

V M V V SANGHA'S



V M K S R VASTRAD ARTS SCIENCE
AND V S BELLIHAL COMMERCE
COLLEGE HUNGUND

Project report entitled

**" A PROJECT REPORT ON INDIAN OIL
CORPORATION LIMITED "**

UNDER GRADUATION OF BACHELOR OF COMMERCE

Submitted by

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B.Com-II Semester

Reg ster Number U15IY22C0017

Under the Guidance of

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2022-23



CERTIFICATE

This is to certify that **Miss. Annapoorna H Goudar** is a bonafide student of the Department of Commerce, bearing REG NO : U15IY22C0017 during the academic year 2022-23 has satisfactorily completed the project work entitled "**A PROJECT REPORT ON INDIAN OIL CORPORATION LIMITED**" submitted in partial fulfillment of the requirements for the award of the Degree of Commerce by **RANI CHANNAMMA UNIVERSITY** under guidance and supervision by **Mr. SHREESHAIL BOMMASAGAR** And **Prof. B A KANTHI** Head of the Department in Commerce.



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Indian Oil Corporation Limited





IndianOil

Indian Oil Corporation Limited

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

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

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

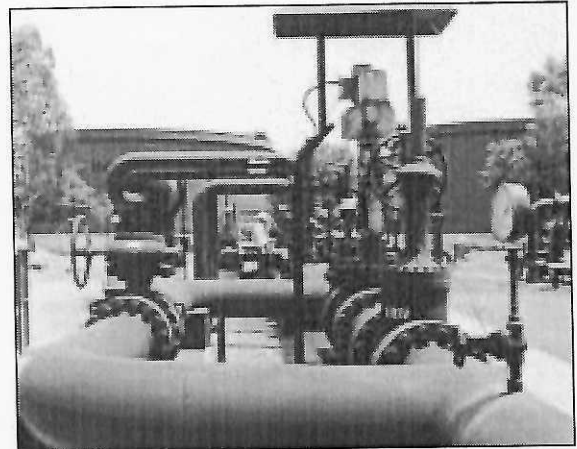
India's Downstream Major

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

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



Business with a strong environment conscience.



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

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

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

Network Beyond Compare

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

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

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



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

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

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

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

Customer First

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

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

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

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

oils and pump set oils, besides auto fuels and kerosene.

R&D for Growth

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

Expanding Horizons

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



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



IndianOil



IndianOil reaches Indane cooking gas to over 41 million homes.

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

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

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



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

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

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

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

Transnational Presence

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

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

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

of retail network have also been proposed in Mauritius.

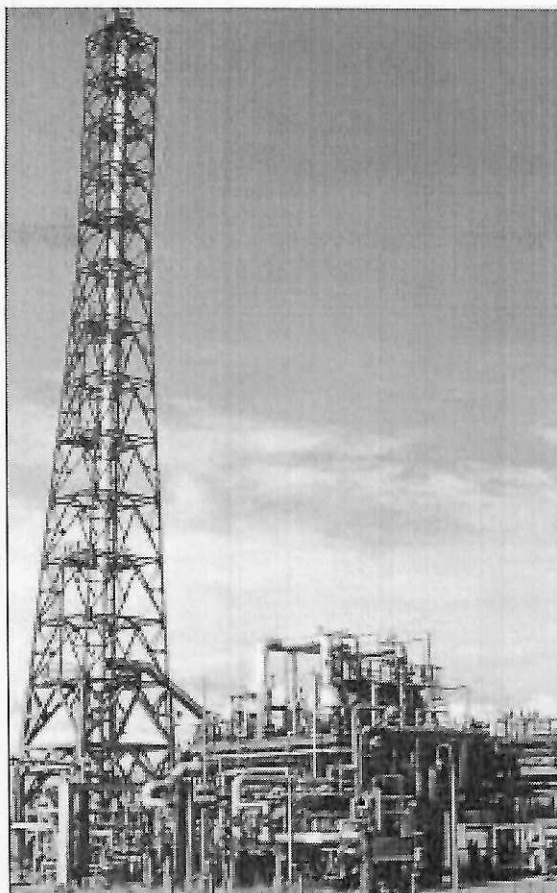
IndianOil's Regional Office in Dubai, which is coordinating business expansion in the Middle East, has commenced blending of *SERVO* lubricants through contract blending arrangements for the first time recently.

Synergy through Subsidiaries

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

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

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



All IndianOil refineries now meet Euro norms for fuel quality.

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

IndianOil. *Bringing Energy to Life.*



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



IndianOil

VISION

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

MISSION

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

VALUES

Care • Innovation • Passion • Trust

Objectives and Obligations

Objectives

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

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

To earn a reasonable rate of interest on investment.

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

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

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

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

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

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

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

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

Obligations

Towards customers and dealers

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

Towards suppliers

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

Towards employees

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

Expeditious redressal of grievances

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

Towards community

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

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

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

Towards Defence Services

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

Financial Objectives

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

To ensure maximum economy in expenditure.

