 2001-02, your company has installed Desalters in Crude Distillation unit - I & II. This will facilitate in optimising energy consumption and help in reduction of down time of refinery units as equipment failures arising out of crude quality are likely to come down.
- Construction of Guest House & Office Complex at Guwahati - Construction of Guest House & Office Complex at Guwahati has been completed in November 2001. With the completion of this Complex, a long felt need of BRPL has been fulfilled and the company as well as its employees are benefited.

- New Grid Chamber at Township - New Grid Chamber at BRPL Township is completed and successfully commissioned in August 2001. Commissioning of this system meets the environmental need in order to dispose off and to process additional sewerages in WWTP, generated due to expansion of Township. This will provide a clean environment in the Township.

On-going Projects

Implementation of the following projects are in various stages of progress :

- PSF Product Diversification & Plant Modernization project - Conversion of one of the existing Draw Line in PSF Plant to produce annealed fibre
- Crude Oil Import & Storage at BRPL (Phase-II) - To enhance storage capacity of crude oil by another 20,000 cubic meter.
- Modification of LPG Recovery Facilities in DCU-I & DCU-II
- LPG Bottling Plant - Unit is mechanically completed, will be commissioned shortly.

Projects under consideration

Diesel Hydrotreatment Project

Setting up of Diesel Hydrotreatment Plant (DHTP) at BRPL is proposed in order to meet future stringent quality specification of High Speed Diesel (HSD) as per Bharat Stage -II quality specifications. DFR for this project has been prepared. Environmental Clearance for the Project has been accorded by the Ministry of Environment & Forest.

In the meanwhile, IndianOil has indicated the availability of spare capacity in similar plants located at its Guwahati and Barauni refineries. The proposal is being studied for optimising the capacity of the proposed Hydrotreatment Plant.

PERSPECTIVE PLAN

Due to uncertainties regarding profitability of the company in the near future, limitation of internal resources and in absence of identified economically viable major new projects at this stage, it was decided to have a conservative estimate of investment for the Xth plan period. An outlay of Rs. 231 crores has been fixed for the Xth plan period in consultation with the Ministry of Petroleum & Natural Gas and the Planning Commission.

Setting up of a Diesel Hydrotreatment Plant to improve product quality has been identified as the priority project in the Refinery Sector during this period. In addition, few small efficiency improvement schemes have also been identified.

The thrust in the Petrochemicals sector will be towards revival of the business in association with other major players with initiative and guidance of IndianOil. Few low cost value added schemes are also under study.

BRPL and IndianOil are discussing these business related matters jointly. Once it takes a concrete shape, the Perspective Plan of the company can be finalised. The Xth Plan outlay may accordingly need some revision.

RESEARCH & DEVELOPMENT (R&D)

During the year under review, in-house R&D activities have been undertaken in the following areas:

- Continued improvement in HSD quality and increase in yield of Diesel by using various chemical additives with in-house efforts.
- Study on Needle coke manufacture at BRPL utilizing the heavy Residue feedstock having potential for Needle Coke production. [This study has been done in collaboration with IOC (R&D) division]
- Upgradation of LSHS components to LDO by suitable chemical additives and thereby further enhancing *distillates yield of refinery products*.
- Production of "Super Grade LDO" and "DG set Grade Fuel Oil".

ENERGY CONSERVATION

The company continued its efforts on Energy Conservation through continuous monitoring and control of operational activities and implementing new energy conservation schemes.

The following Energy Conservation Schemes have been completed during the year:

- Installation and commissioning of Crude Oil Desalters (2 Nos) in Crude Distillation Units I & II.
- Destaging of fractionators bottom pump of Delayed Coking Unit - I & II resulting in saving of power.
- Reduction of LP steam pressure from 4.5 to 3.5 ata resulting in lower line loss in the offsite LP steam header.

Refinery

The fuel & loss in the Refinery Sector in the year 2001-02 was 6.54 wt% on crude throughput and the specific energy consumption was 132.16 MBTU/BBL/NRGF, which are the best figures ever achieved. The hydrocarbon loss of 0.23 % in the year 2001-02 was the best figure ever achieved to date and is comparable to the best performances of the Indian Refineries.

Petrochemicals and PSF

The specific energy consumption in the year 2001-02 was 1.697 SRFT per MT of Xylenes. The specific energy consumption in the PSF sector during the year was 1.597 SRFT per MT of PSF. The specific energy consumption is higher due to lower production of Xylenes, DMT & PSF arising from market constraint.

SAFETY & HEALTH

The Company is committed to the safety of its employees, equipment and materials. Safety activities are aimed at achieving credible safety performance at work by Company's employees as well as by other workers. The company achieved continuous 584 days (6.432 million man-hours) without any lost time accident from 19.07.2000 to 22.02.2002.

To enhance the safety awareness of the employees, training and educational programmes were conducted regularly and quarterly safety bulletins were published and distributed to all the employees. Company also observed National Safety Day and Fire Services Day. Efforts continued throughout the year to upgrade safety standards & operating and maintenance practices in various units.

Health check-up programme for all employees was drawn at the beginning of the year and monitored closely for their good health and to detect any occupational disease. No occupational disease was detected. The Company has set up a Rural Health Centre and is providing free medical services to neighbouring villages.

Mock drills were conducted to check & review the preparedness for handling emergencies under simulated condition. Deficiencies observed during these mock drills were taken care of.

Recommendations made by the External Safety Audits (ESA) carried out in 1990, 1992, 1995 and 1998 are fully implemented. 5th round of External Safety Audit (ESA-2001) of the company was carried out from 10th to 14th September 2001. 72% of the recommendations of ESA-2001 have already been implemented. Work on the balance is in progress as per schedule.

Internal Safety Audit (ISA) of various plants and facilities was conducted during the year by internal multi-disciplinary audit teams. Most of the recommendations of Internal Safety Audit-2001 have been implemented.

ENVIRONMENT MANAGEMENT

During the year, quality of effluents and emission levels remained generally within stipulated limits.

Since the time of IS/ISO 14001 certification of the Environment Management System of BRPL by Bureau of Indian Standards (BIS) in February 2001, two surveillance audits have been completed by BIS during

the year. These audits have confirmed that System adopted by the company is in order.

The company has obtained "No Objection Certificate" from Pollution Control Board, Assam for its proposed Diesel Hydrotreatment Plant (DHTP), subsequent to a Public Hearing organised by the Pollution Control Board, Assam at Bongaigaon.

Environmental Clearance for the DHTP has been accorded by the Ministry of Environment & Forest.

World Environment Day was observed on 5th June which includes tree plantation programme inside the complex. "PARIVESH" a quarterly newsletter on environment was circulated to all employees to increase awareness and involvement in caring for the environment. Training programmes on environment management were also conducted throughout the year to benefit all employees.

HUMAN RESOURCES

Manpower

The manpower of the Company as on 31.3.2002 was 1810 (547 executives and 1263 non-executives). In previous year the strength was 1826. During the year 2001-2002, 3 were recruited and there were 19 attritions on account of retirement, resignation and death.

Employees Welfare

Your company continued in its endeavour to meet the expectations of the employees with regard to welfare benefit programmes. The recreational and educational facilities in the township were maintained and the employees were provided with liberal medical benefits.

Welfare of Weaker Sections

The Company follows the Presidential Directives and Govt. guidelines issued from time to time in the matters of recruitment and promotion of SC/ST, in direct recruitment of OBCs, persons with Disabilities, Ex-servicemen, Minorities and Women employees. Constant endeavour has been made for promoting welfare of weaker sections. Overall representation of weaker sections as on 31st. March 2002 is given below:

- | | |
|---|--|
| [A] Scheduled Castes and Scheduled Tribes | - Overall representation is 26.69% |
| [B] Other Backward Classes | - Overall Intake has been 29.09% in all Groups combined after 8.9.93 when reservation for OBCs were made applicable. |
| [C] Persons With Disabilities (PWD) | - The overall representation is 1.60% (2.06% in Group 'C' & 'D' posts). |
| [D] Ex-servicemen (ESM) | - Overall representation is 3.48% (4.75% in target Group 'C' & 'D' posts). |
| [E] Minority Communities | - The overall representation of Minorities is 10.44%. |
| [F] Women employees | - The overall representation is 4.31%. The number of Women executives is 15 out of total 547 and non-executives is 63 out of total 1263. |

A statement showing the total number of employees and the number of SCs and STs amongst them as on 01.01.2002 and a statement showing the number of reserved posts filled by SC and ST candidates during the calendar year 2001 in direct recruitment and promotion are given at Annexure-III & Annexure-IV

Industrial Relations

The overall industrial relations climate in your company remained cordial and no plant interruption was caused due to any industrial relation issue.

Human Resources Development & Training

As part of training activities of HRD department, a number of employees, identified in various areas as per individual and organisational needs, were deputed during the year for external training programmes covering various specialities. In-house programmes have also been organised with internal and external faculties. During the year 2001-2002, the Company trained 442 Executives & 904 Non-Executives.

In order to create awareness among employees regarding the changes they need to bring in their work culture in a deregulated scenario, various programmes were conducted with the help of external faculty.

Use of Hindi

The Company is striving to implement the Official Language as per policy and directives of the Govt. of India. In this direction, training of the employees was continued under various Hindi teaching schemes of the Ministry of Home Affairs. To encourage healthy competition among the employees, cash incentives have been awarded, under the Hindi Noting, Drafting competition initiated by the Official Language dept., Ministry of Home Affairs, besides various other competitions.

7 Employees of the Company were sent to the Hindi Computer training programme sponsored by the Official Language Department, Ministry of Home Affairs & conducted by ER & DCI to acquire proficiency in word processing in Windows environment.

The Company awarded "Town Official Language Shield" to the best working office in the field of Official Language Implementation at the District level.

To promote Hindi Language from the School stage, Company implemented cash awards to the students securing highest and second highest marks in Hindi subject of Class - X examination of CBSE at the District level.

Sports

The Company continued to lay emphasis on promotion of games and sports during the year 2001-02 by organizing various tournaments and competitions. Inter -Departmental Competitions were conducted during the year with active participation from all employees.

The Company hosted the XIII PSCB Inter Unit Basketball Tournament from 21st to 23rd March 2002 at Its Sports Complex at Dhaligaon.

The Company organized coaching camps in Basketball and Cricket for students of the neighbouring areas and BRPL Township. To develop & promote sports at the grass-root level, the Company has organized the Nehru Cup School Football Tournament with enthusiastic participation from 24 schools of the neighbouring areas. The first inter-school Kabaddi Tournament for boys & girls was also organized during the year. All together 22 nos. of schools from the neighbouring areas participated in the tournament.

The Basketball Association of Assam sponsored a coaching camp for the Assam Junior Girls' Team at BRPL Sports Complex. BRPL provided appropriate facilities during the coaching camp.

The Refinery Club Cum Community Centre organized All Assam Invitation Volleyball and Badminton Tournaments for Clubs during the year.

COMMUNITY DEVELOPMENT

The Company lays emphasis on the socio-economic development of SC and ST communities, the under-privileged and needy segments in the neighbouring areas. It has been in the forefront in discharging its social responsibility and to maintain good relations with them. The welfare schemes undertaken by the Company under the Special Component Plan and Tribal Sub-Plan include:

- Extending financial assistance for construction / renovation of educational institutions in the neighbouring areas.
- Providing scholarships to meritorious SC/ST students pursuing studies in full-time graduate courses in Engineering, Medical, Nursing and Post Graduate courses in Agriculture, Business Administration.

The Post Matric Scholarship scheme is also introduced for Higher Secondary Schools in rural areas.

- Providing free medical services to neighbouring villages.
- Tree plantation programme in the boundary wall area of the LPG Bottling plant for conservation of environment and by the sides of the Tunla river for protection from soil erosion.
- Providing sports items to schools and clubs in the neighbouring areas as an encouragement to local youths keen in sports.

MEMORANDUM OF UNDERSTANDING

The company's overall performance for the year 2000-2001 under the MoU system of evaluation of the Government has been rated as 'Good'. The Company has signed MoU with the Ministry of Petroleum & Natural Gas, Govt. of India for the year 2001-02 covering performance targets for various aspects of its business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

BRPL has a comprehensive internal control system to safeguard all of its assets and prevent misuse of assets and funds. With a view to bring uniformity in the procedures, the company has formulated various manuals like Contract Manual, Marketing Manual, Accounts Manual etc., which have systematised the functions of the user departments and brought transparency in the operation.

The management reviews the operation/functioning of the Company at regular intervals through Management Committee Meetings, Operation Committee Meetings, Project Review Meetings, Production Coordination meetings etc. and is assisted by an efficient Management Information System which allows free flow of information both ways.

The Ministry of Petroleum & Natural Gas, Govt. of India reviews the performance of the company on quarterly basis. The Holding company IndianOil also monitors the performance of the Company on monthly basis through monthly Apex level meeting.

The Company has a separate Internal Audit Department, which carries out extensive audits of various areas of Company's operation through out the year. A separate Management Audit Committee consisting of Chairman & Managing Director and Functional Directors reviews periodically the findings of the Internal Auditors and suggests areas of concern where further control by the Internal Audit is necessary.

The Audit Committee at the Board level inter-alia reviews the report of the Management Audit Committee and the adequacy of internal control systems of the Company.

VIGILANCE

During the year 2001-2002, routine and surprise checks were conducted on regular basis and discrepancies noticed were brought to the notice of the concerned departments for remedial measures. Steps were being taken for expeditious disposal of departmental inquiries/vigilance cases. Scrutiny/ examination of procedures and systems was made and improvements formulated. Sensitive areas were identified. Co-ordination meetings with CBI officials were held on regular basis so as to ensure speedy disposal of cases registered by CBI. The vigilance activities undertaken during the year have acted as deterrent and kept unscrupulous elements under control.

CORPORATE GOVERNANCE

BRPL is committed to compliance of the code of corporate governance as specified in clause 49 of the listing agreement with stock exchanges in letter and spirit. The company has complied with all the provisions of the corporate governance code. A management discussion and analysis on performance of the company, industry scenario, opportunities and threats, risk and concerns, future outlook, etc is also incorporated in the Directors' Report.

DIRECTORS

In the 27th Annual General Meeting held on 4th September 2001 S/Shri M B L Agarwal, S Basu and A K Mishra were re-appointed as retiring Directors in terms of Section 257 of the Companies Act, 1956 and S/Shri Ashok Chawla and N K Singh were re-appointed as retiring Directors of the Company in terms Section 256 of the Companies Act, 1956.

Shri K Ramachandran Pillai relinquished the post of Director- Human Resources of the Company with effect from 16th August 2001 (A.N.) consequent upon his appointment as Director (Personnel) of NTC (Holding Company) Limited. The Board places on record its deep appreciation for the valuable guidance and contribution made by Shri K Ramachandran Pillai during his tenure in the Company.

Shri S C Das, Shri R C Mahajan and Shri R M Hazarika, Directors shall retire by rotation at the 28th Annual General Meeting and being eligible, offer themselves for re-appointment as Directors at the said meeting.

STATUTORY INFORMATION

Particulars of Employees

Statutory statement of particulars of employees under section 217[2-A] of the Companies Act, 1956 read with the Companies [Particulars of Employees] Rules 1975, as amended, is attached as Annexure-II and forms an integral part of this Report.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

Information required under section 217[1][e] of the Companies Act, 1956, read with the Companies [Disclosure of particulars in the Report of the Board of Directors] Rules, 1998 is attached as Annexure-I and forms an integral part of this Report.

STATUTORY AUDITORS

The Comptroller & Auditor General of India has appointed M/s SRI Associates, Chartered Accountants, Calcutta as the Statutory Auditors of the Company for the financial year 2001-02. The observations of the Statutory Auditors in their report dated 25th May 2002 and the comments of the Management thereon are given in Annexure-VI to the Directors' report.

COST AUDITORS

The Government of India has approved the appointment of M/s R J Goel & Co., Cost Accountants New Delhi, as Cost Auditors of the Company relating to manufacture of Polyester Staple Fibre for the financial year 2001-02.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956 your Directors confirm the following:

- a) THAT in the preparation of the annual accounts, the applicable accounting standards had been followed;
- b) THAT the directors had selected such accounting policies and applied consistently and made judgements and estimates that are reasonable & prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2001-02 and of the profit & loss of the Company for that period;
- c) THAT the directors had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) THAT the directors had prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors thank the Company's clients, suppliers, vendors, investors, bankers and other stakeholders for their continued support during the year.

Your Directors are grateful for guidance and support received from Indian Oil Corporation Limited, the holding company, Ministry of Petroleum & Natural Gas and other Ministries and organizations of Govt. of India & Govt. of Assam throughout the year.

Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels.

Your Directors thank all the shareholders for the trust reposed in the Board.

For & on behalf of the Board of Directors
Bongaigaon Refinery & Petrochemicals Ltd

Place : New Delhi

Date : 24.05.2002

B.K.GOGOI
CHAIRMAN & Managing Director

ANNEXURE-I TO THE DIRECTORS' REPORT

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

a. Energy Conservation measures taken

- i. Various energy conservation measures have been adopted in the plants/processing complex to make the operations more efficient, which are given below:
 1. Energy audit of furnaces and boilers were conducted and corrective actions were taken to reduce energy consumption.
 2. Survey of steam leak & insulation were conducted and accordingly corrective actions were taken to reduce energy loss.
 3. PSV's survey were conducted by the portable VPAC meter to quantify the gas flaring through defective PSV's and accordingly corrective actions were taken.
 4. Oxygen Analysers in Crude Distillation Unit-I & II were replaced with new instruments in November-December,01 for continuous monitoring of excess air in the heaters.
 5. Six numbers of Mass flow meter in the supply & return line of fuel oil services were put in CDU-I, DCU-I & DCU-II during the year 2001-02.
 6. Energy Benchmarking study of Refinery Units & Captive Power Plant were completed jointly by M/s Engineers India Ltd. & Centre For High Technology, New Delhi.
- ii. The following energy conservation schemes were commissioned during the year:
 1. Desalters in Crude Distillation Units-I & II during the month of December,01 & February,02 respectively. Energy savings through this scheme during December - March,2002 is 742 SRFT (equivalent to Rs. 55 lakhs).
 2. The SL steam pressure was reduced from 4.5 ata to 3.5 ata as stripping steam being used in refinery process units have been changed from SL to MP steam. The scheme was implemented in April, 2001. Energy savings through this scheme during the year is 2810 SRFT (equivalent to Rs. 207 lakhs).
 3. Destaging of both the fractionator bottom pump of Delayed Coker Unit-I were done during the year 2001-02. Energy savings through this scheme during April- March, 02 is 326 SRFT (equivalent to Rs. 24 lakhs).
 4. Destaging one of the fractionator bottom pump of Delayed Coker Unit-II were completed in February, 02. Since the pump was not in operation, energy savings is not being assessed.
- b. **Additional investments and proposals, if any, being implemented for reduction of energy consumption**

Following energy conservation schemes are being implemented:

1. Trial for destaging of two numbers of Crude Oil pump and one fractionator bottom pump of Delayed Coking unit will be done during the year 2002-03.
 2. A Joint Energy Audit (JEA) will be conducted during the year 2002-03 by the Centre for High Technology through teams comprising of members from other refineries & CHT
- c. **Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.**

Actual savings for schemes under (a) (ii) 1, 2, 3 & 4 are Rs. 286 lakhs during 2001-02 based on fuel price of Rs.7,376.31 per SRFT which was the weighted average cost of fuel during 2001-02.

d. Total energy consumption and energy consumption per unit of production

FORM-A

	2001-02	2000-01		
A. Power & Fuel Consumption			4. Fuel Gas (For steam consumed in process and as direct fuel):	
1. Electricity :			Quantity ('000 MTs)	31.746 44.460
(a) Purchased - Unit (MWH)	829.1	161.7	Total Cost (Rs. Lakhs)	2341.68 3383.7
Total Amount (Rs. Lakhs)	142.61	118.83	Average Rate (Rs./MT)	7376.31 7610.97
(The amount represents the minimum Demand Charges paid to Assam State Electricity Board which is a fixed amount)			B. Consumption per unit of production	
(b) Own generation:			1. Refinery Sector :	
(i) Through Diesel Generator -Units (MWH)	-	-	(a) Electricity (including purchased power), MWH/MT of crude throughput	0.0449 0.0456
Units/Lcr. of Diesel	-	-	(b) Fuel (Fuel oil/gas) for Steam & direct fuel SRFT/MT of crude throughput	0.0494 0.0603
Cost per unit (Rs./MWH)	-	-	(c) Coal	-
(ii) Through Steam Turbine Generator-Units (MWH)	124,349	151,781	(d) Others (specify)	-
Liquid Fuel used for Power Generated ('000 MTs)	37.762	43.040	2. Petrochemicals Sector :	
Fuel Gas used for Power Generated ('000 MTs)	6.199	10.072	(a) Electricity (including purchased power), MWH/MT of DMT production	6.0401 3.0234
Liquid Fuel Oil & Fuel Gas for Power Generated (in MWH/SRFT)	2.813	2.822	(b) Fuel (Fuel oil/gas) for Steam & direct fuel SRFT/MT of DMT production	2.0384 1.2284
Cost per unit (Rs./KWH)	4.005	3.300	(c) Coal	-
2. Coal Quantity :			(d) Others (specify)	-
Quantity ('000 MTs)	-	-	3. Polyester Staple Fibre Sector :	
Total Cost (Rs. Lakhs)	-	-	(a) Electricity (including purchased power), MWH/MT of PSF production	2.6058 1.7909
Average Rate (Rs./MT)	-	-	(b) Fuel (Fuel oil/gas) for Steam & direct fuel SRFT/MT of PSF production	0.6889 0.6693
3. Liquid Fuel (LSMS) (For steam consumed in process and as direct fuel) :			(c) Coal	-
Quantity ('000 MTs)	56.618	74.177	(d) Others (specify)	-
Total Cost (Rs. Lakhs)	4176.32	5645.46		
Average Rate (Rs./MT)	7376.31	7610.97		

B. TECHNOLOGY ABSORPTION

FORM-B

I RESEARCH & DEVELOPMENT

1. Specific areas in which R&D has been carried out by the Company

- a) Increase in HSD yield and continued improvement in quality of Diesel by testing of various blends of Diesel by using chemical additives.
- b) Study on production of Needle coke by utilizing the heavy residue feedstock in collaboration with IOC (R&D). Trial run on production of Needle Coke was successful.
- c) Upgrading LSHS components to LDO by using commercially available chemical additives.
- d) Production of "Super Grade LDO" and "DG Set Grade Fuel Oil".

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

- a) Increase of HSD yield and improvement of quality of HSD by chemical additives would result in value addition.
- b) Production of Needle Coke would result in value addition and reduce the imports of Needle coke and reduce the foreign exchange outgo.
- c) Upgrading of LSHS components would result in value addition.
- d) Production of "Super Grade LDO" and "DG Set Grade Fuel Oil" would give value addition.

II. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts made towards technology absorption, adaptation and innovation

Tank Farm and Wagon/Truck loading system have been modernized by incorporating automatic tank gauging and latest instruments for improved accounting and also to minimize loss during product dispatch. This has resulted in reduction of hydrocarbon loss.

Imported Technology

One of the single stage draw Relax lines is being converted to Double stage draw Annealed line using Dupont Technology to enhance Annealed fibre production in PSF plant. The project is expected to be completed by June 2002.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange earnings and outgo during the year 2001-02 in comparison to 2000-01 are given below:

	2001-02	(Rs. Lakhs) 2000-01
i] Earnings in Foreign Exchange		
a] Exports	-	-
b] Others	-	-
ii] Foreign Exchange Outgo:		
a] Capital goods	71.63	508.99
b] Stores & spares	141.90	626.24
c] Royalty/ know-how	-	34.13
d] Professional consultation	3.60	-
e] Travelling	2.00	-
f] Registration fees	-	-
g] Other expenses	0.85	-

ANNEXURE -II TO THE DIRECTORS' REPORT

PARTICULARS OF EMPLOYEES FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2002 IN TERMS OF SECTION 217 (2A) OF THE COMPANIES ACT, 1956

NAME	DESI GNATION	AGE (YRS)	QUALI FICATION	TOTAL EXPERIENCE (YRS)	DATE OF JOINING	LAST EMPLOYMENT DESIG- NATION	ORGANI- SATION	REMUN- ERATION
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PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR WHO WERE IN RECEIPT OF REMUNERATION FOR THE FINANCIAL YEAR WHICH IN AGGREGATE WAS NOT LESS THAN RUPEES TWENTY-FOUR LAKHS

NIL

PERSONS EMPLOYED FOR A PART OF THE FINANCIAL YEAR WHO WERE IN RECEIPT OF REMUNERATION FOR THE FINANCIAL YEAR WHICH IN AGGREGATE WAS NOT LESS THAN RUPEES TWO LAKHS PER MONTH

Pranab Kr. Baruah	GM (Training)	60	BE-Mech M.Sc. PDRTECK	37	15.06.1979	Sr. Engineer	EIL, New Delhi	460,741
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ANNEXURE III TO THE DIRECTOR'S REPORT

**STATEMENT SHOWING THE TOTAL NUMBER OF EMPLOYEES AND THE
NUMBER OF SCHEDULED CASTES AND SCHEDULED TRIBES AMONGST THEM AS ON 01/01/2002**

Group/Class	Total No. of Employees	Out of Col.2 Scheduled Castes	Percentage of SC to Total Employees	Out of Col.2 Scheduled Tribes	Percentage of ST to Total Employees	Remarks
1	2	3	4	5	6	7
'A' (CLASS I)						
(i) OTHER THAN LOWEST RUNG OF GROUP 'A'	414	57	13.77	26	6.28	1 Officer belonging to OBC Community recruited in this Group during the year. Total representation of SC & ST in Group 'A' stood at 20.33% (As on 01.01.2002)
(ii) LOWEST RUNG OF GROUP 'A'	137	13	9.49	16	11.68	
TOTAL GROUP 'A'	551	70	12.7	42	7.62	
'B' (CLASS II)	NIL	NIL	NIL	NIL	NIL	No employees is available in this group.
'C' (CLASS III)	1172	98	8.36	224	19.11	1 employee belonging to ST community is recruited in this Group. Total representation of SC & ST stood at 27.47% (As on 01.01.2002).
'D' (CLASS IV) (Excluding Safai Karmacharis)	85	11	12.94	32	37.65	Overall representation level of SC & ST in this Group is 50.59% (As on 01/01/2002)
'D' (CLASS IV) (Safai Karmacharis)	8	7	87.5	NIL	NIL	
TOTAL	1816	186	10.24	298	16.41	Overall representation of SC & ST stood at 26.65% (As on 01/01/2002).
PREVIOUS YEAR	1828	186	10.18	300	16.41	

Please Note : 1. There were 14 attritions during the year on account of retirement, resignation and demise of employees.

2. 2 employees, 1 in group 'A' and 1 in Group 'C' joined during the year.

3. Figures in Group 'A' excludes Functional Directors (Board level) and deputationist (CVO).

ANNEXURE - IV TO THE DIRECTORS' REPORT
STATEMENT SHOWING THE NUMBER OF RESERVED POSTS FILLED BY
SC AND ST CANDIDATES DURING THE CALENDAR YEAR 2001

A. Post Filled by Direct Recruitment

Class of posts	Backlog of Vacancies						Current Vacancies								Remarks
	Notified		Filled		Balance carried forward		Total No. Notified	Out of Col B reserved for		Filled		Balance carried forward as backlog			
	SC	ST	SC	ST	SC	ST		SC	ST	SC	ST	SC	ST		
I	2	3	4	5	6 Col. 2-4	7 Col. 3-5	8	9	10	11	12	13 Col. 9-11	14 Col. 10-12	15	
A	NIL	NIL	NIL	NIL	NIL	NIL	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1 OBC Backlog vacancy filled during the year.
B	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	1 ST employee was recruited against un-reserved vacancy.
C	NIL	NIL	NIL	NIL	NIL	NIL	1	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
D (Excluding Safai Karmacharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
D (Safai Karmacharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	

B. Post filled by Promotion

Class of posts	Total No. of Vacancies Notified	Out of Col.2 posts reserved for		No. of Posts filled by		Balance		Remarks
		SC	ST	SC	ST	SC Col. 3-5	ST Col.4-6	
I	2	3	4	5	6	7	8	9
WITHIN GROUP 'A'	27	NIL	NIL	3	NIL	NIL	NIL	No reservation is applicable in promotion within Group 'A'.
GROUP 'B' TO 'A'	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
GROUP 'C' TO 'A'	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
WITHIN GROUP 'C'	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
D (Excluding Safai Karmacharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	
D (Safai Karmacharis)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	



**ANNEXURE - V TO THE DIRECTORS' REPORT
CERTIFICATE**

**TO THE MEMBERS OF
BONGAIGAON REFINERY AND PETROCHEMICALS LIMITED**

We have examined the compliance of conditions of corporate governance by M/s. Bongaigaon Refinery and Petrochemicals Limited, for the year ended on 31st March 2002, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, subject to the following :

- (i) Board of Directors of the Company does not have any independent director as required by the Listing Agreement.
- (ii) Out of the four Government nominated Directors, one Director did not attend a single meeting of the Board of Directors as well as the Annual General Meeting during the year 2001-02.
- (iii) Post of a Director (Human Resources) is lying vacant since August 2001, and we understand that the post has been kept in abeyance by the Government of India for the time being.

We certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/ Investors Grievance Committee.

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

FOR SRI ASSOCIATES
Chartered Accountants.

