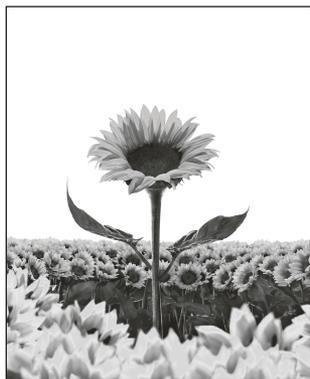


EXCEEDING EXPECTATIONS



IndianOil

ANNUAL REPORT 2006-2007



Exceeding Expectations

IndianOil's...performance in the financial year 2006-07 was a case of 'exceeding expectations' with both turnover and profits reaching new highs, product sales registering a quantum jump, and the refineries as well as pipelines network enhancing their capacities beyond 60 MMTPA and registering record throughputs. New projects worth Rs. 10,000 crore were put on stream during the year. Among new businesses, the petrochemicals and natural gas verticals have begun adding to the bottomline, and participating interests in a clutch of oil & gas assets in India and abroad ensured expansion of the upstream portfolio. Efforts in globalisation of products and services received a fillip with overseas subsidiaries consolidating and expanding their business activities. All of these were achieved against heavy odds and turbulence in the business environment brought on by high crude oil prices in the international market and huge financial burden of net under-realisation.

*Excerpts from Chairman's Message
(in Annual Report at Page 29)*

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Indian Oil Corporation Limited

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

48th Annual Report

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

Indian Oil Corporation Limited

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

NOTICE is hereby given that the **48th Annual General Meeting** of the Members of **INDIAN OIL CORPORATION LIMITED** will be held at **Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai-400 025** on **Monday, the 24th September, 2007** at **1030 hrs.** to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as on that date together with Reports of the Directors and the Auditors thereon.
2. To confirm the payment of interim dividend and to declare the final dividend for the year 2006-07.
3. To appoint a Director in place of Shri Vineet Nayyar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri P.K. Sinha, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri B.M. Bansal, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Shri S.V. Narasimhan, who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

7. Appointment of Shri B.N. Bankapur as a Director of the Company.

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

“RESOLVED THAT Shri B.N. Bankapur, who was appointed as an Additional Director and designated as Director(Refineries) by the Board of Directors effective 1st October, 2006 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company 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 Company, liable to retire by rotation.”

8. Appointment of Shri S. Sundareshan as a Director of the Company.

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

“RESOLVED THAT Shri S. Sundareshan, who was appointed as an Additional Director by the Board of Directors effective 28th May, 2007 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company 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 Company, liable to retire by rotation.”

9. Appointment of Prof. (Smt.) Indira J. Parikh as a Director of the Company.

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

“RESOLVED THAT Prof. (Smt.) Indira J. Parikh, who was appointed as an Additional Director by the Board of Directors effective 30th July, 2007 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company 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 Company, liable to retire by rotation.”

10. Appointment of Shri Anand Kumar as a Director of the Company.

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

“**RESOLVED THAT** Shri Anand Kumar, who was appointed as an Additional Director and designated as Director(Research & Development) by the Board of Directors effective 31st July, 2007 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company 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 Company, liable to retire by rotation.”

11. Appointment of Shri P.K. Chakraborti as a Director of the Company.

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

“**RESOLVED THAT** Shri P.K. Chakraborti, who was appointed as an Additional Director and designated as Director(Pipelines) by the Board of Directors effective 1st August, 2007 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company 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 Company, liable to retire by rotation.”

12. Approval to the IOC-IBP Merger Scheme Trust.

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

“**RESOLVED THAT** pursuant to the Order of the Ministry of Company Affairs dated 30th April, 2007 according sanction to the Scheme of Amalgamation of IBP Co.Ltd. with IndianOil, approval of the shareholders of the Company is hereby accorded to the Trust Deed, viz., IOC-IBP Merger Scheme Trust as annexed to the notice of Annual General Meeting.

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

16th August, 2007

By Order of the Board of Directors



(RAJU RANGANATHAN)
Company Secretary

NOTES

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) Explanatory Statement prepared in pursuance of Section 173 of the Companies Act, 1956 in respect of Special Business is annexed.
- (c) Members/Proxies should bring the attendance slip duly filled and signed for attending the meeting.
- (d) All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days except Saturdays & Holidays between 1030 hours to 1230 hours upto the date of Annual General Meeting.
- (e) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 12th September, 2007 to Monday, the 24th September, 2007 (both days inclusive) for the purpose of ascertaining the eligibility for payment of final dividend.
- (f) The final dividend payable on Equity Shares, if approved by the members, will be paid to those members whose names appear on the Company's Register of members and as per beneficial owners position received from NSDL & CDSL as at the close of 11th September, 2007.
- (g) Pursuant to the provisions of section 205(A) of the Companies Act, 1956, the Company has transferred all unpaid dividend declared upto the financial year 1999-2000 to Investor Education & Protection Fund (IEPF) set up by the Central Government. The dividend for the financial year 2000-01 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. The Shareholders who have not encashed their dividend warrant/s so far for the financial year 2000-01 to 2006-07 are requested to make their claims to the Registrar & Transfer Agents, M/s. Karvy Computershare Private Limited, Hyderabad or at the registered office of the Company. It may also be noted that once the unclaimed dividend is transferred to the IEPF, Central Government, as above, no claim shall lie in respect thereof.
- Similarly, the dividend declared by erstwhile IBP Co. Ltd. (since merged with IndianOil) for the financial years 2000-01 to 2005-06 remaining unpaid will be transferred to IEPF on expiry of 7 year period. The shareholders of erstwhile IBP Co. Ltd. who have not encashed their dividend warrants so far are requested to make their claims to the Registrar & Transfer Agents, M/s.Karvy Computershare Private Limited, Hyderabad or at the registered office of the Company.**
- (h) Members are requested to bring their copy of Annual Report to the Meeting.
- (i) Shareholders holding shares in electronic form may kindly note that their Address and Bank Account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories. The Company will not entertain any direct request from such shareholders for change in Address / Bank Details. The shareholders who wish to change their Address / Bank Account details are therefore requested to advise their Depository Participants about such change.
- (j) Shareholders holding shares in physical form are requested to advise about any change of address/Bank Account Number to the Company or its Registrar.
- (k) The shares of IndianOil are compulsorily traded in dematerialised form and, therefore, the shareholders are requested to dematerialise their shares to facilitate trading in IndianOil shares.
- (l) As per the provisions of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Nomination form can be obtained from the registered office of the Company or from its Registrar & Transfer Agents, M/s. Karvy Computershare Private Ltd.

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

Item Nos. 3 to 6

- (3) Shri Vineet Nayyar, aged 69 years, has handled an array of vastly different and critical assignments in a career spanning 40 years. As a Member of the Indian Administrative Service (IAS), he has served the Government of Haryana and Government of India in various capacities. He was Chairman & Managing Director of GAIL (India) Limited and has also served in the World Bank dealing with oil & gas, energy operations, etc.

Details of other Directorships:

Name of the Company	Position held
Tech Mahindra Ltd.	Vice Chairman and MD
Tech Mahindra (Americas) Inc.	Director
Tech Mahindra GmbH	Chairman of Supervisory Board
Tech Mahindra (R&D Services) Ltd.	Chairman
Tech Mahindra (Thailand) Ltd.	Director
Kotak Mahindra Old Mutual Life Insurance Ltd.	Director
The Great Eastern Shipping Co.Ltd.	Director
Vidya Investments Pvt.Ltd.	Director
Business Standard Ltd.	Director
CanvasM Technologies Ltd.	Chairman
Mahindra Holidays and Resorts India Ltd.	Director

Membership/Chairmanship in the Committees of other companies: NIL

No. of Shares held in the Company: NIL

- (4) Shri P.K. Sinha, aged 52 years, is a post graduate from Delhi School of Economics and an IAS officer of U.P. cadre. Shri Sinha also holds M.Phil in Social Sciences and a Masters Diploma in Public Administration. Shri Sinha has served both in the Central and State Governments, including as District Magistrate of Jaunpur and Agra Districts. Shri Sinha has also served in the Ministry of Power, Department of Youth Affairs and Sports in the Central Government before joining Ministry of Petroleum & Natural Gas.

Details of other Directorships:

Name of the Company	Position held
Bharat Petroleum Corporation Ltd.	Director
Hindustan Petroleum Corporation Ltd.	Director

Membership/Chairmanship in the Committees of other Companies: NIL

No. of Shares held in the Company: NIL

- (5) Shri B.M. Bansal, aged 56 years, is a B-Tech in Chemical Engineering from IIT, Delhi with a Post Graduate Diploma in Process Plant Engineering. Shri Bansal has a rich experience of three decades in the oil industry with varied assignments covering key portfolios of Refinery Management, Planning and Co-ordination, Technical Services and Business Development. Shri Bansal has travelled widely and presented several papers on Refining, Petrochemicals and LNG in international seminars, both in India and abroad.

Details of other Directorships:

Name of the Company	Position held
Petronet LNG Ltd.	Director
Lubrizol India Pvt.Ltd.	Director

Membership/Chairmanship in the Committees of other Companies : NIL

No. of Shares held in the Company: 550

(6) Shri S.V. Narasimhan, aged 56 years, is a Chartered Accountant and an MBA from the Faculty of Management Studies, Delhi. Shri Narasimhan has over three decades of experience in the oil industry, including as Managing Director of Chennai Petroleum Corporation Ltd. He has served as a member of several specialist committees of the Government of India that drafted oil sector policies. Shri Narasimhan is also credited with assisting the Oil Cost Review Committee set up by the Government to formulate the basis for pricing of petroleum products.

Details of other Directorships:	NIL
Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	1800

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

Item No. 7

Shri B.N. Bankapur, was appointed as an Additional Director and designated as Director(Refineries) w.e.f. 1st October, 2006 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 office upto the date of this Annual General Meeting.

Shri B.N. Bankapur, aged 56 years, is a Chemical Engineer from the University of Mysore. Shri Bankapur has over three decades of rich experience in the oil industry and has handled various portfolios in different refineries. He has been closely involved in strategic planning and growth of IndianOil through capacity enhancement, value addition and diversification projects. Besides introduction of new state-of-the-art technologies, he also led the commissioning of those technologies in IndianOil refineries.

Details of other Directorships:

Name of the Company	Position held
Chennai Petroleum Corporation Ltd.	Director
Engineers India Ltd.	Director

Membership/Chairmanship in the Committees of other Companies:

Name of the Committee	Position held
Audit Committee of Engineers India Ltd.	Member
No. of Shares held in the Company:	900

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 B.N. Bankapur as a candidate for the office of Director.

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

Item No. 8

Shri S.Sundareshan was appointed as an Additional Director w.e.f. 28th May, 2007 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 office upto the date of this Annual General Meeting.

Shri Sundareshan, aged 55 years, is a post graduate in Business Administration and Political Science and an IAS Officer of Kerala cadre. Before joining Petroleum Ministry as Additional Secretary, he was Chairman of Forward Markets Commission under the Ministry of Consumer Affairs, Food and Public Distribution. He has handled various key assignments in the Ministry of Commerce & Industry, Finance and has also served in the Indian Embassy in Japan.

Details of other Directorships:

Name of the Company	Position held
Oil & Natural Gas Corporation Ltd.	Director
GAIL (India) Ltd.	Director
Indian Strategic Petroleum Reserves Ltd.	Director

Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	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 S.Sundareshan as a candidate for the office of Director.

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

Item No. 9

Prof. (Smt.) Indira J. Parikh was appointed as an Additional Director w.e.f. 30th July, 2007 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 office upto the date of this Annual General Meeting.

Prof. (Smt.) Indira J. Parikh, aged 64 years, is a post graduate from the University of Rochester, USA and a Ph.D from Gujarat University. She has over 30 years of rich academic experience in Organisational Behaviour & Management, in IIM, Ahmedabad. She is also a visiting Professor in various Management Institutes in India and abroad. She has been consultant to various corporates on management programmes and has handled international assignments. She is also credited with publication of management books, papers, articles, etc. Presently, she is President of the Foundation for Liberal & Management Education in Pune.

Details of other Directorships:

Name of the Company	Position held
M.P.Power Transmission Company Ltd.	Director
Anil Products Ltd.	Director
Mahindra Gujarat Tractor Ltd.	Director
STI India Ltd.	Director
Sintex Industries Ltd.	Director
Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	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 Prof. (Smt.) Indira J. Parikh as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Prof. (Smt.) Indira J.Parikh is interested or concerned in the resolution.

Item No. 10

Shri Anand Kumar was appointed as an Additional Director and designated as Director(R&D) w.e.f. 31st July, 2007 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 office upto the date of this Annual General Meeting.

Shri Anand Kumar, aged 57 years, is a Chemical Engineer from B.I.T., Sindri. He joined IndianOil in 1974 and worked on the modernisation of refinery units at Guwahati, Mathura and Barauni. He has varied experience covering all aspects of oil refining business. He was a founding member of the Centre for High Technology and was also Advisor (Planning & Economics) to the Port Harcourt Refinery of Nigeria. Prior to his elevation as Director, Shri Anand Kumar was head of the IndianOil Institute of Petroleum Management.

Details of other Directorships:	NIL
Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	500

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 Anand Kumar as a candidate for the office of Director.

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

Item No. 11

Shri P.K. Chakraborti was appointed as an Additional Director and designated as Director(Pipelines) w.e.f. 1st August, 2007 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 office upto the date of this Annual General Meeting.

Shri Chakraborti, aged 58 years, is a Civil Engineer. Before joining as Director, Shri Chakraborti has been involved in the Corporation's effort in pursuing specific ventures pertaining to refineries & pipelines in Turkey, Libya & Nigeria as Executive Director (Business Development). He has rich experience of 27 years in the Pipelines Division of the Company in planning, design and construction of major pipeline projects of IndianOil.

Details of other Directorships

Name of the Company	Position held
IndianOil Technologies Ltd.	Director
Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	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.Chakraborti 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.Chakraborti is interested or concerned in the resolution.

Item No. 12

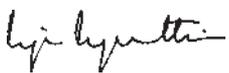
Approval to the IOC-IBP Merger Scheme Trust

IndianOil was holding 11867262 number of equity shares constituting 53.58% of the equity share capital of IBP Co.Ltd., which has since merged with IndianOil. As per the Scheme of Amalgamation of IBP Co.Ltd. with IndianOil, the said shares held by IndianOil in IBP are to be transferred to a Trust created for this purpose alongwith all additions/accretions thereto for the benefit of the Company. The Ministry of Company Affairs vide its Order dated 30th April, 2007, while according sanction to the Scheme of Amalgamation, has directed the Company to obtain the approval of the shareholders of the Company for the Trust Deed by a Special Resolution before the Trust exercises its functions, powers, rights and obligations with regard to the Trust shares. The Company has created a Trust which has been registered on 28th May, 2007. The Trust is presently holding 13053988 equity shares of IndianOil issued to the Trust consequent upon merger of IBP with IndianOil in the approved swap ratio of 110 : 100. The Trustees have not exercised their powers, rights & obligations with regard to the Trust shares in line with the Order of Ministry of Company Affairs. Copy of the Trust Deed is enclosed with this notice.

Approval of the Members is sought to the Trust Deed as per the Order of Ministry of Company Affairs. The Directors, therefore, recommend the Special Resolution. None of the Directors of the Company are interested or concerned in the resolution.

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

By Order of the Board of Directors


(RAJU RANGANATHAN)
 Company Secretary

16th August, 2007

Annexure to Item No. 12 of the Notice

IOC-IBP MERGER SCHEME TRUST

TRUST DEED

THIS DEED OF TRUST is made and entered into at New Delhi, this 28th day of March, 2007 hereinafter referred to as the “Trust Deed” or “this Deed”

BETWEEN

INDIAN OIL CORPORATION LIMITED, a Public Limited Company incorporated under the Companies Act, 1956, having its registered office at IndianOil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai 400 051 (hereinafter referred to as “**IOC**” or the “**Settlor**”, which expression shall unless repugnant to the context or meaning thereof be deemed to include its successors and permitted assigns) of the **ONE PART**;

AND

- 1) **Shri PRAVEEN KUMAR GOYAL**, Son of late Dr. S.S. Goyal, aged 53 years, residing at 27/303, East End Apartments, Mayur Vihar Extn. Phase-1, New Delhi-110 096.
- 2) **Shri RAGHUNATHACHARI NARAYANAN**, Son of late Shri S. Raghunathachari, aged 56 years, residing at B-706, IndianOil Nagar, J.P.Road, Andheri(W), Mumbai-400 053.
- 3) **Shri SUBRAMANIAN KRISHNA PRASAD**, Son of Shri P.V. Subramanian, aged 49 years, residing at F-24, IndianOil Nagar, Site-II, Sector-55, Noida-201 301.

Hereinafter referred to as the “**Trustees**” (which expression shall unless repugnant to the context or meaning thereof be deemed to include their estates, administrators and heirs) of the **OTHER PART**.

IOC and Trustees are hereinafter individually referred to as “**Party**” and collectively as “**the Parties**”.

WHEREAS:

- A. The Settlor is desirous of establishing a trust in accordance with the Indian Trusts Act, 1882 for certain objects including, *inter alia*, those more particularly set out hereinafter (the “**Trust**”). The Trust would, *inter alia*, hold the IOC Shares (as defined hereinafter) whether allotted in terms of the Scheme (as defined hereinafter) or otherwise.
- B. The Settlor is a company engaged in the business of refining, pipeline transportation and marketing of petroleum products.
- C. IBP Co. Limited (“**IBP**”) is a company incorporated under the Companies Act, 1882 and having its registered office at IBP House, 34-A, Nirmal Chandra Street, Kolkata-700 013, West Bengal, carrying on the business of marketing of petroleum products.
- D. The Settlor and IBP proposed to amalgamate and proposed a Scheme of Amalgamation (the “**Scheme**”), which has been approved by the requisite majority of the shareholders of both the Settlor and IBP respectively. The proposed Scheme, under Section 391 of the Companies Act, 1956 is currently pending before the Ministry of Company Affairs (the Competent Authority to approve the Amalgamation of Government Companies) and the Scheme shall become effective upon passing of the Order of Amalgamation by the Ministry of Company Affairs and filing of the same with concerned Registrar of Companies.
- E. Upon the said Scheme being sanctioned and becoming effective, the Settlor is to, in consideration of transfer or vesting of the Undertaking (as defined in the Scheme) of IBP in the Settlor in terms of the Scheme, allot 110 (one hundred and ten) fully paid-up equity shares of Rs. 10/- each of the Settlor against 100 (one hundred) fully paid-up equity shares of Rs. 10/- each of IBP held by the said shareholders of IBP as on the specified date or the Record Date.
- F. The Settlor, as a shareholder of IBP, is holding 11867262 number of fully paid-up equity shares in the share capital of IBP and upon the Scheme becoming effective, the Settlor is entitled to receive 13053988 number of IOC shares in exchange of 11867262 number of equity shares held by the Settlor in IBP.
- G. According to Clause 4.1 of the Scheme, the shares to be issued by IOC in lieu of equity shares held by IOC in the share capital of IBP will be issued to an individual trustee or Board of Trustees or Corporate Trustees which would hold the IOC Shares in trust together with additions and accretions thereto exclusively for the benefit of IOC and its successors subject to the powers, provisions, discretions, rights and agreements contained in the instrument which would create and establish the said trust.
- H. Accordingly, IOC as the Settlor, desires to set up and establish a Trust called the IOC-IBP MERGER SCHEME TRUST, in accordance with the Indian Trusts Act, 1882 *inter alia* for the purposes and with the objects and powers hereinafter set forth.

NOW, THEREFORE, THIS TRUST DEED WITNESSETH AND IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

DEFINITIONS AND INTERPRETATION

1.1 DEFINITIONS

For the purposes of this Deed, in addition to the terms defined in the description of Parties to this Deed and the Recitals hereinabove, whenever used in this Deed, unless repugnant to the meaning or context thereof, the following expressions shall have the meaning respectively assigned to them:

“Approved Bank” means any scheduled bank as may be determined by the Trustees from time to time;

“Beneficiary” means IOC and its successors and assigns;

“Effective Date” shall have the meaning assigned to such term under the Scheme;

“Governmental Authority” shall mean any entity, authority or body exercising licensing, executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, department, agency, commission, board or instrumentality of the Republic of India or any state or other subdivision thereof, or any municipality, district or other subdivision thereof;

“IOC Shares” means the shares of IOC, issued and allotted to the Trustees in lieu of the IBP Shares held by IOC, under the provisions of this Deed and in terms of the Scheme;

“IBP” means IBP Co. Limited, a public company registered under the Companies Act, 1882 and having its registered office at IBP House, 34A, Nirmal Chandra Street, Kolkata-700 013;

“IBP Shares” means 11867262 fully paid up equity shares of Rs. 10/- each of IBP held by IOC;

“Initial Contribution” shall have the meaning assigned to such term under Clause 2.1 herein;

“Law(s)” shall mean all applicable laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, policies, notices, directions, judgments, decrees or other requirements or official directive of any Governmental Authority or Person acting under the authority of any Governmental Authority, whether in effect on the date of this Deed or thereafter;

“Person” means any individual, partnership, joint venture, firm, corporation, company, association, trust or other enterprise (whether incorporated or not) or Government (central, state or otherwise), sovereign, or any agency, department, authority or political sub-division thereof, international organisation, agency or authority (in each case, whether or not having separate legal personality) and shall include their respective successors and assigns and in case of an individual shall include his/her legal representatives, administrators, executors and heirs and in case of a trust shall include the trustee or the trustees for the time being;

“Record Date” shall have the meaning assigned to such expression under the Scheme;

“Scheme” shall mean the scheme of amalgamation between IOC and IBP and their respective shareholders and creditors, under section 391-394 of the Companies Act, 1956;

“Term” shall mean a period of five (5) years for which period the Trust shall be in force in accordance with the provisions hereof;

“Trust” means the trust hereby established;

“Trust Fund” means the Initial Contribution and all additions and accretions thereto, the IOC Shares and all additions and accretions thereto including any further shares or other securities/instruments issued to the Trustees in the capacity of it being a registered shareholder of IOC or such other property from time to time received, receivable or distributed (including but not limited to dividends and other distributions whether in connection with any liquidation, dissolution, reduction of capital, buy back or otherwise) in respect of or in exchange for any and all of the IOC Shares, and upon the sale of the IOC Shares in accordance with this Deed shall include all realisations from such sale; and

“Varied Term” shall mean such reduced or extended Term, which the Trustees may in their sole discretion alter, vary or modify in terms hereof.

1.2 INTERPRETATION

In this Trust Deed, unless the context otherwise requires:

- (a) words of any gender are deemed to include the other gender;
- (b) words using the singular or plural number also include the plural or singular number, respectively;

- (c) the terms “hereof”, “herein”, “hereby”, “hereto” and derivative or similar words refer to this Trust Deed;
- (d) references to a particular clause, paragraph, sub-paragraph, section, schedule or annexure shall, except where the context otherwise requires, be a reference to that clause, paragraph, sub-paragraph, section, schedule or annexure in or to this Deed;
- (e) the descriptive headings of Clauses are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of the content thereof and shall not be used to interpret the provisions of this Deed;
- (f) reference to any legislation or law or to any provision thereof shall include references to any such law as it may, after the date hereof, from time to time, be amended, supplemented or re-enacted, and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision;
- (g) any term or expression used but not defined herein shall have the same meaning attributable to it under applicable law;
- (h) references to the word “include” or “including” shall be construed without limitation; and
- (i) save and otherwise not permitted under applicable law and except as expressly provided in this Deed, all amounts in this Deed are stated and shall be paid in Indian Rupees.

CONSTITUTION OF THE TRUST

2.1 CREATION OF TRUST

The Settlor hereby declares and confirms that it has settled and transferred to and upon the Trustees, a sum of Rs.10,000/- (Rupees Ten Thousand Only), towards the initial corpus of the Trust (“**Initial Contribution**”), the receipt of which the Trustees hereby admit and acknowledge, **TO HAVE AND HOLD** the same together with all additions or accretions thereto and **TO HAVE AND HOLD** the same together with the Trust Fund and the investments representing the same by the Trustees **UPON** trust and subject to the powers, provisions, agreements and declarations herein contained, the receipt of which the Trustees hereby admit and acknowledge and that the Trust Fund and the investments representing the same have to be applied and governed by the terms and conditions of this Deed and the Trustees have consented to act on the terms and conditions set out herein.

2.2 ACCEPTANCE OF TRUST

The Trustees hereby declare and confirm that they shall hold and stand possessed of the Initial Contribution and the IOC Shares and all additions and accretions thereto, constituting the Trust Fund **UPON** trust and subject to the powers, provisions, agreements and declarations contained herein.

2.3 NAME OF THE TRUST

The Trust hereby created shall be called the “IOC-IBP MERGER SCHEME TRUST”.

2.4 DATE OF COMMENCEMENT

The Trust created under this Deed shall be deemed to be established from the date hereof and shall continue until it is terminated in accordance with Clause 6.3 hereof.

2.5 OFFICE OF THE TRUST

The office of the Trust shall be at New Delhi or such other place as the Trustees may from time to time decide. All the books of account and documents belonging to the Trust shall ordinarily be kept at such office.

2.6 OBJECT OF THE TRUST

The Trust has been established for the exclusive benefit of the Beneficiary for the purpose of:

- (a) holding the Trust Fund on trust exclusively on behalf of and for the benefit of the Beneficiary in accordance with the terms contained herein;
- (b) transferring the Trust Fund (including the IOC Shares) and/or realising the value of the IOC Shares in any manner in accordance with the provisions of this Deed and upon such sale/realisation, paying the proceeds thereof to the Beneficiary;
- (c) investing the surplus amount of proceeds as procured under sub-clause (b) above, if any, in such investments in accordance with the provisions of this Deed;
- (d) utilizing the Trust Fund for the purpose of making any investment in any manner whatsoever, which may include creating an encumbrance of any kind on such part of the Trust Fund as determined by the Settlor;
- (e) dealing with the Trust Fund or entering into any arrangement in relation to the Trust Fund in such manner as the Trustees may consider appropriate; and

- (f) such other activities as may be determined by the Trustees with the prior written consent of the Settlor. Provided that any transaction(s) entered into by the Trustees in relation to the Trust Fund shall, as far as it may be possible, be effected in a cost efficient manner.

TRUST FUND

3.1 VESTING OF TRUST FUND

The Trust Fund shall vest in the Trustees and the Trustees shall hold the same upon trust for the benefit of the Beneficiary subject to the powers, provisions, agreements and declarations contained herein.

3.2 APPLICATION OF TRUST FUND

- (a) The Trust Fund shall be absolutely applied for the objects and purposes of the Trust in accordance with this Deed for the benefit of the Beneficiary and shall not be applied, directly or indirectly, for any purpose or object otherwise than contained herein; and
- (b) all monies received by the Trustees (including the dividends or other distributions in respect of or in connection with the IOC Shares, or the proceeds of the sale of the IOC Shares subject to the provisions of this Deed) shall be forthwith paid by the Trustees to the Beneficiary. All rights, interest, entitlements and privileges acquired by or conferred upon the Trustees in connection with or in relation to the Trust Fund shall be exercised, enjoyed and dealt with by the Trustees exclusively for the benefit of the Beneficiary in accordance with the provisions of this Trust Deed and subject to the directions, if any, received by the Trustees from the Settlor.

3.3 INVESTMENTS IN THE NAME OF THE TRUST

All documents relating to the investments and assets comprised in the Trust Fund shall be entered into in the name of the Trust.

3.4 EXPENSES CHARGEABLE TO THE TRUST FUND

Save and except the costs, charges, fees and expenses expressly provided herein, no other expenses shall be chargeable to the Trust Fund.

TRUSTEES' POWERS AND LIABILITIES

4.1 POWERS AND FUNCTIONS OF TRUSTEES

- (a) It is hereby declared that the Trustees shall have and always be deemed to have the exclusive ownership of the Trust Fund and that the general superintendence, direction and management of the affairs of the Trust and all powers, authorities and discretion appurtenant to or incidental to the purpose of the Trust shall absolutely vest in the Trustees, subject to the provisions of this Deed.
- (b) The Trustees shall, within the Term or the Varied Term, if and when instructed by the Settlor in writing (including in relation to the terms of any proposed sale, the proposed transferee thereof, the sale price and other related matters), sell, transfer or dispose off the Trust Fund upon receipt of written instructions from the Settlor in this regard.
- (c) Without in any way limiting the generality of the powers, authorities and discretions conferred under sub-clause (a) of this Clause 4.1, the Trustees shall, with the prior written consent of the Settlor, have the following powers:
- i. To utilise the surplus amounts of the Trust Fund, if any, for making investments on its own discretion or otherwise in accordance with the written instructions of the Settlor;
 - ii. To pay the Trust Fund to the Beneficiary in accordance with this Trust Deed;
 - iii. To keep and hold the assets and money representing the Trust Fund with the Approved Bank and to deposit, withdraw and utilise such assets and money, as may be required from time to time, in terms of this Deed;

provided however, if such money and assets are required to be utilised for purposes other than in terms of this Deed, the Trustees shall obtain the consent of the Settlor prior to such utilisation.
 - iv. To collect all monies due to the Trust, acknowledge and give effectual and valid receipts and discharges for the same;
 - v. To institute, conduct, defend, compound, settle, withdraw or abandon any legal proceedings for or on behalf of the Trust or in the name of the Trust or the Trustees and to submit any proceedings or differences for settlement by arbitration in consultation with the Settlor;

- vi. To compromise, settle or abandon any debt or claim due to the Trust in consultation with the Settlor;
- vii. To open one or more bank accounts with the Approved Bank for the purposes of the Trust and to operate the same for the sole benefit of the Beneficiary;
- viii. To appoint brokers, advocates, auditors, solicitors, credit rating agencies, registrars, agents, valuers and any other Persons for the purpose of fulfilling any of the objectives of the Trust;
- ix. To incur and pay all costs, charges and expenses incidental to the management, administration and execution of the Trust, including the registration of the Trust with Government bodies and/or other authorities;
- x. To determine the Varied Term; and
- xi. Generally do all acts, deeds, matters and things, which are necessary for the objects or purpose of or in relation to the Trust or are incidental or conducive to the proper exercise of the power of the Trustees under this Trust Deed.

4.2 EXCLUSION OF APPLICABILITY OF SECTION 20 OF THE INDIAN TRUSTS ACT, 1882

Subject to the limitations and restrictions, if any, contained in this Trust Deed the powers of investment conferred on the Trustees by this Trust Deed are absolute and shall not be deemed to be curtailed, restricted or otherwise limited by, under or in pursuance of the provisions of Section 20 or any other provision of the Indian Trusts Act, 1882, with respect to investment of monies held in trust.

4.3 RIGHT TO REIMBURSEMENT OF EXPENSES

Subject to the provisions of Clause 4.1 above, the Trustees shall be entitled to reimburse itself from the Trust Fund for, and shall be entitled to charge the Trust Fund with the following expenses:

- (a) All expenses properly incurred in the operation and execution of the Trust and in particular, for realisation and distribution of the Trust Fund, for the realisation, preservation or benefit of the investments and assets comprising the Trust Fund and for protection of the interest of the Beneficiary;
- (b) All reasonable legal expenses in connection with any legal proceedings by or against the Trust or concerning the affairs of the Trust including professional fees of any legal advisor;
- (c) All statutory expenses incurred in the operation and execution of the Trust including registration with Government or non-Government bodies or authorities, taxes, duties and other charges payable in connection with the sale of the IOC Shares; and
- (d) All travelling expense, bank charges, depository charges, brokerage and depository participant charges and other costs, charges and expenses incurred by the Trustees in connection with execution of these presents.

4.4 INDEMNITY TO THE TRUSTEES

Without prejudice to the Trustees' right of indemnity under law, the Trustees and every advisor, attorney, or any other Person(s) appointed by it hereunder shall, subject to the provisions of the Indian Trusts Act, 1882, and the provisions of this Deed, be entitled to be indemnified out of the Trust Fund in respect of all liabilities and expenses incurred by them [or him] in execution of the powers and trusts thereof or of any powers, authorities or discretions vested in them [or him] pursuant to these presents, provided that the indemnity as aforesaid shall not be applicable to acts or omissions involving negligence, wilful misconduct or breach of trust on the part of the Trustees.

4.5 DUTIES OF TRUSTEES

- (a) The Trustees shall ensure that all investments made from and/or out of the Trust Fund are made in accordance with the provisions of this Trust Deed;
- (b) The Trustees shall, at all times, ensure that the Trust Fund is kept segregated from the assets of the Trust and any other asset for which the Trustees are or may be responsible;
- (c) The Trustees shall exercise due diligence in carrying out its duties and protecting the interest of the Beneficiary;
- (d) The Trustees shall ensure that all transactions entered into by it are properly entered into in accordance with this Trust Deed;
- (e) The Trustees shall adhere to and give effect to all instructions received by it from the Settlor; and
- (f) The Trustees shall (i) in each calendar month furnish to the Settlor full and accurate information as to the amount and the state of the Trust Fund and at the request of the Settlor forthwith furnish to the Settlor the information as may be reasonably required by the Settlor from time to time; and (ii) promptly inform the Settlor of the contents of any notice or document received by it and forthwith deliver a copy of such notice or documents to the Settlor.

- (g) The Trustees shall not do anything or take up any activity in contravention of the provisions of this Trust Deed, provisions of the Companies Act, 1956 or guidelines, regulations and circulars issued from time to time by SEBI.

4.6 LIMITATION OF LIABILITY OF TRUSTEES

In addition to the other powers conferred on the Trustees and provisions for their protection and not in any way limiting or derogating either anything contained in this Deed or any statute limiting the liability of the Trustees, **IT IS EXPRESSLY DECLARED** as follows: -

- (a) Subject to the provisions of Clause 4.1(c)(viii) above, the Trustees may, in relation to these presents, act on the opinion or advice of or any information obtained from any solicitor, counsel, advocate, valuer, surveyor, broker, auctioneer, qualified accountant or any other expert appointed by the Settlor or by the Trustees in consultation with the Settlor and shall not be responsible for any loss occasioned by so acting on any such opinion, advice or information;
- (b) The Trustees shall be at liberty to accept a certificate signed by any one of the authorised signatories of the Settlor with respect to any act or matter required by this Deed as sufficient evidence thereof, and the Trustees shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by their failing to do so;
- (c) The Trustees shall not be bound to give notice to any Person of the execution hereof;
- (d) Save as provided in Clause 4.1 above, the Trustees shall, as regards all trusts, powers, authorities and discretion hereby vested in it, have the discretion as to the exercise and the mode and time of exercise thereof and in the absence of fraud shall not be responsible for any loss, costs, charges, expenses or inconvenience that may result from the exercise or non-exercise thereof; and
- (e) Save as provided in Clause 4.1, the Trustees shall have full powers to determine all questions and doubts arising in relation to any of the provisions hereof and every such determination, bona fide made (whether or not the same shall relate wholly or partially to the acts or proceedings of the Trustees), shall be conclusive and binding upon all Persons interested hereunder.

Provided nevertheless that nothing contained in this Deed shall exempt the Trustees from or indemnify it against any liability for breach of trust or any liability by virtue of which any rule or law would otherwise attach to it in respect of any negligence, default or breach of trust which the Trustees may be guilty of in relation to its duties hereunder.

ACCOUNTS AND AUDIT

- 5.1 The Trustees shall maintain and/or cause to be maintained proper books of accounts, documents and records with respect to the Trust Fund so as to give a true and fair view of the affairs of the Trust. The Trustees shall make such documents and records available to the Settlor as and when the same is required by the Settlor.

FUNCTIONING, TERM AND DISCHARGE OF TRUSTEES

6.1 NUMBER OF TRUSTEES

There shall be a minimum of three (3) Trustees of the said Trust. The said Trustees shall, subject to the aforesaid limitation on numbers and the prior written consent of the Settlor, have the power to appoint additional Trustees by unanimous consent.

6.2 TERM OF TRUSTEES

The Trustees shall hold office as the Trustees of the Trust until the termination of the Trust in accordance with Clause 6.3 or the replacement or removal of the Trustees in accordance with Clauses 6.4 or 6.5, as the case may be, whichever is earlier.

6.3 TERMINATION OF THE TRUST

The Trust shall terminate upon the occurrence of either of the following events, whichever is earlier:

- (a) the expiry of the Term or the Varied Term; or
- (b) the Trustees transferring, selling or disposing of the Trust Fund in accordance with the provisions of this Trust Deed, making the payment of the Trust Fund to the Beneficiary and having satisfied all of their obligations under this Trust Deed in full and complete satisfaction of the Beneficiary.

6.4 REPLACEMENT OF TRUSTEES

- (a) If and so often as any Trustee(s) shall:
 - i. Die; or
 - ii. leave India to reside abroad; or

- iii. be absent from India for a continuous period of six (6) months without previously informing the Board of Trustees; or
 - iv. express his/her desire to be discharged or retire; or refuse or become unfit or incapable to act; or be adjudged or become insolvent;
- then and in every such case and when and so often as the same may happen, it shall be lawful for the remaining Trustee(s) to appoint other Person(s) as Trustees with the liberty, upon every such appointment, to increase or decrease the original number of Trustees but such that the number of Trustees shall never be less than three.
- (b) Subject to the appointment of a new trustee(s) in terms of this Clause 6.4, the Trustee(s) may retire at any time without assigning any reason provided that it shall have given a written notice of at least six months to the Settlor in that behalf. The Settlor shall have the right to relax the aforesaid notice period in its sole discretion. It is clarified that such retirement shall take effect only upon the appointment of a new trustee(s) in terms of this Clause 6.4.
 - (c) Upon every such appointment, the Trust Fund shall without any further deed or writing become vested in the newly appointed Trustee(s) jointly with the surviving or continuing Trustee(s) for the same uses. upon the same trusts, and subject to the same powers, provisions and declarations as are expressed and declared herein.
 - (d) Every new Trustee(s) shall have all the powers and authorities of the Trustee(s) as more particularly provided for under this Deed and shall be eligible to act in all matters and things relating to the Trust Property, including but not limited to the execution and carrying out of, fully and effectually to all intents and purposes, the Trusts as contained herein as if such new Trustee(s) had been originally appointed as Trustee(s).
 - (e) No Person shall be appointed as a Trustee unless such Person has all the necessary consents and approvals required to act as a trustee hereunder. Furthermore, a Person shall not be appointed as a Trustee if:
 - i. such Person has been found to be an insolvent as on the date of such appointment;
 - ii. such Person has voluntarily filed for insolvency proceedings with appropriate authorities as on the date of such appointment; and
 - iii. if any winding up, insolvency or similar proceedings has been initiated against such Person by any third party, which proceeding has been continuing for a period beyond three (3) months from the date of such proceeding being admitted into a court of law or any other appropriate authority and is continuing as on the date of such appointment.
 - (f) On such appointment, the Trust Fund shall be handed over to the new Trustee(s) so as to legally vest the Trust Fund in such new Trustee(s).
 - (g) In the event of the retirement or replacement of any of the Trustees under Clause 6.4 or the removal of any of the Trustee under Clause 6.5 or in the event of breach of any of the provisions of the Trust Deed, the Trustees shall be liable for all fees and other charges which may be payable for the appointment of a new trustee under this Clause 6.4.

6.5 REMOVAL AND RETIREMENT OF TRUSTEES

The Settlor may, in the event of breach of any of the provisions of this Trust Deed by any of the Trustees, or for any other reason whatsoever, remove such Trustee at any time without any prior notice to the Trustee. Provided however that such removal shall take effect only upon the appointment of a new trustee under Clause 6.4.

6.6 CHAIRMAN, MAJORITY, MANAGING TRUSTEE AND FUNCTIONING

- (a) The Board of Trustees shall have a meeting at least once in every three (3) months.
- (b) The Trustee(s) shall appoint one Trustee from amongst themselves as the Chairman of the Board of Trustees. If at any meeting of the Board of Trustees the Chairman is not present within 30 minutes of the time appointed for the meeting, the Trustees present shall choose one of the present Trustees to be the Chairman of such meeting.
- (c) Decisions taken at the meeting of the Board of Trustees shall be by a majority vote and in the event the Trustees are evenly split, the Chairman shall have a casting vote, which he shall exercise at his sole discretion.
- (d) The Trustees shall have the power to appoint, substitute and remunerate such clerical, administrative or other staff as the Trustees deem appropriate and delegate to them such powers as they deem fit.

- (e) The Trustees shall have the power to (but shall not be obliged to) appoint one or more of the Trustees amongst themselves as a Managing Trustee(s) and to delegate to such Managing Trustee(s) such of their powers as the Trustees may deem appropriate.
- (f) The Trustees may from time to time frame and make such necessary rules, regulations and bye-laws not inconsistent with or repugnant to and subject to the provisions hereof and from time to time to add, cancel or alter such rules regulations and bye-laws as the circumstances may require.
- (g) The quorum for any meeting of the Board of Trustees shall be any [two] Trustees present in person. The quorum must be present at the beginning and throughout the meeting. If the meeting with respect to any agenda is not validly constituted as required by this clause, or if such a quorum is not maintained throughout such meeting, then the meeting shall be adjourned, with notice of such adjournment to be provided to the Trustees within five (5) days of such adjournment.

6.7 POWERS OF NEW TRUSTEE(S)

The new Trustee(s) shall have the same powers, authorities and discretion and shall in all respects act and be liable as if they had been originally appointed as a Trustee under this Trust Deed.

MISCELLANEOUS

7.1 AMENDMENT OF THE TRUST DEED

The Trustee may, with the prior written approval of the Settlor, modify, alter, add to or amend any of the provisions of this Trust Deed (including in relation to the Term) or the Trust and powers contained herein.

7.2 GOVERNING LAW AND JURISDICTION

The Trust hereby created and the provisions of this Trust Deed shall be subject to and be governed by the Laws of India and any dispute arising out of or in connection with this Trust Deed and any other related agreements shall be resolved in New Delhi.

7.3 SEVERABILITY

If at any time during the subsistence of the Trust Deed, any provision of this Trust Deed is or becomes illegal, invalid or unenforceable in any respect, the legality, validity or enforceability of the remaining provisions of this Trust Deed shall not in any way be affected or impaired thereby.

7.4 NOTICE

Any notice or other instruction to be given or issued under this Trust Deed shall be in writing and delivered by hand, cable, telex, courier, fax or registered post to the registered office of the addressee. A notice served by post shall be deemed to have been served 48 hours after the posting. Provided, however, that any communication shall always be additionally notified by fax to Parties, which are not resident in India.

IN WITNESS WHEREOF of the parties hereto have caused this Trust Deed to be duly executed by their duly authorised representatives on the date and year first hereinabove written.

For and on behalf of the Settlor:
Indian Oil Corporation Limited

Witnessed By:

Sd/-
 Name: S.V.NARASIMHAN
 Title: Director(Finance)
 Indian Oil Corporation Ltd.

Arun Kumar Ralhan

By the TRUSTEES:

Witnessed By:

- 1) Sd/-
 Name: PRAVEEN KUMAR GOYAL
- 2) Sd/-
 Name: RAGHUNATHACHARI NARAYANAN
- 3) Sd/-
 Name: SUBRAMANIAN KRISHNA PRASAD

Kamal K. Gwalani



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 **48th Annual General Meeting** of the Company held on Monday, the 24th September, 2007 at 1030 hrs. at Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai-400 025.

Name of the Shareholder
(In Block Letters) _____

Signature of the
Shareholder _____

Name of the Proxy
(In Block Letters) _____

Signature of the Proxy _____

NOTES

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

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



Indian Oil Corporation Limited

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

FORM OF PROXY

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

I/We ofin the district ofbeing a member/members of the abovenamed Company hereby appoint..... of in the district ofas my/our proxy to vote for me/us on my/our behalf at the **48th Annual General Meeting** of the Company to be held on 24th September, 2007 and at any adjournment thereof.

Please Affix
Revenue
Stamp

Signed this day of 2007.

Signature

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



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

IndianOil nurtures the core values of *Care, Innovation, Passion & Trust* across the organisation in order to deliver value to its stakeholders.



A tranquil spot on the sprawling campus of IndianOil's R&D Centre at Faridabad near Delhi.

Objectives and Obligations

Objectives

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

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

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

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

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

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

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

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

To earn a reasonable rate of return on investment.

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

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

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

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

Obligations

Towards customers and dealers

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

Towards suppliers

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

Towards employees

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

To have fair dealings with recognised representatives

of employees in pursuance of healthy industrial relations practices and sound personnel policies.

Towards community

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

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

Towards Defence Services

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

Financial Objectives

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

To ensure maximum economy in expenditure.

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

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

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

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

Board of Directors

Sarthak Behuria

Chairman

Brij Mohan Bansal

Director (Planning & Business Development)

Serangulam Varadarajan Narasimhan

Director (Finance)

Vishan Chandra Agrawal

Director (Human Resources)

Gyan Chand Daga

Director (Marketing)
(w.e.f. 4th September, 2006)

Basavaraj Ningappa Bankapur

Director (Refineries)
(w.e.f. 1st October, 2006)

Anand Kumar

Director (Research & Development)
(w.e.f. 31st July, 2007)

Pranab Kumar Chakraborti

Director (Pipelines)
(w.e.f. 1st August, 2007)

Sthanunathan Sundareshan

Director (w.e.f. 28th May, 2007)

Pradeep Kumar Sinha

Director

Samir Kumar Barua (Prof.)

Director

Vineet Nayyar

Director

Vijai Kumar Agarwal

Director

Veeraraghava Ranganathan

Director

Priya Mohan Sinha

Director

Indira Jitendra Parikh (Prof. Smt.)

Director
(w.e.f. 30th July, 2007)

Radhey Shyam Sharma

Director (up to 2nd August, 2007)

Arvind Murlidhar Uplenchwar

Director (Pipelines)
(up to 31st July, 2007)

Anil Razdan

Director
(up to 31st January, 2007)

Jaspal Singh

Director (Refineries)
(up to 30th September, 2006)

Raju Ranganathan

Company Secretary



Front row left to right: Shri P.M. Sinha, Prof. S.K. Barua, Shri Vineet Nayyar, Shri S. Behuria, Shri A.M. Uplenchwar, Shri S. Sundareshan, Shri V.K. Agarwal and Shri P.K. Sinha. Back row left to right: Shri V.C. Agrawal, Shri S.V. Narasimhan, Shri B.M. Bansal, Shri G.C. Daga, Shri B.N. Bankapur and Shri V. Ranganathan.

Main Offices & Major Units

Registered Office

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

Corporate Office

3079/3, Sadiq Nagar,
J.B. Tito Marg,
New Delhi - 110 049

Refineries Division

Head Office

SCOPE Complex, Core-2,
7, Institutional Area, Lodhi Road,
New Delhi - 110 003

Barauni Refinery

P.O. Barauni Refinery,
Dist. Begusarai - 861 114
(Bihar)

Gujarat Refinery

P.O. Jawahar Nagar,
Dist. Vadodara - 391 320
(Gujarat)

Guwahati Refinery

P.O. Noonmati,
Guwahati - 781 020 (Assam)

Haldia Refinery

P.O. Haldia Refinery,
Dist. Midnapur - 721 606
(West Bengal)

Mathura Refinery

P.O. Mathura Refinery,
Mathura - 281 005
(Uttar Pradesh)

Panipat Refinery

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

Pipelines Division

Head Office

A-1, Udyog Marg,
Sector-1, NOIDA - 201 301
(Uttar Pradesh)

Northern Region

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

Eastern Region

14, Lee Road,
Kolkata - 700 020

Western Region

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

Southern Region

IndianOil Bhavan,
139, Nungambakkam High Road,
Chennai - 600 034

Marketing Division

Head Office

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

Northern Region

IndianOil Bhavan,
1, Aurobindo Marg, Yusuf Sarai,
New Delhi - 110 016

Eastern Region

IndianOil Bhavan,
2, Gariahat Road (South),
Dhakuria, Kolkata - 700 068

Western Region

254-C, Dr. Annie Besant Road,
Worli Colony, Mumbai - 400 030

Southern Region

IndianOil Bhavan,
139, Nungambakkam High Road,
Chennai - 600 034

R&D Centre

Sector 13, Faridabad - 121 007
(Haryana)

Assam Oil Division

P.O. Digboi - 768 171 (Assam)

IBP Division

34 A, Nirmal Chandra Street
Kolkata 700 013

Bankers, Auditors, Stock Exchanges and Registrar & Transfer Agents

Bankers

State Bank of India
United Bank of India

Statutory Auditors

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

Branch Auditors

M/s. S.K. Kapoor & Co.
M/s. Sarma & Co.
M/s. S. Mohan & Co.
M/s. M.R. Narain & Co.
M/s. Guha Nandi & Co.
M/s. De Chakraborty & Sen
M/s. Deoki Bijay & Co.
M/s. Shah Merchant & Associates

Stock Exchanges

Bombay Stock Exchange Ltd. (BSE)

P.J. Towers, 25th Floor, Dalal
Street, Mumbai – 400 001.

National Stock Exchange of India Ltd. (NSE)

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

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

Registrar & Transfer Agents

M/s. Karvy Computershare Pvt. Ltd.
Plot No. 17 to 24, Vittal Rao
Nagar, Madhapur,
Hyderabad – 500 081
Tel.: 040-23420815 - 828
Fax: 040-23420814



IndianOil Chairman, Shri Sarthak Behuria (centre,) and other functional Directors (left to right) Shri B.N. Bankapur, Director (Refineries), Shri S.V. Narasimhan, Director (Finance), Shri A.M. Uplenchwar, Director (Pipelines), Shri B.M. Bansal, Director (Planning & Business Development), Shri V.C. Agrawal, Director (Human Resources) and Shri G.C. Daga, Director (Marketing).

Principal Executives

A.S. Lamba

Chief Vigilance Officer

Vipin Kumar

Advisor (Security)

C. Dasgupta

Executive Director (Gas)

V.P. Sharma

Executive Director (Finance), Pipelines

Rohit Bhardwaj

Executive Director (Maintenance & Inspection and S,H & E), Refineries

S.S. Soni

Executive Director (Optimisation)

P.K. Goyal

Executive Director (Finance), Refineries

V.K. Sood

Executive Director (Internal Audit)

H. Parekh

Executive Director, Paradip-Haldia Pipeline

R.P. Pandey

Executive Director, Pipelines

S.C. Jain

Executive Director (Corporate Finance)

J.P. Guharay

Executive Director, Mathura Refinery

R. Narayanan

Executive Director (Corporate Affairs)

A.K. Malhotra

Executive Director, Barauni Refinery

P.L. Barua

Executive Director, Assam Oil Division

T. Bandyopadhyay

Executive Director (Operations), Pipelines

A.K. Guha

Executive Director (Business Development)

K. Govindarajan

Executive Director (Petrochemicals)

K.K. Gupta

*Executive Director,
IndianOil Institute of Petroleum Management*

T. Vasudevan

Executive Director (Finance – Business Development)

Gautam Datta

Executive Director (Finance), Marketing

S.K. Garg

Executive Director, Paradip Refinery Project

A.K. Roy

Executive Director (Exploration & Production)

Thomas Antony

Executive Director (Human Resource Development)

K.K. Jha

Executive Director (Projects), Pipelines

C. Manoharan

Executive Director, Panipat Refinery

A.M.K. Sinha

Executive Director (Retail Sales), Marketing

A.K. Rauniar

Executive Director (Human Resources), Marketing

U.K. Basu

Executive Director, Gujarat Refinery

K. Rajaram

Executive Director (Finance), R&D

K.G. Gupta

Executive Director, Western Region Pipelines

Satish Makhija

Executive Director (R&D)

Satish Kumar

Executive Director (Human Resources)

R.C. Jindal

Executive Director (Engineering & Projects), Marketing

G. Bhanumurthy

Executive Director, Guwahati Refinery

R.K. Puri

Executive Director (Finance), IBP Division

D. Lilly (Ms.)

Executive Director (Pricing & Taxation)

H.V. Singh

Executive Director (Projects), Refineries

V.S. Okhde

*Executive Director (Corporate Planning &
Economic Studies)*

R.K. Ghosh

Executive Director, Haldia Refinery

N.K. Bansal

Executive Director (Operations), Refineries

N.K. Khosla

Executive Director (Projects – Panipat Refinery)

Sudhir Bhalla

Executive Director (Human Resources), Refineries

Gautam Datta

Executive Director (Marketing), IBP Division

R.K. Malhotra (Dr.)

Executive Director (Lube Technology), R&D

Amitava Chatterjee

Executive Director (Lubes), Marketing

M. Nene

Executive Director (Supplies), Marketing

Mrinal Roy

Executive Director (LPG), Marketing

Performance at a Glance

	2006-07 (US \$ Million)	2005-06	2006-07	2005-06	2004-05	2003-04	2002-03
			(Rs. in Crore)				
I FINANCIAL							
Turnover (Inclusive of Excise Duty)	50,777	41,052	220,779	183,172	150,729	130,203	119,884
Gross Profit*	3,363	2,226	14,622	9,931	8,722	12,013	10,863
Profit Before Interest & Tax	2,758	1,732	11,990	7,728	6,538	10,144	9,202
Profit Before Tax	2,412	1,503	10,485	6,706	5,955	9,691	8,414
Profit After Tax	1,725	1,101	7,499	4,915	4,891	7,005	6,115
Dividend	518	327	2,251	1,460	1,694	2,453	2,258
Dividend Tax	83	46	362	205	237	314	240
Retained Earnings	1,124	728	4,886	3,250	2,960	4,238	3,617
Value Added	5,684	3,840	24,716	17,132	16,611	18,659	17,750
Contribution To Central Exchequer (including Dividend to Central Govt.)	6,539	5,479	28,431	24,449	22,148	24,601	21,698
Cumulative Dividend	3,186	2,600	13,853	11,602	10,142	8,448	5,995
* Profit before Depreciation, Interest Expenditure and Tax.							
What Corporation Owns							
Gross Fixed Assets	12,612	9,793	54,837	43,695	39,869	36,388	34,204
Depreciation & Amortisation	4,937	4,185	21,467	18,672	16,488	14,341	12,584
Net Fixed Assets	7,675	5,608	33,370	25,023	23,381	22,047	21,620
Capital Work In Progress	1,011	2,162	4,395	9,646	8,734	5,286	3,609
Investments	4,599	3,255	19,998	14,526	5,705	5,596	5,363
Finance Lease Receivables	11	16	49	71	95	119	141
Working Capital	2,151	2,422	9,351	10,806	9,662	6,388	6,464
Misc. Expenditure	36	13	157	58	33	73	99
Total	15,483	13,476	67,320	60,130	47,610	39,509	37,296
What Corporation Owes							
Net Worth							
- Share Capital	269	262	1,168	1,168	1,168	1,168	779
- Share Capital Suspense Account	5	-	24	-	-	-	-
- Reserves	7,743	6,305	33,665	28,135	24,817	21,879	18,149
- Total	8,017	6,567	34,857	29,303	25,985	23,047	18,928
Borrowings	6,229	5,918	27,083	26,404	17,320	12,178	14,495
Deferred Tax Liability	1,237	991	5,380	4,423	4,305	4,284	3,873
Total	15,483	13,476	67,320	60,130	47,610	39,509	37,296

	2006-07 (US \$)	2005-06	2006-07	2005-06	2004-05	2003-04	2002-03
					(Rupees)		
Ratios							
Debt Equity Ratio							
- Total Debt To Equity	0.78:1	0.90:1	0.78:1	0.90:1	0.67:1	0.53:1	0.77:1
- Long Term Debt To Equity	0.31:1	0.39:1	0.31:1	0.39:1	0.27:1	0.31:1	0.39:1
Earnings Per Share*	1.45	0.94	62.90	42.08	41.88	59.97	52.35
Cash Earnings Per Share*	1.95	1.37	84.97	60.94	60.57	75.97	66.58
Profit After Tax To Average Networth (%)	23.38	17.78	23.38	17.78	19.95	33.38	35.72
Book Value Per Share	6.72	5.62	292.34	250.88	222.47	197.32	162.05**

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

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

Notes:

- (1) Figures for 2006-07 include impact of amalgamation of erstwhile IBP Co. Ltd and hence are not comparable with figures of previous years to that extent.
- (2) Figures for the previous year have been regrouped, wherever necessary.
- (3) Exchange rates used:
1 US \$ = Rs.43.48 as on 31.03.2007
1 US \$ = Rs.44.62 as on 31.03.2006

II OPERATIONS

(Figures in Million Metric Tonnes)

	2006-07	2005-06	2004-05	2003-04	2002-03
Product Sales					
- Domestic					
- Petroleum Products	53.36*	46.22	48.17	46.80	46.46
- Gas	1.48	1.30	0.69	0.01	0.00
- Total Domestic	54.84	47.52	48.86	46.81	46.46
- Exports	3.13	2.09	1.96	1.81	1.10
- Total	57.97	49.61	50.82	48.62	47.56
Refineries Throughput	44.00	38.52	36.63	37.66	35.29
Pipelines Throughput	51.69	45.35	43.03	45.17	41.11

* includes 4.62 Million Tonnes on account of sales made by erstwhile IBP Co. Ltd.

III MANPOWER

Nos. 29,862** 30,048 30,430 30,801 31,500

** As on 1st April, 2007.

Manpower rose to 31,724 as on 30th June, 2007 on merger of erstwhile IBP Co. Ltd. with IndianOil w.e.f. 2nd May, 2007.

“With India’s energy needs projected to grow by 40% in the next five years, the future is indeed full of promise for IndianOil; a future the 31,700 strong IndianOil team shall build as they fuel the dreams of over a billion of their countrymen.”



Kisan Seva Kendra outlet at Nand Rampur Bass, Rewari – IndianOil's determined foray into rural India.



