

BOARD OF DIRECTORS

Chairman & Managing Director

Shri R.K.Dutta

Directors

Shri S.K.Patra

Shri M.R.Pasrija

Shri V.K.Sibal (upto 31st October, 2004)

Shri N.M.Borah

Shri P.K.Deb (upto 9th June, 2005)

Shri Sunjoy Joshi

Shri N.K.Singh

Shri C.B. Singh (w.e.f. 20th April, 2005)

Company Secretary

Shri S.K.Senapati

Bankers

State Bank of India

Allahabad Bank

United Bank of India

Vijaya Bank

United Commercial Bank

Punjab National Bank

Corporation Bank

Indian Overseas Bank

ICICI Bank Ltd.

Canara Bank

Regd. Office

P.O. Duliajan,

Distt. Dibrugarh,

Assam- 786 602

Share Transfer Agent

MCS Limited,

Sri Venkatesh Bhawan,

W-40, Okhla Industrial Area,

Phase – II,

New Delhi – 110 020

Corporate Office

5, Sikandra Road,

(opposite Lady Irwin College)

New Delhi – 110 001

Statutory Auditors

1. M/s. P.K. Mitra & Co.,
Chartered Accountants,
18, R.N. Mukherjee Road,
KOLKATA - 700 001

2. M/s. A.K. Sabat & Co.,
Chartered Accountants,
A-348, Sahid Nagar,
BHUBANESWAR - 751 007

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OIL INDIA LIMITED

Regd. Office: P.O. Duliajan, Distt.Dibrugarh, Assam – 786 602

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the 46th Annual General Meeting of the Shareholders of the Company will be held on Saturday the 10th day of September, 2005, at 10.30 AM at Bihutoli, Duliajan, Distt.Dibrugarh, Assam – 786 602, to transact the following business:-

(A) ORDINARY BUSINESS

1. To receive and adopt the Audited Statement of Accounts for the financial year ended 31st March, 2005 and to consider the Report of the Directors, Report of the Auditors and the Comments of the Comptroller & Auditor General of India thereon under Sec.619(4) of the Companies Act, 1956.
2. To declare dividend for the financial year 2004-2005.
3. To elect a Director in place of Shri S.K.Patra, who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Shri Sunjoy Joshi, who retires by rotation and being eligible, offers himself for re-election.
5. To elect a Director in place of Shri N.K.Singh, who retires by rotation and being eligible, offers himself for re-election.
6. To fix remuneration of the Statutory Auditors for the financial year 2005-2006.

(B) SPECIAL BUSINESS

7. TO APPROVE APPOINTMENT OF SHRI C.B.SINGH AS A PART-TIME DIRECTOR OF THE COMPANY.

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

RESOLVED THAT Shri C.B.Singh, who was appointed as a Part-time Director by the President of India w.e.f. 20th April, 2005 and who holds office upto this Annual General Meeting as an additional director and in respect of whom the Company has received a notice in writing from a Member pursuant to 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.

By Order of the Board
OIL INDIA LIMITED

New Delhi
Dated : 10th August, 2005.

Sd/-
(S.K.Senapati)
COMPANY SECRETARY



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXY FORM DULY STAMPED AND EXECUTED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.
3. An Explanatory Statement pursuant to Sec.173(2) of the Companies Act, 1956 in respect of the resolution set out against Item No.7 of the Notice is annexed.
4. The Register of Members of the Company will remain closed from 1st September, 2005 to 10th September, 2005 (both days inclusive).
5. Members are requested to bring their copy of Annual Report to the meeting.
6. Members are requested to notify change in their address, if any, to the Share Transfer Agents, M/s.MCS Limited, Sri Venkatesh Bhawan, W-40, Okhla Industrial Area Phase-II, New Delhi – 110 020.
7. Dividend recommended by the Board, if approved by the Shareholders, will be paid to those Shareholders whose names appear on the Register of Members as on 10th September, 2005.
8. **Members who have not encashed their dividend warrants may approach the Company at its Registered Office or M/s MCS Ltd, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.**
9. **The balance lying in the unpaid dividend account of the Company in respect of dividend declared during the financial year 1997-98 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by November, 2005. Members who have not encashed their dividend warrants pertaining to the said year may approach the Company or the Registrar and Share Transfer Agent for obtaining payments thereof at the earliest.**
10. Shareholders seeking information with regard to Accounts are requested to write to the Company Secretary at least 7 days in advance of the meeting in order to enable the Directors to keep the information ready for the meeting.

Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT PURSUANT TO SEC.173(2) OF THE COMPANIES ACT, 1956

ITEM No. 7

Shri C.B.Singh, who was appointed as Part-time Director by the President of India pursuant to Article 120 of the Articles of Association of the Company, holds office upto the conclusion of the ensuing Annual General Meeting being an additional director. The Company has received a notice in writing from a Member of the Company pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose Shri C.B.Singh as a candidate for the office of Director.

The Directors, therefore, recommend this ordinary resolution for the appointment of Shri C.B.Singh as a Director of the Company liable to retire by rotation.

None of the Directors except Shri C.B.Singh is interested or concerned in the resolution.

By Order of the Board
OIL INDIA LIMITED

Sd/-

(S.K.Senapati)
COMPANY SECRETARY

New Delhi
Dated : 10th August, 2005.



DIRECTORS' REPORT FOR THE YEAR 2004-05

DEAR MEMBERS

1.0 On behalf of the Board of Directors of your Company, it is my privilege to present the 46th Annual Report and Audited Statement of Accounts for the financial year ending 31st March, 2005 together with the Auditors' Report and the Review of the Accounts by the Comptroller and Auditor General of India.

The year 2004-05 was a remarkable year for the Company as there was significant improvement in performance in a number of areas compared to the previous year.

You will be pleased to know that your Company continues to retain its position as one of the premier and prominent E&P Companies of the Country and your directors are confident that with your continued support the Company would achieve many milestones in the years to come:

- Your Company has been upgraded to Schedule 'A', in recognition of its continued excellent performance and efforts in the E&P sector towards achieving the national objective of hydrocarbon self-sufficiency. This will provide higher investment power and greater autonomy towards management of the organization in the challenging competitive business environment.
- Your Company has been rated as one of the five best PSUs in the country and one of the three best companies in the energy sector as per an independent joint survey by M/S CRISIL, a reputed firm that regularly measures and monitors the performance of PSUs in India and India Today, the News Magazine.

2.0 PERFORMANCE AND ACHIEVEMENTS

- a) The reserve accretion of 21.07 MMT (in-place) and 8.81 MMT (recoverable) approximately have surpassed the targets by 17.06 % and 10.13 % respectively.
- b) There were three new oil and gas discoveries in North-Tinali, West Zaloni and Samdang in Upper Assam during the year.
- c) The overall 2D and 3D seismic data acquired during the year have surpassed the planned targets for the year by 23.66 % and 18.59% respectively. The acquisition of overall 889 SQKM of 3D data has been the highest ever in a year.
- d) The actual volume of crude produced during the year 2004-05 was nearly 3.20 MMT in comparison to 3.002 MMT in 2003-04 registering 6.60 % increase in production compared to the previous year, which is a considerable improvement, particularly in view of the fact that many of OIL's reservoirs are in advanced stages of depletion.
- e) The terminal production rate of 12,602 KLPD corresponds to 3.43 MTPA, which is the highest daily rate ever achieved.
- f) The actual volume of crude oil (excluding Kharsang JVC) delivered during the year 2004-05 was 3.104 MMT in comparison to 2.904 MMT in 2003-04. This also registered a 6.89 % increase in comparison to the previous year.
- g) The enhanced production has resulted in the delivery of 1,99,356 tonnes of more crude during 2004-05 in comparison to the previous year.



- h) Against a drilling target of 1, 39,800 drilling metreage, the actual achievement was 1,53,563 metres. This is the highest ever metreage drilled in a year by your Company .
- i) The overall number of workover and well servicing operations surpassed the target by 62%. This has resulted in contributing to enhanced production during the year.
- j) The LPG production during the year was 49,500 Tonnes with a marginal shortfall of 1%, which was due to longer annual maintenance period caused due to health survey of the LPG plant.
- k) The Natural Gas production and sale were lower than the projected targets due to low upliftment by the consumers. Nevertheless, the actual production of 2.01 BCM and the sale of 1.47 BCM were the highest ever.
- l) During 2004-05, your Company was accredited with ISO:14001 certification on Environmental Management System & ISO:18001 on Occupational Health & Safety Assessment System in respect of (i) Pipeline Department (ii) Duliajan Power Station (iii) Tengakhat OCS and (iv) LPG Plant.
- m) An MoU was signed with AGCL on 22.03.2005 for creation of Infrastructure for (i) transportation and distribution of gas from Numaligarh to Guwahati (ii) development of city gas grid at Guwahati and (iii) distribution of CNG at Guwahati & enroute towns.
- n) OIL entered into a Strategic Alliance with IOCL on 08.12.2004 for pursuing E&P opportunities overseas. The consortium was successful in winning the bid for Block No.86 in Libya with OIL as the operator. This was the first ever instance of an Indian Company winning a Global Competitive Exploration Bid overseas.
- o) Deed of Assignment was signed on 11.11.2004 with M/S Vanco Cote d'Ivoire Ltd. for 11.50% PI in the Deep Water Offshore Block CI-112 in the Republic of Cote d'Ivoire.
- p) Your Company signed the participating agreement on 10.11.2004 for construction of a 741 KM long product pipeline in Sudan with ONGC-Videsh Ltd. for 10% Participating Interest.
- q) OIL could earn revenue worth of Rs. 156.00 Lakh during the year by providing services through newly formed Business Development and Third Party Project Cell by giving workover related services to M/s Great Eastern Energy Corporation Limited for CBM operations.
- r) Profit before tax at Rs.162314 lakhs represents an increase of 9.55% over the previous year.
- s) Profit after tax at Rs.106168 lakhs represents an increase of 11.79% over the previous year.
- t) Return on capital employed was 20.44% against 20.77% in the previous year.
- u) The Earnings Per Share (EPS) of Rs.10/- for the year was Rs.49.61 against Rs.44.38 in the previous year.
- v) The Return on Net Worth was 22.54% against 23.57% in the previous year.
- w) The Shareholders' Funds as on 31.03.2005 was Rs.471069 lakhs against long term loans of Rs.22327 lakhs giving a Debt to Equity Ratio of 1:21.10 against 1:15.55 in the previous year.



2.1 **FINANCIAL RESULTS**

	(Rs. in lakhs)	
FINANCIAL	2003-04	2004-05
Profit before interest, depreciation, depletion, w/off & taxation	164671	204282
Depreciation, depletion, w/off & G&G costs	(42317)	(48760)
Profit before Interest & Tax	122354	155522
Net interest (+)	8575	12409
Profit before tax, adjustment related to previous year & Unusual items	130929	167931
Adjustments related to previous years and unusual items	17238	(5617)
Profit before tax	148167	162314
Corporate tax	(47400)	(55400)
Deferred Tax	(5797)	(746)
Profit after tax & Surplus available for distribution	94970	106168

APPROPRIATION

Your Directors recommend the following appropriations:

a) Interim dividend @ 60% (Previous year @ 60%)	12840	12840
b) Final dividend @ 100% (Previous year @ 80%)	17120	21400
c) Corporate Dividend Tax	3839	4723
d) Transfer to General Reserve	61171	67205
	94970	106168

2.2 **DIVIDEND**

Your Company paid an interim dividend @ 60% on 30.12.2004 , based on the provisional financial results of the Company. Your Directors are now pleased to recommend a final dividend @ 100% on the paid up capital making a total dividend of 160% (Previous year 140%) for the year, subject to the approval of the shareholders at the ensuing Annual General Meeting. It is also proposed to transfer the balance of Rs. 67205 Lakhs to the General Reserve.

3.0 **DISCOVERY OF OIL / GAS FIELDS**

During the year under review, the following significant oil and gas discoveries were made in the lower Eocenes in Assam-Arakan Basin.

3.1 **NORTH TINALI**

The Well North Tinali - 1 drilled during the month of April'2004 in North Tinali structure located towards the east of Shalmari structure discovered oil within Lakadong + Therria formation of lower Eocene age. The oil discovery in the North-Tinali structure has opened up new possibilities for further exploration in the areas between Nahorkatiya and Moran oilfields.

3.2 **WEST ZALONI**

The Well NHK 544 drilled during June' 2004 in the West Zaloni structure discovered oil in the Eocene within Lakadong + Therria formation. The discovery at West Zaloni combined with the discovery in



East Rajali structure upgraded the entire NHK-Zaloni area for further exploration for Eocene prospects. Action has been initiated to process recently acquired 3-D Seismic data in and around this area to examine further scope for exploration/development/extension drilling.

3.3 **SAMDANG**

The Well Samdang drilled during December' 2004, as an exploratory well for Paleocene Lower Eocene prospects in Samdang-II structure, located Southeast of Borhapjan structure discovered light oil within Lakadong + Therria formation. Discovery of such light oil at a depth of 4711 meter has been very encouraging and this discovery has generated a new lead for carrying out further exploration for Paleocene Lower Eocene prospects in and around Samdang area.

4.0 **TECHNOLOGY UPGRADATION & EXCELLENCE**

To cut cost, improve quality of operations, accelerate the process of exploration and production, state-of-the-art technologies are being acquired and are being used effectively. The operational problems due to corrosion, bacteria etc. have been overcome with new chemicals. Velocity strings are being used to improve lifting of viscous crude from wells. One drilling rig (S-7) has been refurbished and upgraded to improve its efficiency while drilling deeper wells and has been deployed on contract with an MNC operating in North-East.

To keep pace with large volume of seismic data being acquired, the seismic processing system has been upgraded to higher-capacity with reduced processing time. Further, Dynamic Fluid Method a seismic based technique has been used as an R&D effort to identify oil & gas bearing structures. On successful application, the technique is expected to reduce exploration risk. New logging techniques like NMR (Nuclear Magnetic Resonance) tools have been used for the first time for identification of type of fluid present down hole and its quantifications.

New reservoir modeling software package viz. PETREL installed during the year will help in improving quality of reservoir simulations in conjunction with existing softwares like Edipse, Geoframe etc.

5.0 **PHYSICAL PERFORMANCE**

5.1 The performance of the Company for the year ending 31.03.2005 in comparison with the previous year is furnished in Table-1 below :

Sl. No.	Item	Unit	2003-2004		2004-05	
			Target	Achievement	Target	Achievement
1.	Crude oil production	MMT	3.20	3.002	3.21	3.20
2.	Natural gas production	MMSCUM	1955	1886.97	2059	2009.48
3.	Natural gas sale	MMSCUM	1430	1377.17	1545	1471.96
4.	LPG production	Tonnes	50,000	51,510	50,000	49,500
5.	Seismic survey					
	2D	GLKM	2585	2088.22	1600	1978.59
	3D	SQKM	750	352.02	750	889.44
6.	Drilling					
	ASSAM & AP					
	- Exploratory	'000 MTRS	60.00	49.28	53.50	37.89
	- Development	'000 MTRS	70.00	59.34	79.50	115.67
	TOTAL		130.00	108.62	133.00	153.56



- 5.1.1 Marginal shortfall in Crude Oil Production was primarily due to environmental problems.
- 5.1.2 Gas production & sale were highest ever achieved but fell short of the target due to low upliftment by gas consumers, mainly M/s BVFCL and RRVUNL.
- 5.1.3 Although the overall drilling performance was highly encouraging, there was shortfall in the planned exploratory drilling metreage due to non-availability of land against three locations, which were under the process of acquisition through District Authorities. Additionally, location preparation work against five planned exploratory locations was seriously affected due to continued unseasonal heavy rainfall in the early part of the year.
- 5.1.4 Your Company is taking continuous measures to improve oil production through the following:
- I) Water injection enhancement
 - II) MEOR (Microbial Enhanced Oil Recovery) application
 - III) In-fill drilling
 - IV) Workover operations prioritization
 - V) Additional facilities and infrastructure for production
 - VI) Gravel pack jobs
 - VII) Use of jet pumps
 - VIII) Use of velocity string

5.2 **ACCRETION TO RESERVES**

The geological reserves (oil + oil equivalent of gas) and recoverable reserve accretion due to exploratory and development drilling, workover, IOR and geological studies carried out during the current year are:

Geological Reserve (MMT)		Recoverable Reserve (MMT)	
Oil	Oil+OEG	Oil	Oil+OEG
16.54	21.07	5.55	8.81

6.0 **PROJECTS**

6.1 **RAJASTHAN PROJECT :**

I) **JAISALMER AREA**

250 sq. km. Mining Lease Area covering gas fields of Tanot, Dandewala & Bagi Tibba.

Your Company has successfully completed workover of 13 wells and achieved the committed target of production of natural gas @ 0.7 MMSCUMD with effect from 31.10.04.

II) **BAGHEWALA AREA**

210 Sq. Km. Mining Lease Area covering 'Heavy Oil' field of Baghewala.

The Integrated Detailed Reservoir Engineering Studies of the Baghewala Heavy Oil Project was carried out by PDVSA, Intevep (Venezuela). Phase-I study of the project was completed in June, 2004. Based on this study, your Company has decided to carry out implementation of Phase-II



study which includes drilling of two pilot wells, cyclic steam injection and experimental production of heavy oil under technical guidance of PDVSA, Intevep. Initially, drilling of one well for Heavy Oil/Bitumen Recovery has been taken up and drilling of first pilot well is scheduled to commence in August, 2005.

6.2 GANGA VALLEY PROJECT:

Based on 2D seismic API and G&R studies , a few prospects have been identified and are being reviewed.

Efforts for Joint Venture initiatives for OIL's Ganga Valley acreage with prominent players in the E&P sector, particularly for drilling and future exploration are underway.

6.3 NORTH EAST FRONTIER PROJECT :

I) MANABUM, PASHIGHAT & JAIRAMPUR AREA :

Acquisition of seismic 2D data in Manabum, Pashighat and the Thrust Belt areas like Jairampur is under progress. Due to geological complexities, international seismic processing consultants were engaged. Processing of acquired data of Manabum area is being taken up at the processing centers of M/s Fugro-Robertson Ltd., U.K. and M/s TEEC, Germany.

II) BRAHMAPUTRA RIVER BED SURVEY :

Your Company has initiated the exploration activity in Brahmaputra River Bed(BRB) area. Action has been taken for floating global tender to cover the BRB area by seismic survey.

7.0 RESEARCH & DEVELOPMENT:

Your Company gives great importance to continuous upgradation of technologies and expertise in various areas of activities through its own Research & Development Centre. The details of activities carried out are given in **FORM - B** of this Report.

8.0 VIGILANCE ADMINISTRATION:

Vigilance activities in the organization were broadly divided into two categories as under :

1. Preventive Measures.

2. Punitive Measures.

PREVENTIVE MEASURES:

During the year 13 regular inspections and 28 surprise inspections/checks and 2 system studies were carried out. Vigilance Department organised the Vigilance Awareness Week in November' 2004 to make employees of the Company aware about their role and responsibilities in preventing corruption. During the year 164 Property Returns have been scrutinized and further investigations were taken up depending on the merits of individual cases.

PUNITIVE MEASURES :

On the punitive side 06 fresh cases were registered during the year based on written complaints, inspections and audit reports. Some of the cases were disposed off as per their merits and the rest are under investigation. During the year 5 cases were completed and reports submitted to the Management for necessary action.



