



ऑयल इंडिया लिमिटेड

(भारत सरकार का उद्यम)

**Oil India Limited**

(A Government of India Enterprise)



ANNUAL REPORT 2009-2010



**BOARD OF DIRECTORS****Functional Directors**

Shri N.M.Borah, Chairman & Managing Director  
 Shri T.K.Ananth Kumar, Director (Finance)  
 Shri B.N.Talukdar, Director (E & D)

**Government Nominee Directors**

Shri D.N.Narasimha Raju  
 Dr. (Smt.) Archana S Mathur

**Independent Directors**

Shri Vinod K. Misra  
 Shri Alexander K. Luke  
 Prof Sushil Khanna  
 Shri Arun K. Gupta  
 CA Pawan K.Sharma  
 Shri G.H. Amin

**Company Secretary**

Shri S.R.Krishnan

**Registered Office**

P.O.Duliajan,  
 Distt. Dibrugarh,  
 Assam – 786 602  
 Ph : 0374-2800427  
 Fax : 0374-2800522

**Corporate Office**

Plot No. 19, Sector – 16A,  
 Noida, Distt. G.B.Nagar,  
 U.P – 201301  
 Ph : 0120-2488333-47  
 Fax : 0120-2488310  
 Visit us at : www.oil-india.com

**Registrar and Share Transfer Agent**

**M/s Karvy Computershare Pvt. Ltd.**  
 (UNIT : OIL INDIA LIMITED)  
 Plot no. 17-24, Vittalrao Nagar, Madhapur,  
 Hyderabad-500081,  
 Tel No : 040-44655000 Fax No : 040-44655021  
 E-mail : einward.ris@karvy.com

**Bankers**

Allahabad Bank  
 Axis Bank  
 Canara Bank  
 Corporation Bank  
 HDFC Bank  
 ICICI Bank  
 IDBI Bank  
 Indian Bank  
 Indian Overseas Bank  
 Punjab National Bank  
 State Bank of India  
 Standard Chartered Bank  
 Syndicate Bank  
 United Bank of India  
 United Commercial Bank  
 Union Bank of India

**Statutory Auditors**

M/s.Chatterjee & Co.,  
 Chartered Accountants,  
 153, 3<sup>rd</sup> Floor,  
 Rash Behari Avenue,  
 Kolkata-700029

M/s. SRB & Associates  
 Chartered Accountants  
 5th Floor, IDCO Towers,  
 Janpath  
 Bhubaneswar – 751 022

**Cost Auditor**

Shri Chittaranjan Musib  
 M/s. Musib and Associates  
 803C, Techno Park II,  
 Thakur Village,  
 Kandivalli (E)  
 Mumbai – 400 101

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## OIL INDIA LIMITED

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

### NOTICE

NOTICE is hereby given that the 51<sup>st</sup> Annual General Meeting of the Shareholders of Oil India Limited will be held on Saturday, the 25<sup>th</sup> day of September, 2010 at 11.00 AM at Bihutoli, Duliajan, Distt. Dibrugarh, Assam–786 602, to transact the following business:-

#### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with Reports of the Auditors, Directors and Comments of the Comptroller & Auditor General of India thereon.
2. To confirm the payment of Interim Dividend for the financial year 2009-10 and to declare the Final Dividend for the financial year 2009-10 on the equity shares of the Company.
3. To appoint a Director in place of Shri A.K. Luke, Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Prof. Sushil Khanna, Director, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri A.K. Gupta, Director who retires by rotation and being eligible, offers himself for re-appointment.
6. To authorise Board of Directors to decide remuneration/fees of the Statutory Auditors of the Company appointed by the Comptroller & Auditor General of India for the financial year 2010-11.

By Order of the Board

**OIL INDIA LIMITED**

Sd/-

**(S.R. KRISHNAN)**

**COMPANY SECRETARY**

Place : NOIDA

Dated : 24.08.2010

#### **NOTES**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS/HER PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE DEPOSITED DULY STAMPED AND EXECUTED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.**
2. No person shall be entitled to attend and vote at the meeting as a duly authorized representative of a company or any other body corporate which is a shareholder of the Company, unless a copy of the resolution appointing him/her as a duly authorized representative, certified to be true, shall have been deposited at the Registered Office/Corporate Office of the Company at least 48 hours before the time fixed for commencement of the Meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 18.09.2010 to 25.09.2010 (both days inclusive). Final Dividend, if approved at the Annual General Meeting, will be paid to those Members whose names appear on the Register of Members/Beneficial Owners as per lists furnished by NSDL & CDSL as on 17.09.2010.
4. Members holding shares in physical form are requested to notify changes in address, if any, to the Company's Registrar and Share Transfer Agent (RTA).
5. Members seeking further information about the Accounts/Working of the Company are requested to write to the Company Secretary atleast 7 days in advance of the meeting so as to enable the Directors to keep the information ready for the meeting.
6. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting along with their copy of the Annual Report. No extra attendance slip and/or Annual Report will be provided at the venue of the Annual General Meeting.
7. The balance lying in the Unpaid Final Dividend Account 2002-03 of the Company will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 27<sup>th</sup> October, 2010. Members who have not encashed their dividend warrants pertaining to the said year may approach the Company for obtaining payments thereof at the earliest. Reminder letters to the respective members, whose names are appearing in the unpaid list of the Company have already been dispatched.
8. The ISIN for the equity shares of the Company is INE274J01014. Members, who desire to have their holding of shares dematerialized are requested to approach the Company's RTA through a Depository Participant.
9. In terms of Section 109A of the Companies Act, 1956, Members are entitled to make nomination in respect of shares held by them in physical form. Members desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Company's Registrar and Share Transfer Agent, M/s. Karvy Computershare Private Limited.
10. SEBI vide its Circular has made it mandatory to submit PAN for registration of physical share transfer / transmission requests.



**Details of Directors seeking Re-appointment at the ensuing AGM.**

| Name of Director   | Shri. A K Luke  |                          | Prof. Sushil Khanna   |                        | Shri A.K.Gupta  |  |
|--|---|--------------------------|---|------------------------|---|--|
| Date of Birth  | 04.08.1948  |                          | 05.07.1951  |                        | 21.07.1945  |  |
| Date of Appointment  | 30.07.2008  |                          | 30.07.2008  |                        | 30.07.2008  |  |
| Qualification  | <ul style="list-style-type: none"> <li>• Bachelor's degree in civil engineering from Indian Institute of Technology, Mumbai</li> <li>• Ex - IAS</li> </ul>  |                          | <ul style="list-style-type: none"> <li>• Bachelor's degree in Science.</li> <li>• Postgraduate Diploma in Management from IIM, Calcutta.</li> <li>• Fellow (PhD) of IIM, Calcutta.</li> </ul>   |                        | <ul style="list-style-type: none"> <li>• Bachelor's Degree in Science from University of Allahabad</li> <li>• He is Mechanical Engineer by profession and also a qualified Electrical Engineer and a Production Engineer</li> <li>• He has done Systems Management from Bajaj Institute of Management, Bombay University</li> </ul>   |  |
| No. of shares held   | NIL   |                          | NIL   |                        | NIL   |  |
| Experience in specific functional areas  | <p>He has 35 years of professional experience. He joined the Indian Administrative Service in 1975 and took voluntary retirement in 2006. During his years in the Government Service, he has served as Managing Director in various Companies including Gujarat State Fertilizer and Chemicals Limited, Gujarat Alkalies and Chemicals Limited, Gujarat Narmada Valley Fertilizer Limited, Gujarat Industrial Investment Corporation and Sardar Sarovar Narmada Nigam Limited. He was also the Chairman and Managing Director of the Kerala Minerals and Metals Limited and Travancore Titanium Products Limited.</p> |                          | <p>He has 38 years of professional experience in merchant banking and academics. He is a faculty member in the areas of Economics and Strategic Management at Indian Institute of Management, Calcutta. He is a Fellow (Ph.D) of IIM, Calcutta and also a member of the Board for Restructuring Public Sector Enterprises constituted by the Gol.</p> |                        | <p>He has 41 years of professional experience. Shri Gupta belonged to the Indian Railways Service of Mechanical Engineers and after 36 years of service retired as Chief Administrative Officer (Railways) DMW. He has had varied experience in operations, planning and management of rolling stock in various positions. He has worked as Executive Director, Railway Board, where he was in charge of Railways' efficiency. He has worked as Director, Heavy Industries in the Ministry of Industry as also with the Ministry of Defence as Executive Director (DR) RDSO. He has worked on the Boards of Directors of a number of public sector undertakings of the Govt. of India as also on a number of Project Advisory Boards and Governing Councils. Presently, he is working as advisor with RITES. He is a Member/Fellow of a number of Engineering and Management Institutes/Associations.</p> |  |
| Directorship held in other companies.  | Nil   |                          | <ul style="list-style-type: none"> <li>• Kerala Finance Corporation</li> <li>• Nicco Ventures Ltd.</li> <li>• Shipping Corp of India Ltd</li> </ul>   |                        | <ul style="list-style-type: none"> <li>• Xcellence Software Solutions Pvt. Ltd.</li> </ul>  |  |
| Membership / Chairmanship of the Committee of the Board of the companies on which they are Directors | OIL   |                          | OIL   |                        | OIL   |  |
|  | Chairman  | Member                   | Chairman  | Member                 | Chairman  | Member   |
|  | Human Resource Management Committee   | Share Transfer Committee | Business Development Committee  | Remuneration Committee | Share Transfer Committee  | Shareholders' / Investors' Grievance Committee |



## DIRECTORS' REPORT TO THE SHAREHOLDERS OF THE COMPANY

Dear Shareholders,

On behalf of the Board of Directors of the Company, I take great pleasure in presenting the 51<sup>st</sup> Annual Report on the working of the Company for the financial year ended 31<sup>st</sup> March, 2010 along with the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India.

Your Company has just completed its glorious eventful 50 years of its existence on 18<sup>th</sup> February, 2009 and is heading towards the century with renewed vision, commitment and dedication of all Oil Indians.

### 1.0 SIGNIFICANT HIGHLIGHTS

#### Initial Public Offering (IPO)

OIL IPO alongwith the disinvestment by Government of India has been a landmark and memorable event in OIL's illustrious history. OIL came up with a public offer of 2,64,49,982 equity shares, for cash consideration @ Rs. 1050 per share (Face value of Rs. 10 per share at a premium of Rs. 1040 per share) through 100% Book Building Method. The issue opened on September 7, 2009 and closed on September 10, 2009. It received an overwhelming response from the investors.

The listing of OIL Shares on the National Stock Exchange and Bombay Stock Exchange was a defining moment for all Oil Indians. All activities were meticulously planned and executed with clinical precision. It was a collaborative effort of all the members of the IPO Team which resulted in accomplishment of the various tasks undertaken.

#### Navratna Status

Your Company, which was a Category-I, Miniratna PSE since 1997, has scaled another height by acquiring the prestigious Navratna status during the first quarter of the current fiscal. The grant of Navratna status is in recognition of the tireless efforts and contribution of all the Oil Indians towards helping the nation in attaining hydrocarbon self-sufficiency and is expected to bring competitive advantages and support in its drive to eventually become a global giant.

#### Excellent MoU Rating

Your Company has been rated, "Excellent" in MOU for the year 2008-09 and is expected to be rated at the same level during 2009-10.

#### New Discoveries:

Your Company has made a total of six new hydrocarbon discoveries in Upper Assam basin during the year.

#### Heavy Oil Production in Rajasthan

Your Company has successfully produced heavy oil from two of the existing wells in Rajasthan with in-house expertise & efforts during the year, where some heavy oil reserves are locked up for want of appropriate technology.

#### Production and Sale

Your Company has set another record of achieving the highest ever production of crude oil and natural gas at 3.572 MMT and 2415 MMSCM respectively leading to the highest sales turnover of Rs.7905.55 crore during the year.

#### Profit after Tax (PAT)

The Company has set a new record of 20.76 % increase in PAT of Rs.2610.52 crore compared to the previous year.

#### Net Worth

Your Company continues to maintain the unique distinction amongst the operating giants in the N.E. Region with a steady growth in achieving a Net Worth of Rs.13,763.79 crore and earning a Profit After Tax of Rs 2610.52 crore despite allowing subsidy sharing discounts to the tune of Rs 1548.82 crore to PSU Oil Marketing Companies in the price of Crude Oil and LPG as per the administrative order of the Ministry of Petroleum and Natural gas.

#### Acreage

Your Company holds domestic and international acreages as follows:-

| Block Category           | Sq. Km. as on 31-03-2010 |
|--------------------------|--------------------------|
| <b>Nomination PEL</b>    | 5367                     |
| JV non-operated          | 6041                     |
| NELP operated            | 10903                    |
| <b>NELP non-operated</b> | 82175                    |
| Overseas operated        | 20570                    |
| Overseas non-operated    | 21086                    |
| <b>PML operated</b>      | 4809                     |
| Total                    | 150951                   |



Upto NELP VII we have participating interests in twenty-one blocks of which we are the operator in nine blocks.

In NELP VIII bidding round, your Company competed and bagged acreages for another nine blocks, PSCs for which have recently been signed with the Govt. of India. Of these nine blocks, we are the operator in three blocks of which one is offshore, one is onshore and we are joint operator in one deep water block and have a participating interest in the remaining six blocks.

In CBM IV bidding round, your Company competed and bagged acreage for one CBM block in North East India.

## 2.0 PERFORMANCE

### Physical Highlights

The performance in respect of the key parameters of the Company for the year ended on 31.03.2010 in comparison with the previous year is furnished below:

| SI No. | Item                   | Unit     | 2008-09 | 2009-10 | % increase / (decrease) |
|--------|------------------------|----------|---------|---------|-------------------------|
| 1      | Crude oil production   | MKLS     | 3.930   | 4.072*  | 3.61                    |
| 2      | Crude oil sales        | MKLS     | 3.929   | 4.094*  | 4.22                    |
| 3      | Natural gas Production | MMSCUM   | 2,269   | 2415*   | 6.43                    |
| 4      | Natural gas Sales      | MMSCUM   | 1,737   | 1,863*  | 7.21                    |
| 5      | LPG Production         | Tonnes   | 47610   | 44950   | (5.58)                  |
| 6      | Drilling               | Metreage | 115867  | 144862  | 25.00                   |

\* Highest ever for the company

### Status of Reserves

(a) The status of proved, developed oil reserves and proved gas reserves of the Company as at 31.03.2010 is as follows:

| Area of operation | Crude Oil                 |                     |                               |                           | Natural Gas               |                     |                         |                           |
|-------------------|---------------------------|---------------------|-------------------------------|---------------------------|---------------------------|---------------------|-------------------------|---------------------------|
|                   | Position as on 01.04.2009 | Additions/Revisions | Production Quantity (2009-10) | Position as on 31.03.2010 | Position as on 01.04.2009 | Additions/Revisions | Sale Quantity (2009-10) | Position as on 31.03.2010 |
|                   | (MMKL)                    | (MMKL)              | (MMKL)                        | (MMKL)                    | (MMKL-OE)                 | (MMKL-OE)           | (MMKL-OE)               | (MMKL-OE)                 |
| Assam-Arakan      | 35.1738                   | 4.2695              | 4.0283                        | 35.4150                   | 36.9910                   | 1.0080#             | 2.029                   | 35.9700                   |
| Rajasthan         | 0.0000                    | 0.0000              | 0.0000                        | 0.0000                    | 2.2000                    | 0.0131              | 0.2053                  | 2.0078                    |
| JVC-India *       | 3.1122                    | (0.0763)            | 0.1099                        | 2.9260                    | 0.0000                    | 0.0000              | 0.0000                  | 0.0000                    |
| <b>Total</b>      | <b>38.2860</b>            | <b>4.1932</b>       | <b>4.1382</b>                 | <b>38.3410</b>            | <b>39.1910</b>            | <b>1.0211</b>       | <b>2.2343</b>           | <b>37.9778</b>            |

\* To the extent of participating interest of the Company

# Reserves are based on the volume for which MoUs/Contracts have been signed with customers. Against the addition/revision of 1.0080 MMKL-OE during 2009-10, the geological accretion of natural gas during the same year is 4.9456 MMKL-OE.

### Financial Highlights

TABLE-I

(Rs. in lakhs)

|   | 2010          | 2009          |
|---|---------------|---------------|
| <b>INCOME</b>   |               |               |
| Sales   | 774856        | 713972        |
| Income from Transportation  | 15699         | 10173         |
| Other Income  | 93713         | 93718         |
| Other adjustments   | 1705          | (4075)        |
| <b>Total Income</b>   | <b>885973</b> | <b>813788</b> |
| <b>EXPENDITURE</b>  |               |               |
| Increase/(Decrease) In Stock                                      | 1057          | 1300          |
| Production, Transportation & Other Expenditure                    | 407290        | 396125        |
| Provision against debts, advances and other provisions/write-offs | 28272         | 37120         |
| Depletion   | 26281         | 20877         |
| Depreciation  | 21827         | 16808         |



|  | 2010   | 2009   |
|--|--------|--------|
| Interest & Debt Charges                          | 365    | 874    |
| Exchange Loss/(Gain)                             | (478)  | (615)  |
| VRS Compensation written off                     | -      | -      |
| Other Adjustments                                | 11262  | 2139   |
| Total Expenditure                                | 495878 | 474628 |
| Profit for the period / year                     | 390095 | 339160 |
| Prior Period items                               | 586    | 463    |
| Profit Before Tax                                | 389509 | 338697 |
| Provision for Taxation:                          |        |        |
| - Current Tax (Including Wealth Tax)             | 115982 | 118484 |
| - Tax for earlier years                          | 368    | -      |
| - Deferred Tax                                   | 12107  | 3431   |
| - Fringe Benefit Tax                             | -      | 614    |
|  | 128457 | 122529 |
| Profit After Tax                                 | 261052 | 216168 |
| APPROPRIATIONS:                                  |        |        |
| Interim Dividend @ 180 % (Previous Year – 150 %) | 43282  | 32101  |
| Tax on Interim Dividends                         | 7356   | 5455   |
| Final Dividend @ 160 % (Previous Year – 155 %)   | 38472  | 33170  |
| Tax on Proposed Dividend                         | 6390   | 5637   |
| Transfer to General Reserve                      | 165552 | 139805 |
| TOTAL  | 261052 | 216168 |

- a) The Shareholders' Funds as on 31.03.2010 was Rs. 13763.79 crore against long term loan amount of Rs. 37.50 crore giving a Debt: Equity Ratio of 0.0027:1 against 0.0061:1 in the previous year.
- b) Earnings per Share (EPS) had increased to Rs. 113.78 in 2009-10 compared to Rs 101.01 in 2008-09.

#### Dividend

Your Company paid an interim dividend @ 180 % (previous year 150%), based on the provisional financial trend of the Company. The Board of Directors is now pleased to recommend a final dividend @ 160% on the paid up capital making the total dividend of 340 % (Previous year 305 %) 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 1655.52 crore to the General Reserve.

### 3.0 DISCOVERY OF OIL AND GAS

The following oil and gas discoveries were made during the year.

#### South Tinali-2 (Loc. DGN)

The well South Tinali-2(Loc.DGN) located southeast of Shalmari field in the South Tinali Structure was drilled to probe the prospect within Tipam Formation. The well has encountered a few hydrocarbon bearing sands within Tipam Formation. This discovery has opened up a new area for exploration within Dumduma ML area.

#### Disaijan-1 (Loc. BGB)

The well Disaijan-1 (Loc. BGB) located to the north-east of Baghjan area was drilled as a vertical well on a fault closure to Disaijan structure to probe the hydrocarbon prospects within Paleocene-Lower Eocene Formations. The well has encountered few prospective sands within Narpuh, Lakadong + Therria and Langpar Formation. The discovery of oil in this well has opened up a new area for exploration within Baghjan ML area.

#### NHK-583- West Jaipur ( Loc. NKV)

The well NHK-583(Loc.NKV) located towards north-west of Jaipur Structure of Nahorkotiya Extension ML was drilled to delineate the limit of extension of the lower Tipam Formation. The well has encountered few hydrocarbon bearing sands within the Tipam and Barail formation.

#### Umatara -1 (Loc. DGG)

The exploratory well Umatara-1 (Location-DGG) located towards east of Shalmari field between Tinali and Jaipur structures in Dumduma Extension PEL was drilled to probe the prospect of Tipam Formation as well as Barail Formation.



### Hapjan-55 (Loc HRU)

This exploratory location was proposed to probe hydrocarbon prospects of Tipam and Barail formations of HJN-21 Block, lying to the south of main Hapjan structure under Hugrijan ML. The well has encountered a number of hydrocarbon bearing sands within Tipam & Barail Formation.

**Dhulijan (NHK-581)** : Location HTF (NHK-581) lies in Dhulijan structure to the south- west of Hapjan structure. The Dhulijan structure is an independent anticlinal closure bounded by two faults one at the south and one at the west. The well has encountered few hydrocarbon bearing sands within Tipam Formation.

## 4.0 INDIGENOUS PROJECTS (Nominated areas)

### RAJASTHAN BASIN

#### Jaisalmer PML area

Gas fields of Tanot, Dandewala & Bagi Tibba are lying within this PML. The gas produced in this area is being supplied to RRVUNL through GAIL (India) Limited's pipeline for generation of electricity. New gas supply agreement has been entered with RRVUNL with enhanced price of gas for supply @ 0.90 MMSCMD against the average current withdrawal level of approximately 0.654 MMSCMD over three years.

#### Baghewala PML area

Heavy Oil field of Baghewala is located in this PML area. We have a technological tie up with M/s Petroleos de Venezuela SA (PDVSA) of Venezuela for exploitation of this prospect. On completion of its Integrated Reservoir Study under phase-I, PDVSA indicated 53 MMT (Indicated Category) oil-in-place in upper carbonate and 78MMT(25 MMT-proved category) oil-in-place in lower Bilara + Jodhpur sand stone. In phase-II, the production efforts through steam injection had to be suspended due to teething problems encountered in surface facilities. Work over carried out by in-house effort in well (BGB-4) during August-October, 2009 produced 30 bbl / day of cold production. Subsequently, post work over Baghewalla-1(BGB-1) also flowed during February, 2010 with the assistance of Sucker Rod Pumping. A pilot well is planned in the future on whose success the development plan will be implemented.

### UPPER ASSAM BASIN

#### NORTH EAST FRONTIER PROJECT

##### Ningru ML: (Area: 540.668 SqKm)

The Mining Lease expired in November, 2003. MOP&NG accorded approval for re-grant of PML for another 20 years. However, Ministry of Environment and Forest directed State Government of Arunachal Pradesh(SGoAP) to obtain a fresh proposal from OIL in accordance with the provision of Forest Conservation Act, 1980 by paying Net Present Value (NPV) for diversion of the forest area covering the entire ML area for mining operation which is being contested by OIL. Since the matter is sub-judice, further drilling plans have been suspended.

##### Ningru ExtensionML: (Area: 75 Sq Km)

OIL applied for re-grant of Ningru Extension ML in June 2003. MoP& NG recommended re-grant of PML for another 20 years. Approval from SGoAP is still awaited. Since the matter is sub-judice, further activities have been suspended.

**Namsai** : (Area:370 sq km). The PEL validity was till April, 2010 and further extension has been applied for.

The well at North Kimchai-1 (NSA) was spudded-in during December, 2009. We have completed drilling to a depth of 5016 metres by end March, 2010. Presently we are arranging for production testing of the well.

**Namchik**: (Area:195 Sq Km). The PEL validity was till April, 2010:

The released well location at Namchik-1 (NCK) could not be drilled due to non availability of Forest Clearance, which is awaited from SGoAP.

**Deomali** (Area 113.50 sq km): The PEL is valid up to 03.04.2011. We are arranging to acquire fresh seismic data for generation of drilling prospects;

#### Brahmaputra River Bed

OIL had applied for grant of separate Brahmaputra River Bed (BRB) PEL for an area of 2754\* Sq Km on 09.08.2007 OIL plans to carry out 1,700 GLKM of 2D seismic survey in parts of river Brahmaputra in Upper Assam as a part of its hydrocarbon exploration activities. A few NGOs and Public Organizations had expressed their concern for the survey apprehending ecological imbalance in river Brahmaputra, particularly threat to river dolphins present in the river. MOP&NG formed a Multidisciplinary Advisory Group (MDAG) consisting of experts on the subject to study the various aspects and also to guide Oil India Limited (OIL). MDAG along with the expertise from Canada (M/s Jasco) is planning to undertake Impact Assessment Studies in two phases, which has however been deferred pending grant of the PEL.



### PELs under special dispensation

An extension of time was obtained to complete the work programs towards certain PELs granted on Nomination basis. The status of the same is furnished below:-

| Name of PELs       | Area (Sq Km) | Validity   | Status   |
|--------------------|--------------|------------|--|
| Dumduma Extn.(F)   | 19           | 05.05.2010 | Applied for ML conversion. Workover in progress at well North-Duarmara -1 ( Loc DFP)   |
| Dumduma Extn.(NF)  | 133          | 31.07.2009 | Applied for ML conversion  |
| Tinsukia*          | 480          | 05.07.2010 | Production testing is in progress at well Talap-3. 450.5 sq km of this area has been carved out and reapplied under the BRB PEL                        |
| Dirak              | 85           | 05.04.2011 | Civil work is in progress at location EA   |
| Murkongselek (NF)* | 449          | 05.10.2011 | Arranging for Environmental Clearance for Loc.MSD. This PEL and an additional area of 154.52 sq km has been carved out and reapplied under the BRB PEL |
| Jairampur          | 18           | 05.07.2010 | Arranging for spudding the well Jairampur 2  |
| Murkongselek (F)*  | 95           | 31.03.2007 | 76 sq km of this area has been carved out and reapplied under the BRB PEL. We are awaiting handover of Forest land in the remaining area               |
| Borhat             | 111          | 31.03.2009 | Applied for 2 years extension  |
| Dibrugarh*         | 427          | 31.03.2009 | 355 sq km of this area has been carved out and reapplied under the BRB PEL We have applied for 2 years extension for the remaining area                |
| Jairampur Extn     | 23.25        | 30.04.2007 | Pursuing with MOP&NG for extension   |
| Margherita         | 184          | 31.03.2009 | Pursuing with MOP&NG for extension   |
| Lakhimpur*         | 2100         | 20.12.2006 | 550 sq km of this area has been carved out and reapplied under the BRB PEL. This is being pursued with the MOP&NG for extension for the remaining area |
| Sadiya*            | 564          | 17.11.2006 | This PEL and additional area of 95 sq km has been carved out and reapplied under the BRB PEL   |
| Pasighat*          | 694.5        | -          | 58.74 sq km of this area has been carved out and reapplied under the BRB PEL and the remaining area has been surrendered                               |

### NELP BLOCKS / PRE-NELP BLOCKS

The Company, up to the end of NELP VII bidding round, is holding Participating Interest (PI) in a total of 21 NELP & 2 Pre NELP blocks as detailed below:-

#### NELP BLOCKS WITH OIL'S OPERATORSHIP

##### Upper Assam Basin

AA-ONN-2002/3 (Karbi Anglong NELP-IV)  
 AA-ONN-2003/3 (Sadiya NELP-V)  
 AA-ONN-2004/1 (Amguri NELP-VI)  
 AA-ONN-2004/2 (Dibrugarh NELP-VI)

In Karbi-Anglong 2D seismic survey resumed during December, 2009 subsequent to restoration of the normal working atmosphere in this insurgency prone area. The progress till March, 2010 end was about 82 GLKM. Similarly, in Sadiya 3D seismic survey resumed in December, 2009 and progress till March 2010 end was about 202 SQKM. In Amguri, the first well Amguri-1 (Loc.AMG-1) was completed without any encouraging result and currently the civil work on the second location is in progress. 2 nos. drilling locations in Dibrugarh block namely, Loc-A (DRA) and Loc.-C (DRB) have been released. Civil work is in progress at the first location DRA while the other location falls under the forest area for which clearance is awaited.

##### Assam-Arakan Basin

MZ-ONN-2004/1 (NELP-VI)

Despite difficult logistic and remote road connectivity, data acquisition through 2D survey is under progress. A total of 962 GLKM (403 GLKM in 2009-10) of data has been acquired so far. Interpretation of available 2D seismic data by M/s Fugro



Geosciences Limited is in final stage. Gravity Magnetic and Geodetic surveys are in progress. Parallel actions are on for hiring of a suitable drilling rig and associated services for drilling and testing 5 nos. exploratory wells in Mizoram, towards which, against a global EOI, a bidder's conference was held in Kolkata in February, 2010. Actions are in hand for hiring an international expert for project monitoring and expert support services.

#### **Mahanadi Basin**

MN-ONN-2000/1 (NELP-II)

In this Onshore block in Orissa, a well at location Sadhupur-1 was drilled during 2008-09 without success in Phase-II. The OC and MC have decided not to enter Phase-III and have relinquished the block.

#### **Krishna Godavari Basin**

KG-ONN-2004/1 (NELP-VI)

The 3D seismic survey commenced in March, 2010 and 38 Sqkm were acquired during 2009-2010. Scrutiny of offers received against EOI for hiring of drilling rig, associated services and consultancy services for well engineering and well site supervision have been completed. Pre-bid conference on civil related works was held on March, 2010.

#### **Rajasthan Basin**

We are presently operating in the following three blocks:-

RJ-ONN-2004/2, (NELP-VI)

RJ-ONN-2004/3 (Rachan NELP-VI)

RJ-ONN-2005/2) (Kalibhar NELP-VII)

Exploratory works in these blocks are at different stages as per the scheduled work program. Interpretation of 3D seismic data acquired in both NELP-VI blocks is in the final stage of completion. In addition, preparation for drilling the first well at location RBAE in the block RJ-ONN-2004/3 (NELP-VI) is in progress. Preparations for acquisition of 3D seismic data for the NELP-VII block are under progress.

During the year, the following three blocks have been surrendered due to low prospectivity after completion of committed MWP and post drilling evaluation.

RJ-ONN-2000/1 (Pinodah NELP-II)

RJ-ONN-2001/1 (Siyasar NELP-III)

RJ-ONN-2002/1 (Rajasar NELP-IV)

#### **NON-OPERATED NELP BLOCKS**

OIL with other consortium partners has held participating interest in 12 NELP blocks. Out of these, four blocks are in onshore areas in Assam and West Bengal basins, remaining eight blocks are in offshore (including deepwater) in the Mahanadi, Krishna-Godavari and Cauvery and Andaman basins as shown below. In all these NELP blocks exploratory works are in progress and are at different stages of Minimum Work Programme:

| Area      | Block         | Operator/(Operator's Participating Interest) | OIL's Participating Interest(%) |
|-----------|---------------|--|---------------------------------|
| Onshore   | AA-ONN-2001/3 | ONGCL(85%)                                   | 15                              |
|           | AA-ONN-2002/4 | ONGCL(90%)                                   | 10                              |
|           | AA-ONN-2005/1 | ONGCL(60%)                                   | 30                              |
|           | WB-ONN-2005/4 | ONGCL(75%)                                   | 25                              |
| Offshore  | KG-DWN-98/4   | ONGCL(85%)                                   | 15                              |
|           | KG-DWN-2002/1 | ONGCL(70%)                                   | 20                              |
|           | KG-DWN-2004/5 | ONGCL(50%)                                   | 10                              |
|           | KG-DWN-2004/6 | ONGCL(60%)                                   | 10                              |
|           | CY-DWN-2001/1 | ONGCL(45%)                                   | 20                              |
|           | MN-OSN-2000/2 | ONGCL(40%)                                   | 20                              |
| Deepwater | MN-DWN-2002/1 | ONGCL(70%)                                   | 20                              |
|           | AN-DWN-2005/1 | ONGCL(90%)                                   | 10                              |

#### **Assam-Arakan Basin**

Works in AA-ONN-2001/3 & AA-ONN-2002/4 were suspended due to problems arising out of an acreage demarcation dispute between two States in case of the former and due to Forest department instructions in case of the latter. In case of AA-ONN-2005/1 the PEL is awaited.



### West Bengal Basin

In WB-ONN-2005/4 legacy geoscientific data of the block has been studied. Currently acquisition of 3D seismic data is in progress.

### Mahanadi Basin

MN-OSN-2000/2: Declaration of Commerciality (DOC) was submitted on 22.12.2009. Review of DOC by DGH is in progress.

MN-DWN-2002/1 : Arrangement for drilling of exploratory well MDW#9 (TD 6500 m;WD 2549 m) by Rig DDKG -1 is in progress.

### Krishna-Godavari Basin

In KG-DWN-98/4. MWP in all phases has been completed. Three dry wells have been drilled to date. Review is in progress.

In KG-DWN-2002/1 Phase –I MWP has been partly completed as only one well (dry) out of four could be drilled due to rig moratorium.

In KG-DWN-2004/5 2D acquisition and processing is completed. Interpretation of 2D seismic data is in progress as per program.

In KG-DWN-2004/6 2D Seismic data acquisition and processing has been completed. Interpretation of 2D seismic data and 3D acquisition is in progress as per program.

### Cauvery Basin

In CY-DWN-2001/1, MWP has been completed except drilling of the third well due to rig moratorium. Two wells drilled were dry.

### Andaman basin

In AN-DWN-2005/1, arrangement of acquisition of 2D seismic and GM data in the block is in progress.

### PRE-NELP BLOCKS

#### AAP-ON-94/1 (1998)

M/s Hindustan Oil Exploration Ltd (HOEC) is the operator and OIL has a participating interest of 16.129% with further carried interest of 30%. The block has Dirak Discovery (Area–14 Km<sup>2</sup> & Pay– about 100 m). 3D API has been completed during fiscal 2010 and three additional prospects have been identified. Appraisal wells are planned to be drilled. A 2000 HP drilling rig is being hired for the program.

#### GK-OSJ-3 (2001)

Reliance Industries Ltd (RIL) is the operator for this offshore block and OIL has a participating interest of 15%. Work has been suspended due to rig moratorium.

## 5.0 PRODUCTION SHARING CONTRACT (PSC)

### Kharsang Oil Field In Arunachal Pradesh

The Company with a Participating Interest of 40%, entered into a PSC with the 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 98583 tonnes during 2009-10 (previous year 66,099 tonnes) of Crude oil. 3D seismic API is nearing completion and exploratory drilling of one well to probe the deeper prospects in the Tipams is planned for fiscal 2011.

## 6.0 INORGANIC GROWTH

### Venezuela:[ SA(PDVSA)-60%, OVL-11%, IOCL-3.5%, OIL-3.5%, Rapsol -11%, PETRONAS-11%]

Your Company has recently acquired 3.5 % of Participating Interest in a Mixed Company to be formed with CVP, a subsidiary of state oil company, PdVSA, Bolivarian Republic of Venezuela. The Mixed Company will be responsible for developing two blocks, Carabobo -1 North & Central, of Extra Heavy Oil in Orinico heavy oil belt. A consortium of ONGC Videsh Limited, Indian Oil Corporation Limited, Oil India Limited, Repsol and Petroliam Nasional Berhad (collectively, the "Consortium"), was selected by the Government of the Bolivarian Republic of Venezuela during February 2010 for awarding a 40% ownership interest, which will develop the Carabobo 1 Norte and Carabobo 1 Centro blocks located in the Orinoco Heavy Oil Belt, Venezuela. The Corporacion Venezolana del Petroleo ("CVP"), a subsidiary of Petroleos de Venezuela S.A. ("PDVSA"), Venezuela's state oil company, will hold the remaining 60% equity interest. The formal contract was executed on 12 May, 2010.

A wholly owned subsidiary of OIL has been created at Sweden named as OIL INDIA SWEDEN AB (OILSWED). OILSWED has 50% share in a joint venture created with IOCL at the Netherlands named INDOIL NETHERLANDS BV (INDOIL). INDOIL will hold 7% in the Mixed company at Venezuela (3.5% of OIL and 3.5 % of IOCL). The liabilities of INDOIL will equally be shared with IOCL.



OILSWED is also in the process of creating a wholly owned subsidiary at Cyprus for extending the loan facilities under the Carabobo Project to INDOIL.

Wells are intended to initially produce "cold" and then with thermal recovery methods. The crude oil thus produced will be diluted, treated and transported through pipeline to the industrial complex at Soledad, in the south of the state of Anzoategui, where it will be processed in an upgrading plant to recover diluents and generate an upgraded crude oil. The upstream production facilities are expected to produce around 400,000 barrels per day of heavy oil of which approximately 200,000 barrels per day will be upgraded into light crude oil and mixed with the remaining 200,000 barrels as final product. The license term will be for 25 years with the potential for a further 15 year extension. The project costs are estimated at US\$ 15 - 20 Billion dollars.

**Iran:** Exploration Service Contract- Farsi Offshore [OVL 40%, (operator), IOCL 40%, OIL 20%]

Gas Commerciality for Farzad-B area has been approved by National Iranian Oil Company (NIOC). OVL has submitted a draft Master Development Plan (MDP) to Iranian Offshore Oil Company (IOOC) and the second round of negotiation on the draft plan and Development Service Contract was held in December, 2009 at New Delhi. Another round of discussion/ negotiations is held up for acceptance of MDP by NIOC and additional proposed changes expected to be incorporated soon.

**Sudan:** Product Pipeline [OVL-90 %, (operator) & OIL -10 %]

Further to completion of the product pipeline, the consortium has received two instalments during the year from MEM, Sudan, totalling nine instalments so far out of eighteen instalments.

## 6.1 OPPORTUNITIES FOR INORGANIC GROWTH

As part of continuous efforts on inorganic growth , your Company has been continuously scouting /evaluating various up-stream opportunities and presently is actively pursuing producing properties in Australia, Russia, Kazakhstan and Italy .

## 7.0 EXPLORATION PROJECTS OVERSEAS

**Libya:** Area 86 , and Block 102/4 [OIL-50%(Operator) & IOCL- 50%]

OIL as operator of the consortium has completed the 2D and 3D seismic API of both the acreages. The first well has since been completed . The well failed to encounter commercial hydrocarbons and was abandoned. The drilling of the second well in the area is in progress. Drilling phase of Block 102(4) will start after completion in Area 86.

**Libya:** Area 95/96 [Area 95 ,96( 4 blocks)] [Sonatrach-50% (Operator),OIL-25% & IOCL -25%]

Currently, 2D and 3D seismic survey acquisition are in progress.

**Gabon:** Block Shakti [OIL-45% (Operator), IOCL-45% & Marvis Petroleum-10%]

OIL as operator of the consortium has so far completed acquisition of 2D seismic data of about 1000 GLKM in the area. Interpretation of processed 2D seismic data is in final stages. Arrangements are in hand for carrying out 3D seismic survey in the area.

**Nigeria:** Block OPL-205 [JV M/s Suntera Nigeria 205 Ltd.-70%(Operator ) & M/s Summit Petroleum(30%)]

OIL has 25% equity holding in M/s Suntera Nigeria 205 Ltd. along with Suntera Resources Ltd.(50%) and IOCL(25%).

M/s Suntera Nigeria 205 Ltd.holds 40% participating interest and further 30% economic interest in Block OPL-205 .

The JV has since drilled 1 well Otein -2 inside the acreage as part of the work commitment. The well failed to encounter hydrocarbons and was abandoned. Subsequently, based on the presence of existing gas/condensate discovery within the block, the lease area has been converted as OML 142 .However formal decree from Nigerian Government is still awaited.

**Yemen:** Block Nos. 82 & 83 [Medco Energi-38.25 % (Operator), Kuwait nergy-21.25%, OIL-12.75%, IOCL-12.75%, YOGC -15%]

The PSC agreement with Yemen government was executed in April, 2008 and has been approved by the Yemen Parliament in February 2009. Actions are on hand by the operator to commence the MWP commitments of the blocks.

**Timor- Leste (East Timor):** Area-K [Reliance Energy Limited-75% (Operator),OIL-12.5%, IOCL-12.5%]

The Farm-in-agreement was executed during June, 2008. As part of MWP, the operator has already completed the API of 1300 sq km 3D seismic data. Drilling of the commitment well is expected in the early part of third quarter of 2010.

**Egypt:** Block Nos. 3 & 4 (GRPC-50% & operator, OIL -25% and IOCL – 25%)

OIL in consortium with GSPC and HPC was successful in winning 2 blocks offered by GANOPE, Egypt. The draft agreement has been forwarded to GANOPE. The Consortium is waiting for signing of the PSC to commence the committed work programme.



## 8.0 OTHER PROJECTS

### Coal Liquefaction Project

Final report towards the feasibility study by M/s. Headwaters CTL (HCTL), USA was submitted in July, 2009 and after deliberations, HCTL team made a presentation to OIL in December, 2009. LOA was issued during April, 2009 for preparation of Short DFR / PFS by EIL for setting-up a 10,000 bpd capacity commercial CTL plant. The Draft PFS, since submitted to OIL, is under examination. Syncrude, derived from Assam coal during Phase-II studies, has been sent to IOCL-R&D, laboratory at Faridabad for product evaluation and characterization study. This study is essential to upgrade the products to marketable specification. The study is in progress at Faridabad.

## 9.0 - Crude oil production:

OIL has been maintaining an increasing trend in indigenous crude oil production in the recent past. A number of measures in its main producing fields in Assam and Arunachal Pradesh are underway to increase productivity. A few of them are listed below:-

**Dehydration Plant, Moran CTF:** Construction work has been completed in all respects and commissioning is expected during 2010-2011.

**OCS Bhogpara:** The Contract for construction of the tanks deferred due to litigation resulting in delay; however, activities are expected to commence during 2010-2011.

**Additional EPS at Barekuri and at Makum:** All materials have been procured for respective EPSs. Currently, land acquisition and contract preparation is in progress for both and construction is expected to commence during 2010-2011.

**Pipeline-8 inch x 42 Km (Crude Oil):** Baghjan to Secondary Tank farm (TF), Duliajan. Material procurement and receiving is in progress. Simultaneously, the laying contract is under finalization and expected to commence execution during 2010-2011.

**State-of-art OCS at Barekuri:** Land acquisition has been completed and the area is being developed. Contract preparation is in progress. Construction is expected to commence during 2010-2011.

**Storage capacity augmentation ITF at Tengakhat:** Tender for construction contract was floated but single bidder quoted unreasonably higher than our internal estimates. Hence the tender was cancelled and is being re-floated. Construction job is expected to commence in 2010-2011.

### - Natural Gas Production

OIL is presently producing on an average around 6.0 MMSCMD of natural gas from its Upper Assam & AP fields to meet its internal requirements and market commitment of approx 5.0 MMSCMD. OIL has committed to supply 1.0 MMSCMD natural gas to Numaligarh Refinery by 2010 and 1.35 MMSCMD of Natural Gas (feedstock fuel) to Brahmaputra Cracker and Polymer Ltd. by April, 2012. A number of actions are underway for development of the gas production potential and infrastructure development for collection and distribution network involving considerable investments. It is planned to enhance production potential from the present level to nearly 10.0 MMSCMD in the north-east mainly from non-associated gas source by additional drilling and work over to meet the future requirement of natural gas and to compensate for calorific value to consumers in post-cracker scenario and the cushion gas required for operational flexibility. In order to meet the demand the Company has initiated various time bound actions for development of Non-Associated Gas fields and distribution network infrastructure. A few of them are listed below:

**Gas Infrastructure Development:** Drilling of development gas wells, conversion of wells to gas wells through work over, de-bottlenecking pipeline network system and augmentation of compressor capacity for optimum utilization of available gas thereby reducing gas flaring to a minimum.

Construction of Gas Gathering Station

Construction of a Central Gas Gathering Station (CGGS) at Madhuban ( well 50), Duliajan is in progress including a few Field Gas Gathering Stations (FGGS) for N.A. gas well production.

Development of gas network for supply of natural gas to BCPL.

Pipeline (Natural gas)-16 inch x 37 Km Baghjan to well 50, Duliajan. Material procurement and its receipt is in progress. Simultaneously, the contract is nearing finalization and is expected to commence execution in 2010-2011.

Pipeline (Natural gas)-16 inch x 20KM Chabua to Madhuban (well 50), Duliajan. Material procurement and its receipt is in progress. At the same time, contract is nearing finalization and is expected to commence execution in 2010-2011.

Pipeline - 6" dia x 60 Km: Gas pipeline from Kumchai to Dumduma to evacuate the flared gas at Kumchai is planned.