Sarthak Behuria
Chairman

India in the year 2007 is 'young @ 60' and raring to go. For the fourth consecutive financial year, the Indian economy maintained a high growth trajectory in 2006-07, aided by superlative performance from the services and industries sectors. Its growing integration with the global economy is reflected in the steady growth of exports, increasing foreign direct investment inflows, rising foreign exchange reserves, and a spate of major overseas acquisitions by Indian corporates during the year. India is no longer stuck in the 'speculative' grade. It has made it to 'investment' rating and is scoring well on several key indices such as global competitiveness, outsourcing services, external balance sheet and capital markets.

In line with global trends, price volatility in the oil & gas sector did not dampen the growth prospects of the Indian economy. Domestic consumption of petroleum products rose by 5.7%, to 119.9 million metric tonnes (MMT) in 2006-07, compared to the previous year. Indigenous production of crude oil also saw a 5.6% increase, to 34 MMT. Refining capacity rose by a record 16 million metric tonnes per annum (MMTPA) to 149 MMTPA, enabling an 11.4% jump in throughput, to 141.5 MMT, compared to the previous year.

As the fifth largest consumer of energy in the world, India's demand for oil & gas is projected to be above the world average in the near term. While self-sufficiency levels in crude oil still remain a distant dream, there is growing interest in exploration of Indian basins in the past few years, with private and multinational companies joining in. This is also being supplemented on a small scale by acquisition of overseas acreages by Indian corporates. Natural gas is also gaining ascendancy in India's energy security plans with large-scale availability likely from indigenous sources as well as transnational pipelines. A bouquet of alternative fuels and energy options are in various stages of development and commercialisation. These range from Bio-diesel, Coal Bed Methane and Hydrogen to wind, solar, gas-to-liquid and coal/biomass gasification.

An energy self-sufficient India can alter the economic, political and manufacturing landscape of the region. Its quest for energy will create new economic and strategic challenges, right from mobilising capital to engaging in subtle diplomacy. India will have to necessarily pursue a number

of sources for additional fuel, further liberalise domestic energy markets, and upgrade the overburdened infrastructure. It has to seriously consider building gas pipelines and stockpiling oil on cooperative basis, besides pursuing various other energy options.

IndianOil's own performance in the financial year 2006-07 was a case of 'exceeding expectations' with both turnover and profits reaching new highs, product sales registering a quantum jump, and the refineries as well as pipelines network enhancing their capacities beyond 60 MMTPA and registering record throughputs. New projects worth Rs. 10,000 crore were put on stream during the year. Among new businesses, the petrochemicals and natural gas verticals have begun adding to the bottomline, and participating interests in a clutch of oil & gas assets in India and abroad ensured expansion of the upstream portfolio. Efforts in globalisation of products and services received a fillip with overseas subsidiaries consolidating and expanding their business activities. All of these were achieved against heavy odds and turbulence in the business environment brought on by high crude oil prices in the international market and huge financial burden of net under-realisation.

IndianOil has ambitious investment plans of Rs. 43,250 crore in the next five years. By 2011-12, the IndianOil Group, with 80 MMTPA refining capacity in its fold, would be playing a key role in realising India's bid to emerge as an export-oriented hub for finished products. The pipelines network, which provides strategic logistics advantage to the marketing operations, is also set to cross the 10,000 km mark in the next two years.

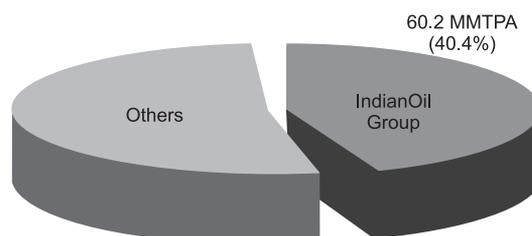
In marketing, IndianOil is set to leverage the combined strength of over 32,000 marketing touch points, with focus on hitherto untapped rural markets, non-fuel revenues and pure retailing business. IndianOil aspires to be Asia's leading commercial R&D organisation in the downstream hydrocarbon sector by building on its capabilities in developing innovative technologies, products and processes, and nodal research in alternative fuels.

Beyond core businesses, IndianOil is working to emerge as a major player in the petrochemicals business by the year 2011-12, with two petrochemical hubs shaping up at Panipat and Paradip. In natural gas business, it is attempting quantum growth in LNG imports, infrastructure and marketing, besides city gas distribution. In the high-risk business of oil exploration & production, IndianOil's consortium approach with established players is paying off well in terms of exceptional Government support and successful forays in India and abroad. Its current interests are focussed on oil equity and sourcing of natural gas, predominantly from African and CIS countries, by leveraging its downstream capabilities to form joint venture partnerships with reputed enterprises overseas.

With India's energy needs projected to grow by 40% in the next five years, the future is indeed full of promise for IndianOil; a future the 31,700 strong IndianOil team shall build as they fuel the dreams of over a billion of their countrymen.

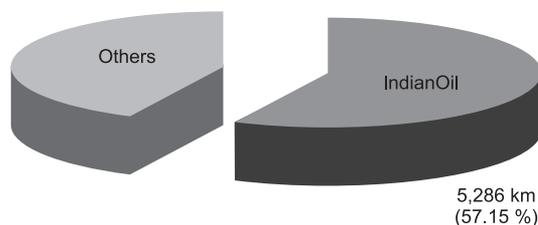
CORE ACTIVITIES
Petroleum Refining
Pipelines – Crude Oil & Petroleum Products
Petroleum Products Marketing
Research & Development
INTEGRATION
Exploration & Production
Petrochemicals
DIVERSIFICATION
Natural Gas – Import & Marketing
City Gas Distribution
OVERSEAS BUSINESS
Equity Oil & Gas
Petroleum Products Marketing
Lubricants Blending & Marketing
Exports – Petroleum Products & Petrochemicals
OFFERINGS
Consultancy – Refinery & Pipelines Projects
Refinery Revamp, Turnaround, O&M
Refining Process Technologies
Manpower Secondment
Training & Development

Refining Capacity
(As on 01.04.2007)



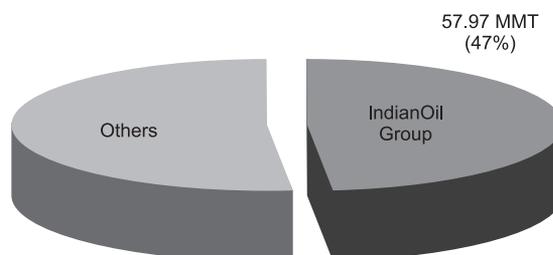
National refining capacity: 149 MMTPA
(MMTPA = Million Metric Tonnes Per Annum)

Product Pipelines Length
(As on 01.04.2007)



Total length of product pipelines in India: 9,249 km

Market Share
(For Financial Year 2006-07)



Total product sales during 2006-07: 120 MMT
(MMT = Million Metric Tonnes)



Dr. Manmohan Singh, Hon'ble Prime Minister of India, presenting the SCOPE Award for Excellence & Outstanding Contribution to Public Sector Management – Institutional Category 2005-06 to IndianOil Chairman, Shri Sarthak Behuria. Also seen is Smt. Kanti Singh, Hon'ble Minister of State, Department of Heavy Industries.

#1 in India, Among the Best Globally

India's largest commercial enterprise
Turnover of Rs. 2,20,779 crore (US\$ 51 Billion) for 2006-07



Highest ranked Indian company & 135th among the
largest companies of the world
– *Fortune* 'Global 500' listing for 2007



20th largest petroleum company in the world
– *Fortune* 'Global 500' listing for 2007



5th in Refining & Marketing worldwide and 8th overall in Asia
– *Platts* 'Top 250 Global Energy Companies' for 2007



2nd amongst Top 50 Most Valuable Brands in India
– Brand Finance, UK, for 2007



India's Most Trusted Fuel Pump Brand –
The Economic Times Brand Equity - AC Nielsen Survey 2007



Trusted Brand in the 'Petrol Station' category
– Reader's Digest - Nielsen Media Research Survey 2007



#1 corporate in India
– Annual listings of Business India, Business Standard,
The Economic Times and Financial Express

“...the Government of India envisages an annual GDP growth rate of 9% in the XI Five Year Plan period and an average annual growth rate of over 8% in the next 15 years. This means ample opportunities for IndianOil’s refineries to outperform and grow.”

REFINERIES



The world scale PX/PTA plant commissioned in June 2006 at Panipat – signifying IndianOil's big-ticket entry into petrochemicals.



B. N. Bankapur
Director (Refineries)

Globally, the pressure on refineries to meet the growing demand for petroleum products continued during the year 2006-07. Inadequate refining capacity pushed utilisation of existing refining capacity in the world to an all-time high of 86%. Matching the rising consumption of petroleum products in the country, IndianOil's seven refineries together registered a record throughput of 44 million metric tonnes (MMT) in 2006-07 against 38.5 MMT in the previous year, resulting in 14% growth. The capacity utilisation climbed to 98% as against 93% in the previous year.

Meanwhile, the Indian economy continues to boom. Buoyed by this excellent performance, the Government of India envisages an annual GDP growth rate of 9% in the XI Five Year Plan period and an average annual growth rate of over 8% in the next 15 years. This means ample opportunities for IndianOil's refineries to outperform and grow.

High volatility and spiralling costs of crude oil during the year posed a major challenge for the refining sector. As a strategy to reduce input cost, IndianOil refineries maximised processing of low-priced heavy and sour crudes to 43.8% as against the earlier best of 38.5% achieved in 2005-06. New crudes like Bonga, Seria Light, Erha, Nemba, Arab Mix 50:50, Iran Mix 50:50, etc., were added to the crude basket to increase supply sources and to improve margins. Production of petrol and aviation turbine fuel was maximised for value addition. Committed efforts in energy conservation resulted in lowest ever overall energy consumption. Further, innovative sharing of intermediate streams between IndianOil Group refineries, surmounting the geographical constraints, enabled optimisation and value addition besides enhancing margins across the refineries.

Refining margins are highly dependent on the prices of petroleum products relative to the cost of crude oil. The overall gross margin for the year was US\$ 4.19 per barrel compared to US\$ 4.6 per barrel in the previous year. Even though the refineries showed improvement in gross margins by US\$ 0.18 per barrel due to better operations, the margins were lower compared to the previous year primarily due to introduction of trade parity pricing, reduction in duty protection, freight under-recoveries, etc.

Ocean freight for crude oil transportation is a major component of the operating costs. To optimise freight costs

and to have full control on supply-chain management, IndianOil began chartering ocean tankers on its own last year after several rounds of discussions and with the approval of the Government of India. After reviewing the success story, the Government has now allowed IndianOil to continue with chartering of ocean tankers on its own on a permanent basis.

For IndianOil, the year 2006-07 has been a year of commendable growth. The installed capacity of its refineries rose to 47.35 million metric tonnes per annum (MMTPA) with the doubling of capacity of Panipat Refinery from 6 to 12 MMTPA. The refining capacity of the IndianOil Group of companies also rose to 60.2 MMTPA – the largest share among refining companies in India. In addition, a major quality improvement project for production of Euro-III petrol was commissioned at Gujarat Refinery.

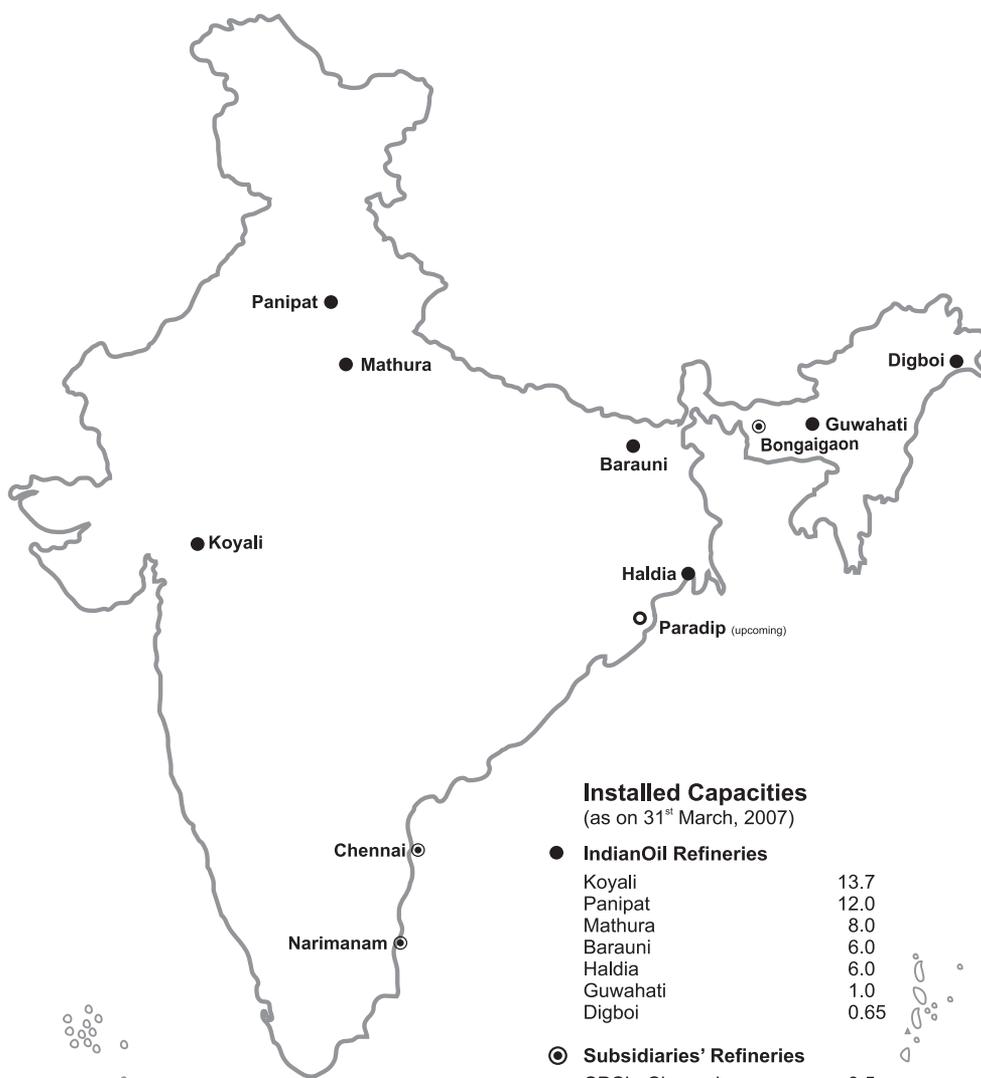
Besides consolidating refining operations, IndianOil refineries moved into petrochemicals in a big way during the year to garner the benefits of downstream value addition. The LAB (Linear Alkyl Benzene) plant at Gujarat Refinery operated beyond its design capacity to cater to the market demand. The world's largest capacity, integrated PX/PTA (Paraxylene/Purified Terephthalic Acid) plant was commissioned at Panipat, and is now operating at full capacity – a testimony to the capability of IndianOil People to adopt and absorb new technologies with ease.

IndianOil refineries have an ambitious growth plan with an outlay of about Rs. 45,000 crore for capacity augmentation, de-bottlenecking, bottom upgradation and quality upgradation. Major projects under implementation include Naphtha Cracker at Panipat, resid upgradation project at Gujarat Refinery, hydrocracker unit and capacity augmentation project at Haldia Refinery, and expansion of Panipat Refinery from 12 to 15 MMTPA. In addition, petrol quality upgradation projects are under implementation at Panipat, Mathura, Barauni, Guwahati and Digboi refineries for completion by the end of 2009. In-principle approval of the Board for setting up a 15 MMTPA grassroots refinery integrated with petrochemicals units (paraxylene, propylene and styrene) at Paradip has been obtained and the detailed feasibility report is under preparation. The project is scheduled for completion by October 2011.

On the environment front, all IndianOil refineries fully comply with the statutory requirements. Several Clean Development Mechanism projects have also been initiated. To address concerns on safety at the work place, a number of steps were taken during the year, resulting in a reduction in the frequency of accidents. Further, E I Dupont India Pvt. Ltd. were engaged for further boosting the safety culture at the refineries.

Innovative strategies and knowledge-sharing are the tools available for converting challenges into opportunities for sustained organisational growth. Accordingly, a knowledge management portal was launched by the Refineries Division for the benefit of the entire organisation.

With strategies and plans for several value-added projects in place, IndianOil refineries will continue to play a leading role in the downstream hydrocarbon sector for meeting the rising energy needs of our country.



Installed Capacities
(as on 31st March, 2007)

● IndianOil Refineries	
Koyali	13.7
Panipat	12.0
Mathura	8.0
Barauni	6.0
Haldia	6.0
Guwahati	1.0
Digboi	0.65
⊙ Subsidiaries' Refineries	
CPCL, Chennai	9.5
CPCL, Narimanam	1.0
BRPL, Bongaigaon	2.35
Group Total	60.20
○ Paradip (upcoming)	15.0

(Figures in million metric tonnes per annum, equivalent to 20,000 barrels per day)



Panipat Refinery Expansion being dedicated to the nation by Shri P. Chidambaram (centre), Hon'ble Union Minister of Finance, in the presence of Shri Murlidhar Deora, Hon'ble Union Minister of Petroleum & Natural Gas, Shri Bhupinder Singh Hooda, Hon'ble Chief Minister of Haryana, Shri Dinsha Patel, Hon'ble Minister of State for Petroleum & Natural Gas, and other dignitaries.

Refiners to the Nation

Controls 10 of India's 19 refineries



Group refining capacity – 60.2 million metric tonnes per annum (MMTPA)
or 1.2 million barrels per day



Accounts for 40.4% share of national refining capacity



Accumulated refining experience of over a century
– Digboi Refinery, in operation since 1901, is the oldest operating refinery in the world



Investing over Rs. 30,000 crore (US\$ 6.8 Billion) by 2012 to raise group refining
capacity to over 80 MMTPA



Setting up a greenfield refinery-cum-petrochemicals complex
of 15 MMTPA capacity at Paradip



Unveiling world scale petrochemical plants for forward integration using product
streams from existing refineries

“Pipelines being the safest, cost-effective, environment-friendly and energy-efficient mode of transportation, have been continuously adding to the efficiency and productivity of IndianOil's refineries and marketing set-up.”

PIPELINES



Pipeline installation at Bijwasan near Delhi, which receives products from both Mathura and Panipat refineries to feed Delhi and its neighbouring markets – part of the 9,273-km cross-country pipelines network.



A.M. Uplenchwar
 Director (Pipelines)
 (up to July 31, 2007)

At the end of the financial year 2006-07, the cross-country pipelines network being established by IndianOil since the early 1960s expanded to nearly 9,300 km in length and 61.72 million metric tonnes per annum (MMTPA) in capacity. Pipelines being the safest, cost-effective, environment-friendly and energy-efficient mode of transportation, have been continuously adding to the efficiency and productivity of IndianOil's refineries and marketing set-up.

Transportation of crude oil to IndianOil's inland refineries has been a very challenging task, especially so with the refineries expanding their capacities as well as capability to process a variety of crude oils. For instance, IndianOil's Vadinar terminal in Gujarat – the country's largest offshore crude oil terminal, with two Single Point Mooring systems – set a new record during the year 2006-07 by handling 148 tankers, including 75 Very Large Crude Carriers (VLCCs).

Conversion of the Kandla-Panipat section of the Kandla-Bhatinda product pipeline to crude oil service is now complete with a new 74-km section connecting it to Mundra port. This has eliminated the need for laying a new pipeline to cater to the additional crude oil requirements of Panipat Refinery, whose capacity has been doubled to 12 MMTPA. The capacity of the Mundra-Panipat pipeline is being further augmented from 6 to 9 MMTPA in line with the ongoing expansion of Panipat Refinery capacity from 12 to 15 MMTPA. Moreover, the crude oil blending facilities commissioned at Mundra will facilitate processing of heavy crude oils at Panipat Refinery for improved refinery margins.

In the eastern sector, IndianOil would achieve further reduction in the transportation cost of crude oil to its Haldia and Barauni refineries once the Paradip-Haldia crude oil pipeline and a new offshore terminal at Paradip are commissioned to facilitate receipt of VLCCs.

Petroleum product pipelines and terminal facilities have been a major source of strength of the marketing group in reaching finished products closest to the customers. Major additions in this area during the year were a state-of-the-art marketing facility at Trichy in Tamil Nadu as an intermediate tap-off point on the Chennai-Trichy-Madurai product pipeline and a 158-km branch line to Chittaurgarh on the Sidhpur-Sanganer product pipeline.

In the same way, innovations and modifications in pipeline operations are enabling IndianOil reap rich rewards. A case in point is the growth in the domestic aviation sector, which has led to substantial increase in the demand for Aviation Turbine Fuel (ATF), especially in cities like Delhi, Bangalore, Chennai, Hyderabad, etc. Cost-effective modifications in IndianOil's pipeline installations at Bijwasan (Delhi) and Panipat now enables pumping of ATF from both Panipat and Mathura refineries to New Delhi. Pipelines are being laid from bulk storage terminals to the new Bangalore international airport and Chennai airport for safe and reliable supply of ATF. Modifications have been made for simultaneous pumping of products from Panipat into Panipat-Bijwasan and Panipat-Ambala-Jalandhar pipeline sections.

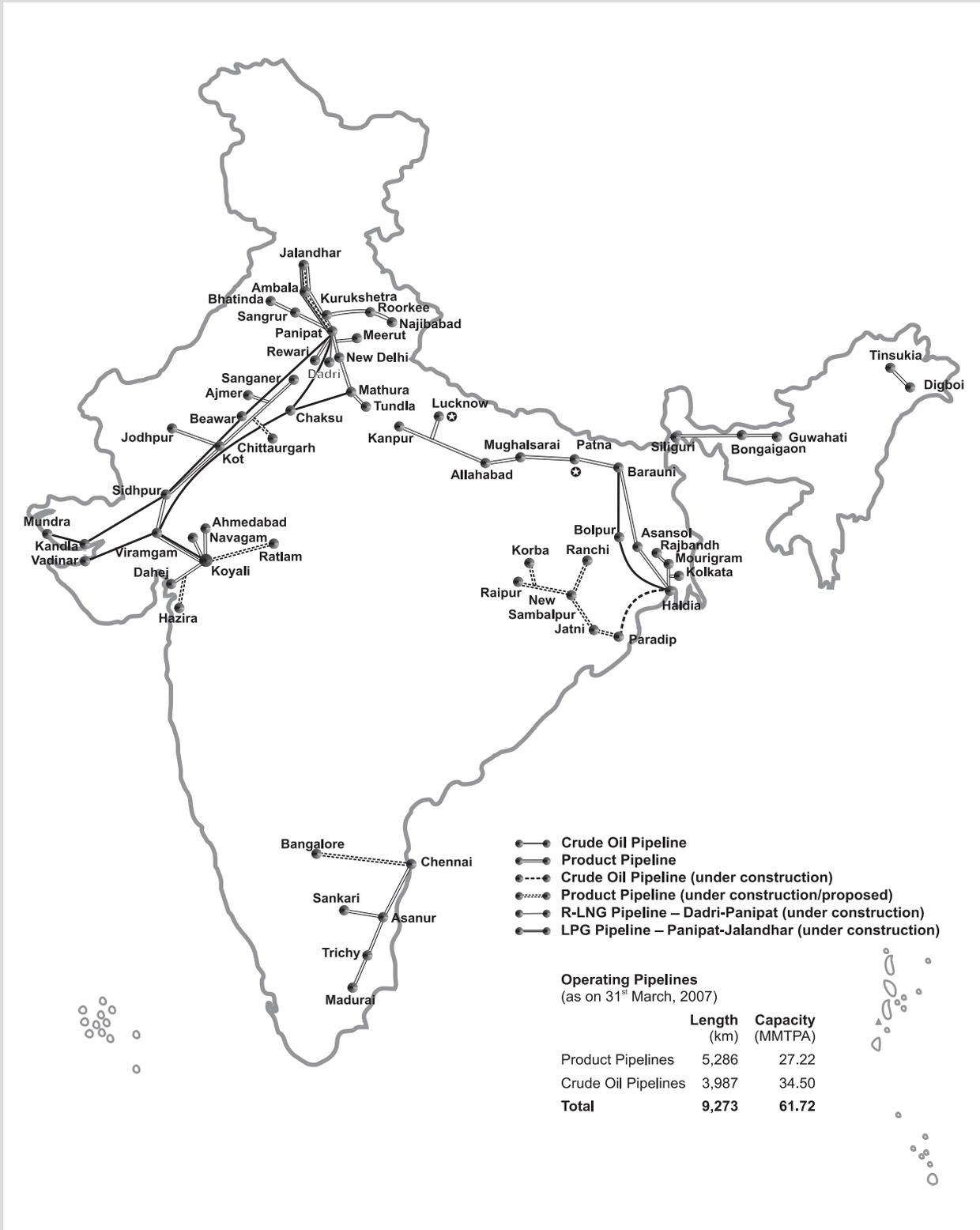
Transportation of gas by pipelines is a new growth area for IndianOil with gas discoveries being reported from several parts of India in the recent past. LPG and natural gas pipelines are part of several new pipelines and branch lines being laid by IndianOil. The Corporation's maiden LPG pipeline is being laid from Panipat to Jalandhar. A re-gasified LNG pipeline from Dadri to Panipat is being commissioned by January 2009, synchronising with the completion of the first phase of the power plant under the Naphtha Cracker project at Panipat.

IndianOil is spreading its wings in overseas markets too in the area of training and consultancy in pipeline operations. Its executives imparted long-duration training to the personnel of Greater Nile Petroleum Company (GNPOC), Sudan, in pipeline operations & maintenance. A contract worth US\$ 839,000 has been bagged for development of operations, maintenance & inspection procedures and manuals for the 1,506-km pipeline of GNPOC with six pump stations and a marine terminal.

IndianOil has been according high importance to energy conservation in all its operations. Among the major steps being taken in this direction are operation of the pipelines at desired flow rate with optimum combination of mainline pumping units, close monitoring of stock and ullage available at pumping and delivery stations, and avoiding frequent shutdowns.

The Corporation's onshore and offshore pipelines are being monitored on a regular basis and kept in good health through state-of-the-art technology. IndianOil's oldest pipeline, the Guwahati-Siliguri Pipeline commissioned way back in 1964, is still being operated at designed pressure and capacity. All IndianOil pipelines are certified to ISO 14001:1996 environment management system and ISO 9001:2000 quality management system while giving paramount importance to safety too.

The Pipelines Division is focussed on maintaining IndianOil's leadership in the complex business scenario and is extending full logistics support to its sister divisions of Refineries and Marketing for enabling the Corporation to remain competitive.





Single Point Mooring off Vadinar coast in the Gulf of Kutch, the discharge point for Very Large Crude Carriers bringing in imported crude oil for onward movement to Koyali, Mathura and Panipat refineries by pipelines.

Underground Highways

Owns and operates India's largest network of cross-country crude oil and petroleum product pipelines passing through diverse terrains – plains, forests, deserts, under-water



Combined length – 9,273 km

Capacity – 61.72 MMTPA



New projects of over Rs. 2,300 crore (US\$ 525 million), including LPG and R-LNG pipelines, under implementation to reach 75 MMTPA capacity soon



Participating Interest (12.5%) in the 550-km Samsun-Ceyhan pipeline of Trans-Anatolian Pipeline Company for transporting crude oil from Black Sea to Mediterranean Sea



Partnership with Stroytransgaz (STG) of Russia for implementing pipeline projects in India and abroad



Imparting training in pipeline operations & maintenance to overseas companies

“In a dynamic and yet uncertain business environment, IndianOil continues to stand for value – value for customers, investors and, in fact, for the entire nation.”

MARKETING



Indane bottling plant at Madanpur Khadar near Delhi – one of the 89 plants, which together roll out 12.3 lakh cylinders per day.



G.C. Daga
Director (Marketing)

For the first time since Independence, we are actually seeing patterns of unprecedented growth in our GDP. While there will be several challenges that come with such high growth, particularly in a society that is in transition, the opportunities in the new growth story will clearly revolve around shifts in the demographic profile that our society is going through currently. Interestingly, the majority composition of our population is shifting towards the age group band of 20-49, which is actually the working population, and is in control of the crucial component of 'disposal income'. Also, more than 50% of India's population is currently below 30 years of age.

How the world's largest 'young population' would impact the future of our business is difficult to predict. But from a purely marketing angle, the challenge would be to identify our customers clearly. In other words, do we try to be everything to everyone, presenting different products and services to different customer segments? Or do we only cater to the most profitable and niche segments of clientele? Again, good business is really about making the right choices; like choosing markets that are lucrative and carefully avoiding the unprofitable ones. But these are choices that a true leader like IndianOil, the country's flagship corporate, can ill-afford to make. So we at IndianOil, continue to plough ahead resolutely, serving the needs of the entire nation. This is because we sincerely believe that the returns that come to us in the form of accolades are really worth it; such as being adjudged as one of the top service brands of the country in The Economic Times Brand Equity-AC Nielsen Survey-2007 or being adjudged the 'Trusted Brand' in the 'Petrol Station' category by Reader's Digest-Nielsen Media Research Survey-2007. These awards are testimony to the high service standards the customers have experienced at IndianOil touch points all over the country.

The real challenge for IndianOil since past two years, and most likely in the future too, is having to deal with the volatility of crude oil prices in the international market, as it directly impacts our status as the least-cost supplier. And this is an issue we are very much alive to. We did manage to register growth in market share and sales volume by taking several innovative and path-breaking initiatives with a single-minded focus of meeting the discerning needs of our customers, and by anticipating their needs ahead of competition. We

developed several power packed "energy brands" which, while making significant difference to our business, provided our customers the freedom to choose from a wider range of offerings such as XTRAPREMIUM petrol, XTRAMILE diesel, XTRAPOWER Fleet Card, SERVO lubricants, Indane LPG, AutoGas LPG and IndianOil Aviation - all of which are leaders in their respective categories. We have also introduced value-added services at our XTRACARE retail stations, besides involving customers in our Quality & Quantity (Q&Q) drive, and in developing customised products.

Rural India is growing at a healthy rate. To gain the first-mover advantage and to create entry barriers, we have rolled out the Kisan Seva Kendra (KSK) retail stations across several rural markets in the country. More importantly, the KSK is another channel for enhancing non-fuel sales. Unlike urban retail sites, where traffic movement, space constraint and even legacy issues limit the growth in non-fuel sales, KSKs come with a fresh perspective, on which IndianOil can easily capitalise. In fact, non-fuel revenues are now beginning to get the attention they deserve. A comprehensive blue print to unlock values at our real estates is already under way, covering both retail and LPG segments, and the coming years will see healthy revenues accruing to our bottomline on this account.

While we play a major role in driving the fundamentals of a resurgent India, enhancing the bottomline of our customers continues to be a top priority for us. That is the reason for IndianOil continuing to be the most preferred fuel supplier to several core industries in our country. And as we tap new markets and keep costs under control to retain our dominant brand presence across all segments of the market, one thing we are committed to is enhancing stakeholder value by constantly raising the bar of customer service standards.

We are currently at the threshold of a crucial transition. The merger with IBP Co. Ltd. is now complete. The challenge is to now integrate every aspect of our business with erstwhile IBP. After an exhaustive integration exercise, including rationalisation of marketing areas, we have brought down the total number of Divisional Offices post-merger to 67, from 81 earlier. This new network of Divisional Offices will handle the retail stations of both erstwhile IBP and IndianOil. The IBP retail brand will, however, be retained for the time being and all investments at IBP retail stations would be on par with IndianOil's.

Success at one level is only ephemeral while value is a long-term proposition. In a dynamic and yet uncertain business environment, IndianOil continues to stand for value - value for customers, investors and, in fact, for the entire nation. And a value that has stood the test of time. In a recent in-depth analysis of brand value by a U.K. based research group, Brand Finance, IndianOil stood second in India with an estimated brand value of US\$ 4.2 Billion. While this is an asset that truly belongs to India, it is also a legacy that will motivate us to build India's first fully integrated, transnational energy major.



Branded petrol



Branded diesel



World-class lubricants



One-stop shop for autocare



LPG cooking gas



LPG for automotive use



Refuelling services for civil aviation and defence aircraft



Retail Stations with bouquet of value-added services



Comforts & Vehicle care

Large-format highway Retail Stations



Special format outlets for rural populace



Card for fleet operators



Loyalty programme for urban cash customers



Shri Murlidhar Deora (centre), Hon'ble Union Minister of Petroleum & Natural Gas, formally launching the marker system for detection of adulteration of petrol/diesel with kerosene on an all-India basis at IndianOil's Bijwasan Terminal near Delhi. Others from left are Shri Dinsha Patel, Hon'ble Minister of State for Petroleum & Natural Gas, and Shri Suresh Pachauri, Hon'ble Minister of State, Ministry of Personnel, Public Grievances & Pensions and Parliamentary Affairs.

Marketing Touch Points

16,607 petrol/diesel stations (Retail Outlets), including
1,422 *Kisan Seva Kendra* outlets for rural customers



6,873 bulk consumer outlets



3,955 kerosene dealers



475 lakh Indane (LPG) customers, 2,671 markets with Indane,
4,990 LPG distributors

Backed by

170 bulk storage Terminals & Depots with tankage of 55.82 lakh kilolitres



89 Indane Bottling Plants
with bottling capacity of 40.28 lakh tonnes per annum
(12.3 lakh cylinders per day)



16 State Offices, 67 Divisional Offices and
35 Indane Area Offices

Market Share

Aviation : 63%, backed by 101 Aviation Fuel Stations
(about 1,500 aircraft refuelled per day)



XtraMile Diesel : 57% of branded diesel



XtraPremium Petrol : 44% of branded petrol

(Figures as on 1st July, 2007, including those of erstwhile IBP Co. Ltd.)

“While continuing with cutting edge R&D in the core areas... the thrust would now be on commercialising the developed technologies and initiating research in new frontier areas...”

RESEARCH & DEVELOPMENT



The pilot plant of INDMAX - an inhouse technology chosen for deployment at the upcoming Paradip Refinery



Sarthak Behuria

Director In-charge (Research & Development)
(up to July 31, 2007)

In today's dynamic business environment, innovation through a sustained process of Research & Development (R&D) is the only cutting edge tool for organisations to thrive. With emphasis on development and speedy commercialisation of globally competitive products, processes and technologies, the focus has now shifted from R&D to RD&D (Research, Development & Deployment).

The year 2006-07 has been very fruitful for IndianOil's R&D Centre in terms of commercialisation of technologies developed in-house. INDMAX, a hallmark technology developed by the Centre for maximisation of LPG and light distillates from refinery residue, has been selected by IndianOil for setting up a 4 million metric tonnes per annum (MMTPA) INDMAX unit as a part of the 15 MMTPA integrated refinery-cum-petrochemicals complex at Paradip, as well as at Bongaigaon Refinery & Petrochemicals Ltd. (BRPL). The Centre has also licenced its Diesel Hydrotreating technology to these two refineries. These successes have catapulted IndianOil R&D into the elite league of multinational technology licensors.

The Centre has developed about 180 new & cost-effective product formulations during 2006-07, of which 164 have been commercialised. Among them are the eco-friendly & biodegradable *SERVO* Agrospray Oils for pest control, which have a business potential of over 5,000 kl per annum.

Standing in the company of six worldwide technology holders for Marine Oils, with the second global OEM (original equipment manufacturer) approval by Wartsila, Switzerland, IndianOil's *SERVO* Marine Oils are now technically qualified to cater to the lubrication requirements of more than 90% of the world's marine engine population. In the power-generation segment, the newly developed *SERVO* Marine K-Series was recently approved by Yanmar Co. Ltd. of Japan for use in their engines operating on distillate fuels.

IndianOil's collaboration with Bhabha Atomic Research Centre, Mumbai, resulted in the development and deployment of a 12-inch instrumented 'pig' for use in gauging the health of cross-country pipelines.

The R&D Centre continues to provide significant support to the IndianOil Group refineries in product quality improvement, evaluation of catalysts and additives, health assessment of catalysts, material failure analysis, troubleshooting and in improving overall efficiency of

operations. In-house developed FCC models are not only being used in IndianOil refineries for process optimisation but a similar model has also been sold to a multinational company.

As a step towards ensuring energy security for the nation, IndianOil has launched several initiatives to exploit alternative sources of energy such as Hydrogen and Bio-fuels. Subsequent to commissioning India's first experimental H-CNG (Hydrogen-Compressed Natural Gas) dispensing unit at the R&D Centre campus at Faridabad, demonstration projects are underway on use of H-CNG blends in heavy and light vehicles. IndianOil is also setting up India's first commercial H-CNG dispensing station at one of its retail outlets in Delhi in the year 2008 for fuelling experimental vehicles running on H-CNG blends as well as on pure Hydrogen. IndianOil R&D is also working on production, storage, transportation, distribution and commercialisation of Hydrogen as an alternative fuel.

In Bio-fuels, besides spearheading commercialisation of Ethanol-Blended Petrol in the country, IndianOil has been in the forefront of technology development for Bio-diesel production from various edible and non-edible oils and its application in vehicles. Pioneering studies by IndiaOil's R&D Centre established that Bio-diesel produced from Jatropha seeds was at par with that produced from vegetable oils. In the past few years, the R&D Centre has studied the entire value chain of Bio-diesel, starting from Jatropha plantation to field trials on passenger cars, light commercial vehicles and railway locos in collaboration with several vehicle manufacturers, railways and state transport undertakings. At present, engine durability assessment is in progress in collaboration with Tata Motors Ltd., Pune, and field trials using 10% Bio-diesel blends are on in multi-utility vehicles in association with Mahindra & Mahindra Ltd. and Lubrizol India Pvt. Ltd.

IndianOil, along with its subsidiary IndianOil Technologies Ltd., has been engaged in successful marketing of in-house developed technologies, technical services and training not only in India but abroad too.

IndianOil has formed a joint venture company, Indo Cat Pvt. Ltd., with Intercat, USA, for manufacturing 15,000 tonnes per annum of FCC (fluidised catalytic cracking) catalysts & additives in India, for catering to rising global demand.

IndianOil has, till date, invested close to Rs. 1,000 crore in setting up world-class facilities at its R&D Centre for building world-class capabilities in analytical services, engines, test rigs and pilot plants for all major refinery processes, catalyst characterisation & development, etc. It plans to invest about Rs. 500 crore during the period 2007-12 to maintain its leadership in downstream R&D activities in the hydrocarbon sector. While continuing with cutting edge R&D in the core areas of lubricants formulations, refinery process technologies and pipeline transportation, the thrust would now be on commercialising the developed technologies and initiating research in new frontier areas such as petrochemicals, residue gassification, coal-to-liquid, gas-to-liquid, alternative fuels, synthetic lubricants, nano-technology, etc. Through these R&D initiatives, IndianOil will continuously enhance value for all its stakeholders.

World-class Offerings

INDMAX

FCC (fluidised catalytic cracking) technology for residue upgradation and maximisation of LPG / light olefins



INDALIN+

Naphtha conversion process for LPG & high octane gasoline



i-Max

FCC catalyst additives for boosting LPG yield



INDEtreat/INDESweet

Process technologies for H₂S/Mercaptan removal



OiliVorous-S

Bioremediation technology for elimination of oil from oily sludge



Refinery Process Models

For optimisation of refinery process operations



Hydroprocessing

Diesel hydrodesulphurisation (DHDS) / Diesel hydrotreating (DHDT)



Needle Coke

Premium coke for high-quality graphite electrodes (amongst the few technology providers worldwide)



Fuel Additives

Lubricity additive, antioxidants, diesel multifunctional additives



Bio-diesel Production Technology

Services

Refinery Operations, Trouble-shooting



Catalyst Management



Material Failure Analysis, Remaining Life Assessment, Condition Monitoring, etc.



Intelligent Pigging of Pipelines



Crude Assay and Analysis, Characterisation & Evaluation of Fuels, Lubricants, Catalysts & Chemicals



Tribology & Lubricant Formulation



IndianOil scientists conducting test runs on various blends of Bio-diesel with diesel in the climatic chamber of the R&D Centre as part of commercialisation efforts in alternative fuels.

Collaborations

ABB Lummus Global, USA:

Joint marketing and commercialisation of INDMAX technology



IFP/Axens, France:

Catalyst/process development for high asphaltene hydrocracking of Vacuum Gas Oil



Intercat, USA:

Joint Venture for manufacturing & marketing of FCC catalysts/additives



Korea Gas Corporation, South Korea:

CNG-Hydrogen related projects



TOTAL, France:

Collaborative projects related to refining & fuel additives



Zeolyst International, The Netherlands:

Development of hydrocracking catalysts



Bhabha Atomic Research Centre, Mumbai:

Instrumented 'pig' for gauging the health of pipelines



The Energy & Resources Institute, New Delhi:

Bioremediation technology



Sud-Chemie, India:

Commercial production of FCC additive



Mahindra & Mahindra Ltd., India:

Development of alternative fuel technologies



Balmer Lawrie & Co. Ltd., India:

Tank cleaning, oil recovery & bioremediation

“In keeping with the dynamic business environment, IndianOil’s business development initiatives continue to be driven by the emerging opportunities and guided by its corporate vision of becoming a diversified, transnational, integrated energy company.”

PLANNING & BUSINESS DEVELOPMENT



A Lanka IOC retail station in downtown Colombo, Sri Lanka – footprints beyond the Indian shores.



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

The rapid growth of the Indian economy and its fast integration into the global economic arena are continuously increasing the pace and scale of business opportunities for Indian corporates within and outside the country. The oil & gas sector, which is a key constituent of the energy providers fuelling the growth of the global economy, is also witnessing a plethora of new opportunities.

In keeping with the dynamic business environment, IndianOil's business development initiatives continue to be driven by the emerging opportunities and guided by its corporate vision of becoming a diversified, transnational, integrated energy company. Drawing on its vast experience and carefully nurtured skill sets, IndianOil is focussing on transforming itself by translating global business opportunities into successful commercial initiatives. Its business strategy focusses primarily on expansion across the hydrocarbon value chain, both within and outside the country, while simultaneously revisiting its strategic plans and undertaking mid-course corrections, wherever necessary.

IndianOil has already made successful forays in diverse areas such as petrochemicals, natural gas, exploration & production, bio-fuels, etc., and with the passage of time, its capability to successfully establish itself in new areas of business is slowly but surely strengthening.

To enhance upstream integration, IndianOil has been pursuing exploration & production activities both within and outside the country in collaboration with consortium partners. During the year 2006-07, IndianOil was associated with two successful discoveries in oil exploration blocks, one each in India and Iran. Commercial appraisal of these blocks is underway. IndianOil also farmed into an exploration block in Gabon along with Oil India Ltd. (OIL) as the operator. In addition, the IndianOil-OIL combine acquired participating interest in a block in Nigeria. The Corporation, in consortium with OIL, Kuwait Energy and Medco Energi of Indonesia also succeeded in acquiring participating interest in two exploration blocks in Yemen, awarded through international bidding.

At home, IndianOil and its consortium partners were awarded two exploration blocks in Mumbai offshore in

Round-VI of bidding under the New Exploration Licencing Policy (NELP). With this, IndianOil now has an upstream portfolio consisting of participatory interest in eight blocks under NELP and two blocks under CBM, in addition to two farm-in blocks in northeast India and seven blocks overseas.

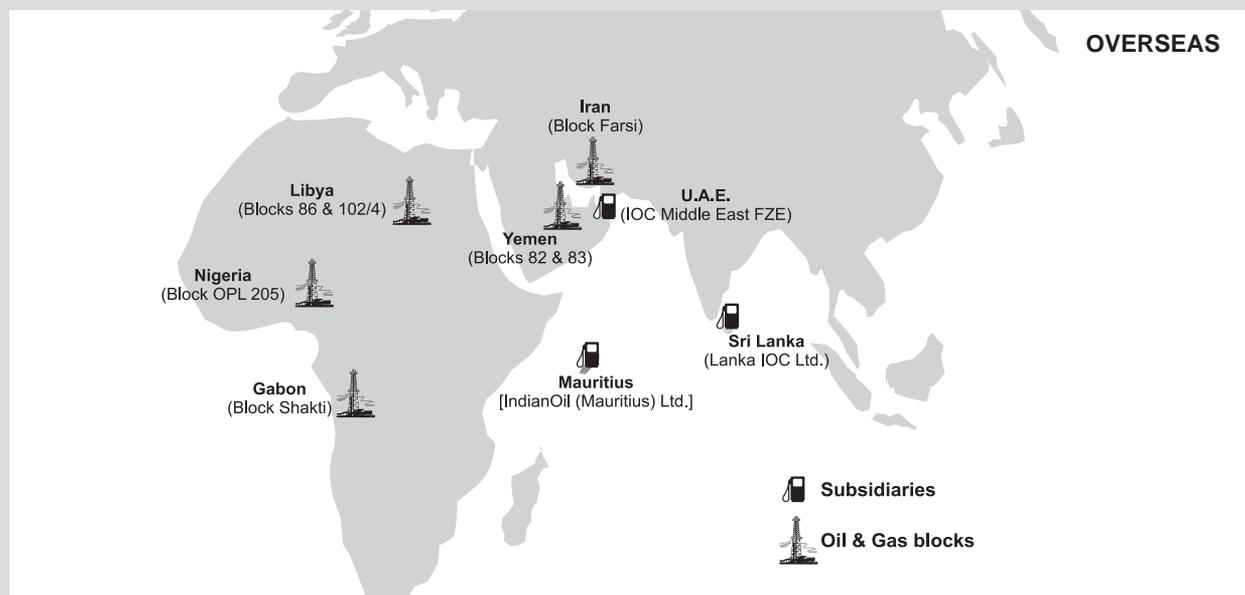
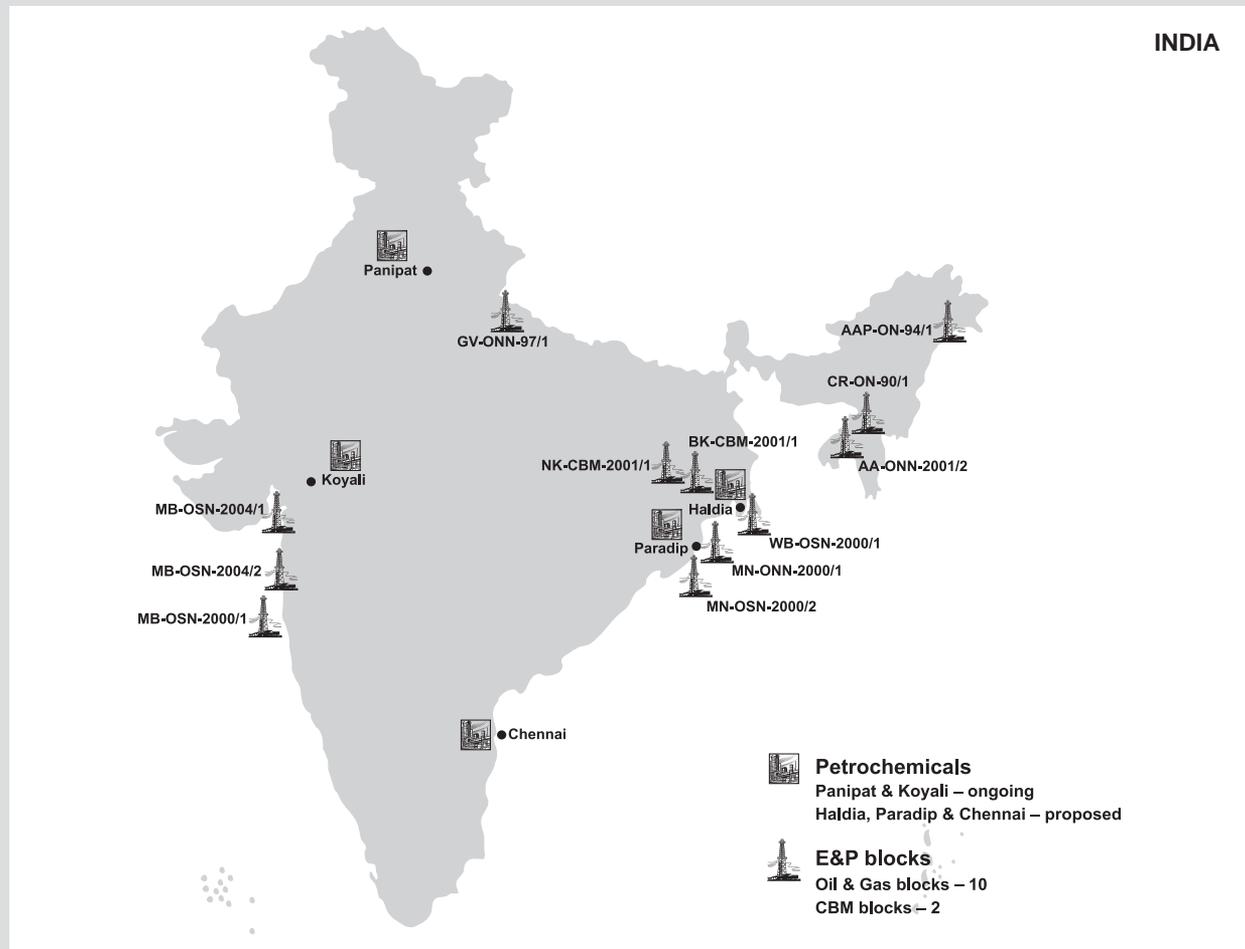
India is amongst the fastest growing petrochemicals markets in the world. Taking this into consideration and to enhance downstream integration, IndianOil is focussing on increasing its presence in the domestic petrochemicals sector besides the overseas markets through systematic expansion of customer base and innovative supply logistics. Within two years of its entry into manufacturing of LAB (Linear Alkyl Benzene), IndianOil has captured a significant market share in the domestic market, apart from exports to several countries. With the commissioning of PX/PTA (Paraxylene/Purified Terephthalic Acid) plant at Panipat, IndianOil has emerged as a major petrochemicals player in the country. A mega Naphtha Cracker project with downstream polymer units is being implemented at Panipat and activities for setting up an integrated refinery-cum-petrochemicals complex at Paradip are progressing well.

Natural gas business presents immense opportunities for IndianOil and has already started generating significant revenues for the Corporation. During the year 2006-07, IndianOil marketed 1.63 million metric tonnes of re-gassified LNG, which includes consumption by own refineries. The Corporation is in the process of sourcing more LNG and expanding its customer base. Within the gas business, city gas distribution is seen as a focus area for rapid growth. Green Gas Ltd., IndianOil's joint venture with GAIL (India) Ltd., is operational in Agra and Lucknow and plans to expand to other cities in western UP. IndianOil is also in the process of forming more joint ventures for city gas distribution in other parts of the country.

Bio-fuels is seen as a viable alternative for meeting part of the ever-increasing energy demand, in a sustainable and environment-friendly way. Besides, Bio-fuels have the potential for boosting rural employment. IndianOil is actively pursuing the business potential of Bio-diesel across its entire value chain and is in an advanced stage of procurement of land on lease in a few States in India for bio-crop plantation. Other modalities are also being firmed up.

A significant development during the year was the export of Group-II Lube Oil Base Stock (LOBS) to Pakistan - the first ever export of petroleum products to Pakistan by any Indian public sector company. IndianOil is also contemplating PTA exports through the Wagah border to industries located in Lahore and discussions are in progress with various agencies through the Ministry of Petroleum & Natural Gas.

Oil & gas will continue to be the principal energy source in the growing economy. The years ahead, therefore, hold great opportunities and challenges. Guided by its experience and inherent spirit, IndianOil shall overcome all the challenges as it has been consistently doing in the past, and scale up its operations to capitalise on all opportunities and realise its corporate vision.





Dr. Navinchandra Ramgoolam, Hon'ble Prime Minister of Mauritius, inaugurating the state-of-the-art product-testing laboratory at the Mer Rouge Terminal of IndianOil (Mauritius) Ltd. Others from left are Shri Sarthak Behuria, Chairman, IndianOil, and Shri Rajesh Jeetah, Hon'ble Minister of Commerce, Mauritius.

Petrochemicals

Master plan envisaging investment of Rs. 30,000 crore (US\$ 6.8 Billion) by the year 2011-12



Plans for developing world-class petrochemical production centres at Panipat, Koyali, Paradip, Haldia and Chennai

Natural Gas

Co-promoter of Petronet LNG Ltd. (incorporated in 1998)



Marketing 1.63 MTPA of re-gasified LNG (including internal consumption)



Developing gas-related infrastructure, including an LNG import terminal at Ennore near Chennai



Setting up integrated city gas distribution projects with joint venture partners

Exploration & Production

Participating Interest in eight oil & gas exploration blocks and two Coal Bed Methane blocks under NELP (New Exploration Licencing Policy) rounds



Farmed into two blocks in Cachar and Assam-Arakan regions in Northeast India



Overseas assets in Iran, Libya, Gabon, Nigeria and Yemen as consortium partner



IndianOil-Oil India consortium permitted to launch special purpose vehicle by the Government of India for acquiring E&P assets abroad

Globalisation

Three overseas subsidiaries for downstream marketing activities – in Sri Lanka, Mauritius and the UAE



Export of petroleum products and petrochemicals to countries in Southeast Asia, Middle East and Europe

“With a turnover exceeding Rs. 2 lakh crore, the highest ever profit and new projects of about Rs. 10,000 crore commissioned in 2006-07, the pace has clearly been set for IndianOil to achieve accelerated growth with the committed objective of consolidating its financial position and maximising stakeholders' wealth.”

FINANCE



The Data Centre and Communications Hub at Gurgaon – providing online countrywide connectivity for business transactions.



S.V. Narasimhan
Director (Finance)

The financial year 2006-07 saw an unprecedented increase in the prices of crude oil and petroleum products with Brent crude touching an all-time high of about US\$ 78.7 per barrel in August '06. Oil marketing companies were losing over Rs. 200 crore per day and there was an urgent need for the Government of India to take measures to compensate these losses. In June '06, the Government had put in place a burden-sharing mechanism based on the anticipated under-realisation of over Rs. 73,000 crore for the whole year, a substantial portion of which was to have been met through issue of Oil Bonds. Oil prices, however, went on a downward slope from September '06 and Brent crude reached a low of US\$ 50.7 per barrel in January '07, which was a welcome relief to the oil companies.

During the year, the Government partially implemented the recommendations of Dr. Rangarajan Committee on Oil Pricing by introducing the principle of trade parity for pricing of petrol and diesel and reducing the customs duty on both these products.

In April '06, IndianOil had offloaded 20% of its stake in the Oil & Natural Gas Corporation Ltd. (ONGC) at a price of Rs. 1,340 per share (pre-bonus) when its share price was at the highest level. This enabled IndianOil to earn a profit of about Rs. 3,225 crore as capital gain, besides reducing its need for borrowing. This, coupled with the burden-sharing mechanism that was approved by the Government, enabled IndianOil to post the highest ever profit of Rs. 7,499 crore even after providing Rs. 1,319 crore for the impact of diminution in investments in erstwhile IBP Co. Ltd. IndianOil was also able to contain the overall borrowings by utilising the Rs. 3,670 crore realised through partial sale of its equity in ONGC, and by liquidating Oil Bonds worth Rs. 6,503 crore.

The merger of IBP with IndianOil was complete on 2nd May '07. The financials of IndianOil for the year ended 31st March '07 includes the financials of IBP. The accounts merger was a smooth affair as considerable preparatory work had been undertaken even before the merger order was received from the Ministry of Company Affairs.

In the current year, higher foreign currency borrowings are being resorted to in the light of appreciation of the Indian Rupee as compared to the US Dollar, which are also backed

by increased hedging of foreign currency borrowings. IndianOil has ambitious plans of incurring over Rs 50,000 crore capital expenditure during the XI Plan period, i.e., 2007-08 to 2011-12, encompassing the various segments in the hydrocarbon value chain. In view of the increased requirement of funds in the immediate future necessitating diversified sourcing of these funds, a maiden issue of fixed rate unsecured long-term foreign currency loan of US\$ 200 Million (with a green shoe option of US\$ 100 Million) for an average maturity period of 10 years was launched in April '07 through the Private Placement of debt securities in the United States. The issue received an overwhelming response resulting in raising of a US\$ 300 Million loan at very attractive rates. This experience, further buttressed by sound financial health and reputation, has sufficiently raised IndianOil's confidence in its own abilities to mobilise resources from both internal and external sources on very good terms to meet its huge fund requirements for various projects.

The volume of derivatives trading by IndianOil on the overseas OTC (over the counter) market has been enhanced from 2.7 million barrels in 2005-06 to over 6 million barrels in 2006-07. The Corporation is also the first among the domestic petroleum industry to have commenced crude oil derivatives trading on the domestic National Commodities & Derivatives Exchange (NCDEX). With this latest foray, IndianOil now has the ability to hedge its oil price risk using both Exchange and OTC traded derivatives. The primary focus of the risk management programme of IndianOil has been to enter into derivatives contracts on crack-spreads with a view to protect refining margins.

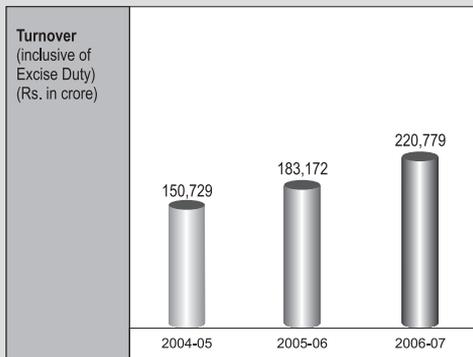
Pursuant to Clause-49 of the listing agreement, IndianOil has laid down the procedure to inform its Board members about the risk assessment and minimisation procedure. A risk management policy was also put in place during the financial year.

Among other developments in the year 2006-07, the SAP R/3 (version 4.6c) Enterprise Resource Planning (ERP) package implemented by IndianOil is the largest in Southeast Asia, connecting 674 locations and 5,000 concurrent users to a common IT platform for online, concurrent business transactions. The Corporation has been honoured with the "SAP First Ace Award" for Customer Excellence for the fastest implementation at the largest number of locations. IndianOil has also achieved the distinction of being the first public sector company to achieve the ISO/IEC 20000 certification in Information Technology. The Business Continuity Centre set up for SAP Disaster Management has achieved the distinct status of service level at par with international standards.