9.0 ENVIRONMENTAL PROTECTION

Through regular monitoring and proper co-ordination, your Company could successfully abate the pollution problems arising out of the Company's various operational activities during the year. The major thrust for abatement of pollution was given in the following areas:

- Requirement of Effluent Pits at strategic locations were identified and arrangements made to combat pollution problems in the field.
- A field study on "Effect of gas flaring on paddy cultivation" was carried out by the Company in collaboration with Assam Agricultural University, Jorhat during the kharif crop of 2004 near the flare site of Makum EPS. The aim of this 3 years study (2004 being the second year of the Project) is to identify photo insensitive variety of rice suitable for cultivation near flare sites.
- "World Environment Day" was organized on 5th June, 2004 in a befitting manner to pass the message of Environmental Protection amongst employees and the public as well. Various awareness programs along with plantation of trees in and around OIL Township involving NGOs were also organized.
- Expert opinion was sought to resolve complaints on damage to paddy cultivation, tea crop, sericulture crop etc. from Assam Agricultural University, Jorhat as and when required.

10.0 SAFETY:

- Safety Audits: During the year under review, a number of Internal as well as External Safety Audits of various installations were carried out jointly with Oil Industry Safety Directorate and Mines Safety Directorate experts. Besides, pre-spudding safety audit of drilling locations / pre-commissioning safety audits, review audits were carried out with the objective of improving the HSE standards of the various installations of the Company.
- Safety Training: On-site safety training in Drilling and Workover installations including Safety Training in the form of Motor Vehicle Training, Refresher Course Training programs were imparted during the year in various operational areas.
- Risk Analysis Study: The Risk Analysis Study (RAS) for three selected installations (Shalmari OCS-2, GCS and Jorhat Tank Farm) was completed during the year.
- International Safety Rating System (ISRS): During the year under review work for obtaining ISRS in three installations (1 OCS, 1 GCS, 1 Drilling Rig) was initiated. M/s DNV trained 17 executives in this connection in the month of August' 2004.
- Disaster Control Room: During the year under review a Disaster Control Room with communication facilities was established centrally in the Safety & Environment department to take care of any such eventualities in future.

11.0 OCCUPATIONAL HEALTH:

Occupational Health monitoring for work persons is done in a regular and systematic manner. OIL is committed not only to meet the various statutory public regulatory requirements but is also going much beyond. The examination is carried out in a block of 5 years. The response is excellent and is close to 100%.

12.0 MEMORANDUM OF UNDERSTANDING WITH GOVERNMENT (MoU)

Your Company signed a Memorandum of Understanding for the year 2005-2006 with Ministry of Petroleum and Natural Gas on 13.04.2005.



13.0 HUMAN RESOURCE DEVELOPMENT

Training to the following number of persons, both executives and workmen, were imparted during the year:

In-house	:	2719
In-country	:	484
Overseas	:	71

In addition to above, Apprenticeship Training was provided to 118 persons. Summer Training has been provided to 150 students from Technical/Management Institutes.

14.0 EMPLOYMENT OF WEAKER SECTION:

Workmen category:

- In accordance with Government directives, your Company has taken steps in recruiting candidates belonging to SC, ST and OBC categories and ex-servicemen. Accordingly, process has been initiated for Special Recruitment Drive to fill up backlog vacancies reserved for SCs & STs. Vacancy Notifications for 07 posts (reserved for SC) and 15 posts (reserved for ST) have already been issued to the local Employment Exchanges. Tests/Interviews for the same are in progress.
- During the year under review, your Company appointed two sportspersons one each in scheduled caste and general category.

Executive category :

- In executive category there has been recruitment against 18 posts filled up from the weaker sections of the society. (viz. General- 10, SC- 02, ST- 03, OBC- 03)
- In addition, there are 19 (Gen – 05, SC – 05, ST – 07 and OBC - 02) Executive Trainees undergoing training who would be absorbed in permanent executive cadre on completion of training.

15.0 EMPLOYMENT OF WOMEN EMPLOYEES :-

As on 31.03.2005 there were 325 women employees (67 officer and 258 non-officer category) out of the total manpower of 8690 (1193 officer and 7497 non-officer category) constituting 3.73 % of the total workforce. Besides, OIL recruits women sports persons and continues to encourage competent sports women to participate in National and International events.

16.0 GENDER BUDGETING: INCIDENCE ANALYSIS

Schemes aimed for Women Development:

Handicraft Training for Women: OIL's Handicraft Training and Production Centre, located at Duliajan, Assam has been imparting training since 1984 to women members of the society on Handicraft, Weaving, Embroidery and Tailoring on monthly stipend basis for 9-month duration.

General Nursing Midwifery (GNM) Training: The nursing school in OIL hospital, Duliajan conducts 3 years' General Nursing Midwifery (GNM) training course which is recognized by the Directorate of Medical Education, Govt. of Assam. The annual intake is 10 (Ten) candidates, out of which one vacancy each is reserved for SC and ST candidates. The annual intake has since been raised to 20 candidates. Stipend is paid to the students in addition to hostel accommodation, uniform and protective clothing. The expenditure on this account was Rs 26.00 Lakh during 2004-05.



Family Welfare : Your Company not only provides free family welfare services to OIL employees and their dependants but also to the surrounding population free of cost. Special emphasis is given on women's health, nutrition, hygiene and child care besides proper immunization. The total amount spent for these services during the year was Rs. 36.79 lakh.

Donation to Women Colleges / Schools / Organizations: The Company lays emphasis on women's education and it has made significant contribution to nearby women's colleges and girls' schools. Besides, Company generously contributes to numerous co-educational institutions benefiting both men & women of the society. Your Company also donates periodically to women organizations of the locality through its SWP for their socio-cultural and other developmental works.

Nomination of women representative for attending National and International seminars / training etc.: WIPS (Women in Public Sector), Duliajan branch has majority working women members from OIL. Besides extending financial assistance, OIL sponsors women members for attending National and International seminars / training courses. A total of 19 executives and 5 work persons have benefited during the year 2004-2005.

Working women Hostel Facility : OIL provides single occupancy type ladies hostel facility at Duliajan to working women employees of OIL. There are at present 24 such residential facilities at Duliajan besides Hostel facility provided to women Nurses.

Women Beneficiaries under SIRD (State Institute of Rural Development), Assam: In order to help the large number of unemployed youth of the society irrespective of gender perspective and to strengthen rural economy, OIL and the State Institute of Rural Development (SIRD) signed an MoU.

- (i) Under the scope of this scheme, three batches of rural women have been already imparted training on spinning & weaving of Endi and Muga culture in its newly extended residential 30 bedded accommodation center free of charge.
- (ii) Besides, OIL has organized village women into Self Help Groups. At present approximately 50% of the existing 600 Self-Help Groups, each having 10 members are women beneficiaries. Group members make monthly contributions to create savings corpus. The corpus is used to extend soft loans to group members.

17.0 SOCIAL WELFARE :

Recognizing the need for upliftment of the quality of life and its commitment to the society in and around its operational areas, your Company has undertaken a new community welfare initiative under the aegis of its ongoing "Social Welfare Programme" towards promoting agro-based industries through the creation of Self Help Groups (SHGs) under Swarnajayanti Gram Swarozgar Yojana (SGSY) in the Company's operational areas with the support of the State Institute of Rural Development (SIRD), Assam. This new initiative aims to generate sustainable sources of livelihood for the rural unemployed and to strengthen the rural economy. An amount of Rs 490.82 lakh was spent during the year on the Social Welfare Programme.

18.0 AREA DEVELOPMENT SCHEME:

In order to support the various socio-economic developmental activities, your Company has continued its "Area Development Scheme" which covers a wide gamut of activities like construction of roads, setting up of educational institutions and primary health centers and other infrastructural support in the North East region and other operational areas of the Company. An amount of Rs.180.28 lakh has been spent during the year.



Your Company has sanctioned an amount of Rs.3.68 crore as financial assistance to Dibrugarh University for establishing a Centre of Excellence for managerial & entrepreneurial leadership. The Company has also sanctioned an amount of Rs.2.0 crore as donation to the Cachar Cancer Hospital Society, Silchar for treatment of cancer patients.

19.0 IMPLEMENTATION OF OFFICIAL LANGUAGE :

In pursuance of Official Language Act/Rules of the Government of India efforts are continuing towards increased use of Hindi in Official work. Officers and Work persons put their best efforts to do the official works in Hindi. Hindi Workshops were conducted from time to time to popularize Hindi amongst employees. Meetings of Official Language Implementation Committee are being held periodically. The responsibilities of the Chairmanship of Duliajan Town Official Language Implementation Committee (TOLIC) is borne by your Company, who received the Best Performance Award amongst all Town Official Language Implementation Committees of the North-East region. The Employees are encouraged to attend Hindi Classes, Typing Classes and to write more and more words in Hindi through Incentive Schemes formulated by the Company. House Journal OIL NEWS and Employees Communication Programme (ECP) are being published in three languages i.e. Assamese, Hindi and English. Hindi Month Celebration was observed in a befitting manner from 14th September, 2004 in Field Headquarter at Duliajan. To propagate Official Language Hindi amongst employees and school going children various competitions were held during Hindi Month Celebration and prizes were distributed. Circulars, Letters and other publication materials have been made bilingual and trilingual as per the requirement. Important documents to be laid on the table of Parliament were brought out bilingually.

20.0 DONATION FOR THE CAUSE OF THE NATION

Your Company donated a sum of Rs. 50 lakh for the cause of the flood affected people of the State of Assam and Arunachal Pradesh during the year through respective Chief Minister's Relief Funds. The executives & employees contributed Rs.22,59,557.00 for the said purpose. Your Company also contributed Rs.2.0 crore to the Prime Minister's National Relief Fund for the benefit of the Tsunami affected people. The executives & employees contributed Rs.22,03,138.00 for the said cause.

21.0 SPORTS & CULTURE: -

- Your Company continues to encourage the employees of the organization to take part in various sports/ games and cultural activities for development of their physical & mental abilities besides bringing laurels to the organization and the Nation.
- During the year, OIL Football team brought laurels to the organisation by winning the prestigious ATPA Shield Football and Independence Day Cup Football Tournaments.
- The Company hosted XXVth Inter-Unit PSPB Athletic Meet at Duliajan from 19th to 21st January, 2005. A total of 07 organizations including OIL participated in the meet and OIL team secured the 2nd best position.
- OIL Golf Team won the Prestigious Inter-Unit PSPB Golf Tournament.
- Number of sportspersons of the Company participated in the sports/games competitions of State/National and International level as well as tournaments organised by the Petroleum Sports Promotion Board (PSPB) and brought laurels to the organisation.
- A total of 11(Eleven) sportspersons of your Company participated in International events of Golf, Table Tennis, Tennis and Badminton.



22.0 INDUSTRIAL RELATIONS: -

During the year, your Company continued to maintain harmonious industrial relations and there were no mandays lost due to industrial relation problems. Active participation of employees' representatives in "Change Management" initiatives arising out of the Strategic & Corporate Plan has been very encouraging. Transparency in management dealings through regular and periodic interactions has been found to be very effective in maintaining cordial employee relations, which has been excellent throughout the year 2004-2005.

23.0 MANPOWER REDEPLOYMENT: -

A systematic redeployment study has been undertaken by the Company to identify the areas of surplus / deficit manpower and the required retraining needs for redeployment of such surplus manpower.

Under the above plan, the following restructuring of departments / redeployment of manpower has been effected during the year:

- 34 employees of different departments were transferred to Production (Oil) department
- OGPL Department with 13 employees was merged with Pipeline establishment
- Similarly, Fire Service Section of General Engineering department with 71 employees was merged with Safety & Environment department.
- Subsequent to bifurcation and merger of different sections of Mechanical Engineering department with Drilling, Production (Oil) and General Engineering departments, 427 employees of Rig & Work over Sections, 173 employees of Boiler Section, 172 employees of remaining Sections have been transferred to Drilling, Production (Oil) and General Engineering department respectively. General Engineering department has been thereafter renamed as Fields Engineering department. Such restructuring is envisaged to help in enhancing operational efficiency.

24.0 CHANGES IN THE BOARD OF DIRECTORS

The following changes took place in the composition of the Board of Directors of the Company since the last report:

APPOINTMENT

Shri Chandra Bhan Singh, Joint Advisor, MOP&NG was appointed as a Part-time Government Director on the Board of the Company with effect from 20th April, 2005.

CESSATION

Shri VK Sibal ceased to be Director (Personnel) of the Company with effect from 1st November, 2004 consequent to his resignation from the Board of the Company.

25.0 STATUTORY DISCLOSURES

None of the Directors of your Company is disqualified as per the provision of Section 274(1)(g) of the Companies Act, 1956. The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 (as amended) relating to Conservation of Energy, Technology Absorption, Expenditure on Research & Development, Foreign Exchange Earnings and Outgo etc. have been provided in the Annexure attached to this report.



None of the employees of your Company drew remuneration exceeding the limits laid down under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

26.0 AUDIT COMMITTEE :

The Audit Committee constituted under Section 292A of Companies Act, 1956 met four(4) times during the financial year 2004-05. The Committee acts in accordance with the terms of reference specified by the Board from time to time. Shri Sunjoy Joshi, Shri N.K.Singh and Shri M.R.Pasrija, Directors are members of the Committee.

27.0 STATUTORY AUDITORS :

M/s P.K.Mitra & Co., Chartered Accountants, Kolkata and M/s A.K.Sabat & Co., Chartered Accountants, Bhubaneswar were appointed as Joint Statutory Auditors for the financial year 2004-05 by the Comptroller and Auditor General of India in terms of Section – 619(2) of the Companies Act, 1956 and will hold office until further orders.

28.0 DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the requirements of Section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed.
- Directors have selected such Accounting Policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2005 and of the Profits of the Company for that year.
- Directors have 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.
- Directors have prepared the Annual Accounts on a going concern basis.

29.0 JOINT VENTURES:

(a) NELP BLOCKS

Under NELP regimes till end of NELP-IV, OIL has taken Participating Interest in 13 NELP blocks either solely or as operator or alongwith other consortium partners like ONGCL, GAIL (INDIA) Ltd, IOCL, GSPC and BPCL. Out of these 13 blocks, 7 blocks in onshore, 1 in shallow water offshore and 5 blocks are in deep water offshore. Deep water blocks cover both east coast and west coast of India. One shallow water block is located in Mahanadi Offshore and the rest 7 onshore blocks are located in North-East, Rajasthan and Orissa. OIL is the operator in 5 NELP blocks while ONGCL is the operator for the remaining 8 NELP blocks.

The committed Minimum Work Programme (MWP) for the blocks under OIL's operatorship have been completed. The MWP has been exceeded in Phase-I itself in case of the Mahanadi Onshore block. OIL has taken a second opinion from M/s Fugro-Robertson, UK on the prospectivity of the Block.

In Rajasthan, committed MWP for 2nd NELP block (Pinoda) have been completed as per schedule. Assessment of the block prospectivity and firming up of drilling locations are underway. The committed seismic acquisition has been completed for NELP-III (Siyasar) block. The processing



and interpretation work is being carried out. Additional 3D API of nearly 60 km² is being taken up. The committed work programme of Phase-I which includes drilling of 3 wells will be completed in time. Your Company has completed Phase I & II committed seismic acquisition for NELP-IV block.

The operational activities for the Assam NELP blocks, are in progress as committed under Phase-I exploration.

(b) JV BLOCKS

OIL is also carrying out exploration activities in 3 JV blocks i.e. one in Offshore Saurashtra, one in Gujarat-Kutch Offshore and the third one is an onshore block of Assam-Arakan Basin. In these JV blocks, RIL is the operator for the two offshore blocks and M/s Premier Oil is the operator for the onshore block.

(c) KHARSANG OIL FIELD IN ARUNACHAL PRADESH:

- Your Company with a Participating Interest of 40%, had entered into a PSC with Government of India in consortium with M/s Geo Petrol International Inc, France (25%), M/s Jubilant Enpro Ltd., India (25%) and M/s Geo Enpro Petroleum Ltd, India (10%) on 16.06.1995.
- The field produced 41183 MT of Crude oil during the year 2004-05 and Company's share was 16473 MT.

30.0 OVERSEAS

FARSI OFFSHORE BLOCK IN ISLAMIC REPUBLIC OF IRAN

OIL has 20% Participating Interest (PI) along with IOC (40%) and ONGC-Videsh (40% and operator). The processing/reprocessing/interpretation of the existing 2D seismic are completed. Further acquisition and interpretation of 2D and 3D seismic data are also completed. Five Locations BB-4A, BB-4C, BB-4D, BB-4H (alternate to 4D) and FB-2C have been identified and same are approved by National Iranian Oil Company (NIOC). Due to non-availability of Drilling Rigs, NIOC has agreed to the proposal of using ONGC rigs. The rig rate for using rigs of ONGC is approved by NIOC on 31.01.05.

BLOCK # 24, ONSHORE, SYRIA

Farm out agreement for assigning 10% PI from OVL's 60% PI in this Block is agreed by both the parties except the share of past cost to be paid by OIL to OVL. The decision on the share of past cost to be paid by OIL is under consideration by the Board of OVL.

BLOCK 5A & 5B, ONSHORE SUDAN

MOP & NG has advised OVL to assign a part of the Participating Interest from the interest it acquired in these blocks from OMV, Austria. However, OVL is understood to have expressed difficulties to MOP&NG for assignment of the same to OIL. OIL is pursuing with MOP & NG.

BLOCK CI-112, Offshore, Republic of Cote d' Ivoire

OIL has acquired 11.50% PI from M/s Vanco Cote d' Ivoire Ltd. in Block CI-112 in the Republic of Cote d' Ivoire. Drilling of the First Well San Pedro-1 has already been completed and the results of the drilling are now under examination by Vanco. The consortium decided to take up further exploration under C1-112 license.



PRODUCT PIPELINE IN SUDAN

Participating Agreement between OVL and OIL for acquiring 10% Participating Interest for construction of pipeline was signed on 10.11.2004. The Pipeline is to be constructed on Build, Own, Lease and Transfer (BOLT) basis. The work for construction of the Pipeline is in progress as per the plan. EDC for the pipeline is end August, 2005.

BLOCK 86, LIBYA

OIL and IOCL consortium was awarded Exploration Block-86 in Libya by the National Oil Corporation (NOC) on 29.01.2005. Both the companies have Participating Interest of 50% each. The Exploration and Production Sharing Agreement (EPSA) was signed with NOC on 20.03.2005. The branch office of OIL has been established. All the important activities including initiation of seismic have been started.

31.0 FUTURE OUTLOOK

In order to achieve sustained growth in the long run, while maintaining satisfactory profitability, your Company's strategy is to target continued growth of reserves. Towards this your Company has taken necessary steps for expeditious implementation of the ongoing restructuring process of the Company and various other initiatives to accelerate and intensify its E&P activities to sustain continued growth in India and overseas.

31.1 IMPLEMENTATION OF STRATEGIC AND CORPORATE PLAN

A. BUSINESS AND ORGANISATION RESTRUCTURING :

ORGANISATION STRUCTURE IMPLEMENTATION

With an objective of de-layering and empowerment for decentralized decision making/ accountability for results, a 04 Level Organisation Structure based on responsibility bands has been implemented. Moreover, proliferation of designations is being minimized from 10 to 4/5. Action has been completed for filling up Level-3/4 key positions, while action for Level-2 and below is in progress.