### - Liquefaction of Natural Gas

Since the discoveries made in recent past are located in remote areas, though the crude oil production can be transported by browsers to the proximate processing facilities, the utilization of associated gas is not possible due to the non- availability of local consumers in those remote areas and evacuation through long distance pipeline is not a viable solution due to the



small volumes. In order to utilize and monetise the associated gas and obviate flaring and ensure abatement of harmful effects of greenhouse gas emissions, it is envisaged to establish a commercially viable and proven small scale Liquefied Natural Gas (LNG) plant as a pilot project at Mechaki-II including establishment of associated facilities like LNG Storage, LNG Transportation, Transportation of intermediate fraction produced during the liquefaction process along with re-gasification plant. Based on the success of this small scale LNG plant, OIL may consider extending the technology to its other fields. Since there is no market of LNG in the area, the LNG will be re-gasified and injected into the proximate gas grid. In this context bidders conference has been held with eleven parties and the tender will be floated shortly. The plant shall be commissioned within a period of 2 years from the date of issue of LoI.

#### **- Exploitation of Shale gas**

OIL has also initiated the process of examining the prospect for exploitation of shale gas opportunities in the North Eastern Region towards which actions are at hand for appointment of a consultant and collection of data from GSI.

### **10.0 VIGILANCE**

Honesty, Integrity & Transparency are the foundation stones of a trust worthy society. To propagate this paradigm a number of vigilance awareness programmes and seminars were conducted across the organization in order to inculcate commitment to values and redefine the role and responsibilities of the line managers in vigilance activities. Also a booklet on the same was released.

### **11.0 QUALITY ASSURANCE AND CUSTOMER DELIGHTING**

OIL's improved quality control initiatives in the recent past, by construction of Intermediate Tank Farm with dehydration facility, have helped to considerably bring down the BS&W content in delivered crude to the refineries to an acceptable level. A secondary tank farm with similar dehydration facilities is under construction stage and likely to be operational from 2012 when the current level of BS&W is expected to match with the international standards.

### **12.0 RESEARCH AND DEVELOPMENT**

The Company gives great importance in 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.

### **13.0 INDUSTRIAL RELATIONS**

Harmonious and cordial relations were maintained with the employees' recognized Union. The employees' Union has extended full co-operation and actively participated with the Management in sorting out employees' problems and grievances. There was no incidence of man days loss by unionized employees due to industrial relations problems.

### **14.0 IMPLEMENTATION OF OFFICIAL LANGUAGE**

In pursuit of Official Language Act/Rules of the Govt. of India efforts are continuing towards increased use of Official Language Hindi in official work. Hindi Workshops were conducted from time to time so as to enable officers and employees to work in Hindi conveniently and efficiently. Employees were encouraged through incentive schemes to attend Hindi Training Classes, Assamese Classes and to communicate in Hindi. Hindi Prabodh, Praveen and Pragya, and Assamese training classes were arranged for executives/employees of OIL and other member organizations of TOLIC, Duliajan. The Company's in-house Journal, "OIL News" was published in Assamese/Hindi & English. The Hindi Magazine "OIL KIRAN" was published exclusively to cover all activities related to Implementation of Official Language and to promote Hindi amongst the employees and the public.

### **15.0 AWARDS**

Your Company was accorded recognition for its meritorious services to its stakeholders as follows:-

#### **North East Excellence Award**

Oil India Limited has been conferred with the "North East Excellence Award" for large enterprises by the Indian Chambers of Commerce at the North East Business Summit in Kolkata on 8<sup>th</sup> January, 2010.

#### **Heavyweight Miniratna PSU award**

Oil India Limited received the "Heavyweight Miniratna" PSU award at the 2nd Dalal Street Investment Journal PSU Award 2010 ceremony at New Delhi.

#### **Rupkar Bota**

Shalmari-Dighalia Juva Sangha, an active youth club under Tingkhong Revenue Circle in Dibrugarh District in appreciation of and genuine gratitude to OIL for the CSR projects (with special focus on the ongoing Project Rupantar) presented a special award named "*Rupkar Bota*" to OIL.



## Rashtriya Rajbhasha Patrika Shield

In recognition of the remarkable work regarding propagation of progressive use of official language Hindi and its implementation by generating wide interest amongst Hindi readers, OIL's in-house Hindi magazine, 'OIL KIRAN' was conferred a special honour and appreciation by awarding RASHTRIYA RAJBHASHA PATRIKA SHIELD SAMMAN 2009 by Rashtriya Hindi Academy, Rupambara.

## 16.0 RECOGNITIONS

Oil India Hospital (Duliajan) has been recognized as a study centre for the 'Certificate Course in Healthcare Waste Management' by Indira Gandhi National Open University (IGNOU). This is the only PSU-hospital in the North-East to get this recognition. Doctors, nurses, paramedics, health-managers and other professional workers of any discipline with minimum 10+2 academic qualification can apply for this certificate course of six month duration. The programme will impart knowledge to the participants in biomedical waste management not only to prevent spread of diseases but also to preserve our environment and familiarize them on the current laws and practices. This will also increase job opportunities for the local people.

## 17.0 CORPORATE GOVERNANCE

As stipulated under Clause-49 of the listing agreement, the Management Discussion & Analysis Report and the Corporate Governance Report have been incorporated as separate sections forming part of the Annual Report.

The Company also complies with the corporate governance guidelines enunciated by the Department of Public Enterprises, Government of India, for Government Companies, which has been duly certified by M/s R & D Associates, Practising Company Secretaries.

The Board has enunciated a code of conduct for the Directors and Senior Management of the organization, which has also been hosted on the website. The same has been circulated to all concerned, who have affirmed compliance with the code of conduct.

## 18.0 CHANGES IN THE BOARD OF DIRECTORS

Shri Ashok Anand, Directors (HR&BD) superannuated from the services of the Company on 30<sup>th</sup> April, 2010. The Board wishes to place on record its sincere appreciation of his valuable contribution to the Company.

Shri S.K. Srivastava was appointed as Director (Operations) on the Board of OIL on 01.10.2009. In terms of orders of GOI, MOP&NG letter no. O-32011/1/2008-ONG-I(pt-II) dated February 24, 2010, he was appointed as Director General (DG), Directorate General of Hydrocarbon (DGH) on deputation basis. In terms of the above Orders, Shri S.K. Srivastava was relieved from the post of Director (Operations), Oil India Limited with effect from 25.02.2010 (A.O.H).

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri. A. K. Luke, Director, Prof. Sushil Khanna, Director and Shri. Arun Kumar Gupta, Director retire by rotation and being eligible, offer themselves for re-appointment.

Brief resume of the Directors seeking Re-appointment, together with the nature of their expertise in specific functional areas and names of the companies in which they hold the directorship, number of shares held and the membership/ chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement are given in the notice convening the 51<sup>st</sup> Annual General Meeting of the Company and form part of the Annual Report.

## 19.0 STATUTORY REQUIREMENTS

Section 274(1)(g) of the Companies Act, 1956 is not applicable to the Government Companies. However, none of the Directors of your Company is disqualified as per provisions of Section 274 (1) (g) of the Companies Act, 1956. Your Directors have made necessary disclosures as required under various provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Information as required under Section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure I forming part of this Report. Details of the Employees who 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 from time to time) are attached as Annexure II.

## 20.0 STATUTORY AUDITORS

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India (C&AG). M/s S R B & Associates, Chartered Accountants, Bhubneshwar and M/s Chatterjee & Co., Chartered Accountants, Kolkata were appointed as Joint Statutory Auditors for the financial year 2009-10.

The Auditors' remuneration for the year 2009-10 has been fixed at of Rs.8,00,000.00 (Rupees eight lakhs only) each plus travelling and out-of-pocket-expenses, if any, in addition to the aforesaid amount for carrying out the statutory audit for the year 2009-10

Comments of the C&AG forms part of this Report. There is no qualification in the Auditors' Report and there are no supplementary comments by C&AG under section 619(4) of the Companies Act, 1956. Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.



### 21.0 COST AUDITORS :

Pursuant to the direction of the Central Government for Audit of Cost Accounts, your Company appointed M/s Musib & Associates, Cost Accountants, for auditing the cost accounts of your Company for the year ending 31<sup>st</sup> March, 2011.

### 22.0 DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) In the preparation of the annual accounts for the financial year ended 31st March, 2010, all applicable accounting standards had been followed, along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31.03.2010 and of the profit of the Company for the year ended on that date;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the accounts for the financial year ended 31st March, 2010 on a 'going concern' basis.

### 23.0 ACKNOWLEDGEMENT

With the initiatives through the renewed Vision of enlarging the Company's contribution and with our combined zeal, commitment, experience and expertise, your Directors look forward to another year of fruitful operations combined with an overall improvement in efficiency during the year 2010-2011.

Your Directors acknowledge the guidance and support of the Ministry of Petroleum & Natural Gas, all other Ministries and agencies in Central and State Governments. Your Directors express their gratitude and thanks to the Shareholders, Customers, Suppliers and other business partners/associates for their continued co-operation and patronage.

Your Directors wish to place on record their deep sense of appreciation for the devoted services of all Oil Indians for its success.

For and on behalf of the Board of Directors

Sd/-  
**(N.M. Borah)**  
**Chairman & Managing Director**



## PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

### A. ENERGY CONSERVATION

#### 1.0 Conservation Of Crude Oil

A total quantity of 8211.3 KL of Crude oil was saved /retrieved from different operational activities during the year under review by adopting the following measures:

- Use of Oil Soluble Demulsifiers (OSD).
- Use of dual fuel (Natural Gas and Crude Oil as fuel) engine in Crude Oil. Dispatch Pumps in PS-1 & PS-2 since natural gas is available.
- Regular & proper maintenance of Crude Oil Transportation Trunk/ Branch Pipelines to minimize pumping power requirement. This is further reduced by treating the crude oil with flow improver chemical / heat treatment.
- Water Clarification Plant and use of De-Oiler.
- Retrieved from various pits and sumps.

#### 2.0 Recovery of Condensate

The total volume of condensate recovered from the following work spheres during the year was about 208996.160 KL which in terms of revenue amounts to Rs.36166.18 lakhs (approx.)

- By the operation of Condensate Recovery Plant (CRP) at Moran, a total quantity of 3070 KL condensate was recovered.
- From Duliajan field 178522 KL of condensate was recovered..
- From Rajasthan project 126.160 KL of condensate was recovered.
- 27278 KL of condensate was recovered from LPG Plant.

#### 3.0 Conservation of Natural Gas

**3.1 Reduction in 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 a substantial amount of natural gas was saved during the year 2009-10.

- 3.2 By re-commissioning of 1 No. motor driven Low Pressure Booster Compressor Package, 2500 SCUM of natural gas was saved.
- 3.3 By commissioning of new 12" dia distribution pipeline from Hapjan to Nagajan thereby 100000 SCUM of natural gas was saved.
- 3.4 By laying of 100 mm distribution pipeline from Mechaki to Tiupuk there was a saving of 38000 SCUM of natural gas during the year 2009-10.
- 3.5 Natural Gas saved in DND-GPC (Glycol Reboiler) was to the tune of 4.45607 MMSCUM in the Rajasthan Project.
- 3.6 In Moran oilfields 1.2 MMSCUM of natural gas saved by using 0.7 Kg./sq cm Stabilizer gas which was normally flared.

#### 4.0 REDUCTION OF GAS FLARE

- 4.1 About 1.2 MMSCUM very low pressure gas was used as housing fuel instead of diverting it to OCS flaring at Moran fields.
- 4.2 Approximately 38000 SCUM of high pressure natural gas flare avoided at well Mechaki 2 by supplying gas through 100 mm NB distribution line to AGCL.
- 4.3 Approximately 100000 SCUM of natural gas flare avoided by commissioning new 12" distribution line from Hapjan to Nagajan.
- 4.4 The SCADA project commissioned on 15 March 1998 is presently being used to control the gas flare, accurate gas measurement, monitor consumption of gas as fuel in both OCSs and GCSs and for maximum utilization of produced gas, etc.

#### 5.0 Conservation of Electricity

- 5.1 Replacement of GLS bulbs with CFL lamps in Rajasthan Project.
- 5.2 A total of 163 Nos. of 1.5 Ton energy efficient window ACs with rotary compressors in residential complex let to an estimated energy saving of 215942.4 kwh.
- 5.3 A total of 80 Nos. energy efficient electronic ballasts in Duliajan resulted in an energy saving of 1832.008 kWh.
- 5.4 A total 12 Nos. of 20 W CFL at Moran saved 175.2 kWh.
- 5.5 Use of gas for preparing distilled water instead of conventional electric boilers resulted conservation of 1920 kWh
- 5.6 Due to incorporation of capacitor panel a reduction of 2% electrical energy in LPG plant.

**6.0 CONSERVATION OF DIESEL (HSD)**

Total quantity of about 1671192 KL (amounts to about Rs 543.14 lakhs) of diesel has been conserved during the year under review by adopting the following measures:

- 6.1 Use of solar lighting at Tanot-GGS (Rajasthan) & Pilot Plant at Baghewala (Rajasthan), resulted in saving of 2.84 KL of HSD.
- 6.2 By using PDC Bits which cuts down the round trip time and resulting in reduction of the rig hours consequently there is considerable reduction in HSD consumption.
- 6.3 By adopting and continuing cluster drilling techniques, consumption of fuel (particularly HSD) is reduced considerably. Rig dragging were carried out at five different locations whereby a rig was moved onto next cluster location without any rigging down operation. This additionally eliminates rig movements which resulted in considerable saving in HSD consumption.
- 6.4 By adopting Horizontal Drilling technique, three full plus three part horizontal well were completed. Production from a horizontal well is three times than that of a conventional well thereby saving in construction cost of two well as well as considerable saving in HSD consumption.
- 6.5 By using motor driven hydraulic power unit instead of engine driven hydraulic power unit for torque up casings during drilling operation resulted in considerable saving in HSD consumption.
- 6.6 By using nearest available sources for Workover and Water Disposal Wells at 5 Nos. of locations saved substantial amount HSD.
- 6.7 Average specific fuel consumption of Rig operations has been lowered by the use of CFL in the mast structures of AC-SCR Rigs.
- 6.8 By installing 12 Nos. of Tadger in power pack engines reduced fuel consumption by 5% of the normal value.
- 6.9 2 Nos. of Gas Gen sets at Chabua – 3 EPS has resulted in conservation of 18.25 KL HSD
- 6.10 Proper maintenance and judicious/optimum use of engines, vehicles and other fuel consuming equipment has resulted in substantial savings of HSD.

**6.11 Utilisation of Non-Conventional Energy**

- 6.12 A total of 5483.52 KWH equivalent electrical energy was saved by using Solar Voltaic Cells for MART Terminals.
- 6.13 Maintaining and using PV Cells for area lighting at GGS resulted in significant saving of HSD.
- 6.14 Monitoring the JVVNL power consumption with power factor improving capacitor at TVC instead of running DG Set led to conservation of HSD.
- 6.15 The Solar Lighting System at GGS were well maintained as non-conventional and renewable sources of energy and an estimated amount of 2340 Ltrs. HSD has been saved.
- 6.16 2 Nos. Solar Generating sets were installed in 2 Work over Rigs which conserved approx. 5040 Ltrs. of HSD.
- 6.17 Installation of Solar System in Jorajan Magazine House for area lighting was completed in July, 2009.
- 6.18 Installation of Solar Distilled at New IC Shop was completed in 2009.
- 6.19 Installation of Solar Water Heating System in F Type b"lows at Duliajan was completed in July, 2009.
- 6.20 Deployment of MIRUS ring in COD line and flow lines will eliminate burning / heating like the existing field indirect heaters.

**7.0 Additional Investment and Planning**

The following are the energy conservation projects OIL has planned to undertake in future:

- 7.1 14 Nos. of Tadger are to be procured in this F.Y.
- 7.2 Procurement of 6 Nos. fuel efficient Caterpillars Engines has been initiated as replacement for existing D-399 Caterpillar Engines.
- 7.3 2 Nos. CTU, 2 Nos. of non-fired NPU and 2 Nos. of HOPU are being procured.
- 7.4 By laying 16" gas distribution line from Baghjan EPS an estimated saving of Rs.5 lakh may be achieved.

**B. TECHNOLOGY ABSORPTION**

Necessary information regarding disclosure of particulars with respect to technology absorption, adoption and innovation are furnished in "FORM B"

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs in lakhs)

|                                      | 2009-10      | 2008-09  |
|--------------------------------------|--------------|----------|
| <b>(i) Foreign Exchange Earnings</b> | <b>18.74</b> | 5.74     |
| <b>(ii) Foreign Exchange Outgo</b>   | <b>45514</b> | 34897.59 |



## FORM A

## CONSERVATION OF ENERGY AS WELL AS COST REDUCTION ACHIEVED THEREOF DURING THE YEAR 2009-10

| Sl. No.    | Form of Energy  | Unit        | Conservation achieved |                               | Approx. Amount Rs. in lakh |
|------------|---|-------------|-----------------------|-------------------------------|----------------------------|
|            |   |             | Qty                   | Eqv. KWH                      |                            |
| <b>1.0</b> | <b>H.S.D.</b>   |             |                       |                               |                            |
| 1.1        | By carryout of Horizontal Drilling in 4 Full & 1 Part wells   | KL          | 1080                  | 9720000                       | 351.00                     |
| 1.2        | By Rig Dragging in Clustered Wells  | KL          | 22.40                 | 201600                        | 7.28                       |
| 1.3        | By using New/DH PDC bits in Drilling of wells.  | KL          | 310.50                | 2794500                       | 100.91                     |
| 1.4        | By using electrically operated motor driven Hydraulic Power Unit instead of Engine Driven Units for casing torque up. | KL          | 12.40                 | 111600                        | 4.03                       |
| 1.5        | By using non-fired NPU in well activation jobs.   | KL          | 13.0                  | 117000                        | 4.22                       |
| 1.6        | By diverting FGS 351 to Kathalguri FGS & OTP  | KL          | 7.30                  | 65700                         | 2.37                       |
| 1.7        | Saved in Electrical Operations at TVC in Rajasthan fields   | KL          | 177.03                | 1593270                       | 57.53                      |
| 1.8        | By use of Source Energy in Workover and WDW Rigs  | KL          | 16.512                | 148608                        | 5.37                       |
| 1.9        | Installation of Gas Engine Gen Set resulted in saving HSD in Chabua EPS   | KL          | 18.25                 | 164250                        | 5.93                       |
| 1.10       | By installing fuel efficient Gen Sets at Repeater Station in Trunk Pipeline operation.                                | KL          | 13.80                 | 124200                        | 4.48                       |
|            | <b>TOTAL</b>  | <b>KL</b>   | <b>1671.192</b>       | <b>15040728</b>               | <b>543.14</b>              |
| <b>2.0</b> | <b>NATURAL GAS</b>  |             |                       |                               |                            |
| 2.1        | By commissioning of 1 No. Motor Driven Low Pressure Booster Compressor package saved NG.                              | SCUM        | 2500                  | 28825                         | 0.08                       |
| 2.2        | Laying 100 mm distribution pipeline from Mechaki to Tippuk saved NG   | SCUM        | 38000                 | 438140                        | 1.22                       |
| 2.3        | By commissioning new 12" distribution pipeline from Hapjan to Nagajan to avoid flaring.                               | SCUM        | 100000                | 1153000                       | 3.20                       |
| 2.4        | Natural Gas saved in DND-GPC in Rajasthan fields.   | MMSCUM      | 4.45607               | 513784871                     | 142.60                     |
| 2.5        | By using 0.7 KG/Sq. cm stabilizer gas which was normally flared saved NG  | MMSCUM      | 1.2                   | 13836                         | 38.40                      |
|            | <b>TOTAL</b>  | <b>SCUM</b> | <b>5819070</b>        | <b>66834442.1</b>             | <b>186.21</b>              |
| <b>3.0</b> | <b>CRUDE OIL</b>  |             |                       |                               |                            |
| 3.1        | Retrieved from various sumps and pits and Water Clarification Plants.   | KL          | 7698                  | 75209460                      | 1332.1                     |
| 3.2        | Conserved in Trunk Pipeline Operation.  | KL          | 513.3                 | 5014941                       | 88.82                      |
|            | <b>TOTAL</b>  | <b>KL</b>   | <b>8211.3</b>         | <b>80224401</b>               | <b>1420.90</b>             |
| <b>4.0</b> | <b>CONDENSATE</b>   |             |                       |                               |                            |
| 4.1        | Condensate recovered in the fields of Duliajan, Moran and Rajasthan oilfields   | KL          | 208996.160            | 2041892483                    | 36166.18                   |
| <b>5.0</b> | <b>ELECTRICITY</b>  |             |                       |                               |                            |
| 5.1        | Due to introduction of energy efficient luminaries in Rajasthan fields.   | KWH         | 2102                  | 2102                          | 0.04                       |
| 5.2        | By installation of energy efficient ACs.  | KWH         | 215942.4              | 215942.4                      | 3.90                       |
| 5.3        | By introducing energy efficient electronic ballasts   | KHW         | 1832.008              | 1832.008                      | 0.034                      |
| 5.4        | Due to introduction of energy efficient luminaries, CFL lamps etc.  | KWH         | 36288                 | 36288                         | 0.67                       |
| 5.5        | Energy saved by using Gas in preparation of Distilled Water instead of electric boilers.                              | KWH         | 1920                  | 1920                          | 0.036                      |
|            | <b>TOTAL</b>  | <b>KWH</b>  | <b>256164.408</b>     | <b>256164.408</b>             | <b>4.70</b>                |
| <b>6.0</b> | <b>BY USE OF NON CONVENTIONAL/ALTERNATE SOURCES OF ENERGY</b>   |             |                       |                               |                            |
| 6.1        | By using 2 Nos. Solar Gen Sets in Workover rigs-HSD saved.  | KL          | 5.04                  | 45360                         | 1.63                       |
| 6.2        | By using PV cells for area lighting at GGS in Rajasthan oilfield saved HSD.   | KL          | 2.34                  | 21060                         | 0.67                       |
| 6.3        | Energy saved by using Solar Voltaic Cell for MART terminals.  | KWH         | -                     | 5483.52                       | 0.10                       |
|            | <b>TOTAL</b>  | <b>KL</b>   | <b>7.38</b>           | <b>71903.52</b>               | <b>2.49</b>                |
|            | <b>GRAND TOTAL</b>  | <b>KWH</b>  |                       | <b>2204320122</b>             | <b>38323.62</b>            |
|            |   |             |                       | <b>2204.32x10<sup>6</sup></b> |                            |

## UNIT RATE :

- |                           |                               |                    |                     |
|---------------------------|-------------------------------|--------------------|---------------------|
| 1. Crude oil/Condensate : | Rs. 17304.714/KL*             | 7. LPG             | : Rs. 34513.23/Ton* |
| 2. Natural Gas            | : Rs. 3200.00 per 10000 SCUM* | 8. Lub. Oil        | : Rs. 68.00/Ltr.*   |
| 3. HSD                    | : Rs. 32.5/Ltr.*              | 9. Electricity     | : Rs. 1.85/KWH*     |
| 4. LDO                    | : Rs. 42.72/Ltr.*             | 10. LPG Condensate | : Rs. 21277.81/Ton* |
| 5. Petrol                 | : Rs. 46.23/Ltr.*             |                    |                     |
| 6. K. Oil                 | : Rs. 8.33/Ltr.*              |                    |                     |

\* Taken average cost for 2009-10.

**FORM-B****I. SPECIFIC AREA IN WHICH RESEARCH & DEVELOPMENT CARRIED OUT BY THE COMPANY**

1. Integration of Geochemical Data into the Petroleum System Model of Upper Assam basin:  
In order to integrate the geochemical data related to biomarker analyses of oils and source rocks generated in the year 2008-09 as part of the project titled "Oil to Oil and Oil to Source Rock Correlation Studies in Upper Assam Basin", it was decided to hire a consultant who has expertise in both geochemical data interpretation and petroleum system modeling. Accordingly, action is being taken to hire a consultant for this work.
2. Reservoir Fluid Identification through Geochemical Analysis of Sidewall Cores:  
During the year sidewall core samples numbering 745 were received from 29 wells that were drilled. All the sidewall core samples were extracted and the extracts were analyzed using Thin Layer Chromatograph with Flame Ionization Detector and Gas Chromatograph and necessary interpretation was provided.
3. Surface geochemical prospecting for oil and gas exploration in Mizoram block (MZ-ONN-2004/1):  
Surface geochemical survey for 780 samples has been completed in MZ-ONN-2004/1, Mizoram Block using absorbed soil gas technique for demarcation of hydrocarbon prospect areas.
4. Microbial Paraffin Deposition Control in Oil Wells:  
Microbial paraffin remediation jobs were carried out in the wells Kuriarbari # 6 and NHK # 493 and the results are encouraging.
5. Study on Low Injectivity Problem in Water Disposal Wells at a Depth Below 1000m:  
Developmental work continued with various suppliers for identifying alternate source of Bactericides to arrest SRB in Produced water. Field trials of two alternate sources of Bactericides have been carried out at Kathaloni OCS.
6. Characterization of Produced Water:  
Characterization of produced Water from all the Producing Areas of OIL was done with respect to various parameters like, Oil Concentration, Oil Droplet Size Distribution, Total Suspended Solids (TSS) concentration, Suspended Solids Size Distribution, Iron Concentration, Sulphate Concentration, pH, Dissolved Oxygen Content and SRB Activity.
7. Control of Scale Problem in ITF and Shalmari OCS Formation Water Flow lines with Suitable Scale Inhibitor:  
In order to control scale deposition problem at Shalmari OCS 1 and ITF, Tengakhat, dosing of scale inhibitor chemicals continued. Laboratory work continued to identify alternate scale inhibitors.
8. Evaluation of Alkali, Surfactant and Polymer (ASP) Flooding for EOR:  
Studies with the alternative surfactant formulations supplied by M/s Oil-Chem Technologies, USA were carried out to ascertain the performance with respect to solubility, thermal stability and interfacial tension, reduction.
9. Bioremediation of crude oil and oily sludge contaminated soil & water:  
Bioremediation with OILZAPER continued at various polluted sites. A memorandum of understanding was also signed with TERI to provide timely service of bioremediation.
10. Phytoremediation of crude oil and oily sludge contaminated soil:  
R&D Department has started a collaborative project with Institute of Advanced Study in Science & Technology (IASST), Guwahati on field application of phyto remediation technique for oil and oily sludge contaminated soil. The work has already been started in Jorajan # 22 extended Pit with planting of three species of plants (aquatic, semi-aquatic and non-aquatic) and are monitored through laboratory analysis.
11. Ambient air quality monitoring:  
Air quality was monitored in and around almost all OIL's operational areas from time to time throughout the year. The concentrations of the priority pollutants on those areas were found to be below CPCB's prescribed limits.
12. ISO 17025 Accreditation of R&D Department:  
NABL audit team has recommended for accreditation of R & D Department for another two year term i.e. from April 2009 till April 2011. Regular quality checks and internal audits were carried out throughout the year.
13. Coal Liquefaction Project:  
OIL in collaboration with M/s Headwaters CTL (HCTL), LLC, USA completed process optimization tests, process



guarantee run, preliminary coal & residual gasification assessment for hydrogen production, product stabilization tests and developed the process design and economics for a standalone 44,000 BPD commercial plant. In addition, a Pre-feasibility study for a mid-sized commercial plant of 10,000 BPD was carried out by awarding a contract to M/s Engineer's India Limited with inputs from M/s Headwaters CTL (HCTL), LLC, USA. OIL is also participating in a US Department of Energy (DOE) funded up gradation and characterization study on coal derived liquids to meet refinery specifications.

14. Development of Oilfield Chemical:

Dose optimization of an OSD product was carried out in laboratory and field implemented in Makum OCS, resulting in substantial reduction of consumption of OSD.

15. Flow assurance of Duliajan – Digboi pipeline:

R&D department carried out extensive laboratory studies to find out optimum treatment conditions (including Flow Improver dosing level) for Kusijan composite crude and recommended Flow Improver treatment at 300 ppm for this crude.

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

1. Basin modeling study will help in identifying new areas to be taken up for exploration and in releasing new locations.
2. The application of reservoir fluid identification technique has helped in identifying and delineating oil-bearing and water-bearing zones.
3. Absorbed soil gas technique will help in demarcating prospect areas for hydrocarbon exploration.
4. Microbial treatment for paraffin inhibition in two wells has resulted in reduction of severity of paraffin deposition in producing wells treated.
5. Identification of new bactericide will help in reducing produced water disposal problems.
6. Characterization of produced water will help in designing formation water disposal technique.
7. Development of suitable scale inhibitor will help to control scale deposition problem at Shalmari OCS 1 and ITF, Tengakhat.
8. ASP studies will lead to identification of proper ASP formation for EOR technique
9. Bioremediation process will help in reclamation of oil contaminated soil.
10. Phytoremediation method is cost effective and environmentally friendly and offers a long term solution for ecological restoration of contaminated site.
11. Monitoring of ambient air quality would help to control the air pollution level in various OIL's installations.
12. Implementation of ISO 17025 has resulted in improvement in analysis standard.
13. The current studies will lead to production of synthetic crude from Assam coal.
14. Using the OSD at the reduced optimal dosage implies significant saving in crude treatment cost at Makum OCS.
15. Flow assurance study will help in the flow assurance of Duliajan - Digboi pipeline.

## III. FUTURE PLAN OF ACTION:

1. Efforts will continue in providing techno-economical solution of the problem faced by our Company in the areas of exploration, drilling, production and transportation of crude oil and natural gas.
2. Adoption of new technologies and their implementation will be encouraged.
3. Efforts will be made to setup a Biotechnology cell to fulfill the requirement of microbial techniques applied in OIL field operations.

## IV. EXPENDITURE ON R&D (Rs / crore)

Yearly Break up of R&D expenditure

|   | 2009-10 | 2008-09 |
|---|---------|---------|
| Capital   | 0.18    | 0.65    |
| Revenue   | 22.31   | 18.21   |
| Total   | 22.49   | 18.86   |
| Total R&D expenditure as percentage of Turnover (%) | 0.28    | 0.26    |



## PARTICULARS OF EMPLOYEES PURSUANT TO SECTION -217 (2A) OF THE COMPANIES ACT, 1956

| Sl. No. | Sal.Cd. | Name                           | Qualification               | Age | Designation                        | Total     | Total Ex-perience | Date joined | Last Employment  |
|---------|---------|--------------------------------|-----------------------------|-----|------------------------------------|-----------|-------------------|-------------|--|
| 1       | 39      | Shri Nripendra Kumar Bharali   | B.Tech. (PETRO ENGG); MBA   | 55  | General Manager (HR&BD)            | 2,443,717 | 28                | 7/26/1982   | Indian Communication Network, New Delhi as Area Sales Manger       |
| 2       | 61      | Shri Bojja Jaipal Reddy        | M.SC TECH(GEOPHY)           | 55  | Chief Geophysicist                 | 2,447,243 | 28                | 8/2/1982    | The Centre Mine Planning & Design Institute as Gedophysicist       |
| 3       | 89      | Shri Chitra Bhanu Bose         | BE (FIRE)                   | 54  | Head - S&E l/c                     | 2,413,157 | 28                | 9/8/1982    | -  |
| 4       | 109     | Shri Kamlesh Kumar Agrawal     | B.SC ENGG(MECH)             | 53  | Chief Engineer (Transport)         | 2,438,032 | 28                | 9/29/1982   | Motihari Sugar Factory, Motihari as Shift Incharge Workshop Forman |
| 5       | 127     | Shri Ashok Anand               | B.SC.MBA                    | 60  | Director (HR&BD)                   | 3,455,469 | 35                | 12/16/1974  | Bajrang Engineering Works, Delhi as Executive Trainee              |
| 6       | 184     | Shri Bipul Sarma               | BE (MECH)                   | 51  | Chief Engineer (Prod-Oil)          | 2,424,867 | 27                | 1/3/1983    | Assam State Electricity Board as Asst Engineer                     |
| 7       | 201     | Shri Surinder Kumar Mahajan    | BE (MECH)                   | 58  | Chief Engineer (Pipeline)-PS3      | 2,514,435 | 27                | 2/10/1983   | Somaiya Organcs (India) Ltd, Barabanki as Sr Service Engineer      |
| 8       | 244     | Shri Purushottam Saraswat      | B.SC ENGG.(MECH)            | 51  | Head - Materials l/c               | 2,404,617 | 27                | 3/24/1983   | Saroj Tractor Pvt. Ltd, Amritsar as Mech Engineer                  |
| 9       | 268     | Shri Anjan Kumar Kotoky        | BE (MECH)                   | 60  | General Manager (Drilling)         | 2,528,885 | 36                | 9/26/1974   | M/S Associated Bevergae Pvt Ltd, Guwahati as Prod Engineer         |
| 10      | 269     | Shri Tabarak Hussain Mazumdar  | BE (MECH)                   | 60  | Head - Drilling Support            | 2,675,155 | 36                | 10/1/1974   | Assam Industrial Development Corpn. as Trainee                     |
| 11      | 272     | Shri Bhabesh Chandra Goswami   | B.SC                        | 60  | Dy Chief Engineer (Prod Oil)       | 2,495,869 | 40                | 5/1/1970    | -  |
| 12      | 277     | Shri Ajit Kumar Mahanta        | BE (MECH)                   | 60  | General Manager (CC&PR)            | 2,451,332 | 36                | 11/6/1974   | Brahmaputra Flood Control Commission as Graduate Engineer Trainee  |
| 13      | 278     | Shri Sourindra Sharma          | B.SC ENGG (PRODUCTION)      | 59  | General Manager (Engineering)      | 2,456,429 | 36                | 12/9/1974   | -  |
| 14      | 279     | Shri Gopal Chandra Saikia      | BE (MECH)                   | 60  | General Manager (Transport)        | 2,682,969 | 35                | 12/23/1974  | M/S Everest Cycle Ltd, Guwahati as Trainee Engr                    |
| 15      | 293     | Shri Pranab Kumar Dey          | B.SC ENGG (MECH)            | 60  | General Manager (Prod-Gas) l/c     | 2,690,873 | 35                | 2/24/1975   | -  |
| 16      | 295     | Shri Udaysankar Sengupta       | M.SC (CHEM), DIP(PET. TECH) | 58  | Head - Chemical                    | 2,657,913 | 35                | 3/10/1975   | -  |
| 17      | 381     | Shri Pratul Barua              | BE (MECH)                   | 53  | Chief Engineer(Prod-Oil) - RP      | 2,436,586 | 29                | 6/12/1981   | Irrigation Dept. of Assam, as Asst Engineer                        |
| 18      | 389     | Shri Sambhu Nath Singh         | M.SC;M.TECH(E.G);LLB        | 54  | Head - Geophysicist (Nef)          | 2,411,916 | 29                | 5/28/1981   | -  |
| 19      | 426     | Shri Birendra Nath Sarma       | M.SC(APPL.GEOL)             | 52  | Chief Geologist                    | 2,507,776 | 29                | 9/29/1981   | -  |
| 20      | 446     | Shri Sampada Kumar Jena        | M.SC(APPL GEOL)             | 52  | Head - Geoscience (RP)             | 2,517,376 | 29                | 10/12/1981  | IIT, Kharagpur as Jr Research Fellow                               |
| 21      | 463     | Shri Manas Jyoti Bordoloi      | B.SC ENGG(ELECT)            | 60  | Group General Manager (Engg)       | 2,585,843 | 38                | 8/14/1972   | -  |
| 22      | 484     | Shri Anju Nath Saikia          | BE(MECH)                    | 60  | Group General Manager (NEF)        | 2,752,478 | 37                | 5/14/1973   | Lecturer, Assam Agricultural University                            |
| 23      | 491     | Shri Sultan Bora               | BE(MECH)                    | 60  | General Manager(S&E)               | 2,656,830 | 37                | 7/4/1973    | Assam State Electricity Board, Jorhat as Govt. Trainee             |
| 24      | 495     | Shri Umesh Chandra Kakati      | BE(MECH)                    | 60  | Dy General Manager (Prod)          | 3,433,989 | 37                | 7/11/1973   | -  |
| 25      | 609     | Shri Indreswar Bharali         | B.SC ENGG(MECH)             | 60  | Group General Manager (Prodn)      | 2,510,361 | 38                | 8/14/1972   | Lecturer, Jorhata Engineering College                              |
| 26      | 610     | Shri Biren Kumar Borah         | B.SC ENGG(MECH)             | 60  | General Manager ( PLS)             | 3,113,726 | 38                | 8/14/1972   | -  |
| 27      | 614     | Shri Abdul Hannan Tapadar      | BE(MECH)                    | 59  | General Manager (PLS) l/c          | 2,546,450 | 37                | 5/7/1973    | -  |
| 28      | 617     | Shri Anil Kumar Saikia         | B.TECH (ELECT & TELECOM)    | 59  | Group General Manager (Production) | 2,532,407 | 37                | 5/8/1973    | -  |
| 29      | 626     | Shri Debabrata Phukan          | B.SC, DMIT (ELECTRONICS)    | 58  | Head - Technical                   | 2,613,963 | 36                | 10/11/1974  | -  |
| 30      | 627     | Shri Chikon Chandra Bordoloi   | BE (MECH)                   | 60  | Dy General Manager (PI)            | 2,581,537 | 35                | 12/24/1974  | -  |
| 31      | 635     | Shri Rajib Goswami             | BE (MECH); LLB              | 60  | Head - Pipeline (Maintenance)      | 2,827,150 | 35                | 10/1/1975   | -  |
| 32      | 669     | Shri Krishna Jyoti Baruah      | BE (CHEM)                   | 55  | Chief Engineer (Prod-Gas)          | 2,576,492 | 28                | 3/3/1982    | Assam Petrochemicals Ltd as Asst Engineer                          |
| 33      | 677     | Shri Pradip Kumar Gogoi        | BE (CHEM)                   | 59  | Chief Engineer (Prod-Gas)          | 2,723,147 | 28                | 3/15/1982   | Assam Petrochemicals Ltd as Asst Engineer                          |
| 34      | 681     | Shri Munindra Kumar Das        | BE (CHEM)                   | 60  | Dy General Manager (LPG)           | 2,441,746 | 28                | 3/16/1982   | Assam Petrochemicals Ltd. as Asst Engineer                         |
| 35      | 699     | Shri Birendra Prasad           | B.SC (ELECTRO & COMMN)      | 51  | Chief Engineer - Field Comm        | 2,421,484 | 28                | 2/16/1982   | BIT, Mesra as Research Assistant                                   |
| 36      | 716     | Shri Paresch Chandra Barua     | BE (MECH)                   | 60  | Dy General Manager (FE)            | 2,676,322 | 35                | 9/15/1975   | -  |
| 37      | 752     | Shri Hem Kanta Sharma          | M.SC (CHEMISTRY)            | 58  | Head - CLP                         | 3,236,786 | 34                | 10/19/1976  | Teacher in Assam Govt Service                                      |
| 38      | 763     | Dr Bibhuti Kumar Kachari       | MBBS                        | 59  | Chief Medical Officer              | 2,418,072 | 33                | 1/18/1977   | AOC Hospital as House Officer                                      |
| 39      | 774     | Shri Sunil Kumar Srivastava    | M.SC (GEOLOGY)              | 55  | Director General of Hydrocarbon    | 2,431,979 | 33                | 5/30/1977   | Lucknow University CSIR, New Delhi as Jr Research Fellow           |
| 40      | 775     | Shri Baikuntha Nath Talukdar   | B.E. (PETROLEUM ENGG)       | 55  | Director (E&D)                     | 2,927,751 | 33                | 5/23/1977   | ONGC as Asst Engineer (Resrvoir)                                   |
| 41      | 783     | Shri Phanindra Kr Devchoudhury | B.TECH (CHEM)               | 56  | Chief Coordinator - BP             | 2,641,978 | 33                | 7/30/1977   | -  |



|    |        |                               |  |    |                                    |           |    |            |  |
|----|--------|-------------------------------|--|----|------------------------------------|-----------|----|------------|--|
| 42 | 817    | Shri Nirmal Kumar Das         | BE(MECH)   | 55 | Head - EPA                         | 2,720,685 | 32 | 5/12/1978  | -  |
| 43 | 819    | Shri Pramod Kumar Saxena      | BE(MECH)   | 58 | Chief Engineer (Prod)              | 2,497,304 | 28 | 6/19/1982  | Assam Gas Company Ltd. as Asst Engineer                                |
| 44 | 827    | Shri Ranajit Nath             | BE(MECH)   | 56 | Head - Calcutta I/c                | 2,638,245 | 32 | 6/1/1978   | -  |
| 45 | 839    | Shri Ranjit Kumar Rajkhowa    | BE(MECH)   | 54 | Chief Engineer (Drilling)          | 2,418,146 | 32 | 7/1/1978   | Irrigation Deptt of Assam as Asst Engineer                             |
| 46 | 860    | Shri Bipin Gogoi              | BE(MECH)   | 55 | Chief Engineer (Prod-Gas)          | 2,517,097 | 32 | 10/3/1978  | Jorhat Engineering College as Lecturer                                 |
| 47 | 879    | Dr Udayan Barua               | MD   | 58 | General Manager (Medical Services) | 2,474,699 | 31 | 3/9/1979   | ONGC as Obstetrician & Gynaecologist                                   |
| 48 | 880    | Shri Samir Kumar Dutta        | B.TECH(CHEM),MBA   | 57 | Chief Engineer (Drilling)          | 2,685,699 | 31 | 3/1/1979   | -  |
| 49 | 885    | Shri Satchidananda Rath       | M.SC(APPL GEOL);DIP(MGT)   | 55 | Chief Adviser (E&D)                | 2,836,989 | 31 | 4/26/1979  | Directorate Of Mines & Geology as Geologist                            |
| 50 | 889    | Shri Dipak Barkakati          | BE(MECH)   | 53 | Head - Drilling                    | 2,547,092 | 31 | 6/5/1979   | -  |
| 51 | 892    | Shri Swapan Phukan            | BE(CHEM)   | 55 | Chief Technical Officer            | 2,400,314 | 31 | 5/31/1979  | -  |
| 52 | 923    | Shri Probindra Nath Sarma     | BE(MECH)   | 57 | Head - Drilling - TS               | 2,424,809 | 31 | 8/27/1979  | Ashok Paper Mills as Trainee Mech Engineer                             |
| 53 | 945    | Shri Anjan Hazarika           | BSC(H);PGD(MKTG MGT);MA(PM&IR)   | 58 | General Manager (HR)               | 2,400,719 | 30 | 1/17/1980  | Assam State Electricity Board, as Asst Personnel Manager               |
| 54 | 960    | Shri Dinesh Chandra Deka      | BE(CHEM)   | 51 | Chief Engineer (LPG)               | 2,509,860 | 30 | 9/5/1980   | -  |
| 55 | 968    | Shri Arvind Jaini             | BE(MECH)   | 53 | Chief Staff Officer to CMD         | 2,723,902 | 30 | 9/22/1980  | -  |
| 56 | 980    | Shri Nirmal Kumar Agarwal     | FCA; FCS   | 58 | Resident Chief Executive           | 2,893,292 | 29 | 12/9/1980  | M/S Pratap Steel Rolling Mills (P) Ltd as Internal Auditor             |
| 57 | 1005   | Shri Ashish Bahukhandi        | M.SC(PHYSICS)  | 49 | Chief Engineer (IT)                | 2,434,977 | 27 | 6/22/1983  | -  |
| 58 | 1060   | Shri Hema Kanta Medhi         | BE(MECH)   | 58 | Chief Engineer (Prod-Oil)          | 2,473,499 | 27 | 8/19/1983  | Jorhat Engineering College as Lecturer                                 |
| 59 | 1095   | Shri Adeep Kumar Khanna       | M.TECH(GEOPHY)   | 53 | Chief Geophysicist                 | 2,550,068 | 27 | 8/29/1983  | Dept of Earthquake Engg, Roorkee as Sr. Reaserch Assistant.            |
| 60 | 1105   | Shri Rabindra Kumar Talukder  | BE(MECH),MBA   | 50 | Chief Manager (Admin)              | 2,510,988 | 27 | 10/21/1983 | Regional Research Laboratory as Research Asstt.                        |
| 61 | 1119   | Shri Dilip Kumar Das          | B.SC ENGG(ELECT)   | 49 | Chief Engineer (Elect)             | 2,493,077 | 27 | 11/28/1983 | -  |
| 62 | 1136   | Shri Suresh Chandra Goswami   | BE(MECH)   | 52 | Chief Manager (Vigilance)          | 2,431,679 | 26 | 12/22/1983 | -  |
| 63 | 1144   | Shri Paramesh Sarma           | BE(MECH)   | 50 | Dy Chief Engineer (Pipeline)       | 2,443,191 | 26 | 12/30/1983 | -  |
| 64 | 1178   | Shri Nilangshu Sen            | M.COM,LLB,ACA  | 59 | General Manager (F&A)              | 2,431,375 | 26 | 3/5/1984   | Ashok Paper Mill, Jagirod as Accounts Officer                          |
| 65 | 1210   | Shri Dwijendra Kumar Talukdar | PU,DIP.(PHYSIOT.)  | 49 | Dy Chief Physiotherapist           | 2,484,817 | 26 | 6/11/1984  | Physiotherapist In Private Clinic                                      |
| 66 | 1212   | Shri Bhaskar Khaund           | MA(SOC.),M. PHIL,DLL,IR&PM   | 52 | Head - Personnel                   | 2,536,420 | 26 | 6/11/1984  | All India Radio, New Delhi as Casual Assignee In Assamese News Section |
| 67 | 1257   | Shri Ashok Kumar Dutta        | BE(HONS)(E & E)  | 50 | Chief Engineer (Well Logg)         | 2,481,063 | 26 | 9/10/1984  | Defence Research & Development Laboratory as Scientist B               |
| 68 | 1278   | Shri Sujit Acharya            | BE(COMPUTER SCIENCE)   | 53 | Chief Engineer (IT)                | 2,409,556 | 26 | 8/23/1984  | Org Systems as Development Engineer                                    |
| 69 | 1300   | Shri Samir Kumar Das          | BE(MECH)   | 49 | Chief Manager (Environment Scan)   | 2,579,377 | 26 | 11/6/1984  | -  |
| 70 | 1324   | Shri Ripujit Patowary         | BE(MECH)   | 55 | Dy Chief Engineer (Drilling)       | 2,582,798 | 25 | 5/9/1985   | Deka Consultancy & Agency Service as Sales/Service Engineer            |
| 71 | 1336   | Shri G Venkata Jagannadha Rao | M.SC(TECH)-GEOPHY  | 49 | Chief Geophysicist                 | 2,534,332 | 25 | 5/20/1985  | ONGC as Sr Geophysical Assistant                                       |
| 72 | 1407   | Shri Amarendra Sarma          | M.TECH(APPL.GEOL)  | 52 | Chief Geoscientist                 | 2,436,528 | 25 | 7/2/1985   | -  |
| 73 | 1556   | Dr Dipankar Bhattacharya      | MBBS   | 48 | Dy Chief Medical Officer           | 2,717,707 | 21 | 2/4/1989   | -  |
| 74 | 1640   | Shri Bibek Ganguly            | BE(ELECT) ; PGD(PET. EXPL)   | 48 | Dy Chief Engineer (Drilling)       | 2,410,898 | 22 | 3/10/1988  | -  |
| 75 | 1773   | Shri Anil Kumar Chetia        | B SC   | 60 | Dy Chief Technical Auditor         | 2,427,584 | 37 | 3/31/1973  | -  |
| 76 | 2025   | Shri Abul Kalam Azad Khan     | BE(ELECT)  | 45 | Dy Chief Engineer (Electrical) PS5 | 2,612,127 | 19 | 11/4/1991  | -  |
| 77 | 2026   | Shri Alakh Niranjn Pathak     | ICWAI  | 46 | Sr Manager (F&A)                   | 2,502,955 | 19 | 11/27/1991 | LIC As Assistant   |
| 78 | 2032   | Shri Pulin Chandra Mahanta    | BA,DIP(SHORTHAND)  | 60 | Suptg Secretarial Officer          | 3,044,607 | 32 | 9/3/1978   | Assam Petrochemicals Ltd. as Steno Typist                              |
| 79 | 2033   | Shri Sachin Kumar Buragohain  | B.SC, LLB  | 55 | Suptg Chemist                      | 2,406,581 | 35 | 6/2/1975   | -  |
| 80 | 2044   | Shri Puna Ram Gogoi           | DIP(CIVIL ENGG)  | 56 | Suptg Engineer (Civil)             | 2,412,784 | 35 | 1/2/1975   | -  |
| 81 | 5165   | Shri Deben Chetia             | BA   | 56 | Manager (Data Compilation)         | 2,558,489 | 30 | 7/16/1980  | -  |
| 82 | 5213   | Shri Raj Kumar Prasad         | BE(MECH)   | 41 | Suptg Engineer (Pipeline)          | 2,438,993 | 16 | 10/27/1994 | -  |
| 83 | 5270   | Shri Debashis Bora            | BE (MECH)  | 41 | Suptg Engineer (Transport)         | 2,468,477 | 15 | 8/18/1995  | Assam Gas Company Ltd as Graduate Engineer Trainee                     |
| 84 | 5297   | Dr Ajoy Kumar Sarma           | MD(PADIATRICS)   | 47 | Dy Chief Medical Officer (PAED)    | 2,433,644 | 15 | 12/1/1995  | Tata Tea Ltd as Specialist Padiatrics                                  |
| 85 | 200003 | Shri Nayan Mani Borah         | B.E. (PETROLEUM ENGG) PGD (PETROLEUM PROSPECTING & RESERVOIR EVALUATION) | 58 | Chairman & Managing Director       | 3,217,153 | 36 | 4/18/1974  | -  |
| 86 | 200014 | Shri Vinod Kumar Sibal        | M.SC(PHYSICS):DHRM   | 58 | Officer on Special Duty            | 3,240,488 | 27 | 5/23/1983  | ONGC as Asst Geophysicist  |
| 87 | 200157 | Mr T.K. Ananth Kumar          | B.COM, (Hons.); FCA  | 57 | Director (Finance)                 | 3,065,632 | 30 | 1/18/2007  | Numaligarh Refinery Ltd as Director (Finance)                          |



## MANAGEMENT DISCUSSION & ANALYSIS

### 1.0 Industry Review

#### *The Economy*

The global economy which was facing its worst crisis showed signs of some recovery during the year. Despite the projected GDP growth of 2.5% in 2010 emerging economies like India will spear-head the growth and particularly in our nation due to sound fiscal policies we are projected to be on a growth trajectory of 6.5%. (Source IMF-WEO-2009) against our 6.7% growth rate achieved in 2008-09. It would be a real challenge to meet the target growth of 9% towards which the resilience has been shown by the growth in the corporate sector (both Public & Private). The real challenge is however to deepen and broaden the agenda for inclusive development towards which we, as one of the corporates, are truly committed and poised to undertake investments both for organic and inorganic growth in order to ensure the energy security of the nation. Though ours may be a small contribution in accordance with the availability of our resources, nevertheless every effort counts.