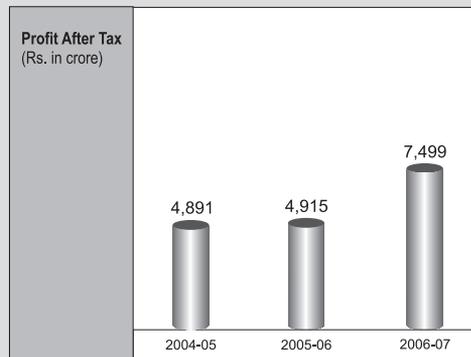
With a turnover exceeding Rs. 2 lakh crore, the highest ever profit and new projects of about Rs. 10,000 crore commissioned in 2006-07, the pace has clearly been set for IndianOil to achieve accelerated growth with the committed objective of consolidating its financial position and maximising stakeholders' wealth.

Financial Performance

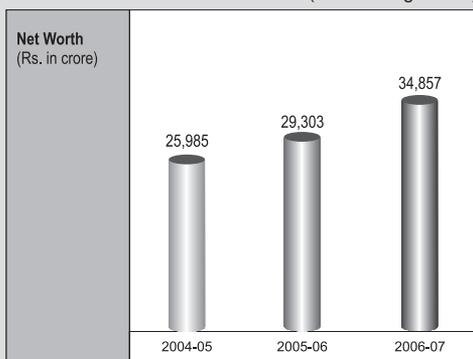
Strong Fundamentals



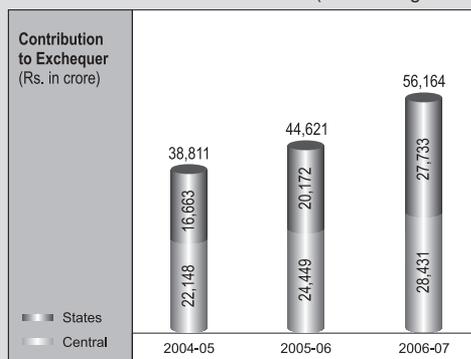
(Year ending March)



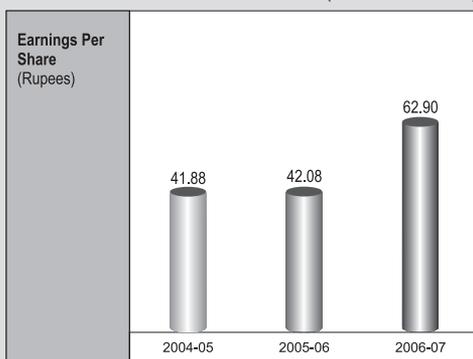
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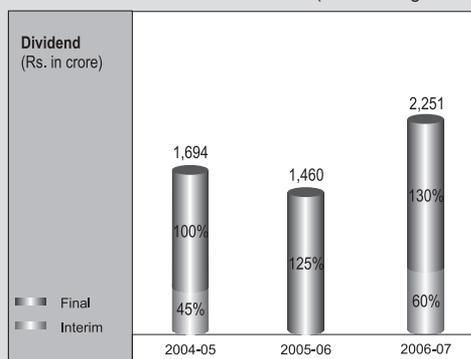
(As on 31st March)



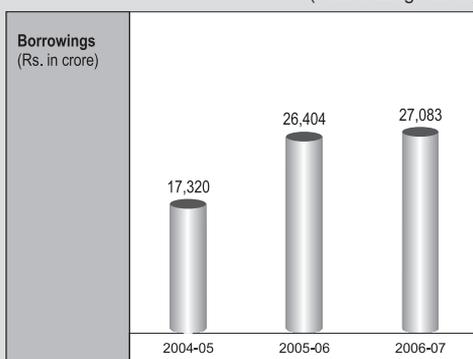
(Year ending March)



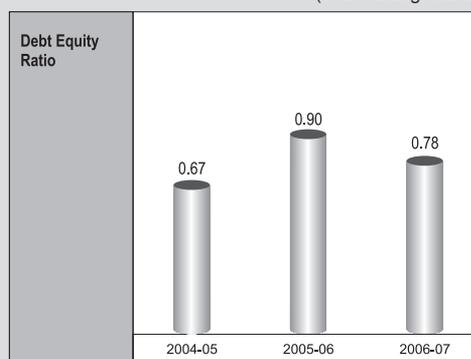
(Year ending March)



(Year ending March)



(As on 31st March)



(As on 31st March)

Group Companies

Name	Business
Bongaigaon Refinery & Petrochemicals Ltd.	Refining & Petrochemicals
Chennai Petroleum Corporation Ltd.	Refining
IndianOil Technologies Ltd.	Marketing of intellectual property
IndianOil (Mauritius) Ltd.	Terminalling, Retailing & Aviation refuelling
Lanka IOC Ltd.	Retailing, Terminalling & Bunkering
IOC Middle East FZE	Lube blending & marketing of petroleum products

Joint Ventures

Name	Business	Partners
Avi-Oil India Pvt. Ltd.	Speciality lubricants	NYCO SA, France, and Balmer Lawrie & Co. Ltd.
Green Gas Ltd.	City gas distribution	GAIL (India) Ltd.
Indo Cat Pvt. Ltd.	FCC catalyst/additive	Intercat, USA
Indian Oiltanking Ltd.	Terminalling services	Oiltanking GmbH, Germany
IndianOil Petronas Pvt. Ltd.	Terminalling services and parallel marketing of LPG	Petronas, Malaysia
IndianOil Skytanking Ltd.	Aviation fuel facility projects	Indian Oiltanking Ltd. Skytanking GmbH, Germany
Lubrizol India Pvt. Ltd.	Lube additives	Lubrizol Inc., USA
Petronet LNG Ltd.	LNG imports	BPCL, ONGC, GAIL, Gaz de France, ADB, Public
Petronet India Ltd.	Petroleum product pipeline projects through special purpose vehicles	BPCL, HPCL, RPL, IL&FS, ICICI, SBI, EOL
Petronet VK Ltd.	Construct and operate a pipeline for transportation of petroleum products from Vadinar to Kandla	PIL, RPL, EOL, SBI, KPT, GIIC, IL&FS, CB

Note: Petronet CI Ltd. and IndianOil Panipat Power Consortium Ltd. are in the process of winding up.

BPCL – Bharat Petroleum Corporation Ltd., HPCL – Hindustan Petroleum Corporation Ltd., ONGC – Oil and Natural Gas Corporation Ltd., GAIL – GAIL (India) Ltd., RPL – Reliance Petroleum Ltd., IL&FS – Infrastructure Leasing & Financial Services Ltd., ICICI – ICICI Bank, SBI – State Bank of India, EOL – Essar Oil Ltd., PIL – Petronet India Ltd., KPT – Kandla Port Trust, GIIC – Gujarat Industrial Investment Corporation Ltd., CB – Canara Bank

“IndianOil recognises that business strategies and robust HRD systems are the key elements for sustained growth of business in the emerging competitive scenario...”

HUMAN RESOURCES



An equal opportunity employer, IndianOil offers key positions and challenging assignments to its women employees.



V.C. Agrawal
 Director (Human Resources)

Indian economy is clearly on a roll. For the second consecutive year, India beat the global trend of decelerating GDPs, notching up a GDP growth of 9.4% for 2006-07. With the positive economic outlook making a distinctive impact on the job market, India Inc. is on a hiring spree like never before, leading to a veritable talent crunch in the job market.

A booming retail sector and growth in banking, insurance and other segments in the services sector have intensified competition for trained manpower. There is significant increase in entry-level hiring by IT and IT-enabled service companies. FMCG and consumer durables companies are also scouting for new talent. The manufacturing sector, led by mineral, metal and automobile companies buoyed by a strong comeback, has also joined the race for trained talent. Corporate India is out to get whomever it can and this has made fresh graduates the most sought-after commodity in the Indian job market.

These developments pose a great challenge for IndianOil's Human Resources function in not only recruiting quality manpower but also retaining them and training them to be future leaders. As part of the initiatives to respond to these challenges, both the campus and open recruitment processes were reviewed and revamped in line with changing trends. The performance of the top engineering and management institutes in countrywide surveys is being closely monitored to update our list for campus recruitments. Open recruitment in 2006 was done online, thereby reducing the time taken for the entire process considerably. During 2006, IndianOil recruited about 450 officers through both these channels.

While recruitment has become competitive, retention of talent is also posing a challenge. The rate of attrition of executives in IndianOil, which was on an average as low as 0.5% in the past, has risen to 1.5% in 2006-07, and is quite high in some areas like production, finance, marketing, etc. Even though this is a small percentage when compared to those of private sector and multinational companies, the management is sensitive to the trend and taking appropriate actions.

An employee engagement survey was initiated in 2006 in association with the reputed International Management Institute, Delhi, to understand the collective perspective of IndianOil's work force and to assess the extent of the employees' commitment to the Corporation, belief in its core values, pride in work, and motivation to go the 'extra mile'.

The survey, completed for executives and underway for workmen, has identified the various drivers of employee engagement, some of them needing improvement. Based on the findings, an action plan has been initiated for improvements in identified areas at the unit level.

The process of rewarding superior performance based on an online Performance Management System (ePMS) with well-defined parameters has begun. The first appraisal cycle for 2005-06 has been successfully completed and several improvements incorporated in the next cycle based on user feedback. The ePMS system, covering all IndianOil executives, seeks to nurture an environment that fully supports the Corporation's business processes and helps evaluate employee performance against goals that are closely aligned to organisational objectives.

With IndianOil venturing into new growth areas like petrochemicals, gas marketing, bio-fuels, oil exploration & production, overseas ventures, etc., recruitment criteria are being tailor-made to suit the new skill sets required. Training & development is also being redefined year after year with varied inputs on job knowledge as well as soft skills crucial for budding professionals. A structured system of mentoring has been initiated for new recruits in the early stages of their career. Similarly, middle-level managers are being continuously exposed to training programmes that enhance their business perspective and develop their capabilities and core competencies.

With focus on building strategic capabilities, the IndianOil Institute for Petroleum Management (IIPM), IndianOil's apex learning centre, conducted seven long-duration programmes intended to hone strategic skills of IndianOil executives. Programmes on value creation through HR were conducted for senior management personnel to help build soft skills in people management. IIPM also held a hybrid certificate programme on project management under the aegis of Universitas-21 Global of Singapore, and entered into an understanding with IFP Training of France to host internationally acclaimed courses in petroleum management for participants from India and neighbouring countries.

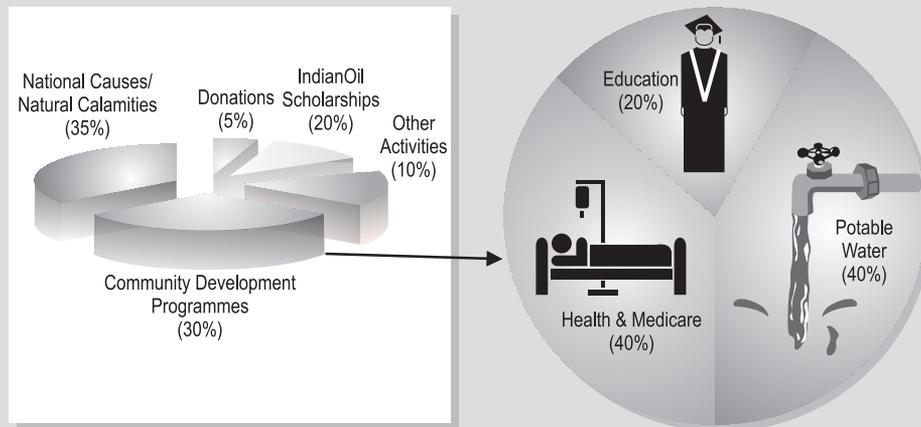
As an equal opportunity employer, IndianOil has a sizeable number of women executives handling key jobs as well as challenging assignments in field locations. Over the years, some path-breaking policies have been introduced for women employees to help them discharge their dual roles at office and home effectively.

During the year 2006-07, IndianOil further strengthened its commitment to the core organisational values of *Care, Innovation, Passion & Trust* and to the principles of the UN Global Compact programme, which is based on the universal declaration of Human Rights and the ILO Convention. Meanwhile, seamless integration of the corporate social responsibility philosophy into management processes enabled IndianOil to retain the trust and confidence of its stakeholders.

IndianOil recognises that business strategies and robust HRD systems are the key elements for sustained growth of business in the emerging competitive scenario and is, therefore, fully focussed on aligning individual goals and aspirations of its employees with the corporate vision and objectives.

“...to help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment conscience....”

- Excerpt from IndianOil's Mission Statement



Budget allocation policy for social responsibility programmes



इंडियनऑयल फाउंडेशन
The IndianOil Foundation

Monuments identified by The IndianOil Foundation for developing world-class tourist facilities:

- Konark Sun Temple
- Khajuraho Temples
- Hampi Complex
- Kanheri Caves
- Warangal Fort



Sportstars on IndianOil's rolls with Shri V.C.Agrawal, Director (HR), IndianOil, at the 7th Annual Awards function of Petroleum Sports Promotion Board at New Delhi in August, 2007.

In Partnership with People

Corporate Social Responsibility – Cornerstone of IndianOil's success
right from inception in the year 1964



Committed to the 10-point Global Compact programme of the United Nations in
its policies, processes, products, services and people



Focus on techno-economically viable and environment-friendly products & processes



Highest standards of safety & environment protection in all its operations



Concerted social responsibility programme partnering communities in health,
family welfare, education, environment protection, provision of potable water,
sanitation, empowerment of women, etc.



IndianOil Scholarships Scheme for 450 bright students selected on 'merit-cum-means'
basis every year



IndianOil Sports Scholarships Scheme in seven disciplines for promising youngsters



The IndianOil Foundation, a non-profit trust for protecting, preserving and
promoting national heritage & culture

IndianOil has been consistently earning 'Excellent' rating for its performance in its Memorandum of Understanding with the Government of India for the past 17 years.



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

To
The IndianOil Family of Shareowners

Dear Members

On behalf of the Board of Directors, it is my privilege to present to you the 48th Annual Report on the business and operations of the Corporation for the financial year ended 31st March, 2007 along with the Audited Statement of Accounts.

PERFORMANCE OVERVIEW

FINANCIAL

	2006-07		2005-06	
	US\$ Million	Rs. in Crore	US\$ Million	Rs. in Crore
Turnover (inclusive of Excise Duty)	50,777	220,779	41,052	183,172
Gross Profit (before Depreciation, Interest Expenditure and Tax)	3,363	14,622	2,226	9,931
Interest Payment	346	1,505	229	1,022
Depreciation	605	2,632	494	2,203
Profit Before Tax	2,412	10,485	1,503	6,706
Tax Provision	687	2,986	402	1,791
Profit After Tax	1,725	7,499	1,101	4,915
Appropriations				
Interim Dividend	161	701	—	—
Proposed Dividend	357	1,550	327	1,460
Corporate Dividend Tax	83	362	46	205
Insurance Reserve	2	10	2	10
Bond Redemption Reserve	(40)	(175)	123	550
General Reserve	1,162	5,051	603	2,690

PHYSICAL

(Million Tonnes)

	2006-07	2005-06
Product Sales (including Exports)	57.97*	49.61
Refineries Throughput	44.00	38.52
Pipelines Throughput	51.69	45.35

* includes 4.62 million tonnes on account of sales made by erstwhile IBP Co. Ltd.

SHARE VALUE

	2006-07		2005-06	
	US\$	Rupees	US\$	Rupees
Cash Earnings Per Share	1.95	84.97	1.37	60.94
Earnings Per Share	1.45	62.90	0.94	42.08
Book Value Per Share	6.72	292.34	5.62	250.88

Notes:

- Exchange rates used:
One US\$ = Rs. 43.48 as on 31.3.2007
One US\$ = Rs. 44.62 as on 31.3.2006
- Figures for 2006-07 include impact of amalgamation of erstwhile IBP Co. Ltd. and hence, are not comparable with figures of previous year to that extent.
- Figures for the previous year have been regrouped, wherever necessary.

CHANGE IN PAID-UP SHARE CAPITAL

Pursuant to the Scheme of Amalgamation for merger of IBP Co. Ltd. with IndianOil, 2,43,62,106 fully paid equity shares of Rs.10/- each were issued to the shareholders of erstwhile IBP Co. Ltd. in the swap ratio of 110:100. Consequently, the paid-up share capital of your Corporation has increased from Rs.1,168.01 crore to Rs.1,192.37 crore effective 16th June, 2007.

DIVIDEND

The Board of Directors is pleased to recommend for the approval of the shareholders a final dividend of 130% on the enhanced paid-up share capital, in addition to 60% interim dividend already paid during the year, as against 125% in the previous year. The total dividend for the current year works out to 189% on the enhanced share capital consequent to the merger of IBP Co. Ltd. This is the 41st consecutive year of dividend declaration by your Corporation. So far, your Corporation has paid a cumulative dividend of Rs. 12,303 crore, which does not include the final dividend of Rs. 1,550 crore for the current year.

CONTRIBUTION TO EXCHEQUER

IndianOil has made a contribution of Rs. 56,164 crore to the Exchequer during the year 2006-07 as against Rs. 44,621 crore in the previous year. Out of this, Rs. 28,431 crore was made to the Central Exchequer and Rs. 27,733 crore to the States Exchequer in the form of duties and taxes.

PUBLIC DEPOSIT SCHEMES

The Public Deposit Scheme, which is open only for employees and ex-employees of the Corporation, had outstanding deposits together amounting to Rs. 409.40 lakh as on 31st March, 2007. The rate of interest is 6% per annum.

CONSOLIDATED FINANCIAL STATEMENTS

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

	(Rs. in Crore)	
	2006-07	2005-06
Turnover	211,171	175,095
Profit Before Tax	11,612	7,293
Profit for the Group (After Tax)	7,867	4,932

CORPORATE GOVERNANCE

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

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

MOU PERFORMANCE

IndianOil has been consistently earning 'Excellent' rating for its performance in its Memorandum of Understanding (MoU) with the Government of India for the past 17 years. As per the performance data submitted for the year 2006-07, your Corporation is expected to achieve 'Excellent' rating once again for the 18th consecutive year.



Shri Sarthak Behuria, Chairman, IndianOil, and Shri M.S.Srinivasan, Secretary, Ministry of Petroleum & Natural Gas, with documents of the MoU signed with the Government of India for the year 2007-08.

OPERATIONS

Refineries

During the year, IndianOil's seven refineries clocked the highest-ever throughput of 44 million metric tonnes with 98% capacity utilisation, which translated into a 14% growth in crude oil processing over the previous year. For improved margins, the Corporation's seven refineries processed the highest ever percentage (43.8%) of high-sulphur crude oil during the year as against the previous highest (38.5%) in the year 2005-06. Committed efforts in energy conservation resulted in record lowest overall energy consumption. The overall distillate yield of 72.5% wt. on crude was also the highest ever.

Pipelines

IndianOil owns and operates the largest network of crude oil and petroleum product pipelines in India. During the year, the pipeline network was expanded to 9,273 km with a combined throughput of 51.69 million metric tonnes. Major projects commissioned during the year were the Mundra-Panipat pipeline (by conversion of the 1,100-km Kandla-Panipat section of the erstwhile Kandla-Bhatinda product pipeline to crude oil service and laying a 74-km new section connecting Mundra to Kandla), the Koyali-Dahej product pipeline, and a branch line to Chittaurgarh on the Sidhpur-Sanganer product pipeline. A state-of-the-art marketing facility was also commissioned at Trichy in Tamil Nadu on the 683-km Chennai-Trichy-Madurai product pipeline, which was dedicated to the nation during the year.



XTRACARE Retail Stations of IndianOil offer a bouquet of value-added services to visiting motorists.

Marketing

IndianOil continued its dominance in the downstream sector with domestic sales of 48.74 million tonnes of petroleum products during the year 2006-07 as compared to 46.22 million tonnes in the previous year. In addition, the sale of natural gas has gone up to 1.48 million tonnes from 1.30 million tonnes in the previous year and product exports went up to 3.13 million tonnes from 2.09 million tonnes in the previous year.

In keeping with the Corporation's focus on close bonding with customers, the year 2006 was observed as 'Customer Service Excellence Year' and several new initiatives were launched under the umbrella concept of *Sambandh*. During the year 2006-07, IndianOil emerged as the market leader in all branded fuels - XTRAPREMIUM petrol, XTRAMILE diesel and AUTOGAS LPG. The XTRAPOWER fleet card continued its dominance, recording transactions of over Rs. 25 crore per day on an average. The redesigned online version of XTRAREWARDS loyalty programme was rolled out during the year.

Large-scale commissioning of low-cost, small-format *Kisan Seva Kendra* (KSK) outlets drove volumes in both fuels and lubricants in the rural market, opening a new window of business. The Corporation commissioned 1,202 new petrol/diesel stations (retail outlets) during the year, taking their total to 12,942, including 1,322 KSK outlets. With inclusion of 3,598 outlets of erstwhile IBP Co. Ltd., their total number reached 16,540. A marker system was launched from 1st October, 2006, to curb adulteration of petrol and diesel with kerosene.

During the year, IndianOil's market share in bulk consumer sales was 53.9%, registering a gain of 1.4%, further consolidating its leadership position in this segment. 392 new consumer pumps were commissioned during the year, bringing their total to 6,685.

IndianOil enrolled about 31 lakh *Indane* (LPG) customers during the year and the cumulative *Indane* population reached 471 lakhs. About 68 new *Indane* distributorships were commissioned, raising their total number to 4,996. The Corporation's LPG bottling capacity now stands at 40.28 lakh tonnes per annum, with capacity augmentation of 79 thousand tonnes per annum during the year. Two new LPG bottling plants were commissioned, at Sekmai in Manipur and Mualkhang in Mizoram, taking their total to 89.

IndianOil achieved a 4.4% growth in finished lube sales during the year, and exported 15.2 thousand kl of finished lubes & lube oil base stock to Bangladesh, Nepal, Pakistan, Zambia and Middle East countries during the year.

In aviation fuelling business, IndianOil achieved over 20% growth during the year, thereby maintaining its leadership with a market share of over 63%, and continued to meet the aviation fuel requirements of the defence services, national carriers, private and international airlines. Foreign exchange earnings from sale of Aviation Turbine Fuel to international airlines during the year amounted to Rs. 2,749.32 crore.

ASSAM OIL DIVISION

The Digboi Refinery of Assam Oil Division (AOD) processed 0.58 million tonnes of crude oil during the year. The Division sold about 0.98 million tonnes of products and retained its position as market leader in the Northeast. AOD's marketing network comprises 383 retail outlets, 399 Kerosene/LDO dealerships and 275 *Indane* distributorships. It reaches *Indane* gas to 16.8 lakh customers in 185 towns.

RESEARCH & DEVELOPMENT

IndianOil's Research & Development Centre developed 180 cost-effective formulations during the year, out of

which 164 were commercialised. The Centre has signed an agreement to deploy INDMAX, the hallmark technology of the Centre, for the upcoming 15 MMTPA integrated refinery-cum-petrochemicals complex at Paradip. The technology is also being employed at Bongaigaon Refinery & Petrochemicals Ltd. A new joint venture, Indo Cat Pvt. Ltd., has been formed with Intercat, USA, for manufacture of FCC (fluidised catalytic cracking) catalysts and additives in India. Under IPR activities, 14 new patents were filed, while seven have been granted, including three foreign patents.

PROJECTS

Project implementation is accorded the highest priority by the Corporation and all-out efforts are made to avoid time and cost overruns. The ongoing projects are as under:

- Capacity expansion of Panipat Refinery from 12 to 15 MMTPA
- Naphtha Cracker with downstream polymer units at Panipat
- Hydrocracker for improvement in diesel quality and distillate yield at Haldia Refinery
- Residue upgradation and petrol/diesel quality improvement at Gujarat Refinery
- Paradip-Haldia crude oil pipeline
- Koyali-Ratlam product pipeline
- Augmentation of Mundra-Panipat crude oil pipeline from 6 to 9 MMTPA
- Dadri-Panipat R-LNG spur pipeline
- Automation of 1,000 petrol/diesel stations
- New depots / terminals at Chittaurgarh, Jasidih, Ratlam, Zewan, Lalkuan & Ennore
- LPG bottling plants at Mathura and Vadodara

New Projects

- 15 MMTPA integrated refinery-cum-petrochemicals complex at Paradip
- Petrol quality upgradation projects at Panipat, Mathura, Barauni, Digboi and Guwahati refineries
- Panipat-Jalandhar LPG pipeline

BUSINESS DEVELOPMENT

In keeping with the growth plans of IndianOil across the hydrocarbon value chain, the year 2006-07 witnessed some major achievements.

Exploration & Production

During the year, IndianOil was associated with successful discoveries in two exploration blocks, one each in India and overseas. In the domestic exploration block in offshore Mahanadi, gas discovery has been made and currently the reserve potential is being assessed. In the Farsi Block in Iran, oil & gas have been discovered and the block is presently being appraised for commerciality.

The Corporation farmed-in an exploration block, Shakthi, in Gabon along with Oil India Ltd. (OIL) as the operator. IndianOil and OIL have each acquired participating interest in an on-land block in Nigeria. IndianOil, in consortium with OIL and two other companies, had bid for oil & gas exploration blocks in Yemen under the third International Bid Round and succeeded in getting two blocks. Exploration work is continuing in the two exploration blocks awarded to the IndianOil-OIL consortium in Libya earlier in 2005.

In India, under the NELP-VI round of bidding, the Corporation, in consortium with other Indian partners, has been awarded two exploration blocks in Mumbai offshore.

Petrochemicals

IndianOil is fast emerging as a leading petrochemicals player in the country through integration of core business activities with the business opportunities available in the petrochemicals sector. In this direction, the Corporation is implementing a mega Naphtha Cracker project along with downstream polymer units at Panipat. The project is targeted for completion by the end of 2009. In addition, activities for setting up an integrated refinery-cum-petrochemicals complex at Paradip are also progressing



Shri Buddhadeb Bhattacharjee (second from left), Hon'ble Chief Minister of West Bengal, and Shri Sarthak Behuria, Chairman, IndianOil, exchanging the MoU signed for development of a petroleum, chemical and petrochemical investment region at Haldia.

well. The LAB plant at Gujarat Refinery achieved 102% capacity utilisation with total sales of around 122 thousand tonnes. In view of the excellent quality of this product, the Corporation has already captured a significant market share of LAB in the country. The integrated PX/PTA plant at Panipat Refinery was commissioned in August 2006 and achieved total PTA sale of about 183 thousand tonnes.

IndianOil entered into an MoU with Haryana State Industrial & Infrastructure Development Corporation for the formation of a Special Purpose Vehicle for development of a petrochemicals hub at Panipat.

Natural Gas

IndianOil sold 1.63 million tonnes of re-gassified LNG (R-LNG), including own consumption. The Corporation widened its customer base and finalised Gas Sales Agreement with Ratnagiri Gas & Power Private Ltd. for supply of 0.5 million tonnes of R-LNG. The Corporation is actively pursuing opportunities for city gas distribution in various cities and regions.

Refineries & Pipelines

During 2006-07, the technical services agreement between IndianOil and Emirates National Oil Company (ENOC), Dubai, was renewed for the 10th consecutive year. The manpower secondment agreement with ENOC was renewed for the 9th consecutive year.

The Corporation executed an MoU with Sinopec, the leading petroleum and chemicals company of China, for jointly pursuing opportunities related to international trade, exploration & production, refinery & petrochemicals, engineering & technical services, collaboration and exchange of information in the areas of operations, optimisation & training, etc.

Bio-Fuels

IndianOil is exploring the possibility of entering the entire value chain of Bio-fuels, particularly Bio-diesel, starting from plantation of Jatropha to sale of the end product. The Corporation is interacting with various State Governments in this regard. It has also initiated steps to amend the Objects Clause of its Memorandum of Association to enable it to venture into Bio-fuels business.

INTERNATIONAL TRADE

IndianOil arranged import of crude oil (including for subsidiaries), petroleum products and lubricants through a carefully selected, diversified mix of supply sources

and also exported petroleum products during 2006-07 as detailed hereunder:

	Quantity (Million Tonnes)	Value (Rs. in Crore)
Imports		
Crude Oil	42.682	87,346.84
Products	3.697	9,592.72
Exports		
Petroleum & Petrochemical Products	3.13	9,068.77

For the first time ever, the Corporation exported about 5 thousand tonnes of Group-II lube oil base stock to Pakistan.

OPTIMISATION & INFORMATION SYSTEMS

End-to-end supply chain optimisation module has enabled IndianOil to optimise corporate profitability across its entire supply chain involving selection of optional crudes, their allocation amongst the refineries and arriving at an optimal distribution plan with placement cost to the consumption centres. Work on the next phase of the project has already commenced, which would facilitate the Corporation in day-to-day scheduling of refinery production and product distribution.

The ambitious SAP R/3 (version 4.6c) ERP (Enterprise Resource Planning) package implemented by the Corporation is the largest in Southeast Asia, connecting 674 locations and 5,000 concurrent users, to a common IT platform for online, concurrent business transactions.

SAFETY, HEALTH & ENVIRONMENT

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

E I DuPont India Pvt. Ltd. has been engaged for safety culture assessment and foundation building at Gujarat, Haldia and Mathura refineries. To reap the benefits of carbon trading and reduction in greenhouse gas emissions, IndianOil has taken up Clean Development Mechanism projects in each of its refineries.

The Corporation continues to be the market leader for testing of petroleum products by providing the largest network of testing facilities.

ENERGY CONSERVATION

IndianOil is committed to conservation of energy and reduction of hydrocarbon loss at all its refineries through continuous in-house process monitoring and keeping abreast of the latest technological developments. As a result of various energy conservation measures undertaken, the energy index in terms of MBTU/BBL/NRGF of IndianOil refineries during the year was down to 70.6 as against the energy index of 72.5 in the previous year. Similarly, energy conservation schemes implemented during the year resulted in fuel savings to the tune of about 24,000 metric tonnes per year, valued at about Rs. 39 crore.

HUMAN RESOURCES

Employee Profile

The Corporation's employee strength as on 31st March, 2007, was 29,862, including 11,055 officers. There are 2,308 women employees, constituting 7.73% of the total manpower. Consequent to the merger of IBP with IndianOil, the employee strength as on 30th June, 2007, rose to 31,724.

Industrial Relations and Employees' Participation in Management

The industrial relations climate in the Corporation remained harmonious and peaceful during the year.

IndianOil has been taking initiatives for exploiting the inherent strengths of its people, and improving the work culture and operating & maintenance practices. Total Productive Maintenance is one such initiative which has been implemented on a sustained basis.

With the objective of further improving performance and customer focus, Six Sigma has been successfully implemented in all the refineries.

The culture of participation has also taken roots in the form of various committees wherein employees' representatives are actively involved.

Quality Circles in various units are actively engaged in problem solving activities to improve quality, productivity, cost-effectiveness and system improvement.

Human Resource Development

To support its expansion plans in core as well as new businesses, recruitment and retention of manpower and

their development for future leadership roles is of paramount importance to the Corporation. To achieve this, the right mix of open and campus recruitment has been worked out, and based on different surveys, new institutes have been added to the list of campuses to be visited.

In a bid to bring in better alignment of people, processes and the organisation, an employee engagement survey was conducted to measure the extent of commitment of the employees to the organisation. Based on the survey, the various drivers of employee engagement have been identified and areas of improvement worked out. A beginning has been made for rewarding superior performance based on well-defined performance measures.

Special training programmes by renowned faculty were organised at IndianOil Institute of Petroleum Management (IIPM), Gurgaon, to cover the individual competency gaps identified for senior officials. IndianOil has embarked on a long-term programme to institutionalise mentoring as a strategy for employee retention and development.

Presidential Directives Regarding Representation of SCs and STs

IndianOil has been meticulously following the Presidential Directives and other guidelines issued by the Ministry of Petroleum & Natural Gas and the Department of Public Enterprises from time to time regarding reservation in services for Scheduled Castes, Scheduled Tribes, etc.

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

In accordance with para-29 of the Draft Presidential Directive, a note about the Corporation's activities which have direct relevance to the advancement of SC/ST category of employees along with the statistics relating to representation of SCs/STs in the prescribed proforma – SC/ST/OBC Report-I and SC/ST/OBC Report-II is annexed.

Status on Implementation of Disabilities Act, 1995

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

Welfare of Weaker Sections

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

Sports

During the year, IndianOil launched a Sports Scholarships Scheme for promising young sportspersons. Scholarships of Rs. 5000/- per month in addition to kit items were awarded to 55 upcoming junior players in the age group of 15 to 18 years for games like Cricket, Table Tennis, Badminton, Tennis, Chess, Hockey and Golf. IndianOil also continues its policy of nurturing internal talent in sports.

Four sportstars of IndianOil, Surya Shekhar Ganguly (Chess), Soumyadeep Roy (Table Tennis), Viren Rasquinha (Hockey) and Aparna Papat (Badminton), received Arjuna Awards for outstanding contribution in their respective disciplines. P. Gopichand was appointed as the national coach of the Indian badminton team till 2010. Abhijit Kunte won the Canadian Chess Open tournament held in Canada. Yogesh Pardeshi won the World Cup Carrom tournament in Delhi and became the World Carrom Champion in November, 2006. Rohan Bopanna and Sunil K. Sipaieya represented the Indian tennis team in the Davis Cup tournament. The IndianOil hockey team won five major all-India hockey tournaments. Wasim Jaffer was selected in the Indian cricket team and toured West Indies and South Africa.

Corporate Social Responsibility

The Corporation's corporate social responsibility (CSR) initiatives are based on the principle of sustainable development, which argues that IndianOil is making



A stitching class for rural women – depicting the special focus on women's empowerment in IndianOil's community development programmes.



Shri Bhairon Singh Shekhawat, the then Hon'ble Vice President of India, felicitating Smt. Kalpa Devi, wife of Shaheed Shri Matbar Singh Negi, martyr of the terrorist attack on Parliament, at the inauguration of an IBP Retail Station awarded to the family. Shri Murlidhar Deora, Hon'ble Union Minister of Petroleum & Natural Gas, is also seen.

decisions based not only on financial factors such as profits or dividends, but also on the immediate long-term social and environmental consequences of its activities. The CSR agenda of your Corporation is reflective of its social conscience and commitments to the community and society at large within which it operates. As a responsible corporate citizen, IndianOil has been making substantive contributions every year to national causes, social welfare and community development programmes throughout the country, particularly in the vicinity of its major installations. As an active founder-member of the Global Compact programme, IndianOil continues its support in implementing the 10 guiding principles of the United Nations' agenda on human rights, labour standards, environment and anti-corruption. The Board of IndianOil has recently constituted a Committee of Directors to examine and conceive various possibilities in the area of CSR.

The IndianOil Foundation

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

IndianOil Scholarships

During the year, scholarships were awarded to 450 meritorious students from economically weaker sections of the society pursuing 10+/ITI and professional courses in Engineering, Medicine and Business Administration/ Management disciplines. 50% of the scholarships are reserved for SC/ST/OBC students and 25% of the scholarships in each category are earmarked for girl students and 10% for physically handicapped students.

Hindi Implementation

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

Foreign Tours

IndianOil officers undertook a total of 562 foreign tours during 2006-07 for business purposes and for attending conferences, seminars and training programmes. The total expenditure on foreign tours was Rs. 7.01 crore.

Vigilance

During the year, IndianOil's Vigilance Group conducted a number of vigilance training courses, workshops and awareness programmes for the benefit of the employees. A Vigilance Awareness Week was observed throughout IndianOil in November 2006. As a part of preventive vigilance, special emphasis was laid on studies aimed at making the system transparent.

REMUNERATION TO THE AUDITORS

The Auditors' remuneration for the year 2006-07 was fixed at Rs. 45 lakh plus applicable service tax and reasonable out-of-pocket expenses.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 2006-07 were Rs.1.44 crore.

SUBSIDIARIES

The Corporation has the following subsidiaries, whose financial performance for 2006-07 is as under:

Subsidiary	(Rs. in Crore)		
	Total Turnover	Net Profit	Dividend (%)
Chennai Petroleum Corporation Ltd.	29349	565	120
Bongaigaon Refinery & Petrochemicals Ltd.	6426	185	35
IndianOil Technologies Ltd.	1.64	0.72	-
IndianOil (Mauritius) Ltd.	427	8	-
Lanka IOC Ltd.	1406	(27)	-
IOC Middle East FZE	17.59	(0.21)	-

In terms of the approval granted by the Ministry of Company Affairs, Govt. of India, vide its letter No. 47/176/2007-CL-III dated 17.5.2007, the Corporation has been exempted from attaching the reports and accounts of the subsidiary companies with its Annual Report. The summarised financial statements of the subsidiary companies are, however, provided at the later part of the Annual Report.

MERGERS

IBP Co. Ltd.

The Ministry of Company Affairs (the competent authority to approve mergers of Government Companies) accorded sanction to the Scheme of Amalgamation of IBP Co. Ltd. with IndianOil vide its Order dated 30th April, 2007. The merger became effective on 2nd May, 2007 with the filing of the Order with the Registrar of Companies. Consequently, IBP Co. Ltd. ceased to exist effective 2nd May, 2007.

Pursuant to the aforesaid merger and as per the Scheme of Amalgamation, 2,43,62,106 equity shares of IndianOil were issued to the shareholders of erstwhile IBP Co. Ltd. as on the Record Date of 11th June, 2007 in the swap ratio of 110:100, i.e., 110 fully paid equity shares of Rs.10/- each of IndianOil for every 100 fully paid equity shares of Rs.10/- each of IBP Co. Ltd. With this issue of shares, the paid-up share capital of the Corporation has increased to Rs.1,192.37 crore effective 16th June, 2007, being the date of allotment. The shares were listed in the Bombay Stock Exchange and the National Stock Exchange and are tradable effective 26th June, 2007.

Bongaigaon Refinery & Petrochemicals Ltd. (BRPL)

The Board of Directors of IndianOil and BRPL have accorded approval to the Scheme of Amalgamation and have recommended a swap ratio of 4:37, i.e., 4 fully paid equity shares of Rs.10/- each of IndianOil for every 37 fully paid equity shares of Rs.10/- each of BRPL. As per the guidelines applicable to Government companies, the Scheme of Amalgamation has been submitted to the Government of India, and its approval is awaited.

REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

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

PARTICULARS OF EMPLOYEES

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

BOARD OF DIRECTORS

Shri G.C. Daga was appointed as Director (Marketing) with effect from 4th September, 2006.

Shri Jaspal Singh, Director (Refineries), ceased to be a Director consequent upon his superannuation on 30th September, 2006 and Shri B.N. Bankapur was appointed as Director (Refineries) effective 1st October, 2006.

Shri Anil Razdan, Government nominee Director from the Ministry of Petroleum & Natural Gas, ceased to be a Director of the Corporation on 31st January, 2007 and Shri S. Sundareshan, Additional Secretary, Ministry of Petroleum & Natural Gas, was appointed as a Director of IndianOil on 28th May, 2007.

Prof. (Smt.) Indira Parikh was appointed as a Director with effect from 30th July, 2007.

Shri Anand Kumar was appointed as Director (Research & Development) with effect from 31st July, 2007.

Shri A.M. Uplenchwar, Director (Pipelines) ceased to be a Director consequent upon his superannuation from the services of the Corporation on 31st July, 2007.

Shri P.K. Chakraborti was appointed as Director (Pipelines) with effect from 1st August, 2007.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2007, all applicable accounting standards had been followed along with proper explanations relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of

the Company and for preventing and detecting fraud and other irregularities;

- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2007 on a 'going concern' basis.

ACKNOWLEDGEMENTS

The Board of Directors conveys its sincere appreciation of the commitment and dedication of the members of the IndianOil family for the excellent performance of the Corporation during the year 2006-07. The Board also wishes to thank the Government of India, particularly the Ministry of Petroleum & Natural Gas, the various State Governments and regulatory and statutory authorities for their valuable guidance and support. The Board is also grateful to the Corporation's bankers, investors, customers and vendors for their continued support and confidence reposed in the Corporation.

The Board of Directors also wishes to place on record its appreciation of the significant contributions and valuable services rendered by Shri Jaspal Singh, Shri Anil Razdan and Shri A.M. Uplenchwar during their tenure on the Board of IndianOil as Directors.

For and on behalf of the Board



(S. BEHURIA)
Chairman

Place : New Delhi

Dated : 16th August, 2007

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

A. CONSERVATION OF ENERGY

a. Energy conservation measures taken:

As a part of continued efforts towards energy conservation, a number of projects have been implemented at refineries.

Major investment proposals implemented for reduction of energy are:

S. No.	Item	Cost (Rs. in Lakh)	Fuel Savings (Standard Fuel Equivalent) (MT/Year)
1.	Installation of 12 Condensate Recovery Units at Guwahati Refinery	236	500
2.	Low level heat recovery from tempered water system in VDU at Haldia Refinery	265	2216
3.	Flare gas recovery at Mathura Refinery	700	4500

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

Major schemes under implementation:

- Yield and energy improvement in AVU 1 & 2 at Barauni Refinery
- Hydrogen recovery from CCRU off gas at Gujarat Refinery
- Installation of air pre-heater in Visbreaker at Mathura Refinery
- Additional steam generation by enhanced waste heat recovery from SRU at Panipat 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 57,000 MT per annum of standard fuel.

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

Necessary information in Form 'A'.

B. TECHNOLOGY ABSORPTION

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

C. FOREIGN EXCHANGE EARNING AND OUTGO

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

Exports mainly relate to crude oil and petroleum products. IndianOil is focusing on increasing its presence in Petrochemicals Sector and is tapping opportunities in overseas market through systematic expansion of customer base and innovative supply logistics. For the first time ever, the Corporation exported about 5 TMT of Grade II Lube Oil Base Stock to Pakistan and is tapping opportunities to extend its product and services to neighbouring countries. In addition, IndianOil is actively pursuing to spread its wings in Middle East, Africa and CIS Regions. Overseas initiatives also include exploration and production sharing agreement, exploration services contract and onshore farm-in arrangements.

(b) Total foreign exchange used and earned:

	(Rs. in Crore)
Foreign Exchange earnings	9,126.23
Foreign Exchange used	99,373.20

FORM - 'A'
(See Rule 2)

Form for disclosure of particulars with respect to conservation of energy

	2006-07	2005-06
A Power & Fuel Consumption		
1. Electricity:		
a) Purchased		
Qty ('000 KWH)	24191	29599
Rate/Unit	7.75	6.41
Amount (Rs in Lakh)	1875	1897
b) Own Generation		
i) Through Dual Fuel (HSD/Natural Gas Generator)		
Unit ('000 KWH)	2012487	1588941
KWH per MT of STD Fuel	6697	6024
Cost/Unit (Rs./KWH)	2.83	2.24
ii) Through Steam Turbine/Generator		
Unit ('000 KWH)	847972	738937
KWH per MT of STD Fuel	3977	3708
Cost/Unit (Rs./KWH)	4.05	3.61
c) Electricity consumed (a+b) ('000 KWH)	2884649	2357477
2. Coal	-	-
3. Liquid Fuel (LSHS/FO/NAPHTHA)		
Qty (MTs)	1663094	1267741
Amount (Rs. in Lakh)	247127	190529
Average Rate (Rs./MT)	14859	15029
4. Others / Internal Fuel		
a) Internal Fuel		
i) Fuel Gas		
Unit (MTs)	1260911	1007170
Amount (Rs. in Lakh)	146013	113876
Average Rate (Rs./MT)	11580	11307
ii) Coke		
Unit (MTs)	363899	305732
Amount (Rs. in Lakh)	40429	33635
Average Rate (Rs./MT)	11110	11001
b) Purchased Fuel		
Natural Gas		
Unit (MTs)	334720	337023
Amount (Rs. in Lakh)	32896	26915
Average Rate (Rs./MT)	9828	7986
B 1. Consumption per MT of Production: Petroleum		
Actual Production ('000 MTs)	40540	36176
Consumption per MT of Product		
- Electricity (KWH/MT)	66.171	62.802
- Liquid Fuel (MT/MT)	0.036	0.033
- Fuel Gas/LDO/Coke (MT/MT)	0.038	0.036
- Natural Gas (MT/MT)	0.008	0.009
2. Consumption per MT of Production: LAB		
Actual Production ('000 MTs)	121.826	111.431
Consumption per MT of Product		
- Electricity (KWH/MT)	723.999	767.392
- Liquid Fuel (MT/MT)	0.539	0.529
- Fuel Gas/LDO/Coke (MT/MT)	0.172	0.128
- Natural Gas (MT/MT)	0.000	0.000
3. Consumption per MT of Production : PTA		
Actual Production ('000 MTs)	196.915	-
Consumption per MT of Product		
- Electricity (KWH/MT)	578.198	-
- Liquid Fuel (MT/MT)	0.610	-
- Fuel Gas/LDO/Coke (MT/MT)	0.263	-
- Natural Gas (MT/MT)	0.000	-

Note: Previous year's figures have been regrouped wherever necessary.

Form 'B'
(See Rule 2)

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

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

- a) Lubricants, greases and specialities
- b) Fuels & emission studies
- c) Alternative fuels – Hydrogen, Biofuels, etc.
- d) Refinery processes development
- e) Refinery process modelling & trouble-shooting
- f) Catalyst development & health monitoring
- g) Pipeline transportation of crude oil and petroleum products
- h) Material failure analysis, corrosion & remaining life assessment
- i) Synthesis of additives and biotechnologies
- j) Fuel-efficient appliances
- k) Bioremediation of sludge
- l) Speciality bitumen

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

- 64 new and 21 revised product formulations developed.
- 43 products received approvals from user industries and Original Equipment Manufacturers.
- Agreement with ABB Lummus Global for joint marketing and commercialisation of INDMAX Technology worldwide.
- Technology for DHDT unit of 1.2 MMTPA capacity is licenced along with EIL to Bongaigaon Refinery & Petrochemicals Ltd. Further, technology for 5.0 MMTPA DHDT unit at Paradip Refinery is being licenced by Shell Global Solutions, The Netherlands, along with IndianOil R&D.
- A plant for manufacturing of 15,000 MT of FCC catalyst/additive is being set up in India in JV partnership with Intercat, USA, at a cost of about Rs. 100 crore.
- A jointly developed catalyst (denoted as IZV series) is now marketed through Zeolyst International and IndianOil Technologies Ltd.
- IndianOil has become the first company in India and 6th in the world to possess Marine Oil technology for shipboard engines. *SERVO* Marine Oil K series for DG sets has been approved by M/s. Wartsila, Finland, for their entire series of Wartsila Sulzur engines after successful performance evaluation in Wartsila 46 DG set of Kudremukh Iron Ore Co. Ltd., Mangalore.
- Railroad Oil RR 606MGPlus, developed by R&D Centre has been cleared for the field trial in diesel loco sheds at KR Puram and Ludhiana after achieving a fuel economy of 0.59% in 3100 HP Alco engine test bed at RDSO, Lucknow.
- *SERVO* Pride oil 5W30 (EDL-3), Transfluid A, 2T Supreme and 2T Snowmobile have been approved by CQAPP, Kanpur, for supplies to Indian Army.
- *SERVO* Superior 20W-40 (SF/CD) have been approved by Maruti Udyog Ltd. for their Swift cars.
- *SERVO* Pride GEO 20W-50 has been approved by Swaraj Mazda Ltd. for CNG automobiles.
- *SERVO* NG-40 has been approved by AEI Corpn., Kolkata, for Waukesha engines.

- *SERVO* Agriculture Spray Oil, evaluated at National Research Centre for Rapeseed and Mustard, has shown good performance on mustard plantation. Central Institute for Subtropical Horticulture, Lucknow, has cleared the product for application on mango plantation after field studies. The product has shown good performance on tea plantation and cleared by Central Insecticide Board for application on tea plants. It is an environment-friendly green product showing no phyto-toxicity on plants.
- Rolling oil developed by R&D Centre has been approved by SAIL RDCIS for application in TM-2 Rolling Mill of Bokaro Steel Plant.

3. Future plan of action

- Enhanced focus on commercialisation of developed technologies / formulations and know-how.
- Development of new generation and energy efficient lubricants, greases & bituminous products
- Optimisation/ up-gradation of existing refinery processes to maximise product yield and reduce heavy ends development of value addition refinery technology
- Continuous process for production of Bio-diesel & production, storage & transportation of Hydrogen.
- Initiation of research activities in the areas of coal/residue gassification, gas-to-liquid, petrochemicals/ polymers.

4. Expenditure on R&D

		(Rs. in Crore)
a) Capital	-	9.55
b) Revenue	-	71.43
c) Total	-	80.98

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

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

A. IMPORTED TECHNOLOGY:

i) Hydrocracker Technology:

The first Hydrocracker unit of the country was commissioned at Gujarat Refinery in 1994, adopting technology from Chevron, USA, for conversion of Vacuum Gas Oil to jet fuel, kerosene and diesel. Thereafter, a new Hydrocracking unit with technology from UOP, USA has been commissioned at Panipat under expansion of the refinery from 6 to 12 MMTPA.

ii) Once Through Hydrocracking Technology:

Once Through Hydrocracker units were commissioned at Panipat and Mathura refineries with technologies from UOP, USA and Chevron, USA respectively and is under implementation at Haldia Refinery with technology from Axens, France for improvement of distillate yield and diesel quality with respect to sulphur and cetane number.

iii) Diesel Hydrodesulphurisation Technology:

Diesel Hydrodesulphurisation units have been commissioned in Mathura and Panipat refineries with technology from IFP, France and at Gujarat and Haldia refineries with technology from UOP, USA to meet the diesel quality requirement with respect to sulphur.

iv) Diesel Hydrotreatment Technology:

Diesel Hydrotreatment units have been commissioned at Guwahati, Barauni and Digboi refineries with technology from UOP, USA, and at Mathura and Panipat refineries with technology from Axens, France, to meet the diesel quality requirement with respect to Sulphur and Cetane number. Technology from Axens is under implementation at Gujarat Refinery under Resid Upgradation Project. Technology from Shell Global Solutions, The Netherlands has been selected for Paradip Refinery Project.

v) Fluidised Catalytic Cracking Technology:

Fluid Catalytic Cracking technology from UOP, USA has been implemented in Gujarat and Mathura refineries for conversion of Vacuum Gas Oil to LPG, petrol and diesel.

vi) Resid Fluidised Catalytic Cracking Technology:

Resid Fluidised Catalytic Cracking technology from S&W, USA has been successfully implemented at Panipat, Haldia and Barauni refineries.

vii) Catalytic Iso-Dewaxing Technology:

For improving the lube oil quality in line with international standards and augmenting production capability, Iso-dewaxing technology from Mobil, USA has been implemented at Haldia Refinery.

viii) Solvent Dewaxing/Deoiling Technology:

In order to upgrade the process for the production of paraffin wax at Digboi Refinery, Solvent Dewaxing/Deoiling technology from UOP, USA has been implemented.

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

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

x) Biturox Technology:

To produce various grades of Bitumen as well as to meet the quality requirements, Biturox technology from Porner, Austria has been employed at Gujarat Refinery and is under implementation at Mathura Refinery.

xi) Hydrogen Generation Technology:

Hydrogen generation technology from Linde, Germany was adopted in 1993 for Hydrogen production and supply to Hydrocracker unit at Gujarat Refinery. Also Hydrogen generation technology obtained from Haldor

Topsoe, Denmark is in operation at Gujarat, Mathura, Haldia, Panipat and Barauni refineries and has been selected for implementation at Gujarat Refinery under Resid Upgradation project as well as at Paradip Refinery project. Similar technology from KTI, The Netherlands has been adopted for Hydrogen generation at Guwahati, Digboi and Mathura refineries and selected for implementation at Haldia Refinery under Once-Through Hydrocracker Project.

xii) Sulphur Recovery Technologies for Reduction of SO₂ Emission:

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

Further, sulphur recovery technologies from B&V Pritchard, USA has been implemented under Panipat Refinery Expansion project and is under implementation at Gujarat Refinery under Resid Upgradation project. Technology from Technip KTI, Spain is under implementation at Haldia Refinery under Once- Through Hydrocracker Project.

xiii) ISOSIV Technology:

For production of unleaded petrol at Guwahati Refinery, ISOSIV Technology from UOP, USA, has been implemented.

xiv) Delayed Coker Technology:

For bottom-of-the-barrel upgradation, coker technology from ABB Lummus, USA has been implemented at Panipat Refinery as part of the refinery expansion project. Coker technology from Foster Wheeler, USA is under implementation at Gujarat Refinery under Resid Upgradation project and has also been selected for implementation at Paradip Refinery.

xv) VGO Hydrotreatment Technology:

Technology from UOP has been selected for implementation at Gujarat Refinery under Resid Upgradation project. Technology from Axens, France, has been selected for implementation at Paradip Refinery.

xvi) Continuous Catalytic Reforming Technology:

For improvement in Octane number of petrol, Continuous Catalytic Reforming technology from IFP, France has been implemented at Mathura and Panipat refineries. Technology from UOP, USA, is under implementation at Gujarat Refinery under MS Quality Upgradation Project.

xvii) Technology for ParaXylene:

For production of ParaXylene at Panipat, technologies from UOP, USA, have been implemented and the same have been selected for implementation at Paradip Refinery.

xviii) Technology for Purified Terephthalic Acid:

For production of PTA at Panipat, technology from Du Pont, USA, has been implemented.

xix) Technology for Linear Alkyl Benzene:

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

xx) MS Quality Upgradation Technology:

For MS Quality Upgradation, Isomerisation technology of UOP, USA and Axens, France has been implemented at Mathura and Haldia refineries respectively. Technology from UOP is under implementation at Panipat Refinery. Technology from Axens has been selected for implementation at Guwahati, Digboi and Barauni refineries.

FCC gasoline desulphurisation technology (Prime-G) from Axens, France has been employed at Haldia Refinery and has been selected for implementation at Mathura, Barauni and Panipat refineries.

xxi) Naphtha Cracker Technology

Naphtha Cracker technology from ABB Lummus, USA has been selected for adoption at Panipat Refinery. Technologies from Basell, Italy, Basell, Germany, Nova Chemicals, Canada, and Scientific Design, USA, have been selected for various downstream polymer plants, viz., Poly-Propylene unit, HDPE unit, Swing unit (HDPE/LLDPE) and MEG unit respectively.

xxii) Alkylation Technology:

For production of petrol, Alkylation technology from Exxon Mobil, USA has been selected for implementation at Paradip Refinery Project.

xxiii) Ethyl Benzene/Styrene Technology:

For production of Ethyl Benzene/Styrene, technology from ABB Lummus, USA has been selected for implementation at Paradip Refinery Project.

B. INDIGENOUS TECHNOLOGY:

i) INDMAX Technology:

INDMAX technology developed in-house by IndianOil R&D for converting heavy distillates and residue into LPG/light distillate products has been implemented successfully at Guwahati Refinery. For production of petrochemical feedstocks, viz., Ethylene and Propylene from VGO, INDMAX technology has been selected for implementation at Paradip Refinery Project.

ii) Hexane Hydrogenation Technology:

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

C. MODERNISATION OF INSTRUMENTATION & CONTROL

A. Distributed Digital Control System (DDCS)

DDCS has already been implemented and commissioned in all process units and captive power plants of all refineries. Also, all the new units already commissioned and planned in future have been/will be provided with DDCS.

B. Advanced Process Control (APC)

APC has been implemented in various refineries as under:

- Crude & Vacuum Distillation units, Hydro-cracker, Fluidised Cracking unit and CRU of Gujarat Refinery
- Crude Distillation unit, Delayed Coker unit and INDMAX unit of Guwahati Refinery
- Atmospheric & Vacuum Distillation units, Once-Through Hydrocracker, Resid Fluidised Cracking, Visbreaker & Continuous Catalytic Reforming unit of Panipat Refinery.
- Atmospheric & Vacuum Distillation units, Coker, LRU and RFCC units of Barauni Refinery
- New Delayed Coker unit and Atmospheric & Vacuum Distillation units of Digboi Refinery
- RFCC and Atmospheric & Vacuum Distillation units of Haldia Refinery
- Once-Through Hydrocracker, Fluidised Catalytic Cracking unit, Atmospheric & Vacuum Distillation unit, CCRU, Visbreaker, DHDT/HGU II and MSQU units of Mathura Refinery.

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

- Solvent Dewaxing unit of Digboi Refinery.

C. Offsite Modernisation

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

- Automated Tank Wagon loading gantry at Barauni, Gujarat, Mathura & Haldia refineries.
- Automation of Tank Truck loading at Gujarat & Haldia refineries.
- Blending Automation at Haldia, Mathura & Barauni refineries.
- Auto tank gauging has been completed at all refineries.
- Advanced Blend Control system for online blending of petrol & diesel is being implemented at Panipat Refinery to meet BS II / EURO III specs.

D. Automation of Laboratories

Automation of laboratories has been completed at all refineries.

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

- Networking of units and offsite facilities has been completed at all refineries.
- RTDBMS has been implemented at Gujarat, Haldia, Mathura and Panipat refineries. Installation of RTDBMS in other IndianOil refineries is also planned.

Annexure - II

SC/ST/OBC REPORT-I

Annual statement showing the representation of SCs, STs and OBCs as on 1st January, 2007 and number of appointments made during the preceding calendar year

Groups	Representation of SCs/STs/OBCs (as on 01.01.2007)				Number of appointments made during the calendar year 2006										
					By Direct Recruitment				By Promotion			By Deputation/ Absorption			
	Total number of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
A*	11136	1876	710	721	505	80	33	134	2127	373	143	9	0	1	
B	4565	728	326	49	No recruitment is made in this group				467	86	32	0	0	0	
C	13985	2875	1075	1180	233	32	16	65	2162	449	131	19	0	0	
D (Excluding Sweeper)	338	67	14	43	54	11	5	14	0	0	0	0	0	0	
D (Sweeper)	5	2	0	1	0	0	0	0	0	0	0	0	0	0	
Total	30029	5548	2125	1994	792	123	54	213	4756	908	306	28	0	1	

* Normally recruitments are made in the lowest rung of Group 'A' i.e. in pay scale Rs. 12000-17500/-.