ORGANISATION RESTRUCTURING AND RELATED ISSUES:

Consequent upon organization restructuring and related HR issues, 4(Four) Task Forces were constituted to carry out further study and to work out a detailed plan as follows :

- Rationalize the benefits/perquisites and allowances across the Company
- Study on KPI based PMS in other PSEs for benchmarking and facilitating implementation
- Job rotation
- Reduction of pensionable age from existing 55 years to 50 years with a view to right sizing manpower.

The Task Forces have submitted their recommendations on the above and action based on the recommendations is in progress.

SUCCESSION PLAN / COMPETENCY PROFILING

(a) SUCCESSION PLAN (Salary Grade F & above)

Succession Plan represents a very critical aspect of any HR Policy and in a competitive environment it is a key tool for ensuring leadership continuity and building up potential HR for the future. This was also one of the MoU/KPI points and the system has been implemented recently for ensuring that the identified potential successors are developed through a



systematic HR plan. The Training and Development department is in the process of developing the Individual Development Plans (IDP) of those potential successors for the current financial year.

(b) COMPETENCY PROFILING:

Two Development Centres (DC) were conducted by M/s MERCER for 27 senior level executives in August 2004 for profiling Generic Behavioural Competencies. Process is on to conduct more DCs for the next level of executives.

(c) PLACEMENT PLAN

A unique Placement Plan was introduced for the first time as a framework for identifying the “best fit” candidates during selection to key positions in Level-4. Further, it provides scope for inter-disciplinary movement and placement of senior executives for building up future leaders in each SBU/ Cost Centres.

B. PERFORMANCE MANAGEMENT AND APPRAISAL SYSTEM :

KPI BASED PMS:

A new KPI based PMS was implemented during 2004-05 on a trial basis in salary grade F and above. In order to carry out further study and offer implementable recommendations a Task Force was constituted to study the management of such PMS in other PSUs and private companies. Recommendations of the Task Force are being implemented phase-wise.

C. HUMAN RESOURCE POLICIES :

With the implementation of the revised organization structure a Task Force was constituted to critically review the HR Policy based on IBM recommendations for implementation.

The draft HR Policy comprising of the following modules is being finalized for implementation.

- Recruitment Policy
- Promotion Policy
- Job rotation

D. CHANGE MANAGEMENT AND HR POLICY FORMULATION :

CHANGE MANAGEMENT

A vision driven organizational transformation under the Breakthrough Performance initiative is progressing with direct involvement of Directors who, alongwith other senior executives, have collectively co-created the vision for the Company . Cross Functional Teams have been formed to evolve a common understanding and meaning of the vision statements and then find out the current realities through interaction with random groups. After identifying the gap, they shall prepare an action plan for achieving the vision through the Intact Teams.

CORPORATE GOVERNANCE

OIL is systematically building up a good corporate governance framework especially in respect of accountability, responsibility, transparency and disclosure at the corporate level and aims at building up good governance practices based on industry best practices being followed globally.

E. PERFORMANCE IMPROVEMENT / COST REDUCTION :

ERP IMPLEMENTATION IN OIL

In order to meet the challenges of the deregulated and liberalized scenario in Indian Oil and Gas industries, OIL has embarked on several initiatives for aligning its strategic and corporate plans



to support its newly created business vision. One of these initiatives is to improve the efficiency and effectiveness of its business processes by providing a technologically enabled consistent and reliable information system.

OIL has, therefore, decided to implement Enterprise Resource Planning (ERP) system as a high-end information system to streamline and integrate all the business processes of the Company for improvement of overall efficiency. The objectives of implementing ERP in OIL would be:

- Improving efficiency & effectiveness of all business processes.
- Introducing a system of cost management at par with the best in the world.
- Continuous improvement in productivity to gain entry in to the league of the best achievers in the world.

In short, ERP will be used to introduce the best management practices and elevate the status of OIL as one of the best-managed companies in the world.

The process of implementation of one of the best ERP system, viz. mySAP Enterprise solutions in OIL has already commenced. A dedicated cross functional team of around fifty (50) executives are working round the clock together with the consultants from M/s. SAP India Limited for implementation of the various modules of the ERP package, under Project 'Aarohan'.

Once implemented the system would facilitate reliable and timely availability of information across the enterprise. This together with the best business practices, which would be brought in by the system, would help in improving productivity, resource management, cost control and overall efficiency.

31.2 **INITIATIVE FOR DEREGULATORY MARKET SCENARIO :**

Your Company has initiated actions in various fronts to sustain continued growth and face challenges in the deregulated and highly competitive E&P sector. A few of the major actions are listed under.

A. EXPLORATION & PRODUCTION INITIATIVE

GEOSCIENTIFIC STUDIES

As a part of future plan for growth the following geo-scientific consultancy studies were carried out / completed during the year 2004-2005:

Consultant	Subject	Status
M/s ISIS, Australia	Identification of prospects/ drilling locations in OIL's operational areas of Upper Assam basin.	In progress
M/s IPR, USA	Detailed Geological and Reservoir Engineering studies of Paleocene-Eocene of Upper Assam basin	In progress
M/s IPR, USA	Consultancy study for Jorajan field redevelopment.	In progress
M/s IRS, ONGCL	Detailed study for development plan of Nagajan area of Jorajan oil field	Completed
M/s GCA, Singapore	Audit of oil and gas reserves of OIL's operational areas in Assam, Arunachal Pradesh and Rajasthan	Work started on 5th April 2005
M/s GSI, Shillong	Detailed photo-geological study of the Belt-of-Schuppen in OIL's operational areas	In progress



Evaluation / other studies: During the year under review, technical evaluation of 5 exploration blocks under the NELP-V was carried out at TEAM-Centre,Duliajan.

Evaluation of Marginal Oilfield: During the year under review the Company had engaged its geoscientists for evaluation of 19 Offshore Marginal Oilfields offered by ONGCL and the same is in progress.

Evaluation of Overseas Exploration and Production Sharing Blocks: During the year, several executives were engaged in technical evaluation of overseas blocks in the Company's quest for participation and acquisition of assets in overseas ventures. Details of these activities are as under:

- Association with M/s ECL for Round-1 of Libyan EPSA-IV bidding.
- South Pars gas development project in Iran
- Data viewing of blocks in Myanmar

Audit and Certification of Oil & Gas Reserve of OIL: Audit and Certification of Oil & Gas Reserve of OIL in Assam, Arunachal Pradesh and Rajasthan by M/s.GCA, Singapore is in progress.

B. INITIATIVES FOR ENHANCED OIL & GAS PRODUCTION

- Augmentation of drilling efforts including extension wells, infill wells etc. for enhanced potential retrieval.
- Increasing work over efforts for quick revival of sick wells for bringing into on-stream production.
- Adoption of state-of-the-art reservoir management policies for optimizing field production.
- Immediately bringing onto production any new finds (through drilling) with creation of quick production set-up /early production set-up and use of bowzers for crude oil transportation.
- Induction of more versatile artificial lift assistance methods i.e. Jet pumps, E.S.P. (where gas lift assistance is not available/suitable) for bringing onto production shut-in wells.
- Planned Drilling of horizontal wells.
- Cluster drilling and planned J-Bend drilling to obviate land acquisition problem.
- Procurement of an additional 1000 HP Mobile Rig.
- Application of gravel pack technique for control of sand ingress in selected wells.
- Induction of suitable EOR/IOR processes.
- Undertaking pilot scale studies for experimental production of heavy oil reserves in Rajasthan.

C. GAS MONETISATION INITIATIVES

- OIL signed an MOU with Numaligarh Refinery Ltd. for supply of 1.0 MMSCUMD of gas from the year 2006-07 for which pipeline is presently under construction.
- OIL signed agreement with M/s NEEPCO to supply natural gas at an enhanced rate of 1.40 MMSCUMD against the current rate of 1.00 MMSCUMD. The supply began from the date of signing of the agreement on 13.01.2005



- OIL plans to supply additional 0.45 MMSCUMD of gas to M/s BVFCL in addition to the already committed 1.72 MMSCUMD of gas.
- OIL has awarded a contract to lay a 60 Km. long pipeline from Kumchai field at Arunachal Pradesh to Doomdooma at Assam to evacuate the gas produced in Arunachal Pradesh, which is presently being flared, as there is no consumer in Arunachal Pradesh.
- To meet expected increase in demand, the Company has initiated a time bound Non-Associated Gas Fields development plan in the North-East.
- Delineation of recent discovery of Baghjan and South Chandmari Gas fields.
- Workover of 14 sick gas wells of Rajasthan followed by drilling of development gas wells to enhance non-associated gas production/supply.

D. VENTURING INTO E&P SERVICES :

IN COUNTRY

- OIL succeeded in obtaining contract for providing Drilling Rig package and a few related services from M/s Premier Oil. The rig S-7 has been offered for the service and is presently under operation at Premier Oil's drilling location in Assam (Lakhhi-1).
- Agreement signed with M/s Cairn Energy for providing consultancy services for thermal conditioning studies on crude oil of Aishwariya and Mangla oil fields for pipeline transportation. The job is completed at the R&D laboratory, Duliajan. Final report is under preparation.
- Successfully executed the contract with M/s Great Eastern Energy Corporation Ltd., Kolkata for providing Work over Rig Package for work over operations in their Coal Bed Methane wells at Asansol, West Bengal.
- Offered miscellaneous services & Equipment on rental to M/s Canoro Resources Ltd & M/s Geo Enpro Petroleum Limited.

OVERSEAS

- Contract has been signed with M/s Bangladesh Gas Fields Company Limited, a subsidiary of Petro Bangla for providing Wireline operations services for drilling of two of their wells in Titas gas field, Bangladesh. The job would be executed in 2nd quarter of 2005.

E. QUALITY ASSURANCE :

OIL's improved quality control initiatives have helped to bring down the BS&W content from above 2% to less than 1% in delivered crude to the refineries. Efforts are on to bring down the BS&W content to minimum extent possible (0.2%) to match with the international standard by creating additional Intermediate Tank Farm with suitable processing facilities at Tengakhat, Assam.

32.0 CONCLUSION

With the planned expansion in activities and constant thrust towards improving performance, your Company is looking forward to another year of fruitful operations combined with an overall improvement in efficiency during the year 2005-2006.



33.0 ACKNOWLEDGEMENT

The Directors place on record their gratitude for the assistance and guidance rendered by the Ministry of Petroleum and Natural Gas, other Government Departments, Financial Institutions and various State Governments.

The Board also wishes to place on record their appreciation to all the members of OIL FAMILY whose dedication, co-operation, hardwork and support has made it possible for the Company to show unstinted and improved performance.

For and on behalf of the
BOARD OF DIRECTORS

Sd/-
(R. K. Dutta)
Chairman & Managing Director

New Delhi
Dated : 4th June, 2005



ANNEXURE TO DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

A. CONSERVATION OF ENERGY

I. Energy Conservation measures taken.

(a) CONSERVATION OF CRUDE OIL

A total quantity of about 3495 KL of crude oil had been saved/retrieved from different operational activities (such as using aluminum paints in all crude oil storage tanks, uses of oil soluble demulsifier and deoiler, from water clarification plant, regular and proper maintenance of crude oil transportation trunk pipeline, collections from various sumps and pits, etc.) during the year 2004-05.

(b) RECOVERY OF CONDENSATE AT DULIAJAN, MORAN & RAJASTHAN PROJECT

By the operation of Condensate Recovery Plant (CRP) at Moran a total quantity of about 3161 KL and in Duliajan Field about 34956 KL of condensate had been recovered during the year 2004-05. Further, in Rajasthan Project about 474 KL of condensate had been recovered during the year under review. Thus total quantity of condensate recovered during 2004-05 was about 38591 KL.

(c) UNDERGROUND STORAGE OF NATURAL GAS

After the commissioning of the 1st phase of the underground Gas Storage Scheme, so far a total volume of 142.63 MMSCUM of Gas had since been stored in the under ground reservoir.

(d) REDUCTION OF NATURAL GAS CONSUMPTION IN COCPs AT DULIAJAN AND MORAN.

During the year, the crude oil of both OIL & ONGC was treated with Flow Improver chemical instead of thermal conditioning and thereby the consumption of natural gas in COCPs at Duliajan and Moran has been reduced considerably and thereby there is recurring saving of natural gas every year. As a result of above the total saving of natural gas was around 6.29 MMSCUM during the year 2004-05.

(e) REDUCTION OF FLARING OF NATURAL GAS

After commissioning of stabilizer compressor and water seal system at OCS-5, utilised 3000 SCUMD Low Pressure stabilizer gas (0.7 Kg/Cm²), which otherwise would have been flared.

(f) CONSERVATION OF DIESEL OIL

In addition to above, substantial quantity of diesel oil (HSD) had also been saved/conserved during the year by adopting the following measures:

- By using submersible water pump in drilling rigs.
- By using motor driven Progressive cavity pump by optimum utilisation of engines depending upon the connected load requirement in drilling operation.
- By adopting and continuing cluster drilling techniques.
- By replacing engine driven welding machines with rectifier type welding machine.
- By using source power in work over well operations wherever OIL's electrical power is available and feasible.
- By carrying out well jobs deploying CTU-NPU units.
- By replacing Dorman engine sets by fuel-efficient KOEL engine sets at repeater stations in pipeline operations.



(g) CONSERVATION OF ELECTRICITY

By using energy efficient SON lamps in industrial area, street lighting and area lighting in housing area in Duliajan Field, a quantity of 364376 Kwh. of electrical energy had been saved during the year under review. The facilities of COCPs at Duliajan and Moran were utilised only for heating the crude oil for Flow Improver Treatment instead of earlier practice of thermal conditioning for which there is recurring saving of electrical energy. As a result of above about 6910650 Kwh of electrical energy was saved during the year 2004-05. Thus total electrical energy saved during the year 2004 – 05 was 7275026 Kwh.

(h) UTILISATION OF NON-CONVENTIONAL ENERGY

- a. A total of about 50 nos. of MART terminals were provided with Solar Photo Voltaic Panels which resulted in energy saving and cost reduction.
- b. Use of solar power illumination and energisation of Tanot Gas Gathering Station at Rajasthan project is presently working satisfactorily and this resulted in saving of about 28 KL of HSD per year (2.34 KL/month).

(i) ADDITIONAL INVESTMENT AND PLANNING

The following are the energy conservation projects OIL has planned / contemplated to undertake in future.

- a. Installation of more energy efficient lights.
- b. Deployment of more Fuel Efficient Vehicles in phased manner.
- c. Deployment of Gas Engines for future installations wherever feasible.
- d. Planned to commission 7 nos. submersible water pumps in different drilling rigs.
- e. Planned to install 2 nos. of 450 KW fuel efficient generating set at PS-3, Jorhat and one 600KW capacity at PS-5, Noonmati.

II. Conservation of Energy as well as Cost Reduction achieved thereof during the year 2004-05.

Necessary information furnished in FORM 'A'.

B. TECHNOLOGY ABSORPTION:

Disclosure of particulars with respect to Technology Absorption, Adaption and Innovation.

Necessary information furnished in FORM 'B'.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs./Lakh)	
	<u>2004-05</u>	<u>2003-04</u>
(I) Foreign Exchange Earnings	0.21	0.78
(ii) Foreign Exchange Outgo	26253.38	14057.48



FORM - 'A'

CONSERVATION OF ENERGY AS WELL AS COST REDUCTION ACHIEVED THEREOF DURING THE YEAR 2004-2005

Sl. No.	Form of Energy	Unit	Conservation achieved		
			Qty.	Equivalent kWh	Approx. Amt. Rs. in lakh
1.0	<u>H.S.D.</u>				
1.1	By commissioning submersible water pump	KL	5.47	0.05x10 ⁶	1.44
1.2	By Replacing with fuel efficient generating sets at repeater stations in pipeline operations	KL	150.00	1.35x10 ⁶	39.44
1.3	By carrying out well jobs deploying CTU-NPU units.	KL	225.00	2.03x10 ⁶	59.15
1.4	Saving in electrical operations.	KL	9.58	0.086x10 ⁶	2.52
2.0	<u>NATURAL GAS</u>				
	Saving in Duliajan & Moran COCPs	MMSCUM	6.29	72.52x10 ⁶	106.93
3.0	<u>CRUDE OIL</u>				
3.1	Retrieved from various sumps and pits and Water Clarification Plants	KL	3378.00	33.00x10 ⁶	396.17
3.2	Conserved in Pipeline operations.	KL	117.00	1.14x10 ⁶	13.72
4.0	<u>CONDENSATE RECOVERY</u>				
	Condensate recovered in the fields of Duliajan, Moran & Rajasthan Project.	KL	38591	377.03x10 ⁶	4525.95
5.0	<u>ELECTRICITY</u>				
	Due to introduction of energy efficient luminaries, CFL lamps, etc. at Duliajan & Moran COCPs	KWH	7275026	7.28x10 ⁶	124.40
6.0	<u>BY USE OF ALTERNATE SOURCES OF ENERGY</u>				
6.1	Solar Photo Voltaic Panel (Saved H.S.D.)	KL	0.96	0.01x 10 ⁶	0.25
6.2	Saving in GGS of Raj. Project due to use of Solar lighting (saved HSD)	KL	28.08	0.25x10 ⁶	7.38
TOTAL :				494.75x10⁶	5277.35

UNIT RATE (Approx.)

- | | |
|-------------------------|--------------------------------------|
| 1. Crude Oil/Condensate | - Rs. 11728.00/KL * / Rs.13403.43/MT |
| 2. Natural Gas | - Rs. 1700.00 per 1000 SCUM |
| 3. H.S.D | - Rs. 26.29/Ltr * |
| 4. LDO | - Rs. 26.52/Ltr * |
| 5. Petrol | - Rs. 39.43/Ltr * |
| 6. K. Oil | - Rs. 8.31/Ltr * |
| 7. LPG | - Rs. 20766.19/Ton * |
| 8. Lub Oil | - Rs. 42.64/Ltr * |
| 9. Electricity | - Rs. 1.71/ Kwh (in 2003-2004) |

* Taken average cost for 2004-2005



FORM – 'B'

I. SPECIFIC AREAS IN WHICH RESEARCH AND DEVELOPMENT CARRIED OUT BY THE COMPANY:

■ **Geoscience Studies:**

In addition to routine Petrographic and Sedimentological Studies and Geochemical Studies for exploratory areas, Genetic Correlation of different gas fields using Carbon Isotope Studies, similar studies were also extended to study oil to oil and oil to source migration.

■ **Oil and Gas Production:**

To improve production, modified stimulation techniques, injection problems in water disposal wells are being addressed. Development of indigenous chemicals to reduce associated problems in oil/gas water production handling and storage are continuing to address field specific issues.

Due to our expertise in crude oil conditioning M/s Cairn Energy has awarded a contract to OIL to devise technique to handle, store and transport the high pour point waxy crude of two fields of Rajasthan.