#### *The Energy Sector*

The global economic recession had driven the energy consumption lower by 1.1% in 2009 in comparison to 2008. Consumption of oil, natural gas and nuclear power declined, while coal consumption was essentially flat; only hydroelectric output and other renewable forms of energy increased in 2009. On the positive side, global CO<sub>2</sub> emissions from energy use fell for the first time since 1998. Consequently, the prices for all forms of traded energy fell, with the sharpest declines seen for traded natural gas and coal in the north-western hemisphere. Nevertheless Asian coal prices fell less sharply largely due to robust Chinese import growth.

#### *Crude oil*

Crude oil prices per barrel for Brent began the year below \$40, peaked at \$78 and averaged \$61.67 per barrel in 2009. Sustained OPEC production cuts and improving economic prospects as the year progressed, stabilized prices. Global oil consumption declined by 1.2 million barrels per day (by 1.7%) though China, India and Middle Eastern countries accounted for all of the non-OECD growth. Global oil production dropped even more rapidly than consumption, falling by 2 million barrels per day, or 2.6%. In OPEC countries production declined by 7.3% during 2009 as compared to 2008.

In India, crude oil production increased modestly from 33.51 MMT in fiscal 2009 to 33.69 MMT in fiscal 2010. Refinery throughput declined from 160.77 MMT in fiscal 2009 to 160.00 MMT in fiscal 2010. On the other hand consumption recorded a growth of 3.4% as it increased from 143.6 MMT in 2008 to 148.5 in 2009. In terms of consumption, India now stands at fourth place after USA, China and Russian Federation (3.8% of world Consumption). India has a share of 0.9% of the total world production.

#### *Natural Gas*

Natural gas experienced a more rapid decline in consumption, which fell by 2.1% in all regions globally except the Middle East and Asia Pacific. India registered a consumption growth of 25.9%, which was the highest among major countries in percentage terms. Global gas production during 2009 declined by 2.1% over 2008 worldwide for the first time on record.

India registered a production growth of 44.84% from 32.85 BCM in fiscal 2009 to 47.57 BCM in fiscal 2010. India registered 1.3% of world's production of Natural Gas in 2009. The consumption also recorded an increase of 25.9% as it increased to 51.9 BCM in 2009 from 41.3 BCM in 2008 representing 1.8% of world's consumption.

In fiscal 2010 your company made a humble contribution of 10.60% to the nation's production of crude oil and 5.08% of the nation's production of natural gas.

### 2.0 Risks and Concerns

It is an accepted fact that the days of easy oil are over. As such, managing the E&P sector has become a challenging job as it is coupled with uncertainty at each step. The current scenario shows that to achieve oil & gas production, one has to explore in logistically difficult areas with state of the art technology. It requires huge inputs owing to the capital intensive nature of the investments.

As per the Govt. of India directives, Oil India Limited is also required to share the subsidy (under-recovery) burden. Though it has been decided that Upstream companies will not share the under recovery on account of transportation fuel, it remains an area of concern as it directly impacts the cash flows of the company.

In the E&P Industry, Health, Safety and Environment issues are always an area of concern since the operations are in difficult terrain and carry the risks of unknown down hole problems. Current events in the wake of the Louisiana oil spill may lead to more stringent environmental legislations thereby increasing both operating and insurance costs.

The fluctuations in the crude oil prices directly impact the prices and availability of goods and services required in the E&P sector.

Crude oil prices too are dependent on economic recovery, despite their inelasticity.

Investments in improved recovery drive up the marginal costs and lower success ratios tend to hit the bottom-lines.

### 3.0 Opportunities & Threats

The economic recession offered opportunities for inorganic growth through M&A activities at competitive prices. However due to our relatively smaller size as also due to a number of other countries supporting such opportunities through sovereign funds



it would be a challenge to compete for producing properties overseas. The probability of success in our exploration ventures would require incremental resources for investment in development and since the Company is presently inadequately geared, these would be met at the appropriate time from other sources of funding, if necessary.

#### 4.0 Internal Control Systems

E&P operations need infallible and stringent control systems. Your Company has always set high standards and effective processes for monitoring its operations for ensuring transparency and risk mitigation. Internal and external audits are conducted on a regular basis to ensure transparency, statutory safety and other government guidelines which are being regularly followed. Though the internal control systems have been audited twice in the past, we are envisaging testing of the same for further augmentation & upgradation.

#### 5.0 Corporate Governance

We have robust and transparent processes and structures in place through which our objectives are set, and effective planning for facilitating the means for attaining the same and for monitoring the performance. These ensure accountability, independence and effective and timely disclosures/reporting. The effectiveness is evident since the Company has clean audit reports.

#### 6.0 Key Performance Indicators

Our operating results are furnished in Table-I.

##### ***Fiscal 2010 compared with Fiscal 2009***

##### ***Revenues***

Our total revenues increased by 8.87% to Rs. 885973 lakhs in fiscal 2010 from Rs. 813788 lakhs in fiscal 2009. The increase was primarily due to an increase in sales revenue from crude oil.

##### ***Sales Revenues***

Our sales revenues increased by 8.53% to Rs. 774856 lakhs in fiscal 2010 from Rs. 713972 lakhs in fiscal 2009. The increase was primarily due to an increase of 8.56% in crude oil sales revenue to Rs. 715870 lakhs in fiscal 2010 from Rs. 659422 lakhs in fiscal 2009. This was primarily due to -

- A 4.21% increase in the sales volume of crude oil to 25.76 million barrels in fiscal 2010 from 24.72 million barrels in fiscal 2009.
- Though the average internationally traded price per barrel for the relevant basket of crude decreased by 16.11% from US\$ 81.69(revised)in fiscal 2009 to US\$ 68.53 in fiscal 2010, due to the decrease in the subsidy. There was a 4.36% increase in our net realized price after subsidy per barrel of crude oil to Rs. 2,666.60 for fiscal 2010 from Rs.2555.20 (revised) for fiscal 2009 resulting from a net increase in price by 1.17% and an appreciation of 3.15% in the average exchange rate of the Indian Rupee against the U.S. Dollar for fiscal 2010, as compared to fiscal 2009. There was a decrease in our contribution toward sharing of the under-recoveries of the public sector oil marketing companies in respect of our crude oil sales to Rs. 584.46 per barrel for fiscal 2010, as compared to Rs. 1,201.72 (revised)per barrel for fiscal 2009. Our total contribution toward sharing of the under-recoveries of the public sector oil marketing companies in respect of our crude oil sales decreased by 49.47% to Rs. 148991 lakhs in fiscal 2010 from Rs. 294853 lakhs in fiscal 2009 as the same were limited to auto-fuels only in fiscal 2009 as compared to fiscal 2008 where the under-recoveries included both domestic and auto-fuels. The revisions in the prices for fiscal 2009 were necessitated upon resolution of the differences with the refineries on the new assay of the new basket of crudes introduced in fiscal 2009.
- Our natural gas sales revenue before subsidy increased by 8.33% to Rs.48568 lakhs in fiscal 2010 from Rs.44835 lakhs in fiscal 2009. This increase was primarily due to a 2.50% increase in the price before subsidy of natural gas to Rs. 2094.90 per thousand standard cubic meters in fiscal 2010 from Rs. 2043.90 per thousand cubic meters in fiscal 2009, and due to a 7.21% increase in the sales volume of natural gas to 1862.53 million cubic meters for fiscal 2010 from 1737.33 million cubic meters for fiscal 2009.
- Our LPG sales revenue decreased by 15.45% to Rs. 7631 lakhs in fiscal 2010 from Rs. 9025 lakhs in fiscal 2009. This decrease was primarily due to a 10.43% decrease in the realized price after subsidy for LPG to Rs. 16993.39 per ton for fiscal 2010 from Rs. 18,971.95 per ton for fiscal 2009 and due to a 5.50% decrease in the sales volume of LPG to 44,934 tons for fiscal 2010 from 47,572 tons for fiscal 2009 due to higher planned shut-down days in fiscal 2010 for maintenance & modification of the Plant. Our total contribution toward sharing of the under-recoveries of the public sector oil marketing companies in respect of our LPG sales decreased by 21.20% to Rs. 5891 lakhs in fiscal 2010 from Rs. 7475 lakhs in fiscal 2009.

##### ***Revenues from Transportation***

Our revenues from transportation increased by 54.32% to Rs. 15699 lakhs in fiscal 2010 from Rs. 10173 lakhs in fiscal 2009. The increase was primarily from the additional revenue of Rs. 5530 lakhs which resulted from an increase in the transportation of 1.003 million kiloliters of refined petroleum products through our new product pipeline in fiscal 2010. against 0.0345 million kiloliters in fiscal 2009 as the same was commissioned in August 2008 and the operations picked up during fiscal 2010. Our crude oil pipeline transported 39.72 million barrels of crude oil in fiscal 2010, which was an increase of 2.08% over fiscal 2009.

**Other Revenues**

Our other revenues marginally remained at the same level at Rs. 93713 lakhs in fiscal 2010, as compared to Rs. 93718 lakhs in fiscal 2009. This was primarily due to:

- A 9.49% increase in our budgetary allocation from the Government of India for gas sales to Rs. 15632 lakhs for fiscal 2010 from Rs. 14277 lakhs in fiscal 2009.
- A 51.31% increase in dividends received from our downstream and other investments to Rs. 6709 lakhs in fiscal 2010 from Rs. 4434 lakhs in fiscal 2009 due to increased dividends from our new investments.

This increase was partially offset by:

- A 19.07% decrease in other income to Rs. 9980 lakhs for fiscal 2010 from Rs. 12331 lakhs in fiscal 2009.
- A 2.05% decrease in interest income to Rs. 61392 lakhs for fiscal 2010 from Rs. 62676 lakhs in fiscal 2009 due to re-investment of surplus funds in higher yielding dividend bearing securities.

**Expenditure**

Our total expenditure increased by 4.48% to Rs. 495878 lakhs for the fiscal 2010 from Rs. 474628 lakhs for fiscal 2009. This increase was primarily due to increase in quantity of crude oil production and sales, depletion, depreciation and write-offs.

**Production, Transportation and Other Expenditure.**

Our production, transportation and other expenditure increased by 2.82% to Rs. 407290 lakhs for the fiscal 2010 from Rs. 396125 lakhs for the fiscal 2009. For the fiscal 2010, our production, transportation and other expenditure was 45.97% of total revenues, as compared to 48.68% for fiscal 2009.

**Operating Costs.**

Our operating costs increased by 1.59% to Rs. 100450 lakhs for fiscal 2010 from Rs. 98875 lakhs for fiscal 2009. Our operating costs increased primarily due to an increase of 16.56% in expenditure on operation and maintenance of production installations to Rs. 65787 lakhs for the fiscal 2010 from Rs. 56439 lakhs for fiscal 2009. This was primarily due to a new EPS, FGS and water injection station being commissioned and expansion of the SCADA. For the fiscal 2010, operating expenses were 11.34% of total revenues, as compared to 12.15% for the fiscal 2009.

**Geological and Geophysical Expenditure.**

Our geological and geophysical expenditure decreased by 21.32% to Rs. 37049 lakhs for the fiscal 2010 from Rs. 47087 lakhs for the fiscal 2009 mainly due to 71.83% decrease in 3D survey activities and decrease in cost of geological studies for field redevelopment etc. in fiscal 2010 in comparison to fiscal 2009. The geological and geophysical expenditure was 4.18% of total revenues, as compared to 5.79% for the fiscal 2009.

**Statutory Levies.**

The statutory duties increased by Rs. 6.37% to Rs. 235727 lakhs in fiscal 2010 from Rs. 221611 lakhs in fiscal 2009 due to a corresponding increase in quantity of crude oil production and sales. For the fiscal 2010, statutory levies were 26.61% of total revenues, as compared to 27.23% for the fiscal 2009.

**Other Expenses.**

Our other expenses increased by 19.31% to Rs. 34065 lakhs for the fiscal 2010 from Rs. 28552 lakhs for fiscal 2009. For the fiscal 2010, other expenses were 3.84% of total revenues, as compared to 3.51% for the fiscal 2009.

**Provisions against Debts, Advances and other Provisions and Write-offs**

Provisions made against debts, advances and other provisions and write-offs decreased to Rs. 28272 lakhs for the fiscal 2010 from Rs. 37120 lakhs for the fiscal 2009, primarily as a result of write back of provision for expenditure against the ten expired PELS. For the fiscal 2010, provisions made against debts, advances and other provisions and write-offs were 3.19% of total revenues, as compared to 4.56% for the fiscal 2009.

**Depletion**

Our total depletion charges increased by 25.88% to Rs. 26281 lakhs for the fiscal 2010 from Rs. 20877 lakhs for the fiscal 2009 due to an increase in the wells capitalized in the fiscal 2010. For the fiscal 2010, depletion charges were 2.97% of total revenues, as compared to 2.57% for the fiscal 2009.

**Depreciation**

Our depreciation charges increased by 29.86% to Rs. 21827 lakhs for the fiscal 2010 from Rs. 16808 lakhs for the fiscal 2009, primarily due to higher additions to fixed assets which depreciate at a higher rate. For the fiscal 2010, depreciation charges were 2.46% of total revenues, as compared to 2.07% for the fiscal 2009.

**Interest and Debt Charges**

Our interest and debt charges decreased by 58.24% to Rs. 365 lakhs for the fiscal 2010 from Rs. 874 lakhs for the fiscal 2009, primarily due to lower short term borrowings and lower balance of OIIB Loan. For fiscal 2010, interest and debt charges were 0.04% of total revenues, as compared to 0.11% for fiscal 2009.



### **Exchange [Gain/Loss]**

Our exchange gain due to foreign currency translation decreased to Rs. 478 lakhs for the fiscal 2010 from Rs. 615 lakhs for the fiscal 2009 primarily due to appreciation of the Rupee in respect of the currencies of denomination of our existing foreign investments. For the fiscal 2010, our exchange gain was 0.05% of total revenues, as compared to 0.08% exchange gain for the fiscal 2009.

### **Other Adjustments**

Our other adjustments increased by 427% to Rs. 11262 lakhs for the fiscal 2010 from Rs. 2139 lakhs for fiscal 2009, primarily resulting from provision for Rs.13159 lakhs due to adoption of accounting standard AS-15 (Revised). For the fiscal 2010, other adjustments were 1.27% of total revenues as compared to 0.26% for fiscal 2009.

### **Profit before Tax**

Our profit before tax increased by 15% to Rs. 389509 for the fiscal 2010 from Rs. 338697 lakhs for the fiscal 2009, primarily as a result of increase in revenue from crude oil and natural gas sold and marginal increase in rupee realization. Profit before tax as a percentage of total revenues was 43.96% for the fiscal 2010, as compared to 41.62% for the fiscal 2009.

### **Provision for Taxation**

Our provision for taxation increased by 4.84% to Rs. 128457 lakhs for the fiscal 2010 from Rs. 122529 lakhs for the fiscal 2009 due to higher taxable income. Our effective tax rate for the fiscal 2010 and 2009 was 33.99%.

### **Net Profit after Tax**

Our net profit after tax increased by 20.76% to Rs. 261052 lakhs for the fiscal 2010 from Rs. 216168 lakhs for the fiscal 2009. Our net profit after tax was 29.47% of total revenues for the fiscal 2010, as compared to 26.56 % for the fiscal 2009.

### **Liquidity & Capital Resources**

Historically, to fund our liquidity requirements for capital expenditures, we have primarily relied on internal accruals of cash flows from operations. However in September 2009, in order to raise funds to meet its future exploration, developmental and production activities and also to unlock its potential, the Company ventured for a maiden IPO in a price band of Rs.950-Rs.1050 per share for 2.64 crore shares representing 11% of post issue capital and a disinvestment of 10% of pre-issue capital. The IPO had an overwhelming response and at the cut off price of Rs.1050 per share, it was over subscribed by thirty one times. Your Company accordingly raised Rs.2777.25 crore.

### **Dividends**

Your Company's dividend payout was as follows:-

|                                 | <b>Fiscal 2010</b> | <b>Fiscal 2009</b> |
|---------------------------------|--------------------|--------------------|
| Dividend per Equity Share (Rs.) | <b>34.0</b>        | 30.50              |
| Dividend Payout Ratio (%)       | <b>31.32</b>       | 30.19              |

### **Cash Flows**

The table below summarizes our cash flows for fiscal 2010 and 2009.

|  | <b>Fiscal 2010<br/>(Rs.lakhs)</b> | <b>Fiscal 2009<br/>(Rs.lakhs)</b> |
|--|-----------------------------------|-----------------------------------|
| Net Cash from Operating Activities                   | 144969                            | 317012                            |
| Net Cash used in Investment Activities               | (84175)                           | (49649)                           |
| Net Cash from Financing Activities                   | 186497                            | (88445)                           |
| Net Increase (Decrease) in Cash and Cash equivalents | 247290                            | 178918                            |

Our main source for cash flows is funds from operations. Changes in our funds from operations are primarily determined by the changes in the prices we receive for our products and our production volumes.

### **Net Cash Flows from Operating activities**

Our net cash flows from operating activities decreased to Rs 144969 lakhs in fiscal 2010 from Rs.317012 lakhs in fiscal 2009. This was primarily due to the following working capital adjustments:-

- increase in debtors by Rs.25493 lakhs due to the higher sales and determination of the transportation tariff & sales tax at the end of the year.
  - Increase in loans & advances by Rs. 117978 lakhs primarily due to increase in inter company deposits with PSUs by Rs.78067 lakhs, increase in advances in cash or in kind for goods & services for value to be received by Rs.25802 lakhs and an increase in loans to employees by Rs.21949 lakhs; and
  - decrease in current liabilities and provisions by Rs 47581 lakhs
- The aforesaid increases were partially offset by the following;-
- decrease in inventories by Rs.4762 lakhs



- increase in cash flows from operating activities before working capital adjustments by Rs.31197 lakhs due to incremental sales and increase in net prices of our products.

### **Net Cash used in Investing Activities**

Our net cash used in investing activities increased to Rs 84175 lakhs in fiscal 2010 from Rs. 49649 lakhs in fiscal 2009. Our primary use of cash for investment activities in fiscal 2010 was Rs.114852 lakhs for purchase of fixed assets and exploration and development activities, which was an increase of 10.07% by Rs.10504 lakhs from fiscal 2009. Our cash used in investment activities also included Rs.10000 lakhs towards ICDs placed and Rs.32006 lakhs towards investments in mutual funds. These outflows were partially offset by receipt of Rs.72683 lakhs in interest and dividend in fiscal 2010 which was an increase of 32.88% by Rs.17983 lakhs from fiscal 2009.

### **Net Cash Flows from Financing Activities**

Out net cash used in financing activities resulted in an inflow of Rs.186497 lakhs in fiscal 2010 against an outflow of Rs.88445 lakhs in fiscal 2009 primarily due to increase in inflows due to net proceeds realised from the public issue of equity shares by Rs.277725 lakhs and decrease in repayment of loans by Rs.9948 lakhs. Our primary use of cash for financing activities in fiscal 2010 was Rs.89445 lakhs towards dividend and dividend tax, which was an increase of 19.08% by Rs.14333 lakhs from fiscal 2009.

### **Operating unit costs**

During fiscal 2008 we had revisited the budgeting process in order to ensure cost optimization as also to augment the controlling & monitoring procedures. As a result thereof, the budgets for fiscal 2010 were matrix based and were interfaced for closer monitoring, which resulted in cost optimization as follows:-

#### *Finding costs per barrel*

Our finding costs per barrel decreased by 5.69% to US\$ 2.82 per barrel in fiscal 2010 from US\$2.99 per barrel in fiscal 2009.

#### *Finding & development costs per barrel*

Due to a 25% increase in drilling activities,our finding & development costs per barrel increased by 2.68% to US\$ 4.22 per barrel in fiscal 2010 from US\$ 4.11 per barrel in fiscal 2009.

#### *Lifting cost per barrel*

Lifting costs per barrel increased by 6.31% to US\$ 7.24 per barrel in fiscal 2010 from US\$ 6.81 per barrel in fiscal 2009 primarily due to higher depreciation and depletion charges as aforesaid.

All unit costs were below the budgets.

### **Segment Results**

The segment results per unit of sales are furnished in the Table below:-

|   | <b>Fiscal<br/>2010</b> | <b>Fiscal<br/>2009</b> | <b>%increase/<br/>(decrease)</b> |
|---|------------------------|------------------------|----------------------------------|
| <b>Crude oil</b>                                    |                        |                        |                                  |
| Profit after tax (Rs./bbl)                          | 988.27                 | 872.46                 | 13.27                            |
| EBITDA(Rs./bbl)                                     | 1570.11                | 1445.45                | 8.62                             |
| Profit after tax (US\$./bbl)                        | 20.83                  | 18.97                  | 9.80                             |
| EBITDA(US\$./bbl)                                   | 33.10                  | 31.43                  | 5.31                             |
| Sales(Mbbls)  | 25.76                  | 24.73                  | 4.21                             |
| Gross price received(US\$/bbl)                      | 68.53                  | 81.69                  | -16.11                           |
| Net price received post subsidy(Rs/bbl)             | 2666.6                 | 2555.2                 | 4.36                             |
| PAT/Net price(%)                                    | 37.25                  | 34.14                  |                                  |
| <b>N.Gas(N.E.Basin)</b>                             |                        |                        |                                  |
| Profit after tax (Rs./000 scum)                     | 708.48                 | 527.05                 | 34.42                            |
| EBITDA(Rs./000 scum)                                | 1583.71                | 1275.76                | 24.14                            |
| Sales(Bcm)  | 1663.04                | 1540.10                | 7.98                             |
| Sales price received including subsidy(Rs/000 scum) | 3094.22                | 3028.20                | 2.18                             |
| PAT/Net price(%)                                    | 22.89                  | 17.40                  |                                  |
| <b>N.Gas(Rajasthan Basin)</b>                       |                        |                        |                                  |
| Profit after tax (Rs./000 scum)                     | -261.00                | 282.13                 | -192.51                          |
| EBITDA(Rs./000 scum)                                | 401.77                 | 1054.07                | -61.88                           |



|   | Fiscal<br>2010 | Fiscal<br>2009 | %increase/<br>(decrease) |
|---|----------------|----------------|--------------------------|
| Sales (Bcm)   | 199.49         | 197.22         | 1.15                     |
| Sales price received(Rs/000 scum)                   | 1600.00        | 1596.66        | 0.21                     |
| PAT/Net price(%)                                    | -16.31         | 17.67          |                          |
| <b>N.Gas</b>  |                |                |                          |
| Profit after tax (Rs./000 scum)                     | 603.88         | 500.35         | 20.69                    |
| EBITDA(Rs./000 scum)                                | 1458.30        | 1254.71        | 16.23                    |
| Sales(Bcm)  | 1862.531       | 1737.328       | 7.21                     |
| Sales price received including subsidy(Rs/000 scum) | 2934.17        | 2865.69        | 2.39                     |
| PAT/Net price(%)                                    | 20.58          | 17.46          |                          |
| <b>LPG</b>  |                |                |                          |
| Profit after tax (Rs./Tonne)                        | 6008.73        | 7582.36        | -20.75                   |
| EBITDA(Rs./Tonne)                                   | 9257.32        | 12119.31       | -23.62                   |
| Sales(tonnes)                                       | 44933.95       | 47572.00       | -5.55                    |
| Net price received post subsidy(Rs/Tonne)           | 16993.39       | 18971.95       | -10.43                   |
| PAT/Net price(%)                                    | 35.36          | 39.97          |                          |
| <b>Transportation</b>                               |                |                |                          |
| Profit after tax (Rs./kl)                           | -83.19         | -127.91        | 34.96                    |
| EBITDA(Rs./kl)                                      | 30.44          | -52.71         |                          |
| Sales(kl)   | 7314431.45     | 6217437.8      | 17.64                    |
| Average price/kl                                    | 214.63         | 163.62         | 31.18                    |
| PAT/Average price(%)                                | -38.76         | -78.17         |                          |

The Crude oil and natural gas segments in the North Eastern Region continued to reflect improved profitability due to incremental sales and optimization of operating costs. In the Lpg segment, the sales were less due to lower production owing to planned shut-down of the plant for maintenance and upgradation, which however was 3.10% above the planned target for the year and the operating expenses were 6.45% above the previous year.

In the Natural gas (Rajasthan segment) the operating & maintenance costs were higher due to higher contractual rates paid for outsourced services.

In the transportation segment, tariff rates for the crude oil transportation & for reverse pumping were fixed by PPAC in 2001-02 and 2006-07 respectively towards which representations have been made for revision. The product pipeline is however profitable and since the same was fully operational during the year it contributed to the decrease in losses.

## 7.0 Human Resource Development

Emphasis on integration of HR practices with organisational vision is eloquently reflected in the HR Strategy where a number of initiatives have been taken in the recent years to integrate the HR practices with long term organisational goals. Based on the OIL's Long Term Vision, HR-Strategy has been realigned to meet the challenging demands of the E&P business by focussing change in work culture for building competencies by:-

- Creating an environment of mutual faith, trust and respect, fostering for team work and pride to be an Oil Indian.
- Developing internal coaches & subsequently leadership at all levels for the performance breakthrough.
- Redeployment and rotation for maximum utilisation of HR potential.
- Capability enhancement through on the job learning and overcoming job challenge.
- Developing leadership at higher levels by periodic assessment and designing development programmes.

### Some of the HR initiatives are outlined below: -

- A Reward & Recognition Scheme (R&R) has been devised to foster and nurture a culture of recognition and celebrate the achievements, as also to enhance the motivation at all levels. In order to bring about change management, a series of interactive awareness programs were held across the organisation for creating a culture of excellence through value actualisation and demonstration of leadership.
- Based on an employee opinion survey with special attention to critical disciplines in Geosciences, Production and Drilling Groups, a Retention Strategy has been formulated in order to achieve a reduction in the attrition rate.



- (iii) The process for undertaking an HR audit has been initiated
- (iv) The process for obtaining ISO 9001-QMS certification for our Employee Relations Department has also been initiated, the first stage whereof involving review, modification etc. has been completed and the audit by the certification body will be undertaken shortly.
- (v) In our pursuit for performance excellence the employees in HR discipline were imparted training and certified in Six Sigma Yellow belt, Green belt & Black Belt, with an objective to ensure efficiency in providing services and enhancing satisfaction level at an optimum cost.
- (vi) To augment the existing Performance Management System (PMS) of the Company an online KPI based PMS on Balance Score Card approach has been designed whereunder a number of workshops were held across the organisation with the subject matter experts (SME) of all departments. Accordingly, a strategy map of the organisation using five perspectives has been prepared based on which a Corporate Score Card was also devised. The illustrative KRAs of level 1 executives are being compiled. The software for online PMS has been tested and finalised. Meanwhile, the Department of Public Enterprises (DPE) has released new guidelines in this regard in April, 2010 in accordance with which the process is being realigned and is scheduled to be completed shortly.

#### Recruitment in Executive Category:-

18 nos. (Gen – 14, SC – 02, OBC – 02) of direct recruitments were made and 49 nos. (Gen – 26, SC – 05, ST – 05, OBC – 13) of recruitment against executive trainees were completed during the year.

As on 31.03.2010, 38 (Gen – 23, SC – 03, ST – 03 and OBC - 9) Executive Trainees are undergoing training, who would be absorbed in permanent Executive cadre after successful completion of one year training.

22 executives are on deputation to various petroleum organizations in the country.

A total of 19 work persons have been promoted to Executive cadre during the year

#### Recruitment in Workmen Category

In accordance with Government directives, company has taken steps in recruiting candidates belonging to SC, ST and OBC categories. A total of 84 (SC-09, ST-22 and OBC-53) candidates have been appointed during the year.

#### Employment Of Women Employees

As on 31.03.2010 there are 332 women employees (78 in officer category and 254 are in non-officer category) out of the total manpower of 8347 (1296 in officer category and 7051 in non-officer category) constituting 3.98% (3.86 % previous year) of the total workforce.

#### Training

Continuing our efforts to improve the learning curve in the organization the following initiatives were undertaken during the year:-

| Programmes   | Number     | Number of Employees |
|--------------|------------|---------------------|
| In-House     | 115        | 2771                |
| In-country   | 298        | 752                 |
| Overseas     | 102        | 193                 |
| <b>Total</b> | <b>515</b> | <b>3716</b>         |

Apart from the foregoing, the Break through Performance(BP) coaches conducted 36 programmes in-house.

OIL continues to sponsor two executives every year for the National Management Program PGDM course of one and a half years duration at MDI, Gurgaon. The fourth batch was nominated during the year.

Under the provisions of the Apprenticeship Act, 77 Trade apprentices and 30 Diploma apprentices were trained during the year 2009-10. Apart from this 510 (previous year 364) students from different institutions were given opportunity for summer training / Project work in their relevant branches of study.

#### Centre of Excellence (CoE)

In the global E&P industry, knowledge-base in its entire value chain is the key to success in discovery and production of oil and natural gas. In exploration, the challenge is oriented towards identification of subtle traps and exploration in frontier areas. Similarly, the development of reservoirs and production on the other hand require considerable expertise in reservoir characterization, simulation and analysis. It has, therefore, become necessary to keep pace with developments in knowledge and technology, and then harness them to achieve business goals. The excellence in the core E&P activities is the only way forward and the same is believed to be achieved through the working in dedicated knowledge based teams. It is envisaged that creation of a full fledged "Centre of Excellence", will be a catalyst in OIL's E&P ventures through scientific and technological excellence. As OIL has an ambitious plan to be the fastest growing E&P Company, it is envisaged to set up a CoE, which will play an important role in carrying out multidisciplinary studies to improve our exploration success ratio, development of green fields and redevelopment of brown fields, as well as alternative energy sources. The proposed CoE will facilitate multi-disciplinary studies between geophysicists, geologists, reservoir engineers and members of other key disciplines in order



to advance state of the art in exploration, appraisal/development and reservoir management. There were no incidences of mandays loss by unionized employees due to industrial relations problems.

## 8.0 Safety, Environment And Pollution Control

### HSE management system:

During the year, as a part of the HSE management system, safety audits as well as review audits of its installations were carried out to check the level of safety and recommend for further improvement. In order to continue the HSE awareness amongst its workforce, on-site HSE awareness training of workers have been intensified. An offsite Disaster Mock Drill was carried out in December'2009 at OIL's Intermediate Tank Farm (ITF), Tengakhat, Assam.

### Crisis Management Team (CMT)

A core CMT group has been functional to handle, co-ordinate and manage crisis situations arising out of the oil / gas well blow-outs in a more effective and professional manner. Audit of High Pressure wells in a few areas have been carried out to make an assessment of water resources, accessibility and vulnerability in the event of a disaster. Well Kick control at one location, well killing operation at one location, Blowout control at one location, Well Control Operation and repairing of well-head at two locations were successfully carried out.

### ISO & OHSAS Accreditation:

The General workshop within the Industrial area at Duliajan has been accredited and awarded ISO 9001:2008 Certificate on Quality Management System (QMS).

Transport Maintenance workshop has also been accredited ISO certification on [ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environment Management System) & OHSAS 18001:2007 (Occupational Health & Safety Assessment System)] during the year.

### HDPE lining for all effluent pits

Use of impervious HDPE lining has been implemented for all effluent pits in drilling locations to prevent seepage of effluent to the surrounding areas.

### Bioremediation of Oily Sludge & Phytoremediation

This technology has been successfully implemented at five locations containing oily sludge in fields.

### Tree Plantation

1691 nos. of saplings were planted [Plantation through Civil Engineering Department 922 and Supply of other Department 769] since April '2009 to March '2010.

**Solid Waste Disposal:** OIL has set up a solid waste processing unit during October, 2009 complying with all the applicable statutory norms. This environmental friendly processing unit will convert daily waste into useful products and by-products.

**Disposal of Junk Explosives:** Disposal of unusable oil well explosives accumulated with the Well Logging Department was carried out in an abandoned oil well and successfully executed in the well, NHK -467.

**Disposal of unusable Radio-active sources:** Radioactive sources used in logging were disposed as per permission of the Atomic Energy Regulatory Board at their Central Waste Management Facility of BARC.

**Handling of Hazardous Materials:** Use of explosives and radioactive sources in operations demand strict adherence to safety norms, which were observed without compromise.

**Occupational Health:** Occupational Health monitoring for work persons is done in a regular and continuous manner. OIL conducts health checkups of every employee once in a block of 5 years. Besides periodic Medical examination, Pre-retirement medical examination, participation in the Occupational Health activities, Maintenance of Occupational health records, Health Education is part of a continuous process in OIL.

### Abatement of green gas emissions

A CDM project on "Shift of transportation medium of petroleum products from railways to pipeline"(NSPL Multi-product Pipeline) is awaiting methodology validation from DOE. At present Methodology for the project is under consideration with UNFCCC.

Accounting of carbon emission (Carbon Foot Printing) in the entire operational areas of OIL in India is being undertaken. EOI was invited in January 2010 and the bids are under examination

## 9.0 CORPORATE SOCIAL RESPONSIBILITY

The Company has recently enhanced the budgetary allocation for CSR activities with an objective to spend up to 2% of the net profit of the previous year through its various continuing welfare schemes for the benefit of the society as a whole with particular focus on the under-privileged and economically deprived sections of the society as the ultimate beneficiaries. The plans and the programmes are implemented through the following ongoing schemes :

- Social Welfare Programmes for developing rural education, building roads and bridges, sports promotion and providing street illumination.
- Educational development through grants of scholarships, grants to educational institutions for building/upgrading schools, grants for promotion of research for petroleum.



- Rural entrepreneurial development and promotion of agro-based projects jointly with SIRD for training and promoting entrepreneurship in weaving, tailoring, embroidery, knitting, bamboo cultivation, floriculture, fishing, sericulture, organic farming etc. and promoting entrepreneurship development through self-help groups.
- Women empowerment through gender budgeting for the relevant employees for providing training in handicrafts, general nursing and midwifery, family welfare and providing hostel facilities.
- Medical and healthcare services through our OIL hospital and mobile dispensary units for servicing the employees and rural areas and providing grants for promotion of cancer research.
- Promotion of sports and culture by sponsoring tournaments and supporting athletes and artists.

We are continuing to put our best efforts in CSR activities. In this regard, kindly recall that we had been awarded in the past with the CSR Award by TERI and the Golden Peacock award for corporate social responsibility by the Federation of Indian Chambers of Commerce and Industry.

## 10.0 Technology Upgradation

### **Productivity Improvement**

The GPS tracking & central monitoring system being procured, for effective daily management of large number of crude oil transportation browsers in field areas especially for effective evacuation of crude oil from logistically difficult, remote and scattered area, is expected to improve productivity in the near future.

State of the art mass flow meters for accurate measurement of mass flow along with other critical parameters of dispatched crude from various installations to Central Tank Farm (CTF) were successfully commissioned.

Optimization of gas lift wells after thorough analysis of dynamics of various well parameters by using state of the art software like Well Flow was initiated.

Extended trial of Merus Ring technology for flow line gelling treatment has started and is showing encouraging results.

Induction of software S-Rod for design and optimization of sucker rod pump wells was undertaken.

### **Passive Seismic**

This is a new technique of seismic data acquisition used world over as a direct Hydrocarbon Indicator. Preparation is underway to execute a pilot scale project during 2010-11.

### **Solar Appliances**

As an alternative source of energy solar appliances have been inducted in feasible areas. During the year such appliances were inducted for: (1) Water Heating System in 2 residential houses at Duliajan on an experimental basis, (2) Emergency lighting system at Jorajan Explosive Magazine House and (3) Distilled water plant at the newly commissioned ICE-workshop. A promotional programme on Solar Energy was also organized under the expertise of TRA International.

### **Use of RBI Grade-81:**

RBI Grade-81, an internationally acclaimed soil stabilizer, was used in soils to eliminate use of aggregate up to the sub-base level to enhance strength and durability of the layers constructed. Treated layers attain engineering properties of the desired quality. The thickness of layers in the RBI Grade-81 design gets reduced because of higher equivalency factor of the stabilized layers. Treated layers thus use less material for road construction resulting in reduction of material, transportation and labour costs.

### **Vibratory Soil Compactors:**

Vibratory Soil Compactors were inducted for compaction of soil in various civil works involving huge earth works in well plinth & approach road is expected to give satisfactory results in increasing the bearing capacity, stability and other related parameters of soil.

### **State-of-the-art PLC control technology incorporated in the new DCPCR of S-1 rig:**

With this new technology, operational as well as protection/alarm diagnostic parameters will be readily available in the touch-screen HMI (Human Machine Interface). This feature would immensely help in troubleshooting; thereby reducing downtime. Also, use of PLC interface has greatly reduced the number of cables (from 7 nos. to just 1 cable) by switching to Driller's control panel. This has in turn reduced the rig-up time by almost 4/6 hours. In addition, problems arising out of hard wired cables like loose connection, bad contact, heating etc. are also reduced to a great extent.

### **Introduction of Dissolved Gas Analyzer Testing Instrument:**

Certain gases are produced by decomposition of oil/paper insulation when transformer undergoes abnormal thermal or electrical stresses that dissolve in oil. "Dissolved Gas Analyser" has been procured for analysing of the dissolved gases in transformer oil. This equipment is an essential and effective tool for condition monitoring and extension of the life of transformers.

### **Use of maintenance free Vacuum Circuit Breakers (VCB):**

The old problematic Bulk Oil Circuit Breakers of the Water Injection Station-208 and GCS-8 have been replaced with almost maintenance free Vacuum Circuit Breakers. Due to retrofit of the breakers, not only the inconvenient maintenance works could be obviated but maintenance costs were also reduced.

**Disaster recovery Data center:**

This was established at the Corporate office at NOIDA during September, 2009 with storage & Host based replications.

**High performance Computing facility:**

Actions are underway to upgrade the existing SGI origin processing system by state of the art high end performance facility with capability of carrying out advance processing of conventional and multi-component 2D, 3D and 4D projects. Once in place, the new system is expected to lead a paradigm shift in analysing and extracting information from datasets under study. The facility will significantly reduce computing time and project timelines.