SC/ST/OBC REPORT-II

Annual statement showing the representation of SCs, STs and OBCs in various group "A" services as on 1st January, 2007 and number of appointments made in the service in various grades in the preceding calendar year

Pay Scale (In Rupees)	Representation of SCs/STs/OBCs (as on 01.01.2007)				Number of appointments made during the calendar year 2006										
					By Direct Recruitment				By Promotion			By Deputation/ Absorption			
	Total number of employees	SCs	STs	OBCs	Total	SCs	STs	OBCs	Total	SCs	STs	Total	SCs	STs	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
12,000-17,500	2805	443	194	379	500	80	33	134	219	43	19	2	0	0	
13,750-18,700	2774	486	176	239	0	0	0	0	700	132	49	1	0	0	
16,000-20,800	2117	441	177	98	4	0	0	0	463	90	35	3	0	1	
17,500-22,300	1187	228	75	2	1	0	0	0	273	48	20	0	0	0	
18,500-23,900	1170	199	76	2	No recruitment is made in this group				209	35	18	1	0	0	
19,000-24,750	722	65	12	1	No recruitment is made in this group				156	20	2	0	0	0	
19,500-25,600	243	12	0	0	No recruitment is made in this group				67	4	0	0	0	0	
20,500-26,500	89	2	0	0	No recruitment is made in this group				25	1	0	0	0	0	
23,750-28,550	29	0	0	0	No recruitment is made in this group				15	0	0	2	0	0	
Total	11136	1876	710	721	505	80	33	134	2127	373	143	9	0	1	

Management's Discussion & Analysis

(Forming part of the Directors' Report for the year ended 31st March 2007)



INDUSTRY STRUCTURE & DEVELOPMENTS

Global

The world economy exhibited robust growth in the year 2006, with the global output growing at 5.51% despite an unprecedented spike in crude oil prices in the international market. This resilience of the world economy, even in the face of volatile crude oil prices and concerns about continuing global macro-economic imbalances and inflation, points to the emergence of a new phase of global economic growth. An encouraging feature of this new phase has been the robust and broad-based growth in emerging market economies, particularly with both India and China together accounting for about 40% of the global growth measured in terms of purchasing power parity.

Unlike in the 1970s, peaking oil prices have not adversely affected the world economy this time and only had a muted impact on its growth prospects, considering the fact that the fast pace of economic growth has driven up demand. However, according to the World Energy Outlook-2006 of the International Energy Agency, world economy would have grown by 0.3 percentage points more per year on an average since 2002, had oil and other energy prices not increased.

India

In 2006-07, the Indian economy continued on its high growth trajectory for the fourth consecutive year. It scaled new heights, posted a record growth of 9.4%, accelerating from 9% recorded in the previous fiscal. The propellants of this extraordinary growth performance have been the services and industries sectors, with both posting a growth of 11% each in 2006-07. Growth of agriculture and allied activities, however, slowed down from 6% in 2005-06 to 2.7% in 2006-07.

A key accompaniment and contributor to this remarkable performance in growth is India's strengthening external sector. Indian exports, both merchandise and services, continued to grow steadily despite the rising Indian Rupee. Petroleum product exports witnessed a steep rise of over 55% in dollar terms during 2006-07 and became the largest contributor to India's export earnings. Export of software and business services surged during the year, taking the invisibles account surplus to US\$ 55.3 Billion for fiscal 2006. The upbeat investment and consumption sentiments fuelled a surge in imports. Non-petroleum imports (raw material & capital goods) rose by 24.7% while petroleum imports posted a 30.3% growth during 2006-07.

The growing integration of the Indian economy with the world was reflected in a three-fold increase in foreign

direct investment (FDI) flows into the country, to US\$ 15.7 Billion in 2006-07 from US\$ 5.5 Billion during 2005-06. It was further strengthened with domestic corporates seeking a global presence for harnessing scale, technology, market access, and allied advantages through overseas acquisitions. There was a significant strengthening of capital account, with the foreign exchange reserves crossing US\$ 200 Billion.

However, the growing inflationary pressures during the year raised concerns of overheating of the economy. The key to maintaining high growth with reasonable price stability lies in rapid capacity additions through investments and productivity improvements to match supply with demand, along with upgradation of skill sets.

After 16 years, India has returned to Standard & Poor's 'Investment' grade rating from 'Speculative' grade, reflecting the upbeat confidence of the international investors in the country, its strong economic prospects, its external balance sheet, and its deep capital market with improving fiscal position.

India also ranks ahead of China and Russia in the Global Competitiveness Index, which evaluates countries on the performance of factors critical to driving productivity, and thereby growth, in the medium and long terms. The high-quality scientific research work and the pool of scientists, engineers and other highly skilled professionals in India have bolstered its competitiveness. India has also been placed on top of the chart by A.T. Kearny Global Services in their Location Index-2007, which analyses the top 50 outsourcing services locations worldwide. India continues to maintain a long lead over China in terms of these assessments.

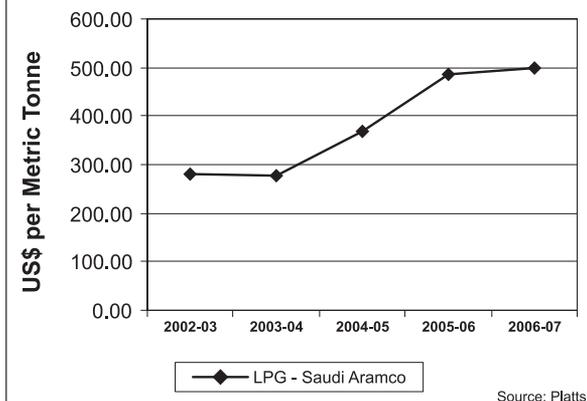
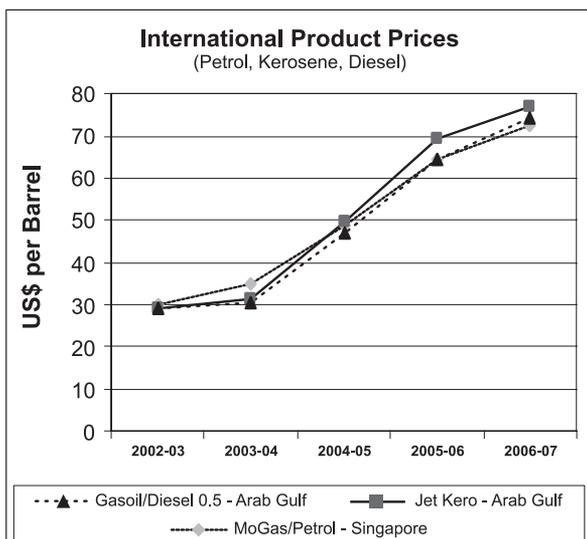
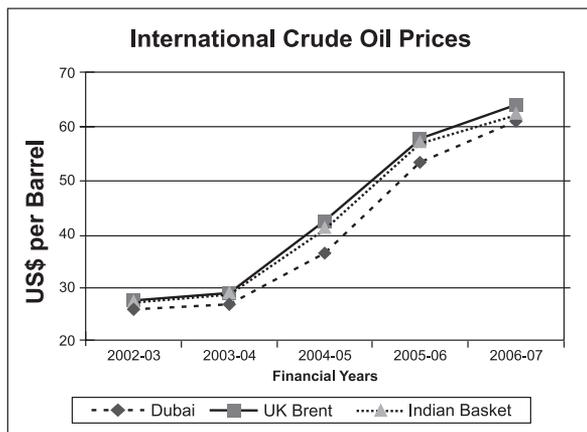
As per the International Monetary Fund (IMF) projections, the global economy is likely to maintain its run of strong growth during 2007 as well. However, some downside risks to global growth prospects do exist, including among others, volatility in oil prices. According to IMF, India's economy would continue to grow rapidly in 2007 as well, though at a lower pace than in 2006.

OUTLOOK

Global Oil & Gas Industry

The causal relationship between global volatility of crude oil prices and geo-political uncertainties during the year was further compounded by low availability of spare production capacity in the oil exporting countries. Oil prices, therefore, continued to fluctuate over a high range. The Indian crude oil basket recorded a high of US\$ 71 per barrel during August 2006. Later, during the year, a warm winter in the US, among other factors, led to a decline in crude oil prices, and the Indian basket touched

a low of US\$ 53 per barrel in January 2007. However, this respite did not last long. Prices hardened once again to US\$ 60 per barrel in March 2007 and thereafter touched an all-time high of over US\$ 74 per barrel in



July 2007. With fossil fuels continuing to be the dominant source of energy in the immediate future, capital expenditure by petroleum majors across the globe in upgrading infrastructure in upstream, refining and pipelines segments remains a major challenge, particularly in the face of geo-political uncertainties in several parts of the world.

On the other hand, integration of global gas markets has been one of the most positive developments in the recent years. Liquefied Natural Gas (LNG) has been one of the key drivers of this integration. Continuous lowering of costs across the value chain has transformed LNG economics. Besides, development of transnational gas pipelines amongst contiguous nations has grown into a viable supply option in the current context. Changing economics due to technological advancements, expanded demand base, scale of operations, access to remote geographical regions for prospective gas finds, environmental concerns, etc., is leading to reasonably significant replacement of traditional liquid fuels by gas.

Indian Oil & Gas Industry

India is the fifth largest consumer of energy in the world today, with oil & gas accounting for about 45% of its energy basket. As the economy moves further in this new phase of high growth, consumption of oil & gas in the country is projected to grow at rates above the world average.

During 2006-07, crude oil production at 34 million metric tonnes (MMT) grew by 5.6% over that of 2005-06. The exploration activities in the country are still dominated by the domestic oil companies, even though the upstream sector has been opened to foreign participation through the New Exploration & Licencing Policy (NELP). Recently, the Government of India awarded exploration contracts for 52 blocks under NELP-VI round against an offer of 55 blocks. A large number of bids were received from Indian as well as international companies, indicating the rising interest in exploration of the Indian basins.

Additionally, both public and private sector companies from India are pursuing opportunities for acquiring equity oil & gas overseas. As a short-term measure, actions are underway for enhancing energy security by creating strategic reserves for crude oil through a special purpose vehicle funded by the Oil Industry Development Board (OIDB). As a viable alternative, exploration of Coal Bed Methane (CBM) is being strongly encouraged through Government policies. Recently, 10 blocks were awarded under the third round of CBM bidding.

In 2006-07, with the doubling of the capacity of IndianOil's Panipat Refinery from 6 to 12 million metric tonnes per annum (MMTPA) and commissioning of Essar Group's

10.5 MMTPA refinery at Vadinar, India's refining capacity increased to 148.97 MMTPA, from 132.47 MMTPA at the end of 2005-06. Further capacity additions to the tune of 92 MMTPA are envisaged during the XI Plan period (2007-12).

During 2006-07, the total throughput of Indian refineries at 141.5 MMT was higher than 126.9 MMT during 2005-06, registering an impressive 11.4% year-on-year growth, and surpassing the planned throughput levels.

Domestic consumption of petroleum products during the year at 119.9 MMT was higher by 5.7% as compared to 2005-06. With surplus refining capacity and favourable export opportunities, the Indian oil & gas industry registered a significant growth of over 55% in export sales in dollar terms during the year, as indicated earlier.

As regards the Union Budget 2007-08, the oil & gas sector did not have many provisions to cheer about. Nevertheless, the reductions in excise duty on petrol and diesel and grant of infrastructure status to gas pipelines were welcome announcements. Efforts of the oil & gas industry to get infrastructure status accorded to petroleum pipelines, however, did not materialise.

As directed by the Government of India, the principle of trade parity pricing was implemented from 16th June, 2006 in respect of petrol and diesel, giving 80% weightage to import parity prices and 20% weightage to export parity prices, for determining the refinery transfer price of domestic refineries and also for estimating the under-realisation for the purpose of implementation of the mechanism of sharing of losses suffered by public sector oil marketing companies (OMCs) as per the approved mechanism. Further, in view of the reduction in refining margins due to implementation of trade parity pricing and reduction in duty protection to refiners, the stand-alone refineries did not offer any discounts on PDS kerosene and domestic LPG to the OMCs during 2006-07.

However, to ease the financial burden on the OMCs arising out of controlled domestic prices of petrol, diesel, PDS kerosene and domestic LPG in the face of spiralling crude oil and petroleum product prices in the international market, the Government of India raised the prices of petrol and diesel marginally. However, later in the year, in view of decline in international crude oil prices and to ease the rising inflationary pressures, the increase in petrol and diesel prices was rolled back. Subsequently, the Government also issued Oil Bonds to the OMCs to compensate for the losses suffered by them on account of inadequate pass-through of prices to the consumers.

The report of the Expert Committee on Integrated Energy Policy (IEP) for India was released in August 2006. The objective of the IEP was to view the Indian energy sector

in a holistic way – as an integrated system – so as to leverage the inter-linkages and substitutability between various sources and to develop synergies, resulting in optimal solutions. One of the main areas for which detailed recommendations have been made, is rationalisation of fuel prices. According to the Committee, full price competition should be introduced at the refinery gate and retail level. Among other things, it emphasises the need for an independent regulatory authority for the sector and revision in the subsidy mechanism for domestic LPG and PDS kerosene, so as to make it transparent and beneficial only to the targeted sections.

Natural gas is becoming increasingly important in India's search for energy security. Production of natural gas during the year stood at 32.2 billion cubic metres (bcm), declining by 2% from the production level of 2005-06. However, the recent gas discovery in the Krishna-Godavari (KG) Basin has raised hopes of an increase in domestic natural gas production in future. Whereas the exploration and production efforts initiated by the Government of India are likely to result in further availability of natural gas from indigenous sources, the demand side analysis indicates that the natural gas demand in India will be largely influenced by its availability and cost-economics vis-à-vis liquid fuels, especially in the primary end-use sectors like power and fertilisers.

Import of natural gas through transnational gas pipelines is an important effort to meet the growing demand of natural gas in the country. Inter-governmental discussions on Iran-Pakistan-India and Turkmenistan-Afghanistan-Pakistan-India pipelines are at different stages of negotiation.

In December 2006, the Government of India notified the policy for development of natural gas pipelines and city / local natural gas distribution networks. This is a positive development, marking the transition to an environment where development of a natural gas pipeline network would take place under a well laid out legal framework aimed at encouraging competition and protecting consumer interests.

The long-awaited Petroleum & Natural Gas Regulatory Board Act was enacted on 3rd April, 2006. As per the legislation, a Petroleum & Natural Gas Regulatory Board is to be set up to oversee and regulate refining, processing, storage, transportation, distribution, marketing and sale of petroleum products and natural gas in all parts of the country. It would also promote competitive markets. Under the regulatory regime, the operation of product pipelines is expected to witness emergence of a new business model based on common/contract carrier principle, open access, regulated tariff, etc. The Board began its operations with effect from 25th June, 2007.

Development of alternative sources of energy is critical to major energy-importing countries like India in terms of price, energy security, sustainability of growth and economic welfare. Bio-fuels produced indigenously from diverse sources hold the potential for replacing a part of imported crude oil. Bio-fuels can also help in curbing greenhouse gas emissions, depending on the manner in which they are produced, besides contributing to the growth of the rural economy. Higher prices of conventional fossil fuels have made Bio-fuels competitive, but further cost reduction is needed for most of them to be able to compete effectively without subsidy.

A country-wide implementation programme for Ethanol-Blended Petrol (EBP) has been drawn up by the Government of India, and the OMCs have been directed to tie up with suppliers and the State Governments for implementing this programme. While EBP is now being sold in several States, limited availability of ethanol and its price are considerably delaying implementation in certain States. The proposal to acquire acreages in Brazil for production of ethanol and its subsequent marketing either in the international markets or imports to India through a joint venture initiative between Indian OMCs and a suitable Brazilian partner is also being actively pursued.

Keeping in view the prospects of using Hydrogen as a substitute for traditional fuels in the transport sector, the Ministry of Petroleum & Natural Gas has set up a corpus fund of Rs. 100 crore, with contributions from the national oil companies and OADB, to undertake Hydrogen research activities with IndianOil's R&D Centre as the nodal agency. The National Hydrogen Energy Road Map is currently under preparation by the Ministry of New & Renewable Energy Sources.

The proposal for setting up the Petroleum, Chemicals & Petrochemical Investment Regions (PCPIR) is another important initiative by the Government of India. By offering a transparent and investment-friendly policy and facility regime, PCPIRs aim to attract major investments, both domestic and foreign, in these key industry segments.

The Indian hydrocarbon sector spends about Rs. 200-250 crore on R&D every year, which is meagre compared to its annual turnover of over Rs. 6,50,000 crore. In the context of globalisation and the need for improving energy efficiency, developing indigenous technology and alternative fuels, and concerns over environmental degradation, the expenditure on R&D efforts needs to be scaled up substantially, with enhanced participation from the private sector players.

In view of the projected expansion of the activities in the oil & gas sector, one of the critical challenges for the sector is to plan for sustained availability of skilled

workforce. In the face of the rising demand for skilled professionals from the global oil & gas industry and other sectors of the economy, the gap between availability of skilled manpower and requirements of the industry is likely to widen. An effort to meet this challenge is the proposal for establishing the Rajiv Gandhi Institute of Petroleum Technology in Uttar Pradesh for providing world-class education covering the entire hydrocarbon chain.

RISKS AND CONCERNS

In contrast with the experience of the 1970s, the significant increase in crude oil and petroleum product prices since 2003 appears to have had only a muted impact on the global economy thus far. The impact of higher oil prices has been limited largely because of a significant increase in consumption, rather than exogenous supply shock. Further, there has been a substantial decline in the oil intensity of the economy since early 1980s.

Under the erstwhile Administered Pricing Mechanism, the Indian economy was shielded against the global oil price spikes and any sharp increase in oil prices was dissipated by spreading it through smaller, incremental hikes over a period of time. This is not the case anymore. With crude oil prices stabilising above the US\$ 60 per barrel mark being increasingly viewed to be permanent in nature, high oil prices are likely to result in higher subsidy costs. In this context, the Government's policy on subsidies necessarily needs a review.

IndianOil has been suffering losses due to price control on the four principal petroleum products. The subsidies received from the Government, discounts from upstream companies, refiners, and the Oil Bonds issued by the Government only partially offset these losses. As a result, IndianOil continues to be mired by a huge financial burden of net under-realisation. This in turn, has adversely affected the financial performance of the Corporation. However, IndianOil continues to pursue its capex programme with increased market borrowings. To maintain the flow of funds for investments, the Corporation has been selling the Oil Bonds issued to it at a discount.

With the rising competition in the petroleum retailing business, the density of retail outlets in the country has gone up substantially, which in turn has reduced the per-pump product throughput, thereby raising concerns about the profitability of individual retail outlets and the viability of dealerships. The rising competition in the institutional sales business has prompted the OMCs to resort to heavy discounts, which in turn has trimmed their marketing margins.

Natural gas is becoming the preferred fuel and feedstock for the fertiliser and power sectors, displacing liquid fuels, thereby eroding to some extent the growth prospects in petroleum refining & marketing, which is the core business of IndianOil. With the anticipated increase in the availability of natural gas in the immediate future from recent gas finds in the Indian basins, there is little doubt that the new fuel will play a major role in the Indian energy market.

As regards business in neighbouring countries, recovery of outstanding dues from Nepal Oil Corporation remains an area of concern, although some progress has been made on this front, with the beginning of a process of monthly payments.

The long-pending issue of subsidy payment by the Government of Sri Lanka to the Corporation's subsidiary, Lanka IOC Ltd., has been settled after protracted negotiations. This has led to a renewed thrust on the business priorities of the subsidiary after a fairly long spell of uncertainty.

The manpower recruitment scenario has undergone significant changes over a period of time and it is becoming increasingly difficult to induct desired talent from the premier institutes and other campuses of the country due to higher compensation packages being offered by the private sector players in the growing economy.

CHALLENGES AND OPPORTUNITIES

The foremost challenge IndianOil faces is in transforming into the least-cost supplier – delivering quality products and services to customers at the lowest cost. Other major challenges include optimisation of refining processes, logistics & supply chain management; forging partnerships and strategic alliances across the entire value chain of the oil & gas business; timely execution and safe commissioning of projects; consolidation of retail and direct consumer businesses through better offerings to customers; retention of skilled manpower; and enhancing profitability, which is currently being compromised due to incomplete pass-through to customers due to price control on the four principal products.

To offset the erosion in the growth prospects of liquid fuels due to replacement by natural gas, IndianOil is making all-out efforts to become a major player in the burgeoning natural gas business in the country. It has already ventured into gas marketing, sourcing its supplies from Petronet LNG Ltd. – its joint venture company. In this context, IndianOil has been nominated by the Ministry of Petroleum & Natural Gas as one of the consortium partners along with GAIL for participating in the Iran–

Pakistan-India gas pipeline project. The on-going Government level discussions, therefore, have an important bearing on the Corporation's growth plans. Besides this, IndianOil has taken up with the Government of India to be considered as one of the partners in the proposed Turkmenistan-Afghanistan-Pakistan-India gas pipeline project.

Protection of ecology and environment is an area that has always occupied the attention of the Corporation. Meeting the stringent product quality standards in the marketplace and the environmental stipulations in refinery operations has been a major thrust area. The Corporation has already made significant investments in various quality upgradation projects at all its refineries and is engaged in continuously monitoring and improving upon the occupational health & safety standards with a view to eliminating risks to the stakeholders. More quality improvement projects are underway at IndianOil's refineries to meet the Euro-III / IV norms, which shall become effective from April 2010.

For the IndianOil scientists, major opportunities abound in terms of development, demonstration and deployment through optimisation and upgradation of refinery processes to maximise product yields and reduce heavy ends; development of new-generation and energy-efficient lubricants; production of greases and bituminous products; storage and transportation of Hydrogen; initiation of further research in coal/residue gasification, petrochemicals and polymers, and commercialisation of technologies developed in-house.

In its effort towards enhancing upstream integration, IndianOil, together with its consortium partners, has succeeded in acquiring eight blocks under different rounds of NELP, in addition to two CBM (Coal Bed Methane) blocks and two farm-in blocks in the Northeast. It has also developed an overseas portfolio of seven exploration blocks. Overseas upstream initiatives received further boost with the Government of India delegating investment decision-making powers to IndianOil and Oil India Ltd. (OIL) for acquiring oil & gas assets abroad by forming project-specific SPVs. The challenge for IndianOil is to develop expertise to become an exploration & production operator in the immediate future.

The two new verticals of petrochemicals and gas business, which have already started generating substantial revenues for IndianOil, present a sizeable opportunity. In petrochemicals, the Corporation is focussing on increasing volumes in India and abroad through expansion of its customer base and innovative supply logistics. The production of PX/PTA at Panipat Refinery and LAB at Gujarat Refinery are the Corporation's endeavours towards becoming a major

player in the petrochemicals sector. The Naphtha Cracker project with downstream polymer units, currently under execution at Panipat, the integrated refinery-cum-petrochemicals complex proposed at Paradip and the setting up of petrochemical hubs at Panipat and Haldia are further steps in this direction.

Without having linkage with a major supply source for natural gas, the challenge in the gas business is to establish short, medium and long term supply linkages in a market constrained by non-availability and increasing prices. Within the natural gas business, city gas distribution is seen as a focussed area for rapid growth. IndianOil entered the city gas distribution business during the year, with the formation of Green Gas Ltd., a joint venture company with GAIL, which has become operational in Lucknow and Agra, with plans for expanding to other cities in Uttar Pradesh. IndianOil also signed a Memorandum of Understanding with Great Eastern Energy Corporation Ltd. (GEECL) for establishing city gas distribution networks in West Bengal based on CBM from GEECL's CBM blocks. A separate joint venture company is also being formed with GAIL for city gas distribution in West Bengal and subsequently in other eastern states.

The Indian Bio-fuels programme has become a reality with the progressive initiatives taken by the Government of India through various policy initiatives and mandates given to the OMCs to include Bio-fuels in the oil & gas supply chain. Bio-fuels business is poised to create a silent revolution in the energy market and address the concerns for energy security. In keeping with the above mandate, IndianOil has taken the initiative of venturing into the entire value chain of Bio-diesel through a definitive business plan.

The rural market is another area of opportunity for the Corporation. With a network of over 1,422 Kisan Seva Kendras (KSKs), IndianOil is now very much a part of the rising rural economy. The KSKs are expected to help drive future retail volumes in both fuel and lubricant segments, besides providing non-fuel conveniences to the rural population. This collaborative business model in the rural markets is expected to contribute significantly to the aspirations of the rural population.

In the urban markets, IndianOil has created for itself a new window of opportunity – SERVOPress outlets, which are being positioned as a refreshing one-stop shop for autocare, including engine oil change and maintenance checkups for two and four-wheelers. The first such outlet was commissioned in a Central Mumbai mall in April 2007. More such outlets are planned to be rolled out. Automation of retail outlets and having in place a system for tracking the movement of tank trucks transporting petroleum products to dealers and

customers, are steps for improving the quality and quantity aspects of our product and service offerings. These will be the thrust areas this year.

With sustained determination and creation of institutional capabilities, supported by decisive policy initiatives, IndianOil has been taking significant steps to realise its corporate vision of emerging as a diversified, transnational, integrated energy major.

FINANCIAL REVIEW

Amalgamation of erstwhile IBP Co. Ltd.

Consequent upon the merger of IBP Co. Ltd. (IBP) with IndianOil, the financial statements of IndianOil for the year ended 31st March, 2007 have been prepared by including the financials of erstwhile IBP as a separate Division. Since figures for the previous year 2005-06 do not include the financials of erstwhile IBP, the same are to that extent not comparable with the figures for the current year.

Turnover

The turnover (inclusive of excise duty) of IndianOil for the year ended 31st March, 2007 was Rs. 2,20,779 crore as compared to Rs. 1,83,172 crore in the previous year. The total sales of petroleum products (including natural gas) for 2006-07 was 57.97 MMT as against 49.61 MMT (excluding IBP sales) during 2005-06.

Profit Before Tax

The Corporation's Profit Before Tax was Rs. 10,485 crore during 2006-07 as compared to Rs. 6,706 crore in 2005-06. The profit for 2006-07 includes a profit of Rs. 3,225 crore on sale of 20% equity holding in Oil & Natural Gas Corporation Ltd. (ONGC) and provision of Rs. 1,319 crore for diminution in investments in erstwhile IBP, which is vested in a Trust formed consequent to the amalgamation, while the profit for 2005-06 included a profit of Rs. 438 crore on sale of 50% equity holding in GAIL (India) Ltd.

Provision for Taxation

a) Current Tax

An amount of Rs. 2,112 crore has been provided towards Current Tax for 2006-07, considering the applicable income tax rates, as against Rs. 1,618 crore provided during 2005-06.

b) Fringe Benefit Tax

An amount of Rs. 39 crore has been provided towards Fringe Benefit Tax for 2006-07, as against Rs. 57 crore provided during 2005-06.

c) Deferred Tax

An amount of Rs. 835 crore has been provided towards Deferred Tax in the current financial year, as against Rs. 116 crore provided during the previous financial year.

Profit After Tax

IndianOil earned a Profit After Tax of Rs. 7,499 crore for the financial year 2006-07 as compared to Rs. 4,915 crore in 2005-06.

Depreciation & Amortisation

Depreciation for the financial year 2006-07 was Rs. 2,632 crore as against Rs. 2,203 crore in the previous year. The increase in depreciation in 2006-07 is mainly due to capitalisation of Panipat Refinery expansion project and the PX/PTA plant.

Interest (Net)

Interest Expenditure (Net) of the Corporation for the year 2006-07 was Rs. 675 crore, as against Rs. 816 crore in 2005-06.

Borrowings

The borrowings of the Corporation as on 31st March, 2007 were Rs. 27,083 crore as compared to Rs. 26,404 crore as on 31st March, 2006. The Total Debt to Equity ratio as on 31st March, 2007 works out to 0.78:1 as against 0.90:1 as on 31st March, 2006 and the Long Term Debt to Equity ratio stands at 0.31:1 as on 31st March, 2007 as against 0.39:1 as on 31st March, 2006.

Capital Assets

Gross Fixed Assets (including Capital Work in Progress) increased from Rs. 53,341 crore as on 31st March, 2006 to Rs. 59,232 crore as on 31st March, 2007.

Investments

Investments, including advances for investment, as on 31st March, 2007 were Rs. 19,998 crore as compared to Rs. 14,526 crore as on 31st March, 2006. The changes in investments during the year are mainly on account of sale of 20% equity holding in ONGC, transfer of investment in erstwhile IBP to a Trust subsequent to amalgamation, impact of investments held by erstwhile IBP and net increase in Government of India Special Oil Bonds.

The aggregate market value of the Quoted Investments as on 31st March, 2007, i.e., investments made in ONGC, GAIL, Chennai Petroleum Corporation Ltd., Bongaigaon Refinery & Petrochemicals Ltd., Petronet LNG Ltd. and Lanka IOC Ltd., is Rs. 17,958 crore (as against the cost

price of Rs. 2,854 crore). This includes Rs. 480 crore in equivalent Indian currency in respect of Lanka IOC, which is quoted on the Colombo Stock Exchange, Sri Lanka.

Net Current Assets

Net Current Assets as on 31st March, 2007 were Rs. 9,351 crore, as against Rs. 10,806 crore as on 31st March, 2006.

Share Capital Suspense Account

Equity shares to be issued to the shareholders of erstwhile IBP, amounting to Rs. 24.36 crore as per the Scheme of Amalgamation as on 31st March, 2007, have been disclosed under 'Share Capital Suspense Account'.

Upon approval of the Scheme, IndianOil has allotted 2,43,62,106 equity shares to the shareholders of erstwhile IBP in June 2007, resulting in increase in paid-up capital from Rs. 1,168.01 crore to Rs. 1,192.37 crore.

Earnings Per Share

Earnings Per Share for the year 2006-07 work out to Rs. 62.90 as compared to Rs. 42.08 in the previous year. Cash Earnings Per Share for the current year work out to Rs. 84.97 as compared to Rs. 60.94 in the previous year. Figures for the year 2006-07 have been calculated on enhanced share capital after taking into consideration the shares to be issued as on 31st March, 2007 to shareholders of erstwhile IBP.

Earnings in Foreign Currency

During the year, IndianOil earned Rs. 9,126 crore in foreign currency mainly on account of export of petroleum products as against Rs. 5,618 crore in 2005-06. This includes Rs. 1,346 crore received in Indian currency out of repatriable funds, as against Rs. 2,154 crore in the previous year.

INTERNAL CONTROL SYSTEMS

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

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

SEGMENTWISE PERFORMANCE

The segment-wise performance for the current year is given below:

(Rs. in Crore)

	Sale of Petroleum Products	Other Businesses	Eliminations	Total
External Revenue	195261	20783		216044
Inter-Segment Revenue	983	153		1136
Total Segment Revenue	196244	20936		217180
Operating Profit	8930	58	33	8955

Notes:

- Segment Revenue comprises Turnover (net of excise duty), Subsidy & Grants from the Government of India and other income (excluding interest income, dividend income and investment income).
- Other business segment comprises sale of imported Crude oil, sale of Gas, Petrochemicals, Oil & Gas Exploration activities, and explosives & Cryogenic businesses.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

The industrial relations climate in IndianOil remained harmonious and peaceful during the year. The

Corporation has been taking initiatives for harnessing the inherent strengths of its employees, and for continuous improvement in work culture and operating & maintenance practices. IndianOil is also focussing on building leadership capabilities and strategic orientation in its employees through a series of training programmes and workshops. The culture of participation has taken firm roots in the Corporation in the form of various committees, wherein employees' representatives are actively involved. Efforts were also made during the year for improving employee benefits. The employee strength of IndianOil as on 31st March, 2007 was 29,862, including 11,055 officers. Subsequent to the merger of erstwhile IBP with effect from 2nd May, 2007, the employee strength has gone up to 31,724, including 11,861 officers.

CAUTIONARY STATEMENT

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

Report on Corporate Governance

(Forming part of the Directors' Report for the year ended 31st March, 2007)



COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

IndianOil believes that good Corporate Governance practices would ensure efficient conduct of the affairs of the Company and also help in maximising value for all its stakeholders. The Company endeavours to uphold the principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning, which are vital to achieve its Vision of becoming a major diversified, transnational, integrated energy company.

IndianOil complies with the requirements of the guidelines on Corporate Governance as stipulated in Clause-49 of the Listing Agreement except the provision relating to the composition of the Board of Directors with respect to the number of Independent Directors for which the Company has requested the Government of India to induct the requisite number of Independent Directors.

With the adoption of (a) Code of Conduct for Directors and senior management personnel, (b) Code of Conduct for prevention of insider trading and (c) Policy on risk assessment and minimising procedures, the Company has further enhanced its Governance structure.

BOARD OF DIRECTORS

The Board of IndianOil has set certain strategic goals in order to achieve its Vision and Mission. The Board defines the Company's policy and oversees its implementation in attaining these goals.

(a) Composition of the Board of Directors

The Board of IndianOil consists of an optimum complement of executive and non-executive Directors. Part-time non-executive Independent Directors are persons with proven record, in diverse areas like energy policy, academics, finance, marketing, Government, public sector, etc.

As on 31st March, 2007, the Board comprised of 14 Directors. These include Chairman and six whole-time Functional Directors, five part-time non-executive Independent Directors, one part-time non-executive nominee Director from the Ministry of Petroleum & Natural Gas (MoP&NG), Government of India, and one part-time non-executive Director being a nominee of Oil & Natural Gas Corporation Ltd. (ONGC)

(b) Board Meetings

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

The meetings of the Board of Directors are generally held once in a month, and 13 Board Meetings were held during the financial year 2006-07.

Details of the Board Meetings held during the year 2006-07

S. No.	Date	Board Strength	No. of Directors Present
1.	28.04.2006	15	11
2.	26.05.2006	15	11
3.	28.06.2006	15	13
4.	31.07.2006	14	12
5.	28.08.2006	14	13
6.	21.09.2006	15	13
7.	28.10.2006	15	13
8.	29.11.2006	15	14
9.	22.12.2006	15	12
10.	29.01.2007	15	13
11.	27.02.2007	14	12
12.	17.03.2007	14	12
13.	29.03.2007	14	13

(c) Attendance of each Director at Board Meetings held during 2006-07, last Annual General Meeting and number of other Directorships and Chairmanship / Membership of Committees of each Director in various companies is as under:

Name of the Director	Number of Board Meetings attended out of 13 meetings held	Attendance at the AGM on 22.09.2006	Number of Directorships in other Companies	Membership in Committees in other Companies	Chairmanship of Committees of other Companies
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Whole-time Functional Directors

Shri S. Behuria, Chairman	13	Yes	6	-	-
Shri A. M. Uplenchwar, Director (Pipelines)	12	Yes	7	-	-
Shri B. M. Bansal, Director (Planning & Business Development)	9	No	3	-	-
Shri S. V. Narasimhan, Director (Finance)	13	Yes	-	-	-
Shri V. C. Agrawal, Director (Human Resources)	13	Yes	1	1	-
Shri G. C. Daga, Director (Marketing) ¹	7	Yes	3	-	-
Shri B. N. Bankapur, Director (Refineries) ²	6	NA	2	1	-
Shri Jaspal Singh, Director (Refineries) ³	5	Yes	-	-	-
Dr. N. G. Kannan, Director (Marketing) ⁴	3	NA	4	-	-

Part-time Non-Executive Directors (Govt. nominees)

Shri Anil Razdan ⁵	8	Yes	2	-	-
Shri P. K. Sinha	13	Yes	2	1	-

Part-time Non-Executive Independent Directors

Prof. S. K. Barua	11	Yes	3	1	1
Shri Vineet Nayyar	10	Yes	11	-	-
Shri V. Ranganathan	13	Yes	1	-	-
Shri V. K. Agarwal	11	Yes	-	-	-
Shri P. M. Sinha	11	Yes	4	4	2

Part-time Non-Executive Director (ONGC Nominee)

Shri R. S. Sharma	4	No	13	4	-
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Remarks:

1. Shri G. C. Daga was inducted on the Board w.e.f. 04.09.2006.
2. Shri B. N. Bankapur was inducted on the Board w.e.f. 01.10.2006.
3. Shri Jaspal Singh ceased to be Director on his superannuation on 30.09.2006.
4. Dr. N. G. Kannan ceased to be Director on his superannuation on 30.06.2006.
5. Shri Anil Razdan ceased to be Director on 31.01.2007.

None of the Directors on the Board is a member on more than 10 committees or Chairman of more than five committees across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding committee position occupied by them in other companies.

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

(d) Code of Conduct:

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

AUDIT COMMITTEE

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

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

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

The attendance at the eleven meetings of the Audit Committee held during the year 2006-07 is given below:

AUDIT COMMITTEE MEETINGS HELD DURING 2006-2007

Dates of the Meetings	Prof. S. K. Barua (Chairman)	Shri V. K. Agarwal (Member)	Shri V. Ranganathan (Member)
25.05.06	Yes	-	Yes
12.06.06	Yes	-	Yes
23.06.06	Yes	-	Yes
30.07.06	Yes	Yes	Yes
21.09.06	Yes	Yes	Yes
13.10.06	Yes	Yes	Yes
27.10.06	Yes	Yes	Yes
25.11.06	Yes	Yes	Yes
27.01.07	Yes	Yes	Yes
26.02.07	Yes	Yes	Yes
15.03.07	Yes	Yes	Yes

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

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

REMUNERATION COMMITTEE

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

The Remuneration Committee comprises of Shri P. K. Sinha, part-time non-executive Director as Chairman of the Committee, Shri Vineet Nayyar and Shri V. K. Agarwal, part-time non-executive Independent Directors, Shri S. V. Narasimhan, Director (Finance), and Shri V. C. Agrawal, Director (Human Resources), whole-time Functional Directors, as members.

Two meetings of the Remuneration Committee were held during the year. The details are as follows:

Sl. No.	Name of the Director	Attendance at Meetings held on	
		28.08.06	22.12.06
1.	Shri P. K. Sinha, Chairman	Yes	Yes
2.	Shri Vineet Nayyar, Member	-	Yes
3.	Shri V. K. Agarwal, Member	Yes	Yes
4.	Shri S. V. Narasimhan, Member	Yes	Yes
5.	Shri. V. C. Agrawal, Member	Yes	Yes

Remuneration paid to whole-time Functional Directors during the financial year 2006-07 is as under:

(Rs. in Lakh)

Name of the Director	Designation	Salaries & Allowances	Contribution to Provident & Other Funds	Other Benefits & Perquisites	Total Remuneration
Shri S. Behuria	Chairman	8.78	0.83	2.79	12.40
Shri A.M. Uplenchwar	Director (Pipelines)	10.72	0.83	2.38	13.93
Shri Jaspal Singh	Director (Refineries) Up to 30.09.2006	11.99	0.66	11.04	23.69
Dr. N.G. Kannan	Director (Marketing) Up to 30.06.2006	10.27	0.20	4.04	14.51
Shri B.M. Bansal	Director (Plg. & BD)	9.49	0.92	3.75	14.16
Shri S.V. Narasimhan	Director (Finance)	8.93	0.86	2.63	12.42
Shri V.C. Agrawal	Director (Human Resources)	12.24	0.91	1.25	14.40
Shri G.C. Daga	Director (Marketing) w.e.f. 04.09.2006	5.36	0.49	1.66	7.51
Shri B.N. Bankapur	Director (Refineries) w.e.f. 01.10.2006	4.33	0.41	0.73	5.47
TOTAL		82.11	6.11	30.27	118.49

Note:

- Performance Linked Incentives are payable to the whole-time Functional Directors as employees of the Company as per the policy applicable to all employees of the Company.
- During the year, no stock options have been issued to whole-time Functional Directors.
- The terms of appointment of the whole-time Functional Directors, as issued by the Government of India, provides for three months' notice period or salary in lieu thereof for severance of service.

Sitting fees paid to part-time non-executive Independent Directors during the financial year 2006-07 is as under:

Name of the Director	(Rs. in Lakh) Sitting Fees
Shri Vineet Nayyar	2.40
Prof. S.K. Barua	3.30
Shri V.K. Agarwal	2.40
Shri V. Ranganathan	2.70
Shri P.M. Sinha	1.60
TOTAL	12.40

Note: The above does not include the remuneration of Rs. 11.70 Lakh and sitting fees of Rs. 0.90 Lakh paid to the Directors of erstwhile IBP Co. Ltd.

None of the part-time non-executive Independent Directors holds any share in the Company as on 31st March, 2007.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

Shareholders' / Investors' Grievance Committee examines the grievances of shareholders / investors and advises for redressal of the same. The Committee comprises of three members with a part-time non-executive Independent Director as Chairman, Director (Finance) and Director (Human Resources) as members. The Company accords top priority to resolve complaints/grievances/queries of shareholders within a reasonable period of time.

The composition of the Shareholders' / Investors' Grievance Committee and the attendance at the two meetings held on 31st July, 2006 and 29th January, 2007 is given below:

Name of the Directors	No. of Meetings Attended
Shri V. K. Agarwal, Chairman	2
Shri. S. V. Narasimhan, Member	2
Shri V. C. Agrawal, Member	2

Shri Raju Ranganathan, Company Secretary, is the Compliance Officer.

Details of complaints received and redressed during the year ended 31st March, 2007:

During the year, 585 complaints were received and all have been settled. As on 31st March, 2007, no complaints are pending.

Further, during the year, 1,214 requests for change of address, recording of nomination and issuance of Duplicate Dividend warrant/share certificates were received and all have been attended to prior to 31st March, 2007.

OTHER COMMITTEES OF THE BOARD

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

S.No.	Name of the Committee	Roles & Responsibilities	Members
1.	Planning & Projects Committee	For approval of capital investments up to Rs. 100 crore.	Chairman and all whole-time Functional Directors.
2.	Contracts Committee	For award of contracts.	Chairman and all whole-time Functional Directors.
3.	Projects Evaluation Committee	For evaluating and recommending for Board approval, projects costing over Rs. 250 crore.	Three part-time non-executive Independent Directors, one part-time Non-Executive Government Director, Director (Finance) and concerned whole-time Functional Director.

4.	Establishment Committee	To take decisions in respect of creation, selection, appointment and promotion to the posts of General Managers and above and Conduct, Discipline & Appeal Rules.	Chairman and all whole-time Functional Directors, one part-time non-executive Government Director and one part-time non-executive Independent Director.
5.	Committee for Deleasing of Immoveable Properties	To consider requests for deleasing of Company-leased immovable properties.	Chairman, Director (Human Resources), Director (Finance) and a part-time non-executive Government Director.
6.	Marketing Strategies Committee	To provide direction to the Corporation on marketing strategies and policies.	Two part-time non-executive Independent Directors, Director (Finance) and Director (Marketing).
7.	Upstream Committee	To take all decisions regarding upstream acquisitions.	Two part-time non-executive Independent Directors, Director (Finance) and Director (Planning & Business Development).

ANNUAL GENERAL MEETINGS (AGMs)

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

	2003-04	2004-05	2005-06
Date & Time	24.09.2004 11.00 A.M.	22.09.2005 10.30 A.M.	22.09.2006 10:30 A.M.
Venue	Ravindra Natya Mandir, Prabhadevi, Mumbai - 400 025	Ravindra Natya Mandir, Prabhadevi, Mumbai - 400 025	Nehru Centre Auditorium Discovery of India Building Worli, Mumbai - 400 018.
No. of special resolutions passed	Nil	Nil	Nil

Shareholders' Meeting:

During the year, a meeting of shareholders was held on 29.05.2006 convened by the Ministry of Company Affairs, Government of India, to seek approval of shareholders to the Scheme of Amalgamation for merger of IBP Co. Ltd. with Indian Oil Corporation Ltd.

Postal Ballot:

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

DISCLOSURES:

- a. There have been no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors for the year ended 31st March, 2007 that may have a potential conflict with the interests of the Company at large.
- b. There were no cases of non-compliance by the Company and no penalties/strictures were enforced on the Company by Stock Exchange/SEBI or any other statutory authority on any matter related to the capital markets during the last three years.
- c. The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement as applicable except composition of the Board of Directors for which the Company has requested the Government of India to induct the requisite number of Independent Directors.

- d. The Company has also laid down the Risk Management Policy and Procedures thereof for periodically informing Board Members about risk assessment and minimising procedures.
- e. The Company has so far not adopted the non-mandatory requirements of Clause 49 of the Listing Agreement except constitution of the Remuneration Committee and unqualified financial statement.
- f. Chairman and Director (Finance) of the Company have given the “CEO/CFO Certification” to the Board in accordance with Clause 49 (v) of the Listing Agreement.
- g. Pursuant to the Scheme of Amalgamation of the erstwhile IBP Co. Ltd. with the Company as approved in the members’ meeting held on 29th May, 2006 and subsequently by the Ministry of Company Affairs, Govt. of India vide its order dated 30th April, 2007, copy of which were filed with the ROC (Registrar of Companies) on 2nd May, 2007, the erstwhile IBP Co. Ltd. is merged with the Company and ceased to exist effective 2nd May, 2007.

MEANS OF COMMUNICATION

The quarterly financial results of the Company are announced within a month of the end of the respective quarter and the audited financial results are announced within three months of the end of the financial year. The results are published in leading national dailies like The Times of India, The Hindu, Maharashtra Times (Marathi newspaper), etc. and are also hosted on our website www.iocl.com. The Company also issues news releases on significant corporate decisions/activities and posts them on its website. A separate report on Management Discussion & Analysis is annexed to the Directors’ Report.

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

Investor Service Cells exist at the Registered Office in Mumbai and Corporate Office, New Delhi to address the grievances/queries of shareholders.

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

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

GENERAL SHAREHOLDER INFORMATION

(a) Annual General Meeting:

Date, Time & Venue of the Annual General Meeting	24 th September, 2007 at 1030 hrs at Ravindra Natya Mandir, Prabhadevi, Mumbai - 400 025
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(b) Financial Calendar for 2007-08 to approve quarterly / annual financial results:

Quarter ending 30 th June, 2007	On or before 31 st July, 2007
Quarter ending 30 th September, 2007	On or before 31 st October, 2007
Quarter ending 31 st December, 2007	On or before 31 st January, 2008
Quarter and Audited Annual Financial Results ending 31 st March, 2008	On or before 30 th June, 2008

(c) Book Closure Dates for Final Dividend:

Book Closure for Final Dividend	12 th September, 2007 to 24 th September, 2007, inclusive of both days.
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(d) Dividend Payment Date:

The Final dividend shall be paid/despached to the eligible shareholders by 7th October, 2007.
Interim Dividend at the rate of 60% was paid by the Company in January 2007.

(e) Listing on Stock Exchanges:

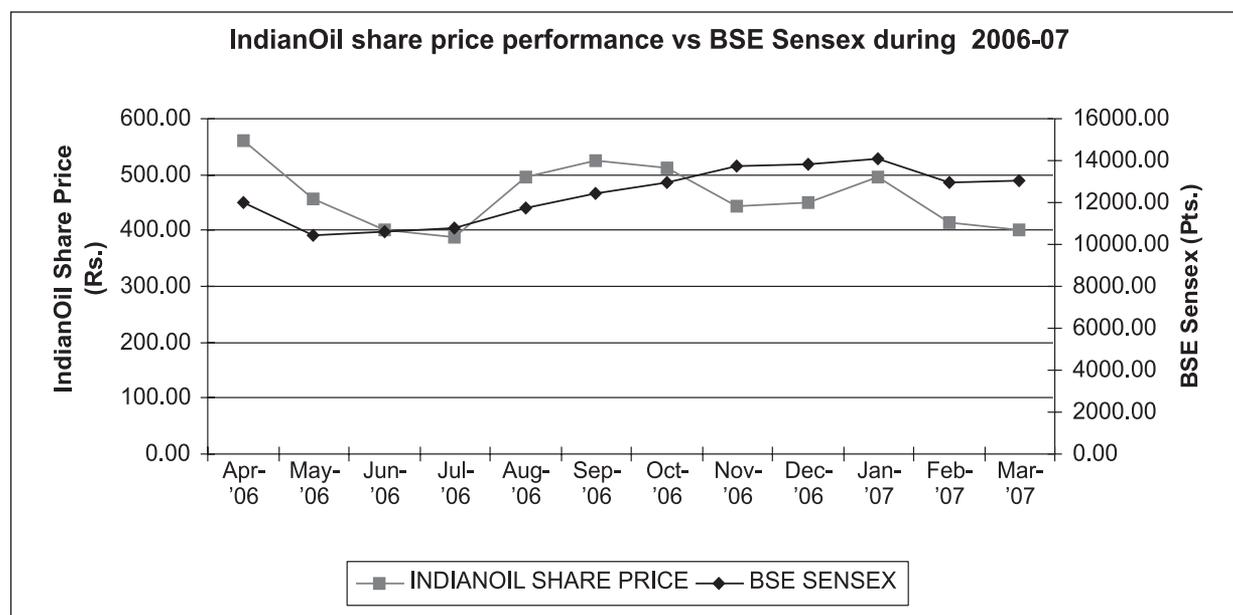
The shares of the Company are listed on the Stock Exchange of Mumbai, and the National Stock Exchange. The Company has paid listing fees to both the exchanges.

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

Month	Mumbai Stock Exchange Price			National Stock Exchange Price		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
April '06	622.00	525.00	20,56,710	621.95	520.00	51,11,834
May '06	598.40	444.00	13,97,965	600.30	442.05	48,75,827
June '06	469.90	310.00	28,40,138	462.90	309.00	84,46,467
July '06	439.00	352.10	10,75,845	438.00	350.00	29,59,514
August '06	501.00	375.10	23,35,412	501.00	371.05	61,49,465
September '06	549.85	449.90	29,27,294	549.85	482.00	86,21,270
October '06	585.00	510.00	10,73,688	572.75	510.00	48,43,206
November '06	530.50	440.00	13,06,502	531.85	436.00	54,79,758
December '06	461.00	389.00	9,93,134	468.00	388.05	50,00,794
January '07	515.00	444.05	13,52,061	514.95	445.00	56,04,418
February '07	497.00	400.00	5,41,984	496.85	405.00	24,94,813
March '07	442.50	395.50	7,32,619	425.00	395.10	23,93,485
52 Week	622.00	310.00		621.95	309.00	

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

The comparison of the monthly closing share price of IndianOil with the monthly closing BSE Sensex during the period April 2006 - March 2007 is given below:



(k) Registrar & Transfer Agents

Karvy Computershare Pvt. Ltd.
Plot No. 17-24, Vittal Rao Nagar,
Madhapur
Hyderabad - 500 081
Tel. Nos. : (040) 23420815 / 828
Fax No. : (040) 23420814
E-mail Address : mailmanager@karvy.com
Website : www.karvycomputershare.com

(l) Share Transfer System

The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical form are transferred within a period of 30 days from the date of lodgement subject to documents being valid and complete in all respects. In order to expedite the process of share transfer and in line with Clause-49 of the Listing Agreement, the Company has delegated the power of share transfer to R&T Agent "M/s. Karvy Computershare Pvt. Ltd.". There are no overdue share transfers pending as on date.

(m) Distribution of Shareholding as on 31st March, 2007:

Sl.No.	No. of Equity Shares held	Number of Shareholders	% of Shareholders	Amount	% of Amount
1.	1-5000	35332	63.23	38691860	0.33
2.	5001-10000	6493	11.62	50441080	0.43
3.	10001-20000	13606	24.35	221168350	1.89
4.	20001-30000	176	0.31	4257040	0.04
5.	30001-40000	59	0.11	2111160	0.02
6.	40001-50000	26	0.05	1211950	0.01
7.	50001-100000	43	0.08	3093790	0.03
8.	Above 100001	145	0.26	11359146770	97.25
	Total	55880	100.00	11680122000	100.00

(n) Categories of Shareowners as on 31st March, 2007:

Sl. No.	Category	No. of Shareholders	No. of Shares	% of Shares
1.	President of India	1	958077855	82.03
2.	Governor of Gujarat	1	1350000	0.12
3.	Government Company (ONGC Ltd.)	1	106453095	9.11
4.	Corporate Bodies	891	2966403	0.25
5.	FII's/NRI	458	22595420	1.93
6.	Banks	15	499117	0.04
7.	Mutual Funds	35	8464645	0.72
8.	Insurance Companies	9	35802297	3.07
9.	Public	54371	31731856	2.72
10.	Clearing Members A/c (NSDL / CDSL)	80	65429	0.01
11.	Trusts	18	6083	0.00
	Total	55880	1168012200	100.00

(o) Dematerialisation of Shares and Liquidity

The shares of the Company are compulsorily traded in dematerialised form. In order to facilitate the shareholder to dematerialise the shares, the Company has entered into an agreement with NSDL and CDSL. The President of India holds 82.03 % of the total equity share capital in the physical form and out of the balance 17.97 % equity, 95.08% is in dematerialised form as on 31st March, 2007.

(p) Plant locations

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

(q) Address for Correspondence

Company Secretary
Indian Oil Corporation Limited
IndianOil Bhavan
G-9, Ali Yavar Jung Marg
Bandra (East)
Mumbai - 400051
Tel. No. : (022) 26427363 / 26447616 / 26447528
Fax : (022) 26447961
E-mail ID : investors@indianoil.co.in

Certificate

To the Members of Indian Oil Corporation Ltd.

We have examined the compliance of conditions of Corporate Governance by Indian Oil Corporation Limited for the year ended 31st March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement except for the number of independent Directors on the Board which was less than half of the total strength of Board as required under Clause 49 of the Listing Agreement. The Company has informed that the matter has been taken up with Govt. of India for increasing number of independent Directors on the Board, since it is a Government Company.

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

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

For Suresh Chandra & Associates
Chartered Accountants

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

For M.M. Nissim and Co.
Chartered Accountants

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

For K K S & Co.
Chartered Accountants

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

Place : Mumbai
Date : 17th July, 2007

Auditors' Report

Auditors' Report to the Shareholders



We have audited the attached Balance Sheet of Indian Oil Corporation Limited as at 31st March, 2007 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto, in which are incorporated accounts of the branches audited by the 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 the auditing standards generally accepted in India, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - c) The Branch Auditors' Report have been forwarded to us and have been appropriately dealt with while preparing our report;
 - d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the audited returns from the branches;
 - e) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - f) Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required for Government Companies as per Notification No. GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs;
 - g) We invite attention to Note No.24 regarding impairment loss wherein, we have relied on the estimates and assumptions made by the company in arriving at recoverable value of assets, which does not qualify our opinion.

- h) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read in conjunction with the significant accounting policies (Schedule 'Q') and Notes on Accounts (Schedule 'R') and other schedules ('S' to 'X'), give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with accounting principles generally accepted in India:
- i. In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;
 - ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii. In the case of the Cash Flow Statement, of the cash flow for the year ended on that date.

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

Sd/-
(CA. S.C. GUPTA)
Partner
M.No. 016534

M.M. NISSIM AND CO.
Chartered Accountants

Sd/-
(CA. SAMIR MEHTA)
Partner
M. No. 043086

K K S & CO.
Chartered Accountants

Sd/-
(CA. K. P. KHANDELWAL)
Partner
M.No. 050244

Place : New Delhi
Date : May 28, 2007

Annexure to the Auditors' Report (Referred to in paragraph 1 of our Report of even Date)



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

- i) The Company has generally maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.

The Fixed Assets of the Company are physically verified by the Management in a phased program of three years cycle which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As per the information given by the Management, no material discrepancies were noticed during such verification.

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

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

In our opinion, the procedures of physical verification of inventory followed by the management are adequate in relation to the size of the Company and the nature of its business.

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

- iii) The Company has not taken / granted any loans secured / unsecured from / to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for purchase of inventory and fixed assets and sale of goods and services. We have not observed any major weakness in the internal controls during the course of audit.

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

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

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

- viii) We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not however, made a detailed examination of these records.

- ix) A) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it.

According to the records examined by us and information and explanations given to us, no undisputed dues payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty, investor education and protection fund and cess were in arrears, as at 31st March, 2007 for more than six months from the date they became payable.

- B) The details of disputed dues of Sales Tax, Service Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty and Cess, which have not been deposited, are given in Annexure to this report.

- x) The Company neither has any accumulated losses as on 31st March, 2007, nor has it incurred any cash loss during the financial year ended on that date or in the immediately preceding financial year.

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

- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The company is not a chit fund or a Nidhi/Mutual benefit fund/society.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities debentures and other investments.
- xv) The Company has given guarantees for loans taken by others from banks or financial institutions, aggregating to Rs.39.35 crore (USD 9.05 Million) where the terms and conditions, according to the information and explanations given to us, and in our opinion, are not prima facie prejudicial to the interest of the Company.
- xvi) On the basis of review of utilization of funds pertaining to term loans on overall basis and related information as made available to us, the term loans taken by the Company have been utilized for the purposes for which they are obtained.
- xvii) On the basis of review of utilization of funds, which is based on overall examination of the balance sheet of the Company, related information as made available to us and as represented to us by the Management, funds raised on short-term basis have not been used for long-term investment.
- xviii) The Company has not made any preferential allotment of shares during the year.
- xix) The Company has created necessary securities or charge as per the debenture trust deed in respect of debentures issued and outstanding at the year end.
- xx) The Company has not raised any money by way of public issue during the financial year.
- xxi) As represented to us by the management and based on our examination in the normal course of audit, no material frauds on or by the Company have been noticed or reported during the year.