■ **Enhanced Oil Recovery**

- a. Implementation of Microbial Enhanced Oil Recovery (MEOR) Technology in OIL's Wells: MEOR jobs in consultation with TERI and ONGCL have been taken up for three wells namely NHK # 267, NHK # 407 and NHK # 505. First job in NHK # 267 has been completed.
- b. Feasibility Study of Alkaline Surfactant Polymer (ASP) Flood for OIL's Field: Feasibility study of ASP flooding for Enhanced Oil Recovery from NHK Barail IV+V sand, Well 1 Block has been completed with the help of IRS, ONGCL, Ahmedabad.

■ **Alternate Source of Energy**

Coal Liquefaction Project: Availability and assured supply of sufficient quantity of coal (3.5 MMTPA) required for commercial coal liquefaction plant has been ascertained by Coal India Limited (CIL). Studies on Direct Coal Liquefaction (DCL) technology have been initiated with HTI, NJ, USA through OADB grant. The studies on coal reactivity and screening of coal from various coal mines of North East areas have been completed by HTI, USA.

■ **Ambient Air Quality Monitoring**

Ambient Air Quality Monitoring in OIL's Operational Areas: Ambient air quality were monitored in Tengakhat OCS, GCS-8, PS-3 (Jorhat), Coal Liquefaction Project (R&D), Power House, Duliajan, Kathalguri GCS and LPG, Duliajan for determination of Total Hydrocarbon as Methane, Carbon Monoxide, Sulphur Dioxide, Suspended Particulate matter and dust Particle.

II. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D EFFORTS:

- i. Eocene studies will help in formulating workover programmes based on general mineralogy of the reservoir.
- ii. Correlation of gases using isotope ratios has resulted in developing a model for the generation and accumulation of gases in Assam.
- iii. Soil gas analysis will help in exploration efforts in Ganga Valley Exploration (GVE).
- iv. Oil to oil correlation studies have resulted in understanding the entire hydrocarbon generation migration accumulation process in Assam basin.
- v. Implementation of MEOR technique will result in incremental oil recovery.
- vi. Installation of micro-filter may help in solving injectivity problem.



- vii. Development of new Oil-Soluble-Demulsifier (OSD) will help in efficient oil-water separation in OCSs.
- viii. Coal Liquefaction Project will lead to commercial process for conversion of North East coal to liquid fuel.
- ix. Monitoring of air pollution help in maintaining clean environment in various OIL's installations.

III. FUTURE PLAN OF ACTION

- i. R&D efforts will continue to find out techno-economically feasible solution for various problems faced by the Company in its operation in the areas of exploration, drilling, production and transportation of crude oil and natural gas.
- ii. Assimilation of new technologies and field implementation of process developed will be given highest priority.
- iii. Efforts will be intensified to get accreditation to ISO-17025 norm for R&D laboratory.
- iv. Emphasis will be given to expedite the process of commercialization of Coal Liquefaction Technology.

IV. EXPENDITURE ON R&D:

■ Capital	Rs. 82.85 Lakh
■ Revenue	Rs. 1085.30 Lakh
■ Total	Rs. 1168.15 Lakh
■ Total R&D expenditure as a percentage of total turnover	0.30 %



AUDITORS' REPORT TO THE SHAREHOLDERS OF OIL INDIA LIMITED

We have audited the attached Balance Sheet of Oil India Limited, as at 31st March, 2005 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the management of the Company. 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. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 issued by the Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and subsequent DCA Notification G.S.R (E) dated 25th November, 2004 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the aforesaid Order.

Further to our comments in the Annexure referred to above, we report that;

1. (a) Accounting Policy No. 2 of Schedule-27 relating to treatment of exploration costs, development expenditure and abandonment costs and Accounting Policy No. 4 (b) of Schedule-27 relating to capitalization of depreciation to exploration and development wells are significant to the oil and gas exploration and production industry under the "Successful Efforts Method".
(b) Categorization of wells as exploratory (whether successful in discovery of commercial hydrocarbons and producing properties or otherwise) or development and depletion of producing properties on the basis of proved, developed and producing hydrocarbon reserves are based on management's evaluation whether technical or otherwise, which we have relied upon.
(c) Accounting Policy No. 6 of Schedule-27 and Note No. 6 of Schedule-28 relating to Impairment of assets are based on management's evaluation / estimates, whether technical or otherwise, which we have relied upon.
2. Attention is drawn to the following notes in Schedule 28 :
 - 2.1 *Note 1(d) regarding incorporation of un-audited Statements of Accounts of Joint Ventures/Production Sharing Contracts in the books of the Company.*
 - 2.2 *Note 7 (C) regarding non-availability of confirmation of balances from Creditors and Loans and Advances.*
3. *Attention is invited to paragraph 1 (b) of the Annexure to this Report regarding adjustments (extent not ascertainable) as may be required in respect of fixed assets on completion of reconciliation of physical balances with the book records.*
4. *Subject to our comments in paragraphs 2 and 3 above, with consequential effect, if any, on the profit for the year and the net assets at the year end, the quantum of which is not ascertainable at this stage:*
 - 4.1 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;
 - 4.2 In our opinion, proper-books of account as required by law have been kept by the Company, so far as appears from our examination of those books;



- 4.3 The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- 4.4 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;
- 4.5 On the basis of written representations received from the directors, as on 31st March, 2005 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2005 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- 4.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies (Schedule 27) and Notes to Accounts (Schedule 28) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2005;
 - (b) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

For P.K. Mitra & Co.,
Chartered Accountants

Sd/-
(T.N. CHAKRABARTI)
Partner
Membership No.10610

For A.K. Sabat & Co.,
Chartered Accountants

Sd/-
(A.K. Sabat)
Partner
Membership No.30310

Place: New Delhi
Date : 4th June, 2005



ANNEXURE TO THE AUDITORS' REPORT OF OIL INDIA LIMITED

(Referred to in our report of even date attached)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. However, as explained to us, additions / deletions during the year are in process of being incorporated in the fixed asset records.
- (b) We are informed that certain fixed assets of the Company have been physically verified by the management during the year in accordance with a phased programme designed to cover all items over a period of five years, which is considered to be reasonable.

Land records along with documents and Fixed Assets register are pending reconciliation.

Pending reconciliation of physical inventories of Fixed Assets with the Fixed Assets register, resultant adjustments, if any, which are required to be made in these accounts are not ascertainable at this stage.

- (c) According to the information and explanations provided to us, a substantial part of the fixed assets have not been disposed off during the year, which might affect the going concern concept.
2. (a) As explained to us, stocks of crude oil and LPG have been physically verified by the management at reasonable intervals and stock of stores and spare parts (excluding stock in transit and/or under inspection with suppliers/contractors) have been physically verified by the management in accordance with the phased programme of verification.
- (b) In accordance with the information and explanations received by us, the procedures of physical verification of inventory followed by the management appears to be reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records in respect of stocks of crude oil and LPG and in respect of stock of stores and spare parts. No material discrepancies have been noticed between physical and book stocks of crude oil and LPG. In respect of stores and spare parts, the discrepancies on physical verification noticed by the management between physical stock and book records are not material considering the size of the Company and the nature of its business and the same have been properly adjusted in the accounts to the extent reconciliations have been completed.
3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions regarding rate of interest, payment of principal and interest and overdue amount as per sub clauses (b) to (g) of this clause are not applicable.
4. According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in internal control system.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangement referred to in Section 301 of Companies Act, 1956 have been so entered.
- (b) According to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements have been made at prices, which are reasonable having regard to the prevailing market prices at the relevant time.



6. According to the information and explanations given to us, the Company has not accepted deposits from the public. Hence, the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.
7. The Company has its internal audit system, which appears to be commensurate with its size and nature of its business. However, as explained to us, the management is taking necessary measures for further improvement of its scope in respect of intensity and effective monitoring thereof.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance (not applicable to the Company), income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and any other statutory dues with the appropriate authorities.
- (b) According to the records of the Company and the information and explanations given to us, as at 31st March, 2005 there are no disputed dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess, other than the following tax dues:

Name of the Statute	Nature of Dues	Period to which the amount relates	Amount (Rs. In Lakhs)	Forum where Dispute is Pending
Orissa Sales Tax Act, 1947	Sales Tax	1983-84 to 1987-88	989.57	Orissa High Court
Oil Industry (Development) Act, 1974	Cess on Crude Oil	1997-98 to 2004-05	69.47	CEGAT
Assam Taxation (on specified land) Act, 2004	Tax on Land	2004-05	1930.40	Guwahati High Court

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses during the financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued debentures.
12. Based on our examination of documents and records, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provision of paragraph 4 (xiii) of the order is not applicable to the Company.
14. According to the records of the Company, the Company is not dealing or trading in shares, securities, debentures and other investments.



15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
16. According to the records of the Company and information and explanations given to us, the term loans have been applied for the purpose for which the loans were obtained.
17. On an over all examination of the balance sheet of the Company and according to information and explanations given to us, the Company did not raise any funds on short term basis which have been used for long term investment. No long-term funds have been used to finance short-term assets.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. The Company has not issued any debentures.
20. The Company has not raised any money during the year by public issue.
21. During the course of our examination of books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management.

For P.K. Mitra & Co.,
Chartered Accountants

Sd/-
(T.N. CHAKRABARTI)
Partner
Membership No.10610

For A.K. Sabat & Co.,
Chartered Accountants

Sd/-
(A.K. Sabat)
Partner
Membership No.30310

Place: New Delhi
Date : 4th June, 2005



OIL INDIA LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2005

(Rs. in Lakhs)

SCHEDULE	As at 31st March, 2005	As at 31st March, 2004
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	21400.44	21400.44
Reserves & Surplus	452664.78	385460.43
	474065.22	406860.87
LOAN FUNDS		
Secured Loans	9500.00	3602.93
Unsecured Loans	22326.55	25901.63
	31826.55	29504.56
DEFERRED TAX LIABILITY (NET)	71589.51	70843.51
TOTAL	577481.28	507208.94
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	188462.89	180750.12
Less : Depreciation	112673.08	104737.67
Net Block	75789.81	76012.45
Capital Work in progress	23777.26	9757.05
PRODUCING PROPERTIES		
Gross Amount	322709.01	283059.01
Less : Depletion	143943.51	126441.58
Net Amount	178765.50	156617.43
PRE-PRODUCING PROPERTIES	12982.01	13703.94
INVESTMENTS	291314.58	256090.87
	18193.59	22459.03
CURRENT ASSETS, LOANS & ADVANCES		
Inventories	26078.22	22149.13
Sundry debtors	55433.13	59110.94
Cash & Bank Balances	186403.89	117584.90
Interest accrued on Term Deposits	5962.90	4076.50
Interest accrued on investments	0.28	162.75
Loans & Advances	78294.76	76703.77
	352173.18	279787.99
LESS : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities	58290.63	34546.27
Provisions	28905.63	20577.60
	87196.26	55123.87
NET CURRENT ASSETS	264976.92	224664.12
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Compensation under voluntary retirement scheme	2996.19	3994.92
TOTAL	577481.28	507208.94
INFORMATION UNDER SCHEDULE		
VI TO THE COMPANIES ACT, 1956	25	
SEGMENT REPORTING	26	
NOTES TO ACCOUNTS	27	
SIGNIFICANT ACCOUNTING POLICIES	28	
Schedules 1 to 28 form an integral part of the Accounts.		

In terms of our report of even date attached

Sd/- (S.K. SENAPATI) Company Secretary
Sd/- (M.R. PASRIJA) Director (Finance)
Sd/- (R.K. DUTTA) Chairman & Managing Director

For P. K. MITRA & Co.
CHARTERED ACCOUNTANTS
Sd/- (T.N. CHAKRABARTI)
Partner
Membership No. 10610

For A.K. SABAT & Co.
CHARTERED ACCOUNTANTS
Sd/- (A.K. SABAT)
Partner
Membership No. 30310

PLACE : New Delhi
DATE : 4th June, 2005



OIL INDIA LIMITED

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2005

(Rs. in Lakhs)

	SCHEDULE	For the Year Ended 31st March, 2005	For the Year Ended 31st March, 2004
INCOME			
Sales	15	381374.43	306429.80
Income from Transportation	16	7429.94	7915.86
Other Income	17	19042.61	15905.38
Other adjustments	22(A)	1177.12	18278.77
		409024.10	348529.81
Increase/(Decrease) in Stock	18	690.85	12.53
		409714.95	348542.34
EXPENDITURE			
Production , Transportation & Other Expenditure	19	208233.92	166578.46
Provision against debts, advances and all other write-offs	20	6760.42	9334.45
Depletion		17338.57	13469.76
Depreciation		5616.11	5487.88
Interest & Debt Charges	21	1665.11	3231.57
Exchange Loss/(Gain)		(6.15)	232.94
VRS Compensation written off		998.73	998.73
Other Adjustments	22(B)	6071.52	1035.99
		246678.23	200369.78
Profit for the Year		163036.72	148172.56
Prior Period items (expenses)	22(C)	722.33	4.82
Profit Before Tax		162314.39	148167.74
Provision for Taxation - Current Tax (Including Wealth Tax)	23	55400.00	47400.00
- Deferred Tax		746.00	5797.27
Profit After Tax		106168.39	94970.47
BALANCE AVAILABLE FOR APPROPRIATION :-		106168.39	94970.47
APPROPRIATIONS			
Interim Dividend		12840.26	12840.26
Final Dividend (Proposed)		21400.44	17120.35
Corporate Dividend Tax		4723.34	3838.70
Transfer to General Reserve		67204.35	61171.16
		106168.39	94970.47
Earning Per Share (Rupees) - (Face value of Rs.10/- each)	24	49.61	44.38

INFORMATION UNDER SCHEDULE VI TO

THE COMPANIES ACT, 1956	25
SEGMENT REPORTING	26
SIGNIFICANT ACCOUNTING POLICIES	27
NOTES TO THE ACCOUNTS	28

Schedules 1 to 28 form an integral part of the Accounts

In terms of our report of even date attached

Sd/-
(S.K. SENAPATI)
Company Secretary

Sd/-
(M.R. PASRIJA)
Director (Finance)

Sd/-
(R.K. DUTTA)
Chairman & Managing
Director

For P. K. MITRA & Co.
CHARTERED ACCOUNTANTS
Sd/-
(T.N. CHAKRABARTI)
Partner
Membership No. 10610

For A.K. SABAT & Co.
CHARTERED ACCOUNTANTS
Sd/-
(A.K. SABAT)
Partner
Membership No. 30310

PLACE : New Delhi
DATE : 4th June, 2005



SCHEDULE - 1

(Rs. in Lakhs)

	As at 31st March, 2005	As At 31st March, 2004
SHARE CAPITAL		
Authorised:	25000.00	25000.00
25,00,00,000 Equity Shares of Rs.10/- each (Previous year 25,00,00,000 Shares of Rs.10/- each)		
Issued, Subscribed and Paid up:		
21,40,04,400 Equity Shares of Rs.10/- each fully Paid up (Previous year 21,40,04,400 shares of Rs.10/- each fully paid up)	<u>21400.44</u>	<u>21400.44</u>

Note : The above includes 184669600 (Previous year 184669600) Shares of Rs. 10/- each issued as fully paid up bonus shares by capitalisation of Share Premium & General Reserve

SCHEDULE - 2

(Rs. in Lakhs)

	As at 31st March, 2005	As At 31st March, 2004
RESERVES AND SURPLUS		
General Reserve	385460.43	324289.27
Add : Transfer from Profit & Loss Account	<u>67204.35</u>	<u>61171.16</u>
	<u>452664.78</u>	<u>385460.43</u>



SCHEDULE - 3

(Rs. in Lakhs)

	As at 31st March, 2005	As At 31st March, 2004
LOAN FUNDS		
(A) Secured Loans		
(a) Cash Credit/Working Capital Demand Loan with State Bank of India, Kolkata (Secured by hypothecation of all current assets including goods-in-transit wherever situated, excluding assets under Joint Venture, ranking pari passu with hypothecation created in favour of SBI, Kolkata for Cash Credit, Working Capital Demand Loan and LC/Bank Guarantee with limit of Rs.27000 Lakhs) (Previous Year Rs.17500 Lakhs)	9500.00	2981.24
(b) Loan against Term Deposit Receipts - State Bank of India (Secured by pledge of term deposit receipts in favour of State Bank of India, Duliajan/Kolkata)	0.00	621.69
	<u>9500.00</u>	<u>3602.93</u>
(B) Unsecured Loans		
FROM OTHERS		
(i) From Oil Industry Development Board (Repayable within one year Rs. 4616.13 Lakhs; Previous year Rs. 3741.13 Lakhs)	18616.13	22357.25
(ii) From ONGC Videsh Ltd. (Repayable within one year Rs. 3710.42 Lakhs; Previous year Rs. 618.24 Lakhs) Ref Note No. 7 (A) (iv) of Schedule 28	3710.42	3544.38
	<u>22326.55</u>	<u>25901.63</u>

SCHEDULE - 4

FIXED ASSETS	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost as at 31st March, 2004	Additions during the Year	Deletions/ Adjustments during the year	Cost as at 31st March, 2005	Upto 31st March, 2004	For the Year	Deletions/ Adjustments during the Year	Upto 31st March, 2005	As at 31st March, 2005
Land - Freehold	3354.51	74.91	0.00	3429.42	0.00	0.00	0.00	0.00	3429.42
Land Leasehold	184.89	0.00	0.00	184.89	0.00	0.00	0.00	0.00	184.89
Building (Including Roads & Bridges)	19030.72	423.36	0.20	19453.88	3791.84	371.29	0.14	4162.99	15290.89
Plant & Machinery	154883.80	7486.68	418.21	161952.27	99305.58	7708.79	342.46	106671.91	55280.36
Railway Sidings	192.94	0.00	0.00	192.94	15.68	28.13	0.00	43.81	149.13
Motor Vehicles	2101.19	136.82	61.69	2176.32	1117.25	170.17	56.13	1231.29	945.03
Furniture & Fittings	1002.07	100.48	29.38	1073.17	507.32	74.20	18.44	563.08	510.09
Total :	180750.12	8222.25	509.48	188462.89	104737.67	8352.58	417.17	112673.08	75789.81
Previous Year	171809.82	9949.84	1009.54	180750.12	97682.74	7883.19	828.26	104737.67	76012.45

(Rs. in Lakhs)

SCHEDULE - 5

CAPITAL WORK-IN-PROGRESS

	As at 31st March, 2005	As at 31st March, 2004
Building (Including Roads & Bridges)	2366.71	1311.24
Plant & Machinery	21410.55	8445.81
	23777.26	9757.05

(Rs. in Lakhs)

SCHEDULE - 6

PRODUCING PROPERTIES

(Rs. in Lakhs)

FIELD/AREA	GROSS PRODUCING PROPERTIES				DEPLETION				BALANCE PROPERTIES	
	Cost As at 31st March, 2004	Transfer from Pre-producing Properties	Adjustments/ Deletions during the year	Cost As at 31st March, 2005	Upto 31st March, 2004	During the Year	Adjustments/ Deletions during the Year	Upto 31st March, 2005	As at 31st March, 2005	As at 31st March, 2004
Assam	263964.96	39750.00	100.00	303614.96	119042.97	16613.69	7.50	135649.16	167965.80	144921.99
Arunachal Pradesh	7705.84	0.00	0.00	7705.84	3503.17	201.14	(170.86)	3875.17	3830.67	4202.67
Rajasthan	11388.21	0.00	0.00	11388.21	3895.44	523.74	0.00	4419.18	6969.03	7492.77
TOTAL	283059.01	39750.00	100.00	322709.01	126441.58	17338.57	(163.36)	143943.51	178765.50	156617.43
Previous Year	250782.68	32276.33	0.00	283059.01	112971.82	13469.76	0.00	126441.58	156617.43	