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

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

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

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



IndianOil

Board of Directors

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

Board of Directors



Shri S. Behuria



Shri A.M. Uplenchwar



Shri N.K. Nayyar



Shri Jaspal Singh



Dr. N.G. Kannan



Shri B.M. Bansal



Shri S.V. Narasimhan



Shri V.C. Agrawal



Shri M.S. Ramachandran
(up to 28.02.2005)



Shri P. Sugavanam
(up to 30.06.2005)



Shri P.K. Agarwal
(up to 31.07.2005)



Shri N.R. Raje
(up to 28.02.2005)



Shri M.S. Srinivasan



Shri Prabh Das



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



Prof. S.K. Barua



Shri Vineet Nayyar



Shri V.K. Aggarwal



Shri V. Ranganathan



Shri P.M. Sinha



Shri R.S. Sharma



IndianOil

Performance at a Glance

	2004-05	2003-04	2004-05	2003-04	2002-03	2001-02	2000-01
	—(US \$ Million)—		(Rs. in Crore)				
I FINANCIAL							
Turnover (Inclusive of Excise Duty)	34,440	29,795	150,677	130,203	119,884	114,864	117,371
Gross Profit *	1,993	2,749	8,722	12,013	10,863	7,533	5,860
Profit Before Interest & Tax	1,494	2,321	6,538	10,144	9,202	6,141	4,636
Profit Before Tax	1,361	2,218	5,955	9,691	8,414	4,599	2,962
Profit After Tax	1,118	1,603	4,891	7,005	6,115	2,885	2,720
Dividend	387	561	1,694	2,453	2,258	857	740
Dividend Tax	54	72	237	314	240	-	75
Retained Earnings	677	970	2,960	4,238	3,617	2,028	1,905
Value Added	3,813	4,270	16,683	18,659	17,750	14,706	12,989
Contribution To Central Exchequer	4,613	5,169	20,184	22,589	20,676	16,561	16,118
Cumulative Dividend	2,318	1,933	10,142	8,448	5,995	3,737	2,880

* Profit before Depreciation, Interest Expenditure and Tax.

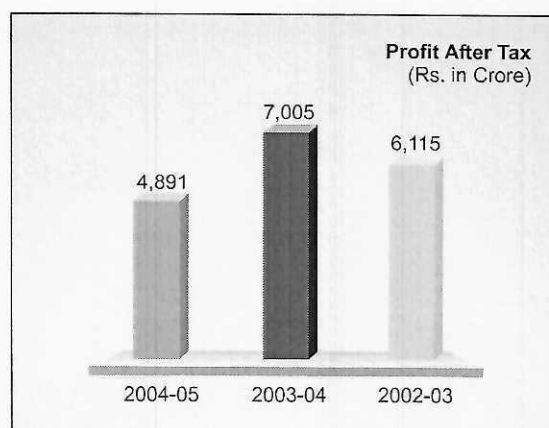
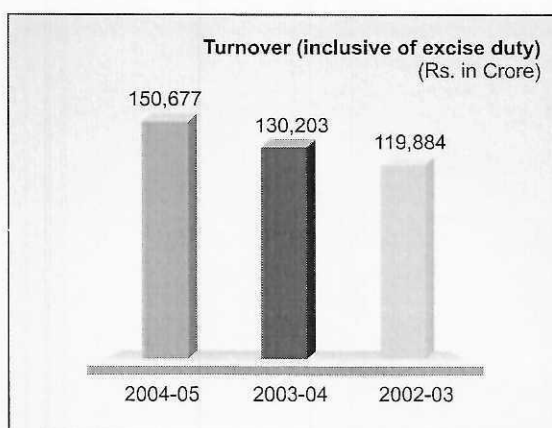
What Corporation Owns

Gross Fixed Assets	9,113	8,327	39,869	36,388	34,204	29,741	27,144
Depreciation & Amortisation	3,769	3,282	16,488	14,341	12,584	10,961	9,634
Net Fixed Assets	5,344	5,045	23,381	22,047	21,620	18,780	17,510
Capital Work In Progress	1,996	1,210	8,734	5,286	3,609	5,200	4,527
Investments	1,304	1,280	5,705	5,596	5,363	9,722	3,444
Finance Lease Receivables	22	27	95	119	141	161	-
Working Capital	2,208	1,462	9,662	6,388	6,464	3,778	10,959
Misc. Expenditure	8	17	33	73	99	145	167
Total	10,882	9,041	47,610	39,509	37,296	37,786	36,607

What Corporation Owes

Net Worth							
- Share Capital	267	267	1,168	1,168	779	779	779
- Reserves	5,672	5,007	24,817	21,879	18,149	14,532	15,192
- Total	5,939	5,274	25,985	23,047	18,928	15,311	15,971
Borrowings	3,959	2,787	17,320	12,178	14,495	19,070	20,636
Deferred Tax Liability	984	980	4,305	4,284	3,873	3,405	-
Total	10,882	9,041	47,610	39,509	37,296	37,786	36,607