Place : Camp - New Delhi

Date : 25th May, 2002

D.N. Dey
Partner

**ANNEXURE - VI TO THE DIRECTORS' REPORT
OBSERVATIONS OF THE STATUTORY AUDITORS AND
THE COMMENTS OF THE MANAGEMENT THEREON**

No	Observation of the Auditors	Comments of the Management
Para No. (vi) (a)	The company has made no provision in the account for long outstanding trade dues from sick / closed undertaking amounting to Rs. 154.00 lakh considering them as realisable on the basis of an approved scheme of BIFR and positive response from private parties, which in our opinion may not be recovered in full. Such a non-provision has resulted in an understatement of Loss for the year and overstatement of yearend Total Assets and Reserves and Surplus, the extent of which cannot be ascertained at this stage.	Out of Rs. 154.00 lakh, dues from NTC Mills (under BIFR) are Rs. 122 lakh. BRPL has received a letter from NTC (Corporate Office) indicating that schemes under BIFR have been approved and under implementation wherein dues to BRPL have been taken into account and will be paid within 2-3 years time. An amount of Rs. 32 Lakh is outstanding from various small PSF debtors who are repaying their dues in installment. In the opinion of the Management no provision is necessary.
Para No. (vi) (b)	No provision has been made in the accounts for the possible loss in value of the stores items, which have not moved for five years or more valuing Rs. 635.77 lakh (Excluding stores valuing 13.82 lakh provided for after writing back of stores valuing Rs. 10.66 lakh and stores valuing Rs. 3.48 lakh written off by the company as disclosed in Explanatory Notes - Schedule - "R" Para 2.3 (i) and 2.3 (ii) respectively) as most of these items are considered emergency spares by the company. However, in our opinion such a non-provision has resulted in an understatement of the Loss for the year and overstatement of the yearend Total Assets and Reserves and Surplus, the extent of which cannot be ascertained at this stage.	The items under this category comprise of spare for heavy equipment, furnace, motor, switch gears etc. most of which are procured along with the project equipment of Refinery, Petrochemicals and PSF units which were commissioned in 1979, 1984 and 1988. With the passage of time these spares are no longer manufactured by the equipment suppliers and whatever spares were available with the vendor at the time of discontinuation, have been procured as the units are to be run for some more years. Disposal of the spares shall lead to technical difficulties and continuity of manufacturing process shall be adversely affected. Therefore they have to be stocked for longer period. However a committee has been constituted which is identifying the surplus obsolete items and disposal action accordingly is being taken.
Para (vi) (c)	The company has a residual amount of Rs. 347.13 lakh interest due from Canbank Financial Services Ltd., since 31st March 1993 realisation of which is expected out of low value and litigated securities, which in our opinion is doubtful of recovery and should be fully provided for. The non-provision has resulted in an understatement of the Loss for the year and overstatement of the yearend Total Assets and Reserves and Surplus by Rs. 347.13 lakhs each.	The Company has entered into a Memorandum of Understanding with Canbank Financial Services Ltd. (Canfina) and its holding company Canara Bank whereby Canfina has agreed to pay the net realisable value of certain securities (which are presently under litigation) the face value of which is Rs. 1215.54 lakhs. The management is confident of realising the amount, which is more than Rs. 347.13 lakh; as such no provision is required to be made.
Para (vi) (i)	In contrast to Section 209(3) of the Companies Act, 1956 and clause 10 (c) of the Accounting Standard (AS-1) "Disclosure of Accounting Policies" issued by the Institute of Chartered Accountants of India, the Company has accounted for the miscellaneous income like hire charges of machineries, rent from contractors and interest on unsecured credit sale totalling Rs. 44.26 lakh on cash basis, the effect of this accounting, if any, and the extent thereof on the Loss for the year, the yearend Total Assets and Reserve and Surplus cannot be ascertained at this stage.	Certain items as mentioned by the Auditors are accounted for based on the reliability of relevant income as per Accounting Standard 'AS - 9' of "Revenue Recognition" issued by the Institute of Chartered Accountants of India. This has been disclosed under Para 7.6 Schedule "Q" Significant Accounting policies.
Para (vi) (m)	The Company has amortised the value of machinery insurance spares along with respective main fixed assets which are partly depreciated at general rate of depreciation on yearly basis instead of providing depreciation at the rate prescribed in Schedule - XIV of the Companies Act, 1956 with retrospective effect as provided in the Accounting Standard -6 "Depreciation Accounting" read with Accounting Standard - 10 "Accounting for Fixed Assets" both issued by the Institute of Chartered Accountants of India. Such an anomalous accounting has resulted in an understatement of Loss for the year, overstatement of yearend Total Assets and Reserve and Surplus by Rs. 67.21 lakh each.	As per Accounting Standard 'AS-2' (Revised) issued by the Institute of Chartered Accountants of India, the Company has identified few standby and other equipment, which can be used with certain specific assets and capitalised. The residual depreciation of this item is being charged off in such a way that 95% of the value will be depreciated, which will co-terminus with the relevant main assets. As such this satisfies the requirement of Para 8.2 of Accounting Standard (AS-10) issued by the Institute of Chartered Accountants of India. Hence there is no understatement of Loss as mentioned by the Auditor.
Para Nos. (vi)-(d), (e), (f), (g), (h), (j), (k), (n) and (o)	The observations made by the Auditors under these paras are regarding change of Accounting Policies and effect thereof.	The effect in the accounts have arisen due to the modification/revision in the Accounting Policies during the year and have been adequately disclosed in the Schedule "R" to the accounts for the year 2001-02.
Annexure to the Auditor's Report Para (xii)	As explained to us an action plan is in vogue for identification of obsolete/damaged/unserviceable stores. Items amounting to Rs. 3.48 lakh have been written off and a provision has been made for Rs. 13.82 lakh (Explanatory notes, Schedule-R, para 2.3 (ii) and 2.3 (i) respectively) whereas the company has identified non moving stores of three years and above of Rs. 864.91 lakhs and five years and above of Rs. 519.62 lakhs, but no provision has been made in the accounts for the possible loss due to fall in the value of the above non moving stores.	Refer to reply to para (vi) (b) above.



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BONGAIGAON REFINERY & PETROCHEMICALS LIMITED FOR THE YEAR ENDED 31ST MARCH 2002 AND THE REPLY OF THE MANAGEMENT THEREON.

COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA	REPLY OF THE MANAGEMENT
<p>Balance Sheet Capital Work-in-Progress - Rs. 98.75 Crore (SCHEDULE - F) The above is overstated by Rs. 23.52 crore (including interest of Rs. 1.53 crore on borrowed capital) being the cost of LPG Bording Plant which was mechanically completed and trial run conducted, but not capitalised by the Company. This has also resulted in understatement of Fixed Asset - Net Block by Rs. 20.64 crore as well as Loss for the year by Rs. 2.88 crore (Depreciation of Rs. 1.35 crore and interest Rs 1.53 crore).</p> <p align="center">S.B. Pillay Principal Director of Commercial Audit & Ex-Officio Member Audit Board-I KOLKATA</p> <p>Kolkata Dated, the 8th August 2002</p>	<p>Final guarantee test run is yet to be completed, for which the plant has not been capitalised.</p> <p align="center">For & on behalf of the Board of Directors of Bongaigaon Refinery & Petrochemicals Ltd.</p> <p align="center">B.K. Gogoi Chairman & Managing Director</p> <p align="center">Dated the 9th August 2002</p>

REVIEW OF ACCOUNTS OF BONGAIGAON REFINERY & PETROCHEMICALS LTD. FOR THE YEAR ENDED 31ST MARCH 2002 BY THE COMPTROLLER & AUDITOR GENERAL OF INDIA

[Review of accounts has been prepared without taking into account the comments under Section 619 (4) of the Companies Act, 1956 and qualification contained in Statutory Auditor's Report.]

I Financial Position

	1999-2000	2000-2001	(Rs. Lakh) 2001-2002
Liabilities			
(a) Paid up Capital			
Government	14879.38	14879.38	14879.38
Others	5102.41	5102.41	5102.41
(b) Reserves and Surplus			
(i) Free Reserves & Surplus	41801.65	36057.47	10536.03
(c) Borrowing from:			
(i) Oil Industry Development Board	5222.00	5240.88	6134.75
(ii) Banks	20.25	3273.56	6539.49
(d) Current Liabilities & Provision	18212.88	22035.16	50405.90
Total	<u>85238.57</u>	<u>86588.86</u>	<u>93597.96</u>
Assets			
(e) Gross Block	74249.92	78671.30	83239.79
(f) Less: Cumulative Depreciation	40158.14	43006.31	46390.56
(g) Net Block	34091.78	35664.99	36849.23
(h) Construction Work-in-Progress and capital goods in stock	12028.44	11343.87	9874.98
(i) Misc. Expenditure to the extent not written off	31.20	451.92	358.12
(j) Investments	2022.21	697.87	6356.31
(k) Current Assets, Loans and Advances	37064.94	38430.21	34747.69
(l) Deferred Tax	-	-	5411.63
Total	<u>85238.57</u>	<u>86588.86</u>	<u>93597.96</u>
(m) Working Capital [K-d]	18852.06	16395.05	(-) 15658.21
(n) Capital Employeds (g+m)	52943.84	52060.04	21191.02
(o) Net Worth (a+b+i)	61752.24	55587.34	30159.70
(p) Net worth per rupee of paid up capital (in Rupees)	3.09	2.78	1.51

2. Working Results

	1999-2000	2000-2001	(Rs. Lakh) 2001-2002
(i) Sales	129151.62	125529.92	119519.02
(ii) Less: Excise Duty	20261.30	16120.43	17026.21
(iii) Net Sales	108890.32	109409.49	102492.81
(iv) Other Income	2227.76	3188.58	2554.74
(v) Claim from Industry Pool Account	-	-	13078.92
(vi) Profit/Loss before Tax and Prior Period Adjustment	3184.74	(5739.81)	(31020.70)
(vii) Prior Period Adjustment	(21.74)	(4.37)	94.80

	1999-2000	2000-2001	(Rs. Lakh) 2001-2002
(viii) Profit/Loss before Tax	3163.00	(5744.18)	(30925.90)
(ix) Tax provision	-	-	11064.50
(x) Last year's tax provision written back	60.81	-	-
(xi) Profit/Loss after Tax	3223.81	(5744.18)	(19861.40)
(xii) Proposed Dividend including Tax on Dividend	1179.91	-	-

3. Ratio Analysis

Some important financial ratios on the financial health and working of the company at the end of last three years as under:

	1999-2000	2000-2001	(In percentage) 2001-2002
A. Liquidity Ratio			
Current Ratio	203	174	69
B. Debt Equity Ratio			
Long term Debt to Equity	6.84	7.63	17.49
(i) The percentage of current assets to current liabilities (including provisions) which is a measure of liquidity declined from 203% in 1999-2000 to 174% in 2000-01 and to 69% in 2001-02.			
(ii) Increase in debt equity ratio from 6.84% in 1999-2000 to 7.63% in 2000-01 and to 17.49% in 2001-02 was due to erosion of net worth consequence on huge loss incurred in 2000-01 and 2001-02.			

4. Sources and Utilisation of Funds

Funds amount to Rs. 36306.86 lakh from internal and external sources were generated and utilised during the year as shown below:

(Rs. Lakh)

Sources of Funds:

Funds Generated from Operations:

Decrease in Working Capital	32053.26
Increase in Borrowed funds	4159.80
Misc. Expenditure written-off	93.80
	<u>36306.86</u>

Utilisation of Funds:

Loss for the year after tax but before Deferred Tax	30933.07
(Less) Depreciation	<u>3384.25</u>
Addition to Fixed Assets (including Capital Work-in-Progress)	3099.60
Increase in Investment	<u>5658.44</u>
	<u>36306.86</u>

5. Inventory Levels:

(Rs. Lakh)

The inventory level at the close of the last three year are given below:

	1999-2000	2000-2001	2001-2002
(i) Raw materials	2261.97	12752.42	8652.83
(ii) Stores and spares	4332.85	3527.88	3913.82
(iii) Finished goods	13348.42	11608.83	8650.85
(iv) Work-in-progress	4286.08	1615.67	2356.26
(v) Percentage of finished goods to sales	10.32	9.24	6.52

6. Sundry Debts

(Rs. Lakh)

The Sundry Debts vis-a-vis sales in the last three years are given below:

Year ended as on	Sundry Debts			Sales During the year	% of total sundry debts to sale
	Considered Good	Considered Doubtful	Total		
31.03.2000	3071.15	119.71	3190.86	129284.16	2.47
31.03.2001	1245.47	290.56	1536.03	125655.18	1.22
31.03.2002	3641.27	602.64	4243.91	132695.11	3.90

The percentage of total debts to sales declined from 2.47% in 1999-2000 to 1.22% in 2000-01, which again increased to 3.20% in 2001-02. The percentage of Doubtful debts to total debts considerably increased from 3.75% in 1999-2000 to 14.20% in 2001-02.

Dated, Kolkata
The 8th August, 2002

S.B. Pillay
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I,
Kolkata

Auditors' Report

TO THE MEMBERS OF BONGAIGAON REFINERY AND PETROCHEMICALS LIMITED

We have audited the attached Balance Sheet of M/s. BONGAIGAON REFINERY AND PETROCHEMICALS LIMITED, as at 31st March 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 & 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion and subject to our comments in Para 2 (vi) below, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors as on 31st March 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2002 from being appointed as a Director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
 - (vi) (a) The company has made no provision in the account for long outstanding trade dues from sick/ closed undertaking amounting to Rs. 154.00 lakh considering them as realizable on the basis of an approved scheme of BIFR and positive response from private parties, which in our opinion may not be recovered in full. Such a non-provision has resulted in an understatement of Loss for the year and overstatement of yearend Total Assets and Reserves and Surplus, the extent of which cannot be ascertained at this stage.
 - (b) No provision has been made in the accounts for the possible loss in value of the stores items, which have not moved for five years or more valuing Rs. 635.77 lakh (Excluding stores valuing Rs. 13.82 lakh provided for after writing back of stores valuing Rs. 10.66 lakh and stores valuing Rs. 3.48 lakh written off by the company as disclosed in Explanatory Notes - Schedule - "R" Para 2.3 (i) and 2.3 (ii) respectively) as most of these items are considered emergency

spares by the company. However, in our opinion such a non provision has resulted in an understatement of the Loss for the year and overstatement of the yearend Total Assets and Reserves and Surplus, the extent of which can not be ascertained at this stage.

- (c) The company has a residual amount of Rs. 347.13 lakh interest due from Canbank Financial Services Ltd. since 31st March 1993 realisation of which is expected out of low value and litigated securities, which in our opinion is doubtful of recovery and should be fully provided for. The non-provision has resulted in an understatement of the Loss for the year and overstatement of the yearend Total Assets and Reserves and Surplus by Rs. 347.13 lakh each.
- (d) In conformity with the Accounting Standard (AS-16) "Borrowing Cost" issued by the Institute of Chartered Accountants of India, the Company has during the current year allocated Rs. 291.78 lakh to Capital assets as borrowing cost on bank loan in place of its earlier practice of capitalizing only the borrowing cost on borrowings from Oil Industry Development Board.
This reformed practice has however resulted in an understatement of Loss for the year and overstatement of yearend Total Assets and Reserve and Surplus by Rs. 291.78 lakh each.
- (e) The Company has during the current year adopted the policy of making provision for all debtors based on uncertainties of realisation in place of its past practice of making provision for debtors outstanding for more than five years in case of debtors against sale of Polyester Staple Fibre.
This change in Accounting Policy has resulted in an overstatement of Loss of the year and understatement of Total Assets and Reserve and Surplus by Rs. 225.00 lakh each (Explanatory notes 2.5-Schedule "R".)
- (f) Provision for depreciation in respect of Capital Assets procured/capitalized during the year has been made on quarterly basis in place of the earlier practice of providing depreciation on monthly basis (Significant Accounting Policies Para 1.3.1 and Explanatory Notes Para 1.9 in Schedule 'R'). The change in the Accounting Policy has an impact of additional charge of depreciation to the extent of Rs. 25.31 lakh (Net) during current year, which has resulted in an overstatement of Loss of the year and understatement of Total Assets and Reserve and Surplus by Rs. 25.31 lakh each.
- (g) In compliance with Accounting Standard (AS-22) "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, the Company during the current year has adjusted Deferred Tax Liability of Rs. 5660.04 lakh pertaining to the period up to 31st March 2001 and provided for Deferred Tax assets amounting to Rs. 5411.63 lakh for current year (Explanatory Notes Para 3.0 (a) and (b) and (c) - Schedule 'R') and in consequence of such set off an amount of Rs. 11071.67 lakh has been taken as Deferred Tax Income for the year.
Due to the application of the mandatory Accounting Standard, the Total Assets and Reserves and Surplus of the Company are overstated by Rs. 5411.63 lakh each.

- (h) In compliance with the provision of Schedule - XIV of the Companies Act, 1956, the company has provided for depreciation on its Township Power Supply System and Township Sewerage and Effluent Disposal System at the general rate applicable to such Plant & Machinery in place of its earlier practice of providing depreciation at the rate applicable for "Continuous Process Plant". (Explanatory Note 1.10 - Schedule 'R')

This reform in accounting policy has resulted in an overstatement of Loss for the year and understatement of Total Assets and Reserve and Surplus by Rs. 0.32 lakh (Net) each.

- (i) In contrast to Section 209(3) of the Companies Act, 1956 and clause 10(c) of the Accounting Standard (AS - 1) "Disclosure of Accounting Policies" issued by the Institute of Chartered Accountants of India, the Company has accounted for the miscellaneous income like hire charges of machineries, rent from contractors and interest on unsecured credit sale totaling Rs. 44.26 lakh on cash basis, the effect of this accounting, if any, and the extent thereof on the Loss for the year, the yearend Total Assets and Reserve and Surplus cannot be ascertained at this stage.

- (j) The Company has changed its accounting policy of charging Pre-paid Expenses up to Rs. 50,000/- (Rupees fifty thousand only) to current year's Revenue in place of its earlier practice of charging such expenses up to Rs. 10,000/- (Rupees ten thousand only).

The effect of this change, if any, and the extent thereof on the Loss for the year, the year-end Total Assets and Reserve and Surplus cannot be ascertained at this stage. (Explanatory Note Para no. 3.7 - Schedule 'R')

- (k) The company, during the current year, has adopted Accounting Policy of accounting for Prior Period Income and Expenditure up to Rs. 5.00 lakh in each case to the current year's account. The effect of this change in accounting policy, if any, on the Loss for the year and on the yearend Total Assets and Reserve and Surplus cannot be ascertained at this stage. (Significant Accounting Policy - Para 7.4, Schedule 'Q').

- (l) Addition to Fixed Assets and Capital Work-in-progress during the year include expenses of Rs. 392.48 lakh charged on an estimated basis (Explanatory Note, Schedule 'R', Para 1.5).

The effect of this estimate, if any, and the extent thereof on the Loss for the year and the year end Total Assets and Reserve and Surplus cannot be ascertained at this stage.

- (m) The Company has amortized the value of machinery insurance spares along with respective main fixed assets which are partly depreciated at general rate of depreciation on yearly basis instead of providing depreciation at the rate prescribed in Schedule - XIV of the Companies Act, 1956 with retrospective effect as provided in the Accounting Standard - 6 "Depreciation Accounting" read with Accounting Standard - 10 "Accounting for Fixed Assets" both issued by the Institute of Chartered Accountants of India.

Such an anomalous accounting has resulted in an understatement of Loss for the year, overstatement of yearend Total Assets and Reserve and Surplus by Rs. 67.21 lakh each.

- (n) The Company during the current year has fully

amortized the residual value of the insurance spares where the main assets are already depreciated up to 95% in place of its earlier practice of amortization of such spares in five equal instalment. (Explanatory Note 1.3 of Schedule - 'R')

This change in Accounting Policy has resulted in an overstatement of Loss for the year and understatement of the yearend Total Assets and Reserve and Surplus by Rs. 259.13 lakh.

- (o) As stated in the Accounting Policy (Para 1.3.2 of Schedule 'Q' and Explanatory Note Para 1.8 Schedule 'R') loose tools issued during the year is being fully charged off valuing upto Rs. 5,000/- and depreciation is being charged at the applicable rate on the balance above Rs. 5,000/- each from the current year in place of the previous practice of charging off in full items valuing upto Rs. Rs. 750/- each and amortizing the balance in excess of Rs. 750/- in five equal annual instalment.

This change in the policy has resulted in an understatement of the Loss for the year and an overstatement of the yearend Total Assets and Reserve and Surplus by Rs. 19.90 lakh each.

- (p) Most of the balances under Advances, Sundry Debtors, Creditors, Deposits, Capital Store with contractors etc. are not confirmed by the parties hence, we do not express any opinion about these balances appearing in the financial statements.

- (q) We observed the physical verification of inventories conducted by the management on 31st March / 1st April 2002 at Dhaligaon, but did not observe the Physical Verification of high value store items ('X' category) conducted by the management from November 2001 to February 2002 there, and other stocks lying at different locations in the country, as we were not aware of the programme of the said physical verification. As such we do not express any opinion on these inventories appearing in the financial statements of the company.

We further report that without considering the items mentioned in 2 (vi) (a), (b), (i), (j), (k), (l), (p) and (q), above, the effect of which could not be ascertained, had the observation made by us in paragraphs 2(vi) (c), (d), (e), (f), (g), (h), (m), (n) and (o) above, been considered, the loss for the year would have been Rs. 31142.16 lakh (as against the reported loss of Rs. 30925.90 lakh), the Total Asset would have been Rs. 37564.17 lakh (as against reported figure of Rs. 43192.06 lakh) and the Reserve and Surplus would have been Rs. 4908.14 lakh (as against the reported figure of Rs. 10536.03 lakh).

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts subject to our comments in para 2 (vi) (a) to (q) above, give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- a. In the case of the Balance Sheet, the state of affairs of the company as at 31st March 2002; and
b. in the case of Profit & Loss Account, of the loss for the year ended on that date.

For SRI ASSOCIATES
Chartered Accountants

Place : Camp New Delhi
Date : 25th May 2002

I PASHA
Partner

**ANNEXURE TO THE AUDITORS' REPORT
TO THE MEMBERS OF BONGAIGAON REFINERY AND
PETROCHEMICALS LTD.,**

(Referred to in Paragraph I of our report of even date)

- (i) The company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets. As per practice followed by the company, movable Fixed Assets are verified once in every three financial years accordingly, these assets were last verified during 1999-2000 by an outside agency but reconciliation between physical and book balances and adjustment of discrepancy, if any, has not been done as yet.
- (ii) None of the Fixed Assets has been revalued during the year under review.
- (iii) Physical verification has been conducted by the management at reasonable intervals in respect of finished goods and raw materials except in case of such finished goods and raw materials that were lying with other parties. As stated by the company in the clause 2.3 (i) of the Schedule 'R', physical verification of stores and spare parts were conducted by Internal Audit Department of the Company during the year and provision has been made for Rs. 13.82 lakh for discrepancies in the nature of shortage and untraceable items pending reconciliation. Adjustment of discrepancies against verification reports of 1999-2000 and 2000-2001 has been made in the accounts of the year.
- (iv) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (v) The discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.
- (vi) On the basis of our examination of the stocks, the valuation of stock is fair and proper and in accordance with normally accepted accounting principle and is on the same basis as in the previous year.
- (vii) The company has not taken any loan, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 and/or from companies under the same management as defined under sub-section (1B) of Section 370 of the companies Act, 1956.
- (viii) The company has not granted any loan, secured or unsecured, to the companies or firms or other parties listed in the register maintained under section 301 and/or to the companies under the same management as defined under sub-section (1B) of section 370 of the Companies Act, 1956.
- (ix) The company has given loans and advances in the nature of loan to the employees, ex-employees and others. These loans and advances in the nature of loan are being repaid along with interest as per stipulation, except in a few cases, where the management is taking reasonable steps for recovery.
- (x) In our opinion, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of raw materials including components, plant & machinery, equipment and for the sale of goods, however internal control procedures for the purchase of stores, spare parts and other assets need to be further strengthened.
- (xi) There are no transaction of purchase of goods and materials and
- (xii) As explained to us an action plan is in vogue for identification of obsolete / damaged / unserviceable stores. Items amounting to Rs. 3.48 lakhs have been written off and a provision has been made for Rs. 13.82 lakh (Explanatory notes, Schedule - R, para 2.3 (ii) and 2.3 (i) respectively) whereas the company has identified non moving stores of three years and above of Rs. 864.91 lakhs and five years and above of Rs. 519. 62 lakh, but no provision has been made in the accounts for the possible loss due to fall in the value of the above non moving stores.
- (xiii) The company has not accepted any deposit from the public under section 58-A of the Companies Act 1956 and rules framed there under.
- (xiv) The company has maintained reasonable records for by-products wherever applicable. The company has not maintained any financial records for the generation of scraps but for the sale and disposal of the realizable scrap, the company has maintained reasonable records.
- (xv) The company has its own internal audit system, which in our opinion needs to be strengthened to make it commensurate to the size and nature of the company's business.
- (xvi) The obligation to maintain cost record under section 209(1)(d) of the Companies Act 1956 is applicable to the company in respect of Polyester Staple Fibre unit products. According to the certificate of the Cost Auditor, the company has, in respect of the above said products maintained the cost record and accounts, as prescribed by the Central Government under the aforesaid section of the Companies Act, 1956.
- (xvii) The company is regular in depositing the provident fund dues with the appropriate authorities. We understand that the Employees State Insurance Act is not applicable to the company.
- (xviii) As per the information and explanations furnished to us and according to the records of the company as at the last date of the financial year, there were no undisputed amounts remaining outstanding in respect of Income Tax, Wealth Tax, Sales Tax, Customs duty and Excise Duty which were due for more than six months from the date they became payable.
- (xix) In our opinion and according to the information and explanations given to us no personal expenses have been charged to revenue account.
- (xx) The company is not a sick industrial company within the meaning of clause (O) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act 1985 (1 of 1986).

For SRI ASSOCIATES
Chartered Accountants

Place : Camp New Delhi
Date : 25th May 2002

I PASHA
Partner

BALANCE SHEET as at 31st MARCH, 2002

(Rs. Lakhs)

	Schedule	March-2002	March-2001
SOURCES OF FUNDS :			
1. SHAREHOLDERS' FUNDS			
a) Capital	"A"	19981.79	19981.79
b) Reserves & Surplus	"B"	<u>10536.03</u>	<u>36057.47</u>
		30517.82	56039.26
2. LOAN FUNDS			
a) Secured	"C"	6539.49	3273.56
b) Unsecured	"D"	<u>6134.75</u>	<u>5240.88</u>
		12674.24	8514.44
		<u>43192.06</u>	<u>64553.70</u>
TOTAL			
APPLICATION OF FUNDS :			
1. FIXED ASSETS			
a) Gross Block	"E"	83239.79	78671.30
b) Less: Depreciation		<u>46390.56</u>	<u>43006.31</u>
c) Net Block		36849.23	35664.99
d) Capital Work-in Progress	"F"	<u>9874.98</u>	<u>11343.87</u>
		46724.21	47008.86
2. INVESTMENT			
	"G"	6356.31	697.62
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	"H"	23573.76	29504.80
b) Sundry Debtors	"I"	3641.27	1245.47
c) Cash & Bank Balances	"J"	68.40	37.50
d) Other Current Assets - Interest accrued on Investment / Bank deposits		349.30	347.13
e) Loans and Advances	"K"	<u>7114.96</u>	<u>6688.79</u>
		34747.69	37823.69
4. Less: CURRENT LIABILITIES & PROVISIONS			
	"L"	<u>50405.90</u>	<u>21428.39</u>
5. NET CURRENT ASSETS (3 - 4)			
		(15658.21)	16395.30
6. MISCELLANEOUS EXPENDITURE (To the extent not written-off or adjusted)			
	"L-I"	358.12	451.92
7. DEFERRED TAX (net)			
		5411.63	-
		<u>43192.06</u>	<u>64553.70</u>
TOTAL			
8. Statement of Significant Accounting Policies	"Q"		
9. Notes on Accounts	"R"		
10. Statutory Information	"S"		
11. Segment Reporting	"T"		

For and on behalf of the Board of Directors

V.N.MURTHY
Co. Secretary

R.N.DAS
Director (Finance)

B.K.GOGOI
Chairman & Managing Director

This is the Balance Sheet referred to in our report of even date.

For SRI ASSOCIATES
Chartered Accountants

Place : Camp, New Delhi
Date : 25th May, 2002

I.PASHA
Partner



Profit and Loss Account for the year ended 31st March, 2002

(Rs. Lakhs)

	Schedule	March-2002	March-2001
INCOME :			
1 Sale of Products		119519.02	122045.05
Less : Commission & Discounts		<u>23.87</u>	<u>132.54</u>
		119495.15	121912.51
2 Net claim from Industry Pool Account		13078.92	279.32
3 Increase/(Decrease) in Stock	"M"	(2217.39)	(4410.00)
4 Interest and Other Income	"N"	2554.74	2909.26
TOTAL INCOME		<u>132911.42</u>	<u>120691.09</u>
EXPENDITURE :			
1 Manufacturing, Administrative, Selling and Other Expenses	"O"	140790.60	106275.04
2 Duties		15951.85	16120.43
3 Depreciation and Amortisation	"E"	3319.01	2865.75
4 Deferred Revenue Expenditure Written-off	"L-1"	101.47	21.26
5 Interest Payments on :			
a) Fixed period loans from OIBB		716.59	738.85
b) Short term loans from Banks		657.74	101.06
c) Others		<u>2826.05</u>	<u>564.65</u>
Less : Interest Capitalised		<u>431.19</u>	<u>256.14</u>
TOTAL EXPENDITURE		<u>3769.19</u>	<u>1148.42</u>
		<u>163932.12</u>	<u>126430.90</u>
PROFIT/(-)LOSS FOR THE YEAR		<u>(31020.70)</u>	<u>(5739.81)</u>
Income / (Expenses) pertaining to previous years (net)	"P"	94.80	(4.37)
PROFIT/(-) LOSS BEFORE TAX		<u>(30925.90)</u>	<u>(5744.18)</u>
6 Less: Provision For Income Tax -			
Current Year		-	-
Previous Year		7.17	-
Add: Deferred Tax		-	-
Current Year		11071.67	-
Add : Provision for income tax written back - previous year		-	-
		<u>(11064.50)</u>	<u>-</u>
PROFIT/(-) LOSS after Income Tax		<u>(19861.40)</u>	<u>(5744.18)</u>
Add: Balance brought forward from last year's Account		35057.47	40801.65
Less: Deferred Tax liability for previous year		<u>5660.04</u>	<u>-</u>
		<u>29397.43</u>	<u>40801.65</u>
		<u>9536.03</u>	<u>35057.47</u>
Less: Proposed Dividend		-	-
Dividend Tax		-	-
Less: Transferred to General Reserve		-	-
BALANCE CARRIED TO BALANCE SHEET		<u>9536.03</u>	<u>35057.47</u>
7 Statement of Significant Accounting Policies	"Q"		
8 Notes on Accounts	"R"		
9 Statutory Information	"S"		
10 Segment Reporting	"T"		
11 Earning Per Share (Rs./Share)		(9.94)	(2.87)

The Schedules referred to above and Major Accounting Policies attached form an integral part of the Profit & Loss Account

For and on behalf of the Board of Directors

V.N.MURTHY
Co. Secretary

R.N.DAS
Director (Finance)

B.K.GOGOI
Chairman & Managing Director

This is the Profit & Loss Account referred to in our report of even date.