SCHEDULE - 7

PRE-PRODUCING PROPERTIES

(Rs. in Lakhs)

FIELD/AREA	Balance as at 31st March, 2004	Adjustments	Expenditure during the year	Transfer to Producing Properties	Transfer to Profit & Loss Account	Balance As at 31st March, 2005	Balance As at 31st March, 2004
Assam & Arunachal Pradesh	13701.79	0.00	41974.45	39750.00	4040.93	11885.31	13701.79
Kharsang PSC	0.00	0.00	611.44	0.00	0.00	611.44	0.00
Farsi Block, IRAN	2.15	0.00	37.47	0.00	0.00	39.62	2.15
Cote d' Ivorie	0.00	0.00	432.64	0.00	432.64	0.00	0.00
AAP-ON-94/1	0.00	0.00	315.78	0.00	0.00	315.78	0.00
Rajasthan	0.00	0.00	129.86	0.00	0.00	129.86	0.00
TOTAL	13703.94	0.00	43501.64	39750.00	4473.57	12982.01	13703.94
Previous Year	17133.47	0.00	34874.66	32276.33	6027.86	13703.94	



SCHEDULE - 8

(Rs. in Lakhs)

				As at 31st March, 2005	As at 31st March, 2004
INVESTMENT - LONG TERM					
(Valued at Cost) - Unquoted and fully paid up					
A. TRADE		Face Value	Cost		
(i) Investment in shares of Numaligarh Refinery Limited 90821344 Equity Shares of Rs. 10/- each fully paid up (Previous year 90821344 Equity Shares of Rs.10/- each fully paid up)	Rs.	908213440	908213440	9082.13	9082.13
(ii) Investment in shares of Luit India Inc. Texas USA-1000 Equity Shares of US\$ 1 each (Previous Year - 1000 Equity Shares of US\$ 1 each)	US\$	1000	1000	0.00	0.44
(iii) Investment in 6.96% Oil Companies Govt. of India Special Bond-2009. (Previous year face value Rs.4273 lakh)	Rs.	800000	800000	8.00	4273.00
(iv) Investment in 5.00% Oil Companies Govt. of India Special Bond-2009.	Rs.	910339885	910339885	9103.40	9103.40
B. OTHERS	Rs.	6000	6000	0.06	0.06
The East India Clinic Limited 6 Nos. of 5% Non Redeemable Debenture Stock 1957 of Rs.1000.00 each					
				18193.59	22459.03

SCHEDULE - 9

(Rs. in Lakhs)

		As at 31st March, 2005	As at 31st March, 2004
INVENTORIES			
(As valued and certified by the Management)			
Stores and spare parts (including goods in transit)			
At Cost	22275.77	19148.74	
At Residual Value	208.32	97.12	
	22484.09		19245.86
Crude Oil	3567.80		2833.73
Liquefied Petroleum Gas	26.33		69.54
	26078.22		22149.13



SCHEDULE - 10

(Rs. in Lakhs)

	As at 31 st March, 2005			As at 31 st March, 2004		
	Total	Outstanding for a Period exceeding six months	Other Debts	Total	Outstanding for a period exceeding six months	Other Debts
SUNDRY DEBTORS						
(a) Dues from Public Sector Undertakings:						
i) Indian Oil Corporation Ltd.	864.49	1.63	862.86	5758.87	89.99	5668.88
ii) Indian Oil Corporation Ltd. (Assam Oil Division)	948.00	210.69	737.31	6350.76	487.60	5863.16
iii) Bongaigaon Refinery & Petrochemicals Ltd.	4313.00	25.92	4287.08	7382.45	1850.06	5532.39
iv) Numaligarh Refinery Ltd.	25390.68	3498.02	21892.66	14633.59	1661.62	12971.97
v) Oil & Natural Gas Corpn Ltd.	859.77	81.51	778.26	4670.14	3459.62	1210.52
vi) Brahmaputra Valley Fertiliser Corpn. Ltd.	2305.51	1104.82	1200.69	2843.19	876.89	1966.30
vii) Assam State Electricity Board	17597.88	16321.45	1276.43	14914.94	14596.07	318.87
viii) Assam Gas Company Ltd.	338.69	244.21	94.48	365.74	226.94	138.80
ix) Assam Petrochemicals Ltd.	92.31	0.00	92.31	108.69	0.20	108.49
x) North Eastern Electrical Power Corpn Ltd.	2390.12	0.00	2390.12	1781.40	8.97	1772.43
xi) GAIL (India) Ltd.	670.30	0.00	670.30	256.28	0.00	256.28
	55770.75	21488.25	34282.50	59066.05	23257.96	35808.09
(b) Dues from Others:	42.47	0.50	41.97	60.25	0.39	59.86
	55813.22	21488.75	34324.47	59126.30	23258.35	35867.95
Less: Provision for doubtful debts	380.09	380.09	0.00	15.36	15.36	0.00
	55433.13	21108.66	34324.47	59110.94	23242.99	35867.95

(Rs. in Lakhs)

PARTICULARS OF DEBTORS	As at 31 st March, 2005	As at 31 st March, 2004
Secured	0.00	0.00
Unsecured - Considered Good	55433.13	59110.94
Unsecured - Considered Doubtful and Provided for	380.09	15.36
	55813.22	59126.30



SCHEDULE - 11

(Rs. in Lakhs)

	As at 31st March, 2005	As At 31st March, 2004
CASH AND BANK BALANCES		
Cash & Cheques in Hand	72.08	42.43
Balance with Scheduled Banks in :		
Current Accounts	4046.81	5032.47
Term Deposits	182285.00	112510.00
	<u>186403.89</u>	<u>117584.90</u>

SCHEDULE - 12

(Rs. in Lakhs)

	As at 31st March, 2005	As At 31st March, 2004
LOANS AND ADVANCES		
Loans and advances to employees (Including Directors -Refer note no. 7(A) (i) of Schedule 28)	12625.66	12847.70
Advances recoverable in cash or in kind or for value to be received	40186.40	31682.86
Advances to M/s Luit India Inc.	0.00	239.60
Deposits/Balances with Customs, Excise etc.	206.45	26.11
Deposits with Companies (ICD) including Public Sector Companies	26800.00	31700.00
Deposits with Others	227.83	221.69
	<u>80046.34</u>	<u>76717.96</u>
Less: Provision for doubtful advances / claims	1751.58	14.19
	<u>78294.76</u>	<u>76703.77</u>
PARTICULARS OF LOANS AND ADVANCES		
Secured	11393.22	11443.94
Unsecured - Considered good	66901.54	65259.83
Unsecured - Considered doubtful & provided for	1751.58	14.19
	<u>80046.34</u>	<u>76717.96</u>



SCHEDULE - 13

(Rs. in Lakhs)

	As at 31st March, 2005	As At 31st March, 2004
CURRENT LIABILITIES :		
Sundry Creditors (Refer Note 6 of Schedule-25)	10314.53	5017.91
Statutory Liabilities	10178.64	7484.30
Liability towards Investor Education and Protection Fund U/S 205C of the Companies Act 1956 not due - Unpaid Dividend	37.58	37.42
Liabilities (Others)	29562.60	17341.58
Liabilities (Employees)	8197.28	4665.06
	<u>58290.63</u>	<u>34546.27</u>

SCHEDULE - 14

(Rs. in Lakhs)

	As at 31st March, 2005	As At 31st March, 2004
PROVISIONS:		
Final Dividend (Proposed)	21400.44	17120.35
Corporate Dividend Tax	3001.41	2193.54
Leave encashment	1239.28	1053.76
Post retirement Medical benefits for employees	3200.12	0.00
Income Tax (Net of Payment)	0.00	89.19
Unidentified assets (Refer Note No. 4 (iv) of Schedule 28)	64.38	74.59
Unidentified Stores	0.00	46.17
	<u>28905.63</u>	<u>20577.60</u>

SCHEDULE - 15

(Rs. in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
SALES		
Crude oil	353450.42	277245.86
Natural Gas	23167.28	20602.31
Liquefied Petroleum Gas	4691.95	8545.62
Condensate	64.78	36.01
	<u>381374.43</u>	<u>306429.80</u>



SCHEDULE - 16

(Rs. in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
INCOME FROM TRANSPORTATION		
Crude oil - Pipeline	7373.46	7847.89
Natural Gas	56.48	67.97
	<u>7429.94</u>	<u>7915.86</u>

SCHEDULE - 17

(Rs. in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
OTHER INCOME		
Gas Subsidy Claim	3382.01	3170.93
Dividend from Numaligarh Refinery Ltd.	799.23	653.91
Interest (Gross)		
On term Deposit with Banks (Tax Deducted at Source Rs. 1803.90 Lakhs; Previous Year Rs 1420.64 Lakhs)	9767.72	7138.24
On Investments in GOI Special Bonds (Tax Deducted at Source NIL; Previous year NIL)	578.36	484.14
From Income Tax Authorities (Tax Deducted at Source NIL; Previous year NIL)	9.97	93.73
From Others (Tax Deducted at Source NIL; Previous year NIL)	1932.81	1785.52
On Deposit with Companies (ICD) (Tax Deducted at Source Rs.361.46 Lakhs; Previous Year Rs.466.81 Lakhs)	1784.81	2305.16
	<u>14073.67</u>	<u>11806.79</u>
Electricity Recoveries	6.05	5.66
Scrap Disposal	121.32	71.20
Sale of Assets	0.56	2.26
Liquidated damages etc.	244.59	183.98
Income from Services	224.90	0.00
Miscellaneous	190.28	10.65
	<u>787.70</u>	<u>273.75</u>
	<u>19042.61</u>	<u>15905.38</u>



SCHEDULE - 18

(Rs. in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
INCREASE/(DECREASE) IN STOCKS		
Opening Stock		
Crude oil	2833.73	3149.25
Liquefied Petroleum Gas	69.54	27.94
	2903.27	3177.19
Closing Stock		
Crude oil	3567.79	2833.73
Liquefied Petroleum Gas	26.33	69.54
	3594.12	2903.27
Adjustment of Opening Stock (net decrease)	0.00	(286.46)
	690.85	12.53

SCHEDULE - 19

(Rs. in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
PRODUCTION, TRANSPORTATION & OTHER EXPENDITURE		
CRUDE OIL		
Raising Cost	29844.33	26233.43
Royalty	60829.90	40147.61
Cess	58379.38	53749.45
Sales Tax	13421.95	10516.06
	162475.56	130646.55
NATURAL GAS		
Raising Cost	12071.28	9364.39
Royalty	1767.36	1628.38
	13838.64	10992.77
LIQUEFIED PETROLEUM GAS	2575.40	2216.01
PIPELINE OPERATION & MAINTENANCE EXPENDITURE	8921.98	7751.91
BUSINESS DEVELOPMENT EXPENDITURE	291.90	72.89
GEOLOGICAL & GEOPHYSICAL EXPENDITURE	18307.70	13228.86
CARRYING COSTS OF PEL AREAS	737.44	796.13
RESEARCH & DEVELOPMENT EXPENDITURE	1085.30	873.34
	208233.92	166578.46



SCHEDULE - 20

(Rs. in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
PROVISION AGAINST DEBTS, ADVANCES AND ALL OTHER WRITE OFF		
Provision against unidentified assets	(10.21)	(54.45)
Loss on deletion of assets	92.32	181.28
Provision for doubtful Claims/Debts/Deposits	2109.08	15.36
Abandonment and write off of exploratory dry Wells	4566.07	6027.85
Write-off of Investment in and Loans & Advances to M/s Luit India Inc.	3.16	3155.03
Stores Write offs	0.00	9.38
	<u>6760.42</u>	<u>9334.45</u>

SCHEDULE - 21

(Rs. in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
INTEREST & DEBT CHARGES		
Income Tax Authorities	384.97	1788.52
Banks and Others	65.67	0.00
Oil Industry Development Board Loan	1021.75	1234.25
ONGC Videsh Ltd. loan	177.22	168.78
Short Term Loan	15.50	40.02
	<u>1665.11</u>	<u>3231.57</u>



SCHEDULE - 22 (A)

(Rs. in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
OTHER ADJUSTMENTS (Income)		
Arrear on account of revision of Crude Oil Price/Royalty	505.30	1510.77
Revision of Crude Oil Transportation Tariff	0.00	14763.79
Natural Gas Transportation to M/S IOC (AOD)	0.00	25.36
Arrears on LPG Price/ Filling Charges	(94.69)	1050.23
Crude oil transportation charges	(898.74)	941.15
Other Misc Receipts	0.21	43.47
Refund of L.D	0.00	(56.00)
Revision of MGO Claim	(293.54)	0.00
Rounding off difference on OCC/PPAC claims	32.30	0.00
Interest on delayed payment from debtors	1926.27	0.00
	1177.12	18278.77

SCHEDULE -22 (B)

OTHER ADJUSTMENTS (Expenses)

Discount on price to NEEPCO	0.00	85.35
Arrear PLIS/Drilling Allowance/Fringe Benefit	3000.87	232.12
Discount on Crude oil price on account of BS&W	1311.42	17.70
Arrear Service Tax / NCC Duty	12.40	14.28
Arrear of Royalty	1424.42	267.47
Sales tax for revision of Crude oil Price / Transportation Tariff	0.00	127.95
AGST & CST on revision of LPG Retention price	6.93	2.99
Adjustment of Opening Stock of Crude oil	0.00	286.46
Dead Rent in respect of Tinsukia ML area	0.00	1.67
Pilfer proof sealing charges	20.92	0.00
Surcharge claimed by M/S ASEB	449.48	0.00
Liability for Excise Duty & Sales Tax on LPG written back	(210.48)	0.00
EDLI Premium for earlier year	37.00	0.00
Land revenue & surcharge for the period 1999-2004	18.56	0.00
	6071.52	1035.99

SCHEDULE -22 (C)

PRIOR PERIOD ITEMS (Expenses)

Depreciation	422.84	4.82
NCC Duty for March,2004	128.63	0.00
Depletion Adjustment - Kharsang	170.86	0.00
	722.33	4.82

SCHEDULE - 23

(Rs. in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
PROVISION FOR TAXATION		
Income Tax Provision for the Year	54547.92	47387.95
Adjustment of short/(excess) provision relating to Earlier years	852.08	12.05
	55400.00	47400.00



SCHEDULE - 24

	Year ended 31st March, 2005	Year ended 31st March, 2004
EARNING PER SHARE (Basic & Diluted)		
(a) Number of Equity shares at the beginning of the year	214004400	214004400
Number of Equity shares at the end of the year	214004400	214004400
Weighted average number of Equity shares outstanding during the year	214004400	214004400
Face value of each Equity share (Rs.)	10.00	10.00
(b) Profit after Tax available for Equity shareholders(Rs. in lakhs)	106168.39	94970.47
Earning Per Equity Share - (Rs.)	49.61	44.38

SCHEDULE - 25

INFORMATION UNDER SCHEDULE VI TO THE COMPANIES ACT, 1956

		Year ended 31st March, 2005		Year ended 31st March, 2004	
1. SALES TURNOVER	Unit	QUANTITY	VALUE (Rs. in Lakhs)	QUANTITY	VALUE (Rs. in Lakhs)
Crude Oil	Kilo Litres	3580297	353450.42	3350056	277245.86
Natural Gas	Million Standard Cubic Metres	1471.948	23167.28	1377.167	20602.31
Liquefied Petroleum Gas	Metric Tonnes	50086	4691.95	51115	8545.62
Condensate	Kilo Litres	432	64.78	288	36.01
Total			381374.43		306429.80

2. OPENING AND CLOSING STOCK OF GOODS PRODUCED

		As at 31st March, 2005		As at 31st March, 2004	
	Unit	QUANTITY	VALUE (Rs. in Lakhs)	QUANTITY	VALUE (Rs. in Lakhs)
OPENING STOCK					
Crude Oil	Kilo Litres	114399	2833.73	119927	3149.25
Liquefied Petroleum Gas	Metric Tonnes	1264.71	69.54	878.67	27.94
CLOSING STOCK					
Crude Oil	Kilo Litres	113912	3567.80	114399	2833.73
Liquefied Petroleum Gas	Metric Tonnes	627.40	26.33	1264.71	69.54



SCHEDULE - 25 (contd..)

3. LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

Item Produced	Licensed Capacity	Installed Capacity	Actual Production		
			Year ended 31st March, 2005	Unit	Year ended 31st March, 2004
Crude Oil					
ASSAM & AP	Not Applicable	Not Applicable	Gross 3588403	Kilo Litres	3370573
			Net 3534438	Kilo Litres	3295703
KHARSANG JVC	Not Applicable	Not Applicable	Gross 18566	Kilo Litres	20661
			Net 18566	Kilo Litres	20661
Natural Gas	Not Applicable	Not Applicable	Gross 2009.481	Million Standard C. Mtr.	1886.970
			Net 1843.368	Million Standard C. Mtr.	1746.659
L P G	50,000 tonnes	50,000 tonnes	Gross 49500.00	Metric Tonnes	51510.00
			Net 49449.00	Metric Tonnes	51501.00
Condensate	Not Applicable	Not Applicable	Gross 34505.00	Kilo Litres	35251.00
			Net 34505.00	Kilo Litres	35251.00
Electricity	41.5 m.w.	41.5 m.w.	Gross 103.67	Million Kilowatt Hours	107.29
			Net 97.48	Million Kilowatt Hours	101.25

(Rs. in Lakhs)

Year ended 31st March, 2005	Year ended 31st March, 2004
--------------------------------	--------------------------------

4. DETAILS OF EXPENDITURE

(a) Details of expenditure incurred during the year on production, exploration, development, R&D and operation & maintenance of pipelines are as follows:

Salaries & Wages	41320.79	38670.21
Contribution to Gratuity Fund	0.00	1648.89
Contribution to Pension Fund	6718.98	5283.47
Contribution to Provident Fund	2514.98	2267.93
Fuel	9125.80	7783.29
Stores Consumed	20188.08	14435.46
Insurance	532.71	211.52
Rent, Rates & Taxes	786.90	825.87
Payment to contractors	30765.43	20654.45
Other Expenses	11615.30	7041.37
Total	123568.97	98822.46
Less: Allocation to Pre-producing properties, Capital account, Recoveries and others	49733.64	38285.50
	73835.33	60536.96
Add : Royalty	62597.26	41775.99
Cess	58379.38	53749.45
Sales Tax	13421.95	10516.06
Total	208233.92	166578.46

NOTE: The above includes staff welfare expenses amounting to Rs.7292.44 Lakh (Previous year Rs. 6985.67 Lakh)



SCHEDULE - 25 (contd..)