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



2004-05 2003-04 2004-05 2003-04 2002-03 2001-02 2000-01
US \$

Ratios

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

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

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

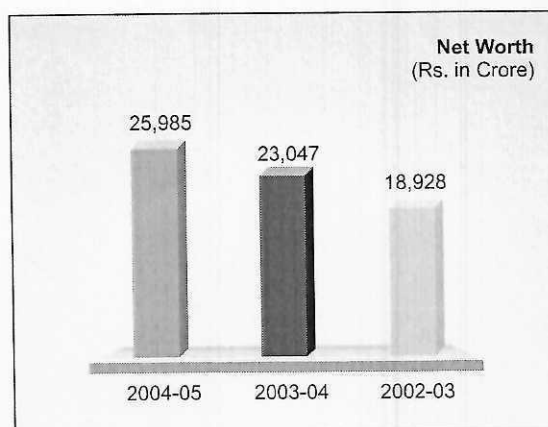
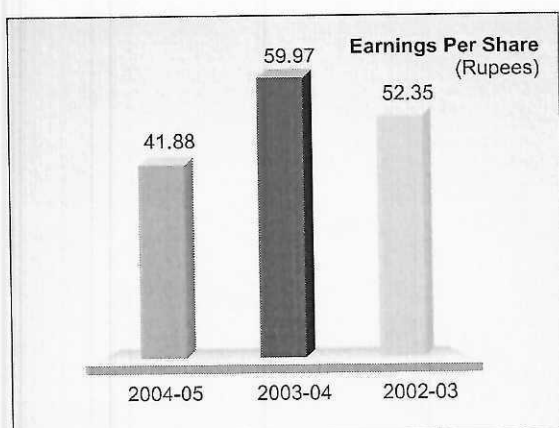
Note: Exchange rate used:

1 US \$ = Rs. 43.75 as on 31.03.2005

1 US \$ = Rs. 43.70 as on 31.03.2004

II OPERATIONS

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





IndianOil

Directors' Report

To
The IndianOil Family of Shareowners

Dear Members

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

CORPORATE HIGHLIGHTS

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

THE ECONOMIC TIMES
BRANDEQUITY

FORTUNE GLOBAL
500

SELECTED
BUSINESS
Superbrand
2004-06

Forbes

Business Line
Catalyst

**STANDARD
& POOR'S**

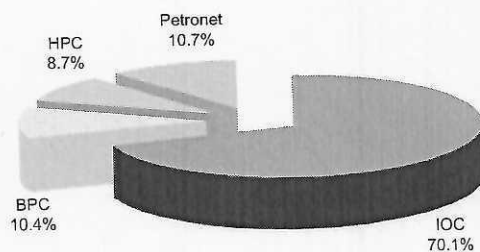


All IndianOil refineries commenced production of BS-II quality petrol and diesel during the year.

- The year 2004-05 marked your Corporation's big-ticket entry into petrochemicals with the commissioning of the country's largest Linear Alkyl Benzene (LAB) plant at Gujarat Refinery. It is also the largest grassroots single train Kerosene-to-LAB unit in the world.
- Your Corporation became the first Indian and the sixth global company to develop marine oils, having obtained global approvals for shipboard applications in the entire family of vessels of MAN B&W, Denmark, and Wartsila, Finland.
- As part of your Corporation's ambitious Project Manthan IT re-engineering project, over 450 IndianOil locations are now conducting unified transactions on the leading SAP R/3 Enterprise Resource Planning software, making it the largest such project in the Asia-Pacific region.
- Following the decision to merge the marketing subsidiary, IBP Co. Ltd., with IndianOil, the Board of IndianOil has recently accorded 'in-principle' approval for the merger of the refining

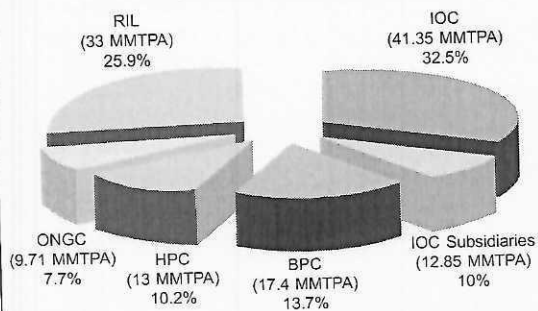
subsidiary, Bongaigaon Refinery & Petrochemicals Ltd., with IndianOil, subject to the approval of the Government of India. Meanwhile, the Government of India has accorded its approval for the merger of Indian Oil Blending Ltd. (a wholly-owned subsidiary) with IndianOil and the process of merger is now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

Product Pipelines Length - Industry Share (%)



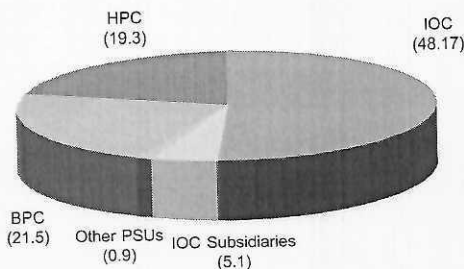
Total length of product pipelines in India : 7,013 km

Refining Capacity - Industry Share



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

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



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



IndianOil

CORPORATE REVIEW

FINANCIAL

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

PHYSICAL

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

SHARE VALUE

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

Notes:

(1) Exchange rate used:

1 US \$ = Rs.43.75 as on 31.03.2005

1 US \$ = Rs.43.70 as on 31.03.2004

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

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with Accounting Standard-21 "Consolidated Financial Statements" and Accounting Standard-27 "Financial Reporting of Interest in Joint Ventures" issued by the Institute of Chartered Accountants of India, your Corporation has prepared the Consolidated Financial Statements consolidating all its subsidiaries and joint venture entities. The Consolidated Financial Results are as under:

(Rs. in Crore)