For SRI ASSOCIATES
Chartered Accountants

I.PASHA
Partner

Place : Camp, New Delhi
Date : 25th May, 2002

SCHEDULE "A" - CAPITAL

	(Rs. Lakhs)	
	March-2002	March-2001
AUTHORISED:		
20,00,00,000 Equity Shares of Rupees ten each	<u>20000.00</u>	<u>20000.00</u>
ISSUED, SUBSCRIBED AND PAID-UP :		
19,98,17,900 Equity Shares of Rupees ten each fully paid-up	<u>19981.79</u>	<u>19981.79</u>
	<u>19981.79</u>	<u>19981.79</u>

SCHEDULE "B" - RESERVES AND SURPLUS

	(Rs. Lakhs)	
	March-2002	March-2001
General Reserve - As per last Account	1000.00	1000.00
Profit and Loss Account As per Annexed Account	9536.03	35057.47
	<u>10536.03</u>	<u>36057.47</u>

SCHEDULE "C" - SECURED LOANS

	(Rs. Lakhs)	
	March-2002	March-2001
Secured by hypothecation of inventories, book debts and other assets (both present and future)		
Loans and Advances from Banks :		
(i) Cash Credit		
a) State Bank of India	4006.84	2743.55
b) United Bank of India	1411.60	478.17
c) State Bank of Hyderabad	1121.05 *	51.84
	<u>6539.49</u>	<u>3273.56</u>
	2.24	-

* Out of which Interest accrued and due

SCHEDULE "D" - UNSECURED LOANS

	(Rs. Lakhs)	
	March-2002	March-2001
Other Loans and Advances		
(i) From Banks/Financial Institutions :		
OIDB loans *	6134.75	5240.88
	<u>6134.75</u>	<u>5240.88</u>
	860.00	1106.13

* Out of which due for repayment within one year

SCHEDULE "E" – FIXED ASSETS AS AT 31st MARCH, 2002

(Rs. Lakhs)

Sl No	PARTICULARS	GROSS BLOCK AS AT 1-4-2001	ADDITIONS/ADJ DURING THE YEAR	SOLD/TRAN DURING THE YEAR	GROSS BLOCK AS AT 31-03-2002	DEPRECIATION UPTO 31-3-2001
1	Land - Freehold	82.38	-	-	82.38	-
	Land - Leasehold	339.22	-	-	339.22	-
2	Buildings, Roads & Culverts	6709.89	221.14	-	6929.27	1635.46
3	Railway Sidings	57.75	-	-	57.75	51.33
4	Plant & Machinery	67644.70	4329.17	-	71973.87	39573.88
5	Furnitures & Fixtures	342.45	7.11	-	349.56	239.59
6	Equipments & Appliances	2885.39	91.15	(0.47)	2976.07	1368.54
7	Transport Equipments	101.13	7.22	(9.92)	98.43	48.49
8	Const. Site Requirements	51.36	-	-	51.36	51.36
9	Other Capital Expenditures	449.33	(75.15)	-	374.18	29.96
10	Sundry Assets	7.70	-	-	7.70	7.70
	Grand Total	78671.30	4578.89	(10.39)	83239.79	43006.31
	Previous Year	74249.92	4444.85	(23.45)	78671.31	40158.14

Sl No	Particulars	Adjustment Of Depreciation For Previous Year	Depreciation Adjustment On Sold/Trans	Depreciation For The Year	Total Depreciation Upto 31-03-2002	Net Block As At 31-03-2002	Net Block As At 31-3-2001
1	Land	-	-	-	-	82.38	82.38
		-	-	-	-	339.22	339.22
2	Buildings, Roads & Culverts	-	-	125.15	1760.62	5168.58	5074.45
3	Railway Sidings	-	-	1.07	52.40	5.34	6.42
4	Plant & Machinery	77.23	-	2899.73	42550.84	29423.02	28070.81
5	Furnitures & Fixtures	-	-	18.33	257.92	91.65	102.85
6	Equipments & Appliances	-	(0.44)	192.58	1560.68	1415.37	1516.85
7	Transport Equipments	-	(6.54)	7.20	49.16	49.27	52.64
8	Const. Site Requirements	-	-	-	51.36	-	-
9	Other Capital Expenditures	(5.01)	-	74.84	99.78	274.40	419.36
10	Sundry Assets	-	-	-	7.70	-	-
	Grand Total	72.22	(6.98)	3319.01	46390.56	36849.23	35664.98
	Previous Year	(0.24)	(17.31)	2865.75	43006.31	35664.99	34091.78



SCHEDULE "F" – CAPITAL WORK-IN-PROGRESS

	Note	March-2002	(Rs. Lakhs) March-2001
Construction Work-in Progress (Including unallocated Capital expenditure, material at site)		7733.18	8894.79
Less : Provision		<u>186.03</u>	-
		7547.15	8894.79
Advance for Capital Expenditure		468.31	352.27
Less:Provision for Doubtful Advances		<u>43.33</u>	43.33
		424.98	308.94
Capital Stores	A	1100.20	1731.62
Capital Stores lying with Holding Company		18.09	-
Capital Goods-in-transit		-	-
Construction Period Expenses pending allocation :			
Balance as at 1st April 2001		408.52	160.96
Add : Expenditure during the year (Schedule- "F-I")		<u>612.21</u>	247.56
		1030.73	408.52
Less : Allocated to Assets during the year		<u>246.17</u>	-
		<u>784.56</u>	408.52
		<u>9874.98</u>	<u>11343.87</u>
Note :			
A (i) Includes stores pending inspection		277.38	71.93
(ii) Includes stores lying with contractors		606.46	445.41

SCHEDULE "F-I" – CONSTRUCTION PERIOD EXPENSES DURING THE YEAR

	March, 2002	(Rs. Lakhs) March, 2001
1. Interest		
a) Current year	431.19	247.56
b) Previous year	<u>167.02</u>	-
	598.21	-
2. Management Expenses	24.00	-
	<u>622.21</u>	247.56

SCHEDULE "G" – INVESTMENT

	March, 2002	(Rs. Lakhs) March, 2001
1. QUOTED		
2. UNQUOTED		
A. Trade Investments :		
i) Petroleum India International (Association of Person- Oil Companies) Seed Capital	5.00	5.00
Share in accumulated surplus	751.31	692.62
b) Fully Paid 6.96% Oil Companies Govt. of India Special Bond 2009	5600.00	-
	<u>6356.31</u>	697.62

SCHEDULE "H" - INVENTORIES

	Note	March-2002	(Rs. Lakhs)	March-2001
In Hand				
a. Stores, Spares etc.		3904.78	3517.83	
Less : Provision for Losses		<u>36.72</u>	<u>33.56</u>	
		3868.06		3484.27
b. Raw Materials	A	8652.83		12752.42
c. Finished Products		8650.85		11608.83
d. Stock-in-process		2356.26		1615.67
Total		<u>23528.00</u>		<u>29461.19</u>
In Transit :				
a. Stores & Spares		45.76		43.61
Total		<u>45.76</u>		<u>43.61</u>
TOTAL		<u>23573.76</u>		<u>29504.80</u>
Note : Includes				
A. (i) Crude lying in pipeline/ tanks owned by Indian Oil Corporation Ltd.		1691.66		5067.03
(ii) Crude lying in pipeline owned by Oil India Ltd.		5109.39		5001.83

SCHEDULE "I" - SUNDRY DEBTORS

		March-2002	(Rs. Lakhs)	March-2001
Over Six Months :				
(i) Unsecured, Considered Good		153.77	479.33	
(ii) Unsecured, Considered Doubtful		<u>602.64</u>	<u>290.56</u>	
Total 1 :		756.41		769.89
Other Debts :-				
a) From Holding Company - Unsecured considered good		2778.47	262.27	
b) From Others -				
(i) Secured considered good		440.58	370.33	
(ii) Unsecured considered good		<u>248.45</u>	<u>133.54</u>	
		709.03		766.14
Total 2		<u>3487.50</u>		<u>766.14</u>
Total : (1+2)		4243.91		1536.03
Less: Provisions for Doubtful Debts		<u>602.64</u>		<u>290.56</u>
TOTAL		<u>3641.27</u>		<u>1245.47</u>

SCHEDULE "J" - CASH AND BANK BALANCES

		March-2002	(Rs. Lakhs)	March-2001
Cash Balances				
a) Cash Balances including imprest		1.94	16.34	
b) Cheques in hand		<u>3.63</u>	<u>2.90</u>	19.24
Bank Balances with Scheduled banks :				
a) Current Accounts		62.58		18.01
b) Fixed Deposit		0.25		0.25
TOTAL		<u>68.40</u>		<u>37.50</u>

SCHEDULE "K" - LOANS AND ADVANCES

(Rs. Lakhs)

March-2002

March-2001

1. Advances recoverable in cash or in kind or for value to be received :			
a) From Holding company -			
(i) Unsecured , considered Good	6.39	0.53	
Total - (a)	6.39	0.53	
b) From Others :			
(i) Secured,considered good	2622.25	2763.62	
(ii) Unsecured,considered good	19.99	45.38	
(iii) Unsecured,considered doubtful	70.18	75.11	
Total - (b)	2712.42	2884.11	
Total - (a+b)	2718.81	2884.64	
Less : Provisions for doubtful loans & Advances	70.18	75.11	
	2648.63		2809.53
2. Amount recoverable from Industry Pool Account (net)	2622.00		527.70
3. Claims Recoverable :			
a) From Holding Company			
Unsecured - considered good :	90.69	1421.45	
b) From Others			
(i) Unsecured - considered good :	161.63	645.46	
(ii) Unsecured - considered doubtful :	-	-	
	252.32	2066.91	
Less : Provisions for doubtful claims	-	252.32	2066.91
4. Balances with Customs,Port trust and Excise Authority :			
(i) Unsecured - considered good :		109.13	217.61
5. Advance Tax (net)		1340.99	875.78
6. Material given on Loan			
a) From Holding Company			
(i) Unsecured - considered good :	-	64.60	
b) From Others			
(i) Secured - considered good :	2.54	2.53	
(ii) Unsecured - considered good :	11.25	12.77	
		13.79	79.90
7. Deposits			
a) To Holding companies			
i) Secured , considered Good	-	0.80	
ii) Unsecured , considered Good	-	13.35	
b) To Others			
i) Secured - considered good :	20.33	20.28	
ii) Unsecured - considered good :	107.77	76.93	
iii) Unsecured - considered doubtful :	-	-	111.36
	128.10		
	7114.96		6688.79

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. Lakhs)

	March-2002	March-2001
I. Current Liabilities :		
a. Sundry Creditors -		
(i) Total dues of small scale industrial undertaking(s)	4.19	21.08
(ii) Total dues of creditors other than small scale industrial undertaking(s)	<u>1163.49</u>	<u>1342.58</u>
Total (a)	<u>1167.68</u>	<u>1363.66</u>
b. Other Liabilities	2127.81	6092.47
c. Security Deposits	247.04	
d. Unclaimed Dividend	7.31	10.22
e. Raw Materials To Others	<u>27765.95</u>	<u>13324.18</u>
2. Dues to Holding Companies	18288.64	114.79
3. Crude Oil taken on Loan From Holding Company	-	-
Less : Deposits given	<u>-</u>	<u>-</u>
Total current liabilities	49684.43	20905.32
4. Provisions :		
a. Provision for Retirement benefit	798.37	521.45
b. Provision for Taxation	589.37	582.10
Less : Advance Payment	<u>-589.37</u>	<u>582.10</u>
c. Provision for Wealth Tax	29.39	26.29
Less : Advance Payment	<u>26.29</u>	<u>24.67</u>
	<u>3.10</u>	<u>1.62</u>
	<u>50405.90</u>	<u>21428.39</u>

SCHEDULE "L-1" - MISCELLANEOUS EXPENDITURE

(Rs. Lakhs)

	March-2002	March-2001
Deferred Revenue Expenditure :		
As per last Account :		
a) Expenditure for EDP softwares etc.	20.96	6.81
b) Reformer Catalysts	<u>430.96</u>	<u>9.46</u>
	451.92	16.27
Add : Expenditure during the year -		
Expenditure for EDP softwares etc.	7.67	21.45
Reformer Catalysts	<u>-</u>	<u>435.46</u>
	7.67	456.91
Less: Written-off during the year -		
- EDP Software	28.63	7.30
Reformer Catalysts	<u>72.84</u>	<u>13.96</u>
	<u>101.47</u>	<u>21.26</u>
	<u>358.12</u>	<u>451.92</u>

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

(Rs. Lakhs)

	March-2002	March-2001
1. Closing Stock		
a) Finished Products	8650.85	11608.83
b) Stock-in-process	<u>2356.26</u>	<u>1615.67</u>
	11007.11	13224.50
2. Opening Stock		
a) Finished Products	11608.83	13348.42
b) Stock-in-process	<u>1615.67</u>	<u>4286.08</u>
	13224.50	17634.50
TOTAL (1-2)	<u>(2217.39)</u>	<u>(4410.00)</u>

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. Lakhs)

	March-2002	March-2001
1. Interest on :		
a) Loan and advances	105.10	116.94
b) Customers Outstandings (including Tax deducted at source Rs. 4.11 lakhs , Previous year Rs. 1.39 lakhs)	42.20	40.20
c) Others	<u>9.23</u>	<u>0.63</u>
	156.53	157.77
2. Income from Investment	120.85	240.60
3. Recovery for Power Supply	97.13	105.27
4. Fee for Marketing Right	1400.00	1400.00
5. Sale of Scraps	23.91	19.99
6. Recoveries from Employees	43.84	36.95
7. Recoveries from Outsiders	35.28	53.95
8. Other Liabilities Written back	36.57	862.55
9. Provision for Stores written back	-	1.90
10. Miscellaneous	38.59	30.28
11. N. E. Refinery benefits	602.04	-
	<u>2554.74</u>	<u>2909.26</u>

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

(Rs. Lakhs)

	March-2002	March-2001
1. Raw Materials Consumed :		
Opening Balance	12752.42	2261.97
Add : Receipts -		
a) Purchase	102124.20	102625.95
b) Taken on Loan	-	-
	114876.62	104887.92
Less : Closing Stock	<u>8652.83</u>	<u>12752.42</u>
	106223.79	92135.50



**SCHEDULE "O" – MANUFACTURING, ADMINISTRATIVE, SELLING
AND OTHER EXPENSES (Contd.)**

(Rs. Lakhs)

	March-2002		March-2001
1. Consumption :			
a) Stores, Spares and Consumables	1619.44		1909.81
b) Packing Materials & Others	<u>114.81</u>		<u>199.15</u>
		1734.25	2108.96
3. Power and Fuel :	9978.95		13251.51
Less, Fuel for own production	<u>9760.00</u>		<u>13040.40</u>
		218.95	211.11
4. Fees and Other Charges		108.45	131.82
5. Octroi, other levies and Taxes		218.90	280.51
6. Repairs and Maintenance :			
Building	147.57		164.45
Plant and Machinery	341.97		656.12
Others	<u>168.29</u>	657.83	<u>156.61</u>
			977.18
7. a) Freight and Transportation Charges	21521.33		683.44
b) Demurrage	<u>398.42</u>	21919.75	<u>-</u>
			683.44
8. Payments to and Provisions for Employees :			
a) Salaries, Wages and Other Benefits	5572.54		6188.47
b) Contribution to Provident Fund & Others Funds	509.43		351.20
c) Welfare Expenses :			
(i) Medical Expenses	283.15		189.63
(ii) Other Welfare Expenses	660.83		847.03
(iii) Group Insurance	37.62		25.78
(iv) Gratuity	<u>433.51</u>	1415.11	<u>47.74</u>
		7497.08	7649.85
9. Office Administration, Selling and Other Expenses (Schedule O-I)		2211.60	2096.67
TOTAL		<u>140790.60</u>	<u>106275.04</u>

SCHEDULE "O-I" – OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

(Rs. Lakhs)

	March-2002		March-2001
1. Rent		36.17	36.93
2. Insurance Premium		378.81	435.34
3. Rates and Taxes		8.14	10.05
4. Donations		10.55	10.41
5. Payments to Auditors			
a) Statutory Audit Fee	1.94		1.83
b) Tax Audit Fee	1.34		0.26
c) P.F. Audit Fee	0.05		0.05
d) Gratuity Audit Fee	0.01		0.01
e) Cost Audit Fee	0.21		0.21
f) Other Services	0.09		0.09
g) Out of Pocket Expenses	<u>3.94</u>		<u>2.95</u>
		7.58	5.40
6. Travelling and Conveyance		270.80	291.87
7. Communication Expenses :			
a) Postage and Telegram	1.77		1.64
b) Telephone and Telex	<u>55.73</u>	57.50	<u>77.92</u>
			79.56

SCHEDULE "O-1" – OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES (Contd.)

(Rs. Lakhs)

	March-2002	March-2001
8. Vehicle Running Expenses	97.64	86.54
9. Printing and Stationary	27.88	33.74
10. Electricity & Water	-	-
11. Bank Charges	44.12	66.33
12. Bad Debts, Advances & Claims written off	0.71	-
13. Project Expenditure Written-off	30.75	-
14. Stores Written off	4.76	14.62
15. Provision for Doubtful Debts, Advances, Claims etc.	312.08	170.85
16. Provision against Capital Expenditure	186.03	-
17. Provision For Stores Shortages/Obsolescence(Net)	3.16	15.63
18. Industrial Security Expenses	510.26	485.10
19. Other Expenses :		
a) Loose Tools charged off		12.27
b) Community Development	11.71	72.84
c) Training Expenses	40.24	37.27
d) Hire Charges	14.46	15.73
e) Claims/ Advances written-off	2.54	-
f) Others	104.51	122.11
g) Books and Periodicals	4.05	6.43
h) Advertisement Expenses	6.70	18.64
i) Publicity and Public Relation	9.87	34.21
j) Entertainment	8.35	7.48
k) R & D Expenses	9.01	11.63
l) Y2K Expense	-	8.21
m) Provision for Wealth Tax	3.10	1.62
n) Octroi,Cess etc.	1.25	4.54
o) Other Selling Expenses	32.87	1.32
	<u>248.66</u>	<u>354.30</u>
	2235.60	2096.67
Less : Project Management Expenses	24.00	-
TOTAL	<u><u>2211.60</u></u>	<u><u>2096.67</u></u>

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

(Rs. Lakhs)

	March-2002	March-2001
INCOME:		
Sale of products	-	10.54
Depreciation and Amortisation	-	0.24
Interest	167.02	-
Total Income	<u>167.02</u>	<u>10.78</u>
EXPENDITURE:		
Rent	-	7.23
Freight and Transport charges	-	0.40
Salaries & wages	-	0.05
Depreciation and Amortisation	72.22	-
Income tax	-	7.44
Auditors' expenses	-	0.01
Others	-	0.02
Total Expenses	<u>72.22</u>	<u>15.15</u>
NET INCOME/(EXPENDITURE)	<u><u>94.80</u></u>	<u><u>(4.37)</u></u>

SCHEDULE "Q" STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS

1.1 Land

Leasehold Land: Cost of land deposited with the State Government of Assam is treated as leasehold land pending execution of the deeds.

1.2 Construction Period Expenses on Projects.

1.2.1 Revenue expenses incurred during construction period are capitalised.

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

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

1.3 Depreciation/Amortisation

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

1.3.2 Assets costing up to Rs.5000/- are depreciated fully in the year of capitalisation.

1.3.3 Capital expenditure on items like railway siding, roads, culverts etc. the ownership of which is not with the Company are amortised / written off in five equal annual installments.

2. FOREIGN CURRENCY TRANSLATION

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

2.2 Monetary Items denominated in foreign currencies (such as cash, receivables, payables etc.) outstanding at the year-end, are translated at exchange rates applicable as of that date and any gains and losses arising due to exchange differences at the time of translation are charged to the Profit & Loss Account, except in respect of Fixed Assets, where any gains and losses arising due to exchange differences at the time of settlement are adjusted to the cost of such assets till they are fully depreciated.

3. INVESTMENTS

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

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

4. INVENTORIES

4.1 Raw Materials

4.1.1 Crude Oil is valued at cost on first in first out basis or net realisable value, whichever is lower.

4.1.2 Stock in Process is valued at raw material cost plus 50% of the estimated conversion costs as applicable or net realisable value, whichever is lower.

4.2 Stock-In-Trade

4.2.1 Finished Products are valued at cost or net realisable value; whichever is lower, except by-products, which are valued at net realisable value.

4.2.2 Cost of Finished Products Internally consumed is determined based on -
Para- xylene - at net variable cost (net of sale value of bye products);
Molten DMT -at cost or net realisable value, whichever is lower reduced by cost of flaking and packing.

4.3 Stores and Spares

4.3.1 Stores and Spares are valued at weighted average cost. In case of declared surplus/obsolete stores and spares, provision is made for likely loss on sale/disposal and charged to revenue.

4.3.2 Stores & Spares in transit are valued at cost.

5. DEBTORS

In respect of sundry debtors other than specifically dealt with, an ad-hoc provision is made to recognise the element of uncertainty of realisation.

6. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

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

7. PROFIT AND LOSS ACCOUNT

- 7.1 Liability towards gratuity is paid to a Fund maintained by a separate trust set up by the Company. Difference between the fund balance and the accrued liability, determined based on the actuarial valuation, is charged to Profit & Loss Account.
- 7.2 Provision towards leave encashment and post retirement benefits to employees is made based on the actuarial valuation as at the end of the year.
- 7.3 Pre-paid expenses up to Rs.50, 000/- in each case are charged to revenue.
- 7.4 Income and expenditure up to Rs.5 lakhs in each case pertaining to previous years are accounted for in the current year.
- 7.5 Claims on Oil Coordination Committee/Government arising on account of Administered Pricing Mechanism are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/clarifications subject to final adjustment as per separate audit.
- 7.6 Other claims (including interest on outstanding) are accounted:
 - a) When there is certainty that the claims are realisable
 - b) Generally at cost
- 7.7 Expenditure incurred on Voluntary Retirement Schemes is treated as Deferred Revenue Expenditure and is amortised over a period of five years beginning from the year in which expenditure is incurred.

8. R&D EXPENDITURE

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

V.N. MURTHY
Company Secretary

R.N. DAS
Director (Finance)

B.K. GOGOI
Chairman & Managing Director

EXPLANATORY NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2002

SCHEDULE - "R"

1.0 FIXED ASSETS

- 1.1 Cost of land measuring 1084.54 acres (previous year 1084.54 acres) which is deposited with the Government of Assam is treated as leasehold land and shown as such in Schedule - E, pending execution of deeds. A few claims of additional compensation of erstwhile owners of private lands included in the above said land are pending before the Hon'ble High Court, Guwahati.
- 1.2 Fixed Assets do not include the value of 17 Nos. of quarters estimated at Rs.41.76 lakhs built for the Indian Oil Corporation Limited against equivalent amount received from them.
- 1.3 Machinery Spares capitalised in previous years, related to the fully depreciated assets, have been charged of up to 95% in accordance with the Accounting Standards in place of amortisation in five years (as in previous year). This change has resulted to additional charge of Rs. 259.13 lakhs in the current year's Profit and Loss Account.
- 1.4 Fixed Assets include an asset (Hook-up facilities for imported crude at Barauni) amounting to Rs. 374.18 lakhs constructed in the premises of Barauni Refinery of Indian Oil Corporation Ltd. This is being charged off in five years (refer Significant Accounting Policy no. 1.3.3).
- 1.5 Fixed Assets and Capital work-in-progress added during the year include items of expenditure of Rs. 392.48 lakhs (Previous year Rs.337.02 lakhs) determined on estimation against work done but bills not received. Difference, if any, will be adjusted in the cost of the assets on ascertaining the actual.
- 1.6 An amount of Rs. 186.03 lakhs has been provided for against capital expenditure incurred for DMT Expansion Project, the implementation of which is uncertain at this stage. This has increased the loss for the year by Rs. 186.03 lakhs.
- 1.7 The interest (on specific and general borrowings) allocated against capital items amounting to Rs. 598.21 lakhs during the year in accordance with the Accounting Standards - 16 on 'Borrowing Cost' issued by the Institute of Chartered Accountants of India (refer Significant Accounting Policy nos. 1.2.2 and 1.2.3). The above amount includes interest on general borrowings of Rs. 167.02 lakhs pertaining to the previous year.
- 1.8 Loose Tools issued were being charged of in five years for items valuing Rs. 750/- and above in each case and in full valuing below Rs. 750/- in each case up to the previous year. During the current year Loose Tools valuing Rs.5000/- and below each is fully charged of and depreciation is charged at applicable rate for items valuing above Rs. 5000/- each (refer Significant Accounting Policy no. 1.3.2). Due to this charge loss for the year is lower by Rs. 19.90 lakhs.



- 1.9 Depreciation on additions/deletions has been charged on quarterly basis in place of monthly basis followed up to previous year. (Refer significant accounting policy No. 1.3.1). Due to this change loss for the year is higher by Rs. 25.31 lakhs.
- 1.10 Depreciation on Township Power Supply system and Township Sewerage and Effluent Disposal system have been charged at general rate instead of rate applicable to 'continuous process plant' from current year. Due to this change the loss for the year is higher by Rs. 0.32 lakhs, and the prior period account is also debited by Rs. 83.74 lakhs.

2.0 CURRENT ASSETS, LOANS AND ADVANCES

2.1 Raw Materials, Intermediates and Finished products:

All items of stock of raw materials, intermediates and finished products are based on physical verification carried out as at the year-end except for Polyester Staple Fibre (PSF) Waste.

2.2 Stores and Spares include:

- (i) Stores valuing Rs. 864.91 lakhs (Previous year Rs.618.31 lakhs) have not moved for more than 3 years of which Rs. 519.62 Lakhs (Previous year Rs.382.96 lakhs) not moved for more than 5 years.
- (ii) Stores valued at Rs. 265.37 lakhs (Previous year Rs.177.41 lakhs) have been identified as surplus as at the end of the year. During the year surplus valuing Rs. 6.23 lakhs (Previous year Rs.0.32 lakhs) has been disposed off. Surplus items include Rs. 3.18 lakhs (Previous year Rs.3.70 lakhs) worth of materials reserved for maintenance/projects. According to a fair estimate, the realisable value of the non-moving and surplus stores will not be less than the value stated in the accounts.

2.3 (i) Internal Audit Department of the company has conducted physical verification of stores and spares during the year 2001-02. Discrepancies in the nature of shortages and untraceable items reported are under reconciliation and provision has been made of Rs. 13.82 lakhs. Adjustments against the verification reports of 1999-00 and 2000-01 have been made in the accounts of 2001-02.

(ii) A detail action plan has been drawn for identification of obsolete/ damaged/unserviceable items and adjustment as necessary is being done. During the year obsolete/unserviceable items amounting to Rs. 3.48 lakhs (previous year Rs.14.62 lakhs) have been identified and written off.

2.4 Loans and advances recoverable from employees include an amount of Rs. 2.71 lakhs due from Directors and Ex-Director (Previous year Rs.3.53 lakhs); maximum balance outstanding at any time during the year was Rs. 3.45 lakhs (Previous year Rs.4.24 lakhs).

2.5 Up to previous year provision for doubtful debts against PSF sales were made against outstanding for more than five years (for parties other than Govt./Semi-Govt. Organisation). During the year provision has been made for all doubtful debts as per Significant Accounting Policy no. 5. Due to this change the loss for the year is higher by Rs. 225.00 lakhs.

2.6 Liquidated damages and late delivery charges/penalty recovered from the parties are adjusted with related works.

2.7 There is no outstanding exceeding Rs.1.00 lakh to any Small-scale Industrial undertaking for more than 30 days.

2.8 Amount receivable from and payable to M/S Indian Oil Corporation Ltd. (Holding Company) as on 31st March 2002 have been disclosed under relevant accounts.

2.9 Related party disclosure as per Accounting Standard - 18, issued by the Institute of Chartered Accountants of India is given in Annexed page no. 22A.

3.0 PROFIT & LOSS ACCOUNT

3.1 Sales include inter-alia, Excise Duty and Freight where applicable but exclude sales tax, accordingly sales tax amounting to Rs. 3450.47 lakhs (previous year Rs. 3484.87 lakhs) is not included in the Sale of Products.

3.2 Government of India has issued an extraordinary gazette notification dated March 28, 2002 announcing the dismantling of APM in the Hydrocarbon sector w.e.f. April 1, 2002. Accordingly, the prices of petroleum products (except PDS Kerosene and domestic LPG) as well as indigenous crude will be market-determined w.e.f. April 1, 2002. Industry Pool Account (OCC) will be wound up and outstanding to oil companies as on 31st March 2002 will be liquidated through issue of bonds.

3.3 Net claim from Industry Pool Account includes Rs. 6324.00 lakhs relating to previous years.

3.4 Freight and Transportation charges include claims by Indian Oil Corporation Ltd. of Rs. 20956.93 lakhs towards freight and sales tax under recovery on distribution of decontrolled products for the period 1st April 1998 to 31st March 2002.

3.5 Interest on Short Term Deposit of Rs.2407.55 lakhs as on 26-03-2001 with Can Bank Financial Services Limited (Canfina) has not been taken into account after March 1993 in view of non-receipt of interest due, in accordance with the Accounting Standard - 9 (AS 9) issued by the Institute of Chartered Accountants of India. The amount of interest provided up to the period 31-3-1993 is Rs.347.13 lakhs. The principal amount of Rs. 2407.55 lakhs has been realised in full during the year 2000-01. The interest amount is expected to be realised in due course as per an understanding reached with Canfina/Canara Bank.

3.6 The Gross Liabilities for employees' up to 31-3-2002 on account of gratuity Rs.1569.66 lakhs (Previous year Rs.1033.71 lakhs), leave encashment Rs. 736.55 lakhs (previous year Rs. 521.45 lakhs) and medical benefits of ex-employees Rs. 61.82 lakhs (previous year - Nil.) have been determined on an actuarial valuation basis.

3.7 Prepaid Expenses up to Rs. 50000/- in each case are charged to Revenue as per Significant Accounting Policy no. 7.3 from this year. However there is no effect on the Profit and Loss Account, of this change.

3.8 (a) Deferred Tax (Liability) of Rs. 5660 lakhs pertaining to the period up to 31st March 2001 has been adjusted against the General Reserve balance as on 01-04-2001 as per Accounting Standard issued by the Institute of Chartered Accountants of India (AS- 22).

(b) Deferred Tax Assets (net) as on 31.03.02 have been determined at Rs.5411.63 lakhs.

The break-up of this major component comprises as hereunder:

	(Rs. Lakhs)
Deferred Tax Assets -	
- Carried forward losses	10645
- Unabsorbed depreciation	2599
- Under Section 43B of the Income Tax Act	170
- Other Provisions	335
	<u>13749</u>
Deferred Tax Liability -	
- Depreciation on account of timing difference	8112
- Others	225
	<u>8337</u>
Deferred Tax Assets (net) as on 31-03-02	<u>5412</u>

(c) The net effect of setting off Deferred Tax assets and liabilities during the year amounting to Rs. 11071.67 lakhs has been taken as Deferred Tax Income in the Profit & Loss Account.

3.9 Calculation of Earning per share:	Current Year	Previous Year
Net loss as per Profit & Loss Account - Rs. lakhs	19861	5744
Share Capital (face value Rs 10/- each) Nos.	199817900	199817900
Earning per Share Rs.	(-) 9.94	(-) 2.87

3.10 Claims/demands against the Company shown under 'Contingent Liability' will be provided for as and when the claims, if any are confirmed.

3.11 Repairs and maintenance expenses do not include salaries and wages. The classification of plant and machinery into continuous process and others has been made on the basis of technical opinion and depreciation thereon is provided for accordingly.

4. GENERAL

4.1 Accounting Policy

The Accounting Policies followed by the Company have been reviewed and rephrased during the year and effects of such changes are disclosed in the relevant Notes.

4.2 Confirmations of balance(s) in respect of Advances, Deposits, Creditors and Debtors have not been received.

4.3 Figures for previous year have been regrouped/rearranged wherever necessary.

Signature of Schedules "A" to "T"

For and on behalf of the Board of Directors

V.N. MURTHY
Company Secretary

R.N. DAS
Director (Finance)

B.K. GOGOI
Chairman & Managing Director

For **SRI ASSOCIATES**
Chartered Accountants

Place : New Delhi
Dated : 25th May, 2002

I PASHA
Partner

STATUTORY INFORMATION PURSUANT TO PART-I AND PART- II OF SCHEDULE VI OF THE COMPANIES ACT 1956

SCHEDULE - "S"

	2001-2002	(Rs. Lakhs) 2000-2001
1 Contingent Liabilities not provided for:		
a. Claims not acknowledged as debts :		
(i) Income Tax Demand disputed in Appeal	5241.04	5837.34
(ii) Sales Tax Demand	3287.00	3295.95
(iii) Excise Duty Claims	691.38	163.94
(iv) Custom Duty	201.23	181.59
(v) Service Tax	-	-
(vi) Legal Claims	525.99	131.60
(vii) Other claim	-	-
b. Bill Discounting	-	328.17
c. Outstanding Letter of Credit	81.24	42.08
d. Counter Guarantee to SBI/UBI	356.19	308.27
	<u>10384.07</u>	<u>10288.94</u>
2 Estimated amount of Contracts remaining to be executed on capital Account	638.89	2422.41
3 Directors' Remuneration:		
a. Salaries, Allowances	20.46	26.18
b. Contribution to PF /Pension Fund	2.15	2.51
c. Other Perquisites	0.14	0.44
d. Gratuity	-	-
In addition, the full time Directors are entitled to free medical treatment, children education allowance,leave travel concession, gratuity and also use of company's car for non-duty journey's upto 9,000 KM per annum on a payment of Rs.3,000/4,800 per annum recovered in Instalment of Rs.250/400 per mensem.		
4 C.I.F. Value of Imports:		
a. Capital Goods	71.63	508.99
b. Stores and Spares	141.90	626.24
5 Expenditure in Foreign Currency (on accrual basis):		
a. Royalty/Know-how	-	34.13
b. Professional Consultation Fees	3.60	-
c. Travelling	2.00	-
d. Registration Fees	-	-
e. Other Expenses	0.85	-
6 Earnings in Foreign Exchange (on accrual basis):	-	-
7 Installed Capacity and Licensed Capacity (MT) :		
a. Crude Throughput	2,350,000	2,350,000
b. Para-Xylene	29,000	29,000
c. Ortho-Xylene	6,000	6,000
d. Dimethyl Terephthalate	45,000	45,000
e. Polyester Staple Fibre	30,000	30,000
f. Methanol	10,500	10,500
8 Production (MT) :		
A. REFINERY :		
1. Light Distillates	271535	266771
2. Middle Distillates	925854	938781
3. Heavy Ends	190777	239407
TOTAL :	<u>1,388,166</u>	<u>1,444,959</u>



SCHEUDLE "S" (Contd.)