(Rs in Lakhs)

	Year ended 31st March, 2005	Year ended 31st March, 2004
(b) Included under various heads in Note 4 (a) above - Net of Recoveries, if any		
(i) Repairs, Maintenance & Replacement		
Building (including Township)	3765.08	3359.77
Plant & Machinery	9974.44	8452.03
Total	13739.52	11811.80
(ii) Public Relations Expenses		
Salaries, Allowances etc.	43.77	41.06
Oil News & Employees Communication Programme	9.58	11.75
Advertisement	312.99	104.28
Others	100.54	75.08
Total	466.88	232.17
(iii) Social Overhead Expenses		
Township	2406.60	2335.99
Education	432.49	468.04
Social & cultural amenities	1282.14	1282.54
Medical	2531.49	2182.15
Hired buses for Employees	639.72	716.95
Total	7292.44	6985.67
(iv) Directors' Remuneration		
Remuneration paid/payable to wholetime Directors including Chairman-Cum-Managing Director :		
i) Salary & Allowances	36.81	37.74
ii) Contribution to Provident Fund	3.12	3.61
iii) Contribution to Gratuity Fund	2.12	1.87
iv) Contribution to Pension Fund	1.03	0.16
v) Contribution to Social Security Scheme	0.24	0.23
vi) Perquisites - Car (less recoveries)	0.70	0.66
- Furnished Accomodation	0.05	0.07
vii) Other benefits	2.61	2.80
viii) Other perquisites - subsidised loan etc.	0.06	0.31
Total	46.74	47.45
(v) Auditors' Remuneration		
(i) Audit fees [includes Rs. one lakh for previous year]	6.00	4.00
(ii) Tax Audit fees [includes Rs. fifty thousand for previous year]	3.00	2.00
(iii) Out of pocket and travelling expenses (Including for Tax Audit)	6.00	9.00
Total	15.00	15.00



SCHEDULE - 25 (contd..)

(Rs in Lakhs)

	Year ended 31st March, 2005		Year ended 31st March, 2004	
	Quantity Million Standard Cubic Metres	Value Rs in Lakhs	Quantity Million Standard Cubic Metres	Value Rs in Lakhs
(c) Raw Materials consumed				
(For production of Liquefied Petroleum Gas)				
Natural Gas (out of own Production)	35.27	522.54	34.85	493.96
	<u>Rs in Lakhs</u>	<u>%</u>	<u>Rs in Lakhs</u>	<u>%</u>
(d) Consumption of Stores and Spare parts				
Imported	6836.84	33.87	5856.03	40.56
Indigenous	13351.24	66.13	8579.43	59.44
Total	20188.08	100.00	14435.46	100.00
	<u>Rs in Lakhs</u>	<u>%</u>	<u>Rs in Lakhs</u>	<u>%</u>
(e) Value of Imports on C.I.F basis				
Capital Goods	3497.40	30.78	2526.97	32.43
Stores and Spare parts	7864.81	69.22	5265.92	67.57
Total	11362.21	100.00	7792.89	100.00

(Rs. in Lakhs)

	Year ended 31st March, 2005		Year ended 31st March, 2004	
(f) Expenditure in foreign currency				
Service Contracts	14728.44		6099.56	
Foreign Tours	162.73		165.03	
Total	14891.17		6264.59	

(Rs. in Lakhs)

	Year ended 31st March, 2005		Year ended 31st March, 2004	
5. EARNINGS IN FOREIGN CURRENCY				
Others (forfeiture of Bid Bonds / Sale of Tender etc.)	0.21		0.78	
	<u>0.21</u>		<u>0.78</u>	

(Rs. in Lakhs)

	As at 31st March, 2005		As at 31st March, 2004	
6. DETAILS OF SUNDRY CREDITORS				
Dues to SSI Units (List attached vide Annexure - I)	299.95		31.41	
Dues to others	10014.58		4986.50	
Total	10314.53		5017.91	



ANNEXURE - I
(PART OF SCHEDULE - VI INFORMATION)

SUPPLIERS' NAME	Amount (Rs.)
M/S. CHANDRA & CO. ENGG. PVT. LTD.	40991.00
M/S. WESTON ENGINEERING CO.	21333.00
M/S. R. P. ENGINEERING PVT. LTD.	399513.00
M/S. RIGHILL ELECTRIC PVT. LTD.	147870.00
M/S. STEEL & INDUSTRIAL STORES	1163248.00
M/S. HIRA INDUSTRY	96550.00
M/S. BUILDWORTH PVT. LTD.	27090098.00
M/S. ANAND ENTERPRISE	31276.00
M/S. UNITED ENGINEERING WORKS	113606.00
M/S. NORTH EASTERN CABLES PVT. LTD.	85024.00
M/S. MAHESH INDUSTRIES	76404.00
M/S. THYSSEN ENGINEERS	4804.00
M/S. VECO ENTERPRISE	676157.00
M/S. ASSOCIATED PRINTERS	43683.00
M/S. K.D. ENGINEERING	4068.00
Total	29994625.00

SCHEDULE - 26

SEGMENT WISE REVENUE RESULTS, ASSETS AND LIABILITIES FOR THE YEAR 2004-05

(Rs. in lakhs)

Description	Total		Crude oil		N. Gas				LPG		Pipeline		Unallocated		Elimination	
					Assam & Arunachal Pradesh		Rajasthan									
	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04	2004-05	2003-04
REVENUE																
External Sales	409715	348542	354141	277259	24037	22350	2569	1287	4757	8582	7373	7848	16838	31216	-	-
Inter Segment Sales	0	0	402	337	5154	4911		0		0					(5556)	(5249)
Total Revenue	409715	348542	354544	277596	29191	27262	2569	1287	4757	8582	7373	7848	16838	31216	(5556)	(5249)
RESULTS																
Profit Before Tax	162314	148167	168281	125397	(4083)	(763)	800	(575)	2070	6256	(2398)	(734)	(2355)	18587	-	-
Income Tax	56146	53197											56146	53197		
Net Profit	106168	94970	168281	125397	(4083)	(763)	800	(575)	2070	6256	(2398)	(734)	(58501)	(34611)	-	-
SEGMENT ASSETS	664678	562333	222932	181356	159549	145971	15512	14146	3541	5025	13289	16474	249855	199360	-	-
SEGMENT LIABILITIES	664678	562333	29215	18529	10205	6142	451	104	1064	728	3616	1072	620126	535758	-	-



SCHEDULE - 26 (Contd.)

SEGMENT REPORTING

1. In accordance with the existing management reporting system, the Company has adopted the following business segments as the primary reporting segments -

Crude Oil
Natural Gas
LPG
Transportation of Crude Oil

and the following geographical segments as the secondary reporting segments

Assam & AP
Rajasthan
Saurashtra
Uttar Pradesh/ Uttaranchal
Orissa

All inter-segment transfers have been measured using actual price used for transfer pricing.

2. Segment sales revenues are directly identifiable with the respective segments and therefore, have been directly allocated to the segments. Other income which can be directly attributed to a particular segment has been shown as segment revenue. Other income which cannot be attributed to any of the segments have been disclosed as unallocated.
3. Expenditures incurred directly by the segments are directly allocated to them. Expenditures incurred by Services Departments have been allocated to the segments in proportion to the actual services rendered to the respective segments. Overhead Expenditures have been allocated to the segments on the basis of direct emoluments. Exploration Expenditure pertaining to the areas having joint production of Crude Oil & Natural Gas, charged to the Profit & Loss Account have been allocated to the Crude Oil and Natural Gas segments on the basis of thermal equivalence. Research & Development Expenditures have been considered as unallocated.
4. Other adjustments in the income and expenditure not relating to the year of reporting have been disclosed as unallocated corporate income/expenses.
5. Share Capital, Reserves & Surplus and Loans have been treated as unallocated corporate liabilities.
6. Liabilities and Current Assets relating to purchase of materials and hiring of services, used jointly by two or more segments have been allocated to the segments on the basis of average consumption/utilization of the previous two years.
7. Liabilities and Advances arising out of payment to employees, used jointly by two or more segments, have been allocated to the respective segments, on the same basis as followed for allocation of employees cost .
8. Fixed Assets and depreciation thereon have been identified cost center wise and after allocation of the amounts under services and overhead cost centers on the basis mentioned in para 3 above, the segment assets have been determined.
9. Producing Properties, Pre-Producing Properties and depletion pertaining to the areas having joint production of Crude Oil & Natural Gas, have been allocated to crude oil and gas segments on the basis of Proved-Developed-Producing reserves.
10. Investments outside the business and Cash & Bank balances are treated as unallocated corporate assets.
11. Any other revenue, expenditures, assets or liabilities, which cannot be directly attributed to one or more segments, have been treated as unallocated corporate revenue, expenditure, assets or liabilities as the case may be.
12. Exploration expenditure, assets, liabilities pertaining to the project areas where commercial production of Hydrocarbons has not yet commenced, have been shown under unallocated corporate head.
13. Individual items of assets or liabilities used jointly by two or more segments, the amount of which is insignificant, are not considered material and have been allocated to Crude Oil and Natural Gas segment on the basis of thermal equivalence.



SCHEDULE - 27

SIGNIFICANT ACCOUNTING POLICIES :

1. ACCOUNTING CONVENTION

- (a) The financial statements are prepared under the historical cost conventions in accordance with Generally Accepted Accounting Principles (GAAP). Generally, revenues are recognized on accrual basis with provision made for known losses and expenses.
- (b) All the Accounting Standards prescribed by the Institute of Chartered Accountants of India as mandatory and as applicable to the Company are complied with while preparing the Accounts, unless otherwise stated.

2. EXPLORATION COSTS, DEVELOPMENT EXPENDITURE AND ABANDONMENT COSTS

The Company generally follows the internationally accepted "Successful Efforts Method" (SEM) of Accounting in respect of its Oil and Gas exploration and production activities read with the guidance note on "Accounting for oil & gas producing activities" issued by the Institute of Chartered Accountants of India, as explained below :-

- (a) Geological and Geophysical expenditure, other than cost of tangible assets, equipment and facilities deployed in relation thereto on which usual depreciation allowance as admissible, are expensed in the year of incidence.
- (b) Lease carrying costs including license fees are expensed in the year of incidence.
- (c) Cost of successful exploratory wells, and completed development wells, including allocated depreciation on support equipment and facilities are capitalized as producing property. Wells are treated as completed only after completion of production testing of the same.
- (d) Cost of unsuccessful / dry exploratory wells or part(s) thereof including allocated depreciation on support equipment and facilities, which do not lead to discovery of / accretion to hydrocarbon reserves, are expensed.
- (e) Cost of exploratory wells in progress are not carried over for more than 2 years from the date of completion of the drilling of the well, unless it could be reasonably demonstrated that the well has proved reserves and development of the field in which the well is located has been planned.
- (f) Cost of incomplete wells / wells under production testing / completed exploratory wells pending determination of commercial viability including allocated depreciation on support equipment and facilities, are classified as Pre-producing Properties.
- (g) Abandonment costs relating to dismantling and restoration of well sites (net of salvage value), if any, are accounted for in the year in which the same are incurred.

3. FIXED ASSETS

- (a) Fixed assets including support equipment & facilities are stated at historical cost. All costs relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized.
- (b) Leasehold lands which are perpetual in nature are not amortised.
- (c) Any asset, when of no further use, is deleted from the Block and the Written Down Value, if any, in excess of Rs. 1000/- or 5% of the original cost, whichever is less is charged to Profit & Loss Account. The deleted assets are carried as part of fixed assets at adjusted value awaiting disposal through normal tendering procedure. The sale proceeds in excess of adjusted value against individual asset are accounted for as Miscellaneous income, when realised.
- (d) Physical verification of the fixed assets are carried out by the Company in a phased manner to cover all the items over a period of five years. The discrepancies, if any, noticed are accounted for after reconciliation of the same.



4. DEPRECIATION / DEPLETION

- (a) Depreciation on Fixed Assets is provided for under the “Straight Line Method”(SLM), at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 and the fixed assets are stated at cost less depreciation.
- (b) Depreciation as computed above on Fixed Assets deployed in exploration and development / drilling activities is charged to the cost of each well.
- (c) Assets costing up to Rs. 5000.00 each are depreciated fully in the year of capitalization.
- (d)
 - (i) The producing properties are depleted using the “Unit of Production Method”, based on the related Proved, Developed and Producing (PDP) reserves.
 - (ii) Proved and Developed Reserves of oil and gas are technically assessed regularly and are finally reviewed and estimated at the end of each year by the Company.
 - (iii) The rate of depletion is computed with reference to an area designated as Oil / Gas field on a consistent basis.

5. FOREIGN CURRENCY TRANSACTIONS

5.1 FOREIGN CURRENCY LOANS

The outstanding balances against foreign currency loans / credits are converted at the rates of exchange prevailing on the date of the Balance Sheet and in case of non-availability of such rates, the rates on the date nearest to the Balance Sheet date are considered. Loss / gain due to exchange rate fluctuations, in respect of foreign currency loans is dealt with in the following manner :-

- (a) Exchange rate fluctuations in respect of foreign currency loans which were raised for specific projects, are charged / credited to the respective project accounts and amortised / depreciated in the manner the related project expenditure is being treated as per accounting policy.
- (b) Exchange rate fluctuations in respect of other general purpose foreign currency loans not raised for any specific project or for acquisition of any specific asset, are adjusted / booked in the Profit & Loss Account.

5.2 OTHER TRANSACTIONS

Foreign currency transactions in relation to purchase of goods and services are recorded and treated in the following manner :-

- (a) In respect of transactions involving purchase of equipment and facilities and procurement of services in relation thereto, in the nature of fixed assets, and for purchase of stores for eventual use in jobs, which are capitalized as per the accounting policies, are recorded on the basis of the exchange rate on the settlement date or the year end date, whichever is earlier.
- (b) In respect of transactions involving purchase of stores, spares for consumption in revenue accounts and payment for related services, the transactions are recorded on the basis of the exchange rate on the transaction date, and the exchange rate difference between the transaction and the settlement date or the year end date, as the case may be, is recognized as income or as expense in the period in which they arise.

6. IMPAIRMENT OF ASSETS

- i) The Company has identified its crude oil and natural gas business in Assam, crude oil business in Arunachal Pradesh, natural gas business in Rajasthan, Pipeline and LPG business as cash generating units for carrying out Impairment Test.



- ii) Impairment Test of all the fixed assets and producing properties has been carried out with the related cash generating unit.
- iii) Estimated future inflows are made on the basis of available future crude oil prices for seven years and keeping it constant at seventh year's price for rest of the period. The price of natural gas as on Balance Sheet date has been considered and kept constant for the future.
- iv) The future production profile is based on in-house estimates carried out by the management.

7. JOINT VENTURES

In respect of Production Sharing Contracts (PSCs) executed by the Company with other companies and the Government of India to undertake exploration, development and production activities under a joint venture in its concessions:-

- (i) The financial statements reflect the share of the Company's assets, liabilities and also the income and expenditure of the joint venture operations in proportion to the participating interest of the Company as per the terms of the PSCs, on a line by line basis. Provisions for depreciation, depletion, abandonment and impairment are made as per the relevant accounting policies of the Company.
- (ii) The reserves of hydrocarbons in such concessions are also considered in proportion to participating interest of the Company.
- (iii) The unamortized balance in the producing property accounts and / or the written down values of the fixed assets installed therein in respect of such concessions, are netted off by the consideration due from other participating companies.

8. INCOME TAX

(a) Current Tax

Income tax is computed as per provisions of the Income tax Act, 1961, read with the terms of the Agreement entered into by the Company with the Government of India under Section 42 of the Income Tax Act, 1961 and accordingly in addition to other items of allowances, the following are considered :-

- (i) All intangible expenditure on exploration / prospecting / drilling in Petroleum Exploration Licence areas, excluding expenditure on assets for which usual depreciation allowance is admissible, whether abortive or not, is allowed as a deduction equally over a period of three years commencing from the year in which it is incurred.
- (ii) All intangible expenditure on exploration / prospecting /drilling in Mining Lease areas, excluding expenditure on assets for which usual depreciation allowance is admissible, is allowed as a deduction in the year in which it is incurred; and
- (iii) Depreciation on tangible drilling expenditures and fixed assets is allowed in accordance with rates prescribed under the Income Tax Rules, 1962 under the Written Down Value (WDV) method.

(b) Deferred Tax

Deferred Tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted up to the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to reassess realisation.

9. LONG TERM INVESTMENTS

Long term investments are valued at cost unless there is a permanent diminution in value.



10. INVENTORY

- (a) Stocks of Crude Oil and Liquefied Petroleum Gas are valued at cost (after bifurcation of joint cost on thermal equivalence basis in case of crude oil) or net realizable value, whichever is lower, including applicable excise duty. Cost of production includes all administrative overhead at all locations.
- (b) Natural Gas in pipeline is not valued, since not measurable.
- (c) The stock of stores and spare parts are valued at weighted average cost. Obsolete / unserviceable items, as and when identified, are written off. Any item of stores and spares not moved for last 4 years as on date of Balance Sheet are identified as slow moving items. These Slow moving items are valued at residual value at 5% of the aforesaid cost. The stores and spare parts also include goods-in-transit which represents items pending arrival and / or acceptance at stipulated destinations.
- (d) Physical verification of the inventory are carried out by the Company in a phased manner to cover all the items over a period of five years. The discrepancy, if any, noticed are accounted for after reconciliation of the same.

11. RETIREMENT AND OTHER BENEFITS

- (a) Contributions to approved Gratuity and Pension Funds and provision in respect of Leave Encashment liability and Post Retirement Medical Benefit liability are based on Actuarial valuation carried out at the end of every year.
- (b) Compensation paid / payable to the employees under the Voluntary Retirement Scheme are accounted for in the year of acceptance of the same by the Company and such compensation is treated as Deferred Revenue Expenditure and is charged off to Profit & Loss Account in five equal annual installments from the year in which it is incurred.

12. REVENUE RECOGNITION

- (i) Revenue from sale of products and transportation income are recognized on transfer of custody to customers.
- (ii) Sale of crude oil and gas produced from exploratory wells in progress in exploratory areas is deducted from expenditure on such wells.
- (iii) Sales are inclusive of statutory levies but net of discounts. Any retrospective revision in prices is accounted for in the year of such revision.
- (iv) Claims on Oil Co-ordination Committee (OCC) / Petroleum Planning & Analysis Cell (PPAC) are booked on acceptance in principle thereof.

13. GRANTS & SUBSIDIES

Grants and Subsidies are accounted in revenue or capital account according to the nature, when there is reasonable assurance that the same would be realised. Grants related to specific assets are presented in the Balance Sheet by showing the grant as a deduction from the gross value of the assets concerned while arriving at their book value.

14. BORROWING COSTS

Borrowing costs during the construction period, net of Income if any, that are attributable to qualifying assets are capitalized.

15. SEGMENT ACCOUNTING

- (a) In accordance with the existing management reporting system, the Company has adopted its products & services (viz. Crude Oil, Natural Gas, LPG and Pipeline transportation) as the primary reporting segments and the geographical segments viz. Assam & Arunachal Pradesh, Rajasthan etc. as the secondary reporting segments.



- (b) Segment assets, liabilities, income and expenses have been either directly identified or allocated to the segments on the basis usually followed for allocation of cost adopted for preparing and presenting the financial statements of the Company.

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- (a) The Company generally provides for present obligations resulting from past event, the amount of which can be estimated with reasonable accuracy.
- (b) Liabilities contingent upon happening of future event are disclosed by way of a note in the accounts. Claims against the Company where a demand has been raised by any authority or disputed in arbitration exceeding Rupees Five Lakhs in each case are recognized as contingent liability, if contested.
- (c) Contingent assets are not recognized.