Geoscientific Software

Four new Geo-scientific software viz., KINGDOM SUITE, FASTRTA, GREAT and WATERFLOOD were acquired and installed during the year. Initiatives were taken for setting up of VRC at Duliajan and Centre of Excellence at Guwahati.

**Geoscientific Studies**

A total of 36 Notes / Reports and 45 nos Well data Note / Depth Data policies were published from G&R department during the year 2009-10. Out of these 36 notes / reports, 12 Dev G Notes and 9 EG Notes covers review of various areas. Proposal of 80 (60 Exploratory and 20 Development) locations for drilling, yearly assessment of Reserves of Upper Assam Basin, Mining Lease wise status of wells, locations, reserves gas availability studies of Assam & AP etc., various simulation studies carried out in different areas of Upper Assam Basin and work over performance were presented in total 8 nos of PRE Notes published during the year. Also, 2 nos of Sediment logical Notes and 4 nos of CG Notes were published during the year. Identification of APM and Non-APM Gas Reservoirs / Fields, Assam & AP was published as a report. Apart from the above notes, five Letters (4 EGL & 1 DGL) were also published during the year. In addition to the in-house studies mentioned above, a consultancy study on integrated IOR/EOR application for Greater Dikom / Chabua / Kathaloni and Tengakhat Field by M/S HOSI and a consultancy on Micro Palaeontological & Palynological studies of core samples by M/S KDMIPE, ONGCL Dehra Dun is in progress.

**Collaborative Studies through work association**

Prospect evaluation of the Borhat Sapekhati and Deohal West Makum areas in Upper Assam basin were carried out through Fugro Robertson Ltd, UK. The final report is being awaited.

A Consultancy study on Integrated IOR/EOR Application for Greater Dikom / Chabua/ Kathaloni and Tengakhat Fields was carried out by M/s Halliburton Offshore Services, Inc.

**11.0 Future Outlook**

The Company is committed to sustain its organic growth in production and requisite plans and investments have been ear-marked towards the same. Towards its inorganic growth the Company is also aggressively pursuing M&A activities. With world demand projected to increase by 2%, there is sufficient capacity available to meet the same. The capacity for inventories is over-saturated; as such, in order to ensure a sustainable recovery from the ongoing recession, the probability of any wide fluctuation in prices is remote in the short term, unless over-speculation in this commodity upsets the balance. Higher oil prices ahead are required in order to sustain demand growth and motivate the development of higher-cost projects and offset the spiraling marginal costs on improved recovery or sustain the risk appetites.

**12.0 Long term strategic Plan**

A Strategic and Corporate plan for the organisation was prepared a few years ago. The implementation process began by co-creating long term vision with assigned ownership. Meanwhile, since the business environment in general and E&P Industry in particular have undergone considerable changes, to realise the Company's co-created vision and the aspirations associated with, it was imperative to revisit the strategy for the future, towards which a high level committee has reviewed the Company's exploration, development, diversification and growth strategy and suggested new directions and way forward for the future. This report is presently under examination.



## **REPORT ON CORPORATE GOVERNANCE**

### **1. PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance is the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled in operations. It involves a set of relationship amongst the Company's Management, its Board of Directors', shareholders and other stakeholders.

The Company treats Corporate Governance as an ongoing phenomenon and an ideology to be imbibed rather than mere compliance procedures.

It has been the endeavour of the Company to be one of the best practitioners of Corporate Governance and ensure compliance with Clause 49 of the Listing Agreement. The Company fosters a culture in which high standards of ethical behaviour, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its board of directors, management and employees

Requirements for compliance are mandated to ensure an effective process is in place to exercise management and internal controls.

### **2. BOARD OF DIRECTORS**

The Company is managed by the Board of Directors, which formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director (CMD) and Whole-time Directors manage the business of the Company under the overall supervision, control and guidance of the Board.

#### **2.1 COMPOSITION**

The Board of the Company has an adequate combination of Executive Directors and Non-Executive Directors and the Company is fully compliant with the provisions of Clause 49 of the Listing Agreement in this regard. It consists of eminent persons with considerable professional experience and expertise in business and industry, finance, audit, law and public enterprises. None of the Directors on the Board is a Member of more than 10 committees and Chairman of more than 5 committees across all the companies in which he/she is a Director.

The composition of the Board and the details of the attendance at the meetings are given in Appendix 'A' and 'B'.

None of the Directors of the Company except CMD and Whole-Time Directors has any pecuniary relationship with the Company except to the extent of receipt of sitting fees for meetings of the Board/Committee(s) of Directors attended by them. Government Nominee Directors do not receive any pecuniary benefit including sitting fees from the Company.

No Director is related to any Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.

#### **2.2 Board/Committee Meetings and Procedures**

##### **(A) Scheduling and selection of Agenda items for Board/Committee Meetings**

- (i) The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board/Committee. To address specific urgent need, meetings are also being called at a shorter notice. In case of exigencies or urgency resolutions are passed by circulation.
- (ii) Detailed agenda, management reports and other explanatory statements are circulated in advance in the defined agenda format amongst the members for facilitating meaningful, informed and focused decisions at the meetings. Where it is not practicable to circulate any document or the agenda is of confidential nature, the same is tabled with the approval of CMD. Sensitive subject matters are discussed at the meeting without written material being circulated. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted.
- (iii) The agenda papers are prepared by the concerned officials, sponsored by the concerned Functional Directors and approved by CMD. Duly approved agenda papers are circulated amongst the members of the Board/ Committee by the Company Secretary or by the convener of the Committee.
- (iv) The meetings of the Board/ Committees are generally held at the Company's Registered Office / Corporate Office.
- (v) The Board/ Committee is given presentations covering Finance, Production, Operations, major Business Segments, Human Resources, Marketing, Joint Venture operations etc.
- (vi) The members of the Board/ Committee have complete access to all information of the Company and are also free to recommend inclusion of any matter in agenda for discussion. Senior officials are called to provide additional inputs to the items being discussed by the Board/Committee, as and when necessary.
- (vii) Each Committee has the authority to engage outside experts, advisers and counsels to the extent it considers appropriate to assist the Committee in its work.

##### **(B) Recording minutes of proceedings at the Board Meeting**

Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members of the Board/ Committee for their critical appreciation and comments. The comments are incorporated in the minutes, which are finally approved by the Chairman of the Board/ Committee. These minutes are confirmed



in the next Board/Committee Meeting. Minutes of the meetings of the Committees are also noted by the Board in its next meeting. The finalized minutes are entered in the Minutes Book.

**(C) Follow-up mechanism**

Decisions of the Board / Committee Meetings are communicated to concerned Departments for necessary action.

**(D) Training and evaluation of non-executive Board members**

The non-executive Board members are eminent personalities having wide experience in the field of business; education, industry, commerce and administration. Detailed presentation on the business module, performance, plans etc of OIL are made to the non-executive Board members, on their induction on the Board of OIL. They are nominated by the Company for suitable programmes/seminars from time to time. However, at the Board/Committee/ other meetings, detailed presentations are made by senior executives/ professionals/ consultants on business related issues, risk assessment, impact of regulatory changes on strategy etc.

**3. BOARD COMMITTEES**

The Company has the following Committees of the Board:

**3.1 AUDIT COMMITTEE**

The terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act, 1956, Clause 49 of the Listing Agreement and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises.

Director (Finance) is a permanent invitee to the Audit Committee Meetings. Statutory Auditors and Internal Auditors also attend the meeting, answer and clarify questions raised at the Audit Committee. Further, representatives from departments of the Company also attend meetings by invitation.

The composition of the Audit Committee and the details of the attendance of the meetings are given in Appendix 'A' and 'B'.

The Company Secretary acts as Secretary to the Committee.

The terms of reference, role and power of the Audit Committee as has been stipulated by the Board are in conformity and in line with the Statutory and Regulatory requirements which inter-alia includes:

- Review the financial reporting process and disclosure of its financial information.
- Review with the management, the annual / half yearly/quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Review the Audit paras referred to Audit Committee by the Internal Audit / Board and / or Govt. of India and to provide its suggestions / guidance / comments on the issues referred to it.

The Audit Committee has discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.

**3.2 SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE**

The Shareholders'/Investors' Grievances Committee specifically looks into redressing of shareholders' and investors' complaints/grievances pertaining to transfer/transmission of shares, non-receipt of annual reports, dividend payments, issue of duplicate certificates and other miscellaneous complaints.. The Committee also oversees and reviews performance of the Registrar and Share Transfer Agents and recommends measures for overall improvement in the quality of investor services.

The total number of complaints received during the year was pegged at 1591. All complaints received during the year 2009-10 have been duly attended to by the Company/RTA and as on 31.3.2010 there was no outstanding complaint.

The Composition of the Shareholders' / Grievance Committee and the details of the attendance at the meeting are given in Appendix 'A' and 'B'.



**Settlement of Grievances:** Investors may register their complaints in the manner stated below :

| Nature of Compliant   | Contact Office  | Action to be taken  |
|---|---|---|
| Dividend from financial years 2002-03 (Final) to 2009-10 (Interim) and all matters pertaining to Bonus Shares and shares held in physical mode<br><br><b>For Physical Shares:-</b><br>Change of address, status, Bank account, mandate, ECS mandate, etc. | M/s Karvy Computershare Private Ltd.<br>Plot No.17-24,<br>Vittal Rao Nagar,<br>Madhapur,<br>Hyderabad – 500081 .<br>Telephone: 040- 44655000;<br>Fax: 040-44655021.<br>email: einward.ris@karvy.com | Letter on plain paper stating nature of complaint, folio/ DPID/Client ID No., lodging of original shares and other documents/instruments as the case may be.<br><br>Members are requested to apply for renewal or issue of duplicate dividend warrants for the Final Dividend 2002-03 before 20 <sup>th</sup> October, 2010. After 27 <sup>th</sup> October,2010 the unpaid dividend amount for the year 2002-03 (Final) will be transferred by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie neither against IEPF nor against the Company. |
| <b>For Demat Shares:-</b><br>Change of address, status, Bank account, mandate, ECS mandate etc.   | Concerned Depository Participant (DP) where the Shareholder is maintaining his/ her account.  | As per instructions of DP   |
| Any other complaint   | Company Secretary<br>Oil India Limited<br>Plot No. 19 , Sec-16A,<br>Noida-201301<br>Email: investors@oilindia.in  | On plain paper stating nature of complaint, folio/DPID/ Client ID No. , Name and address  |

### 3.3 REMUNERATION COMMITTEE

The Company being a Public Sector Undertaking, the appointment and terms & conditions of remuneration of CMD/Whole-Time Directors are determined by the Administrative Ministry i.e. Ministry of Petroleum & Natural Gas.

The Remuneration Committee reviews and approves the perquisites, facilities, performance related payments, other benefits, such as medical, allowances etc. to the Board Level, Below Board Level Executives and the Employees of the Company.

The Composition of the Remuneration Committee and the details of the attendance at the meetings are given in Appendix 'A' and 'B'.

Details of remuneration of CMD/Whole-Time Directors for the year ended 31<sup>st</sup> March, 2010 is furnished as under:

(Rs. in lakhs)

| Sl. No | Names  | Salary and allowances | Contribution to PF and other funds | Other benefits | Total | Tenure  |
|--------|--|-----------------------|------------------------------------|----------------|-------|---|
| 1.     | Shri N. M. Borah,<br>Chairman & Managing Director                    | 22.58                 | 3.03                               | 3.99           | 29.6  | For a period of 5 years w.e.f 01.12.2008 or till his superannuation or until further orders whichever is earlier. |
| 2      | Shri T. K. Ananth Kumar,<br>Director (Finance)                       | 23.34                 | 1.48                               | 2.10           | 26.92 | For a period of 5 years w.e.f 18.01.2007 or till his superannuation or until further orders whichever is earlier  |
| 3      | Shri B.N.Talukdar<br>Director (Exploration & Development)            | 20.66                 | 2.72                               | 4.14           | 27.52 | For a period of 5 years w.e.f 01.12.2007 or till his superannuation or until further orders whichever is earlier  |
| 4.     | Shri Ashok Anand<br>Director (Human Resource & Business development) | 22.66                 | 2.71                               | 6.68           | 32.05 | Superannuated on 30.04.2010   |
| 5.     | Shri S.K.Srivastava<br>Director (Operations)                         | 5.58                  | 1.14                               | 7.86           | 14.58 | 01.10.2009 to 25.02.2010  |

Part-time Non-Official Directors are not being paid any other remuneration except sitting fees as fixed by the Government of India.

### 3.4 HUMAN RESOURCE MANAGEMENT COMMITTEE

The terms of reference of the Human Resource Management Committee include consideration of all issues / areas concerning the Human Resource Planning & Management, HR Policies & Initiatives and Promotions to Executive Director level.

The Composition of the Human Resource Management Committee and the details of the attendance at the meetings are given in Appendix 'A' and 'B'.

### 3.5 BUSINESS DEVELOPMENT COMMITTEE

The Business Development Committee oversees and explores new areas of business, proposals for collaborations, joint ventures, amalgamations, mergers and acquisitions etc.



The Composition of the Business Development Committee and the details of the attendance at the meetings are given in Appendix 'A' and 'B'.

### 3.6 SHARE TRANSFER COMMITTEE

The Share Transfer Committee, inter-alia, approves issue of duplicate share certificates and oversees and reviews all matters connected with the securities' transfers.

The Company has in place a proper and adequate share transfer system. M/s. Karvy Computershare Private Limited is the Registrar and Share Transfer Agent of the Company.

In order to expedite the process of share transfers and other related matters the Share Transfer Committee has constituted a sub-committee which attends to the share transfer and other related matter at regular intervals.

The Composition of the Share Transfer Committee and the details of the attendance at the meetings are given in Appendix 'A' and 'B'.

### 4. CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A code of conduct, evolved in line with the industry practices was adopted by the Board. A copy of the Code has been placed on the Company's website 'www.oil-india.com'. All members of the Board and senior management i.e. 'Key Executives' have confirmed compliance with the Code of Conduct for the year under review. A declaration signed by Chairman & Managing Director is given below:

"I hereby confirm that the Company has obtained from the members of the Board and Senior Management Personnel, affirmation that they have complied with the Code of Conduct for Directors and senior management in respect of the financial year 2009-10."

### 5. OIL CODE ON INSIDER TRADING

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has approved the "Code of Conduct for Prevention of Insider Trading". The objective of the Code is to prevent purchase and/ or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Directors, Advisors, Key Executives, Designated Employees and Statutory Auditors) are prohibited to deal in the Company's shares of the Company during the closure of Trading Window.

### 6. CEO/ CFO CERTIFICATION

In terms of revised Clause 49 of the Listing Agreement, the certification by the CEO/ CFO on the financial statements and internal controls relating to financial reporting for the year 2009-10 was submitted to the Board.

### 7. COMPLIANCE OFFICER

The Company Secretary has been nominated as the Compliance Officer.

### 8. ANNUAL GENERAL MEETINGS / EXTRA-ORDINARY GENERAL MEETINGS

Location, date and time of Company's AGMs / EGMs with details of special resolutions passed:

|  | 48 <sup>th</sup> AGM      | 49 <sup>th</sup> AGM      | 50 <sup>th</sup> AGM      |
|--|---------------------------|---------------------------|---------------------------|
| Date   | September 29, 2007        | September 27, 2008        | August 17, 2009           |
| Time   | 10.30 AM                  | 10.30 AM                  | 10.30 AM                  |
| Venue  | Bihutoli, Duliajan, Assam | Bihutoli, Duliajan, Assam | Bihutoli, Duliajan, Assam |
| Details of Special Resolutions passed in the AGM | None                      | None                      | None                      |

|  | 69 <sup>th</sup> EGM                                 | 70 <sup>th</sup> EGM  |
|--|--|---|
| Date   | 31 <sup>st</sup> October, 2007                       | 27 <sup>th</sup> November, 2007   |
| Time   | 11.00 AM   | 11.00 AM  |
| Venue  | OIL House, 19, Sector-16A, Noida-201301              | OIL House, 19, Sector-16A, Noida-201301                                       |
| Details of Special Resolutions passed in the EGM | Approval of further issue of Shares (Section 81(1A)) | Special Business for alteration of the Articles of Association of the Company |

### 9. POSTAL BALLOT

There was no special resolution passed by the Company at the last AGM, nor any Resolution was passed by the Company's members through postal ballot. At the ensuing AGM also, there is no Resolution proposed to be passed through postal ballot.

**10. RELATIONSHIP BETWEEN DIRECTORS.**

None of the Directors are inter-se related to other Directors of the Company.

**11. STOCK OPTIONS**

The Company has not issued any Stock Options to its Directors/ Employees.

**12. DISCLOSURES****a. Related Party Transactions**

The Company does not have any material related party transactions, which may have potential conflict with its interests. Disclosures regarding transactions with related parties are given in the Notes to Accounts of the Financial Statements.

**b. Compliances**

The Company has complied with the applicable rules and regulations of regulatory authorities on capital market and no penalty or strictures have been imposed on the Company by any Statutory Authorities during the last three years.

All returns/reports were filed within stipulated time with stock exchange(s)/other authorities.

**13. MEANS OF COMMUNICATION**

- **Quarterly/ Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after these are taken on record/approved. These financial results are normally published in the leading English and vernacular dailies having wide circulation across the country. The results are also displayed on the web site of the Company 'www.oil-india.com'.
- **News Release, Presentation etc.:** The official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website 'www.oil-india.com'
- **Website:** The Company's website 'www.oil-india.com' contains separate dedicated section 'Investor Relations' where the shareholders information is available. Annual Report, Shareholding Pattern and Corporate Governance Report etc. is also available on the web-site in a user-friendly manner.
- **Annual Report:** Annual Report containing inter-alia, Audited Accounts, Consolidated Financial Statements, Directors' Report, Management Discussion and Analysis (MD&A) Report, Auditors' Report, Corporate Governance Report including Information for the Shareholders and other important information is circulated to the members and others entitled thereto.

**14. SHAREHOLDER'S INFORMATION****14.1 ANNUAL GENERAL MEETING**

Date : September 25, 2010  
Day : Saturday  
Time : 11.00 AM  
Venue : Bihutoli, Duliajan

**14.2 FINANCIAL CALENDAR**

| Financial Results        | Time Schedule |
|--------------------------|---------------|
| June 30, 2010            | July, 2010    |
| September 30, 2010       | October, 2010 |
| December 31, 2010        | January, 2011 |
| March 31, 2011 (audited) | May, 2011     |

**14.3 BOOK CLOSURE**

The Book Closure period is from 18.09.2010 to 25.09.2010 (both days inclusive) for the payment of Final Dividend 2009-10 (160%).

**14.4 DIVIDEND PAYMENT DATE**

Dividend will be paid within 30 days of declaration.

**14.5 LISTING**

The equity shares of the Company are listed on the following Stock Exchanges :

| Name & Address  | Telephone/Fax/E-mail ID/Website ID   | Trading Symbol          |
|---|--|-------------------------|
| <b>Bombay Stock Exchange Ltd (BSE)</b><br>Floor 25, P.J Towers,<br>Dalal Street, Mumbai-400001  | Telephone: 022-22721233/4<br>Fax: 022-22721919<br>E-mail: info@bseindia.com<br>Website: www.bseindia.com         | 533106<br>OIL INDIA LTD |
| <b>National Stock Exchange of India Limited (NSE)</b><br>Exchange Plaza, Plot no. C/1, Block-G, Bandra Kurla<br>Complex, Bandra(E), Mumbai-400051 | Telephone: 022-26598100-8114<br>Facsimile: 022-26598120<br>E-mail: cc_nse@nse.co.in<br>Website: www.nseindia.com | OIL                     |



**14.6 LISTING FEES**

Annual Listing Fees for the year 2009-10, as applicable have been paid to the Stock Exchanges.

**14.7 COMPANY IDENTIFICATION NUMBER- L11101AS1959GOI001148**

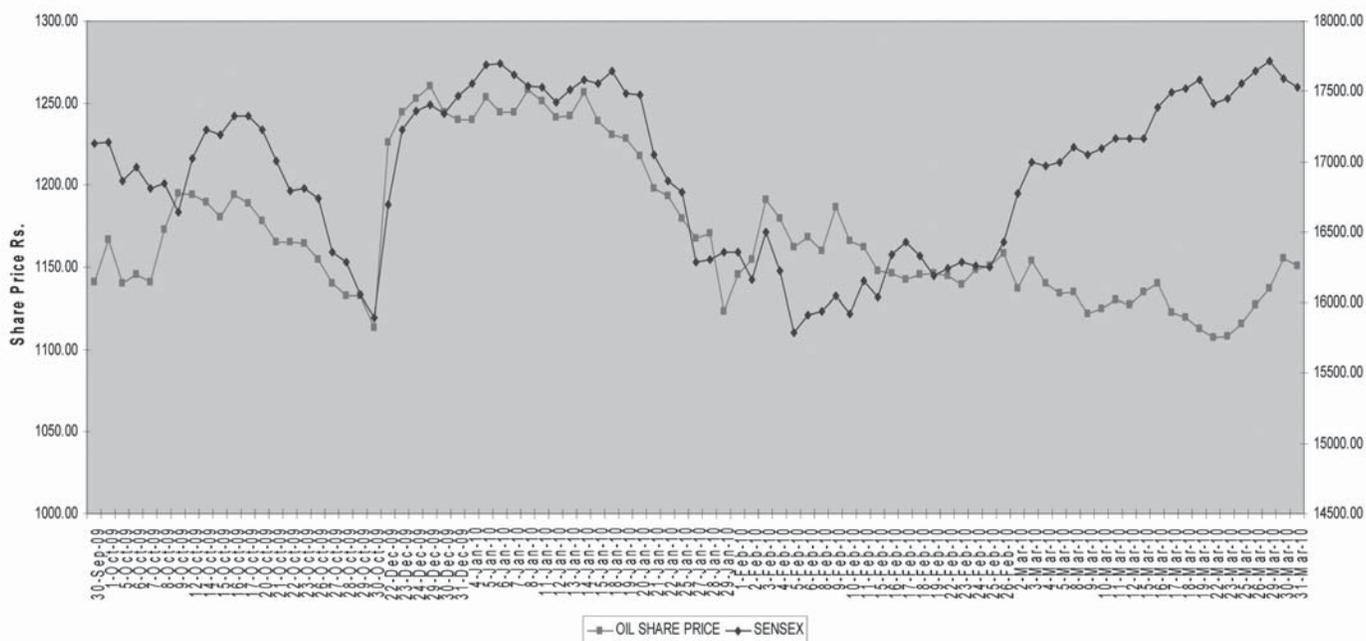
**14.8 DEMAT ISIN NUMBERS IN NSDL & CDSL**

The ISIN allotted to the Company's shares is **INE274J01014** .

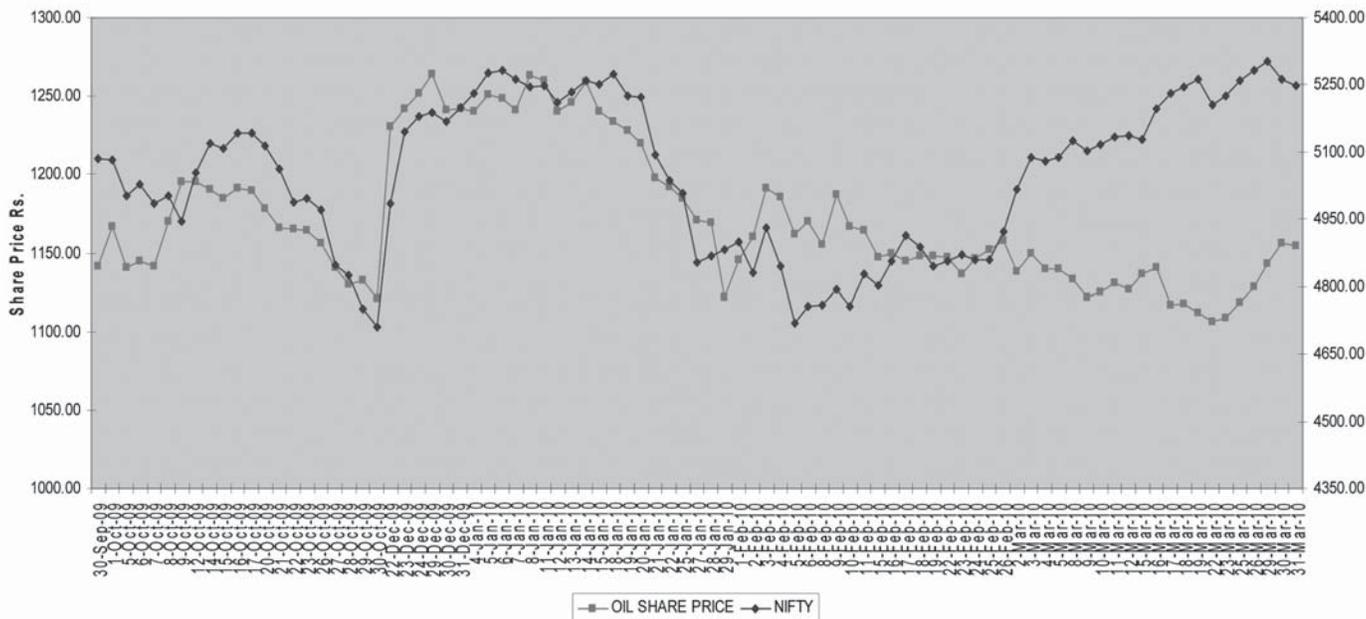
**15. STOCK MARKET INFORMATION**

The stock price performance of OIL in comparison to BSE indices and S&P CNX Nifty is plotted below:

**OIL Share Performance : OIL vs BSE Sensex (2009-10)**



**OIL Share Performance : OIL vs Nifty (2009-10)**



**STOCK MARKET DATA**

| BOMBAY STOCK EXCHANGE |            |           |         | NATIONAL STOCK EXCHANGE |            |           |          |
|-----------------------|------------|-----------|---------|-------------------------|------------|-----------|----------|
| MONTH                 | HIGH (Rs.) | LOW (Rs.) | VOLUME  | MONTH                   | HIGH (Rs.) | LOW (Rs.) | VOLUME   |
| SEP '09               | 1156.00    | 1019.00   | 8737957 | SEP '09                 | 1156.70    | 1090.00   | 19748012 |
| OCT '09               | 1227.80    | 1080.34   | 5124905 | OCT '09                 | 1240.00    | 1102.00   | 10915726 |
| NOV '09               | 1280.00    | 1100.00   | 903485  | NOV '09                 | 1288.80    | 1102.00   | 4058684  |
| DEC '09               | 1374.80    | 1212.00   | 635804  | DEC '09                 | 1374.00    | 1200.00   | 2189758  |
| JAN '10               | 1274.20    | 1118.05   | 770970  | JAN '10                 | 1274.70    | 1117.00   | 1214727  |
| FEB '10               | 1225.00    | 1130.00   | 448210  | FEB '10                 | 1238.60    | 1125.00   | 1256382  |
| MARCH '10             | 1166.00    | 1061.00   | 554011  | MARCH '10               | 1178.00    | 1100.25   | 3056105  |

Source: Web-sites of BSE and NSE

**16. REGISTRAR AND TRANSFER AGENTS (RTA)**

|  |
|--|
| M/s Karvy Computershare Pvt. Ltd.<br>(UNIT : OIL INDIA LIMITED)<br>Plot no. 17-24, Vittalrao Nagar, Madhapur, Hyderabad-500081<br>Tel No : 040 – 44655000 Fax No: 040 - 44655021<br>E-mail : einward.ris@karvy.com |
|--|

**17. SHARE TRANSFER SYSTEM**

The physical transfer of shares takes place through a Share Transfer Deed which is lodged by the transferee either with the Company or RTA and is processed by the RTA, who carries out necessary due diligence on the authenticity of the Transfer Deed, share certificate, signature of the transferor etc.

- M/s KARVY generates Memorandum of Transfer giving the details of the share certificates, distinctive nos., names of the transferors/transferees etc and submit the same for the approval of the Delegated Share Transfer Committee. After Committee's approval certificates are dispatched.

**DEMAT SHARES**

- Demat Shares are electronically traded. Beneficiary gives purchase / sale instructions to their Depository Participant.
- Electronic settlements of trades are done on NSE/BSE which are connected to the Depositories NSDL and CDSL. Market Trades are settled by 'Clearing Corporations'.
- NSDL / CDSL provides the summary of the Share Transfers and the Shareholding data in electronic mode called the BENPOS (Beneficiary Position Data) to the RTA every Friday. BENPOS can also be availed from the depositories for the Corporate Actions like payment of dividend, issue of bonus shares. The RTA after receipt of BENPOS data provides the shareholding pattern as per format of Clause 35 of the Listing Agreement.
- Confirmation in respect of the request for dematerialization of shares is sent to the respective depositories i.e NSDL and CDSL expeditiously.
- Pursuant to Clause 47(C) of the Listing Agreement, certificates on half yearly confirming due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to the Stock Exchanges.
- In addition, as a part of the capital integrity audit, a Secretarial Audit Report for reconciliation of the share capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis.

The total number of transfer deeds processed and shares transferred during the last three years are as under:

| Years   | No. of Transfer Deeds processed | No. of shares transferred |
|---------|---------------------------------|---------------------------|
| 2009-10 | 105                             | 32900                     |
| 2008-09 | 648                             | 177950                    |
| 2007-08 | 940                             | 252000                    |

**18. SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2010**

| Sl. No | Category                        | Folios | Shares    | % To Equity |
|--------|---------------------------------|--------|-----------|-------------|
| 1      | Promoters                       | 1      | 188599560 | 78.43       |
| 2      | Bodies Corporates               | 883    | 28737019  | 11.95       |
| 3      | Resident Individuals            | 126015 | 8109722   | 3.37        |
| 4      | Mutual Funds                    | 66     | 7195260   | 2.99        |
| 5      | Foreign Institutional Investors | 73     | 5445945   | 2.27        |
| 6      | Indian Financial Institutions   | 14     | 1589274   | 0.66        |



| SI. No | Category             | Folios | Shares    | % To Equity |
|--------|----------------------|--------|-----------|-------------|
| 7      | Banks                | 15     | 428270    | 0.18        |
| 8      | H U F                | 3898   | 215075    | 0.09        |
| 9      | Non Resident Indians | 1226   | 88546     | 0.04        |
| 10     | Clearing Members     | 199    | 41391     | 0.02        |
| 11     | Directors            | 2      | 2900      | 0.00        |
| 12     | Trusts               | 11     | 1420      | 0.00        |
|        | Total                | 132403 | 240454382 | 100.00      |

#### TOP TEN SHAREHOLDERS (31.03.2010)

| SI.No | DPID     | Client Id        | Name   | Equity    | % to Equity | Category |
|-------|----------|------------------|--|-----------|-------------|----------|
| 1     | IN301330 | 20724801         | President Of India                               | 188599560 | 78.43       | PRO      |
| 2     | 12400    | 1301240000000014 | Indian Oil Corporation Limited                   | 10700220  | 4.45        | LTD      |
| 3     | 10100    | 1601010000011671 | Bharat Petroleum Corporation Ltd                 | 5350110   | 2.23        | LTD      |
| 4     | IN301151 | 12774219         | Hindustan Petroleum Corporation Limited          | 5350110   | 2.23        | LTD      |
| 5     | IN300167 | 10007299         | ICICI Prudential Life Insurance Company Ltd      | 3314085   | 1.38        | LTD      |
| 6     | IN300126 | 11179789         | HDFC Standard Life Insurance Company Limited     | 1823903   | 0.76        | LTD      |
| 7     | IN300167 | 10013529         | Pru India Equity Open Limited                    | 824465    | 0.34        | FII      |
| 8     | IN300126 | 11209112         | SBI - Sbi Infrastructure Fund - Series I         | 706229    | 0.29        | MUT      |
| 9     | IN300054 | 10009118         | HDFC Trustee Company Limited - HDFC Top 200 Fund | 594725    | 0.25        | MUT      |
| 10    | IN300054 | 10009095         | HDFC Trustee Company Limited-HDFC Equity Fund    | 569725    | 0.24        | MUT      |
|       |          |                  | Total  | 217833132 | 90.59       |          |

#### DISTRIBUTION SCHEDULE (31.03.2010)

| Category (Amount) | No. of Persons & % of holding | No of Shares & % of holding |
|-------------------|-------------------------------|-----------------------------|
| 1 - 5000          | 128165 96.80                  | 4824271 2.01                |
| 5001 - 10000      | 3559 2.69                     | 2886108 1.20                |
| 10001 - 20000     | 352 0.27                      | 463146 0.19                 |
| 20001 - 30000     | 81 0.06                       | 197462 0.08                 |
| 30001 - 40000     | 35 0.03                       | 123671 0.05                 |
| 40001 - 50000     | 11 0.01                       | 50715 0.02                  |
| 50001 - 100000    | 57 0.04                       | 410054 0.17                 |
| 100001 & Above    | 143 0.11                      | 231498955 96.28             |
| TOTAL             | 132403 100                    | 240454382 100               |

#### 19. DIVIDEND HISTORY

| Years                     | Rate (% of Equity) | Per Share (Rs.) | Amount (Rs. in crores) |
|---------------------------|--------------------|-----------------|------------------------|
| 2002-03                   |                    |                 |                        |
| • Interim                 | 40                 | 4               | 85.60                  |
| • Final                   | 90                 | 9               | 192.60                 |
| 2003-04                   |                    |                 |                        |
| • Interim                 | 60                 | 6               | 128.40                 |
| • Final                   | 80                 | 8               | 171.20                 |
| 2004-05                   |                    |                 |                        |
| • Interim                 | 60                 | 6               | 128.40                 |
| • Final                   | 100                | 10              | 214.00                 |
| 2005-06                   |                    |                 |                        |
| • 1 <sup>st</sup> Interim | 110                | 11              | 235.40                 |
| • 2 <sup>nd</sup> Interim | 75                 | 7.5             | 160.50                 |
| • Final                   | 80                 | 8               | 171.20                 |
| 2006-07                   |                    |                 |                        |
| • Interim                 | 110                | 11              | 235.40                 |
| • 2 <sup>nd</sup> Interim | 75                 | 7.5             | 160.50                 |
| • Final                   | 75                 | 7.5             | 160.50                 |
| 2007-08                   |                    |                 |                        |
| • Interim                 | 125                | 12.5            | 267.51                 |
| • Final                   | 150                | 15              | 321.01                 |
| 2008-09                   |                    |                 |                        |
| • Interim                 | 150                | 15              | 321.01                 |
| • Final                   | 155                | 15.5            | 331.71                 |
| 2009-10                   |                    |                 |                        |
| • Interim                 | 180                | 18              | 432.82                 |
| • Final (Proposed)        | 160                | 16              | 384.73                 |

**20. TRANSFER OF UNPAID/UNCLAIMED DIVIDEND ACCOUNT TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)**

During the year under report, an amount of Rs. 1,91,586.00 pertaining to unpaid interim dividend for the financial year 2002-03 was transferred to the Investor Education & Protection Fund (IEPF) set up by the Central Government. This is in accordance with the sections 205A and 205C of the Companies Act, 1956 requiring transfer of dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the IEPF.

Unclaimed final dividend for the year 2002-03 is due for transfer to IEPF on or before 27<sup>th</sup> October, 2010. All Shareholders, whose dividend is unpaid, are requested to lodge their claim with M/s KARVY, RTA by submitting an application before 15<sup>th</sup> October, 2010 since no claim will lie against the Company or the IEPF once the dividend amount is deposited in IEPF. Members who have not encashed their dividend warrants within their validity period may write to the Company at its Corporate Office or M/s KARVY, RTA, for revalidating or obtaining duplicate warrant.

Given below are the proposed dates for transfer of the unclaimed dividend to IEPF by the Company :

| Financial Year   | Date of Declaration                    | Due for transfer to IEPF               |
|--|--|--|
| 2002-03<br>➤ Final   | 20.09.2003                             | 27.10.2010                             |
| 2003-04<br>➤ Interim<br>➤ Final  | 21.01.2004<br>24.09.2004               | 27.02.2011<br>31.10.2011               |
| 2004-05<br>➤ Interim<br>➤ Final  | 21.12.2004<br>10.09.2005               | 27.01.2012<br>17.10.2012               |
| 2005-06<br>➤ 1 <sup>st</sup> Interim<br>➤ 2 <sup>nd</sup> Interim<br>➤ Final | 21.12.2005<br>21.02.2006<br>23.09.2006 | 27.01.2013<br>30.03.2013<br>30.10.2013 |
| 2006-07<br>➤ 1 <sup>st</sup> Interim<br>➤ 2 <sup>nd</sup> Interim<br>➤ Final | 13.12.2006<br>26.02.2007<br>29.09.2007 | 19.01.2014<br>04.04.2014<br>05.11.2014 |
| 2007-08<br>➤ Interim<br>➤ Final  | 24.12.2007<br>27.09.2008               | 30.01.2015<br>03.11.2015               |
| 2008-09<br>➤ Interim<br>➤ Final  | 30.01.2009<br>17.08.2009               | 08.03.2016<br>23.09.2016               |
| 2009-10<br>➤ Interim   | 30.01.2010                             | 08.03.2017                             |

**21. DEMATERIALIZATION OF SHARES AND LIQUIDITY**

The shares of the Company are in compulsory dematerialized segment and are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31<sup>st</sup> March, 2010, 237134681 Equity shares forming 98.62%, stood dematerialized.

**22. OUTSTANDING GDRs/ADRs/WARRANTS OR CONVERTIBLE INSTRUMENT**

No GDRs/ ADRs/ Warrants or Convertible Instruments have been issued by the Company

**23. INVESTOR SERVICES**

The Company serves its investors through its Registrar & Transfer Agent, M/s. Karvy Computershare Pvt. Ltd. who have adequate computer hardware & software and connectivity with both the depositories, which facilitate better and faster service to the investors.

Other facilities, such as remittance of dividend through Electronic Clearing Services (ECS), Bank mandate, incorporation of Bank details on dividend warrants, direct deposit of dividends, reminders for unclaimed dividends, nomination facility, issue of Public Notice for lost share certificate, issue of duplicate share certificate, etc. are also extended.

**24. ADDRESS FOR SHAREHOLDER'S CORRESPONDENCE**

**Investor Correspondence:** For transfer/transmission/dematerialization of shares, payments of dividend, bonus shares and other query relating to shares of the Company:



| For Shares held in Physical Form   | For Shares held in Demat Form  |
|--|--|
| M/s Karvy Computershare Private Ltd.<br>Unit: Oil India Limited<br>Plot No.17-24, Vittal Rao Nagar,<br>Madhapur, Hyderabad – 500081<br>Telephone: 040- 44655000; Fax: 040-44655021<br>Email: einward.ris@karvy.com | To the Investors' Depository Participant(s) and/ or Karvy<br>Computershare Private Limited |

## 25. RISK MANAGEMENT

The framework for risk assessment and minimization thereto is in place. On evaluations and further improvements, if any, suggested by experts it shall be further improved.

## 26. COMPLIANCE CERTIFICATE : CORPORATE GOVERNANCE

Certificate from the R & D, Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement and DPE Guidelines on Corporate Governance is annexed.

## 27. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE – 49

The following non-mandatory requirements have already been implemented and have been reflected elsewhere in this report:

- The Company has constituted Remuneration Committee (Para 3.3).
- With regard to Shareholders' Rights, communication of financial results are being published widely and also hosted on the Company's website.
- Information on training of Board members and mechanism for evaluation of non-executive Board members is reflected in Para no. 2.2
- As far as Audit Qualifications are concerned, the Company is in the regime of unqualified financial statements.
- With regard to Whistle Blower Policy, since OIL is a PSU, the guidelines of CVC are applicable which also provide adequate safeguards against victimization of employees who avail of the mechanism. No person is denied access to the Audit Committee (or its Chairman in exceptional cases).

## 28. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

The guidelines issued by DPE on Corporate Governance are being followed.

Presidential Directive for Revision of Pay and Allowances was issued by the MOP&NG has been implemented.

No items of expenditure have been debited in books of accounts, which are not for the purpose of business. No expenses, which are personal in nature, have been incurred for the Board of Directors and top management.

The administrative and office expenses were 5.83% of total expenses during 2009-10.

## 29. PROJECT LOCATIONS

|  |   |
|--|---|
| Field Headquarters<br>Duliajan<br>Assam – 786602               | Rajasthan Explorations Project<br>12, Old Residency Rod,<br>Jodhpur |
| Pipeline Headquarters<br>P.O.Udayan Vihar<br>Narengi, Guwahati | Eastern Producing Area<br>Digboi Oil Fields<br>Digboi – 786171      |
| Kakinada Project<br>Kakinada                                   | Moran Oil Fields<br>Moran, Distt Sivasagar<br>Assam-785669          |
| Kolkata Branch<br>4, India Exchange Place<br>Kolkata-700001    | Gabon Project,<br>Libreville<br>Gabon                               |
| Libya Project<br>Tripoli<br>Libya                              | Branch Office<br>Timor Leste  |



## APPENDIX 'A'

## i. COMPOSITION OF BOARD OF DIRECTORS AS ON 31.03.2010

| Sl. No. | Name                            | Type                         | Date of Appointment | Directorship in other Public Limited Companies | Number of Shares held in the Company |
|---------|---------------------------------|------------------------------|---------------------|--|--------------------------------------|
| 1.      | Shri N.M.Borah                  | Chairman & Managing Director | 01.12.2008          | 1  | 2000                                 |
| 2.      | Shri T. K. Ananth Kumar         | Director (Finance)           | 18.01.2007          | 1  | NIL                                  |
| 3.      | Shri B. N. Talukdar             | Director (E&D)               | 01.12.2007          | -  | 900                                  |
| 4.      | Shri Ashok Anand                | Director (HR&BD)             | 01.02.2008          | -  | NIL                                  |
| 5.      | Shri D. N. Narasimha Raju       | Government Nominee Director  | 01.08.2008          | -  | NIL                                  |
| 6.      | Dr. (Smt.) Archana S. Mathur    | Government Nominee Director  | 09.02.2009          | -  | NIL                                  |
| 7.      | Shri Arun K. Gupta              | Independent Director         | 30.07.2008          | -  | NIL                                  |
| 8.      | CA Pawan K. Sharma              | Independent Director         | 30.07.2008          | -  | NIL                                  |
| 9.      | Prof Sushil Khanna              | Independent Director         | 30.07.2008          | 2  | NIL                                  |
| 10.     | Shri Vinod K. Misra             | Independent Director         | 30.07.2008          | 1  | NIL                                  |
| 11.     | Shri Ghanshyambhai Hiralal Amin | Independent Director         | 30.07.2008          | 1  | 1300                                 |
| 12.     | Shri Alexander K. Luke          | Independent Director         | 30.07.2008          | -  | NIL                                  |

N.B. 1. Shri. Vinod Kumar Misra is a Member of Audit Committee, HAL.