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

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

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

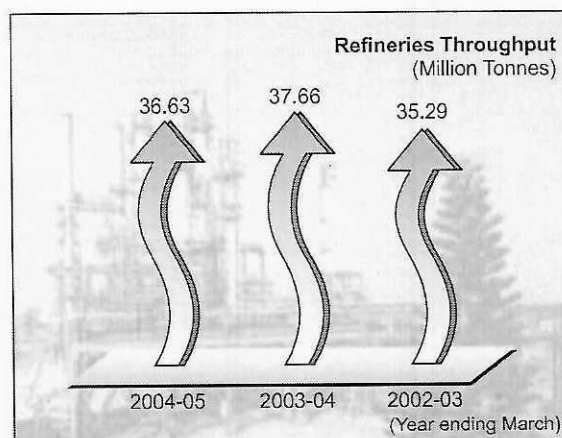
MOU PERFORMANCE

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

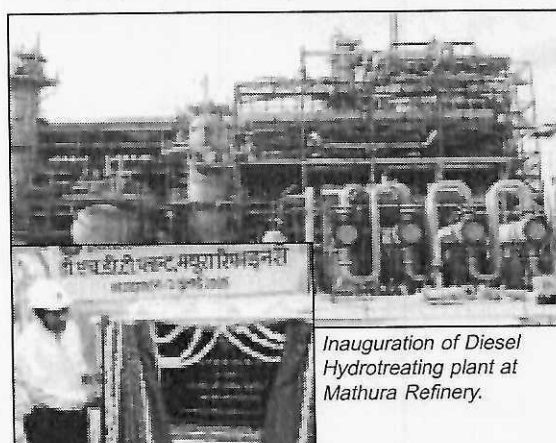
OPERATIONS

REFINERIES

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



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



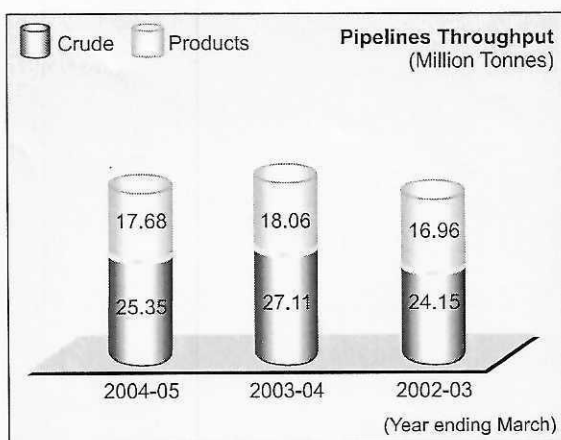
The Government of India has allowed your Corporation to charter ocean vessels on its own for oil imports, instead of going through Transchart, the chartering wing of the Ministry of Shipping & Transport. This landmark decision will help IndianOil reduce freight cost and further streamline its business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

PIPELINES

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



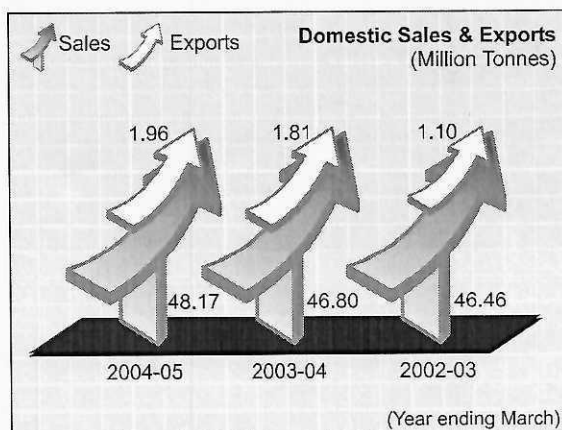
IndianOil



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

MARKETING

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



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

* Light Diesel Oil

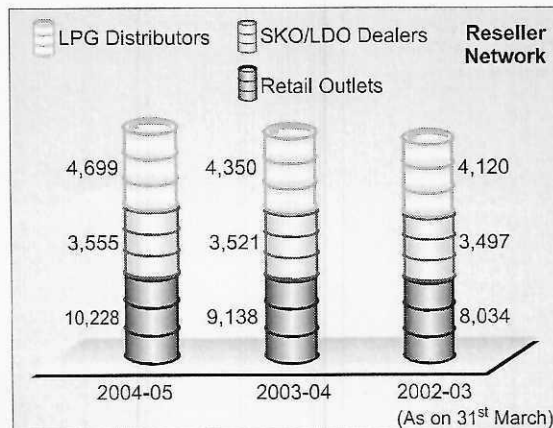


Inauguration of IndianOil's 10,000th petrol station at Tirupati in Andhra Pradesh.

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

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

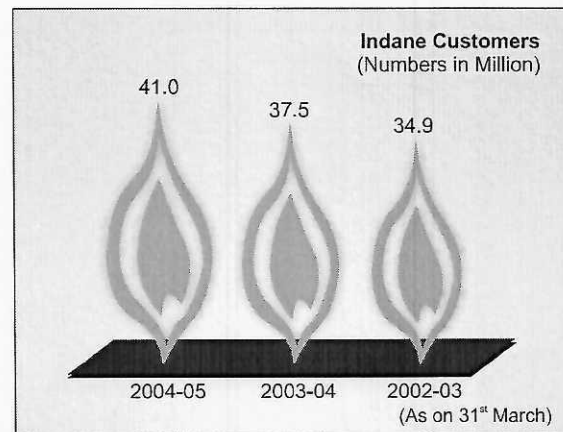
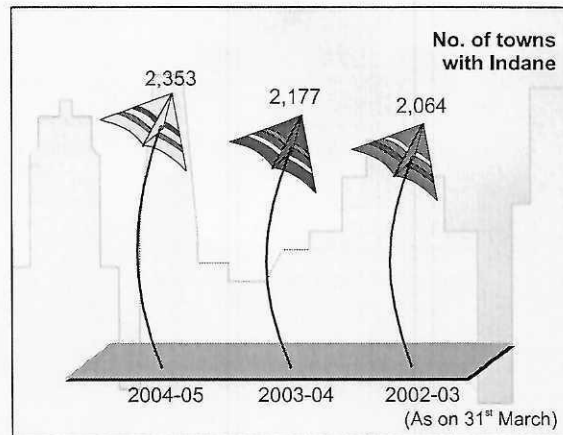
Sixty-six large-format Swagat brand retail outlets with added facilities were set up for highway motorists. Besides state-of-the-art fuelling facilities dispensing normal and premium brand fuels, these