17. GENERAL

- (a) Prior Period Items exceeding Rupees Five Lakhs in each case are separately disclosed in the Profit & Loss Account.
- (b) Adjustments pertaining to earlier years but crystallised during the year, exceeding Rupees Five Lakhs in each case are disclosed under Other adjustments.
- (c) All expenditure, other than assets, on which usual depreciation allowance is admissible, incurred for Research & Development Projects / Schemes, net of grants-in-aid, is charged to the Profit & Loss Account.
- (d) Joint cost of production relating to crude oil and natural gas is apportioned on thermal equivalence basis.
- (e) Refunds / Duty drawbacks, Demands from / in relation to Revenue Authorities are accounted for on the basis of acceptance considering information available up to the date of finalization of Accounts.



SCHEDULE - 28

NOTES TO ACCOUNTS

1. Joint Ventures (JVC) Production Sharing Contracts (PSC) Accounts:

a) The Company executed various JVC/PSCs in the Indian Sub-continent details whereof are furnished below:

(Rs. in Lakhs)

Srl. No.	Block No.	Date of execution	Participating Interest	For the Year 2004-05			As at 31.03.2005	
				Expenditure		Income	Assets	Liabilities
				Expl	Dev	Production		
1	Kharsang PSC	16.06.1995	40%	-	-	613.45	2141.90	1312.48
				(-)	(-)	(732.83)	(1705.97)	(627.00)
2	RJ-ON-90/5 *	30.10.1996	-	-	-	-	-	-
				(-)	(-)	(-)	(-)	(-)
3	AAP-ON-94/1	30.06.1998	10% in Expl Phase & 40% in Devl	63.18	-	-	-	345.56
				(263.74)	(-)	(-)	(-)	140.72
4	SR-OS-94/1	12.04.2000	30% Carried Interest	-	-	-	-	-
				(-)	(-)	(-)	(-)	(-)
5	CY-OSN-97/2 *	12.04.2000	100%	-	-	-	-	-
				(62.32)	(-)	(-)	(-)	(-)
6	RJ-ONN-2000/1	17.07.2001	100%	334.02	-	-	-	-
				(44.15)	(-)	(-)	(-)	(-)
7	GK-OSJ-3	06.09.2001	15%	22.32	-	-	-	-
				(467.12)	(-)	(-)	(-)	(-)
8	MB-DWN-2000/2	17.07.2001	10%	361.32	-	-	-	-
				(80.15)	(-)	(-)	(-)	(-)
9	KG-DWN-98/4	12.04.2000	15%	386.31	-	-	-	-
				(375.10)	(-)	(-)	(-)	(-)
10	MN-OSN-2000/2	17.07.2001	20%	381.36	-	-	-	-
				(24.41)	(-)	(-)	(-)	(-)
11	MN-ONN-2000/1	17.07.2001	40%	70.44	-	-	-	-
				(157.77)	(-)	(-)	(-)	(-)
12	RJ-ONN-2001/1	04.02.2003	70%	1400.43	-	-	-	-
				(53.78)	(-)	(-)	(-)	(-)
13	AA-ONN-2001/3	04.02.2003	15%	-	-	-	-	-
				(124.56)	(-)	(-)	(-)	(-)
14	CY-DWN-2001/1	04.02.2003	20%	108.20	-	-	-	-
				(46.12)	(-)	(-)	(-)	(-)
15	AA-ONN-2002/3	06.02.2004	30%	0.38	-	-	-	-
				(-)	(-)	(-)	(-)	(-)
16	AA-ONN-2002/4	06.02.2004	10%	-	-	-	-	-
				(-)	(-)	(-)	(-)	(-)
17	RJ-ONN-2002/1	06.02.2004	60%	226.83	-	-	-	-
				(-)	(-)	(-)	(-)	(-)
18	KG-DWN-2002/1	06.02.2004	20%	613.61	-	-	-	-
				(-)	(-)	(-)	(-)	(-)
19	MN-DWN-2002/1	06.02.2004	20%	65.88	-	-	-	-
				(-)	(-)	(-)	(-)	(-)
TOTAL				4034.28	-	613.45	2141.90	1658.04
				(1699.22)		(732.83)	(1705.97)	(627.00)
								447.81
								(132.00)

* These blocks have been surrendered during the year .



b) The Company also executed various contracts for oil and gas exploration overseas, the details of which are as under :

								(Rupees in Lakhs)	
Srl. No.	Block No.	Date of execution	Participating Interest	For the Year 2004-05				As at 31.03.2005	
				Expenditure			Income	Assets	Liabilities
				Expl	Dev	Production			
1	Farsi (offshore) Block (in the Persian Gulf in Islamic Republic of Iran)	25.12.2002	20%	436.02 (449.18)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
2	Block C I -112 in Deep Offshore Cote d'Ivoire	16.08.2004	11.5%	1414.76 (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)
3	Block no.86, Libya	20.03.2005	50%	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	2.60 (NIL)	NIL (NIL)
TOTAL				1850.78 (449.18)	NIL (NIL)	NIL (NIL)	NIL (NIL)	2.60 (NIL)	NIL (NIL)

c) The Company also executed participating agreement with ONGC Videsh Ltd. for construction of a Pipeline in Sudan under Build Own, Lease and Transfer, the details of which are as under :

Sudan Product Pipeline	10.11.2004	10%	NIL (NIL)	NIL (NIL)	NIL (NIL)	NIL (NIL)	4850.22 (NIL)	NIL (NIL)
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Note: (i) The Exploration Service Contract for the Block at Sl. No. b (1) above was signed with National Iranian Oil Company (NIOC), the State owned company of the Government of Iran, in Consortium with ONGC Videsh Limited and Indian Oil Corporation Limited.

(ii) The Company signed a "Farmout Agreement" for the block at Sl No. b (2) above with M/s Vanco Cote d'Ivoire Ltd.(Vanco) on 16th August, 2004 to acquire 11.5% participating interest corresponding to 10.35% ownership interest in the Deep Offshore Block CI-112 of Ivory Coast. ONGC Videsh Limited(OVL), Sinopec and Petroci are the other partners in the block. The only exploratory well, the drilling of which commenced during the year and was incomplete as at the end of the year, has subsequently been declared unsuccessful and abandoned. Accordingly the expenditure incurred in the well upto the end of the year has been written -off.

(iii) The Company signed an "Exploration and Production Sharing Agreement(EPSA)" for the block at Sl No. b(3) above with National Oil Corporation of Libya in consortium with Indian Oil Corporation Ltd. (50% participating interest). The Company has registered a branch office at Tripoli as required under the EPSA. The exploration work in the block is yet to commence.

(iv) The Company has signed a "Participating Agreement" for the product pipeline at Sl. No. c above with ONGC Videsh Limited(OVL) for 10% participating interest in the pipeline project. OVL holds the balance 90% participating interest. The construction of the pipeline has started during the year and was incomplete at the end of the year.

d) The assets, liabilities, income and expenditure as shown in (a), (b) & (c) above, being the proportionate value towards Company's Participating Interest have been incorporated in the books of accounts on the basis of unaudited Statement of Accounts. No material changes are expected by the Company in the audited Statement of Accounts.

e) Previous year's figures are reflected in parentheses hereof.

f) i) As per the terms of the Kharsang PSC, the applicable price for crude oil produced and saved from the field is to be ascertained from Platt's Oilgram daily publication for the previous month. Accordingly the invoices are being raised by the operator of the field at the rates, as applicable.

ii) As per the terms of the Kharsang PSC, provision for Abandonment Costs is to be made over eight years commencing from the third year of the date of execution of PSC in accordance whereof, a sum of Rs. 7.24 lakh (Previous Year Rs.10.71 lakh) has been provided, which is included in the expenditure of Rs. 613.45 lakh (Previous year Rs. 732.83 lakh) reflected in Note (a) above.



- g) The Company's Share of Contingent liability and Capital Commitment, if any, under the PSC are shown in note No. 8(A) & (B) below.

2. Related Party Disclosure

a) Related party relationships

1. Name of the related party

Geo Enpro Petroleum Ltd.
ONGC Videsh Ltd.
Oil & Natural Gas Corporation Ltd.
Indian Oil Corporation Ltd.
GAIL(India) Ltd.
Bharat Petroleum Corporation Ltd.
Essar Oil Ltd.
Premier Oil (North East India) BV
Polish Oil & Gas Company
Geopetrol International Inc.
Jubilant Enpro India Ltd.
Hindustan Oil Exploration Company
Gujarat State Petroleum Corporation
Reliance Industries Ltd.
Vanco Cote d'Ivoire Ltd
Sinopec
Petroci

Relationship

Operator / Consortium Partner

2. Key Management Personnel

- | | |
|-----------------------|---------------------------------------|
| i) Mr. R.K. Dutta | Chairman and Managing Director |
| ii) Mr. S.K. Patra | Director (Exploration & Development) |
| iii) Mr. M.R. Pasrija | Director (Finance) |
| iv) Mr. N.M. Borah | Director (Operations) |

b) Transactions during the period with Related Parties / Key Management Personnel are as under :

Name of the related party	Relationship	Description of Transaction	Rs. in lakhs	Outstanding Balance As at 31-03-2005
1. Geo Enpro Petroleum Ltd	Operator in the Kharsang PSC	a) Services rendered by the Company b) Services rendered to the Company	6.21 -	- -
2. Key Management Personnel	-	a) Remuneration b) Perquisites(Net of recoveries) c) Contribution to Superannuation & other Fund d) Loans & Advances	36.81 3.42 6.51 1.88	- - - 3.17

3. Current Liabilities:

Sundry Creditors include materials received on loan from other Public Sector Undertakings amounting to Rs. 909.36 lakh (Previous Year Rs.210.61 lakh).

4. Fixed Assets:

- Land in possession of the Company, includes some areas for which title deeds / conveyance deeds are yet to be executed and / or mutation in settlement records is pending. Documentation formalities are in progress.
- Lease for 90 years or more is treated as Perpetual Lease.
- Fixed Assets as on 31.03.2005 includes Rs. 3.01 lakh being the adjusted value of the Assets awaiting disposal as per the Significant Accounting Policy No.3 (c) as against nil value in earlier years, which has the effect of increase in profit for the year by like amount.



- (iv) A firm of consultants was appointed to physically verify the Fixed Assets of the Company as on 31.03.98. The firm has completed the verification and reconciliation of the assets at various locations of the Company. Based on such physical verification, assets of original cost of Rs.3402.60 lakh representing 2.60% of the total cost of the assets of the Company were to be matched and reconciled, for which a sum of Rs.1154.17 lakh representing the Written Down Value (WDV) as on 31.03.2001 had been provided for, pending the reconciliation of the said items, on that date. Upon reconciliation, which is still continuing as on date, assets representing original cost of Rs. 2972.73 lakh (WDV Rs.1089.79 lakh) have been identified and balance assets with original amount of Rs.429.87 lakh of original cost (WDV Rs. 64.38 lakh) representing 0.30% of the total cost of assets on the date of the verification (31.03.98) are pending reconciliation / identification as on date. Accordingly, the provision of Rs. 74.59 lakh made in the previous year for the unidentified assets has been reduced to Rs. 64.38 lakh as on 31.03.2005.

5. Depreciation:

In accordance with the Significant Accounting Policy No. 4 (b), depreciation on fixed assets for the year amounting to Rs. 2313.63 lakh (Previous year Rs. 2390.49 lakh) has been allocated to drilling and / or completion and testing of exploratory and development wells undertaken during the year.

6. Impairment of Assets

In terms of the Significant Accounting Policy No. 6 the Company assessed the Cash Generating Assets for the Impairment Test with the U.S. Dollar Conversion Rate as per RBI's B.C. Selling Rate notified as on 31.03.2005 and using a discounting rate of 10%, finds no asset need impairment as on 31.03.2005.

7. (A) Loans and Advances include :

- (i) Amount due by Directors and Other Officers of the Company (Rs. in lakhs) :

	Balance as at		Maximum amount due at any time during the year	
	31 st March, 2005	31 st March, 2004	2004-05	2003-04
(a) Directors	3.17	5.67	5.67	9.66
(b) Other Officers	7.42	8.16	8.16	8.90

- (ii) Advances recoverable in cash or in kind or for value to be received includes materials given on loan to Public Sector Undertakings amounting to Rs. 922.73 lakh (Previous year Rs.472.35 lakh)
- (iii) During the previous year ending 31st March 2004, since North Hellhole Bayou Prospect was declared unsuccessful, a part of the loan (Rs. 3155.03 lakh) extended to Luit India Inc. after netting the amount available in its bank account as on 31st March, 2004, had been written off. Further, it was also decided to wind up M/s. Luit India Inc. in due course. Accordingly, M/s. Luit India Inc/Sakhalin India Inc. was dissolved on 31st December, 2004 and the certificate of dissolution has been obtained after completing all the formalities required under the laws of United States of America. Since the Company has been dissolved on 31.12.2004 , an amount of Rs.315717.32 (i.e. US\$ 7157.50@ Rs.44.11 per dollar) incurred during the year towards administrative and winding up expenses of the Company has been charged off. The remaining amount of Rs.7513.26 (US\$ 170.33 @44.11) in the bank account of Luit India Inc. as on 31st December, 2004 (as on the date of dissolution) is shown as amount receivable from M/s. Luit India Inc.
- (iv) During the year,one instalment of the loan taken from ONGC Videsh Limited amounting to Rs. 618.24 lakh was due for repayment as per Sale & Purchase Agreement dt. 7th March, 2003. However,the Company has disputed the repayment and has appealed to Ministry of Petroleum and Natural Gas. Pending disposal of the appeal by the Ministry of Petroleum and Natural Gas, no further action is being taken towards repayment of the loans. Entire amount is due and payable as per terms of Sale & Purchase Agreement.

(B) Sundry Debtors:

- i) The settlement of outstanding dues from Assam State Electricity Board (ASEB) for sale of Natural Gas is under the process of securitization as per the scheme "Securitization of dues of State Electricity Boards" of Government of India. Hence, entire amount due from ASEB has been classified as "Unsecured Considered Good" under Sundry Debtors (Schedule 10).



- ii) Sundry Debtors balance includes interest receivable for delay in payment.
- iii) All other Sundry Debtors including the overdue amount are considered good and realisable.

(C) Balance confirmation in respect of Creditors and Loans & Advances have not been obtained.

(D) **Inventory** : During the year the Company has reviewed the valuation of insurance spares including items related to deferred projects / drilling wells and accessories of plant & equipment. Accordingly, the insurance spares have been capitalised and depreciated in line with Accounting Standard - 2 read with Accounting Standard - 10. The other spares have been considered as part of other Stores and Spares for valuation as per the Significant Accounting Policy no. 10 (c).

Due to above change in policy a sum of Rs. 215.37 lakh has been charged to depreciation and Rs. 1949.14 lakh has been charged to Profit & Loss Account during the year, which have effect of reduction of profit for the year by like amount.

8 Contingent Liabilities not provided for:

(A) Claims against the Company not acknowledged as debts Rs.16831.40 lakh (Previous year Rs.18406.38 lakh) which includes:-

- (i) Rs.989.57 lakh (Previous year Rs.824.64 lakh) :- Sales Tax and interest demand on account of a foreign contractor which is pending before the Orissa High Court.
- (ii) Rs.13653.32 lakh (Previous year Rs.17457.00 lakh) :- Claims by contractors pending decision in Arbitration / Courts.
- (iii) Rs.67.66 lakh (Previous year Rs.67.66 lakh) :- Demand raised by the District Revenue Authorities on account of premium / revenue on Government ceiling surplus land occupied by the Company.
- (iv) Rs. 69.47 lakh (Previous year Rs.57.08 lakh) :- Being the Company's Share (40%) of the disputed demand of Cess by Excise Authorities on Crude Oil sold by Kharsang PSC by Excise Authority.
- (v) Rs.1930.40 lakh (Previous year – nil) being the tax imposed under "Assam Taxation (on specified land) Act 2004", the validity of the imposition of which is challenged by the Company before the Hon'ble High Court at Guwahati.
- (vi) Rs.120.98 lakh (Previous year – nil) being the claim by ASEB against sale of Electricity which is disputed by the Company.

(B) Letters of Credit and Bank Guarantees

- (i) Letters of Credit outstanding as on 31st March, 2005 amounting to Rs.7257.00 lakh (Previous year Rs.2117.44 lakh) for which there is a floating charge on Current Assets of the Company.
- (ii) Rs.478.74 lakh (Previous year Rs.477.58 lakh) :- Performance Guarantee for US Dollars 1.08 Million given (towards work commitment) issued by SBI CAG Branch, Kolkata in favour of National Iranian Oil Company towards 20% participating interest of the Company in the Exploration Service Contract for the Offshore Farsi Block in Persian Gulf, Islamic Republic of Iran. Though as per Exploration Service Contract, the amount of the Performance Guarantee is to be reduced at the end of each year to the extent of the work commitment already fulfilled, the amount of the liability has been retained at its original level due to non-receipt of clearance from the National Iranian Oil Company, the state owned oil company of the Government of Iran, in this regard.
- (iii) Rs. 753.56 lakh (Previous year – nil) :- Bid bond guarantee of US Dollars 1.7 million issued by State Bank of India, CAG Branch, Kolkata in favour of National Oil Corporation ("NOC"), Bashir Sadawi Street, Tripoli, Great Socialist People Libyan Arab Jamahiriya for participating by Oil India Limited in the bidding process for an Exploration and Production Sharing Agreement (EPSA) for Block No.86 in Libya. Although the bank guarantee is valid as on 31.03.2005, the EPSA has been signed on 20th March,2005,hence there will not be any future liability towards the same.
- (iv) Rs.500.00 lakh ((Previous year – nil) :- Performance Bank Guarantees of Rs.500.00 lakh issued by State Bank of India, CAG Branch, Kolkata with validity of two years in favour of "Department of Telecom, Government



of India" upon approval of Department of Telecommunication granting licence to Oil India Limited on non – exclusive basis for Infrastructure Provider Category –II(IP-II) permitting the company leasing of end to end dark fibre to out side operator.