	2001-2002	(MT)	2000-2001
B. PETROCHEMICALS :			
1. Return Stream Naphtha	61355		45834
2. Para-Xylene	5157		10935
3. Ortho-Xylene	627		643
4. Cee-Nine	2237		3258
5. Cee-Seven	1682		261
6. D.M.T.	6684		18692
7. B-Ester	-		-
8. Petrosol	4190		2908
9. Nitrogen	4		21
10. BRP - SOL	835		1120
11. Mixed Xylene	4066		3544
12. DMT Residue	-		-
13. Bonmex	13243		5630
TOTAL :	100,080		92,846
C. POLYESTER STAPLE FIBRE:			
1. Polyester Staple Fibre	6924		15128
2. Methanol	2308		5140
3. Waste Fibre	372		579
TOTAL :	9,604		20,847
TOTAL :(A+B+C)	1,497,850		1,558,652

9		2001-2002		2000-2001	Rs. Lakhs
		MT	Rs. Lakhs		
9	Opening Stock of Goods Produced :				
	A. REFINERY :				
	1. Light Distillates	27213	3195.40	27,703	2783.55
	2. Middle Distillates	51843	4360.80	31,903	2677.73
	3. Heavy Ends	33156	1342.32	111,532	3486.57
	TOTAL :	112,212	8898.52	171,138	8947.85
	B. PETROCHEMICALS :				
	1. Return Stream Naphtha	327	36.19	256	23.79
	2. Para-Xylene	887	260.81	1,815	326.12
	3. Ortho-Xylene	95	26.50	451	118.19
	4. Cee-Nine	1313	310.87	1,181	241.05
	5. Cee-Seven	79	16.45	103	20.37
	6. D.M.T.	2575	678.17	1,353	385.53
	7. BRPSOL	39	7.76	79	13.55
	8. Mixed Xylene	161	40.70	685	137.11
	9. Petrosol	161	27.60	221	29.49
	10. Bonmex	303	43.92	351	38.99
	TOTAL :	5,940	1440.97	6,495	1334.19
	C. POLYESTER STAPLE FIBRE:				
	1. Polyester Staple Fibre	2050	1109.26	4866	2806.11
	2. Methanol	347	43.38	793	66.61
	3. Waste Fibre	482	116.70	747	193.66
	TOTAL :	2,879	1269.34	6,406	3066.38
	TOTAL :(A+B+C)		11608.83		13348.42
10	Closing Stock of Goods Produced :				
	A. REFINERY :				
	1. Light Distillates	16,224	1878.30	27213	3195.40
	2. Middle Distillates	31,418	2803.98	51843	4360.80
	3. Heavy Ends	14,188	941.79	33156	1342.32
	TOTAL :	61,830	5624.07	112,212	8898.52

	2001-2002		2000-2001	
	MT	Rs. Lakhs	MT	Rs. Lakhs
B. PETROCHEMICALS :				
1. Return Stream Naphtha	131	13.14	327	36.19
2. Para-Xylene	1661	390.23	887	260.81
3. Ortho-Xylene	77	25.37	95	26.50
4. Cee-Nine	138	33.62	1313	310.87
5. Cee-Seven	124	21.69	79	16.45
6. D.M.T. + Molten DMT *	700	184.75	2575	670.17
7. BRP - SOL	86	13.67	39	7.76
8. Mixed Xylene	322	73.33	161	40.70
9. PETROSOL	25	3.42	161	27.60
10. Bonmex	382	52.82	303	43.92
TOTAL :	3,654	812.04	5,940	1,440.97

* 559 MT of Molten DMT has been adjusted.

C. POLYESTER STAPLE FIBRE:				
1. Polyester Staple Fibre	3833	2000.11	2050	1109.26
2. Methanol	1025	112.00	347	43.38
3. Waste Fibre	537	101.83	482	116.70
TOTAL :	5,395	2,214.74	2,879	1,269.34
TOTAL (A+B+C)		8,650.85		11,608.83

I.PSF stock includes 3446.5 Kgs damaged during the year (previous year 2495 kg)

II Sale of Goods Produced:

A. REFINERY :				
1. Light Distillates	195,544	17635.85	189,617	20576.85
2. Middle Distillates	928844	66333.61	910304	59657.89
3. Heavy Ends	138111	7764.53	227912	10132.70
NET SALES :	1,262,499	91733.99	1,327,833	90367.44
TAXES AND DUTIES :				
Excise Duty		15796.85		13945.32
		15796.85		13945.32
Gross Sales Refinery	1,262,499	107,530.84	1,327,833	104,312.76
B. PETROCHEMICALS :				
1. Return Stream Naphtha (Sold as MS)	61550	3628.82	45763	2809.68
2. Cee Seven (sold as MS)	182	10.73	-	-
3. Para-Xylene	-	-	-	-
4. Ortho-Xylene	645	154.76	999	235.31
5. Cee-Nine	3412	748.47	3126	612.69
6. Cee-Seven	1455	234.10	285	53.11
7. D.M.T.	497	129.59	1544	408.84
9. Nitrogen	4	0.26	21	1.30
10. BRP - SOL	788	109.06	1159	164.34
11. DMT Residue	-	-	-	-
12. Mixed Xylene	3905	841.35	4068	793.56
13. PETROSOL	4328	544.36	2968	405.38
14. Bonmex	13164	1763.50	5678	646.39
NET SALES :	89,930	8,186.00	65,611	6,130.60
TAXES AND DUTIES :				
Excise Duty		740.76		566.23
		740.76		566.23
Gross Sales Petrochemicals	89,930	8,926.76	65,611	6,696.83

Schedule 'S' (contd.)

	2001-2002		2000-2001	
	MT	Rs. Lakhs	MT	Rs. Lakhs
C POLYESTER STAPLE FIBRE:				
1. Regular Fibre	5142	2491.65	17944	9053.34
2. Waste Fibre	316	81.17	844	184.18
NET SALES :	5,458	2,572.82	18,788	9,237.52
TAXES AND DUTIES :				
Excise Duty		488.60		1797.94
		488.60		1797.94
Gross Sales PSF	5,458	3,061.42	18,788	11,035.46
TOTAL NET SALES :		102492.81		105735.56
TOTAL TAXES AND DUTIES		17026.21		16309.49
TOTAL SALES		119,519.02		122,045.05

	2001-2002		2000-2001	
	MT	Rs. Lakhs	MT	Rs. Lakhs
(2 Inter Unit Transfer of products:				
a. Reformer Naptha to Petrochemicals (Net)		24413		30760
b. Coker Naptha to Petrochemicals		835		1119
c. Coker Kero to Petrochemicals		4,191		2908
d. LDO Component to Petrochemicals		13,243		5630
e. Raw Petroleum coke to Calcination Unit		32402		27496
f. Low Sulphur Heavy Stock:				
1. To Coke Calcination Unit		331		293
2. To Petrochemicals Unit		23994		35134
3. To Polyester Staple Fibre		9620		16139
g. Para-Xylene to DMT		4382		11863
h. Refinery Gas :				
1. To Coke Calcination Unit		259		303
2. To Petrochemicals Unit		3628		7334
3. To Polyester Staple Fibre		1401		3173
i. DMT to PSF Unit		7495		15926
j. Methanol to Petrochemicals		1630		5586

	2001-2002		2000-2001	
	MT	Rs. Lakhs	MT	Rs. Lakhs
13 CONSUMPTION OF RAW MATERIALS :				
a. Crude Oil - Indigenous	1,133,960	66,209.61	1,427,261	82,678.39
b. Crude Oil - Imported	341,111	39,050.66	60,301	7,253.88
c. Methanol (Purchased)	1,470	211.22	2,594	338.04
d. Mono Ethylene Glycol	2,402	752.30	5,488	1,865.19
e. Others (Duties on own raw materials)		-		-
		106,223.79		92,135.50
	%	Rs. Lakhs	%	Rs. Lakhs
Imported	36.76	39050.66	7.87	7253.88
Indigenous	63.24	87173.13	92.13	84881.62
	100.00	106223.79	100.00	92135.50
14 CONSUMPTION OF STORES AND SPARES :				
Imported	8.43	82.85	13.69	147.23
Indigenous	91.57	899.44	86.31	927.98
	100.00	982.29	100.00	1075.21

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No.

State Code

Balance Sheet Date

II. Capital raised during the year (Amount in Rs. '000)

PUBLIC ISSUE

RIGHTS ISSUE

BONUS ISSUE

PRIVATE PLACEMENT

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. '000)

Total Liabilities

Total Assets

Sources of Funds

Paid-Up Capital

Secured Loans

Reserves & Surplus

Unsecured Loans

Application of Funds

Net Fixed Assets

Misc. Expenditure

Investments

Accumulated Losses

Net Current Assets

Deferred Tax

IV. Performance of Company (Amount in Rs. '000)

Turnover

Profit/(Loss) Before Tax

Earnings per share in Rs.

Total Expenditure

Profit/(Loss) After Tax

Dividend Rate %

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

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Item Code No. (ITC Code)

Product Description

Note : ITC code of products as per Indian Trade Classification based on harmonised commodity description and coding system by Ministry of Commerce, Directorate General of Commercial Intelligence & Statistics.



To,
The Board of Directors,
Bongaigaon Refinery & Petrochemicals Limited,
P.O. Dhaligaon, Dist Bongaigaon,
Assam. Pin -783 385

We have examined the attached Cash Flow Statement of M/s. Bongaigaon Refinery & Petrochemicals Limited for the period ended 31-3-2002. The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with Stock Exchanges and is based on and in agreement with the corresponding profit and Loss Account and balance sheet of the Company covered by our Report of 25th May 2002 to the members of the Company.

Dated: 25th May 2002
Place: New Delhi

For **SRI ASSOCIATES**
Chartered Accountants

I.PASHA
Partner

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2002

	2001-02	2000-01
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and Extraordinary Items	(30926)	(5,744)
Adjustment for :		
Depreciation & W/O	3493	2887
Foreign Exchange	-	-
Investment	-	-
Interest	3769	1148
Operating Profit before Working capital changes	<u>7262</u>	<u>4035</u>
Adjustment for :		
Trade and Other receivables	(2366)	3,442
Inventories	5931	(5275)
Trade Payables	28977	5002
Cash Generated from Operation	<u>32542</u>	<u>3169</u>
Direct Tax paid	(472)	(268)
Cash Flow before Extraordinary Items	<u>8406</u>	<u>1192</u>
Extraordinary Items	-	-
Net Cash Flow from Operating Activities	<u>8406</u>	<u>1192</u>
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(3107)	(4179)
Sale of Fixed Assets	-	-
Acquisitions of Companies	-	-
Purchase of Investments	(5659)	-
Sale of Investments	-	1,420
Interest Received	-	-
Dividend Received	-	-
Net Cash Flow from Investing Activities	<u>(8766)</u>	<u>(2759)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Share Capital	-	-
Proceeds from borrowings	4160	3272
Repayment of Finance Lease Liabilities	-	-
Dividend Paid	-	(967)
Interest Paid	(3769)	(1148)
Net cash used in Financing Activities	<u>391</u>	<u>1157</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>31</u>	<u>(410)</u>
CASH AND CASH EQUIVALENTS AS AT 1.04.2001	<u>37</u>	<u>447</u>
CASH AND CASH EQUIVALENTS AS AT 31.03.2002	<u>68</u>	<u>37</u>

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on Cash Flow Statements issued by the Institute of Chartered Accountants of India.

V.N.MURTHY
Company Secretary

R.N.DAS
Director(Finance)

B.K.GOGOI
Chairman & Managing Director



SCHEDULE 'T'

BUSINESS SEGMENTS REPORT FOR THE YEAR ENDED ON 31ST MARCH 2002

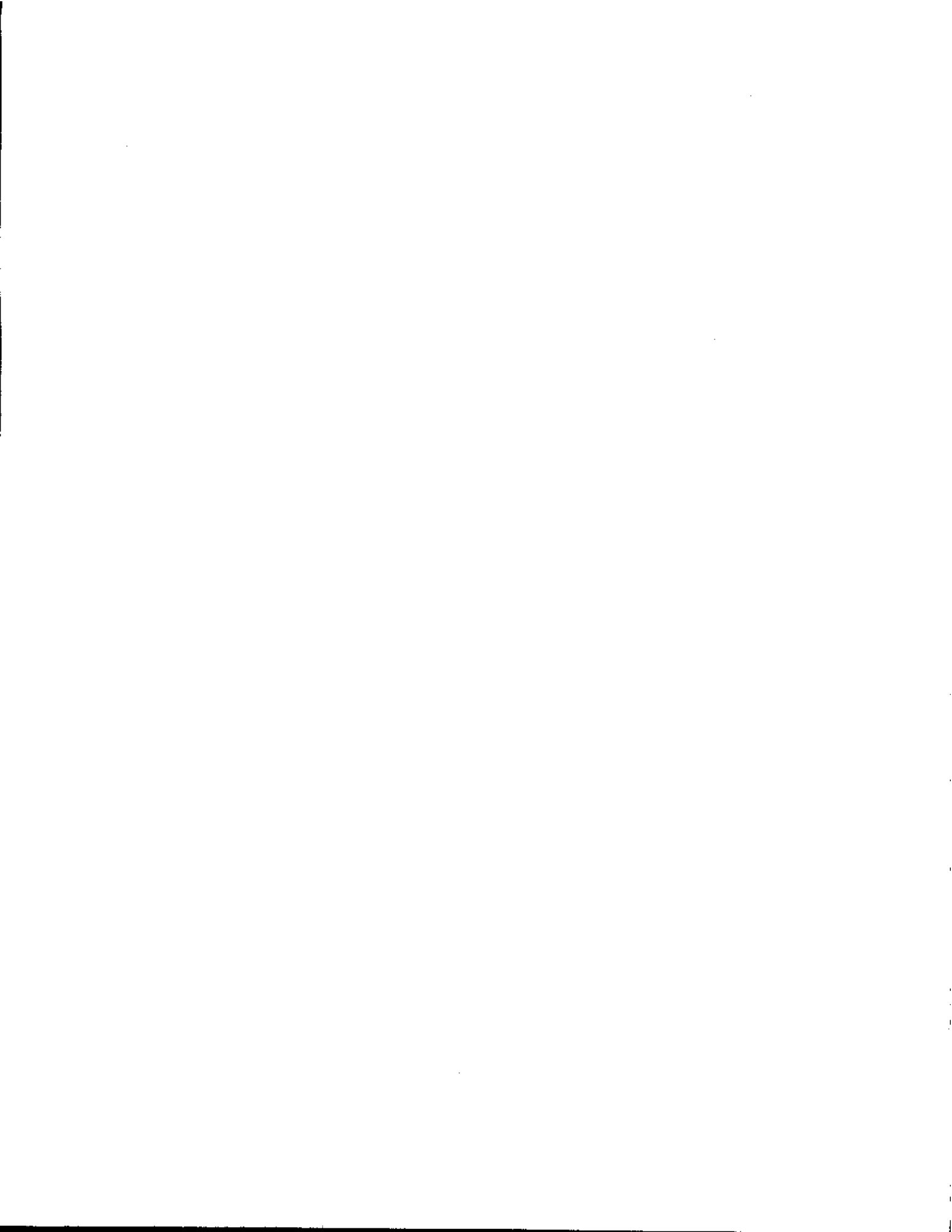
	(Rs. Lakhs)			
	Refinery Segment	Petrochemicals Segment	Polyester Staple Fibre Segment	Consolidated BRPL-Total
Revenue				
External Sales	111160	5298	3038	119495
Inter-segment Sales	10599	2689	191	13478
Total Revenue	<u>121758</u>	<u>7987</u>	<u>3228</u>	<u>132974</u>
Result				
Segment Results	(20117)	(3552)	(3860)	(27529)
Unallocated Corporate Expenses	-	-	-	-
Operating Profit/(Loss)	<u>(20117)</u>	<u>(3552)</u>	<u>(3860)</u>	<u>(27529)</u>
Interest Expenses				(3769)
Interest Income				277
Income Tax				(7)
Income Tax(Deferred Tax)				11072
Profit from Ordinary Activities				-
Prior Period Items				95
Net Profit/(Loss)	<u>(20117)</u>	<u>(3552)</u>	<u>(3860)</u>	<u>(19861)</u>
Other Information				
Segment Assets	52381	8300	9397	70078
Unallocated Corporate Assets				7875
Total Assets	<u>52381</u>	<u>8300</u>	<u>9397</u>	<u>77953</u>
Segment Liabilities	48147	1055	1204	50406
Unallocated Corporate Liabilities				-
Total Liabilities	<u>48147</u>	<u>1055</u>	<u>1204</u>	<u>50406</u>
Capital Expenditure	2619	26	915	3560
Depreciation	2038	389	893	3319
Non-cash expenses other than Depreciation	-	-	-	-

Reconciliation Statement with Aggregate Financial Results:

	Rs. Lakhs
External Sales	119495
Net Claim from Industry Pool Account	13079
Other Income (excluding Interest)	2277
	<u>134851</u>
Operating Expenses	(158960)
Depreciation	(3319)
Amortisation	(101)
Interest Income	277
Interest Expenses	(3769)
Prior period Income (net)	95
Deferred Tax	11065
Profit/(Loss) after Tax	<u>(19861)</u>

Notes :

1. Segment Revenue results, Assets and liabilities include the respective amounts identifiable to each of the segments and common facilities/amounts allocated on a reasonable basis.
2. Since the Company is operating in India, there is no geographical segment.



ANNUAL REPORT 2001-2002



IBP CO. LIMITED
(A SUBSIDIARY OF INDIAN OIL CORPORATION LIMITED)

Board of Directors

Shri M.S. Ramachandran	Chairman
Shri Arun Jyoti	Managing Director
Shri Naresh Narad	Director
Shri Shivraj Singh	Director
Shri A.K. Sinha	Director(Finance)
Shri R.S. Guha	Director(Marketing)
Prof. Sougata Ray	Director
Shri Amit Ghosh	Company Secretary

Directors' Report, including Management Discussion & Analysis

The Board of Directors has pleasure in submitting for adoption the 94th Annual Report of the Company with the Audited Accounts for the year ended 31st March, 2002.

1. DISINVESTMENT

The year witnessed the successful disinvestment of the Government of India's majority shareholding in the Company through Global bidding process - the first such disinvestment in the Petroleum Sector. The disinvestment was a result of systematic handling of all financial and legal formalities culminating in a smooth transition and vesting of the management control of your Company with Indian Oil Corporation Limited, a "Navaratna" and "Fortune 500" Company.

The disinvestment of your Company generated considerable interest from the bidders including foreign multinationals and established the true worth of your investment and vindicated the trust reposed by you on the Company. The resultant Open Offer by Indian Oil Corporation Limited ("IndianOil") under the Securities & Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 at the bid price of Rs.1551.10 per share, has indeed contributed much to shareholder value enhancement.

It is worth mentioning that the Government of India has disinvested 33.58% out of its holding of 59.58% in the equity share capital of the Company under a tri-partite Share Purchase Agreement ("the SPA") which was executed on 8th February, 2002 by and between the President of India, IndianOil - the Strategic Partner / Purchaser - and the Company. A bi-partite Shareholders' Agreement was also executed by and between the President of India and IndianOil on the same date. Consequent upon execution of these Agreements, the President of India transferred 74,37,808 equity shares of Rs.10/- each representing 33.58% of its holding of 59.58% in the equity share capital of the Company to IndianOil, the highest valid bidder in the disinvestment process. The shareholding of the President of India in the share capital of the Company currently stands at 57,58,290 equity shares of Rs.10/- each representing 26% of the equity share capital of the Company.

Based on the Open Offer to the public shareholders of your Company, IndianOil has acquired additional 44,29,454 fully paid-up equity shares of Rs.10/- each representing 20% of the paid-up share capital of the Company. Following the acquisition, the equity holding of IndianOil in the Company has increased to 53.58%. By virtue of the majority shareholding of IndianOil in the Company, your Company has become a subsidiary of IndianOil.

The year 2001-02 also witnessed demerger of the non-core investment undertaking of the Company under Sections 391-394 of the Companies Act, 1956 representing its 61.8% holding in its subsidiary viz., Balmer Lawrie & Co. Ltd in favour of Balmer Lawrie Investments Limited, a Public Company limited by shares incorporated on 20th September, 2001 under the Companies Act, 1956.

The demerger was given effect to with the approval of the shareholders at the Shareholders' Meeting convened on 26th December, 2001 as per direction of the Department of Company Affairs, Government of India. Consequent upon the demerger, the investments of the Company have been reduced by the book value of the investments transferred to Balmer Lawrie Investments Limited and an equivalent amount has been appropriated from the accumulated Reserves of the Company. Under the Scheme all shareholders of the Company are entitled to one equity share of Rs.10/- each in Balmer Lawrie Investments Limited for each share held by them in the Company as on the record date which was 14th March, 2002. Balmer Lawrie Investments Limited is in the process of listing the shares and issuing the share certificates.

2. EMERGING BUSINESS SCENARIO

From 1st April, 2002 the Administered Pricing Mechanism has been dismantled by the Government of India. With the total de-regulation, marketing margins — which were hitherto controlled by the Government — would now be determined by competitive market conditions.

It is to be noted that the system of reimbursement of operating costs and post-tax return on average capital employed has already been discontinued from 1st April, 2002. The retail sale prices of the Petroleum products are being decided by the Oil Companies with effect from the said date.

The stand-alone marketing company's position in the competitive market has experienced a significant change with the creation of surplus refining capacity. While refining margins would be under pressure, the marketing companies would derive values in future business opportunities. Having created and exercised control over the large nationwide marketing infrastructure, the existing Oil Marketing Companies would have strategic advantages as opposed to the new entrants. This would enable the existing Oil Companies to enjoy competitive advantage and to maintain leadership in the competitive market.

Through liberalization in the downstream Oil Marketing Sector, more players would be keen to enter the business of bulk and retail marketing of Petroleum products. While bulk marketing would have low entry barrier, retail marketing would require significant investments in creating requisite retail marketing infrastructure, apart from the time required for developing the same. Nevertheless, the future would experience stiff competition in the Petroleum marketing sector.

Although the pricing of the product would be determined based on Tariff Adjusted Import Parity Price (TAIPP), the industry is expected to experience rationalization of pricing policy in order to avoid frequent changes of price in response to movements in international crude oil prices.

3. SIGNIFICANT ACHIEVEMENTS: 2001-02

Keeping in view the emerging competitive scenario, the significant achievements made by the Company during 2001-02 are highlighted as follows:

- Achievement of debt-free status, the Company having repaid all its loan liabilities during the year.
- Highest ever Turnover aggregating Rs.8,453 crore as against Rs.8,393 crore in the previous year.
- Highest ever Profit After Tax (PAT) of Rs.195.79 crore representing an increase of almost 261% over the PAT of Rs. 54.22 crore in the previous year. The Profit Before Tax was Rs. 289.95 crore as against Rs.61.22 crore in the previous year.
- Significant reduction in the interest cost from Rs.82.56 crore in the previous year to Rs.29.54 crore in 2001-02 due to repayment of borrowings.
- Dividend recommendation of 100% on the Equity Share Capital of the Company for the second year in succession which, if declared by the members, would absorb a sum of Rs.22.15 crore.
- "Excellent Performance" under the MoU System of the Government of India for the tenth consecutive year.
- Commissioning of 27 new Retail Outlets including three Jubilee Retail Outlets ("JRO") and Six Company Owned Company Operated Outlets ("COCO") increasing the Company's network to 1559 Retail Outlets as at the close of the Financial Year.

- Commissioning of 29 new LPG Distributorships in the third year of operation resulting in enrolment of 40,139 new LPG customers. The Company currently has 54 LPG Distributors catering to a customer base exceeding 1,50,000.
- Commitment to Quality and Quantity (Q&Q) Assurance Scheme to cover 87 more Outlets, thereby extending the coverage of the Q&Q Assurance Scheme to 1534 Outlets representing 98% of the Company's Retail Outlet network.
- International recognition for quality standards as represented by continuation of ISO 9002 Certification for the Cartridge Explosive plant at Korba and Bulk Explosive plant at Singrauli.
- Continuation of ISO 9002 Certification for the Lube Oil Blending Plant at Budge Budge near Kolkata. Besides, seven of the JROs / COCOs have also been allotted ISO 9002 Certification.
- Continuation of ISO 9001 Certification for the Cryocan Plant and extension of ISO 9001 Certification to the Industrial Containers Plant at Nasik.

FINANCIAL HIGHLIGHTS

	Rs. Crore	
	2001-02	2000-01
The Company's Profit after providing for depreciation but before tax amounts to	289.95	61.22
Provision made for taxation (including deferred taxation for 2001-02) is	94.16	7.00
Leaving Profit after Tax and Depreciation at	195.79	54.22
After adding incremental balances with Burma Current Account and transfer from Investment Depreciation Reserve and Reserve for Contingencies	0.01	0.05
The amount available for appropriation is	195.80	54.27
Amounts representing transfer to Devaluation Exchange Difference Reserve come to	-	0.02
Leaving a balance of	195.80	54.25
With Directors appropriating to General Reserve the sum of	173.65	29.84
The amount available for distribution as Dividend is	22.15	24.41
Provision for Dividend recommended for the year on Equity Shares @ 100% (2000-01 : 100%) would absorb	22.15	22.15
Tax on Dividend would be	Nil	2.26
Total	22.15	24.41

4. OPERATING RESULTS

(a) Turnover

During 2001-02, the Company recorded its highest ever Turnover of Rs.8,453 crore which was a marginal increase over Rs.8,393 crore achieved during the previous financial year.

(b) Profit

The long history of your Company is embellished with a track record of consistent financial growth and outstanding performance. The Company's efforts have increasingly focused on enhancement of shareholder value which has been amply demonstrated during the recent disinvestment.

As a result of dismantling of the Administered Pricing Mechanism and complete de-regulation of the downstream Oil Sector, your Company has entered into a challenging market scenario from 1st April, 2002 and is well poised to position itself strongly in meeting the competitive challenge having developed focused business strategies covering its area of operation.

During the year under review, the Company registered Profit Before Tax of Rs.289.95 crore as against Rs.61.22 crore in the previous year, registering a growth of almost 374%. Profit After Tax (PAT) too increased from Rs.54.22 crore in the previous year to touch Rs.195.79 crore in 2001-02 reflecting a growth of almost 261%. Significantly, the PAT was after providing for deferred tax in line with Accounting Standards implemented during the year.

The surge in profits was largely attributable to finalization of marketing margin by the Oil Co-ordination Committee in view of disinvestment of Government equity and significant reduction in interest cost on account of pre-payment of debts and in other operating expenses.

On a like-to-like comparison isolating the non-recurring items, the Company has achieved a growth of over 24% in its profitability during the year as compared to the previous year.

(c) Productivity Improvement, Cost Control & Financial Management

During the year under review, the Company continued to strengthen its financial performance and cash generation which received a fillip in the wake of good business performance and settlement of dues by the Oil Co-ordination Committee against the back-drop of disinvestment of the Government equity. The main factors in the Company's financial performance were as under:

• Cost Control

Keeping in view the de-regulation effective 1st April, 2002, the Company had addressed the issue of cost management in order to enhance competitive edge in the market. To achieve cost leadership, your Company significantly curtailed its operating cost by reducing manpower costs through Voluntary Retirement Scheme, interest cost by liquidating long term debts and other costs through rationalization and re-structuring of business set-up. The manpower of the Company during the last five years is shown below:

Manpower

Financial Year	Nos.
1997-98	2677
1998-99	2723
1999-00	2639
2000-01	2626
2001-02	2207

During the year under review, increase in the overall expenditure has been contained at 10% which is impressive when compared with the increase of expenditure of 11% in 2000-01 over 1999-2000 and the increase of 12% in 1999-2000 over 1998-99.

• Cost of Funds

Your Company started the year with a debt liability of about Rs.441 crore towards long-term loans from Oil Industry Development Board and Working Capital Loan and Cash Credit from Banks. By the end of the financial year under review, the loan liabilities have been fully re-paid. As a sequel, interest cost has been reduced to Rs.29.54 crore from the high of Rs. 82.56 crore in 2000-01 due to re-payment of all borrowings during the year under report making IBP a debt-free company. The interest cost during the last five years is depicted hereunder:

Interest Cost

Financial Year	Rs. Crore
1997-98	65.39
1998-99	66.94
1999-00	76.36
2000-01	82.56
2001-02	29.54

• Taxation

As against the statutory corporate tax rate of 35.70%, the Company's effective tax rate during 2001-02 was 32.45%.

(d) Shareholder Value Enhancement

Your Company's strong financial strengths have had a positive impact on the share value as would be clear from the under-noted details:

• Book Value of Shares

Over the last five year period, the Book Value per share of the Company has risen from Rs.128 to Rs.201 reflecting a growth of more than 57% as shown in the adjoining table indicating value enhancement for the shareholders.

Book Value per Share

Financial Year	(Rs.)
1997-98	128.78
1998-99	139.94
1999-00	153.16
2000-01	166.63
2001-02	201.37

• Market Price Behaviour

The steady rise in the share prices is depicted in the table below and emphasizes the manner in which the shares of your Company reached the peak as the formalities relating to disinvestment and the resultant buy-back of shares under the SEBI Takeover Code unfolded:

	Financial Year 2000-01		Financial Year 2001-02	
	HIGH (Rs.)	LOW (Rs.)	HIGH (Rs.)	LOW (Rs.)
APRIL	107	91	316	290
MAY	100	78	407	295
JUNE	126	98	389	340
JULY	125	104	418	288
AUGUST	108	97	349	287
SEPTEMBER	120	99	314	235
OCTOBER	140	125	329	285
NOVEMBER	180	157	419	326
DECEMBER	180	130	423	380
JANUARY	234	138	590	403
FEBRUARY	357	247	945	520
MARCH	355	270	882	876

[Source : Quotations on the National Stock Exchange]

• Earnings Per Share

The Company's financial strength and resilience is typically demonstrated by its rising year-wise Earnings Per Share (EPS) curve which has been tabulated below. The EPS as at the close of 2001-02 crossed Rs.88 as

against Rs.24 in 2000-01 which bears eloquent testimony to the buoyancy of the scrip.

Year	1997-98	1998-99	1999-2000	2000-01	2001-02
Nominal Value					
Per Share (Rs.)	10.00	10.00	10.00	10.00	10.00
Earnings Per Share (Rs.)	14.25	15.91	18.83	24.48	88.40

Considering the normal profit of the Company after eliminating non-recurring elements, the EPS as at the close of the year works out to Rs.42.82.

During the year under report there was no additional issue of capital by the Company.

• Dividend

Maintaining its impressive track record of dividend payment in the past, blending the same with due degree of prudence and considering the aspiration of our Members, your Directors recommend a dividend of 100% (previous year 100%) on the Share Capital for the year ended 31st March, 2002 which, when declared, would absorb a sum of Rs.22.15 crore.

Members may note that the profit for 2001-02 does not truly reflect the normal profit earning capacity of the Company because of a number of non-recurring earnings accruing from dismantling of the Administered Pricing Mechanism. Having regard to the provisions of law which requires the Company to maintain its dividend at the average of three years under the Companies (Transfer of Profit to Reserve) Rules, 1975 while transferring retained earnings to reserves, taking cognisance of the profit earning capacity for the next few years from 2002-03 and the need for retention of earnings to leverage resources for garnering investment requirements in the competitive market, your Directors recommend maintaining the dividend rate at the same level of 100% as in the previous year, having explored various alternatives in the matter.

(e) Economic Value Addition

Traditional approaches to measuring "Shareholders Value Creation" are based on parameters such as earnings capitalization, market capitalization and present value of estimated future cash flows. Extensive equity research has now established that more than earnings per se, it is the Value (accretion to the shareholders) which is important. A new measure called "Economic Value Addition" (EVA) is, therefore, increasingly being applied to understand and evaluate financial performance.

EVA is the residual income available to shareholders after charging the Company for the cost of capital provided by lenders and shareholders. It represents the value added to the shareholders by generating operating profits in excess of the weighted average cost of capital employed in the business.

The EVA for your Company based on book profit as well as normal profit (i.e. after adjusting one time entries) are shown below:

Financial Year 2001-02	Book Profit	Normal Profit
EVA (Rs./Crore)	154.99	54.04

5. CORPORATE GOVERNANCE

The mandatory recommendations of the Committee on Corporate Governance, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, have become applicable from 31st March, 2002 for your Company.

6. OPERATIONAL PERFORMANCE

(A) Business Group (Petroleum)

The Business Group (Petroleum) continues to be the main forte of the Company's business operation and contributes to the bulk of the turnover. The liberalization in the Petroleum Sector has thrown a host of challenges and simultaneously provided the Company tremendous opportunity to be harnessed and capitalized for activating further rapid growth. With the withdrawal of the Administered Pricing Mechanism (APM), the Company is striving to position itself very strongly in the competitive market to take advantage of the liberalization.