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

Sd/-
(CA. S.C. GUPTA)
Partner
M.No. 016534

M.M. NISSIM AND CO.
Chartered Accountants

Sd/-
(CA. SAMIR MEHTA)
Partner
M. No. 043086

K K S & CO.
Chartered Accountants

Sd/-
(CA. K. P. KHANDELWAL)
Partner
M.No. 050244

Place : New Delhi
Date : May 28, 2007

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



(Rs. in Crore)

Name of the Statute	Forum where dispute is pending	31.03.07	31.03.06
1 Central Excise	Supreme Court	0.46	33.91
	High Court	0.34	6.13
	Tribunal	818.69	1,069.33
	Revisionary Authorities	1.64	-
	Appellate Authorities (Below Tribunal)	36.93	59.71
	Sub-Total	858.06	1,169.08
2 Customs	Tribunal	1,199.01	1,169.35
	Appellate Authorities (Below Tribunal)	9.30	33.28
	Sub-Total	1,208.31	1,202.63
3 Sales Tax	Supreme Court	-	144.38
	High Court	1,682.07	310.63
	Tribunal	330.30	172.36
	Revisionary Authorities	11.77	-
	Appellate Authorities (Below Tribunal)	3,682.99	3,389.11
	Sub-Total	5,707.13	4,016.48
4 Income Tax	High Court	75.32	-
	Tribunal	614.97	59.81
	Appellate Authorities (Below Tribunal)	765.47	360.93
	Sub-Total	1,455.76	420.74
5 Entry Tax	Supreme Court	371.48	240.09
	High Court	238.22	8.91
	Tribunal	49.13	130.38
	Appellate Authorities (Below Tribunal)	45.18	93.96
	Others	1.07	102.86
	Sub-Total	705.08	576.20
6 Local Area Dev. Tax Act 2000	Sale Tax Tribunal	41.86	41.86
7 Land Revenue	High Court	34.61	274.16
8 Service Tax	Tribunal	3.07	-
	Appellate Authorities (Below Tribunal)	0.84	0.06
	Sub-Total	3.91	0.06
9 Local Municipal Tax	High Court	0.38	0.38
	Appellate Authorities (Below Tribunal)	0.63	0.10
	Sub-Total	1.01	0.48
10 ESI ACT	Employee Insurance Court	0.30	-
11 Commercial Tax	High Court	-	-
12 Local Octroi Act	High Court	2.50	-
13 Stamp Duty	High Court	46.54	1.14
TOTAL		10,065.07	7,702.83

Balance Sheet
as at 31st March, 2007

		(Rs. in Crore)	
	Schedule	March-07	March-06
SOURCES OF FUNDS:			
1. Shareholders' Funds:			
a) Share Capital	"A"	1,168.01	1,168.01
b) Share Capital Suspense Account	"A-1"	24.36	0.00
c) Reserves and Surplus	"B"	<u>33,664.92</u>	<u>28,134.66</u>
		34,857.29	29,302.67
2. Loan Funds:			
a) Secured Loans	"C"	5,671.42	7,793.54
b) Unsecured Loans	"D"	<u>21,411.27</u>	<u>18,610.77</u>
		27,082.69	26,404.31
3. Deferred Tax Liability (Net)		5,379.70	4,422.94
	TOTAL	<u>67,319.68</u>	<u>60,129.92</u>
APPLICATION OF FUNDS:			
1. Fixed Assets & Intangible Assets:			
1.1. Fixed Assets:			
a) Gross Block	"E"	54,541.48	43,558.81
b) Less: Depreciation		21,364.51	18,603.86
c) Less: Impairment Loss		<u>35.56</u>	<u>35.56</u>
d) Net Block		33,141.41	24,919.39
1.2 Intangible Assets:			
a) Gross Block	"E-1"	295.48	136.15
b) Less: Amortisation		<u>66.67</u>	<u>32.12</u>
c) Net Block		228.81	104.03
1.3 Dismantled Capital Stores		17.41	25.27
1.4 Capital Work-in-Progress	"F"	<u>4,376.89</u>	<u>9,620.56</u>
		37,764.52	34,669.25
2. Investments	"G"	19,990.86	14,521.39
3. Advances for Investments	"G-1"	7.00	5.00
4. Finance Lease Receivables		48.73	70.57
5. Current Assets, Loans and Advances:			
a) Inventories	"H"	24,702.69	24,277.79
b) Sundry Debtors	"I"	6,736.06	6,698.03
c) Cash and Bank Balances	"J"	925.97	744.17
d) Other Current Assets	"J-1"	775.35	31.55
e) Loans and Advances	"K"	<u>5,917.10</u>	<u>4,731.02</u>
		39,057.17	36,482.56

(Rs. in Crore)

	Schedule	March-07	March-06
APPLICATION OF FUNDS (Contd.):			
6. Less: Current Liabilities and Provisions	"L"		
a) Current Liabilities		26,576.76	23,697.85
b) Provisions		3,129.11	1,978.51
		29,705.87	<u>25,676.36</u>
7. Net Current Assets (5-6)		9,351.30	10,806.20
8. Miscellaneous Expenditure (to the extent not written off or adjusted)	"L-1"	157.27	57.51
TOTAL		67,319.68	<u>60,129.92</u>
9. Statement of Significant Accounting Policies	"Q"		
10. Notes on Accounts	"R"		
11. Other Schedules forming part of Accounts	"S" to "X"		

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

M.M. NISSIM AND CO.
Chartered Accountants

K K S & CO.
Chartered Accountants

Sd/-
(CA. S.C. GUPTA)
Partner
M.No. 016534

Sd/-
(CA. SAMIR MEHTA)
Partner
M. No. 043086

Sd/-
(CA. K. P. KHANDELWAL)
Partner
M.No. 050244

Place : New Delhi
Date : May 28, 2007

Profit and Loss Account

for the year ended 31st March, 2007

	Schedule	(Rs. in Crore)	
		March-07	March-06
INCOME:			
1. Sale of Products and Crude		222,826.41	184,789.12
Less: Commission and Discounts		2,047.05	1,617.61
Sale (Net of Commission & Discounts)		220,779.36	183,171.51
Less: Excise Duty		21,383.19	17,798.11
Sale (Net of Commission, Discount & Excise Duty)		199,396.17	165,373.40
2. Subsidy From Government of India (As per scheme)*		1,526.92	1,456.97
3. Grant from Government of India (Special Oil Bonds)		13,943.21	6,571.44
4. Increase/(Decrease) in Stocks	"M"	(180.73)	2,599.33
5. Interest and other Income	"N"	2,667.52	2,072.01
TOTAL INCOME		217,353.09	178,073.15
* Includes Rs.9.03 crore (2006: Rs. 39.07 crore) pertaining to previous years			
EXPENDITURE:			
1. Purchase of Products and Crude for resale [net of Duty Drawback Rs. 71.31 crore (2006 : Rs. 98.80 crore)]		104,028.77	89,922.80
2. Manufacturing, Admn., Selling & Other Expenses	"O"	100,157.13	77,814.83
3. Duties (Net)		466.33	861.13
4. Depreciation and Amortisation on:			
i) Fixed Assets		2,556.79	2,182.89
ii) Intangible Assets		33.52	18.57
		2,590.31	2,201.46
5. Interest Payments on:			
a) Fixed period loans from Banks/Financial Institutions/Others [Includes exchange loss of Rs. 6.29 crore (2006 : Rs. 5.99 crore) considered as borrowing cost]		442.82	342.27
b) Bonds		131.45	100.69
c) Short term loans from Banks [Includes exchange loss of Rs. 33.23 crore (2006 : Rs. 45.93 crore) considered as borrowing cost]		903.70	570.94
d) Short term loans from Subsidiaries		0.09	0.87
e) Public Deposits		0.39	0.96
f) Others		27.00	6.46
TOTAL EXPENDITURE		1,505.45	1,022.19
PROFIT BEFORE EXCEPTIONAL ITEMS, PRIOR YEAR & TAX		208,747.99	171,822.41
EXCEPTIONAL ITEMS			
i) Profit on sale of ONGC shares (2005-06: GAIL)		3,224.78	438.46
ii) Provision for diminution in 'Receivable from Trust' (Refer note 4(f) of Sch 'R'- Notes to Accounts)		(1,319.29)	0.00
Income/(Expenses) pertaining to prior years (Net)	"P"	1,905.49	438.46
PROFIT BEFORE TAX		(25.59)	16.79
Less: Provision for Tax		10,485.00	6,705.99
a) Current Tax (includes Rs. 36.07 crores (2006 : Rs. 0.49 crores) relating to prior years)		2,111.53	1,617.63
b) Fringe Benefit Tax		38.91	57.09
c) Deferred Tax		835.09	116.15
PROFIT AFTER TAX		7,499.47	4,915.12
Balance brought forward from last year's account		0.00	0.00
PROFIT AVAILABLE FOR APPROPRIATION		7,499.47	4,915.12

(Rs. in Crore)

Schedule	March-07	March-06
APPROPRIATIONS:		
Interim Dividend	700.80	0.00
Final Dividend (Proposed)	1,550.09	1,460.02
<u>Corporate Dividend Tax on</u>		
Interim Dividend	98.29	0.00
Final Dividend (Proposed)	263.43	204.77
Insurance Reserve Account	10.00	10.00
Bond Redemption Reserve(net)	(175.02)	550.35
General Reserve	5,051.88	2,689.98
Balance carried to Balance Sheet	0.00	0.00
	<u>7,499.47</u>	<u>4,915.12</u>
6. a) Earning Per Share (Rupees) (Basic & Diluted)	62.90	42.08
	(Note no.21)	
b) Face Value Per Share (Rupees)	10/-	10/-
7. Statement of Significant Accounting Policies	"Q"	
8. Notes on Accounts	"R"	
9. Other Schedules forming part of Accounts	"S" to "X"	

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

M.M. NISSIM AND CO.
Chartered Accountants

K K S & CO.
Chartered Accountants

Sd/-
(CA. S.C. GUPTA)
Partner
M.No. 016534

Sd/-
(CA. SAMIR MEHTA)
Partner
M. No. 043086

Sd/-
(CA. K. P. KHANDELWAL)
Partner
M.No. 050244

Place : New Delhi
Date : May 28, 2007

Schedules

SCHEDULE "A" - CAPITAL

	(Rs. in Crore)	
	March-07	March-06
Authorised:		
250,00,00,000 Equity Shares of Rs.10 each	2,500.00	2,500.00
Issued, Subscribed and Paid up:		
116,80,12,200 Equity Shares of Rs.10 each	1,168.01	1,168.01
Out of which:		
1. Shares allotted as fully paid without payment being received in cash:		
a) Pursuant to the Petroleum Companies Amalgamation Order, 1964: 3,76,49,700 Shares of Rs. 10 each		
b) Pursuant to Gujarat Refinery Project Undertaking (Transfer), (Amendment) Order 1965 : 1,00,00,000 Shares of Rs. 10 each		
2. Shares allotted as fully paid up Bonus Shares by Capitalisation of General Reserve: 106,62,95,000 shares of Rs. 10 each		
TOTAL	1,168.01	1,168.01

SCHEDULE "A-1" - SHARE CAPITAL SUSPENSE ACCOUNT

	(Rs. in Crore)	
	March-07	March-06
24362106 Equity shares of Rs. 10 each to be issued as fully paid up to the shareholders of erstwhile IBP Co. Ltd. as per the Scheme of Amalgamation (refer note 4(d) of Schedule 'R'- Notes to accounts)	24.36	0.00
TOTAL	24.36	0.00

SCHEDULE "B" - RESERVES AND SURPLUS

	(Rs. in Crore)	
	March-07	March-06
1. Capital Reserve:		
As per last Account	0.16	0.16
Add: Transferred on amalgamation of IBP	4.70	0.00
	4.86	0.16
2. Securities Premium Account:		
As per last Account	175.86	175.86
Add: Transferred on amalgamation of IBP	88.65	0.00
	264.51	175.86
3. General Reserve:		
As per last Account	26,906.27	24,151.20
Add: Transferred on amalgamation of IBP	550.67	0.00
Less: Goodwill on amalgamation of IBP	2.21	0.00
Add: Transferred on amalgamation of IOBL	0.00	69.97
Less: Accumulated loss transferred on amalgamation of IOBL	0.00	4.88
Add : Transferred from Profit and Loss Account	5,051.88	2,689.98
	32,506.61	26,906.27
4. Insurance Reserve:		
As per last Account	50.00	40.00
Add : Transferred from Profit and Loss Account	10.00	10.00
	60.00	50.00
5. Export Profit Reserve:		
As per last Account	59.41	59.41

		(Rs. in Crore)	
		March-07	March-06
6. Capital Grants:			
As per last Account		13.41	10.52
Add: Received during the year		1.74	4.11
Less: Amortised during the year		0.91	0.76
Less: Surrendered/adjusted against asset sold during the year		0.00	0.46
		<u>14.24</u>	<u>13.41</u>
7. Bond Redemption Reserve Account:			
As per last Account		929.55	379.20
Add: Provision during the year		249.87	581.95
Less: Write-back of provision on redemption of bonds		424.89	31.60
		<u>754.53</u>	<u>929.55</u>
8. Profit and Loss Account:			
As per Annexed Account		0.00	0.00
9. Devaluation Exchange Difference Reserve:			
Transferred on amalgamation of IBP		0.75	0.00
Add: Translation difference		0.01	0.00
		<u>0.76</u>	<u>0.00</u>
TOTAL		<u><u>33,664.92</u></u>	<u><u>28,134.66</u></u>

SCHEDULE "C" - SECURED LOANS

		(Rs. in Crore)	
		March-07	March-06
1. Bonds			
a) Non-Convertible Redeemable Bonds - Series - V	A	316.00	347.60
b) Non-Convertible Redeemable Bonds - Series - VI	B	1,000.00	1,000.00
c) Non-Convertible Redeemable Bonds - Series - VII A	C	0.00	725.00
d) Non-Convertible Redeemable Bonds - Series - VII B	D	500.00	500.00
Total of (1)		<u>1,816.00</u>	<u>2,572.60</u>
2. Loans and Advances from Banks:	E		
i) Working Capital Demand Loan		0.00	2,500.00
Interest accrued and due on above		0.00	0.59
Total of (i)		<u>0.00</u>	<u>2,500.59</u>
ii) Cash Credit		1,502.90	120.35
Interest accrued and due on above		2.52	0.00
Total of (ii)		<u>1,505.42</u>	<u>120.35</u>
Total of (2)		<u>1,505.42</u>	<u>2,620.94</u>
3. Loans and Advances from Others:			
i) Loan through Collateralized Borrowings and Lending Obligation (CBLO) of Clearing Corporation of India Ltd (CCIL)	F	2,350.00	2,600.00
TOTAL		<u><u>5,671.42</u></u>	<u><u>7,793.54</u></u>

Notes:

- A. 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 3rd year upto the end of 15th year from the date of allotment. Accordingly, 3rd instalment was paid in July 2006. The Bonds carry a coupon rate of 10.25% per annum payable annually on 30th September. These are secured by way of legal mortgage over the company's premises no. 301 situated in Bandra Anita Premises Co-op. Housing Society Ltd. at Bandra, Mumbai together with 5 shares of Bandra Anita Premises Co-op. Housing Society Ltd. These bonds are also secured by way of charge on immovable properties at Panipat Refinery in the state of Haryana ranking pari-pasu with Bond series VI holders.
- B. 10,000 Bonds of face value of Rs. 10,00,000 each, allotted on 10th June 2005, are redeemable at par on 10th June 2012. The Bonds also carry a put/call option at the end of 5 years from the date of allotment i.e. 10th June 2010, on exercise of which the Bonds are redeemable at par. The Bonds carry an annual coupon rate of 7.15% payable annually on 30th June. These are secured by way of registered mortgage over company's premises no. 1343 situated at MIG Adarsh Nagar Co-op Housing Society Ltd at Worli, Mumbai-400 025 together with 5 shares issued by MIG Adarsh Nagar Co-op Housing Society Ltd. These Bonds are also secured by way of charge on immovable properties of the Company at Panipat Refinery in the state of Haryana ranking pari passu with Bonds series V holders.
- C. 7,250 Bonds of face value of Rs. 10,00,000 each, allotted on 15th September 2005, have been paid on 15th September 2006 upon exercising of put option by the Bondholders.
- D. 5,000 Bonds of face value of Rs.10,00,000 each, allotted on 15th September 2005, are redeemable at par on 15th September 2015. The Bonds carry an annual coupon rate of 7.40% payable annually on 15th September. These are secured by way of registered mortgage on the immovable properties of the Company at Gujarat Refinery situated at Vadodara in the state of Gujarat.
- E. Against hypothecation of raw materials, stock-in-trade, sundry debtors, outstanding monies, receivables, claims, contracts, engagements etc.
- F. Secured against Collateral security of (i) Rs. 2320.81 crore of 7% Oil Companies GOI Special Bonds 2012, (ii) Rs. 1128 crore of 7.47% Oil Marketing Companies GOI Special Bonds 2012 and (iii) Rs. 398 crore of 7.33% Oil Marketing Companies GOI Bonds 2009 with CCIL totalling to Rs. 3846.81 crore.

SCHEDULE "D" - UNSECURED LOANS**(Rs. in Crore)**

	March-07	March-06
1. Public Deposits:	4.09	8.37
(including Rs.1.28 crore [2006 : Rs. 5.42 crore] due for payment within one year)		
2. Short Term Loans and Advances:		
i) From Banks & Financial Institutions:		
a) In Foreign Currency	8,669.84	6,807.16
US \$ 1993.98 Million, (2006 : US \$ 1525.50 Million)		
b) In Rupee	3,165.73	2,410.00
Total (2)(i)	11,835.57	9,217.16
ii) Export Packing Credit:		
In Foreign Currency	521.76	446.22
US \$ 120 Million (2006 : US \$ 100 Million)		
iii) Inter Corporate Deposits:	0.00	30.00
Total (2)	12,357.33	9,693.38
3. Other Loans and Advances:		
A) From Banks/Financial Institutions:		
i) In Foreign Currency		
a) Canara Bank: US \$ 200 Million	869.60	892.45
(2006 : US \$ 200 Million)		



(Rs. in Crore)

	March-07	March-06
b) BNP Paribas Syndication: US \$ 300 Million (2006 : US \$ 175 Million) (US \$ 50 million repayable in January 2011, US \$ 25 million in February 2011, US \$ 100 Million in March 2011, US \$ 50 million in April 2011, USD \$ 25 million in each of the months of May 2011, June 2011 and July 2011)	1,304.40	780.89
c) Standard Chartered Bank Syndication: (US \$ 200 Million repaid in December 2006)	0.00	892.45
d) Standard Chartered Bank Syndication: (US \$ 200 Million prepaid in JPY in Jan'07, Feb'07 and Mar'07)	0.00	892.45
e) BNP Paribas Syndication: US \$ 200 Million (2006 : US \$ NIL Million) (Refinanced US \$ 200 Million in JPY, repayable in equivalent JPY US \$ 70 Million in January 2010, US \$ 60 Million in February 2010 and US \$ 70 Million in March 2010)	869.60	0.00
f) Leaseplan North America Inc: US \$ 48.25 million (2006 : US \$ 53.93 million) (fully guaranteed by Export Import Bank of US and repayable in 20 half yearly installment w.e.f. March 2006) (amount repayable within one year Rs. 24.68 crore)	209.81	240.65
Total of 3. A i)	3,253.41	3,698.89
ii) In Rupee		
a) Citibank Bank (repayable in 4 equal half yearly instalment w.e.f. November 2006, amount repayable within one year Rs. 100 crore)	150.00	200.00
b) Corporation Bank (repayable in June 2008)	300.00	300.00
c) Union Bank of India (repayable in August 2008)	500.00	500.00
d) IDBI (repayable in October 2014. The facility also has a put/call option at the end of 7 th year.)	500.00	500.00
e) IDBI (repayable in 5 equal half yearly instalments w.e.f. May'06. Amount repayable within one year Rs. 200 crore)	300.00	500.00
f) State Bank of India (repayable in March 2009)	500.00	500.00
Add: Interest accrued and due	2.29	0.00
	502.29	500.00
Total of 3. A ii)	2,252.29	2,500.00
B) From Others:		
a) OADB (Repayable in 8 equal annual installments w.e.f. May'05) (amt payable within one year Rs.108.88 crore (2006 : Rs. 108.88 crore))	653.25	762.13
b) OADB (Repayable in 8 equal annual installments w.e.f. Sept'07) (amount payable within one year Rs. 118.50 crore (2006 : Rs. NIL))	948.00	948.00
c) OADB (Repayable in Sept'07)	1,000.00	1,000.00
d) OADB (Rs. 295 crore repayable in June' 2009, Rs. 77 crore repayable in July'2009 and Rs. 570.90 crore repayable in March 2010)	942.90	0.00
	3,544.15	2,710.13
Total of 3.	9,049.85	8,909.02
TOTAL	21,411.27	18,610.77

SCHEDULE "E" - FIXED ASSETS

AT COST							
Note	Gross Block as at 01.04.06	Adjustment pursuant to amalgamation of IBP with IOC	Additions during the year (Refer Note B)	Transfers from Construction Work-in-Progress	Disposals During the year	Transfers/ Deductions/ Reclassifications	Gross Block as at 31.03.07 (Refer Note C)
Land - Freehold	667.13	47.21	155.85	0.01	(10.73)	6.10	865.57
- Leasehold	329.95	24.15	53.88	1.54	(0.38)	(9.40)	399.74
Buildings, Roads etc. A	4,417.83	495.81	65.94	615.63	(18.98)	(15.92)	5,560.31
Plant and Machinery E	37,201.12	846.89	563.52	8,367.09	(133.82)	(180.43)	46,664.37
Transport Equipments	315.60	3.23	3.54	0.40	(1.67)	(0.74)	320.36
Furnitures and Fixtures	198.20	19.27	14.57	0.78	(3.45)	(9.87)	219.50
Railway Sidings F	220.98	10.54	0.73	0.07	(17.97)	(1.26)	213.09
Drainage, Sewage and Water Supply System	208.00	0.00	0.02	93.22	0.00	(2.70)	298.54
Total	43,558.81	1,447.10	858.05	9,078.74	(187.00)	(214.22)	54,541.48
Previous Year G	39,782.44	77.07	449.50	3,407.90	(61.90)	(96.20)	43,558.81

Note:

- A. i) Buildings include Rs. 0.01 crore (2006 : Rs.0.01 crore) towards value of 1965 (2006 : 1965) Shares in Co-operative Housing Societies towards membership of such societies for purchase of flats.
 ii) Net Block for Buildings includes an amount of Rs. 6.34 crore (2006 : Rs. 13.52 crore) earmarked for disposal, on which no further depreciation is charged.
- B. Additions to Fixed Assets include Rs. 15.96 crore (2006 : Rs. 0.59 crore) on account of exchange fluctuations.
- C. The cost of assets are net of MODVAT/CENVAT, wherever applicable.
- D. Depreciation and amortisation for the year includes Rs. 41.59 crore (2006 : Rs. -2.01 crore) pertaining to prior year and Rs. 11.3 crore (2006 : Rs. 19.48 crore) relating to construction period expenses taken to Schedule F-1.
- E. Railways have claimed transfer of ownership in respect of certain assets provided by the Company at railway premises which has not been accepted by the Company and continues to be part of fixed assets of the Company, WDV of such assets is Rs. 38.13 crores (2006 : Rs. 40.19 crores).
- F. Net Block for Railway Siding includes an amount of Rs. 0.14 crore (2006 : Rs. NIL) earmarked for disposal, on which no further depreciation is charged.
- G. Additions of Rs. 77.07 crore to Fixed Assets during the year 2005-06 is on account of amalgamation of IOBL with IOCL.

(Rs. in Crore)

DEPRECIATION, AMORTISATION AND IMPAIRMENT						NET DEPRECIATED BLOCK	
Adjustment pursuant to amalgamation of IBP with IOC	Depreciation and Amortisation during the year (Refer Note D)	Deduction on account of retirement/reclassifications	Total Depreciation and Amortisation upto 31.03.07	Impairment Loss during the year	Total Impairment Loss upto 31.03.07	AS AT 31.03.07	AS AT 31.03.06
0.00	0.00	0.00	0.00	0.00	0.00	865.57	667.13
1.48	7.39	(1.10)	53.48	0.00	0.00	346.26	284.24
59.76	135.97	(4.87)	913.49	0.00	0.00	4,646.82	3,695.20
259.30	2,413.97	(163.21)	19,795.97	0.00	35.56	26,832.84	19,879.65
2.49	20.31	(1.96)	254.06	0.00	0.00	66.30	82.38
10.80	12.08	(9.70)	112.81	0.00	0.00	106.69	98.56
5.64	9.48	(6.21)	105.37	0.00	0.00	107.72	124.51
0.00	10.48	(1.44)	129.33	0.00	0.00	169.21	87.72
339.47	2,609.68	(188.50)	21,364.51	0.00	35.56	33,141.41	24,919.39
0.00	2,200.36	(60.64)	18,603.86	0.00	35.56	24,919.39	

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

(Rs. in Crore)

Assets Particulars	Name of Joint Owner	Original Cost	Accumulated Depreciation & Amortisation	Accumulated Impairment Loss	W.D.V. as at 31.03.07	W.D.V. as at 31.03.06
Land - Freehold	HPC/BPC	1.55	0.00	0.00	1.55	1.55
Land - Leasehold	HPC/BPC	0.78	0.14	0.00	0.64	0.65
Buildings	HPC/BPC/HERDILIA-UNIMERS LTD.	2.33	0.22	0.00	2.11	2.36
Plant and Machinery	HPC/BPC/GSFC/IPCL/ACC/CSIR	92.33	25.32	0.00	67.01	67.84
Transport Equipment	RAILWAYS	183.05	170.53	0.00	12.52	27.23
Railway Sidings	HPC/BPC	41.18	5.90	0.00	35.28	19.05
Drainage, Sewage & Water Supply	GSFC	0.99	0.94	0.00	0.05	0.05
Total		322.21	203.05	0.00	119.16	118.73
Previous year		305.20	186.47	0.00	118.73	

SCHEDULE "E-1" - INTANGIBLE ASSETS

	Note	AT COST						Gross Block as at 31.03.07
		Gross Block as at 01.04.06	Adjustment pursuant to amalgamation of IBP with IOC	Additions during the year	Transfers from Construction Work-in-Progress	Disposals During the year	Transfers/ Deductions/ Reclassifications	
Right of Way	A	25.31	0.00	0.87	0.00	0.00	0.00	26.18
Licenses		74.51	0.00	0.00	141.85	(0.47)	(0.00)	215.89
Computer Software		36.33	3.37	9.51	2.82	0.00	1.38	53.41
Total		136.15	3.37	10.38	144.67	(0.47)	1.38	295.48
Previous Year		86.82	0.00	13.26	23.51	(1.77)	14.33	136.15

Note:

- A. Right of way for laying pipelines is a perpetual right of use of land but does not bestow upon the company, the ownership of land and hence, treated as intangible asset. However, no amortisation is provided on the same, being perpetual in nature.
- B. Amortisation for the year includes Rs. -0.02 crore (2006 : Rs. 3.81 crore) pertaining to prior year.

SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

(Rs. in Crore)

	Note	March-07	March-06
1. Construction Work-in-Progress - Fixed Assets (including unallocated capital expenditure, materials at site)		2,358.52	3,041.46
Less: Provision for Capital Losses		44.71	41.77
		2,313.81	2,999.69
2. Advance for Capital Expenditure		1,116.99	4,032.73
Less: Provision for Doubtful Advance		10.03	10.00
		1,106.96	4,022.73
3. Capital Stores	A	473.89	1,039.04
Less: Provision for Capital Losses		1.31	9.59
		472.58	1,029.45
4. Capital Goods-in-Transit		100.36	295.81
5. Construction period expenses pending allocation:			
Balance as at beginning of the year		989.44	725.36
Less: Opening Balance Adjustment		(41.74)	0.00
Add: Net Expenditure during the year (Sch. "F-1")		414.64	457.68
		1,362.34	1,183.04
Less: Allocated to Assets during the year		1,137.76	193.60
		224.58	989.44
6. Work-in-Progress - Intangible Assets (including unallocated capital expenditure)		192.55	317.39
Less: Provision for loss		33.95	33.95
		158.60	283.44
TOTAL		4,376.89	9,620.56

Note:

- A. Includes Stock lying with contractors

(Rs. in Crore)

DEPRECIATION, AMORTISATION AND IMPAIRMENT						NET BLOCK	
Adjustment pursuant to amalgamation of IBP with IOC (Refer Note B)	Amortisation during the year (Refer Note B)	Deduction on account of retirement/reclassification	Total Amortisation upto 31.03.07	Impairment Loss during the year	Total Impairment Loss upto 31.03.07	AS AT 31.03.07	AS AT 31.03.06
0.00	0.00	0.00	0.00	0.00	0.00	26.18	25.31
0.00	18.34	0.00	31.59	0.00	0.00	184.30	61.26
1.00	15.16	0.05	35.08	0.00	0.00	18.33	17.46
1.00	33.50	0.05	66.67	0.00	0.00	228.81	104.03
0.00	22.38	0.00	32.12	0.00	0.00	104.03	

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

(Rs. in Crore)

	March-07	March-06
1. Payments to and Provision for Employees	40.78	51.83
2. Repairs & Maintenance	1.50	2.03
3. Consumption of Stores & Spares	0.07	0.02
4. Power & Fuel	0.62	7.73
5. Rent	1.27	2.93
6. Insurance	10.50	13.27
7. Rates & Taxes	0.14	0.04
8. Travelling Expenses	6.29	10.48
9. Communication Expenses	0.67	1.35
10. Printing & Stationery	0.34	0.49
11. Electricity & Water Charges	1.12	0.69
12. Bank Charges	0.71	0.40
13. Technical Assistance Fees	0.02	0.13
14. Exchange Fluctuation	4.42	6.02
15. Interest	115.48	149.37
16. Depreciation	11.30	19.48
17. Start up/Trial Run Expenses	5.81	140.07
18. Others	225.10	127.19
Total Expenses	426.14	533.52
Less: Recoveries	11.50	75.84
Net Expenditure during the year	414.64	457.68

SCHEDULE "G" - INVESTMENTS

(Rs. in Crore)

	No. and Particulars of Shares	Face Value per Share (Rupees)	March-07	March-06	
I) LONG TERM INVESTMENTS (At Cost):					
1. QUOTED:					
Trade Investments:					
a) In Subsidiary Companies:					
i)	Chennai Petroleum Corporation Limited	7,72,65,200 Equity Shares each fully paid in cash	10/-	509.33	509.33
ii)	Bongaigaon Refinery & Petrochemicals Limited	14,87,93,826 Equity Shares each fully paid in cash	10/-	148.79	148.79
iii)	IBP Company Limited (erstwhile) (Refer note no.4 (f) of Schedule R - Notes to Accounts)	1,18,67,262 Equity Shares each fully paid in cash	10/-	0.00	1,840.99
iv)	Lanka IOC Limited (Quoted in Colombo Stock Exchange, Sri Lanka w.e.f. 22.12.2004)	40,00,00,000 Equity Shares fully paid in cash	10/- *	194.14	194.14
Sub-total: (a)				852.26	2,693.25
b) In Joint Venture Companies					
i)	Petronet LNG Limited	9,37,50,000 Equity Shares fully paid in cash	10/-	98.75	98.75
Sub-total: (b)				98.75	98.75
c) Others:					
i)	Oil and Natural Gas Corporation Limited (Refer Note A)	16,44,80,857 (2006 :13,70,67,381) Equity Shares each fully paid in cash	10/-	1,780.12	2,225.15
ii)	GAIL (India) Limited	2,04,19,774 Equity Shares each fully paid in cash	10/-	122.52	122.52
Sub-total: (c)				1,902.64	2,347.67
TOTAL: 1				2,853.65	5,139.67
Aggregate Market Value of securities mentioned above is Rs. 17958.41 crore (2006: Rs.23000.64 crore) which includes Rs. 480.00 crore (2006 : Rs. 508.80 crore) in respect of Lanka IOC Limited, quoted on Colombo Stock Exchange, Sri Lanka, being equivalent in Indian currency.					
2. UNQUOTED:					
A) Non-Trade Investments:					
i)	In Government - Securities	Deposited with various bodies		0.01	0.01
ii)	In Consumer Cooperative Societies:				
	Barauni	: 250 Equity Shares each fully paid in cash	10/-		
	Guwahati	: 750 Equity Shares each fully paid in cash (including 500 bonus fully paid Bonus Shares)	10/-		

(Rs. in Crore)

		No. and Particulars of Shares	Face Value per Share (Rupees)	March-07	March-06
	Mathura :	200 Equity Shares each fully paid in cash	10/-		
	Haldia :	1663 Equity Shares each fully paid in cash	10/-		
	In IndianOil Cooperative Consumer Stores Ltd., Delhi :	375 Equity Shares each fully paid in cash	10/-		
iii)	Others:				
	Assam Sillimanite Ltd. (In liquidation) (Transferred on Amalgamation)	1,00,000 Equity Shares fully paid in cash as revalued by Directors on 31.03.1980	10/-		
	Sharma Forge Co. Ltd. (In liquidation) (Transferred on Amalgamation)	1,00,000 Equity Shares fully paid in cash as revalued by Directors on 31.03.1979	10/-		
	Sharma Forge Co. Ltd. (In liquidation) (Transferred on Amalgamation)	5,000 9.5% Cumulative Redeemable Preference Shares fully paid in cash as revalued by Directors on 31.03.1979	100/-		
				0.00	0.00
		Sub-total: 2A		0.01	0.01
* In Sri Lankan Rupees.					
B) Trade Investments:					
a) In Subsidiary Companies					
i)	IndianOil (Mauritius) Ltd.	48,82,043 (2006 : 48,82,043) Equity Shares each fully paid in cash	100/- **	75.67	75.67
ii)	IndianOil Technologies Ltd.	5,50,000 Equity shares fully paid in cash	10/-	0.55	0.55
iii)	Indian Strategic Petroleum Reserves Limited (Refer Note B)	10,00,000 Equity shares fully paid in cash	10/-	0.00	1.00
iv)	IOC Middle East FZE	1 Equity Share fully paid in cash	1 Million/- ***	1.22	0.00
		Sub-total: (a)		77.44	77.22
b) In Joint Venture Companies					
i)	Avi-Oil India Private Ltd.	45,00,000 Equity Shares fully paid in cash	10/-	4.50	4.50
ii)	Petronet India Limited (Transferred on Amalgamation - Rs. 2 crore)	1,80,00,000 Equity Shares fully paid up in cash	10/-	18.00	16.00
	Less: Provision for Diminution			18.00	16.00
				0.00	0.00
iii)	Indian Oiltanking Limited	5,90,00,000 Equity Shares fully paid in cash	10/-	75.72	75.72

SCHEDULE "G" - INVESTMENTS (Contd.)

				(Rs. in Crore)	
	No. and Particulars of Shares	Face Value per Share (Rupees)	March-07	March-06	
iv)	Petronet VK Limited 2,59,99,970 Equity Shares fully paid in cash	10/-	26.00	26.00	
	Less: Provision for Diminution		26.00	26.00	
			0.00	0.00	
v)	IndianOil Panipat Power Consortium Limited 1,01,64,503 Equity Shares fully paid in cash	10/-	1.99	10.16	
	Less: Provision for Diminution (Refer Note C)		1.99	3.79	
			0.00	6.37	
vi)	Lubrizol India Private Ltd. 9,60,000 Equity Shares fully paid in cash	100/-	118.67	118.67	
vii)	IndianOil Petronas Private Limited 6,00,00,000 Equity Shares fully paid in cash	10/-	60.00	60.00	
viii)	Petronet CI Limited 37,44,000 Equity Shares fully paid in cash	10/-	3.83	3.83	
	Less: Provision for Diminution		3.83	3.83	
			0.00	0.00	
ix)	Green Gas Limited 12,500 Equity Shares fully paid in cash	10/-	0.01	0.01	
x)	Indo-Cat Private Limited 9,00,000 Equity Shares fully paid in cash	10/-	0.90	0.00	
xi)	IndianOil SkyTanking Limited 85,00,000 Equity Shares fully paid in cash	10/-	8.50	0.00	
	Sub-total: (b)		268.30	265.27	
c)	In Others				
i)	International Cooperative Petroleum Association 350 Shares fully paid up and partly paid up common stock of \$72.31	\$100	0.02	0.02	
ii)	Haldia Petrochemicals Limited 15,00,00,000 Equity shares fully paid in cash	10/-	150.00	150.00	
iii)	7% Oil Companies GOI Special Bonds 2012		2,320.81	2,320.81	
iv)	Petroleum India International Share in accumulated surplus (AOP by Oil Companies) (Transferred on Amalgamation - Rs. 11.93 crore)		0.05		
			11.88	11.93	
	Sub-total: 2B		2,828.50	2,813.32	
	Total: 2		2,828.51	2,813.33	
	Total I: (1 + 2)		5,682.16	7,953.00	

** In Mauritian Rupees

*** In Arab Emirates Dirham

(Rs. in Crore)

	March-07	March-06
II) CURRENT INVESTMENTS (At Cost): (Refer note D)		
UNQUOTED:		
i) 7% Oil Companies GOI Special Bonds 2012	2.90	0.00
Less: Provision for Diminution	0.11	0.00
(Transferred on Amalgamation - Rs. 2.90 crore)	2.79	0.00
ii) 7.07% Oil Marketing Companies GOI Special Bonds 2009	0.00	1,128.00
iii) 7.33% Oil Marketing Companies GOI Special Bonds 2009	400.00	1,128.00
Less: Provision for Diminution	1.68	3.05
(Transferred on Amalgamation - Rs. 2 crore)	398.32	1,124.95
iv) 7.44% Oil Marketing Companies GOI Special Bonds 2012	0.00	1,128.00
v) 7.47% Oil Marketing Companies GOI Special Bonds 2012	1,150.00	1,128.00
Less: Provision for Diminution	17.90	0.00
(Transferred on Amalgamation - Rs. 22 crore)	1,132.10	1,128.00
vi) 7.59% Oil Marketing Companies GOI Special Bonds 2015	2.95	1,073.84
Less: Provision for Diminution	0.14	0.00
(Transferred on Amalgamation - Rs. 0.11 crore)	2.81	1,073.84
vii) 7.61% Oil Marketing Companies GOI Special Bonds 2015	4.07	
Less: Provision for Diminution	0.20	
(Transferred on Amalgamation - Rs. 3.47 crore)	3.87	985.60
viii) 7.75% Oil Marketing Companies GOI Special Bonds 2021	2,594.00	0.00
Less: Provision for Diminution	89.63	0.00
(Transferred on Amalgamation - Rs. 305 crore)	2,504.37	0.00
ix) 8.13% Oil Marketing Companies GOI Special Bonds 2021	2,129.00	0.00
Less: Provision for Diminution	31.94	0.00
(Transferred on Amalgamation - Rs. 229 crore)	2,097.06	0.00
x) 8.01% Oil Marketing Companies GOI Special Bonds 2023	2,293.00	0.00
Less: Provision for Diminution	34.83	0.00
(Transferred on Amalgamation - Rs. 256 crore)	2,258.17	0.00
xi) 8.20% Oil Marketing Companies GOI Special Bonds 2024	2,953.02	0.00
(Transferred on Amalgamation - Rs. 290.20 crore)		
xii) 8.40% Oil Marketing Companies GOI Special Bonds 2026	2,956.19	0.00
(Transferred on Amalgamation - Rs. 138 crore)		
Total II:	14,308.70	6,568.39
Total: (I + II)	19,990.86	14,521.39

Schedules

SCHEDULE “G” - INVESTMENTS (Contd.)

Note:

- A. During the year, 2,74,13,476 number of shares of ONGC (Cost Rs. 445.03 crores) were sold. Bonus in the ratio of 1:2 was received on remaining ONGC shares.
- B. During the year, investments in 'Indian Strategic Petroleum Reserves Limited' was transferred to OIIB.
- C. Consequent to the reduction of Share Capital of IndianOil Panipat Power Consortium Ltd. (IPPCL), IPPCL refunded a part amount of share capital i.e. Rs. 8.17 crores and the amount of Rs. 1.80 crores provided in the previous years has been reversed during the year.
- D. Details of sale of Government of India special bonds during the year is as under:

Particulars	Nos.	Face Value (Rs. in Crore)
i) 7.00% Oil Marketing Companies GOI Special Bonds 2012	50000	50.00
ii) 7.07% Oil Marketing Companies GOI Special Bonds 2009	1200000	1,200.00
iii) 7.33% Oil Marketing Companies GOI Special Bonds 2009	800000	800.00
iv) 7.44% Oil Marketing Companies GOI Special Bonds 2012	1200000	1,200.00
v) 7.47% Oil Marketing Companies GOI Special Bonds 2012	50000	50.00
vi) 7.59% Oil Marketing Companies GOI Special Bonds 2015	1140000	1,140.00
vii) 7.61% Oil Marketing Companies GOI Special Bonds 2015	1045000	1,045.00
viii) 7.75% Oil Marketing Companies GOI Special Bonds 2021	244000	244.00
ix) 8.01% Oil Marketing Companies GOI Special Bonds 2023	65000	65.00
x) 8.13% Oil Marketing Companies GOI Special Bonds 2021	709000	709.00
		6,503.00

SCHEDULE “G-1” - ADVANCES FOR INVESTMENT

(Rs. in Crore)

	March-07	March-06
A. Joint Venture Companies		
i) Green Gas Limited	7.00	5.00
Total	7.00	5.00

SCHEDULE “H”- INVENTORIES
(Rs. in Crore)

	Note	March-07	March-06
1. In Hand:			
a. Stores, Spares etc.	A	1,072.98	871.80
Less: Provision for Losses		60.09	46.04
		1,012.89	825.76
b. Raw Materials	B	5,921.08	6,203.42
c. Finished Products	C	12,362.56	12,316.07
d. Stock in Process		1,576.57	1,624.78
e. Barrels and Tins	D	11.50	9.28
Total (1)		20,884.60	20,979.31
2. In Transit:			
a. Stores & Spares		75.74	52.15
b. Raw Materials		3,599.24	3,192.10
c. Finished Products		143.11	54.23
Total (2)		3,818.09	3,298.48
TOTAL		24,702.69	24,277.79
Note: Includes:			
A. Stock lying with contractors		24.82	13.66
B. Stock lying with others		9.95	54.61
C. Stock lying with others		271.65	220.99
D. Stock lying with others		0.49	0.81

SCHEDULE “I” - SUNDRY DEBTORS
(Rs. in Crore)

	March-07	March-06
1. Over Six Months:		
a) From Subsidiary Companies		
i) Unsecured, Considered Good	197.39	24.28
b) From Others		
i) Unsecured, Considered Good	28.13	62.44
ii) Unsecured, Considered Doubtful	247.24	255.04
Total 1	472.76	341.76
2. Other Debts:		
a) From Subsidiary Companies		
i) Unsecured, Considered Good	1,790.77	2,145.40
b) From Others		
i) Unsecured, Considered Good	4,719.77	4,465.91
ii) Unsecured, Considered Doubtful	2.47	0.70
Total 2	6,513.01	6,612.01
Total : (1+2)	6,985.77	6,953.77
Less: Provision for Doubtful Debts	249.71	255.74
TOTAL	6,736.06	6,698.03

SCHEDULE “J” - CASH AND BANK BALANCES

(Rs. in Crore)

Note	March-07	March-06
1. Cash Balances:		
a) Cash Balances including imprest	3.75	2.70
b) Cheques in hand	726.43	698.83
	730.18	701.53
2. Bank Balances with Scheduled Banks:		
a) Current Account	185.02	27.85
b) Fixed Deposit Account	9.73	14.63
c) Blocked Account	0.16	0.16
	194.91	42.64
3. Bank Balances with Non-Scheduled Banks:		
a) Current Account		
Myanmar Economic Bank	A	
Branch (5), Rangoon [Maximum balance		
during the year - Rs.0.88 crore]	0.88	0.00
TOTAL	925.97	744.17

Note:

A. There exists restrictions on repatriation of said amount from Myanmar

SCHEDULE “J-1” - OTHER CURRENT ASSETS

(Rs. in Crore)

	March-07	March-06
1. Interest accrued on Investments / Bank Deposits	253.65	31.55
2. Receivable from Trust	1,840.99	0.00
Less: Provision for Diminution	1,319.29	
(refer note 4(f) of schedule - 'R' - Notes to Accounts)		0.00
	775.35	31.55

SCHEDULE “K” - LOANS AND ADVANCES

(Rs. in Crore)

Note	March-07	March-06
1. Advance recoverable in cash or in kind or for value to be received:		
a) From Subsidiary Companies		
i) Unsecured, Considered Good	2.23	1.35
Total (a)	2.23	1.35
b) From Others	A	
i) Secured, Considered Good	1,075.71	992.48
ii) Unsecured, Considered Good	1,824.20	1,319.31
iii) Unsecured, Considered Doubtful	5.50	5.89
Total (b)	2,905.41	2,317.68
Total (a) + (b)	2,907.64	2,319.03
Less: Provision for Doubtful Advances	5.50	5.89
	2,902.14	2,313.14
2. Amount recoverable from Government of India:		
Unsecured, Considered Good	235.54	52.76

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Crore)

	Note	March-07	March-06
1. Current Liabilities			
a) Sundry Creditors			
i) Total Dues of small scale industrial undertaking(s)	A	24.22	35.23
ii) Total Dues of creditors other than small scale industrial undertaking(s)		13,914.33	12,795.51
Total of (a)		13,938.55	12,830.74
b) Other Liabilities		5,105.54	3,884.85
c) Dues to Subsidiary Companies		1,066.79	1,250.52
d) Investor Education and Protection Fund to be credited on the due dates:			
- Unpaid Dividend		5.81	3.16
- Unpaid Matured Deposits		0.34	2.04
- Unpaid Matured Bonds		0.00	0.08
e) Security Deposits		6,020.71	5,505.09
Less: Investments and Deposits with Banks lodged by outside parties		0.04	0.05
		6,020.67	5,505.04
f) Material taken on loan			
i) From Subsidiary Companies		0.06	0.06
Less: Deposits given		0.00	0.00
Total (i)		0.06	0.06
ii) From Others		0.04	0.26
Less: Deposits given		0.04	0.26
Total (ii)		0.00	0.00
Total of (f)		0.06	0.06
g) Liability on Foreign Currency Contract		994.29	265.55
Less: Foreign Currency Receivables		760.90	223.11
		233.39	42.44
h) Interest accrued but not due on loans		205.61	178.92
Total Current Liabilities		26,576.76	23,697.85
2. Provisions			
a) Provision for Taxation			
i) Provision for Current Tax		5,356.83	5,558.12
Less: Advance payments		4,412.21	5,558.12
Sub-total (i)		944.62	0.00
ii) Provision for Fringe Benefit Tax		97.55	56.60
Less: Advance payments		92.09	52.75
Sub-total (ii)		5.46	3.85
Sub-total (a) = (i + ii)		950.08	3.85

(Rs. in Crore)

Note	March-07	March-06
b) Proposed Dividend	1,550.09	1,460.02
c) Corporate Dividend Tax	263.43	204.77
d) Provision for Retirement Benefits	275.18	247.09
e) Contingencies for probable obligations	90.33	62.78
Total Provisions	3,129.11	1,978.51
TOTAL	29,705.87	25,676.36

Note:

A. Disclosure in respect of Small Scale Industrial Undertakings and The Micro, Small and Medium Enterprises Development Act 2006 is given in Note 27 of Schedule 'R'-Notes to Accounts.

SCHEDULE "L-1" - MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)

(Rs. in Crore)

	March-07	March-06
a) Voluntary Retirement Compensation		
As per last accounts	28.26	33.09
Add: Transfer on amalgamation of IOBL	0.00	1.55
Add: Expenditure during the year	5.80	9.65
Sub-Total	34.06	44.29
Less: Charged during the year	34.06	16.03
	0.00	28.26
b) Premium on Forward Contract		
As per last accounts	29.25	0.00
Add: Expenditure during the year	241.45	39.72
Sub-Total	270.70	39.72
Less: Amortised during the year	113.43	10.47
	157.27	29.25
TOTAL	157.27	57.51

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

(Rs. in Crore)

	March-07	March-06
Closing Stock		
a) Finished Products	12,505.67	12,370.30
b) Stock in Process	1,576.57	1,624.78
	14,082.24	13,995.08
Less:		
Opening Stock		
a) Finished Products	12,370.30	10,220.19
Add: Transferred on amalgamation of IBP	264.51	0.00
	12,634.81	10,220.19
b) Stock in Process	1,624.78	1,175.56
Add: Transferred on amalgamation of IBP	3.38	0.00
	1,628.16	1,175.56
NET INCREASE/(DECREASE)	14,262.97	11,395.75
	(180.73)	2,599.33

SCHEDULE "N" - INTEREST AND OTHER INCOME

(Rs. in Crore)

	Note	March-07	March-06
1. Interest on:	A		
a) Loans and Advances			
i) From Subsidiary Companies		0.00	0.61
ii) From Others		48.28	42.93
		<u>48.28</u>	<u>43.54</u>
b) Fixed Deposits with Banks		0.00	0.04
c) Short Term Deposits with Banks		32.41	0.95
d) Customers Outstandings			
i) From Subsidiary Companies		10.73	1.92
ii) From Others		43.86	42.91
		<u>54.59</u>	<u>44.83</u>
e) Oil Companies GOI SPL Bonds		681.98	112.73
f) Others	B	13.10	(5.43)
		<u>830.36</u>	<u>196.66</u>
2. Dividend:			
a) From Subsidiary Companies		109.71	217.04
b) From Other Companies		538.40	680.99
		<u>648.11</u>	<u>898.03</u>
3. Profit on sale of GOI Bonds		6.00	0.00
4. Sale of Power and Water		5.36	5.25
5. Profit on sale and disposal of Assets		37.74	10.38
6. Unclaimed/Unspent liabilities written back		133.45	486.97
7. Provision for Doubtful Debts, Advances, Claims and Stores written back		47.02	34.64
8. Recoveries from Employees		13.50	14.70
9. Retail Outlet Licence Fees		58.91	43.34
10. Collection Charges for Outstation Cheques		12.36	10.42
11. Sale of Scrap		50.92	30.93
12. Income from Finance Leases		7.70	9.69
13. Amortisation of Capital Grants		0.91	0.76
14. Exchange Fluctuations (Net)		465.90	0.00
15. Commodity Hedging Gain (Net)		18.07	16.24
16. Terminalling Charges		24.43	34.11
17. Recovery towards Inventory Carrying Cost		52.38	49.49
18. Provision for Investment written back		4.94	2.00
19. Other Miscellaneous Income		249.46	228.40
	TOTAL	<u><u>2,667.52</u></u>	<u><u>2,072.01</u></u>

Note:

A. Includes Tax Deducted at Source of **Rs. 8.15 crore** (2006 : Rs. 0.21 crore)

B. Includes **Rs. 12.04 crore** (2006 : Rs. (-) 6.08 crore) as interest(net) received/(surrendered) under section 244 A of the I.Tax Act. 1961.

SCHEDULE "O" - MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES
(Rs. in Crore)

	Note	March-07	March-06
1. Raw Materials Consumed:			
Opening Balance		9,395.52	7,311.48
Add: Transferred from IBP		35.93	0.00
		<u>9,431.45</u>	<u>7,311.48</u>
Add: Purchases		88,648.69	70,313.47
		<u>98,080.14</u>	<u>77,624.95</u>
Less: Closing Stock		9,520.32	9,395.52
		<u>88,559.82</u>	<u>68,229.43</u>
2. Consumption:			
a) Stores, Spares and Consumables		465.52	297.46
b) Packages & Drum Sheets		236.69	225.67
		<u>702.21</u>	<u>523.13</u>
3. Power & Fuel		5,046.44	3,855.85
Less: Fuel for own production		4,755.13	3,634.25
		<u>291.31</u>	<u>221.60</u>
4. Processing Fees, Blending Fees, Royalty & Other Charges		24.76	10.88
5. Octroi, Other Levies and Irrecoverable Taxes		637.28	643.51
6. Repairs and Maintenance:			
i) Plant and Machinery		633.65	518.17
ii) Buildings		150.98	93.50
iii) Others		59.68	53.98
		<u>844.31</u>	<u>665.65</u>
7. Freight, Transportation Charges and Demurrage		4,647.57	4,114.87
8. Payments to and Provisions for Employees:			
(a) Salaries, Wages, Bonus etc.	A	1,838.98	1,345.25
(b) Contribution to Provident & Other Funds		394.67	208.68
(c) Voluntary Retirement Compensation		34.06	16.03
(d) Staff Welfare Expenses		353.15	290.23
		<u>2,620.86</u>	<u>1,860.19</u>
9. Office Administration, Selling and Other Expenses (Schedule "O-1")		2,371.84	1,952.31
TOTAL		100,699.96	78,221.57
Less: Company's use of own products		542.83	406.74
TOTAL (Net)		100,157.13	77,814.83

Note:

A. Includes **Rs. 215.50 crore** (2006 : Rs. 46.79 crore) on account of arrears of employee payments pertaining to previous year.

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

(Rs. in Crore)

	March-07	March-06
1. Rent	275.97	177.83
2. Insurance	79.58	84.47
3. Rates & Taxes	58.60	48.62
4. Donations	0.00	1.00
5. Payment to Auditors:		
a) Audit Fees	0.56	0.43
b) Tax Audit Fees	0.10	0.09
c) Other Services (for issuing certificates etc.)	0.21	0.17
d) Out of Pocket Expenses	0.29	0.21
	1.16	0.90
6. Travelling & Conveyance	179.85	157.71
7. Communication Expenses	40.17	37.03
8. Printing & Stationery	19.35	16.91
9. Electricity & Water	123.99	113.46
10. Bank Charges	30.32	25.17
11. Bad Debts, Advances & Claims written off	6.83	2.60
12. Loss on Assets sold, lost or written off	52.59	15.89
13. Technical Assistance Fees	56.24	146.10
14. Exchange Fluctuation (Net)	0.00	199.06
15. Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores	55.05	124.40
16. Provision for Diminution in Investments	177.29	3.94
17. Write - off of Investments	0.00	2.00
18. Loss on Sale of Investments	156.42	0.00
19. Security Force Expenses	102.53	94.44
20. Sales Promotion Expenses	261.59	233.55
21. Handling Expenses	115.14	74.03
22. Inventory Carrying Cost	40.31	24.25
23. Expenses on Enabling Facilities	1.38	0.17
24. Exploration Cost - Survey Expenditure	106.91	67.78
25. Amortisation of Premium on Forward Contracts	113.43	10.47
26. Other Expenses	317.14	290.53
TOTAL	2,371.84	1,952.31

SCHEDULE “P” - INCOME/EXPENSES RELATING TO PREVIOUS YEARS
(Rs. in Crore)

	March-07	March-06
Income:		
1. Interest	0.00	9.42
2. Miscellaneous Income	6.26	9.39
Total Income	6.26	18.81
Expenditure:		
1. Raw Material		
a) Consumption	0.00	11.71
2. Depreciation and Amortisation on:		
a) Fixed Assets	41.59	(2.01)
b) Intangible Assets	(0.02)	3.81
3. Consumption		
a) Stores, Spares and Consumables	0.66	0.29
4. Technical Fees	1.44	2.08
5. Power & Fuel	(0.49)	0.00
6. Repairs and Maintenance	5.16	0.16
7. Interest	0.05	0.00
8. Rent	0.27	1.82
9. Payment to and provision for employees	(0.10)	(0.22)
10. Other Expenses	(16.71)	(15.62)
Total Expenses	31.85	2.02
NET INCOME/(EXPENDITURE)	(25.59)	16.79

SCHEDULE “Q” - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
1. BASIS OF PREPARATION

- 1.1 The financial statements are prepared under historical cost convention in accordance with the mandatory accounting standards issued by The Institute of Chartered Accountants of India and the provisions of The Companies Act, 1956.
- 1.2 The preparation of financial statements requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities as at the date of the financial statements. Management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from estimates.

2. FIXED ASSETS
2.1 Land

- 2.1.1 Land acquired on perpetual lease as well as on lease for over 99 years is treated as free hold land.
- 2.1.2 Land acquired on lease for 99 years or less is treated as leasehold land.

2.2 Construction Period Expenses on Projects

- 2.2.1 Revenue expenses exclusively attributable to projects incurred during construction period are capitalised. However, such expenses in respect of capital facilities being executed along with the production/operations simultaneously are charged to revenue.
- 2.2.2 Financing cost incurred during the construction period on loans specifically borrowed and utilised for projects is capitalised on quarterly basis up to the date of capitalisation.
- 2.2.3 Financing cost, if any, incurred on General Borrowings used for projects is capitalised at the weighted average cost. The amount of such borrowings is determined on quarterly basis after setting off the amount of internal accruals.

SCHEDULE “Q” - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)
2.3 Depreciation/Amortisation

- 2.3.1 Cost of lease hold land for 99 years or less is amortised during the lease period.
- 2.3.2 Depreciation on fixed assets is provided in accordance with the rates as specified in Schedule XIV to The Companies Act, 1956, on straight line method, upto 95% of the cost of the asset other than Insurance spares which are depreciated upto 100%. Depreciation is charged pro-rata on quarterly basis on assets, from/upto the quarter of capitalisation/sale, disposal and dismantled during the year.
- 2.3.3 Assets, other than LPG Cylinders and Pressure Regulators, costing upto Rs. 5,000/- per item are depreciated fully in the year of capitalisation
- 2.3.4 Capital expenditure on items like electricity transmission lines, railway siding, roads, culverts etc. the ownership of which is not with the Company are charged off to revenue. Such expenditure incurred during construction period of projects is accounted as unallocated capital expenditure and is charged to revenue in the year of capitalisation of such projects.