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

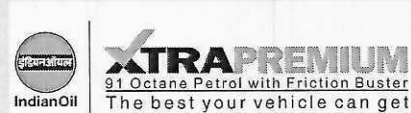
As a new growth area in retail business, your Corporation unveiled small-format 'Kisan Sewa Kendras' for rural markets during the year. About 20 such kendras with tailor-made offerings and services were set up during 2004-05 and more will be rolled out during the current fiscal. IndianOil has joined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

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



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

Brands that make a difference





IndianOil



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

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

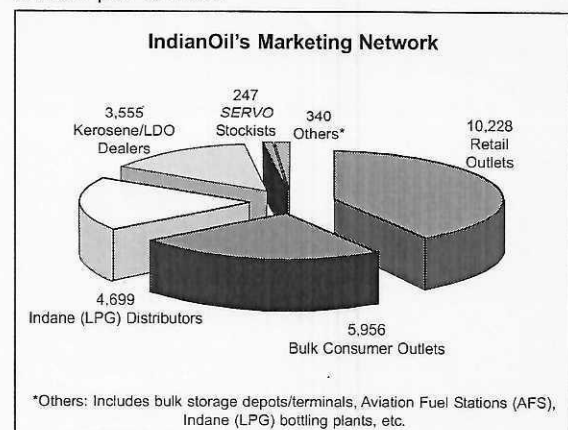
AIDS health clinics were organised at retail outlets for creating mass awareness.

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

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

Your Corporation commissioned 361 new Indane distributorships during the year, raising their total

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



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

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

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

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

ASSAM OIL DIVISION



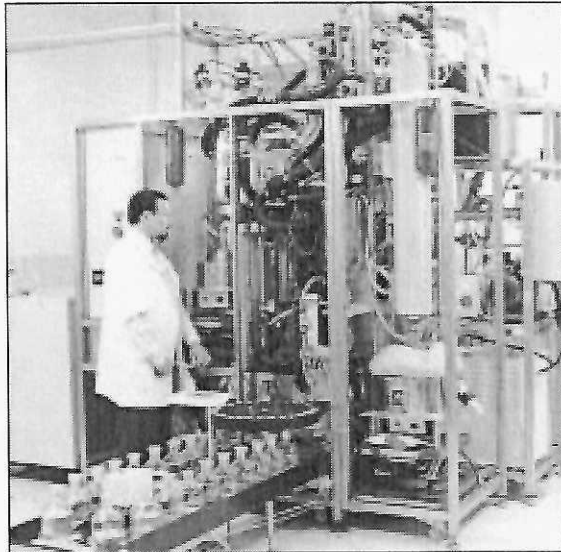
The Digboi Refinery of Assam Oil Division (AOD) processed 0.65 million tonnes of crude oil during the year. The Division sold 1.04 million tonnes of products and retained its position as market leader in the Northeast region. AOD's marketing network comprises 351 retail outlets, 399 Kerosene/LDO dealerships,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

RESEARCH & DEVELOPMENT

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

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

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



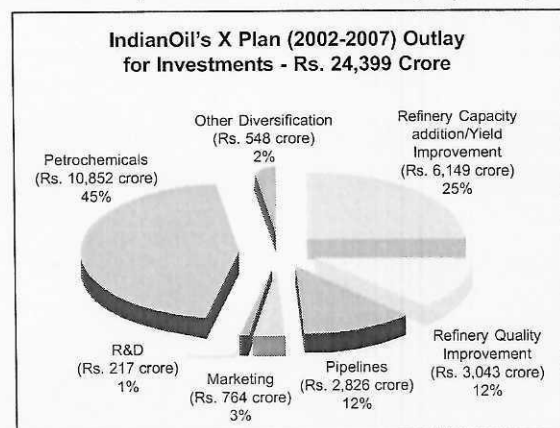
IndianOil's R&D Centre has developed over 2,100 lubricant formulations for virtually all applications.

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

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

PROJECTS

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





IndianOil



IndianOil accords highest priority to project execution.