(I) RETAIL MARKETING

Overall physical performance in sales during 2001-02 was lower as compared to the previous year. The sale of Petroleum Products aggregated 4.67 Million Kilotres (excluding sale to Oil Marketing Companies) during the year as against 4.91 Million Kilotres in the previous year. Product-wise there was a reduction in physical sales in respect of High Speed Diesel whereas sale of Motor Spirit registered an increase. However, there was a drop in the market share. As against a market share of 7.59% and 7.35% in Motor Spirit and High Speed Diesel respectively in 2000-01, the corresponding figures for market share during 2001-02 were 7.40% and 7.26%.

It may be relevant to mention that during the year the Company had, on strategic consideration reduced its investments in the retail marketing segment on account of disinvestment, which resulted in drop in sales relative to the industry. However, the Company has taken stock of the situation and re-drawn its business strategies to retrieve the lost ground and to generate rapid growth.

Retail excellence has always been the hallmark of the Company. The per pump thru put (PPT) for the Company in High Speed Diesel for the financial year under review was 168.2 Kilotres which was once again the highest amongst the Oil Marketing Companies as against the average industry PPT of 151.9 Kilotres. The PPT in Motor Spirit was, however, less than the industry average.

(II) RETAIL NETWORK

Despite some slow down in the capital investments of the Company on account of disinvestment, the year witnessed further strengthening of the distribution network. The Company's distribution network has been strengthened with the commissioning of 27 new Retail Outlets including three Jubilee Retail Outlets and six Company Owned Company Operated Outlets aimed at providing quality service for our valued customers.

The Company's Retail Network at the end of the year under review stood at 1559 Retail Outlets and 375 Superior Kerosene Oil (SKO) / Light Diesel Oil (LDO) dealerships after considering decommissioning of 7 Retail Outlets and one SKO / LDO dealership and re-commissioning of one Retail Outlet.

The details of Region-wise Retail Outlets / SKO-LDO Dealerships as on 31st March, 2002 are shown in the following chart:

	Northern Region	Eastern Region	Western Region	Southern Region	Total Nos.
COCO	13	12	12	14	51
JRO	19	4	19	14	56
Others	702	250	248	252	1452
Total Retail Outlets	734	266	279	280	1559
SKO / LDO	91	134	115	35	375

(III) LPG MARKETING

In the third year of Marketing of LPG under the brand "IBP Gas", the Company commissioned 29 new LPG Distributorships of which 12

distributorships have been allotted to SC/ST category under the Government's Corpus Fund Scheme for which the required infrastructure such as godown, showroom, delivery vehicle, working capital etc. have been provided by the Company.

At the close of 2001-02, the Company's Distributorship network stood at 54 consisting of 1,50,705 customers which is 57% higher than that in the previous year. During the year physical performance in the sale of LPG totalled 13106 MTs — an increase of 57.3% over the last year's performance of 8342 MTs. The state-wise break-up of the LPG network is shown hereunder:

State	No. of Distributors	No. of Consumers
Punjab	10	39,638
Uttar Pradesh	10	8,286
Gujarat	5	4,600
Tamil Nadu	9	66,334
Andhra Pradesh	4	5,664
Haryana	8	13,457
West Bengal	4	12,675
Maharashtra	4	51
Total :	54	1,50,705

(IV) MAXIMISATION OF LUBE SALES

During the financial year under review, the Company recorded a sales volume of 33,396 Kilotres of lubricants as against 33,593 Kilotres in the previous year. Thus the sales were maintained almost at the previous year's level despite stiff market competition. Considering the industry growth of 2.9% in lubricants, the Company is initiating various measures including strong advertisement campaigns to boost up lube sales.

The year witnessed the launch of two new environment friendly products viz., MACH-4T for 4 stroke two wheelers and CNG Oil for CNG driven Vehicles. In addition, approval of Directorate General of Quality Assurance (DGQA) has been obtained to pave the way for use by the Defence authorities of the high performance Diesel Engine Oil meeting API CF- 4 specification.

(V) QUALITY & QUANTITY ASSURANCE SCHEME

The Company was the front runner in introducing "Quality & Quantity Assurance Scheme" (Q&Q) in 1997-98 as a part of the Company's commitment towards customer satisfaction and quality servicing of consumers. Other Oil Companies have since followed suit. Our concern for customer has always provided us the distinct competitive edge. The Company continued to actively pursue Q&Q during the year. 87 more dealers have volunteered for the Scheme. The total outlets covered under the scheme on all-India basis numbered 1,534 representing 98% of the Retail network.

The Company ensures true implementation of Q&Q by holding frequent awareness programme besides providing scope for sampling and test checks. To further promote Q&Q assurance, a special tamper-proof lock has been introduced in place of the conventional plastic seal at the Depots and Terminals for the purpose of sealing Tank Trucks carrying petrol and diesel to the Retail Outlets. By the end of March, 2002, 56%

of the Retail Outlets have been brought within the ambit of the improved sealing system which has elicited good Customer response since it has ensured safe transit of the products without any possibility of en-route pilferage or adulteration.

(VI) STRENGTHENING OF STORAGE & DISTRIBUTION NETWORK

The Company has hitherto been committed to actively participating in the Additional Product Tankage (APT) Programme involving setting up of product tankages and depots for increase of storage, distribution and infrastructural facilities to service the Retail Outlet chain and to cater to the emerging demand for petroleum products. Following re-joining of the Company in the IndianOil conglomerate, the storage & distribution network of your Company has been significantly strengthened. The Company is, however, taking a synergistic re-look on strengthening its storage and distribution network considering its strength as a stand-alone marketing Company.

The distribution network of the Company which for several decades was confined to three locations viz., Budge Budge near Kolkata and Sewri & Wadala at Mumbai currently covers seventeen locations with a total tankage of 4,04,645 Kilolitres.

Project work on a new Terminal at Asoj in the State of Gujarat has commenced during the financial year under review. The project, which is a Black Oil Depot, is expected to be commissioned during the current financial year.

(VII) PRODUCT SECURITY AFTER WITHDRAWAL OF APM

With the deregulation of the Petroleum Sector, the Company has entered into Commercial Agreements with other Public Sector Oil Marketing Companies (OMCs) for sharing the product and infrastructure with each other for a period of two years following withdrawal of the Administered Pricing Mechanism. This is a significant development for your Company, inasmuch as it would ensure adequate product security and availability of extensive infrastructure on a sharing basis with the other OMCs. The Company's association with IndianOil following disinvestment would also be a matter of assurance for our members.

(B) Business Group (Chemicals)

Business Group (Chemicals) which was set up in 1974 for production of Industrial Explosives in the Public Sector continues to manufacture and market Industrial Explosives and accessories. Amongst 38 players engaged in the manufacture of Industrial Explosives, your Company is the only Public Sector Undertaking to possess the prestigious ISO 9002 certification for manufacture of Cartridged explosives at the Korba Plant and Bulk explosives at the Singrauli Plant. Plans are under implementation for extending the coverage of ISO 9002 certification to more Bulk explosive plants.

Sales of Bulk explosives, which are manufactured and marketed both in Slurry and Emulsion forms, aggregated 55,991 tonnes during 2001-02 as

against 55,717 tonnes in the preceding year. The marginally higher sale was achieved despite stiff competition from the existing manufacturers as well as the new entrants in the field.

During the year under review, re-sitment of our Bulk explosives plant at Singrauli had to be carried out owing to close proximity to the active mining zone. The erection and commissioning of the plant at the new site has been completed without impacting the sales volume adversely.

Physical performance in sale of Cartridged explosives — which are being manufactured and marketed only in Slurry formulations — was, however, lower compared to the previous year. The Company recorded aggregate sales of 7357 tonnes of Cartridged explosives during the year 2001-02, as compared with 9821 tonnes in 2000-01 which reflected a drop of 25% over the previous year. This was mainly due to the prevailing sluggish market conditions arising out of the existence of excess industrial capacity owing to too many players in the field coupled with low entry barriers in the form of capital and technology. As in the past, prices offered by Coal India Limited for the Cartridged explosives continued to be un-remunerative especially for the Large Diameter variety. It is worth mentioning that Cartridged explosives have application both in open-cast as well as underground mines.

Initiatives taken last year to counter depleting margins were continued by the Company during 2001-02. Despite improvement in operational efficiency and more cost effective operations, the margins continued to be depressed.

The Detonating Fuse manufacturing facility located at Korba in the State of Chattisgarh produced 3.47 million meters of Detonating Fuse in the year under review.

Although, the performance of the Business Group in terms of turnover at Rs.110 crore was less than the corresponding figure of Rs.124 crore during 2000-01 and the loss was higher than the previous year after charging off the expenses relating to the successful Voluntary Retirement Scheme, yet there has been a noticeable improvement with resultant loss reduction if one considers normal profit and disregards the abnormal / non-recurring factors.

With a view to rationalize operations, the Head Office of the Business Group (Chemicals) has been shifted from Noida in the State of Uttar Pradesh to the Corporate Head Office of the Company at Kolkata.

To examine various alternatives for turn-around of the Business Group, a consultant of international repute has been appointed. The consultant would advise on the various strategies for turn-around of the Business Group (Chemicals).

(C) Business Group (Engineering)

The Business Group (Engineering) of the Company manufactures and markets quality Cryogenic Containers for industrial and biological applications. The products can broadly be categorised into Aluminium Cryogenic Containers upto a capacity of 55 litres and Stainless Steel

Industrial Containers upto 20,000 litres.

As a result of heavy drop in the market demand to the tune of 56% in Cryocan and 22% in respect of Cryovessels, there has been a slide in sales. The Business Group has achieved a total sales turnover of Rs.11.72 crore (Previous Year Rs.22.88 crore) in the year under review. In physical terms, the Business Group achieved sales of 6749 Nos. of Cryocontainers and 83 Nos. of Cryovessels totalling 9289 equivalent cryocan units. The corresponding figures in the immediately preceding financial year were 8992 cryocontainers and 67 cryovessels aggregating 17,673 equivalent cryocan units. The drop in market demand is traceable to a general slowing down of the economy leading to recession in industries especially the gas industry which is a prominent buyer and is also due to the uncertainties which accompanies the disinvestment process.

The demand sluggishness coupled with the need to reduce closing inventory compelled the Company to scale down production with the result that production during the year under review was 4861 Nos. of Cryocans and 85 Nos. of Cryovessels aggregating 7437 equivalent cryocan units as against the corresponding last year figures of 10,331 nos. of Cryocontainers and 68 nos. of Cryovessels totalling 18515 equivalent units.

The expansion of Artificial Insemination activities in the country consequent to opening of new Artificial Insemination Centres and increasing level of door-to-door insemination activity funded under the Cattle & Buffalo Breeding Programme of Government of India is expected to have a salutary effect on the market demand.

The Business Group has conducted several seminars during the year and participated in exhibitions viz., Krishi Mela at New Delhi, AIIGMA (All-India Industrial Gases Manufacturers Association) Conference at Agra, India Meet conducted by the Export Promotion Council for promotion of export at Mumbai for the purpose of publicizing and promoting sale of products. Survey results show that more than 94% of the customers were satisfied on the quality of the product.

Business Group (Engineering) has begun the current year with satisfactory order booking and is expected to improve upon its financial performance in the current year. Though there is positive indication of a turn-around of the Business Group after carrying out a radical cost reduction exercise, the Company has appointed an international consultant to study various options for creation of synergy and adding value to the Organisation.

7. SUBSIDIARY & JOINT VENTURES

(a) Balmer Lawrie & Co. Ltd.

During 2001-02, 1,00,64,700 Equity Shares representing 61.8% equity holding of the Company in the share capital of Balmer Lawrie & Co. Ltd. has been transferred to and vested in Balmer Lawrie Investments Limited under a Scheme of Arrangement and Reconstruction. Consequent to the demerger, Balmer Lawrie has ceased to be a subsidiary of the Company with effect from 15th October, 2001 being the appointed date under the Scheme.

(b) Indian Oiltanking Limited

Following decision of the Ministry of Petroleum & Natural Gas, Government of India, your Company's 25% shareholding in Indian Oiltanking Limited comprising 2,75,00,000 Equity Shares of Rs.10 each fully paid-up have been divested and transferred to Indian Oil Corporation Limited at the rate of Rs.16/- per share and the proceeds have been duly received within the financial year under report. It is worth mentioning that the Company received payment of maiden dividend during the year at the rate of 5% on its capital subscription in Indian Oiltanking Limited.

(c) Petronet India Limited

The Company holds 20,00,000 Equity Shares of Rs.10/- each representing 2% share in the paid-up capital of Petronet India Limited. The Oil Marketing Companies viz., Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited and Bharat Petroleum Corporation Limited each have equity participation of 16% in Petronet.

The joint venture project envisages development of pipeline infrastructure for transportation of petroleum products in the different regions of the country. Petronet has so far promoted five joint venture companies for the purpose.

8. INDUSTRY OVERVIEW

(A) Industry Structure & Development

During the year 2001-02, industrial growth in India declined to approximately 2.7% against 5% during the previous year.

Industry highlights on the business lines in which the Company is involved are indicated below:

Petroleum

- The public sector, joint sector and private companies including multinationals comprise the Petroleum industry in India. Oil & Natural Gas Corporation Limited, Oil India Limited and Gas Authority of India Limited dominate the upstream sector (exploration and production). The Petroleum Sector consists of twelve public sector companies with 'Navaratna' and 'Miniratna' status conferred by the Government of India.

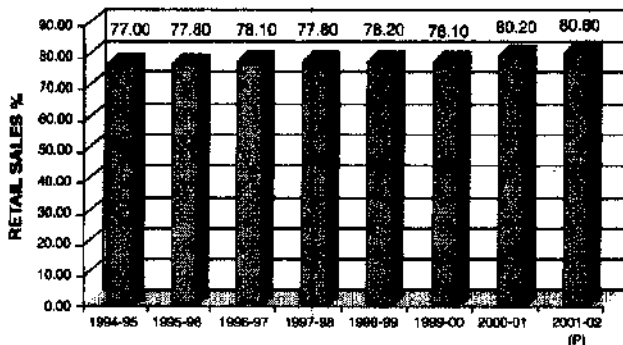
Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited, Bharat Petroleum Corporation Limited, Bongaigaon Refinery & Petrochemicals Ltd., Kochi Refineries Limited, Chennai Petroleum Corporation Limited and Numaligarh Refinery Limited are the major refining companies in the public sector. Mangalore Refinery & Petrochemicals Ltd., a joint sector company between Hindustan Petroleum and Birla Group of Companies is also in the refining business. Reliance Petroleum Limited, a private sector company runs its refinery at Jamnagar in the State of Gujarat.

- The marketing segment consists of four major activities viz., retail, consumer, lubes and LPG. Hitherto the segment has been the domain of the four Oil Marketing Companies viz., Indian Oil Corporation Limited, Hindustan Petroleum Corporation Limited, Bharat

Petroleum Corporation Limited and the Company. The sector is being progressively opened to the private players, multinationals and the other upstream companies such as Reliance Petroleum Limited, Essar Oil Limited, Oil & Natural Gas Corporation Limited and Numaligarh Refinery Limited on their fulfilling the norm of existing investments aggregating Rs.2000 crore in Petroleum related activities.

It is worth noting that retail marketing accounts for more than 80% of the total auto fuel (Motor Spirit and High Speed Diesel) market which is on the increase over the last few years as shown in the appended graph.

**AUTOFUEL (MS & HSD)
INDUSTRY RETAIL SHARE %**



- The major developments during 2001-02 as already mentioned were the first disinvestment in Petroleum Sector and the deregulation of the Indian Petroleum Industry from 1st April, 2002 involving withdrawal of the Administered Pricing Mechanism.
- The growth in demand for Petroleum Products during 2001-02 was the lowest in the last decade. In this scenario, the Public Sector Oil Companies have registered a negative growth of 1%.

Product-wise growth shows a mixed trend. Motor Spirit registered a slower growth rate of 6.2% in 2001-02 compared to 11.9% and 7.3% during 2000-01 and 1999-2000 respectively. MS retail sale grew at the rate of 6.6% but MS direct sale had a negative growth of 7.1%. On the other hand, HSD registered a negative growth of 3.4% compared to 3.4% negative growth and 5.6% positive growth respectively during the previous two years. HSD retail sale dropped by 3.1% whereas HSD direct sale was lower by 4.7%. The demand for Superior Kerosene Oil continued to reflect negative growth for the third successive year to the tune of 7.9% in 2001-02.

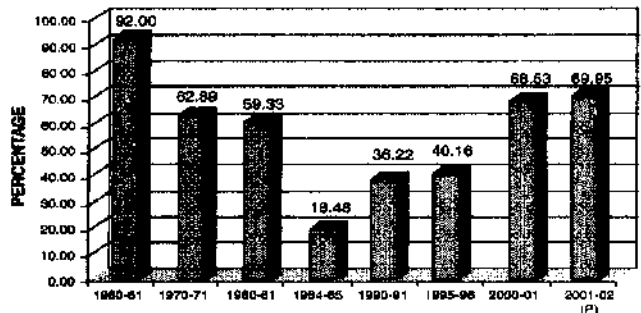
- Lubricants and greases in the country have recorded positive growth of 9.7% during 2001-02 from a negative growth of 16.1% in the previous year. Lubricant marketing was liberalized in 1993. Since then the entry of private players including the multinationals have made the market fiercely competitive. The bazaar trade and industrial segments presently constitute areas of growth which are being targeted by the major players.
- The Industry growth rate for LPG in the country has crossed 10% in 2001-02.

- On the supply front near stagnant crude production is an area of concern in India and efforts are being made by the Government to step up exploration activities under New Exploration Licensing Programmes to add to the reserves. To meet the supply gap arising out of growing rate of consumption and crude requirement of refineries, substantial tonnage of crude is being imported by India.
- High international crude price during the year has put quite a strain on the national exchequer for petroleum import.
- Crude imports in the past were quite substantial but import of Petroleum Products by the country has dwindled substantially on account of higher refining capacity created in India.

Explosives

The explosive industry in India is dominated by a single largest buyer, viz., Coal India Limited which accounts for more than 70% of the Country's consumption of explosives. The rest is consumed by metal mining companies, construction projects and border road organizations. There are more than 38 players in the fray, most of which are small scale industries. Besides your Company, the other major players, ICI and IDL, are facing stiff competition from these smaller companies.

**CRUDE IMPORTS AS % OF
REFINERY CRUDE THRUPT**



Cryogenics

In the Cryogenic industry in India, there are two major players- IBP and INOX. IBP continues to be the market leader in the small cryogenic container segment whereas INOX is a major competitor in the industrial container market. Wider applications for cryogenics are being attempted. New usages for gas industry and bulk handling / transfer of low temperature products are gradually opening up new opportunities. However, Indian manufacturers are facing competition from foreign manufacturers, particularly from China, which has put onus on them to be more cost-effective and efficient.

(B) Opportunities and Threats

The disinvestment of the Company which has taken place on 19th February, 2002 and the deregulation from 1st April, 2002 have provided considerable business opportunities as explained elsewhere in this Report. To counter the emerging competition operating efficiency, speed of response and proactive initiatives would constitute the prime focal points.

Generally, Oil Companies are striving to enhance marketing presence by satisfying customer needs at competitive costs, through improved productivity and optimum utilization of resources. Product differentiation even in consumer products and increasing brand value are areas of hectic activities for petroleum companies. With growing customer awareness, petroleum marketing companies have to increasingly target higher levels of service and product quality.

(C) Segment-wise / Product-wise Performance

A synopsis of segment-wise / product-wise performance has already been presented under Sl. Nos. 6(A), (B) and (C) respectively for the three Business Groups of the Company.

(D) Future Outlook

Gradual liberalization of the economy & market orientation in the Petroleum Industry even before withdrawal of Administrative Pricing Mechanism (APM) have ushered in customer orientation and more customer benefits. Supply of quality products and services at par with international standards and at market determined prices are being expected by the discerning customer.

The Public Sector Oil Companies have geared up for the competitive market to maintain leadership. The process of augmenting infrastructure, strengthening brand and company image, improving efficiency through business and financial restructuring, optimizing human capital and overhauling and rejuvenating the organization and systems have been in place. Your Company has taken similar actions even before disinvestment to maintain competitive position in the 'Market Driven Pricing Mechanism' environment.

It may be reiterated that acquisition of the management control of the Company by IndianOil following disinvestment of Government equity materialised with the Indian Hydro-Carbon Sector being under total deregulation. While the risks & concerns as also the challenges posed by deregulation have been addressed elsewhere in the Report, your Company is confident of meeting the challenges by capitalizing on the opportunities offered by liberalization for securing rapid growth.

Your Company is increasingly perceived by the market to be a strong retailer. Our Business strategies essentially revolve around the following strength areas:

- **Thrust on Retail Excellence:** Since its inception your Company has operated pre-dominantly in the retail segment of the Petroleum market and its standing as a stand-alone Petroleum Marketing Company compares favourably with the best in the World. It is only logical that the Company should continue to lay thrust on its Retail Excellence. Thrust on retail initiatives is being planned in various ways such as upgrading retail outlets progressively to international standards, providing multiple associated value added facilities at the outlets,

enhancement of dealer motivation through Dealers' meet / awareness seminars etc., Customer contact programme, widening the coverage of Q&Q Assurance Scheme and implementing various sales promotion schemes to maximise per pump throughput in the liberalised environment. To capitalize on retail excellence, the Company has recently entered into strategic alliance with the Tourism Corporations at the State level in Kerala and Andhra Pradesh for development of retail outlets and way-side amenities at suitable tourists sites. Similarly, your Company has entered into strategic alliance with Cummins Auto Services Ltd. (CASL), a reputed company engaged in providing "bumper to bumper" support for vehicles on highways, whereby CASL and your Company would be setting up multi-utility stations, each of which would comprise CASL service centre and IBP retail outlet, to meet the requirement of customers – both drive-in customers as well as customers having annual maintenance contract with CASL.

It is a matter of concern that there has been minor reduction in the Company's physical sales of High Speed Diesel. With enhanced thrust on retail excellence, the negative trend will definitely be reversed by meeting the challenges vigorously.

- **Harnessing the Retail Network:** The future would witness improved performance and stronger presence in the retail market with the marketing expertise of IBP being blended with the strength of IndianOil in the downstream Petroleum business to provide the distinct competitive edge.
- **Synergy with IndianOil:** The Company would increasingly focus on identifying areas of integration and synergy between the Company and IndianOil to create competitive edge in managing operating costs. Such synergy could take the form of use of terminals, access to training & development expertise, possibility of marketing each others products, material procurement by the Company from common vendors to provide cost advantage accruing from lower rates based on bulk purchases.
- **Identification and Establishment of areas to secure cost efficient operations:** With the operations of your Company having commenced under the Market Driven Pricing Mechanism, the Company would increasingly focus on inculcating optimal resource utilisation and cost competitiveness in business operations.
- **Effective Utilisation of Human Resource:** Human Resource continues to be of utmost importance to the Company in order to activate business growth. Your Company has been and would continue to take pro-active steps towards enhancing productivity and thereby adding value to the re-union that has been achieved by joining with the IndianOil family.
- **Brand Equity Management:** The Company is in the process of identifying

avenues for achieving significant differentiation of its products from those of its competitors such as corporate campaigns to create a sheltered market. Product differentiation would be linked to higher product quality in a competitive environment.

- **Maximisation of Lube Sales:** A pro-active strategy has been chalked out by your Company for increasing its market share in the lubricant business. The strategies revolve around enhancing sales through the Bazar segment, introduction of wider product range, enlistment of genuine oil certification, building up direct customer contact and launch of technically advanced products.
- **Information Technology Re-engineering:** In order to meet the competitive challenges, the Company would endeavour to adopt the best Information Technology thus enabling it to create an edge over other competitors. Keeping this in view, the Company has started exploring implementation of Enterprise Resource Planning (ERP) pertaining to its various business activities.
Currently, the Company is on a sound Information Technology platform whereby the entire organization is networked. This has facilitated your Company in taking quicker decision, besides having in place MIS for aiding formulation of competitive strategies.
- **Exports:** There is considerable scope for your Company exploring possibilities of developing business outside India based on its inherent strengths. The future could see your Company increasing exports, establishing collaborations and turnkey projects beyond the shores of India.
- **Thrust on Internal Resources & Better Financial Leverage:** Having become a debt-free Company, the Company would be leveraging its financial resources to meet the requirements of significant capital investment to sharpen its competitive edge in the emerging scenario. For achieving self-sustained growth, the Company would continue to lay thrust on generation of Internal Resources.
- **Consolidation of Business Groups:** The Company is actively ascertaining ways and means for turning around the Business Group (Chemicals) and the Business Group (Engineering). Suggestion Schemes amongst employees carrying financial reward for the best suggestion have been launched to further the objective of ensuring that these activities generate positive contribution in the competitive scenario. External Consultants are also being engaged for working out revival strategies. The prospects in the Cryogenic industry for the Company appear to be bright particularly because of the high quality standards that are being maintained for the consumer. During the current year, the order book of the Company is higher than that of the full financial year 2001-02, the Company being successful in obtaining orders for supply of industrial containers. The Company is also exploring alternative

applications for Cryogenic technology.

9. RESEARCH & DEVELOPMENT

As a corporate, your Company is vulnerable to the vagaries of business trends like any other large company. The challenges in the years ahead would only increase the need to be more competitive. The stress would, therefore, continue to be on building R&D capabilities for maintaining competitive edge in the market. During the year under review, R&D work has been carried out to improve efficacy of existing products and development of new models or applications. Details of R&D have been set out in Form B annexed to the Report.

10. EXPORTS

During 2001-02 the foreign exchange earnings of the Company aggregated Rs.1.69 crore comprising value of export sales and royalty. There was a fall in export earnings during the year which was consequential to the overall global depression.

11. ENVIRONMENTAL CONSERVATION AND SAFETY

The Company has always been conscious of its obligation towards environmental conservation. Under the Green Fuel Policy of the Government, the Company is actively participating in setting up of Auto LPG Dispensing Units at select Retail Outlets.

12. ENERGY CONSERVATION

As in the past, your Company maintained its thrust on energy conservation. Concerted efforts were made during the year to minimise energy consumption at plant level. The Company actively participated in the "Oil Conservation Fortnight" organised from 15th January to 31st January, 2002 throughout the country to inculcate the spirit of energy conservation among the large number of consumers.

13. TECHNOLOGY ABSORPTION

Form B annexed to this report provides details of technology absorption by the Company in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

14. PARTICULARS OF EMPLOYEES

During the financial year under review, the Company did not have any employee who received remuneration of Rs.12,00,000 or more or at a rate of Rs.1,00,000 per month or more. Hence, the disclosure in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, has not been made.

15. HUMAN RESOURCE MANAGEMENT

Human Resource Management has undergone a metamorphosis with the focus on turning the organization and its people into 'achievers' rather than remaining as 'performers'. Your Company values the

contribution of its Human Resource as a critical input in achieving its corporate mission. To harness the potential, the Company is laying utmost emphasis on organizational learning and human capital formation. The main objective of the Human Resource Policies is to make the Human Resource more motivated, more dynamic in order to contribute towards improving quality and increasing customer satisfaction.

Training and development of its employees have been the key success factors for the growth of your Company. During the year the Company has conducted a number of programmes in the areas of marketing, operations, projects, business finance, customer services, personal growth lab, self development, communication and information technology skills. Various sections of the employees have participated in the skill development programmes.

The Company has successfully achieved the target set under the MOU for 2001-02 with the Government of India with regard to Human Resource training.

Your Company continued to maintain its tradition of healthy and harmonious industrial relations. A conducive and congenial work atmosphere in the Company was maintained through the support and cooperation of the Trade Unions as also the Officers' Association.

16. SPORTS ACTIVITIES

Your Company takes active interest in the promotion of sports and games. It has hosted, on behalf of Petroleum Sports Control Board (PSCB), the seventh Inter Unit Veterans' Cricket Tournament at Kolkata. The Company also participated in the PSCB Tennis, Bridge, Veterans' Cricket and Golf tournaments. Our two-member team put up a spirited display in the tennis event during the year under review.

Three of our Officers continue to be prominently associated with Tennis activities in the country. One Officer has taken part in various national level tournaments and won the Open Men's Doubles event of the Senior National Grass Court Tennis Championship, the other two Officers continue to be associated with the Indian Tennis Academy in Sports Authority of India, Kolkata, an institution instrumental for imparting training in tennis to young talents and in assisting the Indian Women's Tennis Team as coach.

17. COMMUNITY / SOCIAL WELFARE

IBP has been actively involved in discharging its social responsibilities. During the year under review, the Company continued to contribute towards upliftment and welfare of the weaker sections of the society by undertaking various socio-economic projects under Special Component Plan and Tribal Sub-Plan notably :-

- Construction of Community Development Centre for the villagers in the Sunderbans in the State of West Bengal for various developmental activities like mass education, health camp, temporary shelter for flood affected villagers etc.

- Aids to educational institutions including providing of books, uniforms, construction of boundary wall, sanitation, room, provision of furniture & fixtures, laboratory equipments etc., at various schools in the States of Maharashtra, Chattisgarh and West Bengal.
- Providing financial assistance to meritorious students at a number of schools at Korba in the State of Chattisgarh.
- Organising medical / health camps at various places in the States of West Bengal, Chattisgarh and Maharashtra.
- Providing tri-cycles to Physically Handicapped SC/ST boys at Korba in the State of Chattisgarh.
- Aids to Tribal women to support entrepreneurship development for promoting self-employment in the State of Chattisgarh and West Bengal.

Under the Corpus Fund Scheme of the Government, one Retail Outlet has been allotted during the year to the Widow / Dependent of Martyrs of Operation Vijay carried out by the Indian Army in the Kargil sector and four Retail Outlets have been allotted during the year to SC/ST category. In accordance with the Scheme, the required infrastructure such as land, building, equipment and working capital have been provided by your Company.

18. OFFICIAL LANGUAGE IMPLEMENTATION

In accordance with the policy of the Government of India, the Company continued to actively promote usage of Hindi by way of organizing Hindi workshops, Hindi Training classes for Prabodh / Praveen / Pragma examinations and quarterly Official Language Implementation Committee Meetings to review the progress of Hindi in all major establishments of the Company.

The Company celebrated Hindi fortnight from 14th to 28th September, 2001 by organizing various competitions like quiz, writing in Hindi etc. and cultural programmes in line with the Government directives.

To review the overall progress of Hindi Implementation in the Company, an all-India Hindi Sammelan was held from 27th to 29th August, 2001 where senior officials distributed Official Language Shields to the Best Performing Offices.

Emphasis has been laid on use of Hindi in Company correspondence and advertisements. The House Journals of the Company continued to be brought out in bi-lingual form.

19. INVESTOR SERVICE

The Shares of your Company continued to be traded through the connectivity of National Securities Depository Limited and Central Depository Services (India) Limited. To further improve investor servicing more frequent registrations of transfer were given effect to by the Company besides expediting dematerialization of Shares. The website of the Company continued to provide valuable information

such as Unaudited Quarterly Results, Audited Annual Accounts and Pattern of Shareholding etc. for the information of its shareholders/ investors.

20. VIGILANCE

The role of Vigilance has become more important in the context of adoption of standards of Corporate Governance which emphasize maintenance of clean and healthy environment within the organization.

The Vigilance Department, currently headed by Executive Director (Vigilance) acting as Chief Vigilance Officer on deputation from the Government of India, has created greater awareness of different vigilance aspects amongst the employees of the Company and has also been instrumental for further streamlining systems and practices prevailing in the Company.

Incessant surveillance of sensitive activities of all the Business Groups and units; continuous interaction at different strata of the Management and the employees of the Company; conducting systematic, programmed and random inspection of various systems & practices, and introducing prompt follow-up actions in cases of administrative and financial irregularities, have fostered greater transparency in administration and honest work culture in the Company.

21. RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as amended under the Companies (Amendment) Act, 2000, the Directors confirm that:

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanation relating to material departures;
- b) They have / had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- c) They have / had taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- d) They have / had prepared the annual accounts on a going concern basis.

22. REVIEW OF ACCOUNTS

Review of Accounts of the Company for the year ended 31st March, 2002 by the Comptroller and Auditor General of India along with his

comments thereon under Section 619(4) of the Companies Act, 1956 is to be deemed as an annexure to the Directors' Report.