2. Shri. T. K. Ananth Kumar is a Member of Audit Committee, Brahmaputra Crackers & Polymers Limited.

## ii. PARTICULARS OF DIRECTORS WHOSE TERM HAS ENDED DURING 2009-10

| Sl. No. | Name                 | Type                  | Date of Cessation |
|---------|----------------------|-----------------------|-------------------|
| 1.      | Shri. S K Srivastava | Director (Operations) | 25.02.2010        |

## iii. COMPOSITION OF COMMITTEES OF THE BOARD OF THE COMPANY AS ON 31.03.2010

| Committees  | Chairman                | Members                      |
|---|-------------------------|------------------------------|
| Audit Committee                                       | CA Pawan Kumar Sharma   | Shri Vinod K. Misra          |
|   |                         | Dr. (Smt.) Archana S. Mathur |
| Shareholders' / Investors' Grievance Committee (SIGC) | Shri G.H.Amin           | Shri Arun Kumar Gupta        |
|   |                         | Shri T.K.Ananth Kumar        |
|   |                         | Shri. Ashok Anand            |
| Remuneration Committee                                | Shri Vinod K. Misra     | Prof. Sushil Khanna          |
|   |                         | Shri D.N.Narasimha Raju      |
|   |                         | Shri T.K.Ananth Kumar        |
|   |                         | Shri. Ashok Anand            |
| Business Development Committee                        | Prof. Sushil Khanna     | CA Pawan Kumar Sharma        |
|   |                         | Shri N.M.Borah               |
|   |                         | Shri T.K.Ananth Kumar        |
|   |                         | Shri.B.N.Talukdar            |
|   |                         | Shri. Ashok Anand            |
| Share Transfer Committee                              | Shri Arun Kumar Gupta   | Alexander K. Luke            |
|   |                         | Shri T.K.Ananth Kumar        |
|   |                         | Shri Ashok Anand             |
| Human Resource Management Committee                   | Shri. Alexander K. Luke | Shri. G.H.Amin               |
|   |                         | Shri D.N.Narasimha Raju      |
|   |                         | Shri N.M.Borah               |
|   |                         | Shri T.K.Ananth Kumar        |
|   |                         | Shri.B.N.Talukdar            |
|   |                         | Shri. Ashok Anand            |



**APPENDIX 'B'**  
**DETAILS OF ATTENDANCE OF DIRECTORS**

| Sl No.   | Name                             | Board Meeting  | Audit Committee Meeting  | SIGC Meeting           | Remuneration Committee Meeting   | BDC Meeting  | STC Meeting                      | HRM Committee Meeting  | Last AGM               |
|--|----------------------------------|--|--|------------------------|----------------------------------|--|----------------------------------|------------------------|------------------------|
|  |                                  | Attended / Held  | Attended / Held  | Attended / Held        | Attended / Held                  | Attended / Held  | Attended / Held                  | Attended / Held        |                        |
| 1.   | Shri N.M.Borah                   | 9/10   | --   | --                     | --                               | 5/8  | --                               | 1/1                    | ✓                      |
| 2.   | Shri T.K.Ananth Kumar            | 10/10  | --   | 1/1                    | 3/3                              | 8/8  | 2/3                              | 1/1                    | ✓                      |
| 3.   | Shri B. N. Talukdar              | 10/10  | --   | --                     | --                               | 6/8  | --                               | 1/1                    | ✓                      |
| 4.   | Shri Ashok Anand                 | 10/10  | --   | 0/1                    | 3/3                              | 7/8  | 3/3                              | 1/1                    | ✓                      |
| 5.   | Shri D. N. Narasimha Raju        | 6/10   | 0/1  | --                     | 0/3                              | 2/4  | --                               | 0/1                    | --                     |
| 6.   | Dr. (Smt.) Archana S. Mathur     | 10/10  | 7/8  | --                     | --                               | --   | --                               | --                     | --                     |
| 7.   | Shri Arun K. Gupta               | 8/10   | --   | 1/1                    | --                               | --   | 3/3                              | --                     | --                     |
| 8.   | CA Pawan Kumar Sharma            | 9/10   | 8/8  | --                     | --                               | 8/8  | --                               | --                     | ✓                      |
| 9.   | Prof. Sushil Khanna              | 8/10   | --   | --                     | 3/3                              | 7/8  | --                               | --                     | --                     |
| 10.  | Shri Vinod K. Misra              | 9/10   | 8/8  | --                     | 3/3                              | --   | --                               | --                     | --                     |
| 11.  | Shri Ghanshyam Bhai Hiralal Amin | 7/10   | --   | 1/1                    | --                               | --   | --                               | 1/1                    | ✓                      |
| 12.  | Shri Alexander K. Luke           | 8/10   | --   | --                     | --                               | --   | 3/3                              | 1/1                    | --                     |
| Details Of Attendance Of Directors Whose Term Has Ended During 2009-10 |                                  |  |  |                        |                                  |  |                                  |                        |                        |
|  | Shri S.K. Srivastava             | 2/3  | --   | --                     | --                               | 2/4  | --                               | --                     | --                     |
|  |                                  | <b>Dates of Meetings</b>   | <b>Dates of Meetings</b>   | <b>Date Of Meeting</b> | <b>Dates of Meetings</b>         | <b>Dates of Meetings</b>   | <b>Dates of Meetings</b>         | <b>Date of Meeting</b> | <b>Date of Meeting</b> |
|  |                                  | 09.04.09<br>29.05.09<br>18.07.09<br>21.08.09<br>11.09.09<br>23.09.09<br>29.10.09<br>30.01.10<br>09.02.10<br>16.03.10 | 29.05.09<br>28.07.09<br>21.08.09<br>10.10.09<br>29.10.09<br>04.11.09<br>30.01.10<br>16.02.10 | 05.01.10               | 09.04.09<br>29.05.09<br>27.11.09 | 29.05.09<br>17.07.09<br>10.10.09<br>27.11.09<br>20.01.10<br>30.01.10<br>09.02.10<br>03.03.10 | 21.08.09<br>29.10.09<br>30.01.10 | 21.08.09               | 17.08.09               |

**Key:** SIGC : Shareholders'/Investors' Grievance Committee  
 BDC : Business Development Committee  
 STC : Share Transfer Committee  
 HRM : Human Resource Management Committee

**CERTIFICATE OF COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE**

To

The Members of  
Oil India Limited

We have examined the compliance of conditions of Corporate Governance by Oil India Limited (hereinafter referred as "the Company") for the year ended March 31, 2010, as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges and DPE Guidelines on Corporate Governance.

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

In our opinion and to the best of our information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

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

For R&D  
Company Secretaries

Date: May 20, 2010  
Place: New Delhi

Sd/-  
Anuradha Aggarwal  
ACS: 18578; CP: 7801



**AUDITORS' REPORT  
TO THE SHAREHOLDERS OF OIL INDIA LIMITED**

1. We have audited the attached Balance Sheet of Oil India Limited, as at 31<sup>st</sup> March, 2010 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the Company's share in the total value of assets, liabilities, expenditure and income of thirty nine Joint Ventures for exploration and production based on eighteen nos. audited and twenty-one nos. unaudited financial statements (Refer Note 7(H) of Schedule 28). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. 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 amount 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.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 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.
4. Attention is invited to the following:
  - (a) Accounting Policy No.2 of Schedule-27 relating to treatment of exploration costs, development expenditure and abandonment costs and Accounting Policy No. 4.1(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 and developed 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. 4(iii) of Schedule-28 relating to impairment of assets are based on management's evaluation / estimates, whether technical or otherwise, which we have relied upon.
5. Further to our comments in the Annexure referred under Para(3) above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appear from our examination of those books;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) 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;
  - e) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
  - f) 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 the 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:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2010;
    - (ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
    - (iii) In the case of the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

For **Chatterjee & Co.**  
Chartered Accountants

Sd/-  
**(S.K. CHATTERJEE)**  
Partner  
Membership No: 3124  
Firm Regn. No: 302114E

For **SRB & Associates**  
Chartered Accountants

Sd/-  
**(S.C. BHADRA)**  
Partner  
Membership No: 17054  
Firm Regn. No: 310009E

Place: Delhi  
Date: 26<sup>th</sup> May 2010



## **ANNEXURE TO THE AUDITORS' REPORT OF OIL INDIA LIMITED**

**(Referred to in our report of even date attached)**

- 1 (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets, other than those which are underground/under joint venture, have been physically verified by the Management in phased manner designed to cover all items over a period of five years.  
*Land records along with documents and Fixed Assets register are pending reconciliation.*  
As per information and explanations available, no material discrepancies have been observed on such verification. Adjustment, if any, required for such discrepancies is carried out on final reconciliation with books of account.
- (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 Liquefied Petroleum Gas (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.
- (b) In our opinion and according to the information and explanations given to 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 the 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.
8. The Central Government of India has prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act for the activities of manufacturing of crude oil and gases. 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, fringe benefit tax, service tax, customs duty, excise duty, cess and any other statutory dues with the appropriate authorities. There are no outstanding dues as of the last date of financial year concerned for a period more than six months from the date they became payable.



- (b) According to the records of the Company and the information and explanations given to us, as at 31<sup>st</sup> March 2010, details of disputed dues in respect of income tax, sales tax, wealth tax, fringe benefit tax, service tax, customs duty, excise duty and cess are given below:-

| Name of the Statute                          | Nature of Dues | Period to which the amount relates Financial year | Amount (Rs in Lakhs) | Forum where Dispute is pending |
|--|----------------|---|----------------------|--------------------------------|
| Assam Taxation (on specified land) Act, 2004 | Tax on land    | 2004-05 to 2008-09                                | 43612.57             | High Court, Guwahati.          |

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 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. Therefore, the provisions of Clause 4 (xiv) of the Order are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4 (xv) of the Order are not applicable to the Company.
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 overall 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 Companies Act, 1956.
19. The Company has not issued any debentures. Therefore, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
20. The Management has disclosed the end-use of the money raised by the public issue of shares (Refer Note 3 of Schedule 28 to the Financial Statement). The same has been verified by us.
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 **Chatterjee & Co.**  
Chartered Accountants

Sd/-  
**(S.K. CHATTERJEE)**  
Partner  
Membership No: 3124  
Firm Regn. No: 302114E

For **SRB & Associates**  
Chartered Accountants

Sd/-  
**(S.C. BHADRA)**  
Partner  
Membership No: 17054  
Firm Regn. No: 310009E

Place: Delhi  
Date: 26<sup>th</sup> May 2010



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA**  
**UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956**  
**ON THE ACCOUNTS OF OIL INDIA LTD. FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2010**

The preparation of financial statements of Oil India Limited for the year ended 31 March, 2010 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 26th May, 2010.

I, on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3) (b) of the Companies Act, 1956 of the financial statements of Oil India Limited for the year ended 31<sup>st</sup> March, 2010. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors report under Section 619(4) of the Companies Act, 1956.

**For and on behalf of the**  
**Comptroller & Auditor General of India**  
**Sd/-**  
**(Nandana Munshi)**  
**Pr. Director of Commercial Audit &**  
**Ex-officio Member, Audit Board - II**  
**Kolkata**

Place : Kolkata  
Dated : 28.06.2010



## OIL INDIA LIMITED

### Balance Sheet as at 31<sup>st</sup> March, 2010

|   |       | SCHEDULE          |                   | (Rs. in lakh)            |                          |
|---|-------|-------------------|-------------------|--------------------------|--------------------------|
|   |       |                   |                   | As at                    | As at                    |
|   |       |                   |                   | 31st March, 2010         | 31st March, 2009         |
| <b>SOURCES OF FUNDS</b>                         |       |                   |                   |                          |                          |
| <b>SHAREHOLDERS' FUNDS</b>                      |       |                   |                   |                          |                          |
| Share Capital                                   | 1     | 24045.44          |                   | 21400.44                 |                          |
| Reserves and Surplus                            | 2     | <u>1352333.38</u> |                   | 911701.51                |                          |
|   |       |                   | <b>1376378.82</b> |                          | 933101.95                |
| <b>LOAN FUNDS</b>                               |       |                   |                   |                          |                          |
| Secured Loans                                   | 3 (A) | 0.00              |                   | 270.25                   |                          |
| Unsecured Loans                                 | 3 (B) | <u>3750.00</u>    |                   | 5375.00                  |                          |
|   |       |                   | <b>3750.00</b>    |                          | 5645.25                  |
| <b>DEFERRED TAX LIABILITY (NET)</b>             |       |                   |                   | <b>102089.84</b>         | 89982.46                 |
| <b>WELL ABANDONMENT SINKING FUND</b>            |       |                   |                   | <b>189.08</b>            | 145.66                   |
| <b>TOTAL</b>                                    |       |                   |                   | <b><u>1482407.74</u></b> | <b><u>1028875.32</u></b> |
| <b>APPLICATION OF FUNDS</b>                     |       |                   |                   |                          |                          |
| <b>FIXED ASSETS</b>                             |       |                   |                   |                          |                          |
| Gross Block                                     | 4     | 321104.48         |                   | 297203.77                |                          |
| Less: Depreciation                              |       | <u>213582.79</u>  |                   | 183826.24                |                          |
| Net Block                                       |       |                   | <b>107521.69</b>  |                          | 113377.53                |
| Capital Work-in-progress                        | 5     |                   | <b>32866.49</b>   |                          | 31858.78                 |
| <b>PRODUCING PROPERTIES</b>                     |       |                   |                   |                          |                          |
| Gross Cost                                      | 6     | 545105.08         |                   | 476600.45                |                          |
| Less: Depletion                                 |       | <u>250736.56</u>  |                   | 224455.22                |                          |
| Net Cost  |       |                   | <b>294368.52</b>  |                          | 252145.23                |
| <b>PRE-PRODUCING PROPERTIES</b>                 |       |                   |                   |                          |                          |
|   | 7     | <u>59844.10</u>   |                   | 56228.72                 |                          |
|   |       |                   | <b>494600.80</b>  |                          | 453610.26                |
| <b>INVESTMENTS</b>                              |       |                   |                   | <b>85943.73</b>          | 48866.06                 |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>       |       |                   |                   |                          |                          |
| Inventories                                     | 9     | 45337.98          |                   | 50099.54                 |                          |
| Sundry Debtors                                  | 10    | 65966.81          |                   | 40473.38                 |                          |
| Cash and Bank Balances                          | 11    | 854291.10         |                   | 607000.84                |                          |
| Interest accrued on Term Deposits               |       | 30661.38          |                   | 35246.52                 |                          |
| Interest accrued on Investments                 |       | 4.06              |                   | 0.75                     |                          |
| Loans and Advances                              | 12    | <u>230692.63</u>  |                   | 102714.27                |                          |
|   |       |                   | <b>1226953.96</b> |                          | 835535.30                |
| <b>LESS: CURRENT LIABILITIES AND PROVISIONS</b> |       |                   |                   |                          |                          |
| Current Liabilities                             | 13    | 180452.91         |                   | 146366.51                |                          |
| Provisions                                      | 14    | <u>146475.85</u>  |                   | 162769.79                |                          |
|   |       |                   | <b>326928.76</b>  |                          | 309136.30                |
| <b>NET CURRENT ASSETS</b>                       |       |                   |                   | <b>900025.20</b>         | 526399.00                |
| <b>MISCELLANEOUS EXPENDITURE</b>                |       |                   |                   | <b>1838.01</b>           | 0.00                     |
| <b>TOTAL</b>                                    |       |                   |                   | <b><u>1482407.74</u></b> | <b><u>1028875.32</u></b> |
| <b>INFORMATION UNDER SCHEDULE VI</b>            |       |                   |                   |                          |                          |
| <b>TO THE COMPANIES ACT, 1956</b>               |       |                   |                   |                          |                          |
|   | 25    |                   |                   |                          |                          |
| <b>SEGMENT REPORTING</b>                        |       |                   |                   |                          |                          |
|   | 26    |                   |                   |                          |                          |
| <b>SIGNIFICANT ACCOUNTING POLICIES</b>          |       |                   |                   |                          |                          |
|   | 27    |                   |                   |                          |                          |
| <b>NOTES TO ACCOUNTS</b>                        |       |                   |                   |                          |                          |
|   | 28    |                   |                   |                          |                          |

Schedules referred above forms an integral part of Accounts.

In terms of our report of even date attached

For **CHATTERJEE & CO.**

For **SRB & Associates**

For and on behalf of the Board of Directors

CHARTERED ACCOUNTANTS CHARTERED ACCOUNTANTS

Sd/-

(S.K.CHATTERJEE)  
Membership No. 3124  
Firm Reg. No. 302114E

Sd/-

(S.C. BHADRA)  
Membership No. 17054  
Firm Reg. No. 310009E

Sd/-

(S.R.KRISHNAN)  
COMPANY SECRETARY

Sd/-

(T.K.ANANTH KUMAR)  
DIRECTOR (FINANCE)

Sd/-

(N.M. BORAH)  
CHAIRMAN & MANAGING DIRECTOR

PLACE : NOIDA

DATE : 26TH MAY, 2010



## OIL INDIA LIMITED

### Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010

|  | SCHEDULE | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|--|----------|--------------------------------|--------------------------------|
| (Rs. in lakh)  |          |                                |                                |
| <b>INCOME</b>  |          |                                |                                |
| Sales  | 15       | 774855.91                      | 713971.91                      |
| Income from Transportation                             | 16       | 15699.19                       | 10173.00                       |
| Other Income   | 17       | 93712.77                       | 93717.49                       |
| Other adjustments                                      | 22(A)    | 1704.80                        | (4074.65)                      |
|  |          | <u>885972.67</u>               | <u>813787.75</u>               |
| <b>EXPENDITURE</b>                                     |          |                                |                                |
| (Increase)/Decrease In Stocks                          | 18       | 1057.40                        | 1300.14                        |
| Production, Transportation & Other Expenditure         | 19       | 407290.02                      | 396124.93                      |
| Provision against debts, advances and other write-offs | 20       | 28271.93                       | 37119.77                       |
| Depletion  |          | 26281.34                       | 20876.39                       |
| Depreciation   |          | 21827.23                       | 16807.86                       |
| Interest & Debt Charges                                | 21       | 365.19                         | 874.41                         |
| Exchange Loss/(Gain)-Net                               |          | (477.51)                       | (615.08)                       |
| Other Adjustments                                      | 22(B)    | 11261.66                       | 2139.27                        |
|  |          | <u>495877.26</u>               | <u>474627.69</u>               |
| Profit for the period                                  |          | 390095.41                      | 339160.06                      |
| Prior Period items                                     | 22(C)    | 586.12                         | 463.03                         |
| Profit Before Tax                                      |          | 389509.29                      | 338697.03                      |
| Provision for Taxation                                 |          |                                |                                |
| - Current Tax (Including Wealth Tax)                   | 23       | 115981.62                      | 118484.26                      |
| - Tax for earlier years                                |          | 368.17                         | 0.00                           |
| - Deferred Tax   |          | 12107.38                       | 3430.75                        |
| - Fringe Benefit Tax                                   |          | 0.00                           | 613.62                         |
|  |          | <u>128457.17</u>               | <u>122528.63</u>               |
| Profit After Tax                                       |          | 261052.12                      | 216168.40                      |
| BALANCE AVAILABLE FOR APPROPRIATION                    |          | <u>261052.12</u>               | <u>216168.40</u>               |
| <b>APPROPRIATIONS</b>                                  |          |                                |                                |
| Interim Dividend                                       |          | 43281.79                       | 32100.66                       |
| Tax on Interim Dividend                                |          | 7355.74                        | 5455.51                        |
| Final Dividend (Proposed)                              |          | 38472.70                       | 33170.06                       |
| Tax on Proposed Dividend                               |          | 6389.83                        | 5637.26                        |
| Balance of Profit and Loss Account                     |          | 165552.06                      | 139804.91                      |
|  |          | <u>261052.12</u>               | <u>216168.40</u>               |
| Earnings Per Share (Rupees) (Basic and Diluted)        | 24       | 113.78                         | 101.01                         |
| - (Face value of Rs. 10/- each)                        |          |                                |                                |
| <b>INFORMATION UNDER SCHEDULE VI TO</b>                |          |                                |                                |
| THE COMPANIES ACT, 1956                                | 25       |                                |                                |
| SEGMENT REPORTING                                      | 26       |                                |                                |
| SIGNIFICANT ACCOUNTING POLICIES                        | 27       |                                |                                |
| NOTES TO ACCOUNTS                                      | 28       |                                |                                |

Schedules referred above forms an integral part of Accounts.

In terms of our report of even date attached

For **CHATTERJEE & CO.** For **SRB & Associates**  
 CHARTERED ACCOUNTANTS CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

|                       |                       |                   |                    |                              |
|-----------------------|-----------------------|-------------------|--------------------|------------------------------|
| Sd/-                  | Sd/-                  | Sd/-              | Sd/-               | Sd/-                         |
| (S.K.CHATTERJEE)      | (S.C. BHADRA)         | (S.R.KRISHNAN)    | (T.K.ANANTH KUMAR) | (N.M. BORAH)                 |
| Membership No. 3124   | Membership No. 17054  | COMPANY SECRETARY | DIRECTOR (FINANCE) | CHAIRMAN & MANAGING DIRECTOR |
| Firm Reg. No. 302114E | Firm Reg. No. 310009E |                   |                    |                              |

PLACE : NOIDA  
 DATE : 26TH MAY, 2010

**SCHEDULE-1**

(Rs. in lakh)

|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|--|---------------------------|---------------------------|
| <b>SHARE CAPITAL</b>   |                           |                           |
| <b>Authorised:</b>   | <b>50000.00</b>           | 50000.00                  |
| 50,00,00,000 (Previous year 50,00,00,000)<br>Equity Shares of Rs. 10/- each  |                           |                           |
| <b>Issued, Subscribed and Paid up:</b>   | <b>24045.44</b>           | 21400.44                  |
| 24,04,54,382 (Previous year 21,40,04,400)<br>Equity Shares of Rs 10/- each fully Paid up   |                           |                           |
| Note: The above includes 18,46,69,600 (Previous year 18,46,69,600) shares of Rs. 10/- each issued as fully paid up bonus shares by capitalisation of Securities Premium Account and General Reserve. |                           |                           |

**SCHEDULE-2**

(Rs. in lakh)

|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|--|---------------------------|---------------------------|
| <b>RESERVES AND SURPLUS</b>                |                           |                           |
| Securities Premium                         | 275079.81                 | 0.00                      |
| General Reserve :-                         |                           |                           |
| Opening Balance                            | 911701.51                 | 771896.60                 |
| Add: Transfer from Profit and Loss Account | 165552.06                 | 139804.91                 |
|  | <u>1077253.57</u>         | 911701.51                 |
|  | <u>1352333.38</u>         | <u>911701.51</u>          |

**SCHEDULE-3**

(Rs. in lakh)

|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|--|---------------------------|---------------------------|
| <b>LOAN FUNDS</b>  |                           |                           |
| <b>(A) Secured Loans</b>   |                           |                           |
| Cash Credit/Working Capital Demand Loan with State Bank of India, Kolkata<br>(Secured by hypothecation of all current assets including goods-in-transit<br>wherever situated, excluding assets under Joint Venture, ranking pari passu with<br>hypothecation created in favour of SBI, Kolkata for Cash Credit, Working Capital<br>Demand Loan and LC/Bank Guarantee with limit of Rs. 45000 lakh) (Previous Year<br>Rs. 45000 lakh) | 0.00                      | 270.25                    |
|  | <u>0.00</u>               | <u>270.25</u>             |
| <b>(B) Unsecured Loans</b>   |                           |                           |
| From Oil Industry Development Board<br>(Repayable within one year Rs. 1625 lakh; Previous year Rs. 1625 lakh)  | 3750.00                   | 5375.00                   |
|  | <u>3750.00</u>            | <u>5375.00</u>            |
| <b>Total Loan Funds ( A+B)</b>   | <u>3750.00</u>            | <u>5645.25</u>            |



## SCHEDULE-4

### FIXED ASSETS

(Rs. in lakh)

| Particulars                          | Gross Block                 |                           |  |                             | Depreciation           |                 |  |                        | Net Block              |                        |
|--------------------------------------|-----------------------------|---------------------------|--|-----------------------------|------------------------|-----------------|--|------------------------|------------------------|------------------------|
|                                      | Cost as at 31st March, 2009 | Additions during the year | Deletions/ Adjustments during the year | Cost as at 31st March, 2010 | Up to 31st March, 2009 | For the year    | Deletions/ Adjustments during the year | Up to 31st March, 2010 | As at 31st March, 2010 | As at 31st March, 2009 |
| Land - Freehold                      | 5507.51                     | 929.57                    | 7.97                                   | 6445.05                     | 0.00                   | 0.00            | 0.00                                   | 0.00                   | 6445.05                | 5507.51                |
| - Leasehold                          | 1219.66                     | 29.09                     | (21.19)                                | 1227.56                     | 0.00                   | 0.00            | 0.00                                   | 0.00                   | 1227.56                | 1219.66                |
| Building (Including Roads & Bridges) | 23502.28                    | 1970.94                   | (758.25)                               | 24714.97                    | 10798.10               | 773.44          | (225.28)                               | 11346.26               | 13368.71               | 12704.18               |
| Railway Sidings                      | 192.83                      | 0.00                      | 0.00                                   | 192.83                      | 136.99                 | 7.70            | 0.00                                   | 144.69                 | 48.14                  | 55.84                  |
| Plant & Machinery                    | 262394.98                   | 22116.23                  | (618.81)                               | 283892.40                   | 169662.69              | 29494.67        | (539.78)                               | 198617.58              | 85274.82               | 92732.30               |
| Furniture & Fittings                 | 1764.69                     | 269.47                    | (60.09)                                | 1974.07                     | 1178.27                | 174.25          | (54.59)                                | 1297.93                | 676.14                 | 586.42                 |
| Motor Vehicles                       | 2621.83                     | 66.82                     | (31.05)                                | 2657.60                     | 2050.18                | 150.02          | (23.87)                                | 2176.33                | 481.27                 | 571.64                 |
| <b>Total :</b>                       | <b>297203.78</b>            | <b>25382.12</b>           | <b>(1481.42)</b>                       | <b>321104.48</b>            | <b>183826.23</b>       | <b>30600.08</b> | <b>(843.52)</b>                        | <b>213582.79</b>       | <b>107521.69</b>       | <b>113377.55</b>       |
| Previous Year:                       | 232277.36                   | 66141.01                  | (1214.60)                              | 297203.77                   | 161991.52              | 22976.40        | (1141.68)                              | 183826.24              | 113377.55              |                        |

31.03.2010

31.03.2009

Depreciation charged to:-

|                                  |                 |                 |
|----------------------------------|-----------------|-----------------|
| (i) Profit and Loss Account      | 21827.23        | 16807.86        |
| (ii) Prior Period Adjustments    | 203.79          | 525.53          |
| (iii) Pre Producing Property     |                 |                 |
| (a) Exploratory Wells            | 3590.81         | 2453.26         |
| (b) Development Wells            | 4978.25         | 5641.31         |
| (iv) Projects & Capital Accounts | 0.00            | 1.70            |
| <b>Total</b>                     | <b>30600.08</b> | <b>22976.40</b> |

## SCHEDULE-5

(Rs. in lakh)

|                                       | As at 31st March, 2010 | As at 31st March, 2009 |
|---------------------------------------|------------------------|------------------------|
| <b>CAPITAL WORK-IN-PROGRESS</b>       |                        |                        |
| Buildings (Including Roads & Bridges) | 1992.55                | 2126.19                |
| Plant & Machinery                     | 30873.94               | 29732.59               |
|                                       | <b>32866.49</b>        | <b>31858.78</b>        |

## SCHEDULE-6

### PRODUCING PROPERTIES

(Rs. in lakh)

| FIELD/AREA        | GROSS COST             |  |                        | DEPLETION              |                 |                        | NET COST               |                        |
|-------------------|------------------------|--|------------------------|------------------------|-----------------|------------------------|------------------------|------------------------|
|                   | As at 31st March, 2009 | Transfer from Pre-producing Properties | As at 31st March, 2010 | Up to 31st March, 2009 | During the year | Up to 31st March, 2010 | As at 31st March, 2010 | As at 31st March, 2009 |
| Assam             | 444959.78              | 68012.67                               | 512972.45              | 211236.30              | 24812.53        | 236048.83              | 276923.62              | 233723.48              |
| Arunachal Pradesh | 4634.99                | 0.00                                   | 4634.99                | 3095.34                | 135.96          | 3231.30                | 1403.69                | 1539.65                |
| Rajasthan         | 20216.02               | 491.96                                 | 20707.98               | 8260.78                | 1154.50         | 9415.28                | 11292.70               | 11955.24               |
| JVC- India        | 6789.66                | 0.00                                   | 6789.66                | 1862.80                | 178.35          | 2041.15                | 4748.51                | 4926.86                |
| <b>Total :</b>    | <b>476600.45</b>       | <b>68504.63</b>                        | <b>545105.08</b>       | <b>224455.22</b>       | <b>26281.34</b> | <b>250736.56</b>       | <b>294368.52</b>       | <b>252145.23</b>       |
| Previous Year:    | 430361.39              | 46239.06                               | 476600.45              | 203578.83              | 20876.39        | 224455.22              | 252145.23              |                        |



## SCHEDULE-7

### PRE-PRODUCING PROPERTIES

#### Exploratory Wells

(Rs.in lakh)

| Field/Area                               | As at 31st March, 2009 | Adjustments | Expenditure during the year | Transfer to Producing Properties | Transfer to Profit and Loss Account | Balance as at 31st March, 2010 |
|--|------------------------|-------------|-----------------------------|----------------------------------|-------------------------------------|--------------------------------|
| <b>OIL</b>                               |                        |             |                             |                                  |                                     |                                |
| - Assam                                  | 20234.18               | 0.00        | 34026.83                    | 16790.99                         | 11702.65                            | 25767.37                       |
| - Arunachal Pradesh                      | 215.36                 | 0.00        | 1975.79                     | 0.00                             | 3.03                                | 2188.12                        |
| - Rajasthan                              | 18.20                  | 0.00        | 0.00                        | 0.00                             | 0.00                                | 18.20                          |
| <b>Total OIL (1)</b>                     | <b>20467.74</b>        | <b>0.00</b> | <b>36002.62</b>             | <b>16790.99</b>                  | <b>11705.68</b>                     | <b>27973.69</b>                |
| <b>JVC</b>                               |                        |             |                             |                                  |                                     |                                |
| - India                                  | 3789.15                | 0.00        | 13367.37                    | 0.00                             | 10785.73                            | 6370.79                        |
| - Overseas                               | 12440.72               | 0.00        | 4215.45                     | 0.00                             | 2455.40                             | 14200.77                       |
| <b>Total JVC (2)</b>                     | <b>16229.87</b>        | <b>0.00</b> | <b>17582.82</b>             | <b>0.00</b>                      | <b>13241.13</b>                     | <b>20571.56</b>                |
| <b>Exploratory Wells Total (A) (1+2)</b> | <b>36697.61</b>        | <b>0.00</b> | <b>53585.44*</b>            | <b>16790.99</b>                  | <b>24946.81</b>                     | <b>48545.25</b>                |
| Previous year: (C)                       | 34174.25               | 0.00        | 42517.75*                   | 20161.99                         | 19919.70                            | 36610.30                       |

\*Includes allocated depreciation for the year Rs.3590.81 lakh (Previous year Rs.2453.26 lakh)

#### Development Wells

| Field/Area                         | As at 31st March, 2009 | Adjustments | Expenditure during the year | Transfer to Producing Properties | Transfer to Profit and Loss Account | Balance as at 31st March, 2010 |
|------------------------------------|------------------------|-------------|-----------------------------|----------------------------------|-------------------------------------|--------------------------------|
| Assam                              | 17491.52               | 0.00        | 42384.30                    | 51221.68                         | 0.00                                | 8654.14                        |
| Arunachal Pradesh                  | 0.00                   | 0.00        | 0.00                        | 0.00                             | 0.00                                | 0.00                           |
| Rajasthan                          | 2039.59                | 0.00        | 1097.08                     | 491.96                           | 0.00                                | 2644.71                        |
| <b>Development Wells Total (B)</b> | <b>19531.11</b>        | <b>0.00</b> | <b>43481.38**</b>           | <b>51713.64</b>                  | <b>0.00</b>                         | <b>11298.85</b>                |
| <b>Previous year: (D)</b>          | <b>10636.58</b>        | <b>0.00</b> | <b>35058.91**</b>           | <b>26077.07</b>                  | <b>0.00</b>                         | <b>19618.42</b>                |
| <b>Total (A+B)</b>                 | <b>56228.72</b>        | <b>0.00</b> | <b>97066.82</b>             | <b>68504.63</b>                  | <b>24946.81</b>                     | <b>59844.10</b>                |
| <b>Total (C+D)</b>                 | <b>44810.83</b>        | <b>0.00</b> | <b>77576.66</b>             | <b>46239.06</b>                  | <b>19919.70</b>                     | <b>56228.72</b>                |

\*\*Includes allocated depreciation for the year Rs.4978.25 lakh (Previous year Rs.3188.05 lakh)

## SCHEDULE-8

(Rs. in lakh)

|   | No. of Shares/Bonds/Units | Face Value Rs. | As at 31st March, 2010 | No. of Shares/Bonds/Units | Face Value Rs. | As at 31st March, 2009 |
|---|---------------------------|----------------|------------------------|---------------------------|----------------|------------------------|
| <b>INVESTMENTS (Unquoted and fully paid up)</b>   |                           |                |                        |                           |                |                        |
| <b>A. TRADE - LONG TERM</b>   |                           |                |                        |                           |                |                        |
| <b>EQUITY SHARES</b>  |                           |                |                        |                           |                |                        |
| - Numaligarh Refinery Limited   | 191264202                 | 10.00          | 48365.34               | 191264202                 | 10.00          | 48365.34               |
| - Suntera Nigeria 205 Ltd.  | 62502                     | Naira 1        | 0.22                   | 62502                     | Naira 1        | 0.22                   |
| - Brahmaputra Cracker & Polymer Limited   | 26337159                  | 10.00          | 2633.72                | 5010                      | 10.00          | 0.50                   |
| - Investment in DNP Limited   | 24380000                  | 10.00          | 2438.00                | 0                         | 0.00           | 0.00                   |
| - Oil India Sweden AB   | 1000                      | 100 SEK        | 6.45                   | 0                         | 0.00           | 0.00                   |
| <b>B. NON TRADE - LONG TERM</b>   |                           |                |                        |                           |                |                        |
| (a) The East India Clinic Limited 6 Nos. of 5% Non Redeemable Debenture Stock 1957 (Carried at a nominal value of Re 1/- only)  | 6                         | 1000.00        | 0.00                   | 6                         | 1000.00        | 0.00                   |
| (b) Contribution to Capital Fund of Petroleum India International Consortium  | 0                         | 0.00           | 500.00                 | 0                         | 0.00           | 500.00                 |
| <b>C. OTHERS</b>  |                           |                |                        |                           |                |                        |
| <b>MUTUAL FUND</b>  |                           |                |                        |                           |                |                        |
| a) Units of Unit Trust of India under Liquid Cash/Plus Plan Institutional - Daily Income Option (2,65,75,174 units purchased and 2,56,87,545 units sold) during the year (Short term Investment) (Previous year Nil).       |                           |                | 16000.00               |                           |                | 0.00                   |
| b) Units of State Bank of India under Liquid Cash/plus Plan Institutional - Daily Income Option (2,41,05,46,497 units purchased and 1,80,61,49,705 units sold) during the year (Short term Investment) (Previous year Nil). |                           |                | 16000.00               |                           |                | 0.00                   |
|   |                           |                | <u>85943.73</u>        |                           |                | <u>48866.06</u>        |

**SCHEDULE-9**

(Rs. in lakh)

|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|--|---------------------------|---------------------------|
| <b>INVENTORIES</b>                                     |                           |                           |
| Stores and spare parts (including goods in transit)    |                           |                           |
| At Cost  | 44625.75                  | 50420.27                  |
| Less: Provision against inventory in various locations | 72.74                     | 2291.40                   |
| Less: Provision for slow / non-moving inventory        | <u>3626.50</u>            | <u>3497.27</u>            |
|  | 40926.51                  | 44631.60                  |
| Finished Goods   |                           |                           |
| Crude Oil  | 4334.48                   | 5395.68                   |
| Liquefied Petroleum Gas                                | <u>23.58</u>              | <u>19.78</u>              |
| Assets awaiting disposal                               | <u>53.41</u>              | <u>52.48</u>              |
|  | <u>45337.98</u>           | <u>50099.54</u>           |

**SCHEDULE-10**

(Rs. in lakh)

|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|--|---------------------------|---------------------------|
| <b>SUNDRY DEBTORS</b>                                |                           |                           |
| (Unsecured, Considered Good unless otherwise stated) |                           |                           |
| Debts Outstanding for a period more than six months  |                           |                           |
| - Considered Good                                    | 15165.31                  | 5706.27                   |
| - Considered Doubtful                                | <u>5958.88</u>            | <u>2714.21</u>            |
|  | 21124.19                  | 8420.48                   |
| Other Debts  |                           |                           |
| - Considered Good                                    | <u>47678.21</u>           | <u>30557.35</u>           |
|  | 68802.40                  | 38977.83                  |
| Less : Provision for doubtful debts                  | <u>5958.88</u>            | <u>2714.21</u>            |
|  | (A) 62843.52              | 36263.62                  |
| Future Instalments receivable against Lease Rent     | 4729.57                   | 6594.58                   |
| Less : Unearned Income                               | <u>1606.28</u>            | <u>2384.82</u>            |
|  | (B) 3123.29               | 4209.76                   |
| <b>Total (A+B)</b>                                   | <u>65966.81</u>           | <u>40473.38</u>           |

**SCHEDULE-11**

(Rs. in lakh)

|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|--|---------------------------|---------------------------|
| <b>CASH AND BANK BALANCES</b>  |                           |                           |
| Cash & Cheques in Hand   | 195.16                    | 161.07                    |
| Balance with Scheduled Banks in :  |                           |                           |
| Current Accounts   | 11377.80                  | 8512.43                   |
| Term Deposits  | 841508.01                 | 598327.34                 |
| Balance with Non-Scheduled Banks in :  |                           |                           |
| Current Account Bank of Commerce & Development - Libya<br>(Maximum balance outstanding at any time during the year Rs. 1746.56 lakh) | 759.12                    | 0.00                      |
| Current Account BGF I Bank-Gabon (Maximum balance outstanding at any time during the year Rs. 2082.32 lakh)                          | 366.69                    | 0.00                      |
| Cash Credit Account with State Bank of India, Kolkata  | <u>84.32</u>              | <u>0.00</u>               |
|  | <u>854291.10</u>          | <u>607000.84</u>          |

**SCHEDULE-12**

(Rs. in lakh)

|   | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|---|---------------------------|---------------------------|
| <b>LOANS AND ADVANCES</b>   |                           |                           |
| Loans and advances to employees (Including Whole time Directors)  | 48937.94                  | 26978.98                  |
| Contribution for working capital to IOTL-OIL Consortium<br>(Refer Note No.7 (L) of Schedule 28)   | 250.00                    | 250.00                    |
| Advance against acquisition of Shares in Brahmaputra Cracker & Polymer<br>Limited pending allotment (Refer Note No. 4 (v) (i) (d) of Schedule 28) | 613.99                    | 3247.20                   |
| Advance against acquisition of Shares in DNP Limited pending allotment  | 0.00                      | 2438.00                   |
| Loan to DNP Limited   | 10000.00                  | 0.00                      |
| Advance recoverable in cash or in kind or for value to be received.   | 64217.61                  | 38416.11                  |
| Advance to AB Start Kapitalet for Indoil Netherlands BV   | 7.85                      | 0.00                      |
| Loan to Suntera Nigeria OPL 205 Ltd.<br>(Refer Note No. 7 (F) of Schedule 28)   | 0.00                      | 4646.36                   |
| Deposits/Balances with Customs, Excise, Port Trust etc.   | 6706.03                   | 4711.36                   |
| Deposits with Companies (ICD) including Public Sector Companies   | 102851.85                 | 24784.55                  |
| Deposits with Others  | 333.71                    | 449.36                    |
|   | <b>233918.98</b>          | 105921.92                 |
| Less: Provision for doubtful advances/claims  | 3226.35                   | 3207.65                   |
|   | <b>230692.63</b>          | 102714.27                 |
| <b>PARTICULARS OF LOANS AND ADVANCES</b>  |                           |                           |
| Secured   | 48937.94                  | 26978.98                  |
| Unsecured - Considered good   | 181754.69                 | 75735.29                  |
| Unsecured - Considered doubtful & provided for  | 3226.35                   | 3207.65                   |
|   | <b>233918.98</b>          | 105921.92                 |

**SCHEDULE-13**

(Rs. in lakh)

|   | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|---|---------------------------|---------------------------|
| <b>CURRENT LIABILITIES:</b>   |                           |                           |
| Sundry Creditors  |                           |                           |
| Dues to Micro, Small and Medium Enterprises   | 71.23                     | 94.33                     |
| Due to Others   | 24520.43                  | 33938.99                  |
| Statutory Liabilities   | 38432.48                  | 21352.85                  |
| Liability towards Investor Education and Protection<br>Fund U/S 205C of the Companies Act, 1956 not due |                           |                           |
| - Unpaid Dividend   | 131.62                    | 143.97                    |
| Liabilities (Others)  | 84015.16                  | 71037.01                  |
| Liabilities (Employees)   | 33281.99                  | 19799.36                  |
|   | <b>180452.91</b>          | 146366.51                 |

**SCHEDULE-14**

(Rs. in lakh)

|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|--|---------------------------|---------------------------|
| <b>PROVISIONS:</b>                             |                           |                           |
| Final Dividend (Proposed)                      | 38472.70                  | 33170.06                  |
| Tax on Proposed Dividend                       | 6389.83                   | 5637.26                   |
| Leave encashment                               | 9676.29                   | 7507.99                   |
| Post retirement Medical benefits for employees | 5288.18                   | 4918.35                   |
| Revision of Salaries & Wages                   | 35120.09                  | 29333.04                  |
| Long Service Award                             | 476.76                    | 505.88                    |
| Provision for Gratuity                         | 0.00                      | 13685.47                  |
| LFA/LTC  | 2501.98                   | 2335.11                   |
| Direct Tax Provisions (Net of payments)        | 48175.02                  | 57025.58                  |
| Wealth Tax (Net of payment)                    | 4.00                      | 8.42                      |
| Against Fixed Assets not in use                | 371.00                    | 444.59                    |
| Provision against 5 PELs                       | 0.00                      | 8198.04                   |
|  | <u>146475.85</u>          | <u>162769.79</u>          |

**SCHEDULE-15**

(Rs. in lakh)

|                         | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|-------------------------|--------------------------------|--------------------------------|
| <b>SALES*</b>           |                                |                                |
| Crude Oil               | 715870.21                      | 659421.82                      |
| Natural Gas             | 48567.54                       | 44835.35                       |
| Liquefied Petroleum Gas | 7630.60                        | 9025.34                        |
| Condensate              | 2787.56                        | 689.40                         |
|                         | <u>774855.91</u>               | <u>713971.91</u>               |

\* Includes Sales Tax of Rs. 26981.49 lakh (Previous year Rs 24966.55 lakh) on Crude Oil, Rs. 6109.73 lakh (Previous year Rs. 6592.81 lakh) on Natural Gas, and Rs. 7.51 lakh (Previous year Rs 12.25 lakh) on LPG and Rs. 55.82 lakh (Previous year Rs 13.74 lakh) on Condensate shown separately as expenses in Schedule-19.