2.4 IMPAIRMENT OF ASSETS

- 2.4.1 Impairment of cash generating units/assets is ascertained and considered where the carrying cost exceeds the recoverable amount.

3. INTANGIBLE ASSETS

- 3.1 Costs incurred on technical know-how/license fee relating to production process are charged to revenue in the year of incurrence.
- 3.2 Costs incurred on technical know-how/license fee relating to process design/plants/facilities are accounted as “Work-in Progress - Intangible Assets” during the construction period of the said plant/facility. At the time of capitalisation of the said plant/facility, such costs are capitalised as Intangible Asset and amortised on a straight line basis over a period of ten years or life of the said plant/facility, whichever is earlier beginning from the quarter in which the said plant/facilities is capitalised.
- 3.3 Expenditure incurred on Research & Development, other than on capital account, is charged to revenue.
- 3.4 Costs incurred on computer software purchased/developed resulting in future economic benefits, are capitalised as Intangible Asset and amortised over a period of three years beginning from the quarter in which such software is capitalised. However, where such computer software is still in development stage, costs incurred during the development stage of such software are accounted as “Work-in Progress - Intangible Assets”.
- 3.5 Cost of Right of Way for laying pipelines is capitalised. However, such Right of Way being perpetual in nature, is not amortised.

4. FOREIGN CURRENCY TRANSLATION

- 4.1 Transactions in foreign currency are recorded at exchange rates prevailing on the date of transactions.
- 4.2 Monetary Items denominated in foreign currencies (such as cash, receivables, payables etc) outstanding at the year end, are translated at exchange rates applicable as at the year end.
- 4.3 Non-monetary items denominated in foreign currency, (such as investments, fixed assets etc) are valued at the exchange rate prevailing on the date of transaction.
- 4.4.1 Any gains or losses arising due to exchange differences at the time of translation or settlement are accounted for in the Profit & Loss Account either under the head foreign exchange fluctuation or interest cost, as the case may be, except those relating to acquisition of fixed assets.
- 4.4.2 Exchange differences arising on liabilities incurred or on repayment of borrowings in foreign currency for acquisition of fixed assets are accounted in the following manner:
 - a) in respect of fixed assets acquired from a country outside India, exchange differences are adjusted in the carrying cost.
 - b) in respect of fixed assets acquired within India,
 - i. exchange differences on transactions in foreign currency entered prior to 1st April 2004, are adjusted in the carrying cost.
 - ii. exchange differences on transactions in foreign currency entered on or after 1st April 2004 are recognized in the Profit & Loss Account.
- 4.4.3 Premium/discount arising at the inception of the forward exchange contracts entered into to hedge foreign currency risks are amortised as expense/income over the life of the contract. Gain or loss on account of exchange differences on such transactions are recognized in the Profit & Loss Account.

5. INVESTMENTS

- 5.1 Long term investments are valued at cost and provision for diminution in value, thereof is made, wherever such diminution is other than temporary.
- 5.2 Current investments are valued at lower of cost or fair market value.

6. INVENTORIES

6.1 Raw Materials

- 6.1.1 Raw materials including crude oil is valued at cost determined on weighted average basis or net realisable value, whichever is lower.
- 6.1.2 Stock in Process is valued at raw material cost plus conversion costs as applicable or net realisable value, whichever is lower.

6.2 Stock-in-Trade

- 6.2.1 Finished products, other than lubricants, are valued at cost determined on 'First in First Out' basis or net realizable value, whichever is lower. Cost of Finished Products internally produced is determined based on crude cost and processing cost.
- 6.2.2 Lubricants are valued at cost on weighted average basis or net realizable value, whichever is lower. Cost of lubricants internally produced is determined based on cost of inputs and processing cost.
- 6.2.3 Imported products in transit are valued at CIF cost or net realisable value whichever is lower.

6.3 Stores and Spares

- 6.3.1 Stores and Spares (including Barrels & Tins) are valued at weighted average cost. Specific provision is made in respect of identified obsolete stores & spares and chemicals for likely diminution in value. Further, an adhoc provision @ five percent is also made on the balance stores and spares (excluding barrels, tins, stores in transit and chemicals) towards likely diminution in the value.
- 6.3.2 Capital stores are valued at cost. Specific provision is made for likely diminution in value, wherever required.
- 6.3.3 Stores & Spares in transit are valued at cost.

7. DEBTORS

In addition to the specific provision made, an adhoc provision @ one percent is also made in respect of debtors other than those relating to Oil Marketing Companies and Subsidiary companies to recognize the element of uncertainty.

8. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

8.1 CONTINGENT LIABILITIES

- 8.1.1 Show Cause Notices issued by various Government Authorities are not considered as Obligation.
- 8.1.2 When the demand notices are raised against such show cause notices and are disputed by the Company, these are classified as disputed obligations.
- 8.1.3 The treatment in respect of disputed obligations, in each case above Rs.5 lakh, are as under:
- a provision is recognized in respect of present obligations where the outflow of resources is probable;
 - all other cases are disclosed as contingent liabilities unless the possibility of outflow of resources is remote.

8.2 CAPITAL COMMITMENTS

- 8.2.1 Estimated amount of contracts remaining to be executed on capital accounts above Rs. 5 lakhs, in each case, are considered for disclosure.

9. REVENUE RECOGNITION

- 9.1 Claims on Petroleum Planning and Analysis Cell/ Government arising on account of erstwhile Administered Pricing Mechanism / Notified Schemes are booked on acceptance in principle thereof. Such claims and provisions are booked on the basis of available instructions/ clarifications subject to final adjustment as per separate audit.
- 9.2 Adjustments pertaining to purchase of raw materials/finished products, sales and others as admissible under the erstwhile Administered Pricing Mechanism are accounted as "net claim from/ (surrender to) Industry Pool Accounts".

SCHEDULE “Q” - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Contd.)

- 9.3 Other claims (including interest on outstandings) are accounted:
- When there is certainty that the claims are realizable
 - Generally at cost
- 9.4 Income and expenditure upto Rupees five lakhs in each case pertaining to previous years are accounted for in the current year.
- 9.5 Pre-paid expenses upto Rupees five lakhs in each case are charged to revenue.
- 9.6 Expenditure incurred on Voluntary Retirement Scheme is charged as expenditure in the year of incurrence.

10. RETIREMENT AND EMPLOYEES BENEFITS

- 10.1 Liability towards gratuity is paid to a Fund maintained by LIC and administered through a separate trust set up by the Company. Difference between the fund balance and the accrued liability as at the end of the year, determined based on the actuarial valuation by LIC, is charged to Profit & Loss Account.
- 10.2
- Provision towards post retirement benefits, other than leave encashment, to employees is made based on the actuarial valuation as at the end of the year.
 - Liability towards leave encashment is paid to a Fund maintained by LIC and difference between the fund balance and accrued liability as at the end of the year, determined based on actuarial valuation by LIC, is charged to Profit & Loss Account.

11. GRANTS**11.1 CAPITAL GRANTS**

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

11.2 REVENUE GRANTS

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

12. OIL & GAS EXPLORATION ACTIVITIES

- 12.1 The Company is following the “Successful Efforts Method” of accounting for Oil & Gas exploration and production activities as explained below:
- Survey costs are expensed in the year of incurrence.
 - Acquisition cost, cost of incomplete / undecided exploratory wells and development costs are carried as capital work in progress till the time these are either transferred to producing properties on completion or expensed in the year when determined to be dry, as the case may be.
 - Expenditure towards unfinished Minimum Work Programme with and without extension of time is expensed in the year of incurrence.
- 12.2 Company's share of proved reserves of oil and gas are disclosed when notified by the Operator of the relevant block.
- 12.3 The Company's proportionate share in the assets, liabilities, income and expenditure of joint venture operations are accounted as per the participating interest in such joint venture operations.

13. COMMODITY HEDGING

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

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

Place : New Delhi
Date : May 28, 2007

SCHEDULE “R” - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007

1. Contingent Liabilities:

- a) Contingent Liabilities amounting to **Rs. 7312.03 crore** (2006: Rs. 5323.41 crore) include:
- i) **Rs. 1181.07 crore** (2006 : Rs. 443.66 crore) being the demands raised by the Central Excise/Customs authorities.
 - ii) **Rs. 4261.04 crore** (2006 : Rs. 3049.60 crore) in respect of Sales Tax / Entry Tax demands.
 - iii) **Rs. 727.26 crore** (2006 : Rs. 717.52 crore) including **Rs. 446.37 crore** (2006 : Rs. 454.94 crore) on account of Projects for which suits have been filed in the Courts or cases are lying with Arbitrators.
 - iv) **Rs. 814.13 crore** (2006 : Rs. 594.15 crore) in respect of Income Tax demands.
 - v) **Rs. 82.20 crore** (2006 : Rs. 82.76 crore) other claims relating to projects.

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

- b) Interest/Penalty, if any, on some of the above claims is unascertainable.
 - c) Income tax, if any, reimbursable to foreign contractors is unascertainable.
 - d) 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.
 - e) The Company has issued corporate guarantee in favour of Citicorp Investment Bank (Singapore) Limited on behalf of Lanka IOC Limited (LIOC), a subsidiary of the Company, for raising a syndication of **Rs. 13.91 crore (US \$ 3.20 million)** (2006 : Rs.70.99 crore {US \$ 15.91 million}) by LIOC.
 - f) The Company has issued corporate guarantee in favour of HSBC Bank, Mauritius, on behalf of IndianOil (Mauritius) Limited (IOML), a subsidiary of the Company, for raising a loan of **Rs. 25.44 crore (US\$ 5.85 million)** (2006 : Rs. 40.16 crore {US\$ 9 million}) by IOML.
2. Estimated amount of contracts remaining to be executed on Capital Account not provided for **Rs. 15325.09 crore** (2006 : Rs. 3290.20 crore).

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

4. Amalgamation of erstwhile IBP Co. Ltd. with the Company:

- a) IBP Co. Ltd, a subsidiary of the company, was engaged primarily in the business of marketing of petroleum products.
- b) Pursuant to the Scheme of Amalgamation (“the scheme”) of the erstwhile IBP Co. Ltd. with the Company as approved in the members meeting held on 29th May 2006 and subsequently sanctioned by Ministry of Company Affairs, Govt. of India vide its order dated 30th April, 2007, copy of which were filed with Registrar of Companies on 2nd May, 2007, the assets, liabilities and reserves of erstwhile IBP Co. Ltd. stand transferred to and vested in the Company with effect from the appointed date i.e. 1st April 2004. Accordingly the scheme has been given effect to in these accounts.
- c) The Amalgamation has been accounted for under the “pooling of interest” method as prescribed by Accounting Standard -14 on “Accounting for Amalgamations” issued by the Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of the erstwhile IBP Co. Ltd. as at 1st April, 2004 along with subsequent addition/deletion up to 31st March 2006 have been transferred in accordance with the said scheme. The profits of the amalgamating company during the period 1st April 2004 to 31st March 2006 have been transferred to the General Reserve of the Company without opening the accounts of the Company for the previous year. Current year transactions are duly incorporated in the books of the Company.
- d) As provided in the scheme, 2,43,62,106 number of equity shares will be issued to the equity share holders of erstwhile IBP Co. Ltd. in the ratio of 110 equity shares of the face value of Rs. 10 each in the Company for every 100 equity shares held in erstwhile IBP Co. Ltd. In terms of the scheme, the said equity shares when issued and allotted by the company shall rank for dividend, voting rights and in all respects pari-pasu with the existing equity shares in the Company. Pending allotment of the said equity shares, the amount has been disclosed under “Share Capital Suspense Account” in schedule “A-1”.

SCHEDULE “R” - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

- e) The difference between the amount of share capital of the erstwhile IBP Co. Ltd. and the amount of fresh share capital issued by the company on amalgamation amounting Rs. 2.21 crores is treated as goodwill and has been adjusted against the general reserve of the company.
- f) As provided in the scheme, 1,30,53,988 number of equity shares to be issued by the Company in lieu of 1,18,67,262 number of equity shares held by the Company in the erstwhile IBP Co. Ltd. will be transferred to a trust for the sole benefit of the Company. Accordingly the cost of the aforesaid investment of the Company is reflected as “receivables from Trust” under ‘Other Current Assets’ in Schedule “J-1”. The difference between the cost and net realizable value as at the year end aggregating to Rs. 1319.29 crore has been provided for in the Profit and Loss account for the year 2006-07.
- g) In view of the above current year figures are not strictly comparable to those of the previous year.
5. 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. 135.93 crore** (2006: Rs. 147.68 crore) are pending for execution or renewal.
6. Transactions with Other Oil Companies are reconciled on an ongoing basis and are subject to confirmation.
7. (a) Bond redemption Reserve of Rs. 31.60 Crore (2006 : Rs. 31.60 Crore) created in respect of Non-convertible Bonds – Series V has been written back during the year as the third instalment of Rs. 31.60 Crore was paid on 18th July, 2006.
- (b) Bond redemption Reserve of Rs. 393.29 Crore (2006 : Rs. NIL) created in respect of Non-convertible Bonds – Series VII A has been written back during the year as the same has been paid on 15th September, 2006.
- (c) Bond redemption Reserve of Rs. 249.87 Crore (2006 : Rs. 581.95 Crore created in respect of Non-convertible Bonds – Series VI, VII A and VII B) has been created in respect of Non-convertible Bonds – Series VI and VII B during the year.
8. Pursuant to order pronounced by the Hon’ble Supreme Court in the matter of levy of entry tax on crude oil, and as advised, the Company has not provided for entry tax amounting to Rs. 172.56 crore in respect of Mathura and Panipat Refineries. Pending final disposal of the matter by the Hon’ble Supreme Court and various Hon’ble High Courts for earlier periods, entry tax already paid/deposited/provided for at various units has not been considered for write back.
9. The customs duty on crude oil is accounted for as per the prevailing Customs Valuation Rules and net claims recoverable amounting to **Rs. 329.79 crore** (2006 : Rs. 362.63 crore) for the period 1997-98 to 2006-07 are pending for final assessment/settlement by the authorities. The claims are considered good for recovery.
10. Subsidies on SKO (PDS) and LPG (Domestic) amounting to Rs. 1483.94 crore (2006 : Rs. 1424.07 crore) and subsidies on sales of SKO & LPG to customers in Bhutan amounting to Rs. 42.98 crore (2006 : Rs. 32.90 crore) have been reckoned as per the schemes notified by Government of India.
11. The Company has received Government of India Special Bonds of Rs. 13943.21 crore (2006 : Rs. 6571.44 crore) in lieu of under-recoveries on different products for the year. The same has been accounted in the Profit and Loss Account as Revenue Grants.
12. In line with the scheme formulated by Petroleum Planning and Analysis Cell (PPAC), the Company has received discounts of **Rs. 11881.73 crore** (2006 : Rs. 6440.02 crore) on Crude Oil/LPG/SKO purchased from ONGC/GAIL/OIL towards part of the under-recovery suffered on sale of MS, HSD, LPG (Domestic) and SKO (PDS) and the same has been adjusted against the purchase cost.
13. The Company has export obligation to the extent of **Rs. 553.67 crore** (2006 : Rs.655.04 crore) on account of concessional rate of customs duty availed under EPCG license scheme on import of capital goods.
14. The scheme of Amalgamation for merger of its subsidiary Bongaigaon Refinery & Petrochemicals Ltd. with the Company with a swap ratio of 4 shares of the Company in lieu of 37 shares of the Subsidiary Company has been approved by the Board of Directors at its meeting held on 29th November 2006. The Scheme has been forwarded to Government of India for its approval as per the guidelines applicable to government companies.
15. In the absence of relevant notification by the Government of India specifying the period and applicable rate at which cess on turnover is payable under section 441A of the Companies Act, the same is not determinable and hence, not provided.
16. Pending finalisation of long-term settlement with the employees, liability for the period from 1st January, 2007 to 31st March, 2007 has not been provided in respect of revision of emoluments, as the amount thereof is not determinable.

17. Consequent upon the change in method of accounting during the year, profit for the year is lower by Rs. 9.72 crore (net) as detailed below:
- Computation of cost of Finished Goods, (other than lubes and greases) from 'Weighted Average' to 'FIFO' during the current year resulting in increase in the value of inventory and profit for the year by Rs. 15.30 crore.
 - Charging of prepaid expenses upto Rs. 5 lakh in each case during the current year to revenue as against upto Rs. 0.50 lakh in each case upto the previous year resulting in the profit of the Current Year being lower by Rs. 3.29 crore.
 - Charging off the expenditure incurred under Voluntary Retirement Scheme in the year of incurrence instead of amortising the same over five years resulting in the profit of the current year being lower by Rs. 21.73 crore.
18. In compliance with Accounting Standard – 17 on “Segment Reporting” issued by the Institute of Chartered Accountants of India, the required information is given in Annexure-1 to this schedule.
19. In compliance of Accounting Standard – 18 on “Related Party Disclosures” issued by the Institute of Chartered Accountants of India, the required information is given in Annexure-2 to this schedule.
20. Disclosure as required under Accounting Standard – 19 on “Leases” issued by the Institute of Chartered Accountants of India is as under:

Finance Leases:

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

		(Rs. in Crore)	
Particulars		March-07	March-06
A.	Gross Investments in Finance Lease	416.96	384.46
	Less: Unearned Finance Income	16.88	22.84
	Less: Finance Income Received	154.81	135.47
	Less: Minimum Lease payment received	196.54	155.58
	Net Investment in Finance Lease as on Date	48.73	70.57
B.	Unearned finance Income	16.88	22.84
C.	Present Value of Minimum Lease Payments Receivable		
	Not Later than one year	11.71	25.16
	Later than one year and not later than five years	29.97	34.90
	Later than Five years	7.05	10.51
	Total:	48.73	70.57
D.	Break-up of un-earned income		
	Not Later than one year	3.85	7.17
	Later than one year and not later than five years	9.50	11.06
	Later than Five years	3.53	4.61
	Total:	16.88	22.84

Operating leases:

a) As Lessees

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

		(Rs. in Crore)	
		March-07	March-06
	Not later than One Year	39.78	39.78
	Later than one year and not later than five years	158.01	158.51
	Later than five years	741.49	780.77

SCHEDULE “R” - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)
b) As Lessors

The Company has given on short term lease Storage Tankage facilities of Petroleum products at Nagpattinam at mutually agreed lease rent which has been accounted for as income in the books of the Company.

Category of Assets	(Rs. in Crore)
Category of Assets	Plant and Machinery
Gross Carrying Amount	9.89
Accumulated Depreciation	6.19
Depreciation recognized in Profit and Loss Account	0.47

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

	March-07	March-06
Profit After Tax (Rupees in Crore)	7499.47	4915.12
Total Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted)		
a) Number of shares	1168012200	1168012200
b) Number of shares to be issued to erstwhile shareholders of IBP Co. Ltd.	24362106	–
Total number of shares	1192374306	1168012200
Earning Per Share (Basic and Diluted) (Rupees)	62.90	42.08
Face value per share (Rupees)	10/-	10/-

22. In compliance of Accounting Standard – 22 on “Accounting for Taxes on Income” issued by The Institute of Chartered Accountants of India, Deferred Tax Liability amounting to **Rs. 835.09 crore** (2006 : Rs. 116.15 crore) has been provided during the current year. The year end position of Deferred Tax Liability is given below :

	As on 01.04.2006	Opening Balance taken over pursuant to amalgamation of IBP	Provided during the year	Balance as on 31.3.2007
(Rs. in Crore)				
Deferred Tax Liability:				
Depreciation and other fixed Assets	4679.51	129.11	920.14	5728.76
Total Deferred Tax Liability (A)	4679.51	129.11	920.14	5728.76
Deferred Tax Assets:				
Provision for Retirement Benefits	1.83	-	(1.83)	-
Provision on Inventories, Debtors, Loans and advances	148.57	1.74	(9.79)	140.52
Compensation for Voluntary Retirement Scheme	-	0.90	7.25	8.15
43B Disallowances etc.	67.91	4.56	110.99	183.46
40a Disallowances	21.78	0.24	(22.02)	-
Capital Grants	4.51	-	0.33	4.84
Impairment Loss	11.97	-	0.12	12.09
Un absorbed Loss	0.00	-	-	-
Total Deferred Tax Assets (B)	256.57	7.44	85.05	349.06
Deferred Tax Liability (Net) (A – B)	4422.94	121.67	835.09	5379.70

23. In compliance of Accounting Standard – 27 on “Financial Reporting of Interest in Joint Ventures” issued by the Institute of Chartered Accountants of India the required information is given in Annexure - 3 to this schedule.
24. Considering the Government policies and modalities of compensating the oil marketing companies towards under-recoveries, future cash flows have been worked out based on the desired margins for deciding on impairment of related Cash Generating Units. Accordingly no further impairment as at the year-end has been considered. In view of this assumption being technical, peculiar to the industry and policy matter, the auditors have relied on the same.
25. In compliance of Accounting Standard – 29 on “Provisions, Contingent Liabilities and Contingent Assets” issued by the Institute of Chartered Accountants of India, the required information is as under :

	(Rs. in Crore)				
	Opening Balance as on 1 st April	Additions during the year	Utilisation during the year	Reversals during the year	Closing balance as on 31 st March
Excise	0.73	0.65	-	0.15	1.23
Customs	-	1.36	-	-	1.36
Sales Tax	58.55	29.95	-	0.86	87.64
Others	3.50	0.10	3.50	-	0.10
Total	<u>62.78</u>	<u>32.06</u>	<u>3.50</u>	<u>1.01</u>	<u>90.33</u>
Previous Year	59.91	3.77	0.00	0.90	62.78

26. In compliance of amended clause 32 of the Listing Agreement with the Stock Exchanges, the required information is given in Annexure - 4 to this schedule.
27. The names of Small Scale Industrial Undertakings to whom the Company owes a sum together with interest outstanding which is outstanding for more than 30 days are as under:

Advance Pectra - Tech Pvt. Ltd., Aep Company, Aero Engineers, Air Liquid North India, Aru Compressor Valves&Engg. Co., Associated Industries, Baliga Lighting Equip, Begusarai Petroleum, Bharat Chemicals, Bliss Anand Pvt Ltd, Brijbasi Udyog, Chaudhry Hammer Works, Commercial Supply Agency, Datre Corporation Ltd., Dee Development Engrs Ltd., Delta Agro Chemicals, Eby Indurries, Econovalves Pvt. Ltd., Ex Protecta, Fix Fit Fasteners Mfg, Flash Forge Pvt. Ltd., Flexpro Electricals, Fouress Engineering, General Instruments, Golden Iron & Steel Works, Guru Nanak Engg Works, H Guru Instruments, Haldia Ex Serviceman'S Engg., Hardwin Fasteners, Igp Engineers Pvt. Ltd, Indira Industries, Ispat Engineers, J M Enterprises, Jaishree Udyog, Joseph Leslie Drager, Laroan Engineers & Consult, M.S. Fittings Manufacturing, Madras Industrial Products, Metachem Industries, Mortex, Multitek Filtration, Niton Valves, Oriental, Overseas Engg.Co., Oxide (India) Pvt. Ltd., Packing & Joint Pvt. Ltd., Panchvati Valves And Flanges Pvt. Ltd, Pennant Engineers, Piping & Energy Prod, Powertech Engineers, Precise Engineers, Pyro Electric, Radiant Cables, Ratan Engineering, Ratnamani Metal & Tube Ltd., Ray Engineering, Shah Bhogilal Jethalal & Bros., Shri Kusuma Haranadhara, Sigma Search Lights, Spiraseal Gasket, Sree Guru Instruments, Swelore Engineering, Techno Forge, Teekey Tubes Pvt. Ltd., Tractel Trifor, Tube Bend Pvt. Ltd., Vasuchemicals, Vinayak Business, Yamuna Gases & Chemicals, Zenith Erectors, Neelay Industries, Shriram Enterprises, Asiatic Enterprises, Bindra Chemicals, Explotech Chemicals (P) Ltd, Jaisheel Sulphur, Santosh Maize & Industries, Shantanu Chemicals, Vasu-N-Dhara, Rasayan Udyog, Shri Balaji Chemicals, Chawra Plastics, G S Sulphochem, Industrial Chemical works, Mohini Organics Limited, Precichem Corporation, Sukhjeet Starch, Nitro Chem India, Pragati Chemicals, Prakash Laminating Industries, Thermit Arasan India Limited, Trinetra Innovations Pvt Ltd, Tytan Organics Pvt Ltd, Bon Alu Plast (P) Ltd., Eastern Polycraft Industries Ltd, R.B.Electronics, SR Packaging & Industries (P) Ltd, Banhita Packaging Industries, R A Engineering, Mary Engineering, National Moulding, Andhra Cylinders (A Unit Of Envy Cyls P Ltd.), Asian Cylinders, Associated Cylinders & Accessories P Ltd, ECP Industries Ltd, G.D.R Cylinders P Ltd, Global Gas Cylinders Ltd, Indian LPG Cylinders, Kalsan Engg Industries P Ltd, Kanyaka Parameshwari Engg . Ltd, Kanyaka Parameshwari Engg Ltd Unit II, Karnataka Pressure Vessels Ltd., M. Techno Engg (India) Pvt. Ltd., Madras Metal Components P Ltd., Padavi Engineers & Pressure Vessels Ltd., Prathima Industries P Ltd, Presvels P Ltd., Prime Valve Industrials P Ltd., R.M. Cylinders Pvt Ltd., Redson Engineers Pvt. Ltd., Sahuwala Cylinders Ltd., Sahuwala Cyls Unit II, Sanmati Metals Ltd., Shri Shakti Cylinders P Ltd, Southern Cylinders P Ltd., Sree Srinivas Cylinders P Ltd., Sri

SCHEDULE "R" - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007 (Contd.)

Balaji Cylinders P Ltd., Sri Mahavishnu Cylinders (Sri Vishnu), Sunrays cylinders Pvt. Ltd., Sunrays Engineers P Ltd., Supreme Cylinders Ltd., Tirupati Cylinders Ltd., Tirupati LPG Industries Ltd., VERNY Containers Ltd., VERNY Engineers (Pydibhimavaram), VERNY Engineers P Ltd. Gagillapur, Vidhya Cylinders P Ltd.

The above information is given to the extent available with the Company and relied upon by the auditors. The dues to small scale industrial undertakings is continued to be reported as per the requirements of the Companies Act, 1956 in the absence of requisite information under the MICRO, Small and Medium Enterprises Development Act, 2006.

28. Remuneration paid/payable to Directors:

		(Rs. in Crore)	
		2006-07	2005-06
i)	Salaries & Allowances	0.91	0.96
ii)	Contribution to Provident & Other Funds	0.07	0.09
iii)	Other benefits and Perquisites	0.32	0.41
iv)	Sitting Fees to Part-Time Directors	0.13	0.12
Total		1.43	1.58

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

29. The Profit and Loss Account includes:

- a) Expenditure on Public Relations and Publicity amounting to **Rs. 24.44 crore** (2006: Rs. 18.97 crore) which is inclusive of **Rs. 4.99 crore** (2006: Rs. 4.82 crore) on account of Staff and Establishment and **Rs. 19.45 crore** (2006: Rs. 14.15 crore) for payment to others. The ratio of annual expenditure on Public Relations and Publicity to the annual turnover (inclusive of excise duty) is 0.00011:1 (2006: 0.00010:1).
- b) Research and Development expenses **Rs. 74.33 crore** (2006: Rs. 59.84 crore).
- c) Entertainment Expenses **Rs. 1.44 crore** (2006: Rs. 1.29 crore).

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

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

Place : New Delhi
Date : May 28, 2007

Annexure-1
Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2007 is as under:
(Rs. in Crore)

	March-07				March-06			
	Petroleum Products (A)	Other Businesses (B)	Eliminations (C)	Total (D=A+B-C)	Petroleum Products (A)	Other Businesses (B)	Eliminations (C)	Total (D=A+B-C)
Revenue								
External Revenue	195,261.51	20,782.90	-	216,044.41	156,752.50	17,624.63	-	174,377.13
Inter-segment Revenue	982.81	153.16	-	1,135.97	368.02	142.72	-	510.74
Total Revenue	196,244.32	20,936.06		217,180.38	157,120.52	17,767.35	-	174,887.87
Result								
Segment Results	8,930.56	57.75	33.46	8,954.85	6,379.26	(189.28)	7.80	6,182.18
Less: Unallocated Expenses net of unallocated Income	-	-	-	-	-	-	-	-
Operating Profit	8,930.56	57.75	33.46	8,954.85	6,379.26	(189.28)	7.80	6,182.18
Less:								
Interest Expenditure				1,505.45				1,022.19
Provision for diminution in Investments				177.29				3.94
Loss on Investments w-off/sold				156.42				2.00
Add:								
Interest/Dividend Income				1,478.47				1,094.69
Provision for Investments written back				4.94				2.00
Profit on sale of GOI Bonds				6.00				-
Profit before Exceptional items, Prior year items and Tax				8,605.10				6,250.74
Exceptional Items:								
i) Profit on sale of ONGC/GAIL shares				3,224.78				438.46
ii) Provision for diminution in 'Receivable from Trust'				(1,319.29)				-
Prior year Income/(Expenses)-Net				(25.59)				16.79
Profit Before Tax				10,485.00				6,705.99
Less: Tax Provision				2,985.53				1,790.87
Profit After Tax				7,499.47				4,915.12
Other Information								
Segment Assets	69,117.68	7,752.74		76,870.42	65,455.64	5,594.17		71,049.81
Corporate Assets				20,155.13				14,756.47
Total Assets				97,025.55				85,806.28
Segment Liabilities	24,523.56	2,418.71		26,942.27	21,999.25	2,008.47		24,007.72
Corporate Liabilities				35,225.99				32,495.89
Total Liabilities				62,168.26				56,503.61
Capital Expenditure	2,607.69	1,738.24		4,345.93	3,869.51	867.58		4,737.09
Depreciation	2,368.54	221.77		2,590.31	2,142.62	58.84		2,201.46
Impairment Loss	-	-		-	-	-		-
Non-cash expenses other than Depreciation				147.49				26.50

Notes:

- The Company is engaged in the following business segments:
 - Sale of Petroleum Products
 - Other Businesses, which comprises Sale of Imported Crude Oil, Sale of Gas, Petrochemicals, Explosives & Cryogenic and Oil & Gas Exploration Activities jointly undertaken in the form of unincorporated Joint Ventures.
 Segments have been identified and reported taking into account, the nature of products and services and differing risks and returns.
- Segment Revenue comprises of the following:
 - Turnover (Net of Excise Duties)
 - Subsidy / Grants From Government of India
 - Other income (excluding interest income, dividend income and investment income)
- There are no geographical segments.

Annexure-2

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

1. Relationships:

A) Joint Venture Companies

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

B) Whole-time Directors

- 1) Shri S. Behuria (w.e.f. 01.03.2005)
- 2) Shri A.M. Uplenchwar
- 3) Shri Jaspal Singh (upto 30.09.2006)
- 4) Dr. N.G. Kannan (upto 30.06.2006)
- 5) Shri B.M. Bansal (w.e.f. 01.03.2005)
- 6) Shri S.V. Narasimhan (w.e.f. 01.07.2005)
- 7) Shri V.C. Agrawal (w.e.f. 01.08.2005)
- 8) Shri G.C. Daga (w.e.f. 04.09.2006)
- 9) Shri B.N. Bankapur (w.e.f. 01.10.2006)
- 10) Shri P.K. Agarwal (upto 31.07.2005)
- 11) Shri P. Sugavanam (upto 30.06.2005)
- 12) Shri N.K. Nayyar (upto 28.10.2005)

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

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

(Rs. in Crore)

	March-07	March-06
i) Sales	2.66	2.71
ii) Interest received	0.11	0.09
iii) Consultancy Services/Other Income	1.06	1.25
iv) Purchase of Products	1,785.87	1,287.86
v) Purchase of Chemicals/materials	-	0.36
vi) Handling Expenses	29.33	33.51
vii) Freight Expenses	15.37	12.29
viii) Reimbursement of Expenses	5.61	2.78
ix) Investments made during the year	2.33	5.90
x) Fixed Assets purchased	147.51	87.42
xi) Provisions made/(written off) during the year	(1.39)	0.17
xii) Outstanding Receivables	127.15	6.46
xiii) Outstanding Payables	102.92	58.86

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

(Rs. in Crore)

	March-07	March-06
i) Remuneration	1.30	1.46
ii) Recovery of Interest & Furniture Hire Charges	0.02	0.01
iii) Outstanding loans/advances receivables	0.38	0.38
iv) Assets on Hire	0.12	0.12

Notes:

- 1) Remuneration includes Basic salary, 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 appointment.
- 3) No disclosure is required for Subsidiary Companies which can be treated as state controlled enterprises (i.e. ownership by Central/State Govt, directly or indirectly, of more than 50% of voting rights, shall be treated as state controlled enterprise)
- 4) In case of Joint Venture Companies constituted/acquired during the year, transactions w.e.f. date of constitution/acquisition is disclosed.
- 5) In case of Joint Venture Companies which have been closed/divested during the year, transactions upto the date of closure/disinvestment only are disclosed.

Annexure-3

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

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

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

Name	Participating Interest of IOC (%)	
	31.03.2007	31.03.2006
IN INDIA		
Under NELP-I Block		
MB-OSN-97/4	relinquished	30
GV-ONN-97/1	30	30
Under NELP-II Block		
MB-DWN-2000/1	relinquished	15
MB-DWN-2000/2	relinquished	15
MB-OSN-2000/1	15	15
MN-OSN-2000/2	20	20
WB-OSN-2000/1	15	15
MB-OSN-2004/1	20	N.A.
MB-OSN-2004/2	20	N.A.
MN-ONN-2000/1	20	20
Under NELP-III Block		
AA-ONN-2001/2	20	20
CR-ON-90/1	35	35
Others		
BK-CBM-2001/1	20	20
NK-CBM-2001/1	20	20
AAP-ON-94/1	43.55	43.55
OUTSIDE INDIA		
FARSI BLOCK, IRAN	40	40
SHAKTHI GABON	50	N.A.
OPL 205 NIGERIA	17.5	N.A.
YEMEN 82	15	N.A.
YEMEN 83	15	N.A.
KUWAIT	5	5
LIBYA BLOCK 86	50	50
LIBYA BLOCK 102/4	50	50

(b) Jointly Controlled Assets:

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

(c) Jointly Controlled Entities:

Name	Country of Incorporation	Ownership Interest of IOC(%)	
		31.03.2007	31.03.2006
(i) Indian Oiltanking Ltd.	India	50	50
(ii) Lubrizol India Pvt. Ltd.	India	50	50
(iii) Petronet VK Ltd.	India	26	26
(iv) Petronet CI Ltd.	India	26	26
(v) IndianOil SkyTanking Ltd.	India	33.33	-
(vi) Indo Cat Pvt. Ltd.	India	50	-
(vii) IndianOil Petronas Pvt. Ltd.	India	50	50
(viii) IndianOil Panipat Power Consortium Ltd.	India	50	50
(ix) Avi-Oil India Pvt. Ltd.	India	25	25
(x) Petronet India Ltd.	India	16	16
(xi) Petronet LNG Ltd.	India	12.5	12.5
(xii) Green Gas Ltd.	India	22.5	22.5

Proportionate share in assets, liabilities, income & expenditure of Petronet VK Ltd., Petronet CI Ltd, IndianOil Panipat Power Consortium Ltd. & Petronet India Ltd. has not been consolidated as the Management has either decided to exit from these companies or the amount of investment in these companies has been provided for.

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

	(Rs. in Crore)	
	31.03.2007	31.03.2006
(i) Assets		
- Long Term Assets	652.07	544.27
- Current Assets	378.31	260.02
(ii) Liabilities		
- Current Liabilities and Provisions	230.09	88.15
- Other Liabilities	338.14	309.11
(iii) Income	1266.58	909.01
(iv) Expenses	1168.19	817.12
(v) Contingent Liabilities	12.72	11.70
(vi) Capital Commitments	124.60	149.05

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

	(Rs. in Crore)	
	31.03.2007	31.03.2006
(a) Jointly Controlled Operations		
(i) Contingent Liabilities	-	-
(ii) Capital Commitments	436.76	4.24
(b) Jointly Controlled Assets		
(i) Contingent Liabilities	-	-
(ii) Capital Commitments	-	-

Annexure-4

Disclosure as required by Clause 32 of Listing Agreement

	(Rs. in Crore)			
	Amount as on		Max. Amount outstanding during the year ended	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
I. Loans and Advances in the nature of loans:				
A) To Subsidiary Companies				
(i) Chennai Petroleum Corporation Limited	-	-	-	-
(ii) Bongaigoan Refinery & Petrochemicals Limited	-	-	-	-
(iii) IBP Company Limited	-	-	-	-
(iv) IndianOil (Mauritius) Limited	-	-	-	40.62
(v) Lanka IOC Limited	-	-	-	-
(vi) IndianOil Technologies Limited	-	-	-	-
(vii) IOC Middle East FZE	-	-	-	-
B) To Firms/Companies in which directors are interested	-	-	-	-
C) Where there is no repayment schedule or repayment beyond seven year or no interest or interest below section 372A of Companies Act	-	-	-	-
II. Investment by the loanee (as detailed above) in the shares of IOC and its subsidiaries	-	-	-	-

SCHEDULE “S” - LICENCED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION
(Fig. in Lakh)

	UNIT	Licenced Capacity (Refer Note A)		Installed Capacity (Refer Note B)		Actual Production		
		March'07	March'06	March'07	March'06	March'07	March'06	
								(Refer Note D)
i) Crude Processing	MTs	450.00	390.00	428.50	413.50	398.84	356.55	
ii) Lubricating Oil	MTs	Note C	2.48	2.58	2.48	2.18	1.69	2.86
		Note E	4.64	3.75	3.96	3.07	2.25	1.46
iii) Wax/Bitumen/Asphalt Lube Oil Drums	Nos.		15.00	15.58	15.00	15.00	4.45	3.98
iv) Oxygen Plant	CU.M.		Not specified	Not specified	0.84	0.84	0.00	0.00
v) Propylene Recovery Unit	MTs		0.54	0.54	0.48	0.48	0.14	0.18
vi) MTBE Unit	MTs		0.48	0.48	0.37	0.37	0.24	0.02
vii) Butene Plant	MTs		0.17	0.17	0.17	0.17	0.00	0.00
viii) LAB Plant	MTs		1.20	1.20	1.20	1.20	1.22	1.12
ix) PX/PTA Plant	MTs		5.53	0.00	5.53	0.00	1.97	0.00
x) Cryocontainer & Accessories	Nos.		0.13	0.00	0.17	0.00	0.18	0.00
xi) Industrial Explosives (Cartridge)	MTs		0.50	0.00	0.20	0.00	0.06	0.00
xii) Site Mixed Slurry Explosives	MTs		1.06	0.00	0.99	0.00	0.42	0.00

Note:

- A. i) Licenced Capacity of Refinery is not specified for Assam Oil Division.
ii) Capacity for projects under construction not considered.
iii) Licenced Capacity of Drum plant of Assam Oil Division is not included as the same has been dismantled during the year
- B. As certified by the Management and relied upon by the auditors.
- C. Per year operating in single shift.
- D. i) Represents finished petroleum products.
ii) Excludes crude processed in secondary units for other companies/refiners
- E. Per year operating in two shifts.
- F. Capacity for Detonating Fuse and Cast Boosters have not been shown, being negligible.

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

		Opening Stock		Purchases		Sales		Closing Stock	
		Quantity (MTs in lakh)	Value (Rs. in crore)						
A.									
1	Petroleum Products:	MTs							
	Year ended 31.03.07	47.04	12284.03	264.59	84889.58	663.81	198078.40	49.79	12124.52
	Year ended 31.03.06	44.01	9993.59	253.91	72878.59	618.33	164240.22	46.32	12055.72
2	Lubricants & Greases:	MTs							
	Year ended 31.03.07	0.50	285.03	0.01	11.25	4.11	3486.80	0.47	294.85
	Year ended 31.03.06	0.43	195.05	0.02	30.28	4.19	2592.15	0.44	251.00
3	Crude Oil:	MTs							
	Year ended 31.03.07	0.00	0.00	86.41	17352.11	86.41	17352.11	0.00	0.00
	Year ended 31.03.06	0.00	0.00	89.16	15647.51	89.16	15647.51	0.00	0.00
4	Base Oil & Additives:	MTs							
	Year ended 31.03.07	0.00	0.00	0.43	127.75	0.43	150.96	0.00	0.00
	Year ended 31.03.06	0.00	0.00	0.64	223.24	0.64	256.71	0.00	0.00
5	Lab:	MTs							
	Year ended 31.03.07	0.10	62.76	0.00	0.00	1.22	942.89	0.09	33.32
	Year ended 31.03.06	0.06	22.17	0.00	0.00	1.07	775.35	0.10	62.76
6	PX/PTA	MTs							
	Year ended 31.03.07	0.00	0.00	0.00	0.00	1.83	867.79	0.13	48.51
	Year ended 31.03.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	SUB TOTAL(A):	MTs							
	Year ended 31.03.07	47.64	12631.82	351.44	102380.69	757.81	220878.95	50.48	12501.20
	Year ended 31.03.06	44.50	10210.81	343.73	88779.62	713.39	183511.94	46.86	12369.48
B.									
1	Gas:	MBTUs							
	Year ended 31.03.07	0.52	0.82	771.53	1648.08	770.48	1746.05	1.57	2.67
	Year ended 31.03.06	6.10	9.38	665.22	1143.18	670.80	1198.75	0.52	0.82
2	Explosives:	MTs							
	Year ended 31.03.07	0.00	0.59	0.00	0.00	0.48	91.86	0.00	0.36
	Year ended 31.03.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3	Cryocontainers/ Cryovessels:	Nos							
	Year ended 31.03.07	0.01	1.50	0.00	0.00	0.18	32.52	0.01	1.36
	Year ended 31.03.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Others								
	Year ended 31.03.07	0.00	0.08	0.00	0.00	0.00	77.03	0.00	0.08
	Year ended 31.03.06	0.00	0.00	0.00	0.00	0.00	78.43	0.00	0.00
	SUB TOTAL(B):								
	Year ended 31.03.07		2.99		1648.08		1947.46		4.47
	Year ended 31.03.06		9.38		1143.18		1277.18		0.82
	GRAND TOTAL(A+B):								
	Year ended 31.03.07		12634.81*		104028.77		222826.41		12505.67
	Year ended 31.03.06		10220.19		89922.80		184789.12		12370.30

* Includes Opening Stock of IBP : Rs. 264.51 crore

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

	Imported		Indigenous		Quantity	Total (Rs. in Crore)
	Value (Rs. in Crore)	% to total consumption	Value (Rs. in Crore)	% to total consumption	MTs (in Lakh)	
March-07						
Crude Oil	75,097.82	86	11,737.90	14	438.40	86835.72
Base Oil	4.64	0	1,388.79	100	3.77	1393.43
Ethanol	0.00	0	196.86	100	0.48	196.86
MTBE	7.32	17	35.97	83	0.09	43.29
BENZENE	0.00	0	34.17	100	0.09	34.17
Natural Gas/RLNG	0.00	0	543.39	100	5.20	543.39
Additives	34.57	14	216.40	86	0.31	250.97
Packing Materials Consumed	0.00	0	214.88	100	0.13	214.88
Steel Coils/Sheets/ Stores/Component and Spare Parts	87.25	18	394.85	82	0.07	482.10
Raw Material for Explosives	17.70	28	45.41	72	0.35	63.11
Others	1.34	8	14.79	92		16.13
March-06						
Crude Oil	55,433.06	83	11,624.82	17	385.34	67057.88
Base Oil	4.38	0	1,007.03	100	3.76	1011.41
Ethanol	0.00	0	72.86	100	0.29	72.86
MTBE	52.98	38	87.56	62	0.49	140.54
BENZENE	0.00	0	53.51	100	0.15	53.51
Natural Gas/RLNG	0.00	0	432.75	100	5.20	432.75
Additives	25.00	11	194.46	89	0.31	219.46
Packing Materials Consumed	0.00	0	206.95	100	0.14	206.95
Steel Coils/Sheets/ Stores/Component and Spare Parts	119.45	28	301.04	72	0.07	420.49
Raw Material for Explosives	0.00	0	0.00	0	0.00	0.00
Others	0.00	0	0.00	0		0.00

Note:

- Consumption excludes value adjustments if any, shown under items pertaining to the prior period.
- Indigenous Base Oil includes Rs. 817.25 crore (2006 : Rs. 758.98 crore) which is internally produced.

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

		(Rs. in Crore)	
	Note	March-07	March-06
1. Royalty		51.46	140.51
2. Professional, Consultation Fees and Technical Service Fees		38.36	96.09
3. Interest		630.96	399.36
4. Purchase of Products		9,592.72	9,049.55
5. Commodity Hedging		25.25	15.76
6. Others	A	1,356.80	1,116.95
	TOTAL	<u>11,695.55</u>	<u>10,818.22</u>

Note:

- A. Includes **Rs. 1051.37** (2006 : Rs. 927.57 Crore) on account of crude purchases from Indian Companies, payments of which were made in foreign currency.
- B. Expenditure in Foreign Currency has been considered on accrual basis.

SCHEDULE “W” - EARNINGS IN FOREIGN EXCHANGE

		(Rs. in Crore)	
	Note	March-07	March-06
1. Export of Crude Oil ,LAB and Petroleum Products	A	9,068.77	5,574.48
2. Interest		10.64	2.44
3. Income from Consultancy Services		2.29	2.32
4. Income from Royalty		0.45	1.22
5. Commodity Hedging		43.31	32.01
6. Others		0.77	5.09
TOTAL		9,126.23	5,617.56

Note:

- A. Includes **Rs. 1346.12 crore** (2006 : Rs. 2154.29 crore) received in Indian Currency out of the repatriable funds of Foreign Customers and other Export Sales through canalising agencies.
- B. Earnings in Foreign Currency has been considered on accrual basis.

SCHEDULE “X” - CIF VALUE OF IMPORTS

		(Rs. in Crore)	
	Note	March-07	March-06
1. Crude Oil	A	87,346.84	67,837.32
2. Base Oil		-	6.10
3. Additives		59.32	69.91
4. Capital Goods		107.49	112.01
5. Other Raw Materails		11.11	-
6. Revenue Stores,Component, Spare and Chemicals		152.89	170.65
TOTAL		87,677.65	68,195.99

Note:

- A. Includes CIF value of Imports made by the Corporation on behalf of Subsidiary Companies **Rs. 17545.09 crore** (2006 : Rs. 15900.08 crore)
- B. Expenditure in Foreign Currency has been considered on accrual basis.

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. Crore)

PUBLIC ISSUE

RIGHTS ISSUE

BONUS ISSUE

PRIVATE PLACEMENT

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Crore)

Total Liabilities

Total Assets

Sources of Funds

Paid up Capital

Share Capital Suspence Account

Reserves & Surplus

Secured Loans

Unsecured Loans

Deferred Tax Liability

Application of Funds

Fixed Assets/Intangible Assets (Net)
(Incl. Dismantled Capital Stores & C.W.I.P.)

Investments

Finance Lease Receivables

Net Current Assets

Misc. Expenditure

Accumulated Losses

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

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

* (Interim Dividend – 60%, Final Dividend 130%)

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								

Cash Flow Statement

annexed to the Balance Sheet for the year ended 31st March, 2007

(Rs. in Crore)

	2006-07	2005-06
A Cash Flow from Operating Activities		
1 Profit Before Tax	10485.00	6705.99
2 Adjustments for:		
Depreciation	2631.88	2203.26
Loss/(Profit) on sale of Assets (Net)	14.85	5.51
Loss/(Profit) on Investments	150.42	0.00
Amortisation of Capital Grants	-0.91	-0.76
Amortisation of Voluntary Retirement Compensation	34.06	16.03
Amortisation of Premium on Forward Contracts	113.43	10.47
Provision for Probable Contingencies (net)	31.05	2.87
Revenue Grant received in the form of Government Bonds	-13943.21	-6571.44
Provision in Investment written back	-4.94	-2.00
Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	8.03	89.76
Profit on sale of ONGC/GAIL shares	-3224.78	-438.46
Provision for Diminution in 'Receivable from trust'	1319.29	0.00
Provision for Loss on Investments	177.29	5.94
Interest Income on Investments	-681.98	-112.73
Dividend Income on Investments	-648.11	-898.03
Interest Expenditure	1505.50	1022.19
	-12518.13	-4667.39
B Operating Profit before Working Capital Changes (1+2)	-2033.13	2038.60
C i) Change in Working Capital: (Excluding Cash & Bank Balances)		
Trade & Other Receivables	-1322.71	492.21
Inventories	-131.57	-4780.53
Trade and Other Payables	1376.67	3504.31
Change in Working Capital	-77.61	-784.01
ii) VRS expenditure during the year	-5.80	-9.65
	-83.41	-793.66
D Cash Generated From Operations (B+C)	-2116.54	1244.94
E Less: Taxes paid	1025.17	2206.45
F Net Cash Flow from Operating Activities (D-E)	-3141.71	-961.51
G Cash Flow from Investing Activities:		
Sale/Transfer of Assets	197.02	59.99
Sale/Maturity of Investments	10022.39	560.98
Interest Income on Investments	681.98	112.73
Dividend Income on Investments	648.11	898.03
Purchase of Assets	-868.43	-462.76
Finance Lease Receivable	27.14	24.92
Investment in Subsidiaries	-1.22	-50.17
Investment in GOI Bonds	0.00	-2320.81
Sale of investments in Joint Venture Companies	9.17	0.00

(Rs. in Crore)

	2006-07	2005-06
Investment/Advance for Investments in Joint Venture Companies	-11.47	-5.90
Expenditure on Construction Work in Progress	-3744.53	-4254.63
Net Cash used in Investing Activities	6960.16	-5437.62
H Net Cash Flow From Financing Activities:		
Proceeds from Long-Term Borrowings	-620.05	4554.35
Proceeds from/(Repayments of) Short-Term Borrowings	969.05	4529.72
Interest paid	-1594.30	-1055.68
Dividend\Dividend Tax paid	-2468.24	-1332.06
Net Cash Generated/(Used) from Financing Activities:	-3713.54	6696.33
I Net Change in Cash & Cash Equivalents (F+G+H)	104.91	297.20
J Cash & Cash Equivalents as at end of the Financial Year	925.97	744.17
Less:		
K Cash & Cash Equivalents as at the beginning of Financial Year	744.17	446.32
Add: Transferred on amalgamation of IOBL with IOC		0.65
Add: Transferred on amalgamation of IBP with IOC	76.89	
	821.06	446.97
NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)	104.91	297.20

Notes:

- Cash and Cash Equivalents include:
 - Cash and Bank Balances
 - As per Balance Sheet
 - Total Cash and Cash Equivalents**
- The previous year's figures have been regrouped wherever necessary for uniformity in presentation.

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

M.M. NISSIM AND CO.
Chartered Accountants

K K S & CO.
Chartered Accountants

Sd/-
(CA. S.C. GUPTA)
Partner
M.No. 016534

Sd/-
(CA. SAMIR MEHTA)
Partner
M. No. 043086

Sd/-
(CA. K. P. KHANDELWAL)
Partner
M.No. 050244

Place : New Delhi
Date : May 28, 2007

Statement Pursuant to Section 212(1)(e)

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

	Chennai Petroleum Corporation Limited	Bongaigaon Refinery & Petrochemicals Limited	IndianOil (Mauritius) Limited (IOML)	Lanka IOC Limited (LIOC)	IndianOil Techno-Limited	IOC Middle East FZE
1. The extent of holding Company's interest in the subsidiary at the end of the financial year 31.3.2007:						
- No. of Shares	77,265,200	148,793,826	4,882,043	400,000,000	550,000	1
- Paid up value of Shares (Rs.Crores)	77.27	148.79	75.67	194.14	0.55	1.22
- Percentage of Holding Company's interest in the total share capital of the subsidiary	51.88%	74.46%	100%	75.11%	100%	100%
(Shares in the Subsidiary Company were registered in the name of the Company and their nominees as indicated)						
2. The net aggregate amount of the profit of the subsidiary company not dealt with in the Company's accounts so far as it concerns the members of the holding Company:						
	Rs. in Crore					
- For the financial year ended 31.3.2007	293.26	137.74	7.86	(22.07)	0.72	(0.21)
- For all the previous financial years of the subsidiary	570.53	240.13	2.85	(122.39)	0.61	-
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 31.3.2007	69.58	40.17	-	-	-	-
- For all the previous financial years of the subsidiary	216.36	333.29	-	-	-	-

Notes:

- (1) Since financials of IBP Co. Limited are part of financials of Indian Oil Corporation Ltd. (IOCL) for the year 2006-07 consequent to amalgamation of IBP with IOCL, no disclosure is made for IBP Co. Limited.
- (2) Consequent to transfer of entire shares held by IOCL in Indian Strategic Petroleum Reserves Ltd. (ISPRL) to OIIB on 9th May, 2006, ISPRL has ceased to be a subsidiary of IOCL and thus no disclosure is made for ISPRL.
- (3) Figures in respect of IOML, LIOC and IOC Middle East FZE are as converted in Indian currency.

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

Place : New Delhi
Date : May 28, 2007

Schedule of Fixed Assets (Township, etc.)

Schedule of Fixed Assets (Township) for the year ended 31.3.2007

(Rs. in Crore)

Particulars	Gross Block as on 01.04.2006 (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 31.3.2007 (At Cost)	Depern./ Amorts. provided during the year	Total Dep. & Amorts. up to 31.3.2007	Net Depreciated Block	
								As on 31.3.2007	As on 31.3.2006
Land-Freehold	22.57	-	-	(5.10)	17.47	-	-	17.47	22.57
-Leasehold	6.51	-	-	-	6.51	0.09	1.38	5.13	5.22
Bldgs., Roads Etc.	268.11	0.17	30.98	(4.40)	294.86	4.36	57.52	237.34	213.92
Plant & Mach.	30.12	0.08	0.64	(0.44)	30.40	1.40	14.61	15.79	16.74
Fur. & Fix.	5.59	0.76	-	(0.25)	6.10	0.35	3.62	2.48	2.25
Drainage, Sewage & Water Supply Sys.	25.49	0.06	0.05	(0.01)	25.59	1.01	15.49	10.10	10.94
Equipments & Appliances	22.46	3.40	0.24	(2.54)	23.56	1.67	11.09	12.47	11.88
Vehicles	2.03	0.03	0.20	-	2.26	0.05	1.96	0.30	0.10
Grand Total	382.88	4.50	32.11	(12.74)	406.75	8.93	105.67	301.08	283.62
Previous Year	377.78	8.31	2.67	(5.88)	382.88	8.74	99.26	283.62	

Income and Expenditure Account (Township, etc.)

Income and Expenditure Account for the year ended 31st March 2007 on provision of Township, Education, Medical and other Facilities

(Rs. in Crore)

	March-07	March-06
Income:		
1. Recovery of House Rent	3.92	3.94
2. Recovery of Utilities-Power and Water	2.54	6.46
3. Recovery of Transport Charges	0.10	0.10
4. Other Recoveries	4.89	4.74
5. Excess of Expenditure over Income	187.59	160.03
TOTAL	199.04	175.27
Expenditure:		
1. Salaries, Wages and PF & Gratuity Contribution	64.94	53.00
2. Consumable Stores and Medicines	12.69	9.35
3. Repairs and Maintenance	27.33	31.35
4. Interest	14.74	15.34
5. Depreciation	8.75	8.74
6. Miscellaneous Expenses: Taxes, License Fees, Insurance etc.	17.07	14.53
7. Utilities-Power and Gas	37.38	30.19
8. Rent	1.76	0.62
9. Subsidies for Social & Cultural Activities	6.74	6.36
10. Bus Hire Charges	0.66	1.42
11. Club and Recreation	0.08	0.06
12. Others	6.90	4.31
TOTAL	199.04	175.27

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 2007.

The preparation of financial statements of Indian Oil Corporation Limited for the year ended 31 March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act 1956 based on the independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Reports dated: 29.05.2007.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under Section 619 (3) (b) of the Companies Act, 1956 of the financial statements of the Indian Oil Corporation Limited for the year ended 31.03.2007. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to the inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report under Section 619 (4) of the Companies Act, 1956.