23. DIRECTORS

Pursuant to the relevant provisions of the Share Purchase Agreement ("the SPA") executed on 8th February, 2002, letters of resignation from the existing full-time functional Directors of the Company viz, Shri S.N. Mathur - Chairman & Managing Director, Shri A.K. Sinha - Director (Finance) and Shri R.S. Guha - Director (Petroleum) had been accepted by the Board of Directors of the Company at the Closing Meeting held on 19th February, 2002.

At the same Meeting in accordance with the nomination right vested in Indian Oil Corporation Limited under the SPA, Shri M.A. Pathan, Chairman Indian Oil was appointed as the Part-time Non-executive Chairman of your Company and Shri Arun Jyoti was appointed as full-time Managing Director. Out of the out-going Directors, Shri A.K. Sinha was appointed as Director (Finance) and Shri R.S. Guha was appointed as Director (Marketing) in the whole-time employment of the Company. The appointments of the above Purchaser Nominee Directors on the Board of Directors were made in terms of Section 260 of the Companies Act, 1956 read with Article 98 of the Articles of Association of the Company. Consequent to the casual vacancy caused by Shri P.M. Meena ceasing to be a Director, Shri Shivraj Singh was appointed as a Government Nominee Director with effect from 19th February, 2002 under Section 262 of the Companies Act, 1956 read with Article 113 of the Articles of Association of the Company.

In order to comply with the Corporate Governance norms under the Listing Regulations of the Stock Exchanges, Prof. Sougata Ray was appointed as Part-time Independent Director of the Company in terms of Section 260 of the Companies Act, 1956 read with Article 98 of the Articles of Association of the Company and the relevant clause in the SPA.

Shri M.S. Ramachandran, Chairman, Indian Oil Corporation Limited has been appointed as Part-time Non-executive Chairman of the Company with effect from 1st April, 2002 consequent upon the vacancy caused on account of Shri M.A. Pathan ceasing to be a Director on his superannuation as Chairman, Indian Oil.

In accordance with the provisions of Section 260 of the Companies Act, 1956, the term of Office of Shri M.S. Ramachandran, Shri Arun Jyoti, Shri A.K. Sinha, Shri R.S. Guha and Prof. Sougata Ray would expire at the forthcoming Annual General Meeting of the Company. Under Section 262 of the Companies Act, 1956 read with Article 113 of Company's Articles of Association, Shri Shivraj Singh will also hold Office only until the ensuing Annual General Meeting. The Company has received due Notices under Section 257 of the Companies Act, 1956 for their

appointment at the said Meeting as Directors of the Company.

The Board would like to record its appreciation of the valuable contributions made by the outgoing Directors viz., Shri M.A. Pathan, Shri S.N. Mathur, and Shri P.M. Meena during their respective tenure in Office. In accordance with Article 108 of the Articles of Association of the Company Shri Naresh Narad, Director retires by rotation at the ensuing Annual General Meeting and he is eligible for re-appointment.

24. AUDITORS

The Auditors of the Company have been appointed by the Government of India on the advice of the Comptroller and Auditor General of India in terms of Section 619(2) of the Companies Act, 1956 for auditing the Books of Account of the Company for the financial year ended 31st March, 2002.

Pursuant to Section 224(B)(aa) read with Section 224A of the Companies Act, 1956, a proposal for increasing the remuneration of the Auditors of the Company appointed by the Comptroller & Auditor General of India under Section 619 of the Act to audit the Books of Account for the financial year ended 31st March, 2001 has been included in the Agenda for the Annual General Meeting seeking approval of the Members thereon. Simultaneously, a proposal would be placed before the Members soliciting their approval for delegating to the Board of Directors the power of fixing remuneration of the Statutory & Branch Auditors from the financial year 2002-2003 onwards.

25. ACKNOWLEDGEMENT

The Board of Directors highly appreciates the excellent contribution and dedicated efforts made by the members of the IBP family comprising its employees, dealers, suppliers, customers and shareholders towards the excellent results achieved by the Company.

The Directors of your Company take this opportunity to express their gratitude to the controlling stakeholders viz., IndianOil and to the Ministry of Petroleum & Natural Gas, Government of India for their continued support, co-operation and guidance.

Your Directors are thankful to the Shareholders and other stakeholders including our bankers for their spontaneous support to the Company.

For and on behalf of the Board

Sd/-

M.S. RAMACHANDRAN

Chairman

26 July, 2002

Annexure to Directors' Report - FORM -B

Form for Disclosure of particulars with respect to Technology Absorption

A. Research & Development (R&D)

1) Specific areas in which R&D carried out by the Company

- a) Basic and applied research work in Packaged and Bulk Delivery Slurry and Emulsion Industrial Explosives for meeting the requirement of mining industry. The specific areas include:
 - i) Development and performance stabilization of Non-permitted Small Diameter Slurry Explosive products.
 - ii) Commissioning and stabilization of emulsion explosive manufacturing facilities.
 - iii) Development of permitted explosive products.
 - iv) Cost reduction and performance improvement of bulk delivery slurry and emulsion explosive products.
- b) Basic and applied research work has been carried out for improvement of efficacy of existing products, development of new models of Cryocans & Industrial Containers.
- c) Optimization and standardization of different specifications & parameters and development of innovative ways for improved cost effective methods for testing.

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

- i) Introduction of products viz., Non-Permitted Small Diameter (25 mm and above) Emulsion Explosive Products and Seismic Explosive Products both Emulsion as well as Slurry products having higher energy and better performance properties.
- ii) Reduction of cost and new / alternative formulations for existing products.
- iii) Booking and execution of orders for new models of Cryocans and Industrial Containers.
- iv) Better inventory control, cost reduction as well as improved delivery time.
- v) Cost reduction and customer satisfaction in respect of existing products.

3) Future Plan of Action

- i) To introduce products with higher energy and better performance property.
- ii) To reduce cost of Bulk Delivery Emulsion/Slurry Explosives for achieving high powder factor in hard strata conditions.
- iii) To develop anti-freeze Coolant formulations, brake fluid and emulsion based cutting oils.
- iv) To introduce new models of Cryocans and Industrial Containers to satisfy customer requirements.
- v) To introduce import substitute components in Cryocans.
- vi) To develop new products.

4) Expenditure on R&D

Amount (Rs. in Lakhs)

a. Capital	9.28
b. Revenue	247.21
c. Total	256.49
d. Total R&D Expenditure as a percentage of total turnover	7.08

B. Technology Absorption, Adaptation and Innovation

1) Efforts in brief made towards Technology Absorption and Innovation:

- i) Absorption of technology relating to packaged and bulk delivery slurry explosives. Future improvement of existing technology including export of slurry explosive technology to Jordan.
- ii) Absorption of technology relating to packaged and bulk delivery emulsion explosives through in-house R&D work.
- iii) Effort towards upgradation of the technology of emulsion explosives in respect of small diameter products.
- iv) Successful stabilization of manufacture of bulk repumpable emulsion explosive.
- v) Absorption of Perlite insulated Cryovessels technology and consequent manufacture of the products.

2) Benefits derived as a result of above efforts:

- i) Cost reduction through raw material substitution in packaged as well as bulk delivery explosives.
- ii) Development of new products viz., Geominex for reseller market and Seismic Explosives for oil exploration industry.
- iii) Support to marketing and technical services for tailor made products.
- iv) Booking and execution of orders for Perlite insulated Cryovessels.
- v) Improvement of existing products.
- vi) Cost reduction and import substitution.

3) In case of imported technology (imported during the last five years reckoned from the beginning of the financial year) following information is furnished:

- i) Details of Technology imported and year of import:
No technology was imported during the last five years.
- ii) Has technology been absorbed:
Not applicable.
- iii) If not fully absorbed, area where this has not taken place, reasons therefore and future plans of action:
Not applicable.

AUDITORS' CERTIFICATE TO THE MEMBERS OF IBP CO. LIMITED

We have examined the compliance of conditions of Corporate Governance by IBP Co. Limited for the year ended on March 31, 2002 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company to ensure compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

mentioned Listing Agreement except that the Shareholders/Investors Grievance & Share/Debentures Transfer Committee is to have a Chairman who shall be a non-Executive Director.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Share Department and as certified by the Registrar for the dematerialisation of shares.

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 **U. NARAIN & CO.**
Chartered Accountants

Place : Kolkata
Date : July 26, 2002

Ajoy Chhabra
Partner

AUDITORS' REPORT

Auditors' Report to the Members of IBP Co. Limited

We have audited the attached Balance Sheet of IBP Co. Limited, as at 31st March 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto in which are incorporated the accounts of Business Group (Petroleum), Business Group (Chemicals) and Business Group (Engineering) audited by Branch Auditors. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure-A a statement on the matters specified in paragraphs 4 and 5 of the said Order.

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books. The Branch Auditor's Report(s) have been forwarded to us and have been appropriately dealt with
- iii) The allocation of work amongst the auditors has been followed as per directions contained in Letter Nos. CA V/COY/CENTRAL GOVT.COMP.IBP (5)/12 DATED 11th Oct, 2001 & CA V/COY/

CENTRAL GOVT.COMP.IBP (5)/57 dated 6th December, 2001, addressed to IBP Co. Limited by the Government of India, Ministry of Law, Justice and Company Affairs, Department of Company Affairs, New Delhi.

- iv) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and with the audited returns from the branches
- v) In our opinion, subject to the relevant Accounting Policies of the Company the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- vi) On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2002, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- vii) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a. in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002; and
 - b. in the case of the Profit and Loss Account, of the profit for the year ended on that date.

for **U. NARAIN & CO.**
Chartered Accountants

Sd/-
(AJAY CHHABRA)
PARTNER

Camp : New Delhi
Date : 22-05-2002

Annexure " A " to the Auditors' Report

(Referred to in our Report of even date)

- | | |
|---|--|
| <p>(i) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. The fixed assets have been physically verified as per a phased programme by the Management during the year. No material discrepancies between the book records and the physical inventory were noticed on such verification.</p> <p>(ii) The fixed assets have not been revalued during the year.</p> <p>(iii) Physical verification of stocks of finished goods, stores, spare parts and raw materials excluding materials-in-transit and stocks lying with third parties has been conducted by the Management, at reasonable intervals. In our opinion having regard to the nature and location of stocks, the frequency of verification is reasonable. In the case of materials lying with the third parties & consignment agents, certificates confirming stocks have been received in respect of a substantial portion of the stock held.</p> <p>(iv) In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the Management were found reasonable and adequate in relation to the size of the company and the nature of its business.</p> <p>(v) The discrepancies noticed on physical verification between the physical stocks and the book records were not material in relation to the operations of the Company and have been properly dealt with in the books of accounts.</p> <p>(vi) In our opinion the valuation of stocks has been fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.</p> <p>(vii) The company has not taken any loans secured or unsecured during the year from companies, firms or other parties listed in the register maintained under Section 301. In terms of sub-section(6) of section 370 of the Companies Act, 1956 provisions of the said section are not applicable to a Company after commencement of Companies (Amendment) Act, 1999.</p> <p>(viii) The Company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained under Section 301. In terms of sub-section(6) of section 370 of the Companies Act, 1956 provisions of the said section are not applicable to a Company after commencement of Companies (Amendment) Act, 1999.</p> <p>(ix) The parties and employees to whom loans have been given by the company are repaying the principal amount as stipulated and are also regular in payment of interest wherever applicable.</p> <p>(x) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of raw materials, stores including components, plant and machinery, equipment and other assets and for the sale of goods.</p> | <p>(xi) According to the information given to us there were no transactions during the year of purchase of goods, materials and sale of goods, materials and services etc. made in pursuance of contracts or arrangements entered in the Register maintained under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs.50000/- or more in value.</p> <p>(xii) As explained to us the Company has a regular procedure for determination of unserviceable or damaged stores, raw materials or finished goods. Loss arising on the items so determined has been adequately provided in the Accounts.</p> <p>(xiii) The Company has not accepted any deposits from the public under section 58A of the Companies Act, 1956.</p> <p>(xiv) In our opinion the Company is maintaining reasonable records for sale and disposal or usage of waste, scrap and realisable by products.</p> <p>(xv) In our opinion the Company has an adequate internal audit system commensurate with its size and nature of business.</p> <p>(xvi) To the best of our knowledge the Central Government has not prescribed maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for the products of the Company.</p> <p>(xvii) According to the records of the Company, the Company has been generally regular in depositing Provident Fund and Employees State Insurance dues wherever applicable with the appropriate authorities during the year.</p> <p>(xviii) According to the information and explanations given to us there were no undisputed amounts payable in respect of Income Tax, Wealth Tax, Customs Duty, Excise Duty, and Sales Tax which have remained outstanding as at 31st March, 2002 for a period of more than six months from the date they become payable.</p> <p>(xix) According to the information and explanations given to us no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with generally accepted business practices.</p> <p>(xx) The Company is not a sick industrial Company within the meaning of Clause (o) of sub-section 1 of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.</p> <p>(xxi) No damaged goods have been reported by the company in respect of its trading activities.</p> <p>(xxii) In respect of service activity, which is not significant, the nature of services rendered do not require a system of recording receipts, issues and consumption of materials or of allocation of man hours on various activities, nor a system of authorisation for stores and labour is necessary.</p> |
|---|--|

for U.Narain & Co.
Chartered Accountants

Sd/-

(Ajay Chhabra)

Partner

Camp : New Delhi
Date : 22-05-2002

BALANCE SHEET as at March 31, 2002

(Rs. /Lakhs)

	Schedule	As at	
		31 st March, 2002	31 st March, 2001
SOURCES OF FUNDS			
1. Shareholders' Funds			
a) Share Capital	A	2,214.73	2,214.73
b) Reserves & Surplus	B	<u>42,388.03</u>	<u>44,602.76</u>
		44,602.76	36,908.32
2. Loan Funds			
a) Secured Loans	C	-	6,899.30
b) Unsecured Loans	D	<u>0.11</u>	<u>37,189.21</u>
		0.11	44,088.51
3. Deferred Tax Liability		<u>6,437.82</u>	-
		51,040.69	80,996.83
APPLICATION OF FUNDS			
1. Fixed Assets			
a) Gross Block	E	79,388.79	76,021.00
b) Less: Depreciation		<u>17,593.10</u>	<u>14,346.02</u>
c) Net Block		61,795.69	61,674.98
d) Dismantled Capital Stores		179.52	117.17
e) Capital Work-in-Progress	F	<u>1,712.80</u>	<u>2,070.77</u>
		63,688.01	63,862.92
2. Net Investment in Receivables from Railways		1,320.84	-
3. Investments	G	1,425.13	6,431.59
4. Advance for Investments	G-I	-	136.54
5. Current Assets, Loans and Advances			
a) Inventories	H	31,919.35	41,642.49
b) Sundry Debtors	I	10,602.82	12,504.30
c) Cash and Bank Balances	J	12,849.04	9,997.01
d) Loans and Advances	K	<u>9,634.86</u>	<u>14,433.06</u>
		65,006.07	78,576.86
6. Less: Current Liabilities and Provisions			
a) Current Liabilities	L	<u>80,399.36</u>	<u>68,011.08</u>
7. Net Current Assets		(15,393.29)	10,565.78
		51,040.69	80,996.83
8. Statement of Significant Accounting Policies	Q		
9. Notes on Accounts	R		
10. Other Schedules forming part of Accounts	S to X		

In terms of our report of even date

FOR U. NARAIN & CO.
Chartered Accountants

Sd/-
(AJAY CHHABRA)
Partner

Camp : New Delhi
Date : 22-5-2002

Sd/-
(Arun Jyoti)
Managing Director

Sd/-
(A.K. Sinha)
Director (Finance)

Sd/-
(Amit Ghosh)
Company Secretary

PROFIT & LOSS ACCOUNT For the Year Ended March 31, 2002

(Rs. /Lakhs)

	Schedule	2001-02	2000-01
INCOME			
1. Sale of Products		845,626.86	839,961.29
Less: Commission and Discounts		<u>368.99</u>	<u>707.95</u>
		845,257.07	839,253.34
2. Net claim from/(surrender to) Industry Pool A/Cs*		(38,707.12)	23,139.77
3. Increase/(Decrease) in Stocks	M	(9,250.44)	8,779.11
4. Interest and other Income	N	<u>7,217.65</u>	<u>4,547.12</u>
TOTAL INCOME		804,517.16	875,719.34
* Refer Note No.10 of Schedule "R"			
EXPENDITURE			
1. Purchase of Products for Resale		674,049.37	774,490.97
2. Manufacturing, Admin., Selling & Other Expenses	O	54,058.30	48,866.85
3. Duties		41,702.70	34,715.86
4. Depreciation and Amortisation		3,486.72	3,319.19
5. Interest Payment on :			
a) Fixed period loan from Banks/ Financial Institutions/Others		2,729.85	8,049.77
b) Short term loans from Banks		180.62	493.19
c) Others		<u>76.64</u>	<u>55.04</u>
		2,987.11	8,598.00
Less: Interest Capitalised		<u>33.30</u>	<u>341.80</u>
		2,953.81	8,256.20
TOTAL EXPENDITURE		776,250.90	869,649.07
PROFIT FOR THE YEAR		28,266.26	6,070.27
Income /(Expenses) pertaining to previous years(Net) P		729.18	51.58
PROFIT BEFORE TAXATION		28,995.44	6,121.85
Provision for Taxation (Net)			
a) Current Tax		9,381.00	700.00
b) Deferred Tax		<u>35.21</u>	-
		9,416.21	700.00
PROFIT AFTER TAXATION		19,579.23	5,421.85
Transfer from :			
Investment Depreciation Reserve		-	2.00
Reserve for Contingency		-	1.24
Burma Current Account		<u>0.32</u>	<u>2.06</u>
		0.32	5.30
DISPOSABLE PROFIT		19,579.55	5,427.15
APPROPRIATIONS :			
Dividend (Proposed)		2,214.73	2,214.73
Corporate Dividend(Proposed) Tax		-	225.90
Devaluation Exchange Difference Reserve		0.32	2.06
General Reserve		<u>17,364.50</u>	<u>2,984.46</u>
6. Statement of Significant Accounting Policies	Q		
7. Notes on Accounts	R		
8. Other Schedules forming part of Accounts	S to X		
Earning Per Share - Basic/Diluted [Schedule R (Note No.20)](Rs.)		88.40	24.48

FOR U. NARAIN & CO.
Chartered Accountants

Sd/-
(Arun Jyoti)
Managing Director

Sd/-
(A.K. Sinha)
Director (Finance)

Sd/-
(Amit Ghosh)
Company Secretary

Sd/-
(AJAY CHHABRA)
Partner

Camp : New Delhi
Date : 22-5-2002

SCHEDULE "A" – CAPITAL

		(Rs. Lakhs)	
		As at 31 st March, 2002	As at 31 st March, 2001
Authorised :			
9,95,00,000	Equity Shares of Rs. 10/- each (31.3.2001 - 9,95,00,000) and	9,950.00	9,950.00
50,000	Preference 14% Taxable Cumulative Shares of Rs.100 each (31.3.2001 - 50,000)	50.00	50.00
		<u>10,000.00</u>	<u>10,000.00</u>
Issued and Subscribed (Fully Called and Paid up) :			
2,21,47,269	Equity Shares of Rs. 10/- each (31.3.2001 - 2,21,47,269)	2,214.73	2,214.73
Out of the above			
i) 69,844	allotted as fully paid up shares pursuant to a contract without payment being received in cash (31.3.2001 - 69,844)		
ii) 2,37,766	shares issued but details of which are not available due to destruction of Company records during Second World War (31.3.2001 - 2,37,766)		
iii) 93,570	shares allotted as fully paid by way of Bonus Shares, the details of which are not available due to destruction of Company records during Second World War (31.3.2001 - 93,570)		
iv) 1,02,22,406	shares allotted as fully paid up by way of Bonus Shares among the members by capitalising free reserves (31.3.2001 - 1,02,22,406)		
v) 1,15,23,683	shares issued as fully paid up in cash (31.3.2001 - 1,15,23,683)		
TOTAL		<u>2,214.73</u>	<u>2,214.73</u>



SCHEDULE "B" – RESERVES AND SURPLUS

		(Rs. Lakhs)	
		As at 31 st March, 2002	As at 31 st March, 2001
1.	Capital Reserve		
	As per last Account	470.22	470.22
2.	Share Premium Account		
	As per last Account	8,865.18	8,865.18
3.	Investment Depreciation Reserve		
	As per last Account	-	2.00
	Less: Transferred to Profit & Loss Account	-	2.00
		-	-
4.	General Reserve		
	As per last Account	25,288.14	22,303.68
	Less: Transitional Deferred Tax Liability as at 1st April 2001	6,402.61	-
	Less: Disinvestment of Balmer Lawrie Ltd	3,267.77	-
	Add: Transfer from Profit & Loss Account	17,364.50	2,984.46
		32,982.26	25,288.14
5.	Devaluation Exchange Difference Reserve		
	As per last Account	70.05	67.99
	Add: Transfer from Profit & Loss Account	0.32	2.06
		70.37	70.05
6.	Reserve for Contingencies		
	As per last Account	-	1.24
	Less: Transfer to Profit & Loss Account	-	1.24
		-	-
	TOTAL	42,388.03	34,693.59

SCHEDULE "C" – SECURED LOANS

	Note		(Rs. Lakhs)
		As at 31 st March, 2002	As at 31 st March, 2001
1. Loans and advances from Banks :	A		
i) Working Capital Demand Loan		-	755.88
ii) Cash Credit		-	6,141.29
Add: Interest Accrued and Due on Above		-	2.13
		<u>-</u>	<u>6,143.42</u>
TOTAL		<u>-</u>	<u>6,899.30</u>

Note :

A. Against hypothecation of Stocks and Book Debts.

SCHEDULE "D" – UNSECURED LOANS

			(Rs. Lakhs)
		As at 31 st March, 2002	As at 31 st March, 2001
1. From Oil Industry Development Board		-	37,189.10
2. From Others			
a) 14% Fully Convertible Debentures of Rs.120 each		0.23	0.23
Less: Calls Unpaid		0.12	0.12
		<u>0.11</u>	<u>0.11</u>
TOTAL		<u>0.11</u>	<u>37,189.21</u>

SCHEDULE "E" - FIXED ASSETS

(Rs. Lakhs)

	GROSS BLOCK					DEPRECIATION AND AMORTISATION					NET BLOCK		
	As at 31.3.2001	Additions During the year	Transfer From CWIP	Disposals During the year	Transfer/ Deductions/ Reclassi- fications	As at 31.3.2002	As at 31.3.2001	For the year	Disposals During the year	Transfer/ Deductions/ Reclassi- fications	Total Upto 31.03.2002	As at 31.03.2002	As at 31.03.2002
Land :													
Freehold	4,306.45	257.34	-	-	-	4,563.79	-	-	-	-	-	4,563.79	4,306.45
Leasehold	874.16	3.83	-	-	-	877.99	64.49	26.63	-	-	91.12	786.87	809.67
Right of Way		17.07	-	-	-	17.07						17.07	
Building, Road etc.	22,383.36	1,992.97	148.39	96.91	-	24,427.81	2,058.86	556.15	25.55	-	2,589.46	21,838.35	20,324.50
Plant & Machinery	45,405.72	3,064.08	153.27	310.43	(1,811.04)	46,501.88	11,119.62	2,754.97	188.83	(2.08)	13,693.68	32,808.20	34,286.10
Transport Equipments	383.43	0.32	-	35.05	-	348.70	219.89	32.11	26.84	-	225.16	123.54	163.54
Furniture and Fixture	1,341.62	67.59	0.18	33.91	-	1,375.48	606.62	64.42	18.43	-	652.61	722.87	735.00
Railway sidings	1,326.26	50.82	-	-	(101.01)	1,276.07	276.54	62.45	-	2.08	341.07	935.00	1,049.72
TOTAL	76,021.00	5,454.02	301.84	476.00	(1,912.07)	79,388.79	14,346.02	3,498.73	251.65	-	17,593.10	61,795.69	61,674.98
Previous year 31.3.2001	61,743.54	(4,574.61)		297.15		76,021.00	11,222.76	3,319.19	195.93		(4,346.02)	61,674.98	

Notes :

(1) Cost of Plant includes -

a) Rs.0.24 Lakh (31.3.2001 - Rs.0.24 Lakh) constructed on land provided by State Government .

(2) Cost of Building includes -

a) Rs.213.61 Lakhs (31.3.2001 - Rs.213.61 Lakhs) constructed on land provided by Public Sector Undertaking.

b) Rs.250 (31.3.2001 Rs.250) being cost of five shares of Rs.50 each held in Jaladharshan Co-Operative Housing Society.

c) Rs.104.57 Lakhs (31.3.2001 - Rs.104.57 Lakhs) which is yet to be registered in the name of the company.

d) Rs.701.29 Lakhs (31.3.2001 Rs.701.29 Lakhs) constructed on leasehold Land. This leasehold land is yet to be registered in the name of the Company.

(3) Land amounting to Rs.231.57 Lakhs (31.3.2001 Rs.212.12 Lakhs) is yet to be registered in the name of the Company.

(4) Land includes Rs.353.64 Lakhs(31.03.2001 Rs.1.56 Lakhs) for which lease agreement is yet to be finalised.

(5) Depreciation and amortisation for the year includes Rs.12.01 Lakhs(31.3.2001 Rs. Nil) pertaining to prior year and Rs.291.71(deduction) on account of decapitalisation of Tank Wagon.

(6) Deduction from Gross Block includes Rs.1912.07 Lakhs on account of decapitalisation of Tank Wagon.

Details of Company's Share of Jointly Owned Assets :

(Rs. Lakhs)

Assets Particulars	Name of Joint Owner	Original Cost	Accumulated Depreciation	WDV as on 31.3.02
Plant and Machinery	IOC/HPC/BPC/IBP	509.10	47.98	461.12
Railway Sidings	HPC/BPC/IOC/IBP	1,042.26	310.70	731.56
Freehold Land	IBP/IOC	140.03	-	140.03
Total		1,691.39	358.68	1,332.71

SCHEDULE "F" – CAPITAL WORK IN PROGRESS

	As at 31 st March, 2002	(Rs. Lakhs) As at 31 st March, 2001
1. Construction Work in Progress (including unallocated capital expenditure, material at site)	792.19	830.75
Less: Provisions for Capital Losses	<u>34.10</u>	<u>30.86</u>
	758.09	799.89
2. Advances for Capital Expenditure	285.48	158.37
3. Capital Stores	685.51	1,120.33
Less: Provision for Obsolescence of Capital Stores	<u>16.28</u>	<u>17.65</u>
	669.23	1,102.68
4. Capital Goods in Transit	-	9.83
TOTAL	<u><u>1,712.80</u></u>	<u><u>2,070.77</u></u>

SCHEDULE "G" - INVESTMENTS (LONG TERM)

(Rs. Lakhs)

	No. and Particulars of Shares/Bonds/Units	Per Share/ Bond/ Unit Rupees	Face Value	As at 31 st March, 2002	As at 31 st March, 2001
I. QUOTED					
Non-trade Investments :					
a) In Subsidiary Companies :					
	Balmer Lawrie & Co Limited	1,00,64,700 Equity Shares each fully paid in cash	10.00	-	3,267.77
b) Others					
i)	ICICI Limited	16,62,976 Equity Shares each fully paid in cash	10.00	358.70	358.70
ii)	HDFC Limited	1,88,190 Equity Shares each fully paid in cash	10.00	50.05	50.05
iii)	HDFC Bank Limited	500 Equity Shares each fully paid in cash	10.00	0.05	0.05
TOTAL (b)				408.80	408.80
TOTAL (I)				408.80	3,676.57
Aggregate Market value of securities mentioned at 1 above Rs.2291.17 Lakhs (31.3.2001 Rs.5113.81 Lakhs)					
2. UNQUOTED :					
A. Non-trade Investments :					
In Others :					
i)	Six Years National Saving Certificate (lodged as security)			0.02	0.02
ii)	Assam Sillimanite Ltd (in liquidation)	1,00,000 Ordinary Shares each fully paid in cash as revalued by Directors on 31.03.79	10.00	-	-
iii)	Shama Forge Co. Ltd (in liquidation)	1,00,000 Ordinary Shares each fully paid in cash as revalued by Directors on 31.03.79	10.00	-	-
iv)	Shama Forge Co. Ltd (in liquidation)	5,000 9.5% Cumulative Redeemable Preference Shares each fully paid in cash as revalued by Directors on 31.03.79	100.00	-	-
TOTAL (2A)				0.02	0.02
B. Trade Investments :					
In Others:					
i)	Indian OilTanking Ltd	2,75,00,000 Equity Shares each fully paid in cash	10.00	-	2,750.00
ii)	Petronet India Limited	20,00,000 Equity Shares each fully paid in cash	10.00	200.00	-
iii)	Petroleum India International (Association of Person-Oil Companies)	Seed Capital		5.00	5.00
iii)	Petroleum India International (Association of Person-Oil Companies)	Share in accumulated surplus		811.31	-
TOTAL (2B)				1,016.31	2,755.00
TOTAL 2 (A+B)				1,016.33	2,755.02
TOTAL				1,425.13	6,431.59

Note: During the year, following investments were sold / demerged

Particulars	No. of Shares	Face Value (Rupees)
Balmer Lawrie & Co Limited - demerged	10,064,700	100,647,000
Indian OilTanking Limited - Sold	27,500,000	275,000,000

SCHEDULE "G-I" - ADVANCES FOR INVESTMENTS

		(Rs. Lakhs)
No. and Particulars of Shares/Bonds/Units	Face Value Per Share/ Bond/ Unit Rupees	As at 31 st March, 2002
		As at 31 st March, 2001
Trade Investments - Others		
Petronet India Limited		136.54
TOTAL		136.54

SCHEDULE "H" - INVENTORIES

		(Rs. Lakhs)
Note	As at 31 st March, 2002	As at 31 st March, 2001
1. In Hand :		
a. Stores & Spares etc.	353.21	451.73
Less: Provision for Losses	10.41	5.95
	<u>342.80</u>	<u>445.78</u>
b. Raw Materials	1,715.64	2,125.38
c. Finished Products	28,206.36	34,381.37
d. Stock-in-Process	209.95	217.87
TOTAL (1)	30,474.75	37,170.40
2. In Transit		
a. Stores and Spares	-	15.57
b. Raw Materials	97.25	41.66
c. Finished Products	1,347.35	4,414.86
TOTAL (2)	1,444.60	4,472.09
TOTAL	31,919.35	41,642.49
Note : Include		
A. Stock lying with others	199.14	418.01
B. Stock lying with others	8,358.40	10,842.56

SCHEDULE "I" - SUNDRY DEBTORS

		(Rs. Lakhs)
Note	As at 31 st March, 2002	As at 31 st March, 2001
1. Over Six Months:		
i) Unsecured, Considered Good	231.28	493.94
ii) Unsecured, Considered Doubtful	494.48	416.09
TOTAL (1)	725.76	910.03
2. Others Debts		
i) Unsecured, Considered Good	10,371.54	12,010.36
ii) Unsecured, Considered Doubtful	0.52	68.22
TOTAL (2)	10,372.06	12,078.58
TOTAL (1+2)	11,097.82	12,988.61
Less: Provision for Doubtful Debts	495.00	484.31
TOTAL	10,602.82	12,504.30

Note :

A. Includes Rs.61.62 Lakhs (31.3.2001) - Rs.86.60 Lakhs) which are secured.

SCHEDULE "J" – CASH AND BANK BALANCES

	As at 31 st March, 2002	(Rs. Lakhs) As at 31 st March, 2001
1. Cash Balances		
a) Cash Balances including imprest	54.12	269.86
b) Cheques in Hand	<u>3,970.83</u>	<u>2,936.34</u>
	4,024.95	3,206.20
2. Balances with Scheduled Banks		
a) Currents Accounts (Note A)	8,742.66	6,709.69
b) Fixed Deposit Account	<u>-</u>	<u>0.01</u>
	8,742.66	6,709.70
3. Balances with Non-scheduled banks :		
a) Currents Accounts		
i) Myanmar Economic Bank Branch(5), Rangoon - [Maximum Balance at any time during the year Rs.81.43 Lakhs (2000-01 Rs.81.11 Lakhs) at rate of exchange K.I=Rs.7.1177(2000-01 K.I=Rs.7.0896)]	<u>81.43</u>	<u>81.11</u>
TOTAL	<u>12,849.04</u>	<u>9,997.01</u>