**SCHEDULE-16**

(Rs. in lakh)

|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|--|--------------------------------|--------------------------------|
| <b>INCOME FROM PIPELINE TRANSPORTATION</b> |                                |                                |
| Crude Oil - Pipeline                       | 10956.50                       | 11389.99                       |
| Less: Service Tax                          | <u>1023.48</u>                 | <u>1455.03</u>                 |
|  | 9933.02                        | 9934.96                        |
| Refined Product                            | 6311.10                        | 213.72                         |
| Less: Service Tax                          | <u>589.34</u>                  | <u>22.01</u>                   |
|  | 5721.76                        | 191.71                         |
| Natural Gas - Pipeline                     | 48.98                          | 51.96                          |
| Less: Service Tax                          | <u>4.57</u>                    | <u>5.63</u>                    |
|  | 44.41                          | 46.33                          |
|  | <u>15699.19</u>                | <u>10173.00</u>                |

**SCHEDULE-17**

(Rs. in lakh)

|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|--|--------------------------------|--------------------------------|
| <b>OTHER INCOME</b>  |                                |                                |
| Claims towards under-recovery of Natural Gas Price   | 15631.74                       | 14277.06                       |
| Dividend from Numaligarh Refinery Ltd.-Trade Investment  | 2868.96                        | 3825.28                        |
| Income from Petroleum India International (PII)  | 0.29                           | 5.51                           |
| Dividend from UTI -current investment (Mutual Fund)  | 1968.40                        | 524.12                         |
| Dividend from SBI liquid fund  | 1871.12                        | 79.01                          |
| Interest (Gross)   |                                |                                |
| On Term Deposits with Banks (Tax Deducted at Source<br>Rs. 4879.71 lakh; Previous Year Rs. 11117.96 lakh)            | 48797.06                       | 60182.22                       |
| From Income Tax Authorities  | 7315.45                        | 0.00                           |
| From Others (Tax Deducted at Source Rs.122.69 lakh;<br>Previous Year Rs. Nil)  | 1226.93                        | 967.39                         |
| On Deposit with Companies (ICD) (Tax Deducted at Source<br>Rs.525.92 lakh; Previous Year Rs. 328.89 lakh)            | 4052.87                        | 1526.40                        |
| Other items :  |                                |                                |
| Electricity Recoveries   | 34.38                          | 15.37                          |
| Scrap Disposal   | 149.58                         | 88.45                          |
| Profit on Sale of Assets   | 24.52                          | 9.04                           |
| Liquidated damages etc.  | 832.28                         | 3937.04                        |
| Income from Services ( exclusive of service tax collected and paid<br>Rs. 112.60 lakh; Previous Year Rs. 27.12 lakh) | 1093.22                        | 3009.69                        |
| Income from Finance Lease  | 527.24                         | 581.32                         |
| Income from OFC fibre leasing  | 931.79                         | 620.17                         |
| Miscellaneous Income   | 6386.94                        | 4069.42                        |
|  | <u>9979.95</u>                 | <u>12330.50</u>                |
|  | <u>93712.77</u>                | <u>93717.49</u>                |

**SCHEDULE-18**

(Rs. in lakh)

|                                      | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|--------------------------------------|--------------------------------|--------------------------------|
| <b>(INCREASE)/DECREASE IN STOCKS</b> |                                |                                |
| <b>Opening Stock</b>                 |                                |                                |
| Crude oil                            | 5395.68                        | 6699.92                        |
| Liquefied Petroleum Gas              | 19.78                          | 15.68                          |
|                                      | <u>5415.46</u>                 | <u>6715.60</u>                 |
| <b>Closing Stock</b>                 |                                |                                |
| Crude oil                            | 4334.48                        | 5395.68                        |
| Liquefied Petroleum Gas              | 23.58                          | 19.78                          |
|                                      | <u>4358.06</u>                 | <u>5415.46</u>                 |
|                                      | <u>1057.40</u>                 | <u>1300.14</u>                 |

**SCHEDULE-19**

(Rs. in lakh)

|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|--|--------------------------------|--------------------------------|
| <b>PRODUCTION, TRANSPORTATION &amp; OTHER EXPENDITURE</b>                          |                                |                                |
| <b>CRUDE OIL</b>   |                                |                                |
| Raising Cost   | 58816.86                       | 58059.05                       |
| Royalty  | 104940.04                      | 96741.17                       |
| Cess (Inclusive of Edu Cess and NCC Duty)  | 94192.21                       | 90550.60                       |
| Sales Tax (includes Rs. 55.82 lakh for condensate<br>Previous year Rs. 13.74 lakh) | <u>27037.32</u>                | <u>24980.29</u>                |
|  | <b>284986.43</b>               | 270331.11                      |
| <b>NATURAL GAS</b>   |                                |                                |
| Raising Cost   | 24693.16                       | 24114.02                       |
| Royalty  | 3439.64                        | 2733.36                        |
| Sales Tax  | <u>6109.73</u>                 | <u>6592.81</u>                 |
|  | <b>34242.53</b>                | 33440.19                       |
| <b>LIQUEFIED PETROLEUM GAS</b>   |                                |                                |
| Extraction Cost  | 3467.21                        | 3251.79                        |
| Sales Tax  | <u>7.51</u>                    | <u>12.25</u>                   |
|  | <b>3474.72</b>                 | 3264.04                        |
| PIPELINE OPERATION & MAINTENANCE EXPENDITURE                                       | <b>13472.60</b>                | 13450.05                       |
| BUSINESS DEVELOPMENT EXPENDITURE   | <b>1912.34</b>                 | 3201.49                        |
| GEOLOGICAL & GEOPHYSICAL EXPENDITURE   | <b>37048.65</b>                | 47087.33                       |
| CARRYING COSTS OF PEL AREAS  | <b>973.39</b>                  | 1242.91                        |
| ADMINISTRATIVE EXPENDITURE   | <b>28948.77</b>                | 22287.07                       |
| RESEARCH & DEVELOPMENT EXPENDITURE   | <u>2230.59</u>                 | <u>1820.74</u>                 |
|  | <b><u>407290.02</u></b>        | <b><u>396124.93</u></b>        |

**SCHEDULE-20**

(Rs. in lakh)

|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|--|--------------------------------|--------------------------------|
| <b>PROVISIONS AND WRITE OFFS</b>                         |                                |                                |
| Against Assets not in use                                | (73.59)                        | (78.50)                        |
| Loss on deletion of assets                               | 53.14                          | 58.50                          |
| Against inventory in various locations                   | 72.74                          | 2291.40                        |
| Against slow and non moving and other stores             | 279.85                         | 1654.89                        |
| Provision against Suntera Cash Call                      | 3521.61                        | 0.00                           |
| Provision against Loan to Suntera Nigeria 205 Ltd.       | 4351.25                        | 0.00                           |
| For Doubtful Debts/Claims/Deposits/Loans                 | 61.73                          | 2904.58                        |
| Bad Debt written off                                     | 3256.43                        | 2092.19                        |
| Abandonment and write off of exploratory dry wells (OIL) | 11705.68                       | 10829.99                       |
| Abandonment and write off of exploratory dry wells (JVC) | 13241.13                       | 9168.68                        |
| Reversal of Provision against 10 PELs                    | <u>(8198.04)</u>               | <u>8198.04</u>                 |
|  | <b><u>28271.93</u></b>         | <b><u>37119.77</u></b>         |

**SCHEDULE-21**

|                                     | (Rs. in lakh)                  |                                |
|-------------------------------------|--------------------------------|--------------------------------|
|                                     | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>INTEREST &amp; DEBT CHARGES</b>  |                                |                                |
| Income Tax Authorities              | 2.71                           | 6.29                           |
| Oil Industry Development Board Loan | 244.09                         | 325.56                         |
| <b>Banks :</b>                      |                                |                                |
| Short Term Loan from Bank           | 2.22                           | 0.00                           |
| Cash Credit - Bank                  | 3.00                           | 68.47                          |
| Others                              | 113.17                         | 474.09                         |
|                                     | <u>365.19</u>                  | <u>874.41</u>                  |

**SCHEDULE-22(A)**

|   | (Rs. in lakh)                  |                                |
|---|--------------------------------|--------------------------------|
|   | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>OTHER ADJUSTMENTS (Income)</b>   |                                |                                |
| Excess Amount received from AGCL in earlier years refunded                      | 0.00                           | (7.44)                         |
| Natural Gas MGQ (NE Thermion)   | 0.00                           | 123.12                         |
| Service Charges of earlier years received from ONGC                             | 0.00                           | 14.91                          |
| Adjustment in assay allowed to NRL  | 0.00                           | 9.72                           |
| RAVVA Crude transportation revision   | 0.00                           | (4741.80)                      |
| Sales Tax on New Assay  | 0.00                           | (47.99)                        |
| Provision against BS & W  | 0.00                           | (118.20)                       |
| Provision for World Bank Loan prepayment Guarantee Commission written back      | 0.00                           | 895.13                         |
| Excess B&W on ONGC Crude  | 0.00                           | (202.10)                       |
| Price Revision adjustment against crude oil as per P&G report for earlier years | 510.58                         | 0.00                           |
| Adjustment against quantity dispute with NRL                                    | (46.05)                        | 0.00                           |
| Adjustment against BD income  | (26.38)                        | 0.00                           |
| Adjustment against 3D acquisition for earlier years                             | 1266.65                        | 0.00                           |
|   | <u>1704.80</u>                 | <u>(4074.65)</u>               |

**SCHEDULE-22(B)**

|  | (Rs. in lakh)                  |                                |
|--|--------------------------------|--------------------------------|
|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>OTHER ADJUSTMENTS (Expenses)</b>          |                                |                                |
| Depreciation for earlier period              | 203.78                         | 0.00                           |
| Provision for inventory in Storage locations | (2291.40)                      | 0.00                           |
| BG commission                                | 40.21                          | 0.00                           |
| Provision against Executive Pay Revision     | 0.00                           | 148.43                         |
| Provision For DA Merger                      | 0.00                           | 1085.61                        |
| Arrear Royalty on Crude Oil                  | 88.32                          | 0.00                           |
| Golden Jubilee Provision                     | 0.00                           | 335.57                         |
| CISF Pay Revision                            | 0.00                           | 636.16                         |
| IOTL-OIL JV Service Charge                   | 0.00                           | 146.64                         |
| Old Balances adjusted upon reconciliation    | (46.28)                        | (213.14)                       |
| Adjustment for AS-15 (2008-09)               | 13159.27                       | 0.00                           |
| Adjustment against IOC (AOD) (2008-09)       | 107.76                         | 0.00                           |
|  | <u>11261.66</u>                | <u>2139.27</u>                 |

**SCHEDULE-22(C)**

|   | (Rs. in lakh)                  |                                |
|---|--------------------------------|--------------------------------|
|   | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>PRIOR PERIOD ITEMS (NET)</b>                         |                                |                                |
| Prior period Depreciation (DPS and Others)              | 203.79                         | 525.53                         |
| OFC Bill for earlier years                              | 0.00                           | (44.35)                        |
| Sales Tax   | 0.00                           | (18.15)                        |
| Provision for Royalty (2006-07 to 2008-09)              | 2.29                           | 0.00                           |
| Capital Expenditure charged to Expense (DPS and Others) | 380.04                         | 0.00                           |
|   | <u>586.12</u>                  | <u>463.03</u>                  |



## SCHEDULE-23

|                               | Year ended<br>31st March, 2010 | (Rs. in lakh)<br>Year ended<br>31st March, 2009 |
|-------------------------------|--------------------------------|---|
| <b>PROVISION FOR TAXATION</b> |                                |   |
| Current Tax                   |                                |   |
| Income Tax                    | 115977.62                      | 118479.84                                       |
| Wealth Tax                    | 4.00                           | 4.42  |
|                               | <u>115981.62</u>               | <u>118484.26</u>                                |

## SCHEDULE-24

|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|--|--------------------------------|--------------------------------|
| <b>EARNINGS PER SHARE</b>  |                                |                                |
| (Basic & Diluted)  |                                |                                |
| (a) Number of Equity Shares at the beginning of the period             | 214004400                      | 214004400                      |
| Number of Equity Shares at the end of the period                       | 240454382                      | 214004400                      |
| Weighted average number of Equity Shares outstanding during the period | 229433556                      | 214004400                      |
| Face value of each Equity Share (Rs.)                                  | 10.00                          | 10.00                          |
| (b) Profit after Tax available for Equity Shareholders (Rs. in lakh)   | 261052.12                      | 216168.40                      |
| Earnings Per Equity Share (Rs.) - Basic                                | 113.78                         | 101.01                         |
| Earnings Per Equity Share (Rs.) - Diluted                              | 113.78                         | 101.01                         |

## SCHEDULE- 25

### INFORMATION UNDER SCHEDULE VI TO THE COMPANIES ACT, 1956

#### 1. SALES TURNOVER

|                         | Unit                          | Year ended 31st March, 2010 |                        | Year ended 31st March, 2009 |                        |
|-------------------------|-------------------------------|-----------------------------|------------------------|-----------------------------|------------------------|
|                         |                               | QUANTITY                    | VALUE<br>(Rs. in lakh) | QUANTITY                    | VALUE<br>(Rs. in lakh) |
| Crude Oil -             |                               |                             |                        |                             |                        |
| Assam                   | Kilo Litres                   | 4012126.596                 | 701518.74              | 3858014.699                 | 642529.58              |
| Arunachal Pradesh       | Kilo Litres                   | 37526.208                   | 5013.39                | 41391.134                   | 9523.95                |
| Rajasthan (Heavy Oil)   | Kilo Litres                   | 69.104                      | 10.40                  | 0.000                       | 0.00                   |
| JVC(India)              | Kilo Litres                   | 44635.998                   | 9327.68                | 29305.705                   | 7368.29                |
|                         | <b>Crude Oil Total</b>        | <u>4094357.906</u>          | <u>715870.21</u>       | <u>3928711.538</u>          | <u>659421.82</u>       |
| Natural Gas-            |                               |                             |                        |                             |                        |
| Assam                   | Million Standard Cubic Metres | 1663.039                    | 44913.76               | 1540.104                    | 41232.89               |
| Arunachal Pradesh       | Million Standard Cubic Metres | 0.000                       | 0.00                   | 0.000                       | 0.00                   |
| Rajasthan               | Million Standard Cubic Metres | 199.492                     | 3653.78                | 197.224                     | 3602.46                |
|                         | <b>Natural Gas Total</b>      | <u>1862.531</u>             | <u>48567.54</u>        | <u>1737.328</u>             | <u>44835.35</u>        |
| Condensate-             |                               |                             |                        |                             |                        |
| Assam                   | Kilo Litres                   | 13780.661                   | 2747.04                | 4214.379                    | 677.31                 |
| Rajasthan               | Kilo Litres                   | 139.457                     | 40.52                  | 48.000                      | 12.09                  |
|                         | <b>Condensate Total</b>       | <u>13920.118</u>            | <u>2787.56</u>         | <u>4262.379</u>             | <u>689.40</u>          |
| Transportation-         |                               |                             |                        |                             |                        |
| Crude Oil               | Metric Tonnes                 | 6311326.856                 | 9933.02                | 6182824.804                 | 9934.96                |
| Natural Gas             | Million Standard Cubic Metres | 83.529                      | 44.41                  | 92.393                      | 46.33                  |
| Product Pipeline (NSPL) | Metric Tonnes                 | 874544.806                  | 5721.76                | 28842.496                   | 191.71                 |
|                         | <b>Transportation Total</b>   | <u>15699.19</u>             | <u>15699.19</u>        | <u>10173.00</u>             | <u>10173.00</u>        |
| Liquefied Petroleum Gas | Metric Tonnes                 | 44933.946                   | 7630.60                | 47572.004                   | 9025.34                |
|                         | <b>Total</b>                  | <u>790555.11</u>            | <u>790555.11</u>       | <u>724144.91</u>            | <u>724144.91</u>       |



## SCHEDULE- 25 (contd...)

### 2. OPENING AND CLOSING STOCK OF GOODS PRODUCED

| Unit                    | Year ended 31st March, 2010 |                        | Year ended 31st March, 2009 |                        |                |
|-------------------------|-----------------------------|------------------------|-----------------------------|------------------------|----------------|
|                         | QUANTITY                    | VALUE<br>(Rs. In Lakh) | QUANTITY                    | VALUE<br>(Rs. In Lakh) |                |
| <b>OPENING STOCK</b>    |                             |                        |                             |                        |                |
| Crude Oil -             |                             |                        |                             |                        |                |
| Assam                   | Kilo Litres                 | 124923.000             | 5292.91                     | 113112.020             | 6638.77        |
| Arunachal Pradesh       | Kilo Litres                 | 479.000                | 63.01                       | 670.930                | 39.38          |
| JVC (India)             | Kilo Litres                 | 1785.000               | 39.76                       | 1495.950               | 21.77          |
|                         |                             | <b>127187.000</b>      | <b>5395.68</b>              | <b>115278.900</b>      | <b>6699.92</b> |
| Liquefied Petroleum Gas | Metric Tonnes               | 344.080                | 19.78                       | 313.730                | 15.68          |
| <b>CLOSING STOCK</b>    |                             |                        |                             |                        |                |
| Crude Oil -             |                             |                        |                             |                        |                |
| Assam                   | Kilo Litres                 | 100584.947             | 4307.01                     | 124923.000             | 5292.91        |
| Arunachal Pradesh       | Kilo Litres                 | 164.109                | 7.03                        | 479.000                | 63.01          |
| JVC (India)             | Kilo Litres                 | 1111.310               | 20.44                       | 1785.000               | 39.76          |
|                         |                             | <b>101860.366</b>      | <b>4334.48</b>              | <b>127187.000</b>      | <b>5395.68</b> |
| Liquefied Petroleum Gas | Metric Tonnes               | 355.469                | 23.58                       | 344.080                | 19.78          |

### 3A. LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

| Item Produced           | Licensed Capacity | Installed Capacity | Unit                           | Actual Production           |                             |
|-------------------------|-------------------|--------------------|--------------------------------|-----------------------------|-----------------------------|
|                         |                   |                    |                                | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
| Crude Oil :             |                   |                    |                                |                             |                             |
| - Assam                 | Not Applicable    | Not Applicable     | Gross Kilo Litres              | 3991042                     | 3859460                     |
|                         |                   |                    | Net Kilo Litres                | 3975530                     | 3845640                     |
| - Arunachal Pradesh     | Not Applicable    | Not Applicable     | Gross Kilo Litres              | 37211                       | 41199                       |
|                         |                   |                    | Net Kilo Litres                | 37211                       | 41199                       |
| - JVC (India)           | Not Applicable    | Not Applicable     | Gross Kilo Litres              | 43963                       | 29595                       |
|                         |                   |                    | Net Kilo Litres                | 43963                       | 29595                       |
| Condensate              |                   |                    |                                |                             |                             |
| - Assam                 | Not Applicable    | Not Applicable     | Gross Kilo Litres              | 35499                       | 37067                       |
|                         |                   |                    | Net Kilo Litres                | 35499                       | 37067                       |
| - Rajasthan             | Not Applicable    | Not Applicable     | Gross Kilo Litres              | 131                         | 115                         |
|                         |                   |                    | Net Kilo Litres                | 127                         | 65                          |
| Natural Gas             |                   |                    |                                |                             |                             |
| - Assam                 | Not Applicable    | Not Applicable     | Gross Million Standard C. Mtr. | 2189                        | 2043                        |
|                         |                   |                    | Net Million Standard C. Mtr.   | 2026                        | 1904                        |
| - Arunachal Pradesh     | Not Applicable    | Not Applicable     | Gross Million Standard C. Mtr. | 21                          | 22                          |
|                         |                   |                    | Net Million Standard C. Mtr.   | 3                           | 3                           |
| - Rajasthan             | Not Applicable    | Not Applicable     | Gross Million Standard C. Mtr. | 205                         | 204                         |
|                         |                   |                    | Net Million Standard C. Mtr.   | 204                         | 202                         |
| Liquefied Petroleum Gas | 50,000 tonnes     | 50,000 tonnes      | Gross Metric Tonnes            | 44950                       | 47610                       |
|                         |                   |                    | Net Metric Tonnes              | 44945                       | 47602                       |
| Electricity             | 41.5 M.W.         | 41.5 M.W.          | Gross Million Kilowatt Hours   | 94                          | 99                          |
|                         |                   |                    | Net Million Kilowatt Hours     | 90                          | 95                          |

### 3 B. RESERVES OF OIL & GAS AND PRODUCTION THEREOF:

| Area of Operation                | Crude Oil                 |                      |                     |                           | Natural Gas               |                      |                     |                           |
|----------------------------------|---------------------------|----------------------|---------------------|---------------------------|---------------------------|----------------------|---------------------|---------------------------|
|                                  | Position as at 01.04.2009 | Additions/ Revisions | Production Quantity | Position as at 31.03.2010 | Position as at 01.04.2009 | Additions/ Revisions | Production Quantity | Position as at 31.03.2010 |
|                                  | (MMKL)                    | (MMKL)               | (MMKL)              | (MMKL)                    | (MMKL-OE)                 | (MMKL-OE)            | (MMKL-OE)           | (MMKL-OE)                 |
| <b>Proved Developed Reserves</b> |                           |                      |                     |                           |                           |                      |                     |                           |
| Assam                            | 34.5318                   | 4.2693               | 3.9911              | 34.8100                   | 36.9910                   | 1.1680               | 2.1890              | 35.9700                   |
| Arunachal Pradesh                | 0.6420                    | 0.0002               | 0.0372              | 0.6050                    | 0.0000                    | 0.0000               | 0.0000              | 0.0000                    |
| Rajasthan                        | 0.0000                    | 0.0000               | 0.0000              | 0.0000                    | 2.2000                    | 0.0131               | 0.2053              | 2.0078                    |
| JVC-India *                      | 3.1122                    | (0.0763)             | 0.1099              | 2.9260                    | 0.0000                    | 0.0000               | 0.0000              | 0.0000                    |
| <b>Total</b>                     | <b>38.2860</b>            | <b>4.1932</b>        | <b>4.1382</b>       | <b>38.3410</b>            | <b>39.1910</b>            | <b>1.1811</b>        | <b>2.3943</b>       | <b>37.9778</b>            |

\* Shown to the extent of participating interest of the Company

\* Gas figures shown against Assam includes figures of Arunachal Pradesh also.



## SCHEDULE- 25 (contd...)

### 4. DETAILS OF EXPENDITURE

|  | (Rs. in lakh)                  |                                |
|--|--------------------------------|--------------------------------|
|  | Year ended 31st<br>March, 2010 | Year ended 31st<br>March, 2009 |
| <b>(a) Details of expenditure incurred during the year on production, exploration, development, R&amp;D and operation &amp; maintenance of pipelines</b> |                                |                                |
| Salaries & Wages   | 92237.35                       | 91042.72                       |
| Incentives (Bonus, REH, PLIS/PRP)  | 10442.22                       | 11353.93                       |
| Contribution to Pension Fund   | 10463.31                       | 13029.18                       |
| Contribution to Provident Fund   | 4879.35                        | 4085.80                        |
| Fuel   | 5152.06                        | 4660.91                        |
| Stores Consumed  | 34599.35                       | 22164.25                       |
| Insurance  | 172.09                         | 248.98                         |
| Rent   | 466.25                         | 241.35                         |
| Rates, Taxes, License Fee etc.   | 403.12                         | 494.26                         |
| Contract - Casual labour   | 2943.23                        | 2035.15                        |
| Contract - Transport   | 8224.32                        | 7493.73                        |
| Contract - Construction  | 9099.27                        | 8549.38                        |
| Contract- Survey & Data Processing   | 20555.28                       | 32531.85                       |
| Contract- Drilling and Production Services   | 34795.81                       | 23303.59                       |
| Contract- Others   | 15800.36                       | 16768.50                       |
| NELP/JVC Production and Other Expenditures   | 3342.00                        | 1210.50                        |
| Security expenses  | 6599.29                        | 5163.71                        |
| Travelling and Halting expenses  | 2356.31                        | 2593.92                        |
| Medical expenses - Reimbursement   | 2715.04                        | 2302.24                        |
| Sundries (Donations, Courtesy, Training fees, etc.)  | 2807.05                        | 2801.54                        |
| Others   | 6265.78                        | 3886.87                        |
| <b>Total</b>   | <b>274318.84</b>               | <b>255962.36</b>               |
| Less: Allocation to Pre-producing properties, Capital account, Recoveries and others   | <b>102755.27</b>               | <b>81447.91</b>                |
|  | <b>171563.57</b>               | <b>174514.45</b>               |
| Add: Royalty   | <b>108379.68</b>               | <b>99474.53</b>                |
| Cess   | <b>94192.21</b>                | <b>90538.75</b>                |
| Sales Tax  | <b>33154.56</b>                | <b>31597.20</b>                |
| <b>Total</b>   | <b>407290.02</b>               | <b>396124.93</b>               |
| <b>(b) Included under various heads in Note 4(a) above - Net of Recoveries, if any</b>   |                                |                                |
| <b>(i) Repairs, Maintenance &amp; Replacement</b>  |                                |                                |
| Building (including Township)  | 5861.52                        | 6305.17                        |
| Plant & Machinery  | 38111.21                       | 37614.03                       |
| <b>Total</b>   | <b>43972.73</b>                | <b>43919.20</b>                |
| <b>(ii) Public Relations Expenses</b>  |                                |                                |
| Salaries, Allowances etc.  | 282.64                         | 256.02                         |
| Oil News & Employees Communication Programme   | 7.66                           | 8.35                           |
| Advertisement for tenders  | 474.91                         | 409.00                         |
| Others   | 167.35                         | 74.94                          |
| <b>Total</b>   | <b>932.56</b>                  | <b>748.31</b>                  |
| <b>(iii) Social Overhead Expenses</b>  |                                |                                |
| Township   | 3874.68                        | 3806.42                        |
| Education  | 1287.32                        | 1262.77                        |
| Social & cultural amenities  | 3827.09                        | 3176.96                        |
| Medical  | 6161.51                        | 6584.15                        |
| Hired buses for Employees  | 802.80                         | 587.85                         |
| <b>Total</b>   | <b>15953.40</b>                | <b>15418.15</b>                |

**SCHEDULE- 25 (contd...)**

(Rs. in lakh)

|  | Year ended 31st<br>March, 2010 | Year ended 31st<br>March, 2009 |
|--|--------------------------------|--------------------------------|
| <b>(iv) Directors' Remuneration</b>                                  |                                |                                |
| Remuneration paid/payable to Directors                               |                                |                                |
| Functional Directors including Chairman-Cum-Managing Director :      |                                |                                |
| i) Salary & Allowances   | 94.82                          | 60.76                          |
| ii) Contribution to Provident Fund                                   | 6.42                           | 5.15                           |
| iii) Contribution to Pension Fund                                    | 4.50                           | 5.49                           |
| iv) Contribution to Social Security Scheme                           | 0.16                           | 0.21                           |
| v) Tax on perks value of accommodation borne by the co.              | 3.71                           | 2.69                           |
| vi) Other benefits & perquisites being LFA/LTC, Medical & Club, etc. | 21.06                          | 28.15                          |
| <b>Total for Functional Directors</b>                                | <b>130.67</b>                  | <b>102.45</b>                  |
| Independent Directors :  |                                |                                |
| Sitting Fees   | 18.80                          | 11.40                          |
| <b>Total</b>   | <b>149.47</b>                  | <b>113.85</b>                  |

**NOTE :**

Provisions for contribution to employees retirement / post retirement and employees benefits as per AS-15 which are based on Actuarial valuations done on an overall company basis are excluded from above disclosure.

**(v) Auditors' Remuneration**

|   |              |              |
|---|--------------|--------------|
| (i) Audit fees (including Service tax)                                | 17.65        | 16.55        |
| (ii) Tax Audit fees (including service tax)                           | 8.82         | 8.27         |
| (iii) Out of pocket and travelling expenses (Including for Tax Audit) | 8.18         | 9.50         |
| (iv) Certification Fees (including Service Tax and IPO-DRHP)          | 22.06        | 7.14         |
| <b>Total</b>  | <b>56.71</b> | <b>41.46</b> |

|   | Year ended<br>31st March, 2010                  |                        | Year ended<br>31st March, 2009                  |                        |
|---|---|------------------------|---|------------------------|
|   | Quantity<br>Million<br>Standard<br>Cubic Metres | Value<br>(Rs. in lakh) | Quantity<br>Million<br>Standard<br>Cubic Metres | Value<br>(Rs. in lakh) |
| <b>(c) Raw Materials consumed</b>           |   |                        |   |                        |
| (For production of Liquefied Petroleum Gas) | 32.151  | 570.36                 | 33.863  | 459.33                 |
| Natural Gas (out of own Production)         |   |                        |   |                        |

|  | Year ended<br>31st March, 2010<br>(Rs. in lakh) |               | Year ended<br>31st March, 2009<br>(Rs. in lakh) |               |
|--|---|---------------|---|---------------|
|  |   | %             |   | %             |
| <b>(d) Consumption of Stores and Spare parts</b> |   |               |   |               |
| Imported   | 18337.66  | 53.00         | 11525.41  | 52.00         |
| Indigenous                                       | 16261.69  | 47.00         | 10638.84  | 48.00         |
| <b>Total</b>                                     | <b>34599.35</b>                                 | <b>100.00</b> | <b>22164.25</b>                                 | <b>100.00</b> |
| <b>(e) Value of Imports on C.I.F basis</b>       |   |               |   |               |
| Capital Goods                                    | 7463.65   |               | 7611.95   |               |
| Stores and Spare parts                           | 8085.63   |               | 8935.76   |               |
| <b>Total</b>                                     | <b>15549.28</b>                                 |               | <b>16547.71</b>                                 |               |
| <b>(f) Expenditure in foreign currency</b>       |   |               |   |               |
| Services Contracts                               | 29467.17  |               | 17805.60  |               |
| Foreign Tours                                    | 497.55  |               | 544.28  |               |
| <b>Total</b>                                     | <b>29964.72</b>                                 |               | <b>18349.88</b>                                 |               |
| <b>5. EARNINGS IN FOREIGN CURRENCY</b>           |   |               |   |               |
| Others (forfeiture of Bid Bonds, etc.)           | 18.74   |               | 5.74  |               |



## SCHEDULE-26

### Segment Revenue, Results, Assets and Liabilities for the year ended 31st March, 2010

(Rs. in lakhs)

| Particulars                                    | Total               |                     | Crude Oil         |                   | Natural Gas       |                  |                  | LPG             |                 | Transportation    |                    | Unallocated         |                     |
|--|---------------------|---------------------|-------------------|-------------------|-------------------|------------------|------------------|-----------------|-----------------|-------------------|--------------------|---------------------|---------------------|
|  | 31.03.2010          | 31.03.2009          | 31.03.2010        | 31.03.2009        | Assam & AP        | Rajasthan        | 31.03.2010       | 31.03.2009      | 31.03.2010      | 31.03.2009        | 31.03.2010         | 31.03.2009          | 31.03.2010          |
| <b>REVENUE</b>                                 |                     |                     |                   |                   |                   |                  |                  |                 |                 |                   |                    |                     |                     |
| External Sales                                 | 790,555.10          | 724,144.91          | 715,870.21        | 659,421.82        | 44,913.76         | 3,653.78         | 3,602.46         | 7,630.60        | 9,025.34        | 15,699.19         | 10,173.00          | 2,787.56            | 689.40              |
| Other Income                                   | 93,712.77           | 93,717.49           | 0.00              | 0.00              | 15,631.74         | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 78,081.03           | 79,440.43           |
| Other Adjustment-Income                        | 1,704.80            | (4,074.65)          | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 1,704.80            | (4,074.65)          |
| <b>Total Income</b>                            | <b>885,972.67</b>   | <b>813,787.75</b>   | <b>715,870.21</b> | <b>659,421.82</b> | <b>60,545.50</b>  | <b>3,653.78</b>  | <b>3,602.46</b>  | <b>7,630.60</b> | <b>9,025.34</b> | <b>15,699.19</b>  | <b>10,173.00</b>   | <b>82,573.39</b>    | <b>76,055.18</b>    |
| <b>EXPENDITURE</b>                             |                     |                     |                   |                   |                   |                  |                  |                 |                 |                   |                    |                     |                     |
| Increase/(Decrease) in Stock                   | 1,057.40            | 1,300.14            | 1,061.20          | 1,304.24          | 0.00              | 0.00             | 0.00             | (3.80)          | (4.10)          | 0.00              | 0.00               | 0.00                | 0.00                |
| Production, Transportation & Other Expenditure | 407,290.02          | 396,124.93          | 284,986.43        | 270,331.11        | 31,412.38         | 2,830.15         | 1,190.83         | 3,474.72        | 3,264.04        | 13,472.60         | 13,450.05          | 71,113.74           | 75,639.54           |
| Provisions & Write Offs                        | 28,271.93           | 37,119.77           | 25,361.60         | 30,282.76         | 2,795.46          | 0.00             | 261.32           | 0.00            | 0.00            | 0.00              | 0.00               | 114.87              | 2,963.08            |
| Depletion                                      | 26,281.34           | 20,876.39           | 19,450.72         | 15,372.34         | 5,676.13          | 1,154.49         | 1,109.17         | 0.00            | 0.00            | 0.00              | 0.00               | 0.00                | 0.00                |
| Depreciation                                   | 21,827.23           | 16,807.86           | 5,210.42          | 4,034.26          | 3,081.15          | 2,534.99         | 139.36           | 131.14          | 113.76          | 11,306.08         | 9,183.26           | 1,630.95            | 802.23              |
| Interest & Debt Charges                        | 365.19              | 874.41              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 365.19              | 874.41              |
| Exchange Loss                                  | (477.51)            | (615.08)            | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | (477.51)            | (615.08)            |
| Other Adjustment-Expenses                      | 11,261.66           | 2,139.27            | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 11,261.66           | 2,139.27            |
| Prior Period                                   | 586.12              | 463.03              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 586.12              | 463.03              |
| <b>Total Expenses</b>                          | <b>496,463.38</b>   | <b>475,090.72</b>   | <b>336,070.37</b> | <b>321,324.71</b> | <b>42,965.12</b>  | <b>4,452.13</b>  | <b>2,700.68</b>  | <b>3,602.06</b> | <b>3,373.70</b> | <b>24,778.68</b>  | <b>22,633.31</b>   | <b>84,595.02</b>    | <b>82,266.48</b>    |
| <b>Profit before Tax</b>                       | <b>389,509.29</b>   | <b>338,697.03</b>   | <b>379,799.84</b> | <b>338,097.11</b> | <b>17,580.38</b>  | <b>(798.35)</b>  | <b>901.78</b>    | <b>4,028.54</b> | <b>5,651.64</b> | <b>(9,079.49)</b> | <b>(12,460.31)</b> | <b>(2,021.63)</b>   | <b>(6,211.30)</b>   |
| Provisions for Taxation                        | 128,457.17          | 122,528.63          | 125,255.07        | 122,311.60        | 5,797.87          | (263.29)         | 326.23           | 1,328.58        | 2,044.56        | (2,994.35)        | (4,507.70)         | (666.72)            | (2,247.03)          |
| Profit after Tax                               | 261,052.12          | 216,168.40          | 254,544.77        | 215,785.51        | 11,782.51         | (535.06)         | 575.55           | 2,699.96        | 3,607.08        | (6,085.14)        | (7,952.61)         | (1,354.91)          | (3,964.27)          |
| <b>Segment Assets</b>                          | <b>1,809,336.50</b> | <b>1,338,011.62</b> | <b>344,079.18</b> | <b>287,170.86</b> | <b>206,852.54</b> | <b>24,399.43</b> | <b>23,282.89</b> | <b>3,462.80</b> | <b>2,909.23</b> | <b>48,032.79</b>  | <b>57,400.62</b>   | <b>1,182,509.77</b> | <b>786,714.52</b>   |
| <b>Segment Liabilities</b>                     | <b>1,809,336.50</b> | <b>1,338,011.62</b> | <b>173,670.65</b> | <b>154,868.69</b> | <b>75,776.29</b>  | <b>3,414.59</b>  | <b>3,469.62</b>  | <b>2,925.62</b> | <b>2,609.28</b> | <b>11,769.46</b>  | <b>13,571.16</b>   | <b>1,541,779.89</b> | <b>1,095,910.26</b> |

**SCHEDULE -26 (Contd.)****NOTES ON SEGMENT REPORTING**

1. (a) In accordance with the existing management reporting system, the Company has adopted :-
  - (i) the following business segments as the primary reporting segments :  
Crude Oil  
Natural Gas  
LPG  
Transportation  
  
and
  - (ii) the following geographical segments as the secondary reporting segments :  
Assam / Arunachal Pradesh (AP)  
Rajasthan
- (b) 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. Expenditure incurred directly by the segments are directly allocated to them. Expenditure incurred by Services departments have been allocated to the segments in proportion to the actual services rendered to the respective segments. Overhead expenditure 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 and Loss Account have been allocated to the Crude Oil and Natural Gas segments on the basis of thermal equivalence. Research & Development expenditure 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. Provision for Taxation has been apportioned on the basis of Profit Before Tax of individual segments.
6. Share capital, Reserves and Surplus and Loans have been treated as unallocated corporate liabilities.
7. 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.
8. 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 .
9. 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.
10. 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.
11. Investments outside the business and Cash and Bank balances are treated as unallocated corporate assets.
12. Any other revenue, expenditure, 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.
13. Exploration expenditure, assets, liabilities pertaining to the project areas where commercial production of Hydrocarbons has not yet commenced, have been shown in the unallocated corporate head.
14. Individual items of assets or liabilities used jointly by two or more segments, the amount of which is insignificant and are not considered material, have been allocated to Crude Oil and Natural Gas segment on the basis of thermal equivalence.

**SCHEDULE - 27****SIGNIFICANT ACCOUNTING POLICIES****1. ACCOUNTING CONVENTION**

The Financial Statements of the Company are prepared under historical cost convention, except as otherwise stated, in accordance with the Generally Accepted Accounting Principles (GAAP) in India and materially comply with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standard) Rules 2006, and with the relevant provisions of the Companies Act, 1956.



## 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 (ICAI) except for abandonment costs, as explained below :-

### 2.1 EXPLORATION COSTS AND DEVELOPMENT EXPENDITURE

- (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) All Acquisition costs, exploration costs involved in drilling and equipping exploratory and appraisal wells and cost of drilling exploratory type stratigraphic test wells are initially capitalized as pre-producing property till the time these are either transferred to producing properties on completion or expensed in the year when determined to be dry or of no further use, as the case may be.
- (d) 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.
- (e) 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.
- (f) Charges towards unfinished Minimum Work Programme (MWP) and for extension of exploration period under PSC/JVC are treated as Geological & Geophysical or Drilling expenses etc. as the case may be.
- (g) 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.
- (h) Cost of exploratory wells in progress are not carried over for more than two 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.

### 2.2 ABANDONMENT COSTS

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 instead of creating provision in line with Guidance Note issued by ICAI as the Salvage Value is expected to take care of the Abandonment Costs except in case of Joint Ventures, the policy in respect of which is specified in Policy No.7 below.

## 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) Computer software acquired and developed to suit Company's internal use being intangible asset is capitalized along with hardware cost.
- (c) Leasehold lands including the Right of Use ( ROU) which are perpetual in nature are not amortized.
- (d) Any asset, when of no further use, is deleted from the Block. The Written Down Value, if any, in excess of Rs.1000/- or 5% of the original cost, whichever is less is charged to Profit and Loss Account. The deleted assets are carried as Current 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 realized.
- (e) Physical verification of the fixed assets is 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

### 4.1 DEPRECIATION

- (a) Depreciation on Fixed Assets is provided for under the “Written Down Value Method”(WDV), 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) Computer software acquired and developed to suit Company's internal use, being intangible asset, is depreciated at the rate applicable to Computer (Hardware).
- (d) Assets costing upto Rs. 5000 each are depreciated fully in the year of capitalization.



#### 4.2 DEPLETION

- (a) The producing properties including acquisition costs are depleted using the "Unit of Production Method", based on the related Proved Developed Reserves.
- (b) Proved and Developed Reserves of oil and gas are technically assessed regularly and are finally reviewed and estimated at the end of each year in-house by following International practices.
- (c) The rate of depletion is computed on a consistent basis with reference to an area designated as Oil / Gas field or a group of Oil/Gas fields, which are aggregated either based on a common geological feature or for operational purpose.

#### 5. FOREIGN CURRENCY TRANSLATION

- (a) All non-monetary transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.
- (b) Monetary items in the form of Loan, Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gains or loss is accounted during the year.
- (c) Foreign currency transactions in relation to Joint Venture Operations (Overseas) are treated in the following manner:-
  - (i) Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transactions. For practical reasons, the average exchange rate of relevant month is taken for the transactions of the month in respect of such Joint Venture Operations, where actual date of transaction is not available or as agreed otherwise.
  - (ii) At the Balance Sheet date, foreign currency items are translated using the average of the exchange rates prevailing on the Balance Sheet date.

#### 6. IMPAIRMENT OF ASSETS

Producing Properties and Fixed Assets of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case events and circumstances indicate any impairment, recoverable amount of these assets is determined. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount by writing down such assets to their recoverable amount. The recoverable amount is its 'value in use'. In assessing value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets. Subsequent to Impairment, depletion/ depreciation is provided on the revised carrying value of the assets over the remaining useful life as per relevant policy.

#### 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 of Oil and / or Gas activities under a joint venture in various concessions:-

- (a) 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. Depreciation, depletion and impairment and value of Stock of Crude Oil are accounted for as per the relevant accounting policies of the Company whereas provision for abandonment is created as per terms of PSC.
- (b) Proved and Developed Reserve of Oil & Gas in such concessions are also considered in proportion to participating interest of the Company.
- (c) 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/ received 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 expenditure 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 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 assess realization.

## 9. INVESTMENTS

- (a) Long term investments are valued at cost unless there is a permanent diminution in value.
- (b) Current investments are valued at lower of cost or fair 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.
- (b) Natural Gas in pipeline and crude oil in flow line are not valued.
- (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 four years as on date of Balance Sheet are identified as slow moving items. Against these Slow moving items a provision of 95% of value is made in the accounts towards likely diminution in value. The stores and spare parts include goods-in-transit which represents items pending arrival and / or acceptance at stipulated destinations.

## 11. EMPLOYEE BENEFITS

- (a) Defined Contribution Plans such as Provident Fund, etc. – Contributions are charged to the Profit and Loss Account as incurred.
- (b) Defined Benefit Plans – The present value of the obligation under such plan, is determined based on an actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In case of funded defined benefit plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis the excess, if any, it treated as a prepayment.
- (c) The contribution to Provident Fund, Gratuity Fund, and Pension Funds are paid to the respective Funds administered through Trusts having exemptions under Employees' Provident Funds and Miscellaneous Provision Acts 1952 above as applicable. The interest payable by the Provident Fund Trust is notified by the Government. The Company has an obligation to make good the shortfall, if any.
- (d) Other Long term Employee Benefits are recognized in the same manner as Defined Benefit Plans.
- (e) Termination benefits are recognized as and when incurred.

## 12. REVENUE RECOGNITION

- (a) Revenue from sale of products and transportation income are recognized on transfer of custody to customers.
- (b) Sale of crude oil and gas produced from exploratory wells-in-progress in exploratory areas is deducted from expenditure on such wells.
- (c) Sales are inclusive of statutory levies but net of discounts. Any retrospective revision in prices is accounted for in the year of such revision.
- (d) Claims on Government / Petroleum Planning & Analysis Cell (PPAC) are booked on acceptance in principle thereof.
- (e) Dividend Income is recognized when the right to receive the dividend is established.
- (f) Revenue in respect of the following is recognized when there is reasonable certainty regarding ultimate realization:
  - (i) Short lifted quantity of crude oil, if any.
  - (ii) Interest on delayed realization from customers.
- (g) Insurance claim other than for transit loss of stores items are accounted for on final acceptance by the Insurance Company.
- (h) Liquidated Damages for delay in execution of contracts/supplies are accounted for as per the terms of the contracts and are recognized as income in the year of deduction. In case the same is refunded due to reconsideration/justification of the waiver request, the same is accounted for as expense in the year of acceptance.

## 13. GRANTS & SUBSIDIES

Grants and Subsidies are accounted in revenue or capital account according to their nature, when there is reasonable assurance that the same would be realized. Grants related to specific assets are deducted from the gross value of the concerned assets 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 Lakh in each case are recognized as contingent liability, if contested.
- (c) Contingent assets are not recognized.

**17. EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**18. GENERAL**

- (a) Prior Period Items exceeding Rupees Five Lakh in each case are separately disclosed in the Profit and Loss Account.
- (b) Adjustments pertaining to earlier years but crystallized during the year, exceeding Rupees Five Lakh in each case are separately 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 if any, are 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 and Demands from / in relation to Revenue Authorities are accounted for on the basis of acceptance considering information available upto the date of finalization of Accounts.
- (f) Assets given under finance leases are recognized as receivable at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment in line with AS 19 issued by the ICAI.
- (g) General administrative expenses including corporate overhead are charged to Profit & Loss Account.
- (h) Accounting of Contract works under various Projects for the Company carried out by the Company in consortium with other entities is accounted in line with AS 7 issued by ICAI after neutralizing the profit earned by the Company in it from the Project cost.
- (i) Costs of Intangible assets are accounted for in line with AS 26 issued by ICAI.

**SCHEDULE - 28****NOTES TO ACCOUNTS**

1. (i) (a) With effect from 01.04.2002, the price of Crude Oil and LPG are market determined in terms of the policy of the Government of India. Accordingly, the Crude Oil price was being determined based on the terms and conditions of the Memorandum of Understanding (MOU) signed with various buyers of Crude Oil for the period 01.04.2002 to 31.03.2004. Though the MOU / Crude Offtake and Sale Agreement (COSA) 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 the terms and conditions of the aforesaid MOU for the period 01.04.2004 to 31.03.2010.

In terms of the notification from MOP&NG dated 01.05.2009, the Company w.e.f. 01.04.2008 has accounted for on a monthly average price of Crude Oil benchmarked to Basket Price of Crude Oil (ascertained from Reuter) after adjustment for Gross Product Worth (quality differential) and discount on account of Base Sediment & Water (BS&W).