**For and on the behalf of the
Comptroller and Auditor General of India**

**Place : New Delhi
Date : 16/7/07**

**Sd/-
(Saroj Punhani)
Principal Director of Commercial Audit &
Ex-officio Member, Audit Board-II
New Delhi.**

Information as per Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March 2007

Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining	Qualification	Experience	Remun. Gross Rs.
A) Statement showing the particulars of the employees who are in receipt of remuneration of not less than Rs. 24,00,000/- per annum during the financial year 2006-2007.								
Belekar S N	Senior Manager	55	-	-	12/17/1980	B. Sc., BE	26	2,601,232
Deo Kishan Rathi	Deputy General Manager	51	-	-	11/21/1979	BE	27	3,677,773
Dutta Kartik Chandra	Assistant Manager	55	-	-	2/4/1973	B. Com., BA (Spl), LLB	34	3,607,662
Jana Sachchidananda	Manager	46	-	-	6/17/1987	B. Com./MBA (Mktg)	20	3,853,473
K K Khatter	Chief Manager	59	-	-	12/13/1968	MA, LLB	38	2,506,691
N C Malik	Officer	54	-	-	6/12/1978	B. Com.	28	4,016,589
Poonam Maurya	Executive Secretary	46	-	-	12/14/1982	B. Com.	24	3,242,774
Prakash Paswan	Messenger	52	-	-	3/6/1976	VIII	30	3,299,883
V K Gupta	Deputy General Manager	56	DCM	OSD	7/1/1971	B. Sc. (Mech. Engg.), MBA	35	3,471,124
Yogendra Singh	Manager	52	-	-	6/20/1978	BE, M. Tech.	28	4,864,638
B) Statement showing the particulars of the employees who are in receipt of remuneration of not less than Rs. 2,00,000/- per month during the part of the financial year 2006-2007.								
A K Sharma	Senior Driver	50	-	-	12/6/1981	XII	26	1,117,098
A P Jain	Chief Manager	60	-	-	4/1/1976	P.G. Diploma, LLB	30	1,680,563
A Tirkey	Senior Teacher-cum-Senior Asst.	60	-	-	4/20/1978	B. Ed.	28	489,607
Adhikari Mangal	Foreman	60	-	-	5/13/1971	-	36	528,149
Adya Prasad	Record Clerk	60	-	-	7/31/1968	Prathama	39	298,666
Alok	Senior Manager	44	-	-	3/28/1984	BE	22	2,137,616
Aloke Roy	Executive Director	54	Assam Oil Co.	Engineer	1/7/1976	B. Sc. Engg.	31	1,605,420
Ammasi G	Foreman	60	-	-	1/12/1967	-	40	683,899
Anand V K	General Manager	60	-	-	12/20/1965	DME, Dip Auto Engg	42	1,028,946
Ananda Saikia	Security Guard	56	-	-	8/4/1987	IX	19	866,038
Apat R D	Senior Foreman	60	-	-	10/4/1969	-	38	1,003,201
Arjun Rai	Technician	60	-	-	9/13/1969	VII	37	300,867
A S Khatri	Chief Manager	60	-	-	7/24/1973	M. Sc.	33	1,237,261
Ashok Kumar Garg	Technician	55	-	-	11/18/1977	VIII	29	665,093
B Jayapal	Deputy Manager	37	-	-	3/21/1995	B. Tech.	11	269,167
B Paswan	Spl. Yardman	60	-	-	9/13/1969	-	37	269,211
B D Mittal	Senior Manager	60	IIP	JLA	7/14/1972	M. Sc. (Chem.)	34	1,565,864
B K Guharay	Helper - cum - Messenger	54	-	-	5/10/1978	IX	28	1,633,204
B P Pradhan	Operator	53	-	-	9/17/1977	V	29	1,846,951
B S Rawat	General Manager	60	IIP	JSA	8/5/1971	M. Sc. (Chem.)	35	1,347,526
Babu Lal	-	46	-	-	8/19/1980	IX	27	521,294
Bhan Suraj	-	60	-	-	11/30/1979	VIII	28	827,913
Bharat Prasad	-	60	-	-	11/4/1984	IX	23	456,200
Bhatia R C	Deputy Manager	60	-	-	9/17/1968	BA	39	1,102,234
Bhim Singh	Shramik	60	-	-	4/30/1982	-	24	461,719
BN Sharma	Accountant	53	-	-	5/14/1982	M. Com., LLB	24	1,068,642
C Chattopadhyay	Deputy General Manager	52	-	-	12/11/1979	BE	27	1,359,034
C P Sharma	Senior Engineer	60	-	-	9/12/1980	Diploma	26	403,488
C S Singh	Technician	60	-	-	9/13/1969	-	37	682,997
Chand Prem	Senior Manager	60	Ch. Contrlr. of Rationing, Delhi	LDC	11/16/1967	BA	40	1,170,392
Chandan Prasad	Chief Manager	46	-	-	6/28/1984	B. Sc., Engg. (Elec.), MBA	21	401,650
Chandra Prasanta	Deputy General Manager	60	-	-	6/10/1976	BE	31	207,038
Chandrasekharan K	Senior Manager	60	-	-	11/10/1968	MA	39	1,600,606
Chetri Ram Bahadur	Senior Security Guard	60	-	-	5/13/1971	-	36	380,822
Chhabra S K	General Manager	60	-	-	5/31/1966	B.Sc. (Hons.)	40	1,136,040
Chiranjibi Joishy	Operator	50	-	-	9/17/1977	V	29	1,848,810
Chopra Avnit Kumar	Manager	47	-	-	9/14/1981	B. Com., LLB, MBA, PGDFM, DIM	26	525,943
Chudji S L	Accounts Officer	50	-	-	2/7/1979	-	28	810,976
D L Karna	Officer	60	-	-	12/12/1973	B. A.	33	569,572
D N Prasad	Operator	60	-	-	5/24/1968	Matric	38	588,589
Das Thakur	Deputy Manager	60	-	-	11/14/1974	BA	33	944,032
Deepa (Smt.)	-	60	-	-	10/22/1964	6th	43	461,077
Deshmukh J W	Deputy General Manager	60	-	-	9/2/1970	BA, LLB	36	850,873
Dilli	Accounts Officer	60	-	-	11/22/1972	BA	35	350,449
Dr. Arkh	Deputy Manager	60	-	-	3/28/1980	Trade Cert. - NCTVT	26	429,019
Dr. R P Verma	Executive Director	60	MCR Centre	Group Leader	10/25/1978	Ph. D (Tech.)	28	2,238,294
Felix Purty	-	60	-	-	01/08/1979	BA, Dip in Per. Mgmt.	28	309,345
G Balaji	Senior Engineer	32	-	-	5/11/1998	BE	8	232,021
G C Mukherjee	Deputy General Manager	59	-	-	12/31/1976	BE	30	1,962,235
G Choudhary	Spl. Yardman	60	-	-	9/13/1969	VII	37	336,873
G N Saikia	Security Guard	56	-	-	6/23/1984	IV	22	1,189,428
G R Dohare	Operator	60	-	-	2/15/1982	Matric	24	618,766
Ghosh Mrinal Kanti	Senior Engineer	60	-	-	3/24/1975	Diploma	31	407,143
Gokhale G J	Section Officer	59	-	-	11/29/1967	-	40	960,913
Gokul Chandra	Deputy Manager	60	-	-	6/30/1980	ITI	26	251,957
Gulia A P S	Senior Manager	51	-	-	1/3/1978	BA, MBA	28	771,072



Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining	Qualification	Experience	Remun. Gross Rs.
Gupta S K	Senior Manager	60	-	-	10/24/1969	BA, Dip. in Computers	38	1,325,823
Har Prashad	Senior Driver	60	-	-	5/15/1980	-	27	661,855
Hukam Singh	Deputy Manager	60	-	-	2/21/1977	M. Com	29	234,194
Indoo Sah	Engineer	60	-	-	9/13/1969	Matric	37	207,816
Iyer L B (Smt)	Private Secretary	46	ESIS Corp.	Stenographer	4/8/1983	BA	25	1,504,964
Jagannath Prasad	Technician	60	-	-	9/1/1981	M. A., NCTVT	25	347,212
Jain A K	Deputy Manager	60	Central Family Planning Inst.	UDC (Audit Asst.)	12/23/1967	BA	39	782,434
Jain B K	Operations Officer	60	-	-	7/15/1967	Intermediate	40	748,268
Jaiswal M S	Deputy General Manager	60	-	-	1/8/1968	DME, B. Com.	39	1,086,061
Jana S C	Principal (IMA)	60	-	-	2/11/1974	B.Com., CA	33	234,029
Jaspal Singh	Director	60	-	-	12/1/1970	B.Tech	36	1,703,022
K D Sharma	Deputy Manager	60	-	-	6/30/1980	1st Class Boiler Certi.	26	696,600
K K Bhatnagar	Chief Manager	53	-	-	11/27/1980	BE, MBA	26	934,682
K N Singhal	Deputy Manager	60	-	-	3/31/1981	ITI	26	670,722
K P S Pillai	Deputy General Manager	53	Ciba Geigy	Engineer	11/26/1980	BSC, PG Diploma	30	1,510,290
K Rajendran	Senior Manager	51	-	-	15/12/1981	B. Sc. (Eng.)	26	257,109
K V Rao	Chief Manager	60	RRL	SSA	7/29/1974	B. Sc., BE	32	1,042,956
Kadam S Y	Senior Foreman	60	-	-	6/17/1970	-	37	1,024,898
Kameshwar Issar	Senior Engineer	60	-	-	6/2/1965	B. Sc.	41	368,714
Kannan N G (Dr.)	Director	60	Jamal Mohd. College	Lecturer	9/22/1969	M Com, MBA, M Sc, M	36	1,466,718
Khan M B	Manager	60	Post And Telegraph Dept	Stenographer	6/17/1975	BA, LLB	39	461,670
Khaskel Hrikesh	Senior Officer	60	-	-	6/1/1973	M. Com.	33	234,090
Khatri C P	Senior Driver	59	-	-	1/2/1967	-	40	798,096
Kodag Y K	Senior Manager	60	-	-	10/2/1973	M Sc	34	1,118,782
Kolandaisamy	Foreman	60	Kaveri Structural Golden ROC	Helper	1/1/1970	VIII Std	37	221,747
Kulkarni A N	Manager	47	-	-	8/11/1982	B Sc (Pet Tech), PGDBM	25	458,629
Kumar Anil	Senior Stenographer	47	DDA	Sr. Stenographer	10/12/1987	B. Com., Dim	20	238,640
L R Bhilware	Chief Manager	60	-	-	2/2/1973	LLB	34	955,297
Lad U R (Smt.)	Assistant Manager	52	-	-	7/22/1976	BA	31	2,280,500
Lalit Prasad	DAF (SG - II)	58	-	-	2/4/1974	VIII	32	1,126,277
Lalji Prasad	-	60	-	-	10/27/1966	IX	41	841,551
Laxmi Narain	Engineer	56	-	-	7/8/1980	ITI	26	1,201,693
Laxmi Narayan	Ele.	56	-	-	7/8/1980	ITI	27	1,469,283
M B L Agarwal	Executive Director	60	-	-	7/16/1971	B. Com.	35	1,873,388
M K Mukherjee	Chief Manager	60	-	-	08/08/1979	AMIE	28	896,589
M L Rajput	EO - V (SG - II)	51	-	-	8/10/1977	IX	29	370,072
M L Sharma	Deputy Manager	60	-	-	3/1/1978	M. Com	29	814,126
M M Shukla	Operator	60	-	-	5/24/1968	Matric	38	303,444
M R G Rao	Chief Manager	47	-	-	12/14/1982	B.Tech, PG Diploma	24	986,293
M R Sengupta	Chief Manager	60	-	-	7/26/1976	B. Sc. Engg.	30	1,065,912
Man Singh	Operator	60	-	-	4/18/1980	BA	27	648,573
Mandhve V M	Accounts Officer	53	-	-	3/24/1979	-	28	1,714,871
Mandrekar U	Chargeman	60	-	-	2/22/1986	-	21	435,365
Mane M V	Foreman	60	-	-	7/10/1965	-	42	785,013
Manwar Hussain	Senior Operator	49	-	-	1/3/1986	-	21	213,625
Md Azfor	Manager	60	-	-	6/27/1966	MA	41	721,139
Md Mansur Habib	Accounts Officer	54	-	-	4/23/1973	BA	34	1,810,089
Md Sofi Ahmed	Foreman	60	-	-	5/19/1966	-	41	544,692
Moullick Samir Nath	Foreman	57	-	-	10/16/1969	-	38	849,782
N Sonowal	Havildar Major	58	-	-	4/21/1975	VIII	31	814,117
Nagarajan	Senior Foreman	60	I O C	T/Clerk Temp.	1/8/1970	Matric	37	540,802
Nagdeo Singh	Technician	60	-	-	9/13/1969	VII	37	548,470
Nagpurkar S L	Deputy Manager	60	-	-	1/3/1976	BA	31	1,362,110
Narayan Kuldeep	Chief Manager	59	-	-	1/1/1966	DCE	41	1,788,637
Narayanaswamy T R	Accounts Officer	60	-	-	5/18/1972	-	35	972,735
Narsule V S	Chargeman	60	-	-	4/19/1980	-	27	761,212
Nemo Prasad	Technician	60	-	-	9/13/1969	-	37	355,727
Nizami K A	Manager	60	-	-	7/24/1973	B. Sc.	34	1,233,024
Om Prakash	Operations Officer	60	Army (O/C Signals)	Education Instructor	1/12/1983	MA	24	574,337
Om Prakash Meena	Technician	60	-	-	1/1/1980	VIII	27	839,177
P N Dodeja	AD	60	-	-	5/1/1973	B.Tech, MBA	33	1,353,540
P Rambabu	Chief Manager	49	-	-	12/14/1982	BE	24	278,117
P S Deb	General Manager	53	-	-	6/24/1978	M. Tech.	26	720,817
Pagare S M	Senior Foreman	60	-	-	6/17/1966	-	41	827,440
Pal Bikas Chandra	Manager	60	-	-	7/1/1971	BA	35	558,524
Parihar Randhir Singh	Senior Supervisor	60	Petty Office Engg. Mechanic	Sr. Supervisor	4/12/1981	ITI	26	617,658
Patel H G	Senior Driver	59	-	-	4/20/1966	-	41	629,246
Patel R S	Assistant Manager	60	-	-	3/2/1967	XII	40	1,251,680
Patil H D	Senior Foreman	60	-	-	6/12/1967	-	40	691,959
Pramanik Knna (Smt.)	Supervisor	60	-	-	4/22/1968	S.F.	39	386,286
Prasad J	Foreman	60	-	-	2/9/1965	-	42	817,010
Prashanth P Gooty	Engineer	27	-	-	28/10/2002	BE	5	308,997
Purakait Gopal	Foreman	60	-	-	5/15/1971	-	36	400,362
R B Pandit	Mason	60	-	-	9/13/1969	-	37	392,335

Name of the Employee	Designation	Age	Last Employment	Designation in Last Employment	Date of Joining	Qualification	Experience	Remun. Gross Rs.
R C Ahirwar	Executive Secretary	60	-	-	4/2/1979	MA	28	435,974
R L Pahadia	Assistant Manager	60	-	-	3/1/1974	MA	32	975,524
R N Singh	Operator	60	-	-	9/13/1969	Matric	37	263,623
R P Gambhir	Senior Manager	60	-	-	11/25/1968	MA	38	1,847,969
Radheshyam	Senior Driver	60	-	-	2/22/1964	-	43	620,448
Rajagopal	Deputy General Manager	60	Dirct National Aero Labs	Sr. Scientific Asst.	1/4/1976	M.Sc., PG Dip. Comp. Scien.	31	1,260,347
Rajan Singh	Technician	48	-	-	4/13/1981	VIII	26	517,830
Rajeeva Kumar	Deputy Manager	40	-	-	2/3/1993	B. Sc. Engg.	13	262,132
Raju V	Senior Foreman	60	PWD Kerala	Clerk LD	7/26/1972	Matric	35	434,013
Ram Keval Gupta	Technician	60	-	-	9/15/1982	VIII	24	527,189
Ram Sanehi Singh	Technician	53	-	-	10/1/1981	ITI	25	492,967
Ramachandran	Assistant Manager	60	BHEL Trichy	Sheet Metal Worker	4/13/1972	MA, ITI	35	402,969
Ramamoorthy	Senior Manager	48	Highways Dept.	Asst. Enggr.	8/16/1984	BE	23	1,866,079
Raman Swapna Venkata (Smt.)	Supervisor	60	-	-	11/1/1972	P.U.C.	35	380,669
Ramswaroop T K	Senior SECSGII	58	-	-	10/30/1975	-	32	991,256
Ranade A N	Section Officer	48	Indian Drugs & Pharma Ltd.	Telex Optr.	5/5/1981	BA (Spl)	27	1,052,166
Rane C G	Foreman	60	-	-	9/1/1973	-	34	524,451
Ranganathan	Senior Manager	60	-	-	8/20/1970	M. Sc.	37	954,531
Rao Nandiswara	Deputy Manager	60	Dist. Cooperative Office	Jr. Auditor	8/19/1970	B.Com.	37	843,738
Rathod N C	Manager	60	-	-	1/7/1969	BA	38	1,438,000
Rauthan Jai Singh	Truck Driver	60	Army (O/C Signals Jabalpur PO)	Truck Driver	10/30/1981	VIII	26	866,669
S C Bania	Operator	60	-	-	10/19/1967	VII	38	501,804
S K Verma	Senior Manager	60	-	-	2/27/1981	Trade Cert. - NCTVT	25	1,051,025
S P Singh	Assistant Officer	60	-	-	9/6/1976	MBBS	30	347,583
S S Bajaj	Deputy Manager	60	-	-	11/10/1972	BA	34	900,573
S Shrivastava	Assistant	60	-	-	11/6/1985	Matric	21	400,708
Sahadeo Mahato	Senior Foreman	60	-	-	8/9/1965	V	42	260,012
Santosh Singh	Deputy Manager	60	-	-	5/18/1981	ITI	26	791,453
Satya Narain	-	45	-	-	10/18/1983	VIII	24	549,057
Satyavan Meshram	Deputy Manager	60	-	-	07/25/1981	BA	26	263,387
Sawant B V	Senior Foreman	60	-	-	2/5/1974	-	39	583,091
Sengupta Sumitra (Smt)	Supervisor	58	-	-	12/31/1971	BA	35	1,064,679
Seth A K	LDC	60	State Trading Corporation	LDC	3/14/1967	BA	40	770,444
Sharma D R	Manager	60	Inter University Board	Steno	7/22/1971	BA	36	1,175,466
Sharma Himakanta	Foreman	60	-	-	3/4/1970	-	37	356,417
Sharma Nand Kishore	Manager	60	-	-	6/12/1971	BA, BL, PGD LL/LWPM	36	1,151,679
Sharma R K	Apprentice	60	Rallis Chemicals & Fertilizers	Apprentice	3/23/1967	ITI	40	1,056,338
Sharma Ramanand	-	60	-	-	1/12/1965	X	42	996,750
Sharma V K	-	60	-	-	12/19/1973	X	33	1,164,860
Shashtri Rajiv	General Manager I/C	60	-	-	10/13/1969	B. Sc. Eng. (Chem.), M. Sc., Eng.	37	1,445,734
Shetty A P	Officer	60	-	-	8/18/1977	PUC Dip. in Tele. Operating	30	806,429
Shetty R K	RE.CL(SGII)	60	-	-	7/10/1965	-	42	850,551
Shetty S N	Section Officer	59	-	-	11/29/1984	-	23	447,266
Shinge P V	Senior Driver	60	-	-	10/29/1968	-	39	462,801
Shiromani Ghildya	Engineer	60	-	-	1/1/1981	1st Class Boiler Certi.	26	469,139
Shukla V K	General Manager I/C	60	-	-	4/20/1972	MA	35	739,478
Shyam Mohan	Private Secretary	50	-	-	2/1/1984	BA	22	2,351,972
Singh Amarjeet	Deputy Manager	60	Attam Prakash Shyam Sunder	Clerk	12/9/1966	BA	41	1,197,940
Singh K	Senior Driver	60	-	-	1/3/1967	-	40	371,930
Singh Manohar	Peon	60	Dev Smaj College, Ferozepur	Peon	2/21/1967	V	40	1,205,585
Singh Nachatter	-	60	-	-	11/3/1965	VIII	42	674,580
Singh R	General Manager	58	-	-	1/8/1969	DME, BA	36	1,895,763
Singh Ranjit	-	60	-	-	5/29/1973	VI	34	653,991
Singh Surmukh	Foreman	60	-	-	6/21/1965	-	42	997,606
Sridhar Rama Rao	Assistant Manager	47	Air India	Steno Temp.	9/8/1983	B. Com.	24	1,543,376
Swaminathan S K	Executive Director	60	-	-	10/13/1969	BE	36	1,092,934
T N Patel	Senior Engineer	60	-	-	07/06/1978	ITI	29	234,928
Tarseem Chand	Crewman	60	Esso Standard	Crewman	7/15/1967	VIII	40	811,522
Tarsem Lal Jain	Executive Director I/C	56	-	-	8/25/1975	CA	31	507,463
Tawade A G	Manager	60	Govt of Maharashtra	Stenographer	12/2/1974	BA	39	999,134
Thadani R D	Assistant Manager	60	-	-	9/20/1968	SSC	39	1,117,256
Thakur C G	Senior Foreman	60	-	-	9/1/1973	-	34	680,434
Thiagarajan	Assistant Manager	55	Dunlop India Ltd	Typist	1/31/1976	B.Sc., B.Com.	31	1,850,195
Thomas K Y	Operations Officer	60	-	-	2/9/1971	SSLC	36	719,639
Tiwari Om Prakash	Havaladar	60	Indian Army	Havaladar	6/14/1985	VIII	22	453,775
Upendra Singh	Spl. Yardman	60	-	-	9/13/1969	Matric	37	205,604
V. V. Giridhar	Deputy Manager	41	-	-	4/6/1994	BE	13	245,344
Vijayalakshmi Venka (Smt)	Deputy Manager	49	Srinivasan Co.	D Man	7/25/1980	Diploma	27	1,776,548
Vivek Singh	Senior Manager	35	-	-	10/27/1995	BE	11	224,457
Yadav Laxman	Foreman	60	-	-	4/29/1970	-	37	282,357
Yadav Narayan Singh	-	60	-	-	9/14/1982	HSC	25	463,604

**Consolidated Accounts
2006-2007**



INDIAN OIL CORPORATION LIMITED
(Group Companies)

Auditors' Report on Consolidated Financial Statements of Indian Oil Corporation Limited, its Subsidiaries and its Joint Ventures



We have examined the attached Consolidated Balance Sheet of Indian Oil Corporation Limited, its subsidiaries and its joint ventures as at 31st March 2007 and the Consolidated Profit and Loss Account annexed thereto for the year ended on that date and the consolidated cash flow statement for the year ended on that date. These financial statements are the responsibility of the Indian Oil Corporation Limited's management and our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of subsidiary companies and joint ventures, whose financial statement reflect total assets of Rs. 10562.63 crore (net) as on March 31, 2007 and total revenue of Rs. 39758.91 crore for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amount included in respect of the subsidiaries and joint ventures, is based solely on the report of the other auditors.

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

We invite attention to Note No. 27 regarding impairment loss wherein, we have relied on the estimates and assumptions made by the Company in arriving at recoverable value of assets, which does not qualify our opinion.

On the basis of the information and explanations given to us and on the consideration of separate audit reports on individual financial statements of Indian Oil Corporation Limited, its aforesaid subsidiaries and joint ventures, in our opinion the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of Indian Oil Corporation Limited, its subsidiaries and its interests in joint ventures as at 31st March 2007;
- b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of Indian Oil Corporation Limited, its subsidiaries and its interests in joint ventures for the year then ended; and
- c) In the case of the Consolidated Cash Flow Statement, of the consolidated cash flows of Indian Oil Corporation Limited, its subsidiaries and its interests in joint ventures for the year then ended.

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

Sd/-
(CA. S.C. GUPTA)
Partner
M.No. 016534

M.M. NISSIM AND CO.
Chartered Accountants

Sd/-
(CA. SAMIR MEHTA)
Partner
M. No. 043086

K K S & CO.
Chartered Accountants

Sd/-
(CA. K. P. KHANDELWAL)
Partner
M.No. 050244

Place : New Delhi
Date : May 28, 2007

Balance Sheet
as at 31st March, 2007

		(Rs. in Crore)	
Schedule		March-07	March-06
SOURCES OF FUNDS:			
1. Shareholders' Funds:			
a) Share Capital	"A"	1,168.01	1,168.01
b) Share Capital Suspense Account	"A-1"	24.36	0.00
c) Reserves and Surplus	"B"	<u>35,351.90</u>	<u>29,472.93</u>
		36,544.27	30,640.94
2. Loan Funds:			
a) Secured Loans	"C"	6,620.82	9,365.46
b) Unsecured Loans	"D"	<u>22,860.30</u>	<u>20,698.14</u>
		29,481.12	30,063.60
3. Deferred Tax Liability (Net) (Rs. 71.18 crore {2006 : Rs. 44.89 crore} towards share of jointly controlled entities)		6,059.61	5,226.80
4. Minority Interest		<u>1,697.83</u>	1,742.59
TOTAL		<u>73,782.83</u>	<u>67,673.93</u>
APPLICATION OF FUNDS:			
1. Fixed Assets & Intangible Assets:			
1.1 Fixed Assets:			
a) Gross Block	"E"	61,257.19	51,552.13
b) Less: Depreciation		24,000.69	21,299.35
c) Less: Impairment Loss		88.59	35.56
d) Net Block		<u>37,167.91</u>	<u>30,217.22</u>
1.2 Intangible Assets:			
a) Gross Block	"E-1"	371.77	212.89
b) Less: Amortisation		92.26	49.40
c) Less: Impairment Loss		1.65	0.00
d) Net Block		<u>277.86</u>	<u>163.49</u>
1.3 Dismantled Capital Stores (Rs. 0.76 crore {2006 : Rs. 0.55 crore} towards share of jointly controlled entities)		18.17	27.23
1.4 Capital Work-in-Progress	"F"	<u>4,804.19</u>	9,872.16
		42,268.13	40,280.10
2. Goodwill on Acquisition		62.29	1,669.68
3. Investments	"G"	19,312.03	12,292.26
4. Advances for Investments (Rs. 0.30 crore {2006 : Rs.0.72 crore} towards share of jointly controlled entities)		4.15	4.59
5. Finance Lease Receivables		48.73	75.87
6. Current Assets, Loans and Advances:			
a) Inventories	"H"	28,989.72	28,639.73
b) Sundry Debtors	"I"	5,166.76	5,030.92
c) Cash and Bank Balances	"J"	1,076.73	1,052.85
d) Other Current Assets (Rs. 0.27 crore {2006 : Rs. 0.11 crore} towards share of jointly controlled entities)	"J-1"	776.10	33.86
e) Loans and Advances	"K"	<u>6,288.90</u>	<u>5,131.10</u>
		42,298.21	39,888.46

(Rs. in Crore)

	Schedule	March-07	March-06
APPLICATION OF FUNDS (Contd.):			
7. Less: Current Liabilities and Provisions	"L"		
a) Current Liabilities		27,053.14	24,475.35
b) Provisions		3,315.95	2,123.62
		<u>30,369.09</u>	<u>26,598.97</u>
8. Net Current Assets (6-7)		11,929.12	13,289.49
9. Miscellaneous Expenditure (to the extent not written off or adjusted) (Rs. 1.11 crore {2006 : Rs. 1.58 crore} towards share of jointly controlled entities)		158.38	61.37
10. Deferred Tax Asset (Rs. NIL crore {2006 : Rs. NIL} towards share of jointly controlled entities)		0.00	0.57
TOTAL		<u>73,782.83</u>	<u>67,673.93</u>
11. Notes on Accounts	"Q"		

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

M.M. NISSIM AND CO.
Chartered Accountants

K K S & CO.
Chartered Accountants

Sd/-
(CA. S.C. GUPTA)
Partner
M.No. 016534

Sd/-
(CA. SAMIR MEHTA)
Partner
M. No. 043086

Sd/-
(CA. K. P. KHANDELWAL)
Partner
M.No. 050244

Place : New Delhi
Date : May 28, 2007

Profit and Loss Account
for the year ended 31st March, 2007

	Schedule	March-07	March-06
(Rs. in Crore)			
INCOME:			
1. Sale of Products and Crude		213,278.27	176,780.90
Less: Commission and Discounts		2,107.42	1,686.20
Sale (Net of Commission & Discounts)		211,170.85	175,094.70
Less: Excise Duty		26,710.15	22,796.89
Sale (Net of Commission, Discount & Excise Duty)		184,460.70	152,297.81
2. Subsidy From Government of India (As per scheme)		1,526.92	1,515.81
3. Grant from Government of India (Special Oil Bonds)		13,943.21	6,992.02
4. Increase/(Decrease) in Stocks	"M"	386.22	2,934.20
5. Interest and other Income	"N"	2,761.88	1,992.52
	TOTAL INCOME	203,078.93	165,732.36
EXPENDITURE:			
1. Purchase of Products and Crude for resale		75,681.47	64,890.31
2. Manufacturing, Admn., Selling & Other Expenses	"O"	112,406.73	89,296.81
3. Duties (Net)		544.41	913.55
4. Depreciation and Amortisation on:			
i) Fixed Assets		2,872.77	2,521.78
ii) Intangible Assets		42.83	28.65
		2,915.60	2,550.43
b) Impairment Loss on:			
i) Fixed Assets		53.03	0.00
ii) Intangible Assets		1.65	0.00
		54.68	0.00
5. Interest Payments on:			
a) Fixed period loans from Banks/Financial Institutions/Others		546.14	459.52
b) Bonds		131.45	100.69
c) Short term loans from Banks		1,015.12	676.37
d) Public Deposits		0.39	0.96
e) Others		49.91	13.90
		1,743.01	1,251.44
6. Deferred Revenue Expenditure written off:		0.04	0.04
	TOTAL EXPENDITURE	193,345.94	158,902.58
PROFIT BEFORE EXCEPTIONAL ITEMS, PRIOR YEAR & TAX			
		9,732.99	6,829.78
EXCEPTIONAL ITEMS			
i) Profit on sale of ONGC shares (2005-06: GAIL)		3,224.78	438.46
ii) Provision for diminution in 'Receivable from Trust' (Refer note 8(e) of Sch 'Q'- Notes to Accounts)		(1,319.29)	0.00
		1,905.49	438.46
Income/(Expenses) pertaining to prior years (Net)	"P"	(26.76)	24.95
PROFIT BEFORE TAX			
		11,611.72	7,293.19
Less: Provision for Tax			
a) Current Tax		2,553.92	1,941.89
b) Fringe Benefit Tax		45.07	62.94
c) Deferred Tax		833.38	172.46
PROFIT AFTER TAX			
		8,179.35	5,115.90
Add: Transfer from Burma Current A/c		0.00	(0.03)
Less: Share of Minority Interest		311.90	183.45
PROFIT FOR THE GROUP			
		7,867.45	4,932.42
Balance brought forward from last year's account		59.97	15.43
	PROFIT AVAILABLE FOR APPROPRIATION	7,927.42	4,947.85

Note:

Total Income includes Rs.1266.58 crore (2006 : Rs. 909.03 crore) share of jointly controlled entities.

Total Expenditure includes Rs.1168.19 crore (2006 : Rs. 817.12 crore) share of jointly controlled entities.

		(Rs. in Crore)	
Schedule		March-07	March-06
APPROPRIATIONS:			
Interim Dividend		700.80	10.08
Final Dividend (Proposed)		1,566.84	1,462.17
Share of Minority Interest in Interim Dividend		0.00	21.50
<u>Corporate Dividend Tax on</u>			
Interim Dividend		98.29	7.68
Final Dividend (Proposed)		308.52	232.06
Insurance Reserve Account		10.00	10.00
Bond Redemption Reserve(net)		(173.02)	552.35
Devaluation Exchange Difference reserve		0.00	(0.03)
General Reserve		5,315.97	2,592.07
Balance carried to Balance Sheet		100.02	59.97
		7,927.42	4,947.85
7. a) Earning Per Share (Rupees)	“Q”	65.98	42.23
(Basic & Diluted)	(Note no.25)		
b) Face Value Per Share (Rupees)		10/-	10/-
8. Notes on Accounts	“Q”		

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES
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(CA. SAMIR MEHTA)
Partner
M. No. 043086

Sd/-
(CA. K. P. KHANDELWAL)
Partner
M.No. 050244

Place : New Delhi
Date : May 28, 2007

SCHEDULE "A" - SHARE CAPITAL

(Rs. in Crore)

	March-07	March-06
Authorised:		
250,00,00,000 Equity Shares of Rs.10 each	2,500.00	2,500.00
Issued, Subscribed and Paid up:		
116,80,12,200 Equity Shares of Rs.10 each	1,168.01	1,168.01
Out of which:		
1. Shares allotted as fully paid without payment being received in cash:		
a) Pursuant to the Petroleum Companies Amalgamation Order, 1964:		
3,76,49,700 Shares of Rs. 10 each		
b) Pursuant to Gujarat Refinery Project Undertaking (Transfer), (Amendment) Order 1965 : 1,00,00,000 Shares of Rs. 10 each		
2. Shares allotted as fully paid up Bonus Shares by Capitalisation of General Reserve: 106,62,95,000 shares of Rs.10 each		
TOTAL	1,168.01	1,168.01

SCHEDULE "A-1" - SHARE CAPITAL SUSPENSE ACCOUNT

24362106 Equity shares of Rs. 10 each to be issued as fully paid up to the shareholders of erstwhile IBP Co. Ltd. as per the Scheme of Amalgamation (refer note 8(d) of Schedule 'Q'- Notes to accounts)	24.36	0.00
TOTAL	24.36	0.00

SCHEDULE "B" - RESERVES AND SURPLUS

1. Capital Reserve:		
As per last Account	407.61	407.61
Add: Transferred on amalgamation of IBP (includes Rs. 0.03 crore (2006 : Rs. 0.03 crore) on account of share of jointly controlled entities and Rs. 407.42 crore (2006 : Rs. 407.42 crore) on acquisition)	4.70	0.00
	412.31	407.61
2. Securities Premium Account:		
As per last Account	262.32	262.35
Add: Transferred on amalgamation of IBP	88.65	0.00
Less: Cancellation of multiple applications	0.00	0.03
	350.97	262.32
3. General Reserve:		
As per last Account	27,690.69	25,099.91
Add: Opening Balance Adjustment	191.49	(1.29)
Add: Transferred on amalgamation of IBP	429.29	0.00
Less: Goodwill on amalgamation of IBP	2.21	0.00
Add: Transferred from Profit and Loss Account (Rs. 97.27 crore {2006 : Rs. 95.62 crore} towards share of jointly controlled entities)	5,315.97	2,592.07
	33,625.23	27,690.69
4. Insurance Reserve:		
As per last Account	50.00	40.00
Add : Transferred from Profit and Loss Account	10.00	10.00
	60.00	50.00
5. Export Profit Reserve:		
As per last Account	59.41	59.41

(Rs. in Crore)

	March-07	March-06
6. Capital Grants:		
As per last Account	13.41	10.52
Add: Received during the year	1.74	4.11
Less: Amortised during the year	0.91	0.76
Less: Surrendered/adjusted against asset sold during the year	0.00	0.46
	<u>14.24</u>	<u>13.41</u>
7. Bond Redemption Reserve Account:		
As per last Account	933.55	381.20
Add: Provision during the year	251.87	583.95
Less: Write-back of provision on redemption of bonds (Rs. 6.00 crore {2006 : Rs. 4.00 crore} towards share of jointly controlled entities)	424.89	31.60
	<u>760.53</u>	<u>933.55</u>
8. Profit and Loss Account:	100.02	59.97
As per Annexed Account		
9. Devaluation Exchange Difference Reserve:		
As per last Account	(4.03)	5.52
Add: Opening balance adjustment	(1.17)	0.00
Add: Transferred on amalgamation of IBP	0.73	0.00
Add: Translation difference	(26.34)	(9.55)
	<u>(30.81)</u>	<u>(4.03)</u>
TOTAL	<u>35,351.90</u>	<u>29,472.93</u>
SCHEDULE "C" - SECURED LOANS		
1. Bonds		
a) Non-Convertible Redeemable Bonds - Series - V	316.00	347.60
b) Non-Convertible Redeemable Bonds - Series - VI	1,000.00	1,000.00
c) Non-Convertible Redeemable Bonds - Series - VII A	0.00	725.00
d) Non-Convertible Redeemable Bonds - Series - VII B	500.00	500.00
Total of (1)	<u>1,816.00</u>	<u>2,572.60</u>
2. Loans and Advances from Banks:		
i) Working Capital Demand Loan	0.09	3,000.17
Interest accrued and due on above	0.00	0.59
Total of (i)	<u>0.09</u>	<u>3,000.76</u>
ii) Term Loan	690.84	731.49
Interest accrued and due on above	0.00	0.01
Total of (ii)	<u>690.84</u>	<u>731.50</u>
iii) Cash Credit	1,652.67	237.48
Interest accrued and due on above	2.52	0.00
Total of (iii)	<u>1,655.19</u>	<u>237.48</u>
iv) Foreign Currency Loans	108.70	223.12
Total of (2)	<u>2,454.82</u>	<u>4,192.86</u>
3. Loans and Advances from Others:		
i) Loan through Collateralized Borrowings and Lending Obligation (CBLO) of Clearing Corporation of India Ltd (CCIL).	2,350.00	2,600.00
TOTAL	<u>6,620.82</u>	<u>9,365.46</u>
Notes:		
A. Includes Rs. 265.08 crore (2006 : Rs. 259.45 crore) share of jointly controlled entities.		

SCHEDULE "D" - UNSECURED LOANS

	(Rs. in Crore)	
	March-07	March-06
1. Public Deposits:	4.09	8.37
2. Short Term Loans and Advances:		
i) From Banks & Financial Institutions:		
a) In Foreign Currency US \$ 1993.98 Million, (2006 : US \$ 1525.50 Million)	9,013.33	7,119.52
b) In Rupee	3,443.30	3,242.46
Total (2)(i)	12,456.63	10,361.98
ii) Export Packing Credit:		
In Foreign Currency US \$ 120 Million (2006 : US \$ 100 Million)	521.76	446.22
Total (2)	12,978.39	10,808.20
3. Other Loans and Advances:		
A) From Banks/Financial Institutions:		
i) In Foreign Currency		
a) Canara Bank: US \$ 200 Million (2006 : US \$ 200 Million)	869.60	892.45
b) BNP Paribas Syndication: US \$ 300 Million (2006 : US \$ 175 Million) (US \$ 50 million repayable in January 2011, US \$ 25 million in February 2011, US \$ 100 Million in March 2011, US \$ 50 million in April 2011, USD \$ 25 million in each of the months of May 2011, June 2011 and July 2011)	1,304.40	780.89
c) Standard Chartered Bank Syndication: (US \$ 200 Million repaid in December 2006)	0.00	892.45
d) Standard Chartered Bank Syndication: (US \$ 200 Million prepaid in JPY in Jan'07, Feb'07 and Mar'07)	0.00	892.45
e) BNP Paribas Syndication:US \$ 200 Million (2006 : US \$ NIL Million) (Refinanced US \$ 200 Million in JPY, repayable in equivalent JPY US \$ 70 Million in January 2010, US \$ 60 Million in February 2010 and US \$ 70 Million in March 2010)	869.60	0.00
f) Leaseplan North America Inc: US \$ 48.25 million (2006: US \$ 53.93 million) (fully guaranteed by Export Import Bank of US and repayable in 20 half yearly installment w.e.f. March 2006) (amount repayable within one year Rs.24.68 crore)	209.81	240.65
Total of 3. A i)	3,253.41	3,698.89

(Rs. in Crore)

	March-07	March-06
ii) In Rupee		
a) Citibank Bank (repayable in 4 equal half yearly instalment w.e.f. November 2006, amount repayable within one year Rs.100 crore)	150.00	200.00
b) Corporation Bank (repayable in June 2008)	300.00	300.00
c) Union Bank of India (repayable in August 2008)	500.00	500.00
d) IDBI (repayable in October 2014. The facility also has a put/call option at the end of 7th year.)	500.00	500.00
e) IDBI (repayable in 5 equal half yearly instalments w.e.f. May'06. Amount repayable within one year Rs. 200 crore)	300.00	500.00
f) State Bank of India (repayable in March 2009)	500.00	500.00
Add: Interest accrued and due	2.29	0.00
	502.29	500.00
g) Others	19.49	53.49
Total of 3. A ii)	2,271.78	2,553.49
B) From Others:		
OIDB	4,352.63	3,629.19
Total of 3	9,877.82	9,881.57
TOTAL	22,860.30	20,698.14

Note:

Includes Rs. 1.87 crore (2006 : Rs. 4.76 crore) share of jointly controlled entities.

SCHEDULE "E" - FIXED ASSETS
(Rs. in Crore)

	At Cost						Depreciation and Amortisation for the year	Deduction on account of retirement/reclassification	Total Depreciation and Amortisation up to 31-Mar-07	Impairment Loss for the year	Total Impairment Loss up to 31-Mar-07	Net Depreciated Block	
	Gross Block as at 1-Apr-06	Additions during the year	Transfers from Construction Work-in-Progress	Disposals During the year	Transfers/ Deductions/ Reclassifications	Gross Block as at 31-Mar-07						As at 31-Mar-07	As at 31-Mar-06
Land-Freehold	838.97	158.49	0.01	(10.73)	(0.79)	985.95	0.00	0.00	0.00	0.00	0.00	985.95	838.97
-Leasehold	395.35	54.00	1.54	(0.38)	(9.43)	441.08	8.50	(1.12)	58.73	0.00	0.00	382.35	344.02
Buildings, Roads etc.	5,239.41	75.59	618.20	(20.02)	(19.29)	5,893.89	145.02	(5.94)	999.92	0.00	0.00	4,893.97	4,378.59
Plant and Machinery	44,038.70	759.94	8,373.35	(167.25)	(186.28)	52,818.46	2,715.84	(196.61)	22,304.14	53.03	88.59	30,425.73	24,218.18
Transport Equipments	341.31	5.15	0.40	(2.13)	(1.40)	343.33	22.13	(2.70)	267.06	0.00	0.00	76.27	93.68
Furnitures and Fixtures	239.05	17.54	0.78	(3.88)	(10.65)	242.84	13.59	(10.27)	127.30	0.00	0.00	115.54	115.09
Railway Sidings	243.93	0.73	0.07	(17.97)	(1.34)	225.42	10.00	(6.24)	111.87	0.00	0.00	113.55	135.80
Drainage, Sewage and Water Supply System	215.41	0.66	93.22	0.00	(3.07)	306.22	10.58	(1.44)	131.67	0.00	0.00	174.55	92.89
Total	51,552.13	1,072.10	9,087.57	(222.36)	(232.25)	61,257.19	2,925.66	(224.32)	24,000.69	53.03	88.59	37,167.91	30,217.22
Previous Year	47,608.71	644.56	3,486.80	(85.23)	(102.71)	51,552.13	2,539.44	(99.28)	21,299.35	0.00	35.56	30,217.22	

Note: Net Fixed Assets includes Rs. 484.01 crore (2006 : Rs. 493.39 crore) share of jointly controlled entities.

SCHEDULE "E-1" - INTANGIBLE ASSETS

(Rs. in Crore)

	At Cost						Amortisation for the year	Deduction on account of retirement/reclassification	Total Amortisation up to 31-Mar-07	Impairment Loss for the year	Total Impairment Loss up to 31-Mar-07	Net Depreciated Block	
	Gross Block as at 1-Apr-06	Additions during the year	Transfers from Construction Work-in-Progress	Disposals During the year	Transfers/ Deductions/ Reclassifications	Gross Block as at 31-Mar-07						As at 31-Mar-07	As at 31-Mar-06
Right of Way	26.95	0.87	0.00	0.00	0.00	27.82	0.03	0.00	0.12	0.00	0.00	27.70	26.85
Licenses	138.58	0.00	143.91	(0.47)	0.00	282.02	24.97	0.00	51.21	1.65	1.65	229.16	112.33
Computer Software	47.36	10.14	2.82	0.00	1.61	61.93	17.81	0.05	40.93	0.00	0.00	21.00	24.31
Total	212.89	11.01	146.73	(0.47)	1.61	371.77	42.81	0.05	92.26	1.65	1.65	277.86	163.49
Previous Year	159.89	16.93	23.51	(1.77)	14.33	212.89	32.46	(0.01)	49.40	0.00	0.00	163.49	

Note:

Net Intangible Assets includes Rs.1.89 crore (2006: Rs.1.67 crore) share of jointly controlled entities

SCHEDULE "F" - CAPITAL WORK-IN-PROGRESS

(Rs. in Crore)

	March-07	March-06
1. Construction Work-in-Progress - Fixed Assets (including unallocated capital expenditure, materials at site)	2,743.69	3,214.02
Less: Provision for Capital Losses	47.16	44.80
	2,696.53	3,169.22
2. Advance for Capital Expenditure	1,144.63	4,086.84
Less : Provision for Doubtful Advance	10.49	10.50
	1,134.14	4,076.34
3. Capital Stores	488.60	1,066.90
Less: Provision for Capital Losses	1.83	10.31
	486.77	1,056.59
4. Capital Goods-in-Transit	103.05	296.15
5. Construction period expenses pending allocation:		
Balance as at beginning of the year	990.42	725.96
Less: Opening Balance Adjustment	(41.74)	0.00
Add : Net Expenditure during the year (Sch. "F-1")	415.25	458.06
	1,363.93	1,184.02
Less: Allocated to Assets during the year	1,139.08	193.60
	224.85	990.42
6. Work-in-Progress - Intangible Assets (including unallocated capital expenditure)	192.80	317.39
Less: Provision for loss	33.95	33.95
	158.85	283.44
TOTAL	4,804.19	9,872.16

Note:

Includes Rs. 90.76 crore (2006 : Rs.19.65 crore) share of jointly controlled entities.

SCHEDULE “F-1” - CONSTRUCTION PERIOD EXPENSES (NET) DURING THE YEAR
(Rs. in Crore)

	March-07	March-06
1. Payments to and Provision for Employees	40.91	51.93
2. Repairs & Maintenance	1.50	2.03
3. Consumption of Stores & Spares	0.07	0.02
4. Power & Fuel	0.62	7.73
5. Rent	1.29	2.94
6. Insurance	10.51	13.27
7. Rates & Taxes	0.14	0.04
8. Travelling Expenses	6.35	10.50
9. Communication Expenses	0.67	1.35
10. Printing & Stationery	0.35	0.49
11. Electricity & Water Charges	1.12	0.69
12. Bank Charges	0.75	0.40
13. Technical Assistance Fees	0.02	0.13
14. Exchange Fluctuation	4.42	6.02
15. Interest	115.71	149.37
16. Depreciation	11.30	19.48
17. Start up/Trial Run Expenses	5.81	140.07
18. Others	225.24	127.44
Total Expenses	426.78	533.90
Less: Recoveries	11.53	75.84
Net Expenditure during the year	415.25	458.06

SCHEDULE “G” - INVESTMENTS
(Rs. in Crore)

	March-07	March-06
I. LONG TERM INVESTMENTS:		
1. QUOTED:	1,904.73	2,349.76
2. UNQUOTED:		
i) Oil Companies GOI SPL Bonds	2,387.45	2,479.15
ii) In Government - Securities	178.45	0.01
iii) In Joint Venture Companies	21.09	23.21
iv) In Subsidiary Companies	0.00	1.00
v) In Others	361.73	378.88
	4,853.45	5,232.01
II. CURRENT INVESTMENTS (UNQUOTED):		
i) Oil Companies GOI SPL Bonds	14,638.59	7064.53
Less: Provision for Diminution	180.01	4.28
	14,458.58	7,060.25
Total: I and II	19,312.03	12,292.26

Note

Includes Rs. 73.24 crore (2006 : Rs. 26.71 crore) share of jointly controlled entities.

Schedules

SCHEDULE "H" - INVENTORIES

		(Rs. in Crore)	
		March-07	March-06
1. In Hand:			
a. Stores, Spares etc.		1,236.47	1,042.50
Less: Provision for Losses		<u>81.20</u>	<u>66.66</u>
		1,155.27	975.84
b. Raw Materials		7,003.37	7,690.35
c. Finished Products		14,342.96	14,008.38
d. Stock in Process		1,908.60	1,924.64
e. Work-in-Progress - Construction Contracts		37.54	29.92
f. Barrels and Tins		<u>11.63</u>	<u>9.44</u>
	Total (1)	24,459.37	24,638.57
2. In Transit:			
a. Stores & Spares		78.05	54.51
b. Raw Materials		4,270.14	3,832.19
c. Finished Products		<u>182.16</u>	<u>114.46</u>
	Total (2)	4,530.35	4,001.16
	TOTAL	28,989.72	28,639.73

Note:

Includes Rs. 129.58 crore (2006 : Rs. 102.08 crore) share of jointly controlled entities.

SCHEDULE "I" - SUNDRY DEBTORS

		(Rs. in Crore)	
		March-07	March-06
1. Over Six Months:			
i) Secured, Considered Good		0.00	0.01
ii) Unsecured, Considered Good		33.63	69.70
iii) Unsecured, Considered Doubtful		<u>252.03</u>	<u>264.39</u>
	Total 1	285.66	334.10
2. Other Debts:			
i) Secured, Considered Good		6.36	7.29
ii) Unsecured, Considered Good		5,126.77	4,953.92
iii) Unsecured, Considered Doubtful		<u>2.47</u>	<u>326.23</u>
	Total 2	5,135.60	5,287.44
	Total : (1+2)	5,421.26	5,621.54
Less: Provision for Doubtful Debts		<u>254.50</u>	<u>590.62</u>
	TOTAL	5,166.76	5,030.92

Note:

Includes Rs. 136.45 crore (2006 : Rs. 76.87 crore) share of jointly controlled entities.

SCHEDULE “J” - CASH AND BANK BALANCES
(Rs. in Crore)

	Note	March-07	March-06
1. Cash Balances			
a) Cash Balances including imprest		71.09	119.61
b) Cheques in hand		726.45	717.10
		797.54	836.71
2. Bank Balances with Scheduled Banks:			
a) Current Account		210.96	113.96
b) Fixed Deposit Account		24.73	70.71
c) Call Deposit Account		42.46	30.45
d) Blocked Account		0.16	0.16
		278.31	215.28
3. Bank Balances with Non-Scheduled Banks:			
a) Current Account	A		
Myanmar Economic Bank Branch (5), Rangoon		0.88	0.86
[Maximum balance during the year - Rs.0.88 crore]			0.86
		0.88	0.86
TOTAL		1,076.73	1,052.85

Note:

A. There exists restrictions on repatriation of said amount from Myanmar
Includes Rs. 69.11 crore (2006 : Rs. 50.52 crore) share of jointly controlled entities.

SCHEDULE “J-1” - OTHER CURRENT ASSETS
(Rs. in Crore)

		March-07	March-06
1. Interest accrued on Investments / Bank Deposits		254.40	33.86
2. Receivable from Trust		1,840.99	0.00
Less: Provision for Diminution		1,319.29	0.00
(refer note 8(e) of schedule - ‘Q’ - Notes to Accounts)		521.70	0.00
		776.10	33.86

Note:

Includes Rs. 0.27 crore (2006 : Rs. 0.11 crore) share of jointly controlled entities.

SCHEDULE “K” - LOANS AND ADVANCES
(Rs. in Crore)

		March-07	March-06
1. Advance recoverable in cash or in kind or for value to be received:			
i) Secured, Considered Good		1,257.94	1,153.55
ii) Unsecured, Considered Good		1,885.72	1,409.34
iii) Unsecured, Considered Doubtful		6.02	7.82
Total		3,149.68	2,570.71
Less: Provision for Doubtful Advances		6.02	7.82
		3,143.66	2,562.89
2. Amount recoverable from Government of India:			
Unsecured, Considered Good		235.54	53.36

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

(Rs. in Crore)

	March-07	March-06
3. Claims Recoverable:		
i) Secured, Considered Good	0.10	0.10
ii) Unsecured, Considered Good	1,107.06	1,184.51
iii) Unsecured, Considered Doubtful	45.85	34.45
Total	1,153.01	1,219.06
Less: Provision for Doubtful Claims	45.85	34.45
	1,107.16	1,184.61
4. Balance with Customs, Port Trust and Excise Authorities:		
Unsecured, Considered Good	115.21	107.08
5. Advance Tax (net)	0.00	213.75
6. Materials given on loan		
i) Secured, Considered Good	0.12	0.07
Less: Deposits received	0.12	0.07
	0.00	0.00
ii) Unsecured, Considered Good	0.21	0.42
Total	0.21	0.42
7. Sundry Deposits (including amount adjustable on receipt of final bills)		
i) Secured, Considered Good	9.08	9.09
ii) Unsecured, Considered Good	1,678.04	999.90
iii) Unsecured, Considered Doubtful	0.22	0.01
Total	1,687.34	1,009.00
Less: Provision for Doubtful Deposits	0.22	0.01
	1,687.12	1,008.99
TOTAL	6,288.90	5,131.10

Notes: Includes Rs. 42.90 crore (2006 : Rs. 30.44 crore) share of jointly controlled entities.

SCHEDULE "L" - CURRENT LIABILITIES AND PROVISIONS

(Rs. in Crore)

	March-07	March-06
1. Current Liabilities		
a) Sundry Creditors		
i) Total Dues of small scale industrial undertaking(s)	24.45	37.66
ii) Total Dues of creditors other than small scale industrial undertaking(s)	15,039.13	14,315.32
Total	15,063.58	14,352.98
b) Other Liabilities	5,490.22	4,240.93
c) Investor Education and Protection Fund to be credited on the due dates:		
- Unpaid Dividend	9.25	8.84
- Unpaid Matured Deposits	0.34	2.04
- Unpaid Matured Bonds	0.01	0.09
d) Security Deposits	6,047.47	5,647.29
Less: Investments and Deposits with Banks lodged by outside parties	0.04	0.05
	6,047.43	5,647.24

	(Rs. in Crore)	
	March-07	March-06
e) Liability on Foreign Currency Contract	994.29	265.55
Less: Foreign Currency Receivables	760.90	223.11
	233.39	42.44
f) Interest accrued but not due on loans	208.92	180.79
Total Current Liabilities	27,053.14	24,475.35
2. Provisions		
a) Provision for Taxation		
i) Provision for Current Tax	6,472.36	6,720.06
Less: Advance payments	5,487.27	6,719.61
Sub-total (i)	985.09	0.45
ii) Provision for Fringe Benefit Tax	106.99	60.44
Less: Advance payments	101.06	56.33
Sub-total (ii)	5.93	4.11
Sub-total (a) = (i + ii)	991.02	4.56
b) Proposed Dividend	1,566.84	1,462.17
c) Corporate Dividend Tax	308.52	232.06
d) Provision for Retirement Benefits	357.34	356.23
e) Contingencies for probable obligations	92.23	68.60
Total Provisions	3,315.95	2,123.62
TOTAL	30,369.09	26,598.97

Note:

Includes Rs. 230.09 crore (2006 : Rs. 88.15 crore) share of jointly controlled entities.

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

	(Rs. in Crore)	
	March-07	March-06
Closing Stock		
a) Finished Products	14,525.12	14,122.84
b) Stock in Process	1,908.58	1,924.64
	16,433.70	16,047.48
Less:		
Opening Stock		
a) Finished Products	14,122.84	11,711.50
b) Stock in Process	1,924.64	1,401.78
	16,047.48	13,113.28
NET INCREASE/ (DECREASE)	386.22	2,934.20

SCHEDULE “N” - INTEREST AND OTHER INCOME

(Rs. in Crore)

	March-07	March-06
1. Interest on:		
a) Loans and Advances		
i) From Others	53.60	50.23
b) Fixed Deposits with Banks	10.45	3.91
c) Short Term Deposits with Banks	35.57	15.86
d) Customers Outstandings		
i) From Others	50.02	48.82
	<u>50.02</u>	<u>48.82</u>
e) Oil Companies GOI SPL Bonds	693.04	124.18
f) Others	20.08	(1.33)
	<u>862.76</u>	<u>241.67</u>
2. Dividend	550.20	688.40
3. Profit on sale of GOI Bonds/investments	7.90	94.81
4. Sale of Power and Water	14.74	14.99
5. Profit on sale and disposal of Assets	38.67	17.00
6. Unclaimed/Unspent liabilities written back	134.76	503.17
7. Provision for Doubtful Debts, Advances, Claims and Stores written back	51.95	38.30
8. Recoveries from Employees	13.95	16.32
9. Retail Outlet Licence Fees	58.91	52.64
10. Collection Charges for Outstation Cheques	12.36	10.42
11. Sale of Scrap	61.03	36.63
12. Income from Finance Leases	7.70	9.69
13. Amortisation of Capital Grants	0.91	0.76
14. Exchange Fluctuations (Net)	488.46	3.68
15. Commodity Hedging Gain (Net)	18.07	16.24
16. Terminalling Charges	55.19	82.24
17. Recovery towards Inventory Carrying Cost	52.38	34.34
18. Provision for Investment written back	4.94	2.00
19. Other Miscellaneous Income	327.00	129.22
TOTAL	<u>2,761.88</u>	<u>1,992.52</u>

SCHEDULE “O” - MANUFACTURING, ADMINISTRATION, SELLING AND OTHER EXPENSES
(Rs. in Crore)

	March-07	March-06
1. Raw Materials Consumed:		
Opening Balance	11,522.54	9,167.51
Add: Purchases	99,207.22	80,172.03
	<u>110,729.76</u>	<u>89,339.54</u>
Less: Closing Stock	11,273.51	11,522.54
	99,456.25	<u>77,817.00</u>
2. Consumption:		
a) Stores, Spares and Consumables	549.25	382.90
b) Packages & Drum Sheets	242.07	231.37
	791.32	<u>614.27</u>
3. Power & Fuel	6,949.58	5,651.13
Less: Fuel for own production	6,586.22	5,343.48
	363.36	<u>307.65</u>
4. Processing Fees, Blending Fees, Royalty & Other Charges	41.27	75.17
5. Octroi, Other Levies and Irrecoverable Taxes	882.74	1,077.78
6. Repairs and Maintenance:		
i) Plant and Machinery	748.65	602.88
ii) Buildings	164.38	106.24
iii) Others	68.72	61.94
	981.75	<u>771.06</u>
7. Freight, Transportation Charges and Demurrage	4,751.02	4,353.98
8. Payments to and Provisions for Employees:		
(a) Salaries, Wages, Bonus etc.	2,076.35	1,610.56
(b) Contribution to Provident & Other Funds	431.61	236.86
(c) Voluntary Retirement Compensation	38.82	18.65
(d) Staff Welfare Expenses	394.47	353.61
	2,941.25	<u>2,219.68</u>
9. Office Administration, Selling and Other Expenses (Schedule “O-1”)	2,740.60	2,468.30
TOTAL	112,949.56	<u>89,704.89</u>
Less: Company’s use of own products	542.83	408.08
TOTAL (Net)	112,406.73	<u>89,296.81</u>

Schedules

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

(Rs. in Crore)

	March-07	March-06
1. Rent	258.62	227.48
2. Insurance	100.73	111.84
3. Rates & Taxes	62.89	58.24
4. Donations	0.36	2.33
5. Payment to Auditors:		
a) Audit Fees	0.74	0.65
b) Tax Audit Fees	0.11	0.13
c) Other Services (for issuing certificates etc.)	0.30	0.28
d) Out of Pocket Expenses	0.34	0.30
	1.49	1.36
6. Travelling & Conveyance	202.66	195.92
7. Communication Expenses	43.31	44.33
8. Printing & Stationery	21.09	20.52
9. Electricity & Water	127.68	120.84
10. Bank Charges	34.32	33.31
11. Bad Debts, Advances & Claims written off	10.00	4.92
12. Loss on Assets sold, lost or written off	69.50	21.96
13. Technical Assistance Fees	56.34	146.21
14. Exchange Fluctuation (Net)	26.54	232.21
15. Provision for Doubtful Debts, Advances Claims and Obsolescence of Stores	59.56	453.15
16. Provision for Diminution in Investments	180.87	5.17
17. Write - off of Investments	0.00	2.00
18. Loss on Sale of Investments	156.42	0.00
19. Security Force Expenses	115.51	109.02
20. Sales Promotion Expenses	266.34	254.29
21. Handling Expenses	118.27	99.95
22. Inventory Carrying Cost	40.31	9.10
23. Expenses on Enabling Facilities	32.09	28.51
24. Terminalling Charges	13.37	12.88
25. Exploration Cost - Survey Expenditure	106.91	67.78
26. Amortisation of Premium on Forward Contracts	113.43	10.47
27. Amortisation of Goodwill	0.00	1.66
28. Other Expenses	521.99	192.85
TOTAL	2,740.60	2,468.30

SCHEDULE “P”- INCOME/EXPENSES RELATING TO PREVIOUS YEARS
(Rs. in Crore)

	March-07	March-06
Income:		
1. Interest	0.00	9.42
2. Miscellaneous Income	6.26	9.39
3. Sales of Products	0.00	8.32
Total Income	6.26	27.13
Expenditure:		
1. Raw Material		
a) Consumption	(0.10)	11.71
2. Depreciation and Amortisation on:		
a) Fixed Assets	41.59	(1.82)
b) Intangible Assets	(0.02)	3.81
3. Consumption		
a) Stores, Spares and Consumables	1.83	0.29
4. Technical Fees	1.44	2.08
5. Power & Fuel	(0.49)	0.00
6. Repairs and Maintenance	5.16	(0.50)
7. Interest	0.05	0.46
8. Rent	0.36	1.82
9. Payment to and provision for employees	(0.10)	(0.22)
10. Other Expenses	(16.70)	(15.45)
Total Expenses	33.02	2.18
NET INCOME/(EXPENDITURE)	(26.76)	24.95

SCHEDULE “Q” - NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2007
1. PRINCIPLES OF CONSOLIDATION

- 1.1 The consolidated financial statements relate to Indian Oil Corporation Limited (Parent Company), its subsidiaries and Joint Venture companies. The consolidated financial statements have been prepared on the following basis:
- The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating the intra-group balances, intra-group transactions and unrealized profits or losses in accordance with Accounting Standard -21 on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India. The share of Minority Interest in the Subsidiaries has been disclosed separately in the Consolidated Financial Statements.
 - The financial statements of Joint Ventures have been combined by applying proportionate consolidation method on a line-by-line basis on items of assets, liabilities, income, and expenses after eliminating proportionate share of unrealised profits or losses in accordance with Accounting Standard –27 on “Financial Reporting of Interests in Joint Ventures” issued by The Institute of Chartered Accountants of India.
 - The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company’s separate financial statements.