Note :

A. Includes Rs.1964.55 Lakhs on account of Remittance in Transit (31.03.2001 Rs.2510.01 Lakhs).

SCHEDULE "K" – LOANS AND ADVANCES

	Note	As at 31 st March, 2002	(Rs. Lakhs) As at 31 st March, 2001
1. Loans and advances recoverable in cash or in kind or for value to be received :	A		
From Others :			
i) Secured, Considered Good		4,155.19	3,754.92
ii) Unsecured, Considered Good		3,841.53	4,715.88
iii) Unsecured Considered Doubtful		68.93	90.81
		<u>8,065.65</u>	<u>8,561.61</u>
Less : Provision for Doubtful Advances		<u>68.93</u>	<u>90.81</u>
		7,996.72	8,470.80
2. Amount Recoverable from Industry Pool Account(Net) Unsecured, Considered Good		-	4,435.28
3. Claims Recoverable :			
i) Unsecured, Considered Good		539.00	475.17
ii) Unsecured, Considered Doubtful		105.10	88.81
		<u>644.10</u>	<u>563.98</u>
Less: Provision for Doubtful Claims		<u>105.10</u>	<u>88.81</u>
		539.00	475.17
4. Investment Deposit Scheme: Unsecured, Considered Good		-	25.00
5. Balance with Customs, Port Trust and Excise Authorities : Unsecured, Considered Good		653.00	353.79
6. Advance Tax (net)		179.63	433.31
7. Sundry Deposits (including amount adjustable on receipt of final bills) From Others:			
i) Secured, Considered Good		75.61	65.53
ii) Unsecured, Considered Good		190.90	174.18
iii) Unsecured, Considered Doubtful		9.78	9.95
		<u>276.29</u>	<u>249.66</u>
Less: Provision for Doubtful Deposits		<u>9.78</u>	<u>9.95</u>
		266.51	239.71
TOTAL		<u>9,634.86</u>	<u>14,433.06</u>

Note :

A: Includes :

1. Due from Directors	5.39	2.55
Maximum Amount During the Year	5.78	3.09
2. Due from Other Officers	5.15	5.39
Maximum Amount During the Year	5.39	5.63

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

	Note	As at 31 st March, 2002	(Rs. Lakhs) As at 31 st March, 2001
I. Current Liabilities			
a) Sundry Creditors			
i) Total Dues of Small Scale Industrial Undertakings	A	157.38	225.80
ii) Total Dues of Creditors other than Small Scale Industrial Undertakings		<u>46,539.23</u>	<u>38,126.26</u>
Total (a)		46,696.61	38,352.06
b) Other Liabilities		8,255.19	11,297.16
c) Unpaid/Unclaimed Dividend		89.88	67.71
d) Security Deposits		3,509.37	2,693.18
e) Interest Accrued but not Due on Loans		<u>6.77</u>	<u>4.79</u>
		58,557.82	52,414.90
2. Due to Subsidiary/Holding/Group Companies			
Balmer Lawrie Limited		-	203.04
Indian Oil Corporation Limited		12,079.95	12,064.27
Chennai Petroleum Corporation Ltd.		2,937.50	258.26
3. Amount Payable to Industry Pool Account(Net)		<u>3,471.61</u>	-
Total Current Liabilities		77,046.88	64,940.47
4. Provisions			
a) Provision for Retirement benefits		1,137.75	629.98
b) Provisions for Taxation		10,611.62	2,371.79
Less: Advance Payment of tax		<u>10,611.62</u>	<u>2,371.79</u>
		-	-
c) Proposed Dividend		2,214.73	2,214.73
d) Corporate Dividend Tax		-	225.90
Total Provisions		3,352.48	3,070.61
TOTAL		80,399.36	68,011.08

Note :

A: Names of Small Scale Industrial Undertakings (SSI) to whom the company owe a sum exceeding Rs. One Lakh which is outstanding more than 30 days are given in Schedule "R" - Notes Accounts

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

	For the Year ended 31 st March, 2002	(Rs. Lakhs) For the year ended 31 st March, 2001
Closing Stock		
a) Finished Products	29,553.71	38,796.23
b) Stock in Process	<u>209.95</u>	<u>217.87</u>
	29,763.66	39,014.10
Less:		
Opening Stock		
a) Finished Products	38,796.23	29,952.04
b) Stock in Process	<u>217.87</u>	<u>282.95</u>
	39,014.10	30,234.99
TOTAL	(9,250.44)	8,779.11

SCHEDULE "N" - INTEREST AND OTHER INCOME

	Note	For the Year ended 31 st March, 2002	(Rs. Lakhs) For the year ended 31 st March, 2001
1. Interest on :			
a) Loans and Advances		213.49	1,304.71
(Tax Deducted at Source Rs.0.59 Lakhs (31.3.01 Rs.252.80 Lakhs))			
b) Fixed Deposits with banks		1.33	2.00
c) Short term Deposits with Banks		1,743.68	532.40
(Tax Deducted at Source Rs.333.15 Lakhs (31.3.01 Rs.89.74 Lakhs))			
d) Customer Outstandings		41.49	104.78
e) Others		156.23	49.71
		2,156.22	1,993.60
2. Dividend (Gross)			
a) From Subsidiary Company		150.97	100.65
b) From Other Companies		211.98	147.89
		362.95	248.54
3. Profit on Sale of Investments		1,650.00	0.20
4. Profit on Sale and Disposal of Assets		5.45	-
5. Unclaimed/Unspent liability written back		257.93	2.50
6. Provisions for Doubtful debts, Advances, Claims, Stock and Stores written back		13.51	95.92
7. Recoveries from Employees	A	236.55	55.08
8. Retail Outlet Licence Fees		564.13	589.93
9. Sale of Scrap		52.24	58.84
10. Miscellaneous Income	B	1,918.67	1,502.51
TOTAL		7,217.63	4,547.12

Note :

A Includes Rs.110.22 Lakhs towards previous year.

B. Includes Tax free income of Rs.60.00 Lakhs (31.3.2001 Rs.10.00 Lakhs) received from Petroleum India International (AOP).



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

		(Rs. Lakhs)
	For the Year ended 31 st March, 2002	For the year ended 31 st March, 2001
1. Raw Material Consumed :		
Opening Balance	2,167.04	2,466.18
Add: Purchases	15,866.61	16,210.24
	<u>18,033.65</u>	<u>18,676.42</u>
Less: Closing Stock	1,812.89	2,167.04
	<u>16,220.76</u>	<u>16,509.38</u>
2. Consumption :		
Stores, Spares and Consumables	647.25	563.03
3. Power & Fuel	552.02	565.37
4. Processing Fees, Blending Fees, Royalty & Other Charges	791.71	633.27
5. Octroi, Other Levies and Irrecoverable Taxes	1,112.31	1,161.83
6. Repairs and Maintenance		
i) Plant & Machinery	516.42	481.66
ii) Building	350.99	439.09
iii) Others	158.71	111.10
	<u>1,026.12</u>	<u>1,031.85</u>
7. Freight, Transportation Charges & Demurrage	10,086.49	7,973.38
8. Payment to and Provisions for Employees :		
i) Salaries, Wages, Bonus etc.	8,368.18	9,323.54
ii) Contribution to Provident and Other Funds	761.35	764.99
iii) Voluntary Retirement Compensation	3,318.09	20.57
iv) Staff Welfare Expenses	1,475.54	1,282.97
	<u>13,923.16</u>	<u>11,392.07</u>
9. Office Administration, Selling and Other Expenses (Schedule "Q-I")	9,698.48	9,036.67
TOTAL	<u><u>54,058.30</u></u>	<u><u>48,866.85</u></u>

SCHEDULE "O-I" – OFFICE ADMINISTRATION, SELLING AND OTHER EXPENSES

	For the Year ended 31 st March, 2002	(Rs. Lakhs) For the year ended 31 st March, 2001
1. Rent	2,390.00	2,173.15
2. Insurance	318.15	341.31
3. Rates and Taxes	346.08	246.26
4. Donations	15.05	116.31
5. Payment to Auditors :		
a) Audit Fees	2.62	2.55
b) Tax Audit Fees	0.79	1.08
c) Other Services	2.97	2.57
d) Out of Pocket Expenses	2.46	1.77
	8.84	7.97
6. Travelling and Conveyance	1,635.51	1,544.77
7. Communication Expenses	466.84	494.37
8. Printing and Stationery	274.63	276.49
9. Electricity and Water	301.43	205.26
10. Bank Charges	630.85	592.76
11. Bad Debts, Advances and Claims Written Off	1.04	2.81
12. Loss on Assets Sold, Lost or Written Off	38.83	0.07
13. Exchange Fluctuation (Net)	0.25	14.71
14. Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	24.77	142.93
15. Security Force Expenses	235.17	153.04
16. Sales Promotion Expenses	609.58	672.74
17. Handling Expenses	836.99	486.04
18. Other Expenses	1,564.47	1,565.68
TOTAL	9,698.48	9,036.67

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

	Note	For the Year ended 31 st March, 2002	(Rs. Lakhs) For the year ended 31 st March, 2001
Income :			
1. Miscellaneous Income	A	1,015.79	51.58
Total Income		1,015.79	51.58
Expenditure:			
1. Depreciation and Amortisation		12.01	-
2. Other Expenses		274.60	-
Total Expenses		286.61	-
NET INCOME/(EXPENDITURE)		729.18	51.58

Note :

(A) Includes Rs.811.31 Lakhs towards share of accumulated surplus (Tax Free) of Petroleum India International (Association of Person)

SCHEDULE "Q" – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1. FIXED ASSETS

1.1 Land

Land acquired on lease for over 99 years and on perpetual lease is treated as freehold land. Cost of Right of Way for laying pipelines is capitalized.

1.2 Expenditure during construction period

Revenue expenses including expenses for crop compensation for acquiring Right of Way exclusively attributable to projects incurred during construction period are capitalized.

1.3 Depreciation

1.3.1 Depreciation on Fixed Assets (including Building and Roads situated on leasehold property) is charged on straight line method at the rates prescribed under Companies Act, 1956.

1.3.2 Cost of leasehold land for 99 years or less is amortized during the lease period.

2. INVESTMENTS

All long term investments are valued at cost and provision for diminution in value, thereof is made, wherever such diminution is not temporary. All current investments are valued at lower of cost or fair market value.

3. CURRENT ASSETS AND PROVISIONS

3.1 Inventories

3.1.1 Raw Materials

Raw materials are valued at weighted average cost or net realizable value whichever is lower. Stock in process is valued at raw materials cost and allocated overheads at the factory cost level or net realizable whichever is lower. Stock in process of containers is determined on FIFO basis.

3.1.2 Stores and Spares

Stores and Spares are valued at weighted average cost. In case of surplus/obsolete stores and spares, provision is made for likely loss or gain and charged to revenue.

3.1.3 Finished Goods

Finished products are valued at cost or net realizable value whichever is lower. Cost of petroleum products/cryogenic containers & cryo-vessels are valued on FIFO basis. Cost of explosives, lubes & greases are determined at weighted average cost.

3.2 Claims and Provisions

Claims on Oil Coordination Committee/ Government are booked on the basis of entitlement or 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. Other claims are accounted when there is certainty that the claims are realizable.

4. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

Show-Cause Notices received from various Government Authorities are not considered as contingent liabilities. When the demand notices are raised against such show cause notices, after considering Company's views, these demands are either paid or treated as liabilities, if accepted by the Company and are treated as contingent liability, if disputed by the company.

Capital commitments and contingent liabilities are those which exceed Rs.5 Lakhs in each case.

5. PROFIT AND LOSS ACCOUNT

5.1 Sales of Products

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

5.2 Retirement Benefits

5.2.1 Gratuity

Payment of gratuity is made through trust and the amount of contribution, based on actuarial valuation, is charged to Profit and Loss Account.

5.2.2 Leave Encashment/Post Retirement Medical Benefits

Accruing liability is charged to Profit and Loss Account based on actuarial valuation.

5.2.3 Payment under Voluntary Retirement Scheme

Compensation paid under Voluntary Retirement Scheme is charged off in the year of payment.

5.3 Prepaid Expenses

Prepaid expenses up to Rs.1,00,000/- in each case are charged to revenue.

5.4 Previous Year Adjustments

Income & expenditure upto Rupees Five Lakhs in each case pertaining to prior years are accounted for in the current year.

5.5 R & D Expenditure

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

5.6 Borrowing Cost

Borrowing costs, on weighted average basis, that are attributable to construction of qualifying assets are capitalized as part of the cost of such assets. Qualifying assets is the one that necessarily take substantial period of time to get ready for intended use.

6. Foreign Exchange Transactions

- 6.1 Transactions in foreign currency are converted at the exchange rates on the respective dates of transactions. Variation, if any, on actual realization/payment are considered in the Profit and Loss Account.
- 6.2 Current Assets and Current Liabilities are translated at the exchange rates prevailing on the date of the Balance Sheet (except transactions with forward cover) and difference, if any, is charged to Profit and Loss Account.
- 6.3 Liabilities on account of acquisition of Fixed Assets are translated at the exchange rates on the date of the Balance Sheet. The variation is added to or reduced from historical cost of the Fixed Asset.

Sd/-
(Arun Jyoti)
Managing Director

Sd/-
(A.K. Sinha)
Director (Finance)

Sd/-
(Amit Ghosh)
Company Secretary

Place : New Delhi
Date : 22-05-2002



SCHEDULE "R" – NOTES ON ACCOUNT

1. Contingent Liabilities not provided for:

	2001-02 Rs. Lakhs	2000-01 Rs. Lakhs
a) In respect of law suits and other claims, which are being contested by the Company and the liabilities whereof, are not admitted by the Company.	4055.29	2240.31
b) Counter Guarantees given to Banks in respect of Bank Guarantees /Letter of Credit issued by them on behalf of the Company.	94.94	245.29
c) In respect of various Excise and Sales Tax appeals, liabilities whereof are not admitted by the Company.	6719.32	7992.31
2. Estimated Amount of Contracts remaining to be executed on Capital Accounts and not provided for.	1080.27	1022.07
3. Profit and Loss Account includes:		
(a) Research and Development expenditure	247.21	277.50
(b) Managerial Remuneration:		
(i) Salary & Allowances	42.19	15.24
(ii) Contribution to Provident Fund & Other Fund	1.66	1.53
(iii) Other Benefits and Perquisites	3.62	2.83
	<u>47.47</u>	<u>19.60</u>

4. A sum of Rs.0.03 lakh (Rs.0.33lakh) has been provided as interest due to Small Scale and Ancillary Industrial Undertakings on account of delayed payment beyond payment terms as per Purchase Order, to the extent identified based on documents/information available with the Company.
5. The names of the small scale industrial undertakings to whom the company owes a sum exceeding Rs.1 Lakh which is outstanding for more than 30 days, are as under:
Rudraksh Chemicals, Asiatic Enterprises, Chemicals Udyog, Nitrates India, Bilaspur Corrugating, Nitrate Producers, Jaisheel Sulphur & Chem, Arise Chemicals, Monarch Plastics, Rama Phosphates Ltd.
6. The company has continuous transactions with other Oil Marketing Companies on a day-to- day basis and reconciliation is an on-going process. As such the balance with Other Oil Marketing Companies, including stocks held by them are subject to confirmation. Similarly, balances of debtors, advances, deposits, loans and sundry creditors are subject to confirmation.
7. Pursuant to the decision of Government of India (GOI) on disinvestment of the company, Indian Oil Corporation Limited (IOC) has acquired 33.58% shares of GOI on 19th February 2002 and has also taken over management control. As per the Share Purchase Agreement and as required under SEBI regulations, IOC has made an open offer to the public for acquiring shares up to 20% of the paid up capital. GOI's shareholding in the company as on the Balance Sheet date stands at 26%.
8. The company's investment in equity shares of Balmer Lawrie & Co. Ltd. has been de-merged in favour of Balmer Lawrie Investments Limited through a scheme of arrangement and reconstruction pursuant to sections 391-394 of the Companies Act, 1956. Accordingly, the cost of investments amounting to Rs.3267.77 lakhs has been adjusted against revenue Reserves during the year.
9. The Company has disinvested its 25% equity holding in Indian Oil Tanking Limited in favour of Indian Oil Corporation Ltd. at a price of Rs.4400.00 Lakhs as against the cost of Rs.2750.00 lakhs pursuant to the decision of Government of India.
10. The incremental marketing margins have been considered at 1997-98, 1998-99, 1999-2000, 2000-01 and 2001-02 provisional rates. Net claim from / (surrender to) Industry Pool A/Cs includes Rs.23752.38 lakhs (Rs.10029.84 lakhs) on account of additional margin / other claims etc. and Rs.2479.21 lakhs (Rs.2637.68 lakhs) on account of LTS claims pertaining to previous years.
11. Consequent to the change in the Accounting Policy of the Company in regard to stores and spares to be charged off in the year of purchase, the valuation of stores and spares at the end of the year has resulted in increase in profit amounting to Rs.7.30 lakhs.
12. The cumulative net deferred tax asset / (liability) as on 01.04.2001 amounting to Rs.6402.61 Lakhs has been adjusted against the revenue reserves in accordance with Accounting Standard 22 on 'Accounting for Taxes on Income' issued by the Institute of Chartered Accountants of India. The break up of major components of the respective balances is detailed below: -

Items	(Rs. Lakhs)	
	Opening as at 01.04.2001	Closing as at 31.03.2002
a) Depreciation	(7412.82)	(8244.09)
b) Compensation under Voluntary Retirement Scheme	5.87	980.06
c) Others	1004.34	826.21
Net Deferred Tax Liability	(6402.61)	(6437.82)

13. **Related Party Disclosures**

Name of Related Party	Nature of Transactions	Amount of Transaction during the year
A) Joint Venture Company		
Indian OilTanking Limited (Up to 13.11.2001)	Operation & Maintenance Contract	80.54
B) Key Management Personnel		
Whole Time Directors		
i) Shri S.N.Mathur (Upto 19.02.2002)		
ii) Shri Arun Jyoti (From 19.02.2002)		
iii) Shri A.K.Sinha		
iv) Shri R.S.Guha		
C) Details relating to persons referred to in B) above		
Remuneration		47.47
Interest Income on loans given		0.32
Rent paid for residential flat		8.48
Outstanding Loans receivable		5.39

14. In line with the Accounting Standard 19 on Leases issued by The Institute of Chartered Accountants of India, the value of Tank Wagons given on lease to Railways prior to 01.04.2001 has been reversed from Gross Block and Depreciation Block and accordingly, the income for the year has been booked. The necessary disclosure as required by the Accounting Standard is as follows: -

	(Rs. Lakhs)
a) Gross Investment in Finance Lease	3250.36
Less: Unearned Finance Income	
Finance Income received	598.94
Minimum Lease payment received	739.35
Net Investment in Finance Lease	591.23
	<u>1320.84</u>
b) Unearned Finance Income	598.94
c) Present Value of Minimum Lease payment receivable	
- not later than one year	171.84
- later than one year and not later than five years	816.75
- later than five years	332.25
	<u>1320.84</u>
d) Break up of Unearned income	
- not later than one year	134.10
- later than one year and not later than five years	344.08
- later than five years	120.76
	<u>598.94</u>

15. Sales exclude Sales Tax but include excise / customs duties wherever applicable. Also the value of Closing Stock of finished products is inclusive of excise duty wherever applicable.

16. Income from Sale of Scrap is accounted for on realization.

17. Deposits made other than Trade Deposits not exceeding Rs.10000/- per case are charged off to revenue in the year of payment.

18. During the year there has been no payment / amortization of Technical Know-how fees.

19. Segment information has been prepared in conformity with the Accounting Standard 17 issued by The Institute of Chartered Accountants of India. The details are stated below: -

		(Rs. Lakhs)			
Sl.No.	Particulars	Petroleum	Chemicals	Engineering	Total
a	Revenue				
	External	797,508.05	10,963.02	1,127.36	809,598.43
	Inter Segment	-	-	-	-
	Total Revenue	797,508.05	10,963.02	1,127.36	809,598.43
b	Result				
	Segment Result (*)	30,878.94	(2,370.94)	(727.92)	27,780.08
	Interest Expenses				2,953.81
	Interest Income				2,156.22
	Dividend income and profit on sale of investment				2,012.95
	Profit before Tax				28,995.44
	Provision for Tax				9,416.21
	Profit after Tax				19,579.23
c	Other Information				
	Segment Assets	120,755.21	7,850.30	2,834.54	131,440.05
	Segment Liabilities	83,508.06	2,865.35	463.88	86,837.29
d	Capital Expenditure	5,407.21	316.25	32.40	5,755.86
e	Depreciation	3,211.60	228.10	47.02	3,486.72
f	Non-cash expenditure other than depreciation	-	-	-	-

(*) Segment Results have been determined after charging off VRS cost and additional gratuity liability on revaluation amounting to Rs.4804.83 Lakhs for the year ended 31st March 2002 (Petroleum- Rs.2692.30 lakhs, Chemicals- Rs.1743.78 lakhs and Engineering-Rs.368.75 lakhs)

- Note:**
- The company operates through three recognized segments i.e.
 - Petroleum comprising of Petroleum products, LPG and Lubes & Greases
 - Chemicals comprising of industrial Explosives, Site Mix Slurry Explosives, Detonating Fuse and Cast Boosters.
 - Engineering comprising of Cryo-containers & Accessories.
 The Segments are the basis on which the company reports its primary segment Information.
 - Segment revenue in each of the above domestic business segments primarily includes Sales less commissions & discounts, Net claim from/(surrender to) Industry Pool A/C and income other than interest income, dividend income and Profit from sale of investment.
 - Since the company's entire business activity is within the country, no Segmentation on geographical basis has been done.

20. Earnings Per Share (EPS) - The numerators and denominators used to calculate the Basic and Diluted Earnings Per Share:

	Year ended 31.03.2002	Year ended 31.03.2001
i. Profit attributable to the Equity Shareholders (Rs./Lakhs)	19579.23	5421.85
ii. Add: Interest on Fully Convertible debentures(Rs./Lakhs)	0.12	0.10
iii. Adjusted net Profit (Rs./Lakhs) [i + ii]	19579.35	5421.95
iv. Basic number of Equity Shares	221,47,269	221,47,269
v. Add: Potential number of Equity Shares	195	195
vi. Diluted number of Equity shares (iv + v)	221,47,464	221,47,464
vii. Nominal Value of Equity Shares (Rs.)	10	10
viii. Basic Earnings per Share (Rs.)	88.40	24.48
ix. Diluted earnings per Share (Rs.)	88.40	24.48

21. Salary, Wages, Bonus etc. (Schedule O) includes Rs.1486.74 Lakhs on account of actuarial re-valuation of Gratuity Liabilities.
22. In accordance with the approval from Department of Company Affairs, Ministry of Law, Justice and Company Affairs, vide approval 46/57/98/CL - III dated 13.05.98, the figures have been shown in rupees lakhs.
23. Figures for the previous year have been re-arranged, re-grouped, re-adjusted and / or re-classified to make them comparable with the figures of the current year wherever necessary except in case of minor items.

Sd/-
(Arun Jyoti)
Managing Director

Sd/-
(A.K. Sinha)
Director (Finance)

Sd/-
(Amit Ghosh)
Company Secretary

Place : New Delhi
Date : 22-05-2002

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

	Unit	Licensed Capacity		Installed Capacity		Actual Production		
		March'02	March'01	March'02	March'01	March'02	March'01	
		1	Cryocontainer and Accessories	Nos.	13,000	13,000	16,500	16,500
2	Industrial Explosives (Cartridge)	MT	22,416	22,416	20,000	20,000	7,274	9,666
3	Site Mixed Slurry Explosives	MT	94,084	94,084	64,000	64,000	55,991	55,717
4	Detonating Fuse	Mmtrs	15	15	5	5	3.23	5.08
5	Cast Boosters	MT	120	120	40	40	50	36
6	Lubes	KL	39,000	39,000	39,000	39,000	15,178	11,266

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

		Figures in Lakhs							
	Units	Opening Stock		Purchases		Sales		Closing Stock	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
		MTs	Rs./Lakhs	MTs	Rs./Lakhs	MTs	Rs./Lakhs	MTs	Rs./Lakhs
1. PETROLEUM PRODUCTS :	MTs								
Year ended 31.03.2002		2.31	35,079.13	44.27	673,814.19	44.728	814,824.12	1.852	26,252.31
Year ended 31.03.2001		1.74	25,945.90	48.12	774,123.56	47.549	807,153.08	2.310	35,079.13
2. LUBRICANTS & GREASES :	MTs								
Year ended 31.03.2002		0.07	3,051.19	-	-	0.305	18,546.20	0.068	2,779.65
Year ended 31.03.2001		0.09	3,337.58	-	-	0.308	17,892.07	0.074	3,051.19
3. EXPLOSIVES :	MTs								
Year ended 31.03.2002		0.004	99.60	-	-	0.633	10,752.28	0.003	71.75
Year ended 31.03.2001		0.005	166.39	-	-	0.655	11,869.84	0.004	99.60
3. CRYOCONTAINERS / CRYOVESSELS :	Nos								
Year ended 31.03.2002		0.06	541.63			0.07	1,172.22	0.04	433.86
Year ended 31.03.2001		0.05	424.20			0.09	2,239.65	0.06	541.63
4. OTHERS									
Year ended 31.03.2002			24.68		235.18		331.24		16.14
Year ended 31.03.2001			77.97		367.41		806.65		24.68
TOTAL									
Year ended 31.03.2002			38,796.23		674,049.37		845,626.06		29,553.71
Year ended 31.03.2001			29,952.04		774,490.97		839,961.29		38,796.23



SCHEDULE "T-1" - INCOME FROM SALES

Class of Goods Sold	Unit of Quantity	For the Year ended 31-Mar-02		For the Year ended 31-Mar-01		
		Quantity	Rs. Lakhs	Quantity	Rs. Lakhs	Rs. Lakhs
I. Business Group (Petroleum)						
Motor Spirit	KL	851,383	195,732.65	823,461	182,781.81	
High Speed Diesel	KL	3,633,493	534,500.87	3,832,305	527,358.76	
Light Diesel Oil	KL	4,078	559.63	20,544	2,669.25	
Kerosene	KL	760,702	54,931.20	861,444	58,634.50	
Furnace Oil	KL	5,283	467.72	43,320	4,445.77	
Low Sulphur Heavy Stock	MT	113,720	10,164.48	129,542	12,565.32	
Naphtha	MT	125,390	12,288.84	132,452	15,692.67	
Liquid Petroleum Gas	MT	27,127	3,880.35	14,515	2,197.40	
Lubricants	KL	33,396	18,185.36	33,593	17,469.70	
Grease	MT	558	360.84	664	422.37	
Others	-	-	2,300.55	-	818.64	
						825,056.19
II. Business Group (Chemicals)						
Industrial Explosives	MT	7,357	1,718.77	9,821	3,047.96	
SMS Explosives	MT	55,991	9,033.51	55,717	8,821.88	
Others	-	-	329.06	-	747.70	
						12,617.54
III. Business Group (Engineering)						
Cryocontainers and Accessories **	Nos.	6,749	839.30	8,992	1,294.14	
Cryovessels ***	Nos.	83	332.93	67	945.51	
Others	-	-	-	-	47.91	
						2,287.56
TOTAL			1,172.23			845,626.06
						839,961.29

** Cryocan sales quantity shown above is net of free replacement under warranty obligation of 35 nos. (31.03.2001 - 31 nos.) and 400 nos. (31.03.2001 - 148 nos.) sales return/ non billing samples received back.

*** Cryovessel sales quantity shown above is after considering sales return of nil (31.03.2001 - 3 nos.)

SCHEDULE "T-2" - PURCHASE OF PETROLEUM PRODUCTS

	Unit of Quantity	For the Year ended 31-Mar-02		For the year ended 31-Mar-01	
		Quantity	Rs. Lakhs	Quantity	Rs. Lakhs
Motor Spirit	KL	843,114	131,521.31	842,994	128,097.98
High Speed Diesel	KL	3,592,817	441,314.15	3,887,405	523,599.15
Light Diesel Oil	KL	3,942	462.79	20,225	2,242.77
Kerosene	KL	744,842	67,953.07	872,481	86,455.16
Furnace Oil	KL	3,068	264.21	42,302	3,663.70
Low Sulphur Heavy Stock	MT	117,414	8,927.74	129,127	10,849.26
Naphtha	MT	130,422	12,707.95	121,887	14,507.61
Liquid Petroleum Gas	MT	26,601	3,628.22	15,511	2,510.09
Compressed Natural Gas	MT	1,415	160.76	862	89.95
Hexane	-	-	-	12	2.05
Others			6,873.99		2,105.84
			673,814.19		774,123.56

SCHEDULE "U" - CONSUMPTION PARTICULARS OF RAW MATERIALS/ STORES/SPARES & COMPONENTS

	Unit	IMPORTED		INDIGENOUS		Quantity	TOTAL Rs. Lakhs
		Value Rs. Lakhs	% to total consumption	Value Rs. Lakhs	% to total consumption		
March'02							
Chemicals	MT	-	-	5,859.69	100	51,393	5,859.69
Corrugated Boxes	Nos.	-	-	37.33	100	292,805	37.33
Plates & Sections	Nos.					4,510	
	Kg	64.41	40	97.56	60	5,133	161.97
	MT					112	
Base Oil	KL	-	-	5,031.61	100	28,695	5,031.61
Additives	MT	-	-	2,015.14	100	3,035	2,015.14
Packing Materials	Nos.	-	-	1,420.30	100		1,420.30
Vacuum Items and Components		16.00	14	101.91	86		117.91
Others		44.79	3	1,532.04	97		1,576.83
		<u>125.20</u>		<u>16,095.58</u>			<u>16,220.78</u>
Stores/Spares & Components		54.90	8	592.35	92		647.25
TOTAL		<u>180.10</u>		<u>16,687.93</u>			<u>16,868.03</u>
March'01							
Chemicals	MT	-	-	5,840.07	100	54,465	5,840.07
Corrugated Boxes	Nos.	-	-	111.24	100	399,068	111.24
Plates & Sections	Nos.					7,238	
	Kg	137.03	41	198.70	59	10,310	335.73
	MT					254	
Base Oil	KL	-	-	5,044.90	100	27,305	5,044.90
Additives	MT	-	-	2,069.60	100	3,042	2,069.60
Packing Materials		-	-	1,029.52	100		1,029.52
Vacuum Items and Components		27.73	8	298.81	92		326.54
Others		59.51	3	1,692.26	97		1,751.77
		<u>224.27</u>		<u>16,285.10</u>			<u>16,509.37</u>
Stores/Spares & Components		42.10	7	520.93	93		563.03
TOTAL		<u>266.37</u>		<u>16,806.03</u>			<u>17,072.40</u>

SCHEDULE "V" - EXPENDITURE IN FOREIGN CURRENCY

	March'02	March'01
Travelling	5.91	11.12
Miscellaneous	28.85	94.37
	<u>34.76</u>	<u>105.49</u>

SCHEDULE "W" - EARNINGS IN FOREIGN EXCHANGE

	March'02	March'01
Export Sales (F.O.B Value)	163.50	1352.55
Royalty	5.23	-
	<u>168.73</u>	<u>1352.55</u>

SCHEDULE "X" - VALUE OF IMPORT ON CIF

	March'02	March'01
Raw Materials	87.10	508.13
Components & Spares	18.73	30.50
Capital Goods	3.54	44.15
	<u>109.37</u>	<u>582.78</u>

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

I. Registration Details:

Registration No.	11,529
State Code	21
Balance Sheet Date	31 st March, 2002

II. Capital Raised During the Year :

	Rs./Lakhs
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

III. Position of Mobilisation and Deployment of Funds :

Total Liabilities	51,041
Total Assets	51,041
Sources of Funds :	
Paid-up Capital	2,215
Reserves & Surplus	42,388
Deferred Tax Liability	6,438
Application of Funds :	
Net Fixed Assets	63,688
Net Investment In Receivable from Railways	1,321
Investments	1,425
Net Current Assets	(15,393)
Miscellaneous Expenditure	NIL
Accumulated Losses	NIL

IV. Performance of the Company :

Turnover	845,257
Total Expenditure	776,251
Profit/ (Loss) before Tax	28,995
Profit/ (Loss) after Tax	19,579
Earning per Share (Rs.)	88.40
Dividend Rate	100%

V. Generic Names of three Principal Products / Services of the Company (As per monetary terms)

Item Code No. (ITC Code)	Product Description
	Petroleum Products*
	Lubricants
	Industrial Explosives

2710

2710 90

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2002

	2001-02	Rs. Lakhs 2000-01
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Profit Before Tax	28,995	6,122
2 Adjustments for :		
Depreciation	3,499	3,319
Loss/(profit) on sale of Assets (Net)	(5)	-
Profit on sale of Investments (Net)	(1,650)	-
Interest income on investments	(2,156)	(2,004)
Dividend Income on Investment	(363)	(248)
Interest Expenditure	2,954	8,256
Foreign Exchange difference	-	2
B Operating Profit before Working Capital Changes (1+2)	31,274	15,447
C i) Change in Working Capital (Excluding cash & bank balances)		
Trade and other Receivables	5,125	8,827
Inventories	9,723	(8,494)
Trade and Other Payables	12,590	7,114
Change in Working Capital	27,438	7,447
D Cash Generated From Operations (B+C)	58,712	22,894
E Less: Taxes Paid	9,127	1,064
F Net Cashflow from operating Activities (D-E)	49,585	21,830
G Cash flow from Investing Activities :		
Sale of Assets	2,141	101
Sale/ Maturity of Investments	4,400	17,257
Interest income on Investments	2,156	1,994
Dividend Income on Investments	363	366
Purchase of Assets	(5,454)	(12,071)
Share in accumulated surplus of Petronet India International	(811)	-
Expenditure on Construction WIP	(6)	-
Investment/ Advance for investments	(64)	(750)
Net Cash used in Investing Activities	2,725	6,897
H Net cash flow from Financing Activities :		
Proceeds from /(Repayment of Long term borrowings)	(37,189)	(20,810)
Proceeds from /(Repayment of short term borrowings)	(6,897)	2,714
Interest paid	(2,954)	(8,259)
Dividend paid/ Dividend tax paid	(2,418)	(1,223)
Net cash Generated/(Used) from Financing Activities:	(49,458)	(27,578)
I Net Change in cash & cash equivalent (F+G+H)	2,852	1,149
J Cash and cash equivalents as at end of the Financial year	12,849	9,997
K Less: Cash and cash equivalents as at beginning of the Financial Year	9,997	8,848
NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)	2,852	1,149

Note :

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI.
- Total tax paid during the year includes Rs.333.74 lakhs towards tax deducted at source on interest received, which is included in interest received from investing activities.
- Previous Year's figures have been regrouped wherever necessary to conform to the current year's classification.