- (b) As regard LPG price, the same continues to be notified by Indian Oil Corporation Ltd. (IOC) every month.
- (c) The price of Natural Gas was revised by the Ministry of Petroleum and Natural Gas, (MOP&NG) Government of India vide letter No. L-12015/5/04-GP (i) dated 20<sup>th</sup> June, 2005. The revised price applicable w.e.f. 01.07.2005 in



respect of APM gas quantity, being the quantity of gas produced as on 30.06.2005 and sold to consumers other than those with whom the Company had signed Gas Sale and Purchase Agreement (GSPA) with mutually agreed price. The gas price for gas sale in Rajasthan is governed by the MOU dated 11<sup>th</sup> October, 2004 between the Company and GAIL India Limited, which is a mutually agreed price.

- (ii) The MOP&NG, Government of India, vide its letter dated 22.04.2010 allowed the Company to realize the sales tax and full amount of transportation charges in respect of its own Crude Oil sold to the refineries for the financial year 2009-10, similar to the decision in the previous financial years.
- (iii) In terms of the decision of Government of India, MOP&NG, vide letter no. P-20012/28/97-PP dated 23.07.2004 and further communications in this regard, the Company during the year ended 31.03.2010 has allowed a discount Rs. 148990.89 lakh (Previous year Rs 294853.19 lakh) on the sale of Crude Oil and Rs. 5890.98 lakh (Previous year Rs 7475.48 lakh) on the sale of LPG. Accordingly, the sales revenue in respect of Crude Oil and LPG are net of the aforesaid discounts which have the effect of reduction of profit for the respective years by such amounts.
- (iv) Pending finalization of the Transportation Tariff by the Government of India for Crude Oil, the Company has on a provisional basis accounted for the Transportation Income of Crude Oil from all the refineries as fixed by the Petroleum Planning & Analysis Cell (PPAC) for the year 2001-02. In regards to the Transportation Income in respect of Crude Oil of M/s Oil & Natural Gas Corporation Ltd. (ONGCL), Conoro Resources Limited and M/s Bongaigaon Refinery and Petrochemicals Limited the same are accounted for based on the MOU/Crude Oil Transportation Agreement (COTA) signed with the respective companies.
- (v) The total Gas Reserve as on 31.03.2010 in Assam & Arunachal Pradesh has been ascertained field wise following SPE norms.
- (vi) Exchange gain of Rs. 501.83 lakh (Previous year loss of Rs. 615.08 lakh) includes, exchange gain of Rs nil (Previous Year Rs. Nil) related to Assets charged off in line with the changed Accounting Policy no. 5 due to applicability of AS 11 (Revised).
- (vii) The foreign currency exposures that are not hedged by a derivative instrument or otherwise:

| Particulars       | Foreign Currency | 31.03.2010                           |                         | 31.03.2009                           |                         |
|-------------------|------------------|--------------------------------------|-------------------------|--------------------------------------|-------------------------|
|                   |                  | Amount<br>(Foreign Currency in lakh) | Amount<br>(Rs. in lakh) | Amount<br>(Foreign Currency in lakh) | Amount<br>(Rs. in lakh) |
| Amount Receivable | USD              | 103.56                               | 4729.57                 | 127.93                               | 6594.58                 |
| Amount Payable    | USD              | 84.75                                | 3943.71                 | 50.00                                | 2505.01                 |

- (viii) 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. 160.47 lakh (Previous year Rs. 160.70 lakh), which are not included in the accounts.
- (ix) Borrowing cost capitalized during the year is nil.

## 2. Disclosure pursuant to AS 15 (Revised 2005) – Employee Benefits:-

The Company has adopted AS 15 (Revised 2005) for Employee Benefits issued by ICAI as against erstwhile AS 15. Consequent to the adoption, the following disclosures related to accounting, etc are made as far as practicable under AS 15 (Revised 2005) requirement:

### Defined Contribution Plans

The Company's contribution to Provident Funds for employees and executives is Rs. 4859.60 lakh (Previous year Rs. 4085.99 lakh).

### Defined Benefit Plans

The various Benefits Plans which are in operation are Gratuity Fund, Pension Funds, Leave Encashment, Leave Fare Assistance/ Leave Travel Concession, Post Retirement Medical Benefit and Long Service Award. The present value of the obligation is determined based on Actuarial valuation using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation.



## Various data as certified by Actuary:-

## A. The amount recognised in Balance Sheet for post employee benefits

(Rs. in lakh)

|  | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC | Post Retirement Medical Benefits |
|--|---------------|--------------------|--------------------|------------------|---------|----------------------------------|
| Present Value of obligation at the end of the year i.e. 31.03.2010 | 30178.54      | 35263.97           | 54124.88           | 9676.29          | 2501.98 | 5288.18                          |
| Fair Value of Plan Asset at the end of the year 31.03.2010         | 32512.56      | 17593.44           | 43374.54           | 0.00             | 0.00    | 0.00                             |
| Fund Status as on 31.03.2010 (Net liability)                       | (2334.02)     | 17310.53           | 10750.34           | 9676.29          | 2501.98 | 5288.18                          |
| Total Provision  | (2334.02)     | 17310.53           | 10750.34           | 9676.29          | 2501.98 | 5288.18                          |

## B. Reconciliation of opening and closing balances of Defined Benefits obligation.

(Rs in lakh)

|  | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC   | Post Retirement Medical Benefits |
|--|---------------|--------------------|--------------------|------------------|-----------|----------------------------------|
| Present Value of obligation at the beginning of the year i.e. 01.04.2009 | 28811.66      | 33248.17           | 49696.10           | 7507.99          | 2335.11   | 4918.35                          |
| Interest Cost  | 2239.73       | 2503.12            | 3881.73            | 491.32           | 58.41     | 367.78                           |
| Current Service Cost   | 1543.98       | 1651.63            | 2732.51            | 713.79           | 0.00      | 0.00                             |
| Benefits Paid  | (1629.95)     | (3918.32)          | (2348.91)          | (2732.89)        | (3210.05) | (644.34)                         |
| Actuarial gains/loss on obligations                                      | (786.88)      | 1779.37            | 163.45             | 3696.07          | 3318.51   | 44.35                            |
| Present Value of obligation at the end of the year i.e. 31.03.2010       | 30178.54      | 35263.97           | 54124.88           | 9676.29          | 2501.98   | 5288.18                          |

## C. Reconciliation of opening and closing balances of fair value of plan assets

(Rs in lakh)

|  | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC | Post Retirement Medical Benefits |
|--|---------------|--------------------|--------------------|------------------|---------|----------------------------------|
| Fair Value of Plan Asset at Beginning of the year 01.04.2009 | 19556.00      | 15287.00           | 38062.40           | NA*              | NA*     | NA*                              |
| Expected Return on Plan Assets                               | 1564.48       | 1222.96            | 3044.99            | NA*              | NA*     | NA*                              |
| Contributions  | 13685.46      | 5106.41            | 6845.97            | NA*              | NA*     | NA*                              |
| Benefits Paid  | (1629.95)     | (3918.32)          | (2348.92)          | NA*              | NA*     | NA*                              |
| Actuarial gain/loss on Plan Assets                           | (663.43)      | 255.39             | (2229.90)          | NA*              | NA*     | NA*                              |
| Fair Value of Plan Asset at the end of the year 31.03.2010   | 32512.56      | 17953.44           | 43374.54           |                  |         |                                  |

NA\* : Not Applicable as Scheme is unfunded

## D. Expenses Recognised in Statement of Profit / Loss

(Rs in lakh)

|  | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC | Post Retirement Medical Benefits |
|--|---------------|--------------------|--------------------|------------------|---------|----------------------------------|
| Current Service Cost                                   | 1543.98       | 1651.63            | 2732.51            | 713.80           | 0.00    | 0.00                             |
| Interest Cost  | 2239.73       | 250.32             | 3881.73            | 491.32           | 58.41   | 367.78                           |
| Expected Return on Plan Assets                         | (1564.48)     | (1222.96)          | (3044.99)          | 0.00             | 0.00    | 0.00                             |
| Actuarial gain/loss recognised in the year             | (123.45)      | 1523.98            | 2393.36            | 3696.07          | 3318.51 | 644.35                           |
| Expense Recognized in Statement of Profit/Loss Account | 2095.78       | 4455.77            | 5962.61            | 4901.19          | 3376.92 | 1012.12                          |



## E. Actuarial assumptions

(Rs in lakh)

|  | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC | Post Retirement Medical Benefits |
|--|---------------|--------------------|--------------------|------------------|---------|----------------------------------|
| Mortality Table (LIC)                                | 1994-96       | 1994-96            | 1994-96            | 1994-96          | 1994-96 | 1994-96                          |
| Superannuation Age                                   | 60            | 60                 | 60                 | 60               | 60      | 60                               |
| Early Retirement & Disablement (10 Per Thousand P.A) |               |                    |                    |                  |         |                                  |
| -age above 45  | 6             | 6                  | 6                  | 6                | 6       | 6                                |
| -age between 29 and 45                               | 3             | 3                  | 3                  | 3                | 3       | 3                                |
| -age below 29  | 1             | 1                  | 1                  | 1                | 1       | 1                                |
| Discount Rate  | 8.00%         | 8.00%              | 8.00%              | 8.00%            | 8.00%   | 8.00%                            |
| Inflation Rate                                       | 5.00%         | 5.00%              | 5.00%              | 5.00%            | 5.00%   | 5.00%                            |
| Expected Rate of Return on plan assets               | 8.00%         | 8.00%              | 8.00%              | 0.00%            | 0.00%   | 0.00%                            |
| Remaining working life                               | 12            | 10                 | 12                 | 12               | 12      | 11                               |

### Investment of Superannuation Funds

|               | Percentage of Investment as at |            |                    |            |                    |            |
|---------------|--------------------------------|------------|--------------------|------------|--------------------|------------|
|               | Gratuity Fund                  |            | Pension Fund (Old) |            | Pension Fund (New) |            |
|               | 31.03.2010                     | 31.03.2009 | 31.03.2010         | 31.03.2009 | 31.03.2010         | 31.03.2009 |
| Central Govt. | 17.38                          | 33.41      | 24.99              | 31.62      | 24.12              | 32.35      |
| State Govt.   | 18.46                          | 14.81      | 21.57              | 19.06      | 18.39              | 14.77      |
| PSU           | 38.88                          | 39.68      | 44.75              | 42.37      | 56.53              | 52.22      |
| Others        | 25.28                          | 12.10      | 8.69               | 6.95       | 0.96               | 0.66       |
| Total         | 100.00                         | 100.00     | 100.00             | 100.00     | 100.00             | 100.00     |

## F. Notes on above

- In view of the amendment of the Payment of Gratuity Act 1972, the ceiling of Gratuity has been enhanced from the existing limit of Rs 3.50 lakh to Rs. 10.00 lakh. Accordingly the Company has adopted the revised limit for provisioning of Gratuity liability based on the actuarial valuation.
- Long Service Award liability as on 31.03.2010, as per actuarial determination has been charged to Profit and Loss Account.
- The Company's Provident fund is exempted under section 17 of Employees' Provident Fund and Misc. Provisions Act, 1952. The Company has also taken exemption under Para 39 of Employees Pension Schemes 1995 and extending the Pension benefits through Oil India Employees Pension Fund. Conditions for grant of exemptions stipulate that the employer shall make good the deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate in case of Employee Provident Fund as well as the deficiency, if any in extending the pensioner benefits will be made good by the Company in the Employee Pension Fund.
- The amount recognised in the Balance Sheet as the present value of the defined benefit obligation is net of the fair value of plan assets at the Balance Sheet date.

## G. Employees cost includes:

- Rs 5787.05 lakh for the year, resulting into total provision to Rs. 35120.09 lakh upto 31.03.2010 (Previous year Rs. 29333.04 lakh ) being the amount estimated pending finalisation and full implementation of the pay revision of unionized as well as executive employees (including Board level) of the Company which is due for revision with effect from 01.01.2007.
  - Rs. 43193.29 lakh (Previous year Rs. 40399.81 lakh) being the amount estimated according to Actuarial Valuation of employees benefits for future services as required under AS-15.
3. During the year the Company has completed the process of IPO on 26.09.2009 and thus allotted 2,64,49,982 Equity Shares of Rs. 10/- each to the public including employees of the Company. Accordingly the Issued, Subscribed and Paid-up Share Capital of the Company has increased to Rs. 24045.44 lakh. As the face value of shares of Rs. 10/- each were issued at a premium of Rs 1040/- per share the sum of Rs. 275079.81 lakh has been accounted for in Security Premium Account in Balance Sheet.



Against the estimated expenditure of planned activities up to 31.03.2011 amounting to Rs. 455984.70 lakh as per the Object of the Issue declared in the Prospectus an amount of Rs. 148443.40 lakh, as certified by the Monitoring Agency have been spent up to 31.03.2010. The unutilised issue proceeds along with internal resources have been invested in short term deposits and ICDs.

The cost of the issue amounting to Rs 3216.52 lakh will be amortized over the period during which the proceeds of IPO is planned to be utilized by the Company. Accordingly Rs 1378.51 lakh has been charged as expenses during the year ended 31.03.2010 and Rs 1838.01 lakh has been carried over under the head "Miscellaneous Expenditure" in the Balance Sheet as on 31.03.2010.

#### 4. (i) Fixed Assets:

- A. Land in possession of the Company, includes some areas for which title / conveyance deeds are yet to be executed and / or mutation in settlement records is pending. Documentation formalities are in progress.
- B. The Company has identified various Plant & Machinery, which are not in use for considerable time. Pending writing off of these assets from the gross block, the Company has taken a provision of Rs. (73.59) lakh (Previous year Rs (78.50) lakh) during the year towards the difference between the WDV as on 31.03.2010 and 5% of original cost as the residual value of the respective assets.
- C. For infrastructure development and to facilitate the supply of natural gas to Brahmaputra Cracker and Polymers Limited (BCPL), the Company will have to augment / modify the existing gas pipeline network, construction of lean gas distribution network and setting up of gas sale off-take point with metering facility. The Government of India has agreed to release one time subsidy upto a maximum of Rs. 21500.00 lakh to the Company through BCPL, subject to incurring the actual expenditure more than that. The expenditure will be vetted by Engineers India Ltd. (EIL). Towards this arrangement, the Company has started incurring expenditure for various assets and has been claiming the amount in stages from BCPL after the same is vetted by EIL. BCPL has deposited Rs. 3093.47 lakh to the Company up to 31.03.2010 in this regard. Pending completion of all the facilities, the Company is maintaining the separate identity to record capital expenditure and the receipt of the claim till incurring the total expenditure on capital assets and receipt of final amount of subsidy. Necessary accounting related to subsidy/adjustment thereof with assets will be carried out on completion of the project.
- D. The cost of infrastructure which are in the nature of Corporate Social Responsibility (viz. Delhi Public School (DPS), Duliajan and some other assets) amounting to Rs 583.83 lakh has been charged off as expense in the Accounts of the Company for year ended 31.03.2010.

#### (ii) Pre-Producing Property

A sum of Rs. 8389.89 lakh (Previous year Rs. 8321.93 lakh) is been allocated to Pre-producing Property Account from general overhead.

#### (iii) Impairment of Assets

In terms of the Significant Accounting Policy No. 6, the Company assessed the Cash Generating Assets for the Impairment as required under AS-28 issued by ICAI and found that no cash generating Asset needs impairment as on 31.03.2010.

#### (iv) Sundry Debtors:

Sundry Debtors including the overdue amount are reconciled from time to time on an ongoing basis and are considered good and realizable, unless stated otherwise and provision made wherever considered necessary.

#### (v) (i) Loans and Advances include:

(a) Amount due by Directors and Other Officers of the Company: (Rs. in lakh)

|                | Balance as at |            | Maximum amount due at any time during the year |            |
|----------------|---------------|------------|--|------------|
|                | 31.03 2010    | 31.03.2009 | 31.03 2010                                     | 31.03.2009 |
| Directors      | 75.53         | 42.83      | 79.70  | 45.94      |
| Other Officers | 8.95          | 13.96      | 9.24   | 14.62      |
| Total          | 84.48         | 56.79      | 88.94  | 60.56      |

- (b) 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. 317.57 lakh (Previous year Rs. 294.00 lakh).
- (c) Arising out of one time settlement with M/s Indian Drugs and Pharmaceuticals Limited (IDPL), (a Government of India undertaking) the loan amount of Rs. 1500.00 lakh was to be settled along with interest @ 5% as per the revival package of the unit. Since no significant improvement on the revival package is forth coming, the Company



is continuing with the provision of Rs. 2833.16 lakh created in the books of Accounts during the financial year 2008-09 as against the principal and interest dues from IDPL. For the year ended 31.03.2010 no interest has been accounted for.

- (d) In terms of the Joint Operating Agreement and the Memorandum and Articles of Association of Brahma Putra Cracker and Polymer Limited (BCPL), the Company has paid an amount of Rs 50,100 to M/s Brahma Putra Cracker and Polymer Limited (BCPL) towards acquisition of 5,010 shares of Rs 10 each. The amount paid was accounted under Investments. During the year 2009-10 BCPL has further allotted 26332149 equity shares of Rs. 10 each accordingly an amount of Rs. 2633.21 lakh is shown as "Investment" which was accounted as Loan & Advances in the previous year. The balance amount of Rs. 613.99 lakh is shown under "Loans & Advances" pending allotment.
- (e) The Company has acquired 23% Equity Shares of DNP Limited and paid Rs. 2438.00 lakh toward its contribution to Equity Capital. The allotment of 24380000 equity shares of Rs. 10/- each was done during the financial year 2009-10 is shown as "Investment".
- (f) OIL has entered into a MOU with HPCL, GAIL India limited, Mittal Energy Investment Pte. Ltd. and TOTAL France S.A. on 18.10.2007 for setting up of an integrated Refinery cum Petrochemical Complex at Vishakapatnam in Andhra Pradesh. However as on 31.03.2010, no provision has been kept in the books the project ceased to exist.
- (g) Investment in associate is valued following the "Equity Method" as per AS-23 "Accounting of Investment in Associate in Consolidation".

**(ii) Disclosure pursuant to clause 32 of the Listing Agreement**

- (a) Loans, Advances and Investments in its own shares by the Company and its subsidiary/associates Nil (Previous year Nil)
- (b) Advances to associated "INDOIL Netherlands BV" Rs 7.85 lakh (Previous year Nil)
- (c) Investment in wholly own subsidiary "Oil India Sweden AB" Rs. 6.45 lakh (Previous year Nil)

**(vi) Current Liabilities:**

Sundry creditors include materials received on loan from other Public Sector Undertakings amounting to Rs. 502.94 lakh (Previous Year Rs. 365.85 lakh)

- (vii)** Balance shown sundry creditors, claims recoverable and advances are reconciled from time to time on an on-going basis. Provisions, wherever considered necessary, have been made.

**(viii) Micro, Small and Medium Enterprises Act, 2006:**

The Company has identified Micro, Small and Medium Enterprises (MSME) to whom the Company owes dues, which are outstanding as at 31.03.2010. There is no such Micro, Small and Medium Enterprises where outstanding balance is due for more than 45 days.

**5. Deferred Tax**

In accordance with the Accounting Standard – 22, the Company has net deferred tax liability as at 31.03.2010 of Rs. 102089.84 lakh (Previous year Rs. 89982.46 lakh).

|    | Description                              | Tax effect for the year | As at 31.03.2010 | As at 31.03.2009 |
|----|--|-------------------------|------------------|------------------|
| A. | Deferred Tax (Liability):                |                         |                  |                  |
|    | Fixed Assets                             | (12468.80)              | (114087.36)      | (101618.56)      |
| B. | Deferred Tax Assets:                     |                         |                  |                  |
|    | Disallowance as per Income Tax Act       | 361.42                  | 11997.52         | 11636.10         |
| C. | Net Deferred Tax Asset/(Liability) (A+B) | (12107.38)              | (102089.84)      | (89982.46)       |

- 6.** The Income Tax Assessing Officers had rejected claim of the Company for certain relief and concessions and further did not allow the discount on Crude Oil and LPG being allowed to Oil Marketing Companies (OMCs), as per the Government order/ notification, as expenses for Assessment Years 2003-04 to 2006-07, due to which demand of Rs. 84023.00 lakh had been raised on the Company during the financial year 2007-08. The Company had preferred an appeal before the first Appellate Authority against such order/demand and succeeded in the Appeal proceeding resulting into refund of Rs. 67259.59 lakh (including interest of Rs. 7180.56 lakh) during the financial year 2008-09 though the Income Tax Department has preferred second appeal before ITAT. Necessary Accounting action has been taken for the refund, except the provision relating to the claim under section 80-IB and 80-IC. On finalization of such appeal by ITAT necessary adjustments will be carried out.

For the Assessment Year 2007-08, the Assessing Officer continued the disallowance of both the above two claims of the Company in the Assessment Order and demanded Rs 71660.86 lakh, against which the Company has deposited Rs. 26950.00 lakh under protest. The Company has preferred appeal before CIT (A) disputing the assessment. CIT (A) vide his order dated 23.04.2010 allowed the issue of discount to the OMCs in favour of the Company but the claim of benefit u/s 80-IC was disallowed. The order of the Assessing Officer for rectifying the original order in the terms of the appellate order is pending. The



company is preferring second appeal before ITAT against such disallowances by CIT (A).

For the assessment year 2008-09, the Assessing Officer continued the disallowance of claim of benefit u/s 80-IC but allowed the discount to OMCs as an allowable expenditure, based on the Committee of Disputes (COD) minutes dated 27.08.2009, in the assessment order and demanded Rs. 42541.78 lakh. The Company has preferred an appeal before CIT (A) disputing the disallowance.

No Contingent Liabilities arises in respect of above mentioned Orders as:-

- Committee on Dispute (COD) constituted by Government of India has decided, that the discount to OMCs as an allowable expenses and not allowed Income Tax Department to agitate on the issue any further.
- While making the provision for Income Tax in its books of account the Company has not considered the benefit available u/s 80-IB and 80-IC on conservative basis pending disposal of appeal by ITAT.

## 7. Joint Venture Contracts (JVCs) / Production Sharing Contracts (PSCs) Accounts as on 31.03.2010:

The Company executed various JVCs/PSCs in India as detailed below:

### A. As Operator

| Sl. No. | Block No.       | Date of execution | Company's Participating interest | Other partners | Partners' participating interest | Operator |
|---------|-----------------|-------------------|----------------------------------|----------------|----------------------------------|----------|
| 1.      | AA-ONN-2002/3 * | 06.02.2004        | 20%                              | ONGCL          | 70%                              | OIL      |
|         |                 |                   |                                  | SUNTERA        | 10%                              |          |
| 2.      | AA-ONN-2003/3   | 23.09.2005        | 85%                              | HPCL           | 15%                              | OIL      |
| 3.      | MZ-ONN-2004/1*  | 02.03.2007        | 75%                              | SUNTERA        | 10%                              | OIL      |
|         |                 |                   |                                  | SHIVVANI       | 15%                              |          |
| 4.      | AA-ONN-2004/1   | 02.03.2007        | 85%                              | SHIVVANI       | 15%                              | OIL      |
| 5.      | AA-ONN-2004/2*  | 02.03.2007        | 90%                              | SUNTERA        | 10%                              | OIL      |
| 6.      | RJ-ONN-2004/2   | 02.03.2007        | 75%                              | GGR            | 25%                              | OIL      |
| 7.      | RJ-ONN-2004/3   | 02.03.2007        | 60%                              | GGR            | 25%                              | OIL      |
|         |                 |                   |                                  | HPCL           | 15%                              |          |
| 8.      | KG-ONN-2004/1   | 02.03.2007        | 90%                              | GGR            | 10%                              | OIL      |
| 9.      | RJ-ONN-2005/2   | 22.12.2008        | 60%                              | HOEC           | 20%                              | OIL      |
|         |                 |                   |                                  | HMEL           | 20%                              |          |

\*As per note below (C)

### B. As non-operator

| Sl. No. | Block No.     | Date of execution | Company's Participating interest | Other partners | Partners' participating interest | Operator |
|---------|---------------|-------------------|----------------------------------|----------------|----------------------------------|----------|
| 1.      | Kharsang PSC  | 16.06.1995        | 40%                              | JEPL           | 25%                              | Geoenpro |
|         |               |                   |                                  | Geo- Petrol    | 25%                              |          |
|         |               |                   |                                  | Geoenpro       | 10%                              |          |
| 2.      | AAP-ON-94/1   | 30.06.1998        | 16.129% in Expl Phase            | IOCL           | 43.548%                          | HOEC     |
|         |               |                   | Addl 30% carried interest        | HOEC.          | 40.323%                          |          |
| 3.      | SR-OS-94/1    | 12.04.2000        | 30% Carried Interest             | RIL            | 100%                             | RIL      |
| 4.      | GK-OSJ-3      | 06.09.2001        | 15%                              | ONGCL          | 25%                              | RIL      |
|         |               |                   |                                  | RIL            | 60%                              |          |
| 5.      | KG-DWN-98/4   | 12.04.2000        | 15%                              | ONGCL          | 85%                              | ONGCL    |
| 6.      | MN-OSN-2000/2 | 17.07.2001        | 20%                              | ONGCL          | 40%                              | ONGCL    |
|         |               |                   |                                  | GAIL           | 20%                              |          |
|         |               |                   |                                  | IOCL           | 20%                              |          |
| 7.      | AA-ONN-2001/3 | 04.02.2003        | 15%                              | ONGCL          | 85%                              | ONGCL    |



| Sl. No. | Block No.     | Date of execution | Company's Participating interest | Other partners    | Partners' participating interest | Operator |
|---------|---------------|-------------------|----------------------------------|-------------------|----------------------------------|----------|
| 8.      | CY-DWN-2001/1 | 04.02.2003        | 20%                              | ONGCL             | 45%                              | ONGCL    |
|         |               |                   |                                  | PIBBV             | 25%                              |          |
|         |               |                   |                                  | RockSource<br>ASA | 10%                              |          |
| 9.      | AA-ONN-2002/4 | 06.02.2004        | 10%                              | ONGCL             | 90%                              | ONGCL    |
| 10.     | KG-DWN-2002/1 | 06.02.2004        | 20%                              | ONGCL             | 70%                              | ONGCL    |
|         |               |                   |                                  | BPCL              | 10%                              |          |
| 11.     | MN-DWN-2002/1 | 06.02.2004        | 20%                              | ONGCL             | 70%                              | ONGCL    |
|         |               |                   |                                  | BPCL              | 10%                              |          |
| 12.     | KG-DWN-2004/5 | 02.03.2007        | 10%                              | ONGCL             | 50%                              | ONGCL    |
|         |               |                   |                                  | GAIL              | 10%                              |          |
|         |               |                   |                                  | GSPCL             | 10%                              |          |
|         |               |                   |                                  | HPCL              | 10%                              |          |
|         |               |                   |                                  | BPCL              | 10%                              |          |
| 13.     | KG-DWN-2004/6 | 02.03.2007        | 10%                              | ONGCL             | 60%                              | ONGCL    |
|         |               |                   |                                  | GAIL              | 10%                              |          |
|         |               |                   |                                  | GSPCL             | 10%                              |          |
|         |               |                   |                                  | HPCL              | 10%                              |          |
| 14.     | AA-ONN-2005/1 | 22.12.2008        | 30%                              | ONGCL             | 60%                              | ONGCL    |
|         |               |                   |                                  | ACL               | 10%                              |          |
| 15.     | AN-DWN-2005/1 | 22.12.2008        | 10%                              | ONGCL             | 90%                              | ONGCL    |
| 16.     | WB-ONN-2005/4 | 22.12.2008        | 25%                              | ONGCL             | 75%                              | ONGCL    |

**C. List of the blocks already relinquished/ being relinquished are given below:-**

| Sl. No. | Block No.      | Company's Participating interest | Other partners | Partners' participating interest | Operator | Date of relinquishment      |
|---------|----------------|----------------------------------|----------------|----------------------------------|----------|-----------------------------|
| 1.      | MB-DWN-2000/2  | 10%                              | ONGCL          | 50%                              | ONGCL    | 15.08.2006                  |
|         |                |                                  | IOCL           | 15%                              |          |                             |
|         |                |                                  | GAIL           | 15%                              |          |                             |
|         |                |                                  | GSPCL          | 10%                              |          |                             |
| 2.      | CR-ON-90/1     | 20%                              | POC            | 29%                              | POC      | 21.10.2007                  |
|         |                |                                  | IOCL           | 35%                              |          |                             |
|         |                |                                  | EOL            | 16%                              |          |                             |
| 3.      | MN-ONN-2000/1* | 25%                              | ONGCL          | 20%                              | OIL      | 16.01.2009                  |
|         |                |                                  | GAIL           | 20%                              |          |                             |
|         |                |                                  | IOCL           | 20%                              |          |                             |
|         |                |                                  | SUNTERA        | 15%                              |          |                             |
| 4.      | RJ-ONN-2000/1* | 60%                              | SUNTERA        | 40%                              | OIL      | 08.02.2010<br>(Applied for) |
| 5.      | RJ-ONN-2001/1* | 40%                              | ONGCL          | 30%                              | OIL      | 10.10.2009<br>(Applied for) |
|         |                |                                  | SUNTERA        | 30%                              |          |                             |
| 6.      | RJ-ONN-2002/1  | 60%                              | ONGCL          | 40%                              | OIL      | 21.12.2009<br>(Applied for) |

**\*Note:**

The amount due from M/s Suntera Resources Limited against the expenditure incurred in the NELP Blocks viz. RJ-ONN-2000/1, RJ-ONN-2001/1, MN-ONN-2000/1, AA-ONN-2002/3, AA-ONN-2004/2 and MZ-ONN-2004/1 amounting to Rs.3521.61 lakh has not paid the cash calls due in spite of various reminders. Accordingly, the Company has applied to Directorate General of Hydrocarbon (DGH) under Ministry of Petroleum and Natural Gas (MOP&NG), New Delhi for acquiring the Participating



Interest (PI) of Sunetra in all the above mentioned NELP Blocks. Pending the decision by MOP&NG a provision has been created in the books of Accounts as at 31.03.2010 for the said amount.

**D. The Company also executed various contracts for oil and gas exploration in overseas blocks the details of which are given below:**

| Sl. No. | Block/Area No/ Country  | Date of execution | Company's Participating interest | Other partners | Partners' participating interest | Operator                                       |
|---------|---|-------------------|----------------------------------|----------------|----------------------------------|--|
| 1.      | Farsi (offshore) Block (in the Persian Gulf ), Islamic Republic of Iran | 25.12.2002        | 20%                              | OVL            | 40%                              | OVL  |
|         |   |                   |                                  | IOCL           | 40%                              |  |
| 2.      | Area 86, Libya  | 20.03.2005        | 50%                              | IOCL           | 50%                              | OIL  |
| 3.      | Block 102/4, Libya  | 03.12.2005        | 50%                              | IOCL           | 50%                              | OIL  |
| 4.      | Shakthi, Gabon  | 17.04.2006        | 45%                              | IOCL           | 45%                              | OIL  |
|         |   |                   |                                  | MARVIS         | 10%                              |  |
| 5.      | Area 95/96, Libya   | 01.06.2008        | 25%                              | SIPEX          | 50%                              | SIPEX  |
|         |   |                   |                                  | IOCL           | 25%                              |  |
| 6.      | Timor Leste –Block 'K', East Timor                                      | 02.06.2008        | 12.5%                            | IOCL           | 12.50%                           | RE&P DMCC                                      |
|         |   |                   |                                  | RE&P DMCC      | 75.00%                           |  |
| 7.      | Block 82, Yemen   | 17.03.2009        | 12.75%                           | MEDCO AMED     | 38.25%                           | MEDCO AMED<br>(100% subsidiary of MEDCOENERGI) |
|         |   |                   |                                  | KUWAIT ENERGY  |                                  |  |
|         |   |                   |                                  | IOCL           | 12.75%                           |  |
|         |   |                   |                                  | YGCOG          | 15% Carried Interest             |  |
| 8.      | Block 83, Yemen   | 17.03.2009        | 12.75%                           | MEDCO ARAT     | 38.25%                           | MEDCO ARAT<br>(100% subsidiary of MEDCOENERGI) |
|         |   |                   |                                  | KUWAIT ENERGY  |                                  |  |
|         |   |                   |                                  | IOCL           | 12.75%                           |  |
|         |   |                   |                                  | YGCOG          | 15% Carried Interest             |  |

**Notes:**

- (i) The Exploration Service Contract for the Block at Sl. No. C (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 (OVL) and Indian Oil Corporation Limited (IOCL). The exploration work has resulted in discovery of Gas & Oil. Discussions / Negotiations on Development Service Contract (DSC) are in progress. Under Article 6.2 of Exploration Service Contract (ESC), subject to conclusion of Development Service Contract (DSC), the Exploration Expenditures under this Service Contract, after approval of N.I.O.C., Iran shall be consolidated for the purpose of reimbursement from the Date of Commerciality to Contractor during the amortization period in the manner to be set out in the DSC.
- (ii) The Company signed two "Exploration and Production Sharing Agreement (EPSA)" for the blocks at Sl. No. C (2) and C (3) above with National Oil Corporation of Libya in consortium with Indian Oil Corporation Limited. The Company is the operator of these blocks; exploration activities in both the blocks are in progress.
- (iii) The Company acquired a participating Interest of 45% in onshore Block Shakthi in Gabon, West Africa (Sl. No. C (4) above) through a farm-out agreement signed on 17.04.2006 with Marvis Pte Ltd., a company incorporated in Singapore, which was holding 100% Participating Interest (PI) in the Block. The acquisition has been approved by the Govt. of Gabon. The Company is the Operator of the Block. The Phase-I exploration period was valid upto 22.11.2009. The Company along with its consortium partner has taken approval from DGH, Gabon with a proposal of Merger of Phase – I & II to complete the work programme commitment. The exploration work after Merger of both the phases are in progress.
- (iv) The Company signed two "Exploration and Production Sharing Agreement (EPSA)" for the block at Sl. No. C (5) above with National Oil Corporation of Libya in consortium with Indian Oil Corporation Limited and Sonatrach International Petroleum Exploration and Production Corporation BVI (SIPEX). SIPEX is the operator of the block and exploration activities in the block is in progress.
- (v) The Company has entered into a Farm-in Agreement with RE&P DMCC on 02.06.2008 for acquiring 12.50% Participating Interest in Block K, Timor Leste. (Sl. No. C (6) above). The assignment of the Participating Interest to the Company by RE&P DMCC has been approved by the Government of Timor Leste on 15.10.2008. Due to non-availability of deep water drilling rig, request for extension of Exploration Phase-I had been submitted to Government of Timor Leste which has also been approved after relinquishment of 25% of the block area. The Operator has already completed Seismic activities, drilling will be commenced in July, 2010.



- (vi) The Company has acquired 15% Participating Interest (PI) in the Onshore blocks 82 and 83, Republic of Yemen (Sl. No. C (7) & C (8) above). Both the areas are being operated by MEDCOENERGI through its 100% subsidiaries. The Production Sharing Agreements (PSA) for both the exploration blocks were signed on 13th April, 2008 and Government of Yemen accorded its approval on 17th March, 2009. The Operator has initiated actions to start the Seismic commitment of the MWP.

**Abbreviations used in (A), (B), (C) and (D) above:**

|             |  |
|-------------|--|
| ONGCL       | Oil & Natural Gas Corporation Limited  |
| IOCL        | Indian Oil Corporation Limited   |
| GAIL        | GAIL(India) Limited  |
| BPCL        | Bharat Petroleum Corporation Ltd   |
| HPCL        | Hindustan Petroleum Corporation Ltd.   |
| GANOPE      | Ganoub El Wadi Holding Petroleum Company, Egypt.                                       |
| GSPCL       | Gujarat State Petroleum Corporation Ltd.   |
| HOEC        | Hindustan Oil Exploration Ltd  |
| GGR         | Geo Global Resources (Barbados) Inc.   |
| SUNTERA     | Suntera Resources Ltd.   |
| SHIVVANI    | Shivvani Oil & Gas Exploration Services Ltd.   |
| OIL         | Oil India Limited  |
| Geoenpro    | Geo Enpro Petroleum Limited  |
| POC         | Premier Oil Cachar BV  |
| JEPL        | Jubilant Enpro Pvt Ltd.  |
| Geo-Petrol  | Geo-Petrol International Inc.  |
| EOL         | Essar Oil Limited  |
| RIL         | Reliance Industries Ltd.   |
| Marvis      | Marvis Pte Ltd.  |
| OVL         | ONGC Videsh Ltd  |
| Summit      | Summit Oil International Ltd   |
| PIBBV       | Petrobras International Braspetro  |
| SIPEX       | Sonatrach International Petroleum Exploration and Production Corporation BVI           |
| RE&P DMCC   | Reliance Exploration & Production DMCC   |
| HMEL        | HPCL Mittal Energy Ltd.  |
| ACL         | Assam Co. Ltd.   |
| MEDCOENERGI | Pt. Medco Energi Internasional Tbk   |
| MEDCO AMED  | Medco Yemen Amed Limited (100% Subsidiary of MEDCO ENERGI)                             |
| MEDCO ARAT  | Medco Yemen Arat Limited (100% Subsidiary of MEDCO ENERGI)                             |
| ANP         | Autoridade Nacional Do Petroleo ANP Ala Leste Do Palacio Do Governo, Dili, Timor Leste |
| YGCOG       | Yemen General Corporation for Oil & Gas  |
| CVP         | Corporatcion Venezolana del Petroleo, S.A.   |

The Company also executed participating agreement with ONGC Videsh Limited (OVL) for construction of a Pipeline under Build, Own, Lease and Transfer (BOLT), the details of which are as under:-

| Sl. No. | Block/Area No.         | Date of execution | Company's Participating interest | Other partner | Partner's participating interest | Operator |
|---------|------------------------|-------------------|----------------------------------|---------------|----------------------------------|----------|
| 1.      | Sudan Product Pipeline | 10.11.2004        | 10%                              | OVL           | 90%                              | OVL      |

- (E) The Company has signed a "Participating Agreement" (PA) for the product pipeline at Sl. No. C above with ONGC Videsh Limited (OVL) for a 10% Participating Interest (balance 90% being with OVL) in the pipeline project awarded by Ministry of Energy & Mining (MEM), Govt. of Sudan (GOS) through a separate agreement entered into by OVL in this regard. The construction of the pipeline project was completed on 01.09.2005 and handed over to MEM under Build, Own, Lease and Transfer (BOLT) basis.

The "PA" entered into between OVL and OIL is neither intended nor shall be construed as creating a partnership or joint venture among the parties. Hence, accounting has not been done following "Joint Venture Accounting Policy" but the agreement for providing finance for the project in rupees to OVL and to share lease rentals receivable from MEM has been treated as "Finance Lease Activity" as envisaged under Accounting Standard (AS) 19 issued by The Institute of Chartered Accountants of India and accordingly accounted for.

The Company has been informed by OVL that the EPC contractor for constructing the pipeline has raised further invoices for an amount of approximately Rs. 11658.67 lakh (US\$ 25.53 million) and OVL has in turn raised a claim on MEM of GOS as per the agreement between GOS and OVL. OIL's share related to both the claims i.e. by the pipeline contractor on OVL (though accepted by OVL) and OVL's claim on GOS shall be accounted for upon acceptance by GOS and on suitable amendment of repayment schedule by MEM. OVL has received an additional claim of Rs. 5306.55 lakh (US\$ 11.62 million) which has not been



acknowledged as debt in the books of the operator (OVL). Pending this, the Company's share of the amount claimed by the pipeline contractor has not been accounted for but disclosed under "Contingent Liabilities".

In terms of such "PA", the Company has partly received on 21.01.2010 its share of (9<sup>th</sup>) ninth installment of lease rentals due as on 31.12.2009. Moreover the Company has also received, in terms of the agreement, the interest on the delayed rental payments by the MEM and the same is shown under miscellaneous income. The regular installments are accounted for as income from Finance Lease.

**Other disclosures related to Finance Lease in line with AS 19 issued by the ICAI:**

(Rs. in lakh)

| (i)   | Gross investment in the lease being Minimum Lease Payment (MLP)                                  | 2009-10          |         | 2008-09               |           |         |         |
|-------|--|------------------|---------|-----------------------|-----------|---------|---------|
|       | Investment made  | 5401.53          |         | 5401.53               |           |         |         |
|       | Lease rental receivable  | 4382.73          | 9784.26 | 4634.03               | 10035.56  |         |         |
| (ii)  | Present value (PV) of MLP receivable as on 31.03.2010 (inclusive of exchange rate fluctuation) - |                  | 3123.29 |                       | 4209.76   |         |         |
| (iii) | Finance lease future installments receivable   |                  | 4729.57 |                       | 6594.58   |         |         |
| (iv)  | Minimum lease payments receivable (converted at year end exchange rate):-                        |                  |         |                       |           |         |         |
|       |  | Gross Receivable |         | Unearned Lease Income | PV of MLP |         |         |
|       | Receivable:  | 2009-10          | 2008-09 | 2009-10               | 2008-09   | 2009-10 | 2008-09 |
|       | a) not later than one year   | 1112.81          | 1256.08 | 456.98                | 571.73    | 655.83  | 684.35  |
|       | b) later than one year but not later than 5 years  | 3616.76          | 5024.34 | 1149.30               | 1727.74   | 2467.45 | 3296.60 |
|       | c) Later than 5 years  | 0.00             | 314.16  | 0.00                  | 85.35     | 0.00    | 228.81  |
|       | Total :  | 4729.57          | 6594.58 | 1606.28               | 2384.82   | 3123.29 | 4209.76 |

- (F) The Company has acquired 25% equity shares of Suntera Nigeria 205 Ltd. (a company incorporated under the Laws of Nigeria) from Suntera Resources Ltd., a company incorporated under the Laws of Cyprus. The other shareholders of Suntera Nigeria 205 Ltd. are Suntera Resources Ltd. and IOCL with 50% and 25% equity holding respectively. Suntera Nigeria 205 Ltd. holds participating interest of 40% and a further Economic Interest of 30% in onland Block OPL-205 in Nigeria in which the exploration work started. Further the said block (OPL-205) had a hydrocarbon (gas) discovery in structure "Otien". To appraise the discovery of the said prospect it was earlier decided to drill two more appraisal wells. Drilling of the first well started on 24.11.2007 and was suspended in January, 2008 for future re-entry after acquisition of seismic data. Meanwhile OPL-205 was valid only till 19.01.2009. To retain the acreage and execute the drilling of the third well, the operator (SOIL) has obtained the Oil Mining Lease (OML) of the said block on 25.06.2009. The Title deed for OML is still awaited. Pending the receipt of the title deed for OML, the block activity has been kept under abeyance. The plan for future activities in the block has also been under continuous discussion between the shareholders of Suntera Nigeria 205 Ltd.

| Sl. No. | Block/Area No.            | Date of execution | Company's Participating interest | Other partners                      | Partner's participating interest | Operator |
|---------|---------------------------|-------------------|----------------------------------|-------------------------------------|----------------------------------|----------|
| 1.      | Oil Petroleum License 205 | 31.08.2006        | 17.5%*                           | Summit Oil International Ltd (SOIL) | 30%                              | SOIL     |
|         |                           |                   |                                  | Suntera Resources Ltd (SRL)         | 35%                              |          |
|         |                           |                   |                                  | IOCL                                | 17.5%                            |          |

\*Indirectly through equity holding in Suntera Nigeria 205 Limited.

The Company has acquired 25% equity in Suntera Nigeria 205 Ltd., a company incorporated under the Laws of Nigeria, from Suntera Resources Ltd., Cyprus, through a Share Purchase Agreement (SPA) signed with them on 31<sup>st</sup> August, 2006 (effective dated 27<sup>th</sup> September, 2006), for Rs. 0.22 lakh (Nigerian Naira 62502 USD 488.87 approximately) at par and also signed a Shareholders Agreement (SHA) with Suntera Resources Ltd. and IOCL, the other shareholders of the company. Suntera Nigeria 205 Ltd. had entered into an Acquisition Agreement (AA) and Economic Interest Assignment Agreement (EIAA) with Summit Oil International Limited (original 100% Participating Interest holder in OPL-205 and the operators of the Block) on 10.05.2006 for acquiring 40% Participating Interest and 30% Economic Interest in onland Block OPL-205 in Nigeria. Suntera Nigeria 205 Ltd. also entered into a Joint Operating Agreement (JOA) and Technical Service Agreement (TSA) with Summit Oil International Limited on 10.05.2006 for providing the technical support for the operations in OPL-205. Accordingly, the Company indirectly, through 25% equity holding in Sunetra Nigeria 205 Ltd., owns a combined Participating and Economic interest of 17.5% in OPL-205. The Company is required to contribute its 25% share of all the expenses in the Block by way of loan to Suntera Nigeria 205 Ltd. as agreed by all the shareholders in the SHA, and accordingly a loan agreement has been signed on 30.08.2007. In terms of the loan agreement, the Company has disbursed loan amounting to Rs. 3562.74 lakh (US\$ 78,01,050.31) as of 31.03.2010 carrying a simple interest of 8.75% per annum is payable. Accordingly, Rs. 788.51 lakh (Previous year ended on 31.03.2009 Rs. 624.92 lakh) has been charged to Suntera Nigeria 205 Ltd. as interest up to 31.12.2010. As per the loan agreement with Suntera OPL-205 Limited, the principal amount along with simple interest @ 8.75% p.a. is repayable by 31.12.2010. However due to



uncertainty of the project, the Company is doubtful about the recoverability of the principal amount and interest receivable upto 31.12.2009. Accordingly no amount has been recognised as interest for the quarter ended 31.03.2010. Further provisions have also been made towards entire principal and interest outstanding amounting to Rs. 4351.25 lakh as on 31.03.2010.