- (C) The estimated amount on account of contracts remaining to be executed on Capital Account and not provided for in the accounts :- Rs.9749.35 lakh (Previous year Rs.6675.07 lakh)

9. Deferred Tax

- a) In accordance with the Accounting standard – 22 "Accounting for taxes on Income" the Company has net deferred tax liability as at 31st March, 2005 of Rs. 71589.51 lakh (Previous year Rs.70843.51 lakh). The incremental deferred tax liability (net) for the year amounting to Rs.746 lakh has been charged to the current year's Profit and Loss Account. The deferred tax liability amounting to Rs.59862.06 lakh upto 31/03/2002 was appropriated out of General Reserve during the year ending 31/03/2003.
- b) Major components of Deferred Tax Asset & Deferred Tax Liability :

(Rs. in Lakhs)

Description	As at 31.03.2005			As at 31.03.2004		
	Differential Value	Deferred Tax Assets (A)	Deferred Tax Liabilities (B)	Differential Value	Deferred Tax Assets(A)	Deferred Tax Liabilities (B)
a) Difference between Written Down value of Depreciable assets as per Companies Act and as per Income Tax Act	37476.90	-	12614.72	37071.11	-	13299.26
b) Difference between Producing & Pre-Producing Property as per Companies Act and Unamortised expenditure as per Income Tax Act (including casing & tubing in incomplete wells)	180949.31	-	60907.58	160664.84	-	57638.51
c) Provision for Doubtful Claims debited to Profit & Loss A/c but not allowable under the Income Tax Act	2109.08	709.92		15.36	5.51	-
d) Provision for Leave Encashment /Post Retirement Medical Benefit debited to Profit & Loss A/c but not allowable under the Income Tax Act	432.92	145.72	-	247.40	88.75	-
e) Provision for Post Retirement Medical Benefits debited to Profit & Loss A/c. but not allowable under the Income Tax Act.	3200.12	1077.16				
Total Rs. / Lakh		1932.79	73522.30		94.26	70937.77
Net Deferred Tax Liability (B – A)	71589.51			70843.51		
Net incremental Liability charged to Profit & Loss Account	746.00					

10. General

- (a) (i) With effect from 1.4.2002, the price of crude oil and LPG is market determined in terms of the Policy of the Government of India. Accordingly, the crude oil prices during the year have been taken based on Memorandum of Understanding (MOU) signed with various buyers of crude oil for the period from 01/4/2002 to 31/03/2004. Though the MOU for the period effective from 01/04/2004 has not yet been finalized, the Company is continuing to bill and the buyers are continuing to pay, on a provisional basis, on the terms and conditions of the MOU for the period from 01/04/2002 to 31/03/2004. In terms of the MOU, the Company receives a



monthly average price of crude oil bench marked to Nigerian Bonny Light crude oil (ascertained from Platt's Oilgram) after adjustment for gross product worth (quality differential) and discount on account of Base Sediment & Water (BS&W). Further, the Company would also be entitled to receive sales tax on crude oil sales provided Free on Board (FOB) crude oil price is up to US\$21/bbl. In case FOB crude oil price exceeds US\$21/bbl, sales tax shall be borne by the Company subject to the Company getting minimum US\$21/bbl plus sales tax. As regards LPG price, the same continues to be notified by Indian Oil Corporation Ltd. (IOC) every month.

In terms of decision of the Govt. of India, conveyed vide letter No. P-20012/28/97-PP dated 23rd July, 2004 and further communicated by Petroleum Planning and Analysis Cell vide letter dated 27th August, 2004, 15th October, 2004, 24th January, 2005 and 3rd May, 2005 the Company has allowed discount of Rs. 64815.71 lakh on sale price of crude oil and Rs. 5642.84 lakh on sale price of LPG. Accordingly, the sales revenue in respect of crude oil and LPG is net of the aforesaid discounts, which have the effect of reduction of the profit for the year by those amount.

- (ii) The price of natural gas is governed by the notification issued by GAIL(India) Ltd. in respect of all gas sales in the North East Region except where gas supply is based on a mutually agreed price. However, in respect of gas sale in Rajasthan, the Company followed the price as per notification from GAIL(India) Ltd. till 10th October, 2004. Since 11th October, 2004, the gas price for gas sale in Rajasthan is Governed by the MOU dated 11th October, 2004 between the Company and GAIL, which is mutually agreed price and has been approved by the Government of India.
- (iii) The Company recovers on a provisional basis, from all refineries other than Numaligarh Refinery, 50% of the transportation tariff as fixed by the Petroleum Planning & Analysis Cell (PPAC) for the year 2001-02. Accordingly, the transportation income, pertaining to the Company's Crude oil transported through pipeline to the Refineries during the year, has been accounted for as Transportation Income to the extent received / receivable from refineries which were hitherto accounted for at full value on notional basis as Income from Transportation. As regards transportation income in respect of crude oil of M/s Oil & Natural Gas Corpn. Ltd. (ONGC) and imported crude of M/s. Bongaigaon Refinery & Petro-chemicals Ltd. (BRPL), the same are accounted for based on the Crude Oil Transportation Agreement (COTA) signed with the respective Companies.
- (iv) The Company has lodged a claim on M/s. Bongaigaon Refinery & Petro-chemicals Ltd. (BRPL), towards minimum guaranteed quantity of throughput, amounting to Rs.5434.22 lakh for the period from 27/12/2000 to 31.03.2003, during which the Reverse pumping facility of the Company was not fully utilized by BRPL as agreed in the MOU for this purpose. However, as the claim is yet to be accepted by M/s. Bongaigaon Refinery & Petro-chemicals Ltd., the said revenue has not been recognized in the Books of Account.
- (v)
 - (a) In terms of notification No. 4(7)-W&M/2002 dated 30th March, 2002, the Government of India had issued 6.96% Oil Companies Government of India Special Bond 2009 on 30th March, 2002, amounting to Rs. 10700.00 lakh towards settlement of a part of the estimated outstanding claims of the Company with Oil Coordination Committee under the Administered Price Mechanism. Out of the same, Bonds amounting to Rs.10692.00 lakh (Rs. 6427.00 lakh till the end of the previous year) have been sold by the Company at par till the end of the current year. Accordingly, the balance amount of bonds amounting to Rs.8.00 lakh (Previous year Rs.4273.00 lakh) has been reflected in the books of account under the head "Investments".
 - (b) In terms of Notification No. 4(3)-W&M/2004 dated 23rd March, 2004, the Government of India has issued 5% Oil Companies' Govt. of India Special Bond 2009 amounting to Rs.9103.40 lakh in settlement of claim arising from arrear Royalty for the period 01.04.1998 to 31.03.2002 paid by the Company to State Governments. The same is reflected under the head "Investments".
- (vi) The Company, for the first time has provided for liability towards Post-Retirement Medical Benefits based on an Actuarial Valuation carried out at the end of the year and, accordingly, a sum of Rs. 3200.12 lakh has been provided in the books towards such liability, which has the effect of reduction of profit for the year by like amount.



The Company is holding in its safe custody, Fixed Deposit Receipts issued in its favour by Contractors / Suppliers as Security Deposit / Earnest Money amounting to Rs. 178.88 lakh (Previous year Rs. 230.85 lakh), which are not included in the accounts.

- (b) Borrowing cost capitalized during the year is nil.
- (c) Rupee figures have been rounded off to nearest rupees in lakh.
- (d) Previous years figures have been reclassified / regrouped, wherever necessary to conform to current year's classification.

Sd/-

(S.K. SENAPATI)
Company Secretary

Sd/-

(M.R.PASRIJA)
Director (Finance)

Sd/-

(R.K. DUTTA)
Chairman & Managing Director

Place : New Delhi
Date : 4th June, 2004



OIL INDIA LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005

	Year Ended 31st March, 2005	Year Ended 31st March, 2004
		(Rs. in Lakhs)
1. Cash flow from operating activities :		
Profit before tax	162314.39	148167.74
Add :		
Write offs	6760.42	9334.45
Depreciation	6038.95	5492.70
Depletion	17509.43	13469.76
Interest expense	1665.11	3231.57
VRS Compensation amortised	998.73	0.00
Total	<u>195287.03</u>	<u>179696.23</u>
Less :		
Interest income	14073.67	11806.79
Dividend income	799.23	653.91
Unabsorbed VRS payment	0.00	3994.91
Operating profit	<u>180414.13</u>	<u>163240.62</u>
Increase / (Decrease) in working capital	(18233.16)	(28267.44)
Total	198647.29	191508.09
Income taxes paid	(59404.66)	(60144.49)
Net cash from operating activities	<u>139242.63</u>	<u>131363.60</u>
2. Cash flow from investing activities :		
Purchase of fixed assets	(22242.46)	(11094.01)
Interest received	12345.72	10553.09
Dividend received	799.23	653.91
Drilling expenses	(41188.01)	(32484.17)
Investment realised	9165.44	2817.00
Investments in bank & FI	(69775.00)	(55163.40)
Net cash from investing activities	<u>(110895.08)</u>	<u>(84717.58)</u>
3. Cash flow from financing activities :		
Loan repayments	(7344.04)	(12746.77)
Loan receipts	9666.04	3771.71
Interest paid	(1665.11)	(3231.57)
Dividend paid	(29960.45)	(32095.66)
Net cash from financing activities	<u>(29303.56)</u>	<u>(44302.29)</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2005 (CONTD.)

	Year Ended 31st March, 2005	(Rs. in Lakhs) Year Ended 31st March, 2004
4 Net Increase / (Decrease) in cash & cash equivalents	(956.01)	2343.73
Opening cash	5074.90	2731.17
Closing cash	4118.89	5074.90
	(956.01)	2343.73
Notes :-		
a The cash and cash equivalents represent the following as per schedule -11 :-		
i) Cash and Cheques in hand	72.08	42.43
ii) Current accounts in Scheduled Banks	4046.81	5032.47
	<u>4118.89</u>	<u>5074.90</u>
b The above cash flow statement has been prepared under the 'indirect method' as set out in the Accounting Standard-3 on cash flow statements issued by the Institute of Chartered Accountants of India.		
c Figures in parentheses represent cash outflows		
d Previous year's figures have been rearranged, regrouped, recast wherever necessary.		

In terms of our report of even date attached

Sd/-
(S.K.SENAPATI)
Company Secretary

Sd/-
(M. R. PASRIJA)
Director (Finance)

Sd/-
(R.K. DUTTA)
Chairman &
Managing Director

For P.K.MITRA & Co.
Chartered Accountants
Sd/-
(T.N. CHAKRABARTI)
Partner
Membership No. 10610

For A.K. SABAT
Chartered Accountants
Sd/-
(A.K. SABAT)
Partner
Membership No. 30310

Place : New Delhi
Date : 4th June, 2005



INFORMATION UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet abstract and Company's General Business Profile

I. Registration Details- Registrar of Companies , Assam , Shillong.

Registration Number :

1	8	/	1	1	4	8
---	---	---	---	---	---	---

0	2
---	---

0	f	1	9	5	8	-	1	9	5	9
---	---	---	---	---	---	---	---	---	---	---

Balance Sheet Date :

3	1
---	---

0	3
---	---

2	0	0	5
---	---	---	---

Date Month Year

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

Public Issue

N	I	L
---	---	---

 Right Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

 Employees Issue

N	I	L
---	---	---

III. Position of Mobilization and deployment of funds (Amount in Rs.Thousand)

Total Liabilities

5	7	7	4	8	1	2	8
---	---	---	---	---	---	---	---

 Total Assets

5	7	7	4	8	1	2	8
---	---	---	---	---	---	---	---

Source of Funds

Paid-up Capital

2	1	4	0	0	4	4
---	---	---	---	---	---	---

 Reserves & Surplus

4	5	2	6	6	4	7	8
---	---	---	---	---	---	---	---

Secured Loans

9	5	0	0	0	0
---	---	---	---	---	---

 Unsecured Loans

2	2	3	2	6	5	5
---	---	---	---	---	---	---

 Deferred Tax

7	1	5	8	9	5	1
---	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

2	9	1	3	1	4	5	8
---	---	---	---	---	---	---	---

 Investments

1	8	1	9	3	5	9
---	---	---	---	---	---	---

Net Current Assets

2	6	4	9	7	6	9	2
---	---	---	---	---	---	---	---

 Misc. Expenditure

2	9	9	6	1	9
---	---	---	---	---	---

Accumulated Losses

N	I	L
---	---	---

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

Turnover

4	0	9	7	1	4	9	5
---	---	---	---	---	---	---	---

 Total Expenditure

2	4	7	4	0	0	5	6
---	---	---	---	---	---	---	---

Profit / Loss Before Tax

1	6	2	3	1	4	3	9
---	---	---	---	---	---	---	---

 Profit / Loss After Tax

1	0	6	1	6	8	3	9
---	---	---	---	---	---	---	---

Earning per Share in Rupees

4	9	-	6	1
---	---	---	---	---

 Dividend Rate %

1	6	0
---	---	---

V. Generic Names of Three principal Products/ Services of Company (As per monetary terms)

Item Code No. (ITC Code)

2	7	-	0	9
---	---	---	---	---

Product Description

C	R	U	D	E		O	I	L
---	---	---	---	---	--	---	---	---

Item Code No. (ITC Code)

2	7	1	1	-	2	1
---	---	---	---	---	---	---

Product Description

N	A	T	U	R	A	L		G	A	S
---	---	---	---	---	---	---	--	---	---	---

Item Code No. (ITC Code)

2	7	-	1	1
---	---	---	---	---

Product Description

L	I	Q	U	E	F	I	E	D		P	E	T	R	O	L	E	U	M		G	A	S
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	--	---	---	---

Sd/-
(S.K.SENAPATI)
Company Secretary

Sd/-
(M.R. PASRIJA)
Director (Finance)

Sd/-
(R. K. DUTTA)
Chairman & Managing Director



LUIT INDIA INC. (In Dissolution)

(Formerly Sakhalin India Inc.)

(A company incorporated under the laws of Texas, United States of America)

Registered office: 6565 West Loop S STE 850, Bellaire, Texas 77401-3500

STATEMENT OF ACCOUNT (IN DISSOLUTION) AS AT 31ST DECEMBER, 2004

	As at 31st December, 2004				As at 31st March, 2004			
	US \$		Rs.		US \$		Rs.	
SOURCES OF FUNDS								
Shareholder's Fund								
Share Capital (with OIL INDIA LTD.)		170.33		7492.82		1000.00		44220.00
Reserves & Surplus		-		-		-		-
Loan Funds								
Unsecured Loans		-		-		541827.83		23959626.64
TOTAL SOURCES		170.33		7492.82		542827.83		24003846.64
APPLICATION OF FUNDS								
Fixed Assets		-		-		-		-
Producing Properties		-		-		-		-
Preproducing Properties		-		-		-		-
Investments		-		-		-		-
Working Capital								
Current Assets								
Bank balance	170.33		7492.82		542827.83		24003846.64	
Less: Current Liabilities	-	170.33	-	7492.82	-	542827.83	-	24003846.64
TOTAL APPLICATIONS		170.33		7492.82		542827.83		24003846.64

Place: New Delhi

Date : 4th June, 2005

Sd/-
(M R Pasrija)
Director/Secretary

Sd/-
(S K Patra)
Chairman/President/Treasurer

PROFIT & LOSS ACCOUNT

	For the period ended 31st December, 2004				For the year ended 31st March, 2004			
	US \$		Rs.		US \$		Rs.	
INCOMES								
DIRECT INCOMES								
Income From Secondment		0.00		0.00		12160.00		537715.20
INDIRECT INCOMES								
Write Off Of Loan From Oil Unsecured Loans		7157.50		314858.43		7134857.84		315503413.68
TOTAL INCOMES		7157.50		314858.43		7147017.84		316041128.88
EXPENDITURES								
DIRECT EXPENDITURES								
Bank Charges		5.00		219.95		-		-
Expenses on Secondee by LSI		-		-		8569.00		378921.18
Taxes on Secondee		-		-		2691.00		118996.02
Consultant Fees - M Pillai		-		-		900.00		39798.00
Payment to Secondee		-		-		-		-
INDIRECT EXPENDITURES								
Write Off of Exploration Expenses		-		-		7134857.84		315503413.68
Administrative Expenses		4152.50		182668.48		-		-
Winding up expenses		3000.00		131970.00		-		-
TOTAL EXPENDITURES		7157.50		314858.43		7147017.84		316041128.88
PROFIT BEFORE TAX		0.00		0.00		0.00		0.00
PROVISION FOR TAX		0.00		0.00		0.00		0.00
PROFIT AFTER TAX		0.00		0.00		0.00		0.00

Place : New Delhi
Date : 4th June 2005

Sd/-
(M R Pasrija)
Director/Secretary

Sd/-
(S K Patra)
Chairman/President/Treasurer



LUIT INDIA INC.

Notes to Accounts for the year 2004-05:

1. The Board of Directors of the Company decided to wind up the Company after completing all the required formalities under the laws of United States of America and seeking due approvals from the requisite authorities. Accordingly the Company has been dissolved on 31st December, 2004 and the certificate of dissolution dated 31st December, 2004 has been issued by the Office of the Secretary of State, The State of Texas, U.S.A. approving such dissolution.
2. Since the Company has been dissolved on 31.12.2004, the entire outstanding amount in the Share Capital account has been transferred to Oil India Ltd., being the 100% shareholder. The amount of US\$170.33 represents the amount payable to Oil India Ltd.
3. The balance in the Company's bank account # 429-205782-9 with Washington Mutual Bank, Bellaire Financial Center, 5104 Bellaire Boulevard, Bellaire, Texas 77401 is US\$170.33 as on 31st December, 2004 (the date of dissolution), which represents the amount payable to Oil India Ltd.
4. The Company had already written-off "Unsecured Loans" given by the parent company i.e. Oil India Limited, to the extent of US\$ 7,134,857.84 during the previous year ended 31st March, 2004. Since the Company has been dissolved on 31.12.2004, an amount of US\$7157.50 incurred during the year towards expenses of the Company for administrative and winding up expenses has further been adjusted from the "Unsecured Loan" provided by Oil India Limited.
5. This Statement of Accounts in United States Dollar has been converted at the exchange rate as on 31st December, 2004 (the date of dissolution of the Company)
6. The Financial Year for the Company in terms of US Laws is ending on 31st December, 2004. Since the Company is dissolved on 31/12/2004, the Statement of Account (in Dissolution) is prepared till that date only.
7. There is no requirement of audit for closely held companies in United States of America. Hence the financial statements as declared by the management of the Company is treated as final and no audit report is annexed.
8. The above statements are also treated as the Report of the Board of Directors of the Company.
9. Since the Company has been dissolved on 31-12-2004, the required statement under section-212 (i)(e) of the Companies Act, 1956 has not been furnished.

Place : New Delhi
Date : 4th June, 2005

Sd/-
(**M R Pasrija**)
Director/Secretary

Sd/-
(**S K Patra**)
Chairman/President/Treasurer

OIL INDIA LIMITED

Regd. Office : Duliajan, Distt. Dibrugarh, Assam 786602

ATTENDANCE SLIP

(THIS ATTENDANCE SLIP DULY FILLED IN IS TO BE HANDED OVER AT THE MEETING)

Name of the Member (In Block Letters) _____

Member's Folio Number _____

Name of proxy (s) (in Block Letters) _____
(to be filled in, if a Proxy attends instead of the member).

No. of Shares held _____

I hereby record my presence at the 46th Annual General Meeting of the Company held at Duliajan, Distt. Dibrugarh, Assam on Saturday the 10th day of September, 2005 at 10.30 A.M.

Member's/ Proxy's
Signature

(Tear Here)

OIL INDIA LIMITED

Regd. Office : Duliajan, Distt. Dibrugarh, Assam 786602

Folio No. _____

PROXY FORM

I/We of
..... being a member/members of Oil India Limited hereby appoint
..... of
..... or failing him
..... of

as my/our proxy to vote for me/us and on my/our behalf at the 46th Annual General Meeting to be held on Saturday the 10th day of September, 2005 at 10.30 A.M. or at any adjournment thereof.

Signed this day of 2005

Affix a 30 paise Revenue Stamp

Note : The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

CONTENTS

	Page No.
Notice	2
Directors' Report.....	4
Auditors' Report	28
Balance Sheet.....	33
Profit & Loss Account	34
Schedules forming part of Balance Sheet	35
Cash Flow Statement	67
Balance Sheet abstract and Company's General Business Profile	69
Accounts of Luit India Inc. (wholly owned subsidiary)	70

Annual General Meeting : 10 th September, 2005 Time : 10.30 A.M. Venue : Bihutoli, Duliajan, ASSAM - 786602
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