Sd/-
(Arun Jyoti)
Managing Director

Sd/-
(A. K. Sinha)
Director(Finance)

Sd/-
(Amit Ghosh)
Company Secretary

Auditors' Certificate

We have verified the above cash flow statement of IBP Co. Limited derived from the audited annual financial statement for the years ended March 31, 2002 and March 31, 2001 and found the same to be drawn in accordance therewith and also the requirements of clause 32 of the listing agreements with stock exchanges.

Camp Date: 22nd May, 2002
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SCHEDULE "Y" - BALANCE SHEET EXTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details:		
Registration No.		11,529
State Code		21
Balance Sheet Date		31st March, 2002
 II. Capital Raised During the Year :		Rs./Lakhs
Public Issue		NIL
Rights Issue		NIL
Bonus Issue		NIL
Private Placement		NIL
 III. Position of Mobilisation and Deployment of Funds :		
Total Liabilities		51,041
Total Assets		51,041
Sources of Funds :		
Paid-up Capital		2,215
Reserves & Surplus		42,388
Deferred Tax Liability		6,438
Application of Funds :		
Net Fixed Assets		63,688
Net Investment in Receivable from Railways		1,321
Investments		1,425
Net Current Assets		(15,393)
Miscellaneous Expenditure		NIL
Accumulated Losses		NIL
 IV. Performance of the Company :		
Turnover		845,257
Total Expenditure		776,251
Profit/ (Loss) before Tax		28,995
Profit/ (Loss) after Tax		19,579
Earning per Share (Rs.)		88.40
Dividend Rate		100%
 V. Generic Names of three Principal Products / Services of the Company (As per monetary terms)		
Item Code No. (ITC Code)		Product Description
2710		Petroleum Products*
2710 90		Lubricants
3602		Industrial Explosives

*Represents purely trading items.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2002

	2001-02	Rs. Lakhs 2000-01
A. CASH FLOW FROM OPERATING ACTIVITIES		
1 Profit Before Tax	28,995	6,122
2 Adjustments for :		
Depreciation	3,499	3,319
Loss/(profit) on sale of Assets (Net)	(5)	-
Profit on sale of Investments (Net)	(1,650)	-
Interest income on investments	(2,156)	(2,004)
Dividend income on Investment	(363)	(248)
Interest Expenditure	2,954	8,256
Foreign Exchange difference	-	2
B Operating Profit before Working Capital Changes (1+2)	31,274	15,447
C i) Change in Working Capital (Excluding cash & bank balances)		
Trade and other Receivables	5,125	8,827
Inventories	9,723	(8,494)
Trade and Other Payables	12,590	7,114
Change in Working Capital	27,438	7,447
D Cash Generated From Operations (B+C)	58,712	22,894
E Less: Taxes Paid	9,127	1,064
F Net Cashflow from operating Activities (D-E)	49,585	21,830
G Cash flow from Investing Activities :		
Sale of Assets	2,141	101
Sale/ Maturity of Investments	4,400	17,257
Interest income on Investments	2,156	1,994
Dividend Income on Investments	363	366
Purchase of Assets	(5,454)	(12,071)
Share in accumulated surplus of Petronet India International	(811)	-
Expenditure on Construction WIP	(6)	-
Investment/ Advance for investments	(64)	(750)
Net Cash used in Investing Activities	2,725	6,897
H Net cash flow from Financing Activities :		
Proceeds from /(Repayment of Long term borrowings)	(37,189)	(20,810)
Proceeds from /(Repayment of short term borrowings)	(6,897)	2,714
Interest paid	(2,954)	(8,259)
Dividend paid/ Dividend tax paid	(2,418)	(1,223)
Net cash Generated/(Used) from Financing Activities:	(49,458)	(27,578)
I Net Change in cash & cash equivalent (F+G+H)	2,852	1,149
J Cash and cash equivalents as at end of the Financial year	12,849	9,997
K Less: Cash and cash equivalents as at beginning of the Financial Year	9,997	8,848
NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)	2,852	1,149

Note :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement issued by ICAI.
2. Total tax paid during the year includes Rs.333.74 lakhs towards tax deducted at source on interest received, which is included in interest received from investing activities.
3. Previous Year's figures have been regrouped wherever necessary to conform to the current year's classification.

Sd/-
(Arun Jyoti)
Managing Director

Sd/-
(A. K. Sinha)
Director(Finance)

Sd/-
(Amit Ghosh)
Company Secretary

Auditors' Certificate

We have verified the above cash flow statement of IBP Co.Limited derived from the audited annual financial statement for the years ended March 31, 2002 and March 31, 2001 and found the same to be drawn in accordance therewith and also the requirements of clause 32 of the listing agreements with stock exchanges.

For U.Narain & Co.
Chartered Accountants

Sd/-

Camp : New Delhi
Date : 22nd May, 2002

(Ajoy Chhabra)
Partner

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4)
OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF IBP CO. LIMITED, KOLKATA FOR THE
YEAR ENDED 31ST MARCH 2002**

I have to state that the Comptroller & Auditor General of India has no comments upon or supplement to the Auditors' Report under section 619(4) of the Companies Act 1956 on the accounts of IBP Co. Limited for the year ended 31st March 2002.

Dated, Kolkata
The 24th July, 2002

(S.B. Pillay)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I,
Kolkata

**REVIEW OF ACCOUNTS OF IBP CO. LIMITED, FOR THE YEAR ENDED 31ST MARCH 2002 BY THE
COMPTROLLER & AUDITOR GENERAL OF INDIA**

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

I. Financial Position

	1999-2000	2000-2001	(Rs. Crore) 2001-2002
Liabilities			
(a) Paid up capital			
Government	13.20	13.20	13.20
Others	8.95	8.95	8.95
(b) Reserves and Surplus			
(i) Free Reserves & Surplus	223.75	253.58	330.53
(ii) Share Premium	88.65	88.65	88.65
(iii) Capital Reserves	4.70	4.70	4.70
(c) Borrowings from :			
(i) Oil Industry Development Board (OIDB)	579.99	371.89	-
(ii) Banks - Cash Credit	41.83	68.97	-
(d) Current Liabilities & Provision (including interest accrued & due)	596.84	680.13	868.37
Total	<u>1557.91</u>	<u>1490.07</u>	<u>1314.40</u>
Assets			
(e) Gross block	617.44	760.21	793.89
(f) Less : Cumulative Depreciation	<u>112.23</u>	<u>143.46</u>	<u>175.93</u>
(g) Net Block	505.21	616.75	617.96
(h) Capital Work-in-Progress (Including dismantled capital stores)	46.91	21.88	18.92
(i) Investments	229.38	64.31	27.46
(j) Current Assets, Loans and Advances	776.41	787.13	650.06
(k) Misc. Expenditure to the extent not written off	-	-	-
Total	<u>1557.91</u>	<u>1490.07</u>	<u>1314.33</u>
(l) Working Capital (j-d)	179.57	107.00	(-)218.31
(m) Capital Employed (g+l)	684.78	723.75	399.65
(n) Net Worth [a+b(i)+b(ii)-k]	334.55	364.38	441.33
(o) Net Worth per rupee of paid up capital (in Rupees)	15.10	16.45	19.92

2. Working Results

	1999-2000	2000-2001	(Rs. Crore) 2001-2002
(i) Sales	6629.74	8619.81	8065.50
(ii) Less : Excise Duty	297.77	319.88	417.03
(iii) Net Sales	6331.97	8299.93	7648.47
(iv) Other Income	53.12	51.73	72.18
(v) Profit/Loss before Tax and Prior Period Adjustment	41.49	60.70	282.66
(vi) Prior Period Adjustment	6.22	0.52	7.92
(vii) Profit/Loss before Tax	47.71	61.22	289.95
(viii) Tax provision	6.00	7.00	94.16
(ix) Profit after Tax	41.71	54.22	195.79
(x) Proposed Dividend including Tax on Dividend	12.43	24.41	22.15

3. Ratio Analysis

Some important financial ratios on the financial health and working of the company at the end of last three years are as under.

	1999-2000	2000-2001	(In percentage) 2001-2002
A. Liquidity Ratio			
Current Ratio	130	116	75
B. Debt Equity Ratio			
Long term Debt to Equity	173	102	-
C. Profitability ratio			
a) Profit before tax to			
(i) Capital Employed	6.97	8.46	72.55
(ii) Net Worth	14.26	16.80	65.70
(iii) Sales	0.72	0.71	3.59
b) Profit after tax to Equity Capital	188.31	244.78	883.93
c) Earning per Share (Rupees)	Rs. 18.83	Rs. 24.48	Rs. 88.40

4. Sources and Utilisation of Funds

Funds amounting to Rs. 590.42 crore from internal and external sources were generated and utilised during the year as shown below:

	(Rs. Crore)
Sources of Funds	
Profit after Tax	195.79
Add. Depreciation	32.47
Decrease in Investment	36.86
Decrease in working capital	325.31
Total Funds inflow during the year	590.42
Utilisation of Funds	
Decrease in Borrowed Fund	440.86
Increase in Gross Block and Capital Work in Progress	30.72
Dividend	22.15
Decrease in opening reserve	96.69
Total Funds outflow during the year	590.42

5. Inventory Levels

The inventory levels (net off provision for obsolete stock) at the close of three years are given below:

	1999-2000	2000-2001	(Rs. Crore) 2001-2002
(i) Raw Materials (including transit)	24.66	21.67	18.1
(ii) Stores & Spare Parts	4.47	4.61	3.43
(iii) Work-in-Progress	2.83	2.16	2.10
(iv) Finished Goods (including transit)	39.56	37.16	295.5
(v) Percentage of Finished goods to Sales	0.60%	0.43%	3.66%

6. Sundry Debtors

The Sundry debt vis-a-vis sales in the last three years are given below

Year ended as on	Sundry Debtors			Sales During the year	(Rs. Crore) % of total sundry debts to sale
	Considered Good	Considered Doubtful	Total		
31.03.2000	97.78	3.74	101.52	6630.03	1.53%
31.03.2001	125.04	4.84	129.88	8619.84	1.50%
31.03.2002	106.03	4.95	110.98	8065.50	1.38%

Place : Kolkata
Dated : 24th July, 2002

Sd/-
(S.B. Pillay)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board-I
Kolkata



Review of the Accounts
of
Indian Oil Corporation Limited
for the year ended 31st March 2002
by
The Comptroller and Auditor General of India

REVIEW OF THE ACCOUNTS OF INDIAN OIL CORPORATION LIMITED FOR THE YEAR ENDED 31ST MARCH 2002 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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

I. FINANCIAL POSITION :

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

	(Rs. in Crore)		
	1999-00	2000-01	2001-02
LIABILITIES :			
a) Paid up Capital			
i) Government	639.62	639.62	639.62
ii) Others	139.05	139.05	139.05
b) Reserves and Surplus			
i) Free Reserves & Surplus	13,030.50	14,534.46	13,393.17
ii) Share Premium	175.81	175.84	175.85
iii) Capital Reserves	12.17	13.22	12.48
iv) Bonds Redemption Reserves	67.60	468.78	950.85
c) Borrowings			
i) From Government of India	-	-	-
ii) From Financial Institutions	3,369.60	5,029.60	6,809.58
iii) Foreign Currency Loans	8,896.93	10,707.36	7,288.82
iv) Cash Credit, EPC, Wkg. Capital demand loan	2,229.24	3,293.46	2,885.77
v) Others	219.88	1,605.10	2,085.02
vi) Interest accrued & due on loans	1.80	0.23	0.80
d) Current Liabilities and Provisions			
i) Current Liabilities and Provisions	14,181.40	14,761.01	15,981.29
ii) Provision for Gratuity	40.04	11.28	71.05
e) Deferred Tax Liability	-	-	3,405.06
TOTAL :	43,003.64	51,379.01	53,838.41
ASSETS :			
f) Gross Block	23,106.64	27,144.46	29,740.61
g) Less : Cumulative Depreciation	8,430.60	9,634.31	10,960.82
h) Net Block	14,676.04	17,510.15	18,779.79
h(i) Finance Lease Receivables	-	-	161.13
i) Capital Work-in-Progress	3,517.05	4,527.11	5,200.61
j) Investments/ Advances for Investments	3,148.85	3,443.73	9,721.72
k) Current Assets, Loans and Advances			
i) Interest accrued on Investments/ Bank Bal.	12.28	0.01	2.04
ii) Inventories	11,119.19	10,170.27	10,454.55
iii) Sundry Debtors	4,637.18	4,672.32	3,941.44
iv) Cash and Bank Balances	698.85	771.09	669.59
v) Loans and Advances	5,194.20	10,117.71	4,762.82
l) Miscellaneous Expenditure (to the extent not written off adjusted)	-	166.62	144.72
TOTAL :	43,003.64	51,379.01	53,838.41

NOTE:

Figures for previous year 2000-01 have been re-grouped as per the audited annual accounts for the year ended 31st March 2002.

(Rs. in Crore)

	1999-00	2000-01	2001-02
m) Working Capital $\{(k-d(i)-c(vi))\}$	7,478.50	10,970.16	3,848.35
n) Capital Employed (h+m)	22,154.54	28,480.31	22,628.14
o) Net Worth $\{(a+b(i)+b(ii)-l)\}$	13,984.98	15,322.35	14,202.97
p) Networth per rupee of equity capital (Rupees)	17.96	19.68	18.24
i) Consequent to transfer of 10% of the Govt. of India's holding to ONGC, the Govt. of India's holding in the equity of the company reduced to 82.03% w.e.f. 31.3.2000. The existing holding of Government of India remains at 82.03% as on 31.3.2002.			
ii) The working capital of the company for the year 1999-2000, 2000-2001 and 2001-2002 was Rs. 7478.50 crore, Rs. 10,970.16 crore and Rs.3848.35 crore respectively. The decrease in 2001-02 was mainly on account of issue of 6.96% Oil Companies Special Bonds in part settlement of OCC pool dues.			
iii) The capital employed increased from Rs. 22,154.54 crore in 1999-00 to Rs. 28,480.31 crore in 2000-01 mainly due to increase in net fixed assets and working capital. During the year 2001-02 it decreased to Rs. 22628.14 crore mainly due to decrease in working capital.			
iv) Net worth increased from Rs. 13984.98 crore in 1999-00 to Rs. 15322.35 crore in 2000-01. During the year 2001-02, it is decreased to Rs. 14202.97 mainly due to provision for Deferred Tax Liability amounting to Rs. 3405.06 crore as on 31.3.2002.			

2. RESERVES & SURPLUS

The free reserves and surplus of the company was 17 times of the paid up capital as on 31st March, 2002 as against 19 times as on 31st March, 2001 mainly due to provision for Deferred Tax Liability amounting to Rs. 3405.06 crore as on 31.3.2002.

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

The investment of the company together with advances for investments as on 31st March, 2002 has been increased to Rs. 9721.72 crore from Rs.3,443.73 crore as on 31st March, 2001. The increase in investments was mainly on account of investment in equity share of IBP (33.58%) amounting to Rs. 1,153.68 crore and issue of 6.96% Oil Companies Special Bonds 2009 in lieu of part settlement OCC pool dues amounting to Rs. 5276 crore.

4. SOURCES AND UTILISATION OF FUNDS :

Funds amounting to Rs.12090.41 crore from Internal and External Sources were utilised during the year as given below:

(Rs. in Crore)

SOURCES OF FUNDS :

Funds from operation:

i) Profit After Tax	2,884.66	
ii) Add: Depreciation	1,326.51	
iii) Provision for Deferred Tax	717.72	
v) Miscellaneous Expenditure (OVSS) (written off)	21.90	4,950.79
iv) Decrease in Working Capital		
- Decrease in Current Assets	5,900.96	
- Increase in Current Liabilities	1,238.65	7,139.61
vi) Call Money/ Premium		0.01
		<u>12,090.41</u>

UTILISATION OF FUNDS :

i) Capital Expenditure (including Finance Lease Receivables)	3,430.78
ii) Amortisation of Grants	0.74
iii) Repayment of loans	1,566.33
iv) Increase in Investment	6,277.99
vi) Dividend Paid	814.57
	<u>12,090.41</u>

5. WORKING RESULTS :

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

	(Rs. in Crore)		
	1999-00	2000-01	2001-02
i) Sales	94,140.55	117,370.81	114,863.95
ii) Less: Duties	11,409.64	11,651.65	13,720.84
iii) Net Sales	82,730.91	105,719.16	101,143.11
iv) Other or Misc. Income (Interest & Claims/ (Surrender) to Industry Pool Account	2,104.69	6,095.70	1,039.12
v) Profit/(Loss) before tax and prior period adjustments	2,977.37	2,959.02	4,656.89
vi) Prior period adjustments	(6.77)	3.59	(57.49)
vii) Profit/(Loss) before tax	2,970.60	2,962.61	4,599.40
viii) Tax Provisions			
- Current Tax	527.20	242.28	997.02
- Deferred Tax	-	-	717.72
ix) Profit after tax	2,443.40	2,720.33	2,884.66
x) Proposed Dividend			
- Interim Dividend	584.01	-	-
- Final Dividend (Proposed)	-	739.74	856.54

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)		
	1999-00	2000-01	2001-02
CONSOLIDATED POSITION :			
Profit (+) / Loss (-) for the year as per accounts	2,977.37	2,959.02	4,656.89
Write back of Provisions in earlier years no longer required	29.09	26.25	54.28
Prior period adjustments	(6.77)	3.59	(57.49)
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	2,970.60	2,962.61	4,599.40
REFINERIES DIVISION			
Profit (+) / Loss (-) for the year as per accounts	959.87	564.13	1,159.45
Write back of Provisions in earlier years no longer required	0.82	2.52	5.79
Prior period adjustments	(0.65)	12.83	(36.97)
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	959.22	576.96	1,122.47

Unit-wise working levels (contd.)

	(Rs. in Crore)		
	1999-00	2000-01	2001-02
PIPELINES DIVISION			
Profit (+) / Loss (-) for the year as per accounts	245.65	590.97	41.94
Write back of Provisions in earlier years no longer required	0.24	0.11	1.52
Prior period adjustments	(6.03)	(5.14)	(7.88)
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	239.62	585.83	34.06
MARKETING DIVISION			
Profit (+) / Loss (-) for the year as per accounts	2,512.25	2,791.81	4,433.20
Write back of Provisions in earlier years no longer required	27.80	22.15	46.90
Prior period adjustments	(0.14)	(1.00)	(11.77)
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	2,512.11	2,790.81	4,421.43
R & D CENTRE			
Profit (+) / Loss (-) for the year as per accounts	(0.17)	0.66	1.62
Write back of Provisions in earlier years no longer required	-	0.15	0.07
Prior period adjustments	-	-	(0.21)
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	(0.17)	0.66	1.41
ASSAM OIL DIVISION			
Profit (+) / Loss (-) for the year as per accounts	(29.28)	37.42	65.44
Write back of Provisions in earlier years no longer required	-	-	-
Prior period adjustments	0.05	-	(0.66)
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	(29.23)	37.42	64.78
REGISTERED OFFICE			
Profit (+) / Loss (-) for the year as per accounts	(710.95)	(1,025.97)	(1,044.76)
Write back of Provisions in earlier years no longer required	0.23	1.32	-
Prior period adjustments	-	(3.10)	-
Write back of Dev. Rebate Reserve	-	-	-
Profit Before Tax	(710.95)	(1,029.07)	(1,044.76)

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 :

	(In Percentage)		
	1999-00	2000-01	2001-02
A. Liquidity Ratio :			
Current Ratio (Current Assets to Current Liabilities and provision and Interest Accrued and due but excluding provision for Gratuity) $[k/(d(i)+c(vi))]$	152.73	174.32	124.08
B. Debt Equity Ratio :			
Long Term Debt to Equity $[c(i \text{ to } v \text{ excludg. Short term})/o]$	27.31	41.69	49.70
C. Profitability Ratios :			
a) Profit before tax to :			
i) Capital Employed	13.41	10.40	20.33
ii) Net Worth	21.24	19.34	32.38
iii) Sales (excluding duties)	3.59	2.80	4.55
b) Profit after tax to Equity	313.79	349.36	370.46
c) Earning per Share (Rs.)	31.38	34.94	37.05

i) Liquidity ratio has increased from 152.73 in 1999-00 to 174.32 in 2000-01 and decreased to 124.08 in 2001-02 mainly due to part settlement of OCC pool dues in the form of 6.96% Oil Companies Special Bonds 2009.

ii) The percentage of debt equity ratio has gone up to 49.70 in 2001-02 from 41.69 in 2000-01 because of increase in long term borrowings.

iii) The percentage of Profit before tax to Sales (excluding duties) was 3.59 in 1999-00, 2.80 in 2000-01 and 4.55 in 2001-02, which shows a rising trend mainly due to increase Profit before tax.

7. INVENTORY :

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

	(Rs. in Crore)		
	1999-00	2000-01	2001-02
i) Raw Materials		3,268.00	2,736.06
ii) Stores & Spares		423.60	462.13
iii) Stock-in-trade		6,923.89	6,340.87
iv) Stock-in-process		498.65	623.11
v) Stock of empty barrels and tins		5.05	8.10

- i) The stock of raw materials was equivalent to about 1.4 month's consumption in 2001-02, whereas it was equivalent to 1.0 month's consumption in 2000-01 and 1.7 month's consumption in 1999-00. The inventory at the end of the year 2001-02 has increased by Rs.623.81 Crore over the previous year 2000-01 mainly due to increase in Raw Material in Transit.
- ii) The stores and spares at the end of 2001-02 represented 17.3 month's consumption as against 15.3 month's consumption in 2000-01 and 15.1 month's consumption in 1999-00.
- iii) The stock of finished goods at the end of the year was equivalent to about 0.63 month's sales during 2001-02 as against 0.65 month's in 2000-01 and 0.88 month's in 1999-00.

8. SUNDRY DEBTORS :

The position of Sundry Debtors for the last three years ending 31st March stood as follows :

	(Rs. in Crore)		
	1999-00	2000-01	2001-02
i) Sundry Debtors Considered good	4,637.18	4,672.32	3,941.44
ii) Sundry Debtors Considered doubtful	70.71	85.56	108.60
iii) Total Sundry Debtors	4,707.89	4,757.88	4,050.04
iv) Sales	94,140.55	117,370.81	114,863.95
v) Percentage of Sundry Debtors to Sales	5.00%	4.05%	3.53%

The total sundry debtors has decreased by Rs.707.84 Crore. The decrease is mainly due to reduction in outstandings from Power Houses, Fertilisers etc. customers.

9. DIVIDEND:

The Company has proposed dividend of 110% on the share capital as against 95% for the year 2000-01 and 75% for the year 1999-2000. The dividend payout ratio calculated as a percentage of total dividend paid/ proposed to Profit After Tax during the last three years ending 31st March, 2002 was 29.7 percent, 27.2 percent and 23.9 percent respectively.

**Sd/-
(Revathi Bedi)
Principal Director of Commercial Audit
& Ex-officio Member Audit Board-II**

Place : NEW DELHI
Dated : 29th of August 2002

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 31 MARCH 2002 AND REPLIES OF THE BOARD OF DIRECTORS

	COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA BALANCE SHEET	REPLIES OF THE BOARD OF DIRECTORS
1.	<p>Current Assets, Loans and Advances:</p> <p>Inventories (Schedule -H) 10454.55 Crore</p> <p>This is understated by Rs.62.63 Crore on account of under valuation of closing stock of LPG and Superior Kerosene Oil (SKO) meant for Public Distribution system, at net realisable value instead at cost, due to ignoring the element of subsidy paid by the Government. This has also resulted in understatement of Profit by the same amount.</p>	<p>Though an announcement was made in the Union Budget for the year 2002-03 regarding subsidy compensation in respect of LPG (Domestic) and SKO (PDS), the modalities of such scheme both relating to quantum and value have not been formulated so far. In view of the above, no subsidy could be reckoned as a part of realisable value for the purpose of valuation of closing stock and the same has been suitably disclosed in Schedule "R" – Notes to Accounts. (Item no. 9).</p>
2.	<p>Loans and Advances (Schedule - K) Amount Recoverable from Industry Pool Account (Net)</p> <p>Unsecured Considered Good: Rs. 2257.92 Crore</p> <p>This includes Rs. 54.34 Crore being the claims receivable from Oil Coordination Committee (OCC) towards lease rental for Shakurbasti land for the period from 1993 to 2001, which was being used for various purposes other than handling of Administered Price Mechanism (APM) products, hence not reimbursable from OCC. This has resulted in overstatement of 'Amount Recoverable from Industry Pool Account' and Profit by Rs.54.34 Crore.</p>	<p>As per Item No. 7.6 of Statement of Significant Accounting Policies – Schedule "Q", "Claims on OCC are subject to final adjustment as per separate audit and any adjustment arising out of final settlement will be carried out subsequently". Accordingly, depending on the settlement of the claim by Petroleum Planning & Analysis Cell (PPAC) (formerly OCC) necessary adjustments, if any, will be carried out in the books. Further, the claims pertaining to the area of land used for purposes other than APM products is not significant compared to the total Pool Claim.</p>

	COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	REPLIES OF THE BOARD OF DIRECTORS
<p>ii</p> <p>This includes Rs.9.05 Crore being the claims lodged by the Company on OCC for reimbursement of exchange rate variation in respect of sale of Aviation Turbine Fuel to Air India Limited during the period from March 1992 to February 1993 for which Arbitrator rejected claim against Air India Limited and it has not been accepted by OCC till the adoption of accounts. The treatment is in contravention of the Accounting Policy of the company and has resulted in overstatement of Profit by the same amount.</p>	<p>Amount receivable from Air India was originally surrendered to Pool based on the advice of OCC. PPAC (formerly OCC) vide their letter No. 4001 (ATF) dated 10.7.2002 have confirmed that the proposal has been forwarded for reimbursement of the amount and approval of MOP&NG is awaited. Hence, this amount becomes recoverable from PPAC.</p>	
<p>PROFIT AND LOSS ACCOUNT INCOME</p> <p>3. Net claim from Industry Pool Account (Rs.141.12 Crore)</p> <p>This does not include claims of Rs.112.76 Crore on account of the Terminal Charges compensation to refineries for the years 2000-2001 and 2001-2002 based on the reimbursement of claims for the years 1998-99 and 1999-2000. This has also resulted in understatement of Profit by the same amount.</p>	<p>As per Item No. 7.6 of Statement of Significant Accounting Policies – Schedule “Q”, “Claims on Oil Coordination Committee / Government arising on account of Administered Pricing Mechanism are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/ clarifications subject to final adjustment as per separate audit”. In respect of Terminal Charges compensation for the years 2000-01 & 2001-02, since OCC (PPAC) / MOP&NG has neither accepted the claims in principle nor conveyed instructions/ clarifications for submitting the claim, the same has not been reckoned in the books.</p>	

	COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA	REPLIES OF THE BOARD OF DIRECTORS
4.	<p>EXPENDITURE Office Administration, Selling and Other Expenses (Schedule - O-I):</p> <p>4. Provision for Investments: Rs. 200 Crore: This is overstated by Rs.200 crore on account of provision made for diminution (by applying the discount rate prevailing on 27 May 2002) in the value of current investments in Government of India Special Bonds of Rs.5276 Crore. Making a provision for decline in value of investment after the balance sheet date is in contravention of AS-4. This has also resulted in understatement of Investment and Profit by the same amount.</p>	<p>Govt. of India has issued on 30th March, 2002, 6.96% Oil Companies GOI Special Bonds 2009 consequent to Gazette Notification dated 30th March, 2002 amounting to Rs. 5276 crore in lieu of part settlement of Pool Dues recoverable from OCC and the same has been classified as "Current Investments".</p> <p>Considering the realisability of above bonds, in the opinion of the Management, the provision for diminution in the value of bonds has been made in accordance with the principles of prudence and conservative accounting.</p>
5.	<p>General</p> <p>The Company besides, marketing of crude, has three distinctly discernible business segments namely Refining, Marketing of controlled products and Marketing of decontrolled products (including lube products). Marketing of controlled products and decontrolled products are under different pricing regime and therefore are subject to distinct risks and returns apart from being subjected to distinctly different regulatory environment.</p> <p>The Company has not reported its working results segment-wise in respect of petroleum products as required under AS-17.</p>	<p>In line with the requirements of AS-17 – "Segment Reporting", the Company has identified two reportable business segments i.e. Sale of Petroleum Products and Sale of Imported Crude Oil after taking into account the nature of products & services and differing risks & returns. The same has also been suitably disclosed in Schedule – "R" – Notes to Accounts (Item No. 12).</p> <p>Further, in the opinion of the management, refining and marketing of petroleum products is a single business segment and all petroleum products produced and marketed are related products by their nature. These are manufactured only from one raw material i.e. crude oil and all the products emerge as joint products by distillation process. Accordingly, the sale of petroleum products as a whole has been considered as single segment.</p>
	Sd/-	Sd/-
	<p>(Revathi Bedi) Principal Director of Commercial Audit & Ex-officio Member, Audit Board – II</p>	<p>(A.K.Arora) Offg. Chairman For and on behalf of Board of Directors</p>
	Place : New Delhi	Place : New Delhi
	Dated : August 29, 2002	Dated : August 29, 2002





इंडियनऑयल फाउंडेशन
The IndianOil Foundation

The IndianOil Foundation

Presenting the Past to the Future

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Indian Oil Corporation Limited

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