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

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

The list of various projects is as follows:

Completed Projects

- LAB plant at Gujarat Refinery
- Diesel hydrotreating plant at Mathura Refinery
- MS quality improvement project at Mathura Refinery
- Panipat-Rewari product pipeline
- Sidhpur-Sanganer product pipeline (Panipat Refinery expansion-linked pipeline project)

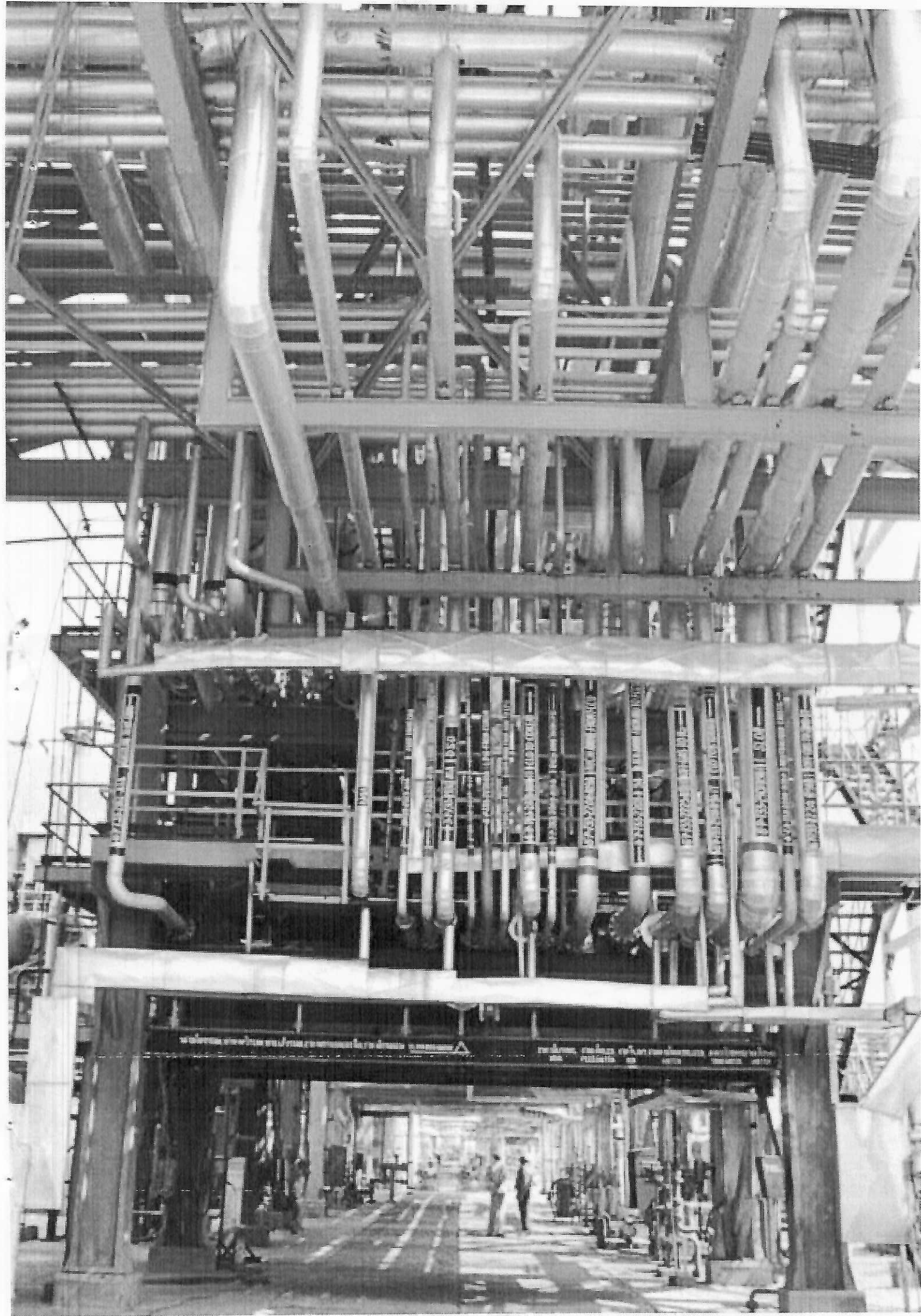
- Lab facility for catalyst evaluation for Hydrogen Generation Unit at R&D Centre, Faridabad
- New depots at Peddapalli, Alang and NOIDA

Ongoing Projects

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

New Projects

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



FINANCIAL REVIEW

Turnover

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

Profit Before Tax

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

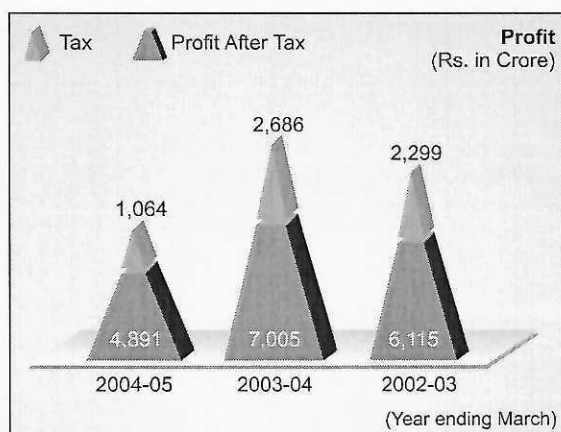
Provision for Taxation

a) Current Tax

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

b) Deferred Tax

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



Profit After Tax

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

Depreciation & Amortisation

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

Interest (Net)

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

Borrowings

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

Capital Assets

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

Investments

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

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



IndianOil

of Lanka IOC Ltd., quoted on the Colombo Stock Exchange, being equivalent in Indian currency.