- d) The excess/shortfall of cost to the Parent Company of its investment in the respective subsidiary companies and joint venture companies is recognized in the financial statements as goodwill/capital reserve respectively as per the equity method of valuation.

1.2 **The Consolidated Financial Statements include the results of the following entities:**

Sr. No.	Name of Company	Country of incorporation	Relation	Ownership Interest
1.	Chennai Petroleum Corporation Ltd (CPCL)	India	Subsidiary	51.88%
2.	Bongaigaon Refinery and Petrochemicals Ltd (BRPL)	India	Subsidiary	74.46%
3.	Lanka IOC Ltd. (LIOC)	Sri Lanka	Subsidiary	75.11%
4.	IndianOil (Mauritius) Ltd. (IOML)	Mauritius	Subsidiary	100%
5.	IndianOil Technologies Ltd.	India	Subsidiary	100%
6.	IOC Middle East FZE	Dubai-UAE	Subsidiary	100%
7.	Indian Oiltanking Ltd (IOTL)	India	Joint Venture	50%
8.	Lubrizol India Pvt. Ltd.	India	Joint Venture	50%
9.	Avi-Oil India Pvt. Ltd.	India	Joint Venture	25%
10.	Petronet LNG Ltd	India	Joint Venture	12.5%
11.	IndianOil Petronas Pvt.Ltd.	India	Joint Venture	50%
12.	Green Gas Ltd	India	Joint Venture	22.50%
13.	IndianOil Sky Tanking Ltd.	India	Joint Venture	33.33%
14.	Indo Cat Pvt.Ltd.	India	Joint Venture	50%

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

1.3 **Other Significant Accounting Policies**

These are set out in the Statement of Significant Accounting Policies of the financial statements of the Parent Company and its Subsidiaries.

- For certain items, the Company and its subsidiaries and Joint ventures have followed different accounting policies in certain cases. However impact of the same is not material.
- Financial statements of IOML, LIOC and IOC Middle East FZE are drawn in Mauritius Rupees, Sri Lankan Rupees and UAE Dirhams respectively. The transactions with these foreign subsidiaries are considered as non integral operation as per Accounting Standard-11 "The Effects of Changes in Foreign Exchange Rates" and accordingly, the Financial Statements have been translated to Indian Rupees for the purpose of Consolidated Financial Statements.
- Subsequent to finalisation of Consolidated Financial Statements (CFS) for the year ended on 31.03.2006, the audited financial statements of Lanka IOC Ltd. (LIOC) for the year ended on 31.03.2006 considered for CFS, were revised in view of a settlement of the issue of Subsidy between LIOC and Government of Sri Lanka (GOSL). This has resulted in reduction in loss of LIOC for the year ended on 31.03.2006 and increase in retained earnings as at 31.03.2006 by Rs. 233.83 crore. The said amount is forming part of CFS by way of adjustment in General Reserve under the head "Opening Balance Adjustments".

5. **Contingent Liabilities:**

- Claims not acknowledged as debts **Rs. 7850.34 crore** (2006 : Rs. 6056.36 crore). These include:
 - Rs. 5848.59 crore** (2006 : Rs. 4003.50 crore) being the demands raised by the Central Excise / Customs / Sales tax authorities.
 - Rs. 730.51 crore** (2006 : Rs. 731.48 crore) for which suits have been filed in the Courts or cases are lying with Arbitrators.
 - Rs. 872.32 crore** (2006 : Rs. 711.01 crore) in respect of Income Tax demands.

- b) Interest/Penalty, if any, on some of the above claims is unascertainable.
- c) Income tax, if any, reimbursable to foreign contractors is unascertainable.
6. Estimated amount of contracts remaining to be executed on Capital Account not provided for **Rs. 16101.19 crore** (2006: Rs. 3908.12 crore)
7. Purchase of crude oil from ONGC Limited, Oil India Limited and Panna Mukta has been accounted for provisionally pending finalisation of agreements with respective parties. Adjustments, if any, will be made on finalisation of the agreement.
- 8. Amalgamation of erstwhile IBP Co. Ltd. with the Parent Company:**
- a) IBP Co. Ltd, a subsidiary company, was engaged primarily in the business of marketing of petroleum products
- b) Pursuant to the Scheme of Amalgamation ('the scheme') of the erstwhile IBP Co. Ltd. with the Parent Company as approved in the members' meeting held on 29th May 2006 and subsequently sanctioned by Ministry of Company Affairs, Govt. of India vide its order dated 30th April, 2007, copy of which were filed with Registrar of Companies on 2nd May, 2007, the assets, liabilities and reserves of erstwhile IBP Co. Ltd. stand transferred to and vested in the Parent Company with effect from the appointed date i.e. 1st April 2004. Accordingly the scheme has been given effect to in these accounts.
- c) The Amalgamation has been accounted for under the "pooling of interest" method as prescribed by Accounting Standard -14 on "Accounting for Amalgamations" issued by The Institute of Chartered Accountants of India. Accordingly, the assets, liabilities and reserves of the erstwhile IBP Co. Ltd. as at 1st April, 2004 along with subsequent addition/deletion up to 31st March 2006 have been transferred in accordance with the said scheme. The profits of the amalgamating company during the period 1st April 2004 to 31st March 2006 have been transferred to the General Reserve of the Parent Company without opening the accounts of the Parent Company for the previous year. Current year transactions are duly incorporated in the books of the Parent Company.
- d) As provided in the scheme, 2,43,62,106 number of equity shares will be issued to the equity share holders of erstwhile IBP Co. Ltd. in the ratio of 110 equity shares of the face value of Rs. 10 each in the Parent Company for every 100 equity shares held in erstwhile IBP Co. Ltd. In terms of the scheme, the said equity shares when issued and allotted by the Parent Company shall rank for dividend, voting rights and in all respects pari-passu with the existing equity shares in the Parent Company. Pending allotment of the said equity shares, the amount has been disclosed under "Share Capital Suspense Account" in schedule A-1.
- e) As provided in the scheme, 1,30,53,988 number of equity shares to be issued by the Parent Company in lieu of 1,18,67,262 number of equity shares held by the Parent Company in the erstwhile IBP Co. Ltd. will be transferred to a trust for the sole benefit of the Parent Company. Accordingly the cost of the aforesaid investment of the Parent Company is reflected as "receivables from Trust" under 'Other Current Assets' in Schedule "J-1". The difference between the cost and net realizable value as at the year end aggregating to Rs. 1319.29 crore has been provided for in the Profit and Loss account for the year 2006-07.
- f) In view of the above, Goodwill on consolidation amounting to Rs. 1605.03 crore has been adjusted during the year.
9. The Group has numerous transactions with other Oil Companies, which are reconciled on an ongoing basis and are subject to confirmation.
10. Bond redemption Reserve (net) amounting to Rs. 173.02 Crore has been written back during the year. (Rs. 552.35 Crore was transferred to Bond redemption reserve during the previous year.)
11. Pursuant to order pronounced by the Honorable Supreme Court-in the matter of levy of entry tax on crude oil, and as advised, the Company has not provided for entry tax amounting to Rs 172.56 crores in respect of Mathura and Panipat Refineries. Pending final disposal of the matter by the Honourable Supreme Court and Various High Courts for earlier period, Entry Tax already paid/deposited/ provided for at various units has not been considered for write back.
12. Subsidies on SKO (PDS) and LPG (Domestic) amounting to Rs. 1483.94 crore (2006: Rs. 1482.91 crore) and subsidies on sales of SKO & LPG to customers in Bhutan amounting to Rs.42.98 crore (2006 : Rs. 32.90 crore) have been reckoned as per the schemes notified by Government of India.

13. The Group has received Government of India Special Bonds of **Rs. 13943.21 crore** (2006:Rs. 6992.02 crore) in lieu of under-recoveries on different products for the year. The same has been accounted in the Profit and Loss Account as Revenue Grants.
14. In line with the scheme formulated by Petroleum Planning and analysis Cell (PPAC), **Rs. 11881.73 crore** (2006 : Rs. 7,193.63 crore) has been received as discount on Crude Oil/ LPG/SKO purchased from ONGC/ GAIL / OIL towards part of the under-recoveries suffered on sale of MS, HSD, LPG (Domestic) and SKO (PDS) and the same has been adjusted against purchase cost.
15. The Company and its subsidiaries have export obligation to the extent of **Rs. 553.67 crore** (2006 : Rs. 655.04 crore) on account of concessional rate of customs duty availed under EPCG license scheme on import of capital goods.
16. The scheme of Amalgamation for merger of one subsidiary, Bongaigaon Refinery & Petrochemicals Ltd., with the Parent Company with a swap ratio of 4 shares of the Parent Company in lieu of 37 shares of the Subsidiary Company has been approved by the Board of Directors at its meeting held on 29th November 2006. The Scheme has been forwarded to Government of India for its approval as per the guidelines applicable to government companies.
17. In absence of relevant notification by the Government of India specifying the period and applicable rate at which cess on turnover is payable under section 441A of the Companies Act 1956, the same is not determinable and hence not provided.
18. Pending finalisation of long-term settlement with the employees, liability for the period from 1st January 2007 to 31st March 2007 has not been provided in respect of revision of emoluments, as the amount thereof is not determinable and the impact thereof has also not been considered in ascertaining the liability on account of Leave Encashment and Gratuity.
19. Consequent upon the change in method of accounting during the year, profit for the year is lower by Rs. 11.32 Crore (net) as detailed below:
 - a) Computation of cost of Finished Goods, (other than lubes and greases) from 'Weighted Average' to 'FIFO' during the current year resulting in increase in the value of inventory and profit for the year by Rs. 15.30 crore.
 - b) Charging off prepaid expenses upto Rs. 5 lakh in each case during the current year to revenue as against upto Rs. 0.50 lakh in each case upto the previous year resulting in the profit of the Current Year being lower by Rs. 3.64 crore.
 - c) Charging off the expenditure incurred under Voluntary Retirement Scheme in the year of incurrence instead of amortising the same over five years resulting in the profit of the current year being lower by Rs. 22.98 crore.
20. In respect of certain Subsidiaries and Joint Venture Companies, the following additional notes to accounts are disclosed:

Chennai Petroleum Corporation Ltd.

- a) As per the terms of Memorandum of Settlement (MoS), approved by the Government of India for the withdrawal by the Corporation from the Joint Venture AROCHEM, with SPIC Ltd., the amount due to the Corporation as on 31.03.2007 stood at Rs. 14.40 crore. As SPIC Ltd. has expressed its keenness to implement its project and clear the dues to the Corporation, the Corporation is confident of recovering the investment made in the project.

Bongaigaon Refinery and Petrochemicals Ltd.

- a) Share of Transportation Cost of Ravva Crude receivable from Numaligarh Refineries Limited in terms of the Instruction of the Ministry of Petroleum and Natural Gas amounting to Rs. 55.24 Crore has not been recognised as revenue in view of certain elements of cost having been disputed by NRL as per Accounting Standard – 9 on "Recognition of Revenue" issued by The Institute of Chartered Accountants of India.
- b) As per guidelines issued by the ICAI under AS-28 "Impairment of Assets", the Company has assessed the recoverable amount, out of its Cash Generating Unit (CGU) and found that recoverable amount out of its 2 such units (PSF and DMT), which are already shut down w.e.f. December'05 are less than their carrying value as on 31.03.2007. In the absence of any prima-facie reference of estimation about the residual value, 5% of the Gross Block has been considered as residual value/recoverable value and , accordingly,

provision for impairment of these two units is made in the accounts for Rs. 54.68 crore (including 100% impairment of Intangible Assets Rs. 1.65 crore)

Lanka IOC Ltd.

- a) Goodwill represents the excess of the costs of acquisition over the fair values of the retail outlets at the date of acquisition. Surplus arising from revaluation of land of 100 retail outlets is set off against the goodwill on acquisition of 100 retail outlets. Upto year ended 31.03.2006, Goodwill was amortised using the straight line method over a period of 20 years based on the Petroleum Products License. According to the revised Accounting Standards applicable in Sri Lanka, Goodwill is not amortised but is tested annually for impairment.
- b) Lanka IOC Ltd. owns 1/3rd share of Ceylon Petroleum Storage Terminal Limited (CPSTL), also known as the "Common User Facility" (CUF). The Company paid US\$ 45 million to Ceylon Petroleum Corporation on 22 January 2004 to obtain 1/3rd share of CPSTL.

	(Rs. in Crore)	
	2006-07	2005-06
At the beginning of the year	191.15	193.26
Translation Difference	(15.38)	(2.11)
Closing Net book amount	175.77	191.15

The investment in CPSTL is accounted for at cost. The Board of Directors is of the view that the Company has no significant influence in the financial and operating policy decisions of the investee and hence the adoption of the Equity method is inappropriate. Necessary adjustments have been made in this regard in the Opening General Reserve.

- c) Subsidy receivable from GOSL in the previous year consists of the subsidy claimed by the Company from GOSL as compensation for the loss arising from the price differential suffered by the Company due to price revisions not being carried out by GOSL as per the pricing formula entered into by the Company, Ceylon Petroleum Corporation and Secretary to the Treasury GOSL. The amount has been written off during the year on settlement between the parties to the agreement.
- d) In terms of the agreement entered into with the Board of Investment of Sri Lanka under section 17 of the Board of Investment Law no. 4 of 1978, the Company is exempt from income tax for a period of 10 years commencing from 14.02.2003. The current year's tax charge wholly consists of tax on non-exempt interest income.

Petronet LNG Ltd.

- a) In terms of the provisions contained in the LNG Port Terminal Concession Agreement, the Company has to develop a Solid Cargo Port along with LNG Terminal. A Joint Venture Company "Adani Petronet (Dahej) Port Pvt Ltd (APPPL) has been formed for development of Solid Cargo Port. The Company has acquired 50% equity in APPPL, Expenses to the extent of Rs. 2.37 crore have been incurred on this account which includes a deposit of Rs. 1.70 crore with the Gujarat Industrial Development Corporation classified under "Loans and Advances".
 - b) Customs Duty on import of Project material/equipment has been assessed provisionally (current and previous years) and additional liability, if, any, on this account will be provided on final assessment
 - c) As regards expenditure in Cochin, the project construction has not commenced
21. In compliance of Accounting Standard – 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India the required information is given as per Annexure-1 to this schedule.
 22. In compliance of Accounting Standard – 18 on "Related Party Disclosures" issued by The Institute of Chartered Accountants of India the required information is given as per Annexure-2 to this schedule.
 23. In compliance of Accounting Standard - 27 on "Financial Reporting of Interests in Joint Ventures" issued by The Institute of Chartered Accountants of India, the required information is given as per Annexure-3 to this schedule.

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

Finance Lease of Tank Wagons:

Particulars	(Rs. in Crore)	
	March-07	March-06
A. Gross Investments in Finance Lease	416.96	416.96
Less: Unearned Finance Income	16.88	24.58
Less: Finance Income Received	154.81	147.11
Less: Minimum Lease payment received	196.54	169.40
Net Investment in Finance Lease as on Date	48.73	75.87
B. Unearned finance Income	16.88	24.58
C. Present Value of Minimum Lease Payments Receivable		
Not Later than one year	11.71	27.14
Later than one year and not later than five years	29.97	37.34
Later than Five years	7.05	11.39
Total	48.73	75.87
D. Break-up of un-earned income		
Not Later than one year	3.85	7.71
Later than one year and not later than five years	9.50	11.88
Later than Five years	3.53	4.99
Total	16.88	24.58

Operating leases:

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

	(Rs. in Crore)	
	March-07	March-06
Not later than One Year	39.78	39.78
Later than one year and not later than five years	158.01	158.51
Later than five years	741.49	780.77

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

	March-07	March-06
Profit After Tax for the Group (Rs. in Crore)	7867.45	4932.42
Total Weighted Average number of equity shares used for computing Earning Per Share (Basic & Diluted)		
a) Number of shares	1168012200	1168012200
b) Number of shares to be issued to erstwhile shareholders of IBP Co. Ltd	24362106	-
Total number of shares	1192374306	1168012200
Earning Per Share (Basic and Diluted) (Rupees)	65.98	42.23
Face value per share (Rupees)	10/-	10/-

26. In compliance of Accounting Standard – 22 on “Accounting for Taxes on Income” issued by The Institute of Chartered Accountants of India, the item wise details of deferred tax liability (net) are as under:

	As on 31.03.2007	As on 31.03.2006
(Rs. in Crore)		
Deferred Tax Liability:		
i) Depreciation	6443.71	5510.14
ii) Others	3.77	1.15
Total deferred tax liability (A)	6447.48	5508.29
Deferred Tax Assets:		
i) Compensation under voluntary retirement scheme	8.57	2.73
ii) Provision for doubtful advances /claims / materials.	147.69	161.78
iii) Provision for Retirement Benefits	14.52	10.38
iv) Others	217.09	110.17
Total deferred tax assets (B)	387.87	285.06
Deferred Tax Liability (Net) (A-B)	6059.61	5226.23

27. Considering the Government policies and modalities of compensating the oil marketing companies towards under-recoveries, future cash flows have been worked out based on the desired margins for deciding on impairment of related Cash Generating Units. Accordingly, no further impairment as at the year-end has been considered except in respect of PSF and DMT units of Bongaigaon Refineries and Petrochemicals Limited amounting to Rs. 54.58 crore which has been charged to the Profit and Loss Account for the year. In view of this assumption being technical, peculiar to the industry and policy matter, the auditors have relied on the same.
28. In compliance of Accounting Standard – 29 on “Provisions, Contingent Liabilities and Contingent Assets” issued by The Institute of Chartered Accountants of India, the details of provision made by the Company is as under:

	Opening Balance as on 1 st April	Additions during the year	Utilisation during the year	Reversals during the year	Closing balance as on 31 st March
Excise	0.73	0.65	-	0.15	1.23
Customs	-	1.36	-	-	1.36
Income Tax	5.82	-	0.05	3.98	1.79
Sales Tax	58.55	29.95	-	0.86	87.64
Others	3.50	0.21	3.50	-	0.21
Total	68.60	32.17	3.55	4.99	92.23
Previous Year	59.91	9.59	0.00	0.90	68.60

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

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

Place : New Delhi
Date : May 28, 2007

Annexure-1

Information regarding Primary Segment Reporting as per AS-17 for the year ended March 31, 2007 is as under:

(Rs. in Crore)

	March-07				March-06			
	Petroleum Products	Other Businesses	Eliminations	Total	Petroleum Products	Other Businesses	Eliminations	Total
Revenue								
External Revenue	179,788.32	21,478.59	-	201,266.91	143,453.75	18,317.53	-	161,771.28
Inter-segment Revenue	1,057.90	217.52	-	1,275.42	461.32	256.29	-	717.61
Total Revenue	180,846.22	21,696.11	-	202,542.33	143,915.07	18,573.82	-	162,488.89
Result								
Segment Results	10,424.23	(3.28)	33.46	10,387.49	7,291.69	(222.38)	7.80	7,061.51
Less: Unallocated Expenses net of unallocated Income	-	-	-	-	-	-	-	-
Operating Profit	10,424.23	(3.28)	33.46	10,387.49	7,291.69	(222.38)	7.80	7,061.51
Less:								
Interest Expenditure				1,743.01				1,251.44
Provision for diminution in Investments				180.87				5.17
Loss on Investments w-off/sold				156.42				2.00
Add:								
Interest/Dividend Income				1,412.96				930.07
Provision for investments written back				4.94				2.00
Profit on sale of GOI Bonds				7.90				94.81
Profit before Exceptional items, Prior period items and Tax				9,732.99				6,829.78
Exceptional Items								
(i) Profit on sale of ONGC/GAIL shares				3,224.78				438.46
(ii) Provision for diminution in "Receivable from Trust"				(1,319.29)				-
Prior year Income/(Expenditure) net				(26.76)				24.95
Profit Before Tax				11,611.72				7,293.19
Less: Income Tax (including deferred tax & FBT)				3,432.37				2,177.29
Profit After Tax				8,179.35				5,115.90
Other Information								
Segment Assets	76,324.23	8,290.84	-	84,615.07	73,833.86	6,196.82	-	80,030.68
Corporate Assets				19,474.56				12,572.54
Total Assets				104,089.63				92,603.22
Segment Liabilities	24,995.66	2,507.05	-	27,502.71	22,807.32	2,092.86	-	24,900.18
Corporate Liabilities				38,407.11				36,989.19
Total Liabilities				65,909.82				61,889.37
Capital Expenditure	2,985.20	1,801.71	-	4,786.91	4,088.89	881.87	-	4,970.76
Depreciation & Amortisation	2,670.87	244.73	-	2,915.60	2,466.99	83.44	-	2,550.43
Impairment Loss	-	-	-	-	-	-	-	-
Non-cash expenses other than Depreciation				152.29				30.55

Notes:

- The Group is engaged in the following business segments:
 - Sale of Petroleum Products
 - Other businesses, which comprises Sale of Imported Crude Oil, Sale of Gas, Petrochemicals, Explosives & Cryo-genics and Oil & Gas Exploration Activities jointly undertaken in the form of various Joint Ventures. Segments have been identified and reported, taking into account, the nature of products and services and differing risks and returns.
- Segment Revenue comprises of the following:
 - Turnover (Net of Excise Duty)
 - Subsidy/Grants received from Government of India
 - Other income (excluding interest income, dividend income and investment income)
- There are no geographical segments.

Annexure-2

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

1. Relationships:
A) Joint Venture Companies

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

- 2) Shri A.M. Uplenchwar
- 3) Shri Jaspal Singh (upto 30.09.2006)
- 4) Dr. N.G.Kannan (upto 30.06.2006)
- 5) Shri B.M.Bansal (w.e.f. 01.03.2005)
- 6) Shri S.V.Narasimhan (w.e.f. 01.07.2005)
- 7) Shri V.C.Agrawal (w.e.f. 01.08.2005)
- 8) Shri G.C.Daga (w.e.f. 04.09.2006)
- 9) Shri B.N.Bankapur (w.e.f. 01.10.2006)
- 10) Shri P.K. Aggarwal (upto 31.07.2005)
- 11) Shri P. Sugavanam (upto 30.06.2005)
- 12) Shri N.K.Nayyar (upto 28.10.2005)
- 13) Shri K.K.Acharya (w.e.f.20.01.2006)
- 14) Shri R.Sankaran (upto 30.04.2006)
- 15) Shri N.C.Sridharan
- 16) Shri S.Chandrasekaran (w.e.f. 02.07.2006)
- 17) Shri K.Balachandaran (w.e.f. 01.10.2006)
- 18) Shri A. Kasturi Rangan (upto 30.09.2006)

B) Whole-time Directors

- 1) Shri S.Behuria (w.e.f. 01.03.2005)

2. The following transactions were carried out with the related parties in the ordinary course of business:
a) Details relating to parties referred to in item no. 1(A) above: (Rs. in Crore)

	March-07	March-06
i) Sales	29.76	44.58
ii) Interest received	0.11	0.09
iii) Consultancy Services/Other Income	1.06	1.25
iv) Purchase of Products	1,785.87	1,287.86
v) Purchase of Chemicals / materials	-	0.36
vi) Handling Expenses	29.33	33.51
vii) Freight Expenses	15.37	12.29
viii) Reimbursement of Expenses	5.61	2.78
ix) Fixed assets purchased	147.51	87.42
x) Investments made during the year	2.33	5.90
xi) Provisions made during the year	(1.39)	0.17
xii) Outstanding Receivables	127.15	6.45
xiii) Outstanding Payables	108.60	74.84

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

	March-07	March-06
i) Remuneration	2.56	2.58
ii) Recovery of Interest & Furniture Hire Charges	0.02	0.01
iii) Outstanding loans/advances receivables	0.48	0.45
iv) Assets on Hire	0.17	0.15

Note:

- 1) Remuneration includes Basic salary, 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 appointment.
- 3) In case of Joint Venture Companies constituted/acquired during the year, transactions w.e.f. date of constitution/ acquisition is disclosed.
- 4) In case of Joint Venture Companies which have been closed/divested during the year, transactions upto the date of closure/disinvestment only are disclosed.

Annexure-3

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

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

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

Name	Participating Interest of IOC (%)	
	31.03.2007	31.03.2006
IN INDIA		
Under NELP-I Block		
MB-OSN-97/4	relinquished	30
GV-ONN-97/1	30	30
Under NELP-II Block		
MB-DWN-2000/1	relinquished	15
MB-DWN-2000/2	relinquished	15
MB-OSN-2000/1	15	15
MN-OSN-2000/2	20	20
WB-OSN-2000/1	15	15
MB-OSN-2004/1	20	N.A.
MB-OSN-2004/2	20	N.A.
MN-ONN-2000/1	20	20
Under NELP-III Block		
AA-ONN-2001/2	20	20
CR-ON-90/1	35	35
Others		
BK-CBM-2001/1	20	20
NK-CBM-2001/1	20	20
AAP-ON-94/1	43.55	43.55
OUTSIDE INDIA		
FARSI BLOCK, IRAN	40	40
SHAKTHI GABON	50	N.A.
OPL 205 NIGERIA	17.5	N.A.
YEMEN 82	15	N.A.
YEMEN 83	15	N.A.
KUWAIT	5	5
LIBYA BLOCK 86	50	50
LIBYA BLOCK 102/4	50	50

(b) Jointly Controlled Assets:-

Particulars of Assets	Name of Joint Owner	31.03.2007			31.03.2006		
		Original Cost	Accumulated Depreciation & Amortisation	W.D.V.	Original Cost	Accumulated Depreciation & Amortisation	W.D.V.
Land-Freehold	HPC/BPC	1.55	-	1.55	1.73	-	1.73
Land-Leasehold	HPC/BPC	0.78	0.14	0.64	0.78	0.13	0.65
Buildings	HPC/BPC/HERDILIA-UNIMERS LTD.	2.33	0.22	2.11	2.56	0.20	2.36
Plant and Machinery	HPC/BPC/GSFC/IPCL/ACC/CSIR	92.33	25.32	67.01	92.33	20.85	71.48
Transport Equipment	RAILWAYS	183.05	170.53	12.52	183.05	155.82	27.23
Railway Sidings	HPC/BPC	41.18	5.90	35.28	40.50	15.31	25.19
Drainage, Sewage and Water Supply	GSFC	0.99	0.94	0.05	0.99	0.94	0.05
		322.21	203.05	119.16	321.94	193.25	128.69

(c) Jointly Controlled Entities:-

Name	Country of Incorporation	Ownership Interest of IOC(%)	
		31.03.2007	31.03.2006
(i) Indian Oiltanking Ltd.	India	50	50
(ii) Lubrizol India Pvt. Ltd.	India	50	50
(iii) Petronet VK Ltd.	India	26	26
(iv) Petronet CI Ltd.	India	26	26
(v) IndianOil SkyTanking Ltd.	India	33.33	-
(vi) Indo Cat Pvt. Ltd.	India	50	-
(vii) IndianOil Petronas Pvt.Ltd.	India	50	50
(viii) IndianOil Panipat Power Consortium Ltd.	India	50	50
(ix) Avi-Oil India Pvt. Ltd.	India	25	25
(x) Petronet India Ltd.	India	16	16
(xi) Petronet LNG Ltd.	India	12.5	12.5
(xii) Green Gas Ltd.	India	22.5	22.5

Proportionate share in assets, liabilities, income & expenditure of Petronet VK Ltd., Petronet CI Ltd, IndianOil Panipat Power Consortium Ltd. & Petronet India Ltd. has not been consolidated as the Management has either decided to exit from these companies or the amount of investment in these companies has been provided for.

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

	(Rs. in Crore)	
	31.03.2007	31.03.2006
(i) Assets		
- Long Term Assets	652.07	544.27
- Current Assets	378.31	260.02
(ii) Liabilities		
- Current Liabilities and Provisions	230.09	88.15
- Other Liabilities	338.14	309.11
(iii) Income	1266.58	909.01
(iv) Expenses	1168.19	817.12
(v) Contingent Liabilities	12.72	11.70
(vi) Capital Commitments	124.60	149.05

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

	(Rs. in Crore)	
	31.03.2007	31.03.2006
(a) Jointly Controlled Operations		
(i) Contingent Liabilities	-	-
(ii) Capital Commitments	436.76	4.24
(b) Jointly Controlled Assets		
(i) Contingent Liabilities	-	-
(ii) Capital Commitments	-	-

Cash Flow Statement

annexed to the Balance Sheet for the year ended 31st March, 2007

	(Rs. in Crore)	
	2006-07	2005-06
A Cash Flow from Operating Activities		
1 Profit Before Tax	11,611.72	7,293.19
2 Adjustments for:		
Depreciation	3,011.85	2,552.42
Loss/(Profit) on sale of Assets (Net)	30.83	4.96
Loss/(Profit) on sale of Investments(net)	-3076.26	-533.27
Amortisation of Capital Grants	(0.91)	(0.76)
Amortisation of Goodwill	-	1.66
Deferred Revenue Expenditure(net)	(97.01)	(22.59)
Provision for Probable Contingencies (net)	31.17	2.87
Provision for Loss on Investments	180.87	7.17
Revenue Grant received in the form of Government Bonds	(13,943.21)	(6,992.02)
Provision for Doubtful Debts, Advances, Claims and Obsolescence of Stores	7.61	414.85
Provision for Diminution - Amt receivable from trust	1,319.29	-
Provision in Investment written back	(4.94)	(2.00)
Interest Income on Investments	(693.04)	(124.18)
Dividend Income on Investments	(550.20)	(688.40)
Interest Expenditure	1,743.01	1,251.44
	(12,040.94)	(4,127.85)
B Operating Profit before Working Capital Changes (1+2)	(429.22)	3,165.34
C i) Change in Working Capital: (Excluding Cash & Bank Balances)		
Trade & Other Receivables	(1,533.35)	682.32
Inventories	(364.53)	(5,410.59)
Trade and Other Payables	2,550.36	2,887.62
Change in Working Capital	652.48	(1,840.65)
D Cash Generated From Operations (B+C)	223.26	1,324.69
E Less: Taxes paid	1,398.78	2,539.35
F Net Cash Flow from Operating Activities (D-E)	(1,175.52)	(1,214.66)
G Cash Flow from Investing Activities:		
Sale of Assets	198.37	70.67
Sale / Maturity of Investments	10,055.05	661.65
Interest Income on Investments	693.04	124.18
Dividend Income on Investments	550.20	688.40
Purchase of Assets	(1,083.11)	(661.49)
Adjustment for Finance Lease Receivable	27.14	27.13
Investment in Mutual Funds etc.	(240.01)	-
Sale of investments	9.17	-
Oil Companies GOI Special Bonds etc.	-	(2,532.88)
Expenditure on Construction Work in Progress	(4,024.13)	(4,395.97)
Net Cash used in Investing Activities	6,185.72	(6,018.31)

	(Rs. in Crore)	
	2006-07	2005-06
H Net Cash Flow From Financing Activities:		
Proceeds from Long-Term Borrowings	(1,014.63)	7,025.81
Proceeds from/(Repayments of) Short-Term Borrowings	432.15	2,708.72
Interest paid	(1,830.59)	(1,286.14)
Dividend\Dividend Tax paid	(2,573.25)	(1,535.43)
Net Cash Generated/(Used) from Financing Activities:	<u>(4,986.32)</u>	6,912.96
I Net Change in Cash & Cash Equivalents (F+G+H)	<u>23.88</u>	<u>(320.01)</u>
J Cash & Cash Equivalents as at end of the Financial Year	1,076.73	1,052.85
K Less: Cash & Cash Equivalents as at the beginning of Financial Year	1,052.85	1,373.71
Less: Adjustment for ISPRL	-	0.85
NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)	<u>23.88</u>	<u>(320.01)</u>

Notes:

	(Rs. in Crore)	
	2006-07	2005-06
1. Cash and Cash Equivalents include:		
Cash and Bank Balances		
As per Balance Sheet	1076.73	1052.85
Total Cash and Cash Equivalents	<u>1076.73</u>	<u>1052.85</u>

2. The previous year's figures have been regrouped wherever necessary.

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(Raju Ranganathan)
Company Secretary

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

M.M. NISSIM AND CO.
Chartered Accountants

K K S & CO.
Chartered Accountants

Sd/-
(CA. S.C. GUPTA)
Partner
M.No. 016534

Sd/-
(CA. SAMIR MEHTA)
Partner
M. No. 043086

Sd/-
(CA. K. P. KHANDELWAL)
Partner
M.No. 050244

Place : New Delhi
Date : May 28, 2007

Summarised Financial Statements of the Subsidiary Companies for the Financial Year 2006-07

1. Chennai Petroleum Corporation Ltd.
2. Bongaigaon Refinery & Petrochemicals Ltd.
3. IndianOil Technologies Ltd.
4. Lanka IOC Ltd.
5. IndianOil (Mauritius) Ltd.
6. IOC Middle East FZE

The Ministry of Company Affairs, vide its letter No.47/176/2007-CL-III dated 17th May, 2007, has exempted Indian Oil Corporation Ltd. from attaching the Reports and Accounts of the Subsidiary Companies with the Annual Report for the year 2006-07.

The summarised financial statements of the Subsidiary Companies are enclosed in the following pages.

The Annual Reports of the Subsidiary Companies are available with the Company Secretary, IndianOil, and are open for inspection by any shareholder at the Registered Office of IndianOil during working days from 1030 hrs. to 1230 hrs. and 1430 hrs. to 1630 hrs. The copy of the Annual Report shall also be made available to any shareholder of IndianOil or its subsidiary on request.

Chennai Petroleum Corporation Limited

(Regd. Office: 536, Anna Salai, Teynampet, Chennai-600 018)



Balance Sheet as on 31st March, 2007

(Rs. in Crore)

	March-07	March-06
SOURCES OF FUNDS:		
1. Shareholders' Funds:		
a) Capital	149.00	149.00
b) Reserves and Surplus	2,488.74	2,132.53
	<u>2,637.74</u>	<u>2,281.53</u>
2. Loan Funds:		
a) Secured Loans	579.65	1,225.17
b) Unsecured Loans	1,254.48	1,522.72
	<u>1,834.13</u>	<u>2,747.89</u>
3. Deferred Tax Liability (Net)	573.52	566.79
TOTAL	<u><u>5,045.39</u></u>	<u><u>5,596.21</u></u>
APPLICATION OF FUNDS:		
1. Fixed Assets		
a) Gross Block	4,847.96	4,762.49
b) Less: Depreciation	1,810.38	1,606.27
c) Net Block	3,037.58	3,156.22
d) Capital work-in-progress	181.43	70.67
	<u>3,219.01</u>	<u>3,226.89</u>
2. Intangible Assets:		
a) Gross Block	60.11	60.11
b) Less: Amortisation	17.05	11.07
c) Net Block	43.06	49.04
3. Investments (Refer details given below)	111.90	115.53
4. Current Assets, Loans and Advances:		
a) Inventories	3,214.77	3,149.10
b) Sundry Debtors	1,002.26	1,183.45
c) Cash and Bank Balances	11.42	60.63
d) Other Current Assets - Interest accrued on Investments / Bank Deposits	0.41	0.45
e) Loans and Advances	209.03	211.72
	<u>4,437.89</u>	<u>4,605.35</u>
5. Less: Current Liabilities and Provisions		
a) Current Liabilities	2,474.42	2,218.77
b) Provisions	292.05	183.85
	<u>2,766.47</u>	<u>2,402.62</u>
Net Current Assets	1,671.42	2,202.73
6. Miscellaneous Expenditure (to the extent not written off or adjusted)	-	2.02
TOTAL	<u><u>5,045.39</u></u>	<u><u>5,596.21</u></u>
Details of Investments		
Indian Additives Ltd.	11.83	11.83
Petroleum India International	11.81	11.86
GOI Special Bonds (Net of Provision)	88.13	91.71
Others	0.13	0.13
TOTAL	<u><u>111.90</u></u>	<u><u>115.53</u></u>



Profit and Loss Account for the year ended 31st March, 2007

(Rs. in Crore)

	March-07	March-06
INCOME:		
1. Sale of Products (Gross)	29,409.30	25,464.35
Less: Excise Duty	4,654.67	4,280.42
	24,754.63	21,183.93
Less: Commission and Discounts	59.81	56.50
Sale of products (net)	24,694.82	21,127.43
2. Increase/(Decrease) in Stocks	388.36	399.96
3. Interest and other Income	63.96	41.83
TOTAL INCOME	25,147.14	21,569.22
EXPENDITURE:		
1. Purchase of Products for resale	380.22	111.86
2. Manufacturing, Admn., Selling & Other Expenses	23,414.30	20,303.03
3. Duties other than Excise Duty on Sales	41.50	29.42
4. Depreciation and Amortisation	241.94	235.84
5. Interest Payments on:		
a) Fixed period loans from Banks/Financial Institutions/Others	84.30	96.73
b) Short term loans from Banks	96.30	74.27
c) Others	7.70	3.03
	188.30	174.03
TOTAL EXPENDITURE	24,266.26	20,854.18
PROFIT FOR THE YEAR	880.88	715.04
Income/(Expenses) pertaining to previous years (Net)	-	8.33
PROFIT BEFORE TAX	880.88	723.37
Less: Provision for Tax (Net)		
a) Current Year	299.93	225.01
b) Previous Year	4.23	(1.11)
	304.16	223.90
PROFIT BEFORE DEFERRED AND FRINGE BENEFIT TAXES	576.72	499.47
Provision for Deferred Tax	6.73	15.97
Fringe Benefit Tax	4.71	2.54
PROFIT AFTER TAX	565.28	480.96
DISPOSABLE PROFIT	565.28	480.96
APPROPRIATIONS:		
Interim Dividend	-	44.67
Final Dividend (Proposed)	178.70	134.03
Dividend Distribution Tax on Interim Dividend	-	6.27
Dividend Distribution Tax on Final Dividend (Proposed)	30.37	18.80
General Reserve	356.21	277.19
	565.28	480.96
Earning Per Share (Rupees) (Basic & Diluted)	37.96	32.29

Balance Sheet as on 31st March, 2007

(Rs. in Crore)

	March-07	March-06
SOURCES OF FUNDS:		
1. Shareholders' Funds:		
a) Capital	199.82	199.82
b) Reserves and Surplus	774.97	671.82
	<u>974.79</u>	<u>871.64</u>
2. Loan Funds:		
a) Secured Loans	104.67	87.29
b) Unsecured Loans	-	-
	<u>104.67</u>	<u>87.29</u>
3. Deferred Tax Liability (Net)	32.66	70.51
	<u>32.66</u>	<u>70.51</u>
TOTAL	<u><u>1,112.12</u></u>	<u><u>1,029.44</u></u>
APPLICATION OF FUNDS:		
1. Fixed Assets		
a) Gross Block	1,001.56	952.00
b) Less: Depreciation	619.55	586.35
c) Less: Impairment Loss	53.03	-
d) Net Block	328.98	365.65
e) Capital work-in-progress	145.88	61.39
	<u>474.86</u>	<u>427.04</u>
2. Intangible Assets:		
a) Gross Carrying Amount	13.00	10.61
b) Less: Accumulated Amortisation	7.25	4.23
c) Less: Impairment Loss	1.65	-
d) Net Carrying Amount	4.10	6.38
3. Investments (Refer details given below)	78.57	78.49
4. Current Assets, Loans and Advances:		
a) Inventories	715.36	720.90
b) Sundry Debtors	229.80	247.67
c) Cash and Bank Balances	1.16	3.17
d) Other Current Assets - Interest accrued	0.05	0.07
e) Loans and Advances	214.94	139.18
	<u>1,161.31</u>	<u>1,110.99</u>
5. Less: Current Liabilities and Provisions		
a) Current Liabilities	472.98	507.01
b) Provisions	133.74	86.70
	<u>606.72</u>	<u>593.71</u>
Net Current Assets	554.59	517.28
6. Miscellaneous Expenditure (to the extent not written off or adjusted)	-	0.25
	<u>-</u>	<u>0.25</u>
TOTAL	<u><u>1,112.12</u></u>	<u><u>1,029.44</u></u>
Details of Investments		
Petroleum India International	11.93	11.85
GOI Special Bonds	66.64	66.64
	<u>78.57</u>	<u>78.49</u>
TOTAL	<u><u>78.57</u></u>	<u><u>78.49</u></u>



Profit and Loss Account for the year ended 31st March, 2007

(Rs. in Crore)

	March-07	March-06
INCOME:		
1. Sale of Products	6,425.96	6,290.35
Less: Commission and Discounts	-	1.71
	<u>6,425.96</u>	<u>6,288.64</u>
Less: Excise Duty & Cess	637.51	651.70
	<u>5,788.45</u>	<u>5,636.94</u>
2. Increase/(Decrease) in Stocks	32.07	50.27
3. Interest and other Income	45.03	37.07
	<u>5,865.55</u>	<u>5,724.28</u>
TOTAL INCOME		
EXPENDITURE:		
1. Manufacturing, Admn., Selling & Other Expenses	5,479.02	5,405.49
2. Duties applicable on products (net)	6.75	3.82
3. Depreciation and Amortisation	36.38	33.80
4. Impairment Loss	54.68	-
5. Interest Payments on:		
a) Short term loans from Banks	10.47	10.10
b) Others	1.59	3.80
	<u>12.06</u>	<u>13.90</u>
	<u>5,588.89</u>	<u>5,457.01</u>
TOTAL EXPENDITURE		
PROFIT FOR THE YEAR	276.66	267.27
Income/(Expenses) pertaining to previous years (Net)	(1.16)	-
PROFIT BEFORE TAX	275.50	267.27
Less: Provision for Income Tax		
a) Current Year	132.50	93.90
b) Previous Year	(5.02)	1.18
c) Fringe Benefit Tax	0.89	1.30
d) Deferred Tax	(37.85)	(3.87)
PROFIT AFTER TAX	184.98	174.76
Balance brought forward from last year's account	-	-
DISPOSABLE PROFIT	184.98	174.76
APPROPRIATIONS:		
Final Dividend (Proposed)	69.94	53.95
Corporate Dividend Tax on	-	-
Proposed Final Dividend	11.89	7.57
General Reserve	103.15	113.24
	<u>184.98</u>	<u>174.76</u>
Earning Per Share (Rupees) (Basic & Diluted)	9.26	8.75

IndianOil Technologies Limited

(Regd. Office: SCOPE Complex, Core-2, 7, Institutional Area, Lodhi Road, New Delhi-110 003)



Balance Sheet as on 31st March, 2007

(Rs. in Crore)

	March-07	March-06
SOURCES OF FUNDS:		
1. Shareholders' Funds:		
a) Share Capital	0.55	0.55
b) Reserves and Surplus	1.33	0.61
TOTAL	<u>1.88</u>	<u>1.16</u>
APPLICATION OF FUNDS:		
1. Current Assets, Loans and Advances:		
a) Cash and Bank balances	1.08	1.03
b) Loans and Advances	0.04	0.03
c) Sundry Debtors	0.88	0.09
	<u>2.00</u>	<u>1.15</u>
Less: Current Liabilities and Provisions		
a) Current Liabilities	0.04	0.01
b) Provisions	0.09	-
	<u>0.13</u>	<u>0.01</u>
Net Current Assets	1.87	1.14
2. Miscellaneous Expenditure (to the extent not written off or adjusted)	0.01	0.02
3. Profit & Loss Account	-	-
TOTAL	<u>1.88</u>	<u>1.16</u>

Profit and Loss Account for the year ended 31st March, 2007

(Rs. in Crore)

	March-07	March-06
INCOME:		
Service Charges	1.58	0.89
Other Misc. Income	0.07	0.04
TOTAL INCOME	1.65	0.93
EXPENSES		
Admn., Selling & Other Expenses	0.53	0.61
TOTAL EXPENDITURE	0.53	0.61
PROFIT FOR THE YEAR	1.12	0.32
PROFIT BEFORE TAX	1.12	0.32
Provision for Income Tax		
a) Income Tax	0.38	0.11
b) FBT	0.02	0.01
PROFIT AFTER TAX (Transferred to Balance Sheet)	0.72	0.20

Balance Sheet as on 31st March, 2007

	March-07 (in Indian Currency) (Rs. in Crore)	March-06 (Rs. in Crore)	March-07 (in Sri Lankan Currency) (Rs. in Million)	March-06 (Rs. in Million)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	126.97	139.95	3174.03	3217.03
Long Term Investment (Refer details given below)	175.77	191.15	4394.00	4394.00
Other Investment (Refer details given below)	178.44	0	4460.64	0.00
Goodwill	26.96	29.32	673.88	673.87
	<u>508.14</u>	<u>360.42</u>	<u>12702.55</u>	<u>8284.90</u>
Current Assets				
Inventories	262.39	104.79	6559.22	2408.91
Receivables and prepayments	33.84	253.74	845.90	5832.63
Current Tax Receivables	0.42	-	10.38	-
Cash and cash equivalents	40.41	44.40	1010.23	1020.58
	<u>337.06</u>	<u>402.93</u>	<u>8425.73</u>	<u>9262.12</u>
TOTAL ASSETS	<u>845.20</u>	<u>763.35</u>	<u>21128.28</u>	<u>17547.02</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Ordinary shares	250.54	250.54	5324.66	5324.66
Share premium	95.89	95.89	2251.92	2251.92
Retained Earnings	3.13	33.23	78.17	763.90
Exchange equalisation reserve	(43.34)	(16.82)	0.00	0.00
	<u>306.22</u>	<u>362.84</u>	<u>7654.75</u>	<u>8340.48</u>
Non-Current Liabilities				
Borrowings	-	17.75	0.00	408.15
Retirement benefit obligations	0.92	1.01	23.08	23.23
	<u>0.92</u>	<u>18.76</u>	<u>23.08</u>	<u>431.38</u>
Current Liabilities				
Trade and other payables	370.83	178.82	9270.00	4110.54
Current tax payable	-	0.15	0.00	3.35
Borrowings	167.23	202.78	4180.45	4661.27
	<u>538.06</u>	<u>381.75</u>	<u>13450.45</u>	<u>8775.16</u>
Total Liabilities	<u>538.98</u>	<u>400.51</u>	<u>13473.53</u>	<u>9206.54</u>
TOTAL EQUITY AND LIABILITIES	<u>845.20</u>	<u>763.35</u>	<u>21128.28</u>	<u>17547.02</u>
Details of Investments				
Long Term Investment				
Ceylon Petroleum Corporation	175.77	191.15	4,394.00	4,394.00
Other Investment				
Treasury Bonds	178.44	-	4,460.64	-

Income Statement for the year ended 31st March, 2007

	March-07 (in Indian Currency) (Rs. in Crore)	March-06 (Rs. in Crore)	March-07 (in Sri Lankan Currency) (Rs. in Million)	March-06 (Rs. in Million)
Revenue	1,405.38	1,639.40	32,796.07	37,492.99
Cost of Sales	(1,366.44)	(1,539.60)	(31,887.30)	(35,210.66)
Gross Profit	38.94	99.80	908.77	2,282.33
Other operating income	14.69	7.14	342.79	163.39
Selling and distribution costs	(0.89)	(1.29)	(20.73)	(29.44)
Administrative Expenses	(30.18)	(32.47)	(704.26)	(742.50)
Disallowed input VAT on subsidy	9.20	(36.64)	214.61	(837.91)
Provision for subsidy receivable from GOSL	(12.99)	(91.69)	(303.17)	(2,097.03)
Operating (loss) / profit	18.77	(55.15)	438.01	(1,261.16)
Finance cost	(46.04)	(19.97)	(1,074.42)	(456.76)
(Loss) / profit before tax	(27.27)	(75.12)	(636.41)	(1,717.92)
Tax	(2.11)	(0.16)	(49.33)	(3.73)
Net (loss) / profit	(29.38)	(75.28)	(685.74)	(1,721.65)
Earnings per share	(0.55)	(1.41)	(1.29)	(3.23)

Notes for conversion into Indian Rupees:

- (1) Assets and Liabilities for all Balance Sheet items presented including comparatives are translated at the closing rate (2007: 1 INR = 2.4998 SLR, 2006: 1 INR = 2.2987 SLR) which existed at the date of each balance sheet presented;
- (2) Income and Expense items for all periods presented including comparatives are translated at the average exchange rate of (2007: 1 INR = 2.3336 SLR, 2006: 1 INR = 2.2870 SLR);
- (3) Share Capital and Share Premium are translated at the exchange rate existing at the date of transaction.

Balance Sheet as on 31st March, 2007

	March-07 (in Indian Currency) (Rs. in Crore)	March-06 (Rs. in Crore)	March-07 (in Mauritian Currency) (Rs. in Million)	March-06 (Rs. in Million)
ASSETS				
Non-Current Assets				
Property, Plant and Equipments	55.52	36.13	411.05	247.84
Capital work-in-progress	3.07	6.96	22.77	47.70
Deferred Tax Assets	-	0.57	-	3.93
	<u>58.59</u>	<u>43.66</u>	<u>433.82</u>	<u>299.47</u>
Current Assets				
Inventories	24.08	34.56	178.32	237.08
Trade and other receivables	35.78	29.01	264.90	199.00
Cash and bank balances	26.76	72.04	198.13	494.10
	<u>86.62</u>	<u>135.61</u>	<u>641.35</u>	<u>930.18</u>
Foreign Currency Translation Reserve	10.74	4.92		
TOTAL ASSETS	<u>155.95</u>	<u>184.19</u>	<u>1,075.17</u>	<u>1,229.65</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share Capital	75.67	75.67	488.20	488.20
Revenue Reserves	11.20	3.34	75.98	20.04
	<u>86.87</u>	<u>79.01</u>	<u>564.18</u>	<u>508.24</u>
Non-Current Liabilities				
Borrowings	17.62	33.97	130.49	233.02
Deferred Tax Liabilities	2.55	-	18.30	-
	<u>20.17</u>	<u>33.97</u>	<u>148.79</u>	<u>233.02</u>
Current Liabilities				
Trade and other payables	40.87	65.12	302.64	446.70
Amount due to holding company	0.21	0.09	1.56	0.57
Borrowings	7.83	6.00	58.00	41.12
	<u>48.91</u>	<u>71.21</u>	<u>362.20</u>	<u>488.39</u>
TOTAL EQUITY AND LIABILITIES	<u>155.95</u>	<u>184.19</u>	<u>1,075.17</u>	<u>1,229.65</u>

Profit and Loss Account for the year ended 31st March, 2007

	March-07 (in Indian Currency) (Rs. in Crore)	March-06 (Rs. in Crore)	March-07 (in Mauritian Currency) (Rs. in Million)	March-06 (Rs. in Million)
Revenue	426.84	302.23	3,039.51	1,948.40
Cost of Sales	(400.58)	(282.34)	(2,852.53)	(1,820.15)
Direct Costs	(8.64)	(6.90)	(61.54)	(44.51)
Gross Profit	17.62	12.99	125.44	83.74
Administrative Expenses	5.04	4.08	35.88	26.29
Net Finance Costs	(0.21)	1.28	(1.53)	8.24
Selling Expenses	0.61	0.31	4.33	2.02
Depreciation	2.49	0.96	17.76	6.60
Exchange difference	(1.29)	1.57	(9.18)	10.12
	6.64	8.20	47.26	53.27
Profit Before Tax	10.98	4.79	78.18	30.47
Taxation	(3.12)	1.28	(22.24)	8.24
Profit After Tax	7.86	6.07	55.94	38.71
Earning Per Share	16.09	12.42	11.46	7.93

Notes for conversion into Indian Rupees:

- (1) Assets and Liabilities for all Balance Sheet items presented including comparatives are translated at the closing rate (2007: 1 MR = 1.3506 INR, 2006: 1 MR = 1.4579 INR) which existed at the date of each balance sheet presented;
- (2) Income and Expense items for all periods presented including comparatives are translated at the average exchange rate of (2007: 1 MR = 1.4043 INR, 2006: 1MR = 1.5512 INR);
- (3) Share Capital is translated at the exchange rate existing at the date of transaction.

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Balance Sheet as on 31st March, 2007

	March-07 (in Indian Currency) (Rs. in Crore)	March-06 (Rs. in Crore)	March-07 (in Dubai - U.A.E. Currency) (AED in Million)	March-06 (AED in Million)
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	0.03	-	0.03	-
Current Assets				
Trade and other receivables	0.37	-	0.31	-
Cash and cash equivalents	0.82	-	0.69	-
	<u>1.19</u>	<u>-</u>	<u>1.00</u>	<u>-</u>
TOTAL ASSETS	<u><u>1.22</u></u>	<u><u>-</u></u>	<u><u>1.03</u></u>	<u><u>-</u></u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share Capital	1.22	-	1.00	-
Accumulated Loss	(0.21)	-	(0.17)	-
Foreign Currency Transaction reserve	(0.03)	-	-	-
	<u>0.98</u>	<u>-</u>	<u>0.83</u>	<u>-</u>
Current Liabilities				
Other Payables	0.24	-	0.20	-
TOTAL EQUITY AND LIABILITIES	<u><u>1.22</u></u>	<u><u>-</u></u>	<u><u>1.03</u></u>	<u><u>-</u></u>

Profit and Loss Account for the year ended 31st March, 2007

	March-07 (in Indian Currency) (Rs. in Crore)	March-06 (Rs. in Crore)	March-07 (in Dubai - U.A.E. Currency) (AED in Million)	March-06 (AED in Million)
Revenue	17.60	-	14.28	-
Cost of goods sold	(17.29)	-	(14.03)	-
Gross Profit	0.31	-	0.25	-
Other Income	0.06	-	0.05	-
Total Income	0.37	-	0.30	-
Expenses				
Managerial remuneration	(0.24)		(0.19)	
Administrative and selling expenses	(0.33)		(0.27)	
Depreciation	(0.01)		(0.01)	
Net (Loss) for the year	(0.21)	-	(0.17)	-
Earning Per Share	(2.12)		(0.17)	

Notes for conversion into Indian Rupees:

- (1) Assets and Liabilities for all Balance Sheet items presented including comparatives are translated at the closing rate (2007: 1 AED = 11.8335 INR which existed at the date of each balance sheet presented);
- (2) Income and Expense items for all periods presented including comparatives are translated at the average exchange rate of (2007: 1 AED = 12.3245 INR);
- (3) Share Capital and Share Premium are translated at the exchange rate existing at the date of transaction.

BOOK POST



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It is **India's** pride

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	Year	Rank
Have a look at IndianOil's consistently improving rankings	2002	226
	2003	191
	2004	189
	2005	170
	2006	153
	2007	135

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