Net Current Assets

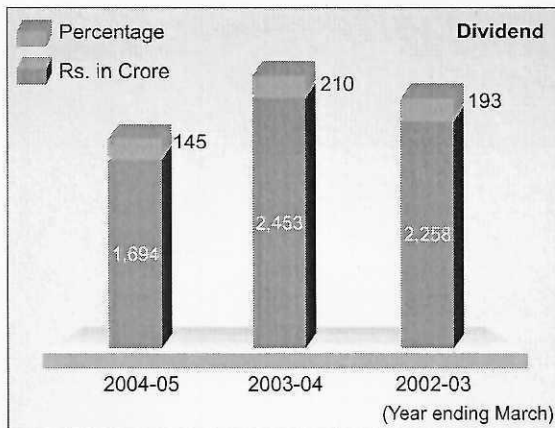
Net Current Assets as on March 31, 2005 was Rs. 9,662 crore as against Rs. 6,388 crore as on March 31, 2004. The increase in Net Current Assets is mainly due to increase in inventories & debtors, which have been partially offset by increase in current liabilities & provisions.

Earnings Per Share

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

Dividend

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



Contribution to Exchequer

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

Public Deposit Schemes

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

Earnings in Foreign Currency

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

New Accounting Standards

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

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

SEGMENTWISE PERFORMANCE

The Corporation is engaged in the following business segments:

- (a) Sale of petroleum products.
- (b) Other Businesses, which comprises sale of

imported crude oil, sale of gas, petrochemicals and oil & gas exploration activities undertaken in the form of unincorporated Joint Ventures.

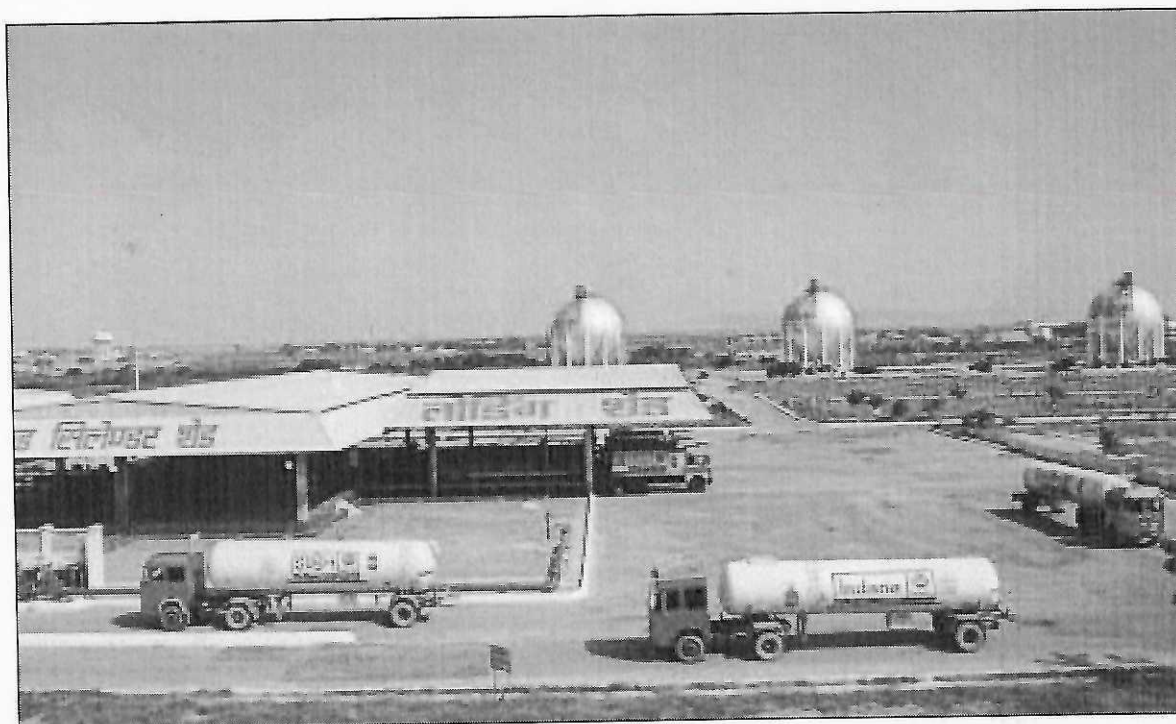
During the current year, the segment wise performance was as under:

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

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

Notes:

- A. Segment revenue comprises of turnover (net of excise duty), net claim from/surrender to Petroleum Planning & Analysis Cell, Govt. of India, subsidy from Govt. of India, other income (excluding interest income, dividend income and investment income).
- B. Other Businesses comprises of sale of imported crude oil, sale of gas, petrochemicals and oil & gas exploration activities jointly undertaken in the form of unincorporated joint venture.





IndianOil

(l) Share Transfer System

The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical form are transferred within a period of 30 days from the date of lodgement subject to documents being valid and complete in all respects. In order to expedite the process of share transfer in line with Corporate Governance requirements, the Company has delegated the power of share transfer to R&T Agent 'M/s.Karvy Computershare Pvt. Ltd.'.

(m) Distribution of shareholding as on 31.03.2005

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

Categories of Shareowners as on 31.03.2005

Category	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
President of India	1	0.00	958077855	82.03
Governor of Gujarat	1	0.00	1350000	0.12
Government Company (ONGC Ltd.)	1	0.00	106453095	9.11
Corporate Bodies	1217	2.56	3169741	0.27
FII's/NRI	515	0.56	22403613	1.92
Banks	24	0.04	1315162	0.11
Indian Financial Institutions	2	0.01	20020	0.00
Mutual Funds	63	0.11	8407348	0.72
Insurance Companies	10	0.03	29037922	2.49
Public	59883	96.69	37697867	3.23
Clearing Members A/c (NSDL/CDSL)	2	0.00	79577	0.01
Total	61719	100.00	11680122000	100.00

(n) Dematerialisation of Shares and Liquidity

The shares of the Company are compulsorily traded in dematerialised form. In order to facilitate the shareholder to dematerialise the shares, the Company has entered into an agreement with NSDL and CDSL. The President of India holds 82.03% of the total equity share capital. Out of the balance 17.97% equity, 93.63% is in dematerialised form as on 31.03.2005.

(o) Plant locations

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

(p) Address for Correspondence

ED & Company Secretary
Indian Oil Corporation Ltd.
IndianOil Bhavan
G-9, Ali Yavar Jung Marg
Bandra(East)
Mumbai-400 051.
Tel.No. 022-26427363 / 26423272 Extn: 7616 / 7528
Fax: 022-26427384
E-mail ID: investors@indianoil.co.in



IndianOil

Indian Oil Corporation Limited - Consolidated Financial Statements

BALANCE SHEET as at 31st March 2005

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

Indian Oil Corporation Limited - Consolidated Financial Statements
BALANCE SHEET as at 31st March 2005

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

Sd/-
(S. Behuria)
Chairman

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

Sd/-
(R. Narayanan)
Company Secretary

As per our attached Report of even date

SURESH CHANDRA & ASSOCIATES
Chartered Accountants

B. K. KHARE & CO.
Chartered Accountants

CHATTERJEE & CO.
Chartered Accountants

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

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

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

Place : New Delhi
Date : May 30, 2005

Indian Oil Corporation Limited - Consolidated Financial Statements

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

1. PRINCIPLES OF CONSOLIDATION

1.1 The consolidated financial statements relate to Indian Oil Corporation Limited (Parent Company), its subsidiaries and Joint Venture companies. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Parent Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating the intra-group balances, intra-group transactions and unrealized profits or losses in accordance with Accounting Standard (AS-21) on Consolidated Financial Statements issued by The Institute of Chartered Accountants of India. The share of Minority Interest in the Subsidiaries have been disclosed separately in the Consolidated Financial Statements.
- b) The financial statements of Joint Ventures have been combined by applying proportionate consolidation method on a line-by-line basis on items of assets, liabilities, income, and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS-27) on "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India.
- c) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.
- d) The excess/shortfall of cost to the Parent Company of its investment in the respective subsidiary companies and joint venture companies is recognized in the financial statements as goodwill/capital reserve respectively as per the equity method of valuation.

1.2 The Consolidated Financial Statements includes the results of the following entities:

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



IndianOil

Indian Oil Corporation Limited - Consolidated Financial Statements

allotted in the acquisition of the 100 Retail Outlets and 1/3rd share in the Ceylon Petroleum Storage Terminals Limited (CPSTL). Goodwill arising on acquisition would be amortised over a period of 20 years commencing from January 2004, based on the Petroleum Products License granted to the Company.

- (iii) In terms of the agreement entered into with the Board of Investment of Sri Lanka of the Greater Colombo Economic Commission Law No.4 of 1978, the company is exempt from income tax for a period of 10 years commencing from 14.02.2003. However, the current year tax charge consists of tax on interest income @ 32.5%.
- (iv) Subsidy receivable from GOSL consists of the subsidy claimed by the company from GOSL as compensation for the loss arising from the price differential suffered by the Company due to price revisions not being carried out by the GOSL as per the pricing formula entered into by the Company, Ceylon Petroleum Corporation and Energy Supply Committee. The amount of **Rs. 204.08 crore** represents claim from January 2004 to March 2005.

Bongaigaon Refinery and Petrochemicals Ltd.

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

Petronet LNG Limited

- (i) The Company is in the process of finalizing the LNG Port Terminal Concession Agreement with Gujarat Maritime Board (GMB) and the Government of Gujarat. In accordance with the terms of the proposed lease agreement, lease rental payable from 30th August 2001 to 31st March 2005 has been provided on estimated basis pending receipt of demand from GMB. Provision for stamp duty on the transaction has not been made in the accounts, as it is not ascertainable.
 - (ii) In respect of LNG Vessels arrived at Petronet LNG Port, Dahej, the Company has paid port dues and waterfront royalty to GMB as per the existing schedule of port charges applicable to all vessels calling on the port. The rates are, however, subject to finalisation in accordance with the terms and conditions provided in the proposed concession agreement to be executed by the Company with GMB.
 - (iii) In terms of the provisions contained in the letter of intent issued by GMB while allotting the plot for LNG Regasification Plant, the Company has to develop a Solid Cargo Port along with LNG Terminal. The Board has approved the maximum equity investment of Rs. 2393 lakhs (towards 26% equity) in the Joint Venture Company to be formed for implementation of the Solid Cargo Project. Expenses to the tune of Rs. 238 lakhs have been incurred on this account which includes a deposit of Rs. 170 lakhs with Gujarat Industrial Development Corporation classified under "Loans & Advances".
 - (iv) The Company has raised Rs. 39147 lakhs through public issue of shares in the previous year and utilized Rs. 21788 lakhs (previous year Rs. 847 lakhs) for project payments and the balance of Rs. 17359 lakhs (previous year Rs.38300 lakhs) deposited in short term deposits with a scheduled bank.
 - (v) Custom duty on import of project material/equipment has been assessed provisionally and additional liability, if any, on this account will be provided on final assessment.
 - (vi) As regards expenditure in Cochin, the project construction has not commenced.
16. In compliance of Accounting Standard – 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India the required information is given as per Annexure-1 to this schedule.