- (G) The consortium of Gujarat State Petroleum Corporation Limited (GSPCL), Oil India Limited (OIL) and Hindustan Petroleum Corporation Limited (HPCL) has been awarded Block 3 and Block 4 (offshore Egypt) offered under International Bid Round 2008 announced by M/s. Ganoub El Wadi Holding Petroleum Company (GANOPE), Egypt. GSPCL is the operator for the blocks with 50% participating interest (PI). OIL and HPCL both have 25% PI each in these blocks as non-operators. The Company has remitted its share of the signature bonus of USD 0.75 million for each block and shown as Acquisition costs. The Company had also executed bank guarantee of USD 8.75 million and USD 7.25 million for its share of 5% of the total financial commitment for the blocks as per requirement of signing of Concession Agreements. GANOPE has informed the consortium that some concern has been raised by neighboring country related with the maritime boundaries of both the awarded blocks. The consortium members are in negotiation with GANOPE for resolving the issue and execution of the concession agreement.
- (H) The consortium of Oil India Limited (OIL), ONGC Videsh Limited (OVL), Indian Oil Corporation Limited (IOCL), Repsol YPF (Spain) and Petrolia Nasional Berhad (PETRONAS) (Malaysia) has been awarded on 10.02.2010 Project 1 consisting of Carabobo 1 North and Carabobo 1 Central blocks in Venezuela's Orinoco belt under competitive bidding, for development of the Field. The project will be operated by a Mixed Company (MC), the contract for which has been signed on 12<sup>th</sup> May 2010 in Venezuela between the state company and the successful bidders. Corporacion Venezolana del Petroleo, S.A. (CVP) i.e. a wholly owned subsidiary of Petroleos De Venezuela S.A. (PdVSA), the national oil company of Venezuela holds 60% share of MC and remaining 40% is held jointly by INDOIL Netherlands BV (a consortium of OIL and IOCL), ONGC Videsh Limited, REPSOL (Spain) and Petronas (Malaysia) with Participating Interests of 7% (3.5% each for OIL & IOCL), 11%, 11% and 11% respectively. OIL will be investing in the project in Venezuela through INDOIL Netherlands B.V., a company acquired in The Netherlands (OIL's WOS in Sweden and IOC's WOS in Sweden holds 50% each in this company) which will be funded through WOS in Sweden and Cyprus. OIL will be infusing its financial commitments for 3.5 % in Carabobo project 1 in Venezuela through the Swedish Company OIL INDIA SWEDEN AB.
- (I) The assets, liabilities, income and expenditure of the Joint ventures as shown in (A), (B), (C), (D), (E) and (F) above are Rs 35644.45 lakh, Rs 5632.72 lakh, Rs 9804.83 lakh and Rs. 39817.03 lakh respectively (Previous year Rs 4012.36 lakh, Rs. 2296.04 lakh, Rs 7407.71 lakh and Rs 45289.88 lakh respectively), being the proportionate value relating to Company's Participating Interest which have been incorporated in the books of accounts on the basis of Audited 18 nos. (Previous year 13 nos.) and Unaudited 21 nos. (Previous year 20 nos.) Statement of Accounts received from the respective operators. No material changes are expected by the Company in the Unaudited Statement of Accounts.
- (J) 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 online from Reuters' 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 respective PSCs, provision for Abandonment Costs is to be made and accordingly a sum of Rs. 31.60 lakh (Previous Year Rs 6.83 lakh) has been provided through creation of a Sinking Fund as per Joint Operating Agreement. Such Sinking Fund on cumulative basis has been disclosed separately in the Balance Sheet.
- (K) The Company's Share of Contingent liability and Capital Commitment, if any, under the PSC are shown in Note No. 9 (A) & (C) below.
- (L) In terms of the Memorandum of Understanding dated 27.12.2005 with M/s. IOT Infrastructure & Energy Services Limited (formerly IOTL), the Company has entered into a consortium agreement dated 13.10.2006 with IOTL for jointly bidding and securing a contract for laying a part of the Numaligarh – Siliguri Product Pipeline for the Company on 50: 50 sharing basis and the consortium was awarded with a contract for laying 115 km of the pipeline at a total contract value of Rs 5001.21 lakh by the Company. Pending receipt of Audited Statement of Accounts relating to the contract (complying with the requirement of Accounting Standard (AS) 7 issued by ICAI for recognition of Profit/Loss on execution of contract) from IOTL (Project Leader), the Company has accounted for Rs.5325.00 lakh being the project cost incurred by the consortium. The initial contribution of Rs 250.00 lakh paid by the Company to the consortium towards its share of working capital requirement as per the Consortium Agreement has been shown under "Loans and Advances". The project as such has been completed in 2008-09. On receipt of the Audited Statement of Accounts of the Consortium necessary adjustment for final accounting of profit/loss of this Consortium will be accounted for in the books of the Company.

## 8. Information as per Accounting Standard (AS) 18 "Related Party Disclosures" issued by ICAI.

### a) Related party relationships

Name of related parties and description of relationship (excluding the State controlled entities):-

#### i) Joint Ventures :

| Sl. No. | 2009-10     | 2008-09     |
|---------|-------------|-------------|
| 1.      | Kharsang    | Kharsang    |
| 2.      | CR-ON-90/1  | CR-ON-90/1  |
| 3.      | AAP-ON-94/1 | AAP-ON-94/1 |



| Sl. No. | 2009-10                     | 2008-09                     |
|---------|-----------------------------|-----------------------------|
| 4.      | GK-OSJ-3                    | GK-OSJ-3                    |
| 5.      | MZ-ONN-2004/1               | MZ-ONN-2004/1               |
| 6.      | KG-ONN-2004/1               | KG-ONN-2004/1               |
| 7.      | Block CI-112, Cote D'Ivoire | Block CI-112, Cote D'Ivoire |
| 8.      | SR-OS-94/1                  | SR-OS-94/1                  |
| 9.      | Yemen 82, 83                | Yemen 82, 83                |
| 10.     | East Timor, Block "K"       | East Timor, Block "K"       |
| 11.     | Libya 95/96                 | Libya 95/96                 |
| 12.     | Project 1 Carabobo          | -                           |

## ii) Associates:

IOTL – OIL Consortium

## iii) Key Management Personnel

**Whole-time Functional Directors:**

|    |                        |   |
|----|------------------------|---|
| a) | Mr. N. M. Borah        | Chairman and Managing Director                        |
| b) | Mr. T. K. Ananth Kumar | Director (Finance)                                    |
| c) | Mr. B. N. Talukdar     | Director (Exploration & Development)                  |
| d) | Mr. A. Anand           | Director (HR & BD)                                    |
| e) | Mr. S. K. Srivastava   | Director (Operations) (From 01.10.2009 to 28.02.2010) |

**Part-time Directors:**

|    |                                |                      |
|----|--------------------------------|----------------------|
| a) | Mr. Ghanshyambhai Hiralal Amin | Independent Director |
| b) | Mr. Pawan Kumar Sharma         | Independent Director |
| c) | Mr. Alexander Koipuram Luke    | Independent Director |
| d) | Mr. Arun Kumar Gupta           | Independent Director |
| e) | Mr. Vinod Kumar Misra          | Independent Director |
| f) | Mr. Sushil Khanna              | Independent Director |

**Other Officers**

|    |                    |                   |
|----|--------------------|-------------------|
| a) | Mr. S. R. Krishnan | Company Secretary |
|----|--------------------|-------------------|

## b) Details of Transactions during the year (excluding State controlled entities):

(Rs in lakh)

| Sl. No. | Particulars  | Joint Ventures/<br>Associates | Key Management<br>Personnel | Total                 |
|---------|--|-------------------------------|-----------------------------|-----------------------|
| 1.      | Sales Proceeds received from Joint Venture           | 9327.68<br>(7368.29)          | -                           | 9327.68<br>(7368.29)  |
|         | Expenses reimbursed to Joint Ventures and Associates | 10029.51<br>(3968.39)         |                             | 10029.51<br>(3968.39) |
| 2.      | Remuneration to Functional Directors                 | -                             | 130.67<br>(102.45)          | 130.67<br>(102.45)    |
| 3.      | Sitting Fees to Part-time Directors                  | -                             | 18.80<br>(11.40)            | 18.80<br>(11.40)      |
| 4.      | Amount outstanding                                   | -                             | (84.48)<br>(56.79)          | (84.48)<br>(56.79)    |
| 5.      | Services provided to Joint Venture and Associates    |                               | 16.37<br>(14.52)            | 16.37<br>(14.52)      |

Figures in the bracket indicate previous year figures.

**9 (A) Contingent Liabilities:**

Claims against the Company not acknowledged as debts amounting to Rs. 57094.62 lakh (Previous year Rs. 54218.56 lakh) include:-

## (a) In respect of claims under Income Tax, Sales Tax, Service Tax and Other Acts:

- Rs. 157.74 lakh (Previous year Rs. 1452.53 lakh):- Demand raised by the District Revenue Authorities on account of premium / revenue on Government ceiling surplus land occupied by the Company.
- Rs. 1200.43 lakh (Previous year Rs. 1198.54 lakh) – Demand raised by District Revenue Authorities on Account of revised rate of Land revenue against which has been disputed by the Company and obtained Stay from the Gauhati High Court.



- (iii) Rs. 337.81 lakh (Previous year Rs.314.74 lakh ) being the demand raised by Govt. of Rajasthan for alleged short payment of PEL fee and penalty thereon, which has been disputed by the Company.
  - (iv) Rs. 43612.57 lakh (Previous year Rs. 34555.46 lakh) being the tax imposed under “Assam Taxation (on specified land) Act 2004”, the validity of the imposition of which has been challenged by the Company before the Gauhati High Court.
  - (v) Rs. 16.63 lakh (Previous year Nil) – Demand raised by Govt. of Orissa under Orissa Entry Tax Act for material purchased for drilling operation for Block MN-ONN-2000/1.
  - (vi) Rs. 558.13 lakh (Previous year Nil) – Demand raised by the Sale Tax authority on Account Assam VAT and CST Act pending the adjustment of the refundable to the Company by the Sales Tax Authority under Assam General Sales Tax Act.
- (b) In respect of claims other than under Income Tax, Sales Tax, Service Tax and Other Acts:
- (i) Rs. 8558.70 lakh (Previous year Rs. 13908.20 lakh):- Claims by contractors pending decision in Arbitration / Courts.
- (c) In respect of share of claim on JVC/PSC account:
- (i) Rs. 75.19 lakh (Previous Year Rs. 75.19 lakh) being the value of 19.28 GLK 2D Seismic Survey carried out in one of the block in Karbi Anglong, Assam.
  - (ii) Rs. 1411.55 lakh (Previous Year Rs. 1397.93 lakh) being proportionate (45%) value of claim on OIL for 3.389 billion FCFA raised by Mr. Paul Tomo, Power of Attorney Holder of M/s Import Commerce General (IGC) in Block “Shakthi”, Gabon (JV) .
  - (iii) Rs. 1165.87 lakh (Previous Year Rs. 1315.97 lakh) being the Company's share of claim made by the Sudan pipeline contractor on OVL, pending acceptance by the MEM Govt. of Sudan.

**(B) Letter of Credit and Bank Guarantees**

- (i) Letters of Credit outstanding as on 31.03.2010 amounting to Rs. 2437.50 lakh (Previous year Rs. 4478.10 lakh) for which there is a floating charge on Current Assets of the Company.
  - (ii) Letters of Credit outstanding as on 31.03.2010 Nil (Previous year US dollars of 1.032 million equivalent to Rs.518.32 lakh) towards OIL' s share (50%) for Area 86 and Block 102/4, Libya issued by M/s ICICI Bank Limited, New Delhi.
  - (iii) Rs 21677.86 lakh (Previous year Rs. 16674.43 lakh) :- Bank Guarantee in US Dollars of 44.66 million (Previous year USD 36.42 million) issued by SBI CAG Branch, Kolkata in favour of Ministry of Petroleum & Natural Gas, Govt. of India towards Company's obligation under various rounds of Production Sharing Contracts.
  - (iv) Rs. 7913.60 lakh (Previous year Rs. 401.44 lakh):- Guarantee / Standby Letter of Credits in US dollars of 16 million (previous year ended 31.03.2009 USD 0.80 million) issued in favour of Ganoub Ei Wadi Holding Petroleum Company, Cairo, Egypt for Block no.3 & 4, Egypt, towards company's share of the total financial commitment for the blocks as per requirement of signing the concession agreement.
  - (v) Rs.2477.25 lakh (Previous year ended 31.03.2009 – Nil) :- Bank Guarantee issued by HDFC Bank Ltd., New Delhi in favour of National Stock Exchange of India Limited for security deposit for listing of shares.
  - (vi) Rs.1559.04 lakh (Previous year ended 31.03.2009 – Nil) : - Bank Guarantee for USD 3.2 million (previous year ended 31.03.2009 – Nil) issued in favour of Autoridade Nacional Dp Petrolo – Anp Ala Leste Do Palacio Do Governo, towards OIL's share of 12.5% Participating Interest of the Minimum Work Programme in Deep Water Block “K” in Democratic Republic of Timor Leste.
  - (vii) Rs.2245 lakh (Previous year ended 31.03.2009 – Nil): - Bank Guarantee issued for USD 5 million by HDFC Bank Limited, New Delhi (previous year ended 31.03.2009- Nil) for five PEL areas allotted to the company.
  - (viii) Rs.2397.68 lakh (Previous year ended 31.03.2009 – Nil) – Bank Guarantee issued for USD 5.250 million by Deutsche Bank (Asia) issued in favour of BOLIVARIAN REPUBLIC OF VENEZUELA, MINISTRY OF THE PEOPLE'S POWER FOR ENERGY AND PETROLEUM, Caracas, Venezuela as a part of tender process.
- (C)**
- (i) The estimated amount on account of contracts remaining to be executed on Capital Account and not provided for in the accounts :- Rs. 17036.69 lakh (Previous year Rs. 18256.83 lakh).
  - (ii) Company's share of amount of contracts remaining to be executed on Capital Account and not provided for in the account as on 31.03.2010 in respect of the Joint Ventures is Rs. Nil. (Previous Year Rs Nil).

**10)** Previous year's figures have been reclassified/ regrouped wherever necessary to conform to current year's classifications.

Sd/-  
**(S. R. KRISHNAN)**  
Company Secretary

Sd/-  
**(T. K. ANANTH KUMAR)**  
Director (Finance)

Sd/-  
**(N. M. BORAH)**  
Chairman & Managing Director

Place : NOIDA  
Date : 26<sup>th</sup> May, 2010

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

(Rs. in lakh)

|   | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|---|--------------------------------|--------------------------------|
| <b>Operating Activity</b>   |                                |                                |
| <b>Profit before Tax</b>  | <b>389,509.29</b>              | 338,697.03                     |
| Depreciation  | 21,827.23                      | 17,333.39                      |
| Depletion   | 26,281.34                      | 20,876.39                      |
| Dividend Income   | (6,708.77)                     | (4,433.92)                     |
| Interest Income   | (61,392.31)                    | (62,676.01)                    |
| Interest Expenses   | 365.19                         | 874.41                         |
| Exchange Loss/(Gain)-Net  | (477.50)                       | (615.08)                       |
| Provision and write-off   | (8,101.48)                     | 20,050.10                      |
| <b>Total</b>  | <b>(28,206.30)</b>             | <b>(8,590.72)</b>              |
| <b>Cash flow from Operating Activity but before Working Capital Changes</b>   | <b>361,302.99</b>              | 330,106.31                     |
| Changes in Working Capital  |                                |                                |
| Inventories   | 4,761.56                       | (5,010.07)                     |
| Sundry Debtors  | (25,493.43)                    | 20,626.15                      |
| Loans & Advances  | (117,978.36)                   | (52,495.20)                    |
| Provisions  | 13,494.17                      | 39,317.42                      |
| Current Liabilities   | 34,086.40                      | 36,206.50                      |
| <b>Total</b>  | <b>(91,129.66)</b>             | 38,644.80                      |
| Cash flow from Operating Activity but before Direct Tax   | 270,173.33                     | 368,751.11                     |
| Direct Tax Payment (Net of Refund)  | (125,204.76)                   | (51,738.86)                    |
| <b>Net Cash from / (used in) Operating Activity</b>   | <b>(A) 144,968.57</b>          | 317,012.25                     |
| <b>Investing Activity</b>   |                                |                                |
| Capital Expenditure   | (114,851.99)                   | (104,348.32)                   |
| ICDs Placed   | (10,000.00)                    | 0.00                           |
| Investments Made  | (32,005.95)                    | 0.00                           |
| Interest Income   | 65,973.84                      | 50,265.61                      |
| Dividend Income   | 6,708.77                       | 4,433.92                       |
| <b>Net Cash from / (used in) Investing Activity</b>   | <b>(B) (84,175.33)</b>         | (49,648.79)                    |
| <b>Financing Activity</b>   |                                |                                |
| Public Issue of Equity Shares   | 277,724.81                     | 0.00                           |
| Repayment of Loan   | (1,895.25)                     | (11,843.27)                    |
| Exchange Loss/(Gain)-Net  | 477.50                         | (615.08)                       |
| Payment of Dividend   | (76,451.85)                    | (64,201.32)                    |
| Dividend Tax  | (12,993.00)                    | (10,911.02)                    |
| Interest Expenses   | (365.19)                       | (874.41)                       |
| <b>Net Cash from / (used in) Financing Activity</b>   | <b>(C) 186,497.02</b>          | (88,445.10)                    |
| <b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>  | <b>247,290.26</b>              | 178,918.36                     |
| <b>Cash and Cash equivalents at the beginning of the year</b>   | <b>607,000.84</b>              | 428,082.48                     |
| <b>Cash and Cash equivalents at the end of the year</b>   | <b>854,291.10</b>              | 607,000.84                     |
| <b>Notes:</b>   |                                |                                |
| a. Cash and cash equivalents (Schedule-11) represents:  |                                |                                |
| i) Cash & Cheques in hand   | 195.16                         | 161.07                         |
| ii) Current accounts & Term Deposits in Banks   | 854,095.94                     | 606,839.77                     |
|   | <b>854,291.10</b>              | <b>607,000.84</b>              |
| b. The above cash flow statement has been prepared under the "indirect method" as set out in the Accounting Standard - 3.       |                                |                                |
| c. Figures in parentheses represent cash outflows.  |                                |                                |
| d. Previous year's figures have been rearranged, regrouped, recast wherever necessary to conform current year's classification. |                                |                                |

In terms of our report of even date attached

For **CHATTERJEE & CO.**For **SRB & Associates**

For and on behalf of the Board of Directors

CHARTERED ACCOUNTANTS CHARTERED ACCOUNTANTS

Sd/-

(S.K.CHATTERJEE)  
Membership No. 3124  
Firm Reg. No. 302114E

Sd/-

(S.C. BHADRA)  
Membership No. 17054  
Firm Reg. No. 310009E

Sd/-

(S.R.KRISHNAN)  
COMPANY SECRETARY

Sd/-

(T.K.ANANTH KUMAR)  
DIRECTOR (FINANCE)

Sd/-

(N.M. BORAH)

PLACE : NOIDA

DATE : 26TH MAY, 2010



## 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 1 0  
Date Month Year

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

Public Issue 2 6 4 5 0 0 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 1 4 8 2 4 0 7 7 4 Total Assets 1 4 8 2 4 0 7 7 4  
Source of Funds :  
Paid -up Capital 2 4 0 4 5 4 4 Reserves & Surplus 1 3 5 2 3 3 3 8  
Secured Loans 0 0 0 0 0 0 0 Unsecured Loans 3 7 5 0 0 0  
Deferred Tax 1 0 2 0 8 9 8 4 Well Abandonment Sinking Fund 1 8 9 0 8  
Application of Funds :  
Net Fixed Assets 4 9 4 6 0 0 8 0 Investments 8 5 9 4 3 7 3  
Net Current Assets 9 0 0 0 2 5 2 0 Misc. Expenditure 1 8 3 8 0 1  
Accumulated Losses N I L

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

Total Income 8 8 5 9 7 2 6 7 Total Expenditure 4 9 5 8 7 7 2 6  
Profit Before Tax 3 8 9 5 0 9 2 9 Profit After Tax 2 6 1 0 5 2 1 2  
Earning per Share in Rupees 1 1 3 . 7 8 Dividend Rate % 3 4 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

For and on behalf of the Board of Directors

Sd/-  
**(S.R. KRISHNAN)**  
COMPANY SECRETARY

Sd/-  
**(T.K. ANANTH KUMAR)**  
DIRECTOR (FINANCE)

Sd/-  
**(N.M. BORAH)**  
CHAIRMAN & MANAGING DIRECTOR



## **REPORT OF THE AUDITORS TO THE BOARD OF DIRECTORS OF OIL INDIA LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF OIL INDIA LIMITED, ITS SUBSIDIARY**

We have audited the attached Consolidated Balance Sheet of Oil India Limited ("the Company"), and its subsidiary, (hereinafter referred to as "Group"), as at March 31, 2010 and the consolidated profit and loss account and consolidated cash flow statement for the year ended on that date and annexed thereto. These financial statements are the responsibility of the Management of the Company and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

1. We conducted our audit in accordance with Auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We report that the consolidated financial statements has been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 – 'Consolidated Financial Statements' as notified by the Companies (Accounting Standard), Rules, 2006.
3. These financial statements include company's share in the total value of assets, liabilities, expenditure, income and net profit of Joint Ventures (JVs) accounts for exploration and production out of which 18 JVs accounts certified by other firms of Chartered Accountants and 21 Nos. unaudited financial statements.
4. Attention is invited to the following:
  - (a) Accounting Policy No.2 of Schedule-27 relating to treatment of exploration costs, development expenditure and abandonment costs and Accounting Policy No. 4.1(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 and developed 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. 4(iii) of Schedule-28 relating to impairment of assets are based on management's evaluation / estimates, whether technical or otherwise, which we have relied upon.
5. We did not audit the financial statements of Oil India Sweden AB, a wholly owned subsidiary whose financial statements are prepared under local law of Sweden reflect total assets of Rs.8.56 lacs as at March 31, 2010 and total revenues of Rs.(3.16) lacs and net cash flow amounting to Rs.6.29 lacs for the year ended on that date. These financial statements have been audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of the auditors.
6. Further, we report that on the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiary and certification of management in respect of unaudited accounts referred to in Para 3 above, we are of the opinion that the consolidated financial statements read with notes to accounts, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet of the state of affairs of the Group as at March 31, 2010; and
  - (b) in the case of Consolidated Profit and Loss Account of the results of the Group for the year ended on that date; and
  - (c) in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Chatterjee & Co.**  
Chartered Accountants

Sd/-  
**(S.K. CHATTERJEE)**  
Partner  
Membership No: 3124  
Firm Regn. No: 302114E

For **SRB & Associates**  
Chartered Accountants

Sd/-  
**(S.C. BHADRA)**  
Partner  
Membership No: 17054  
Firm Regn. No: 310009E

Place: Delhi  
Date: 26<sup>th</sup> May 2010



## OIL INDIA LIMITED

### Consolidated Balance Sheet as at 31<sup>st</sup> March, 2010

|  |       | SCHEDULE          |                   | As at                    | (Rs. in lakh)             |
|--|-------|-------------------|-------------------|--------------------------|---------------------------|
|  |       |                   |                   | 31st March, 2010         | As at<br>31st March, 2009 |
| <b>SOURCES OF FUNDS</b>                              |       |                   |                   |                          |                           |
| <b>SHAREHOLDERS' FUNDS</b>                           |       |                   |                   |                          |                           |
| Share Capital  | 1     | 24045.44          |                   | 21400.44                 |                           |
| Reserves and Surplus                                 | 2     | <u>1352323.95</u> |                   | 911701.51                |                           |
|  |       |                   | <b>1376369.39</b> |                          | 933101.95                 |
| <b>LOAN FUNDS</b>                                    |       |                   |                   |                          |                           |
| Secured Loans  | 3 (A) | 0.00              |                   | 270.25                   |                           |
| Unsecured Loans                                      | 3 (B) | <u>3750.00</u>    |                   | 5375.00                  |                           |
|  |       |                   | <b>3750.00</b>    |                          | 5645.25                   |
| <b>DEFERRED TAX LIABILITY (NET)</b>                  |       |                   |                   | <b>102089.84</b>         | 89982.46                  |
| <b>WELL ABANDONMENT SINKING FUND</b>                 |       |                   |                   | <b>189.08</b>            | 145.66                    |
| <b>TOTAL</b>   |       |                   |                   | <b><u>1482398.31</u></b> | <b><u>1028875.32</u></b>  |
| <b>APPLICATION OF FUNDS</b>                          |       |                   |                   |                          |                           |
| <b>FIXED ASSETS</b>                                  |       |                   |                   |                          |                           |
| Gross Block  | 4     | 321104.48         |                   | 297203.77                |                           |
| Less: Depreciation                                   |       | <u>213582.79</u>  |                   | 183826.24                |                           |
| Net Block  |       |                   | <b>107521.69</b>  |                          | 113377.53                 |
| Capital Work-in-progress                             | 5     | 32866.49          |                   | 31858.78                 |                           |
| <b>PRODUCING PROPERTIES</b>                          |       |                   |                   |                          |                           |
| Gross Cost   | 6     | 545105.08         |                   | 476600.45                |                           |
| Less: Depletion                                      |       | <u>250736.56</u>  |                   | 224455.22                |                           |
| Net Cost   |       |                   | <b>294368.52</b>  |                          | 252145.23                 |
| <b>PRE-PRODUCING PROPERTIES</b>                      |       |                   |                   |                          |                           |
|  | 7     | <u>59844.10</u>   |                   | 56228.72                 |                           |
|  |       |                   | <b>494600.80</b>  |                          | 453610.26                 |
| <b>INVESTMENTS</b>                                   |       |                   |                   |                          |                           |
|  | 8     |                   | <b>85939.55</b>   |                          | 48866.06                  |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>            |       |                   |                   |                          |                           |
| Inventories  | 9     | 45337.98          |                   | 50099.54                 |                           |
| Sundry Debtors                                       | 10    | 65966.81          |                   | 40473.38                 |                           |
| Cash and Bank Balances                               | 11    | 854297.39         |                   | 607000.84                |                           |
| Interest accrued on Term Deposits                    |       | 30661.38          |                   | 35246.52                 |                           |
| Interest accrued on Investments                      |       | 4.06              |                   | 0.75                     |                           |
| Loans and Advances                                   | 12    | <u>230684.78</u>  |                   | 102714.27                |                           |
|  |       |                   | <b>1226952.40</b> |                          | 835535.30                 |
| <b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>      |       |                   |                   |                          |                           |
| Current Liabilities                                  | 13    | 180456.60         |                   | 146366.51                |                           |
| Provisions   | 14    | <u>146475.85</u>  |                   | 162769.79                |                           |
|  |       |                   | <b>326932.45</b>  |                          | 309136.30                 |
| <b>NET CURRENT ASSETS</b>                            |       |                   |                   | <b>900019.95</b>         | 526399.00                 |
| <b>MISCELLANEOUS EXPENDITURE</b>                     |       |                   |                   | <b>1838.01</b>           | 0.00                      |
| <b>TOTAL</b>   |       |                   |                   | <b><u>1482398.31</u></b> | <b><u>1028875.32</u></b>  |
| <b>INFORMATION UNDER SCHEDULE VI</b>                 |       |                   |                   |                          |                           |
| <b>TO THE COMPANIES ACT, 1956</b>                    |       |                   |                   |                          |                           |
| SEGMENT REPORTING                                    |       |                   |                   |                          |                           |
| SIGNIFICANT ACCOUNTING POLICIES                      |       |                   |                   |                          |                           |
| NOTES TO ACCOUNTS                                    |       |                   |                   |                          |                           |
| Schedules 1 to 28 form an integral part of Accounts. |       |                   |                   |                          |                           |

In terms of our report of even date attached

For **CHATTERJEE & CO.**

For **SRB & Associates**

For and on behalf of the Board of Directors

CHARTERED ACCOUNTANTS CHARTERED ACCOUNTANTS

Sd/-

(S.K.CHATTERJEE)  
Membership No. 3124  
Firm Reg. No. 302114E

Sd/-

(S.C. BHADRA)  
Membership No. 17054  
Firm Reg. No. 310009E

Sd/-

(S.R.KRISHNAN)  
COMPANY SECRETARY

Sd/-

(T.K.ANANTH KUMAR)  
DIRECTOR (FINANCE)

Sd/-

(N.M. BORAH)  
CHAIRMAN & MANAGING DIRECTOR

PLACE : NOIDA, DATE : 26TH MAY, 2010



## OIL INDIA LIMITED

### Consolidated Profit and Loss Account for the year ended 31<sup>st</sup> March, 2010

|   | SCHEDULE | Year ended<br>31st March, 2010 | (Rs. in lakh)<br>Year ended<br>31st March, 2009 |
|---|----------|--------------------------------|---|
| <b>INCOME</b>   |          |                                |   |
| Sales   | 15       | 774855.91                      | 713971.91                                       |
| Income from Transportation                                  | 16       | 15699.19                       | 10173.00  |
| Other Income  | 17       | 93713.07                       | 93717.49  |
| Other adjustments   | 22(A)    | 1704.80                        | (4074.65)                                       |
|   |          | <u>885972.97</u>               | <u>813787.75</u>                                |
| <b>EXPENDITURE</b>  |          |                                |   |
| (Increase)/Decrease In Stocks                               | 18       | 1057.40                        | 1300.14   |
| Production, Transportation & Other Expenditure              | 19       | 407299.18                      | 396124.93                                       |
| Provision against debts, advances and other write-offs      | 20       | 28271.93                       | 37119.77  |
| Depletion   |          | 26281.34                       | 20876.39  |
| Depreciation  |          | 21827.23                       | 16807.86  |
| Interest & Debt Charges                                     | 21       | 365.19                         | 874.41  |
| Exchange Loss/(Gain)-Net                                    |          | (476.94)                       | (615.08)  |
| Other Adjustments   | 22(B)    | 11261.66                       | 2139.27   |
|   |          | <u>495886.99</u>               | <u>474627.69</u>                                |
| Profit for the period                                       |          | 390085.98                      | 339160.06                                       |
| Prior Period items  | 22(C)    | 586.12                         | 463.03  |
| Profit Before Tax   |          | 389499.86                      | 338697.03                                       |
| Provision for Taxation                                      |          |                                |   |
| - Current Tax (Including Wealth Tax)                        | 23       | 115981.62                      | 118484.26                                       |
| - Tax for earlier years                                     |          | 368.17                         | 0.00  |
| - Deferred Tax  |          | 12107.38                       | 3430.75   |
| - Fringe Benefit Tax  |          | 0.00                           | 613.62  |
|   |          | <u>128457.17</u>               | <u>122528.63</u>                                |
| Profit After Tax  |          | <u>261042.69</u>               | <u>216168.40</u>                                |
| BALANCE AVAILABLE FOR APPROPRIATION                         |          | <u>261042.69</u>               | <u>216168.40</u>                                |
| <b>APPROPRIATIONS</b>                                       |          |                                |   |
| Interim Dividend  |          | 43281.79                       | 32100.66  |
| Tax on Interim Dividend                                     |          | 7355.74                        | 5455.51   |
| Final Dividend (Proposed)                                   |          | 38472.70                       | 33170.06  |
| Tax on Proposed Dividend                                    |          | 6389.83                        | 5637.26   |
| Balance of Profit and Loss Account                          |          | <u>165542.63</u>               | <u>139804.91</u>                                |
|   |          | <u>261042.69</u>               | <u>216168.40</u>                                |
| Earnings Per Share (Rupees) - (Face value of Rs. 10/- each) | 24       | 113.78                         | 101.01  |
| <b>INFORMATION UNDER SCHEDULE VI TO</b>                     |          |                                |   |
| THE COMPANIES ACT, 1956                                     | 25       |                                |   |
| SEGMENT REPORTING   | 26       |                                |   |
| SIGNIFICANT ACCOUNTING POLICIES                             | 27       |                                |   |
| NOTES TO ACCOUNTS   | 28       |                                |   |

Schedules 1 to 28 form an integral part of the Accounts

In terms of our report of even date attached

For **CHATTERJEE & CO.**For **SRB & Associates**

For and on behalf of the Board of Directors

CHARTERED ACCOUNTANTS CHARTERED ACCOUNTANTS

Sd/-

(S.K.CHATTERJEE)  
Membership No. 3124  
Firm Reg. No. 302114E

Sd/-

(S.C. BHADRA)  
Membership No. 17054  
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(S.R.KRISHNAN)  
COMPANY SECRETARY

Sd/-

(T.K.ANANTH KUMAR)  
DIRECTOR (FINANCE)

Sd/-

(N.M. BORAH)  
CHAIRMAN & MANAGING DIRECTOR

PLACE : NOIDA, DATE : 26TH MAY, 2010

**SCHEDULE-1**

(Rs. in lakh)

|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|--|---------------------------|---------------------------|
| <b>SHARE CAPITAL</b>   |                           |                           |
| <b>Authorised:</b>   | <b>50000.00</b>           | 50000.00                  |
| 50,00,00,000 (Previous year 50,00,00,000)<br>Equity Shares of Rs. 10/- each  |                           |                           |
| <b>Issued, Subscribed and Paid up:</b>   | <b>24045.44</b>           | 21400.44                  |
| 24,04,54,382 (Previous year 21,40,04,400) Equity Shares of Rs 10/- each fully Paid up  |                           |                           |
| Note: The above includes 18,46,69,600 (Previous year 18,46,69,600) shares of Rs. 10/- each issued as fully paid up bonus shares by capitalisation of Securities Premium Account and General Reserve. |                           |                           |

**SCHEDULE-2**

(Rs. in lakh)

|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|--|---------------------------|---------------------------|
| <b>RESERVES AND SURPLUS</b>                |                           |                           |
| Securities Premium                         | 275079.81                 | 0.00                      |
| General Reserve :-                         |                           |                           |
| Opening Balance                            | 911701.51                 | 771896.60                 |
| Add: Transfer from Profit and Loss Account | 165542.63                 | 139804.91                 |
|  | <b>1077244.14</b>         | 911701.51                 |
|  | <b>1352323.95</b>         | 911701.51                 |

**SCHEDULE-3**

(Rs. in lakh)

|   | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|---|---------------------------|---------------------------|
| <b>LOAN FUNDS</b>   |                           |                           |
| <b>(A) Secured Loans</b>  |                           |                           |
| 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. 45000 lakh) (Previous Year Rs. 45000 lakh) | 0.00                      | 270.25                    |
|   | <b>0.00</b>               | 270.25                    |
| <b>(B) Unsecured Loans</b>  |                           |                           |
| From Oil Industry Development Board<br>(Repayable within one year Rs. 1625 lakh; Previous year Rs. 1625 lakh)   | 3750.00                   | 5375.00                   |
|   | <b>3750.00</b>            | 5375.00                   |
| <b>Total Loan Funds (A+B)</b>   | <b>3750.00</b>            | 5645.25                   |

**SCHEDULE-4****FIXED ASSETS**

(Rs. in lakh)

| Particulars                          | Gross Block                       |                                 |  |                                   | Depreciation                 |                 |  |                              | Net Block                    |                              |
|--------------------------------------|-----------------------------------|---------------------------------|--|-----------------------------------|------------------------------|-----------------|--|------------------------------|------------------------------|------------------------------|
|                                      | Cost as at<br>31st March,<br>2009 | Additions<br>during the<br>year | Deletions/<br>Adjustments<br>during the year | Cost as at<br>31st March,<br>2010 | Up to<br>31st March,<br>2009 | For the<br>year | Deletions/<br>Adjustments<br>during the year | Up to<br>31st March,<br>2010 | As at<br>31st March,<br>2010 | As at<br>31st March,<br>2009 |
| Land - Freehold                      | 5507.51                           | 929.57                          | 7.97   | 6445.05                           | 0.00                         | 0.00            | 0.00   | 0.00                         | 6445.05                      | 5507.51                      |
| - Leasehold                          | 1219.66                           | 29.09                           | (21.19)                                      | 1227.56                           | 0.00                         | 0.00            | 0.00   | 0.00                         | 1227.56                      | 1219.66                      |
| Building (Including Roads & Bridges) | 23502.28                          | 1970.94                         | (758.25)                                     | 24714.97                          | 10798.10                     | 773.44          | (225.28)                                     | 11346.26                     | 13368.71                     | 12704.18                     |
| Railway Sidings                      | 192.83                            | 0.00                            | 0.00   | 192.83                            | 136.99                       | 7.70            | 0.00   | 144.69                       | 48.14                        | 55.84                        |
| Plant & Machinery                    | 262394.98                         | 22116.23                        | (618.81)                                     | 283892.40                         | 169662.69                    | 29494.67        | (539.78)                                     | 198617.58                    | 85274.82                     | 92732.30                     |
| Furniture & Fittings                 | 1764.69                           | 269.47                          | (60.09)                                      | 1974.07                           | 1178.27                      | 174.25          | (54.59)                                      | 1297.93                      | 676.14                       | 586.42                       |
| Motor Vehicles                       | 2621.83                           | 66.82                           | (31.05)                                      | 2657.60                           | 2050.18                      | 150.02          | (23.87)                                      | 2176.33                      | 481.27                       | 571.64                       |
| <b>Total :</b>                       | <b>297203.78</b>                  | <b>25382.12</b>                 | <b>(1481.42)</b>                             | <b>321104.48</b>                  | <b>183826.23</b>             | <b>30600.08</b> | <b>(843.52)</b>                              | <b>213582.79</b>             | <b>107521.69</b>             | <b>113377.55</b>             |
| Previous Year:                       | 232277.36                         | 66141.01                        | (1214.60)                                    | 297203.77                         | 161991.52                    | 22976.40        | (1141.68)                                    | 183826.24                    | 113377.55                    |                              |



|                                  | 31.03.2010      | 31.03.2009      |
|----------------------------------|-----------------|-----------------|
| Depreciation charged to:-        |                 |                 |
| (i) Profit and Loss Account      | 21827.23        | 16807.86        |
| (ii) Prior Period Adjustments    | 203.79          | 525.53          |
| (iii) Pre Producing Property     |                 |                 |
| (a) Exploratory Wells            | 3590.81         | 2453.26         |
| (b) Development Wells            | 4978.25         | 3188.05         |
| (iv) Projects & Capital Accounts | 0.00            | 1.70            |
| <b>Total</b>                     | <b>30600.08</b> | <b>22976.40</b> |

## SCHEDULE-5

(Rs. in lakh)

|                                       | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
|---------------------------------------|---------------------------|---------------------------|
| <b>CAPITAL WORK-IN-PROGRESS</b>       |                           |                           |
| Buildings (Including Roads & Bridges) | 1992.55                   | 2126.19                   |
| Plant & Machinery                     | 30873.94                  | 29732.59                  |
|                                       | <b>32866.49</b>           | <b>31858.78</b>           |

## SCHEDULE-6

### PRODUCING PROPERTIES

(Rs.in lakh)

| FIELD/AREA        | GROSS COST                   |  |                              | DEPLETION                    |                    |                              | NET COST                     |                              |
|-------------------|------------------------------|--|------------------------------|------------------------------|--------------------|------------------------------|------------------------------|------------------------------|
|                   | As at<br>31st March,<br>2009 | Transfer from<br>Pre-producing<br>Properties | As at<br>31st March,<br>2010 | Up to<br>31st March,<br>2009 | During the<br>year | Up to<br>31st March,<br>2010 | As at<br>31st March,<br>2010 | As at<br>31st March,<br>2009 |
| Assam             | 444959.78                    | 68012.67                                     | 512972.45                    | 211236.30                    | 24812.53           | 236048.83                    | 276923.62                    | 233723.48                    |
| Arunachal Pradesh | 4634.99                      | 0.00   | 4634.99                      | 3095.34                      | 135.96             | 3231.30                      | 1403.69                      | 1539.65                      |
| Rajasthan         | 20216.02                     | 491.96                                       | 20707.98                     | 8260.78                      | 1154.50            | 9415.28                      | 11292.70                     | 11955.24                     |
| JVC- India        | 6789.66                      | 0.00   | 6789.66                      | 1862.80                      | 178.35             | 2041.15                      | 4748.51                      | 4926.86                      |
| <b>Total :</b>    | <b>476600.45</b>             | <b>68504.63</b>                              | <b>545105.08</b>             | <b>224455.22</b>             | <b>26281.34</b>    | <b>250736.56</b>             | <b>294368.52</b>             | <b>252145.23</b>             |
| Previous Year:    | 430361.39                    | 46239.06                                     | 476600.45                    | 203578.83                    | 20876.39           | 224455.22                    | 252145.23                    |                              |

## SCHEDULE-7

### PRE-PRODUCING PROPERTIES

#### Exploratory Wells

(Rs.in lakh)

| FIELD/AREA                               | As at<br>31st March,<br>2009 | Adjustments | Expenditure<br>during the<br>year | Transfer to<br>Producing<br>Properties | Transfer to<br>Profit and Loss<br>Account | Balance as at<br>31st March,<br>2010 |
|--|------------------------------|-------------|-----------------------------------|--|---|--------------------------------------|
| <b>OIL</b>                               |                              |             |                                   |  |   |                                      |
| -Assam                                   | 20234.18                     | 0.00        | 34026.83                          | 16790.99                               | 11702.65                                  | 25767.37                             |
| -Arunachal Pradesh                       | 215.36                       | 0.00        | 1975.79                           | 0.00                                   | 3.03                                      | 2188.12                              |
| -Rajasthan                               | 18.20                        | 0.00        | 0.00                              | 0.00                                   | 0.00                                      | 18.20                                |
| <b>Total OIL (1)</b>                     | <b>20467.74</b>              | <b>0.00</b> | <b>36002.62</b>                   | <b>16790.99</b>                        | <b>11705.68</b>                           | <b>27973.69</b>                      |
| <b>JVC</b>                               |                              |             |                                   |  |   |                                      |
| - India                                  | 3789.15                      | 0.00        | 13367.37                          | 0.00                                   | 10785.73                                  | 6370.79                              |
| - Overseas                               | 12440.72                     | 0.00        | 4215.45                           | 0.00                                   | 2455.40                                   | 14200.77                             |
| <b>Total JVC (2)</b>                     | <b>16229.87</b>              | <b>0.00</b> | <b>17582.82</b>                   | <b>0.00</b>                            | <b>13241.13</b>                           | <b>20571.56</b>                      |
| <b>Exploratory Wells Total (A) (1+2)</b> | <b>36697.61</b>              | <b>0.00</b> | <b>53585.44 *</b>                 | <b>16790.99</b>                        | <b>24946.81</b>                           | <b>48545.25</b>                      |
| Previous year: (C)                       | 34174.25                     | 0.00        | 42517.75 *                        | 20161.99                               | 19919.70                                  | 36610.30                             |

\*Includes allocated depreciation for the year Rs.3590.81 lakh (Previous year Rs.2453.26 lakh)


**SCHEDULE-7 Contd.**

| Development Wells                  |                              |             |                                   |  |   | (Rs. in Lakhs)                       |
|------------------------------------|------------------------------|-------------|-----------------------------------|--|---|--------------------------------------|
| FIELD/AREA                         | As at<br>31st March,<br>2009 | Adjustments | Expenditure<br>during the<br>year | Transfer to<br>Producing<br>Properties | Transfer to<br>Profit and Loss<br>Account | Balance as at<br>31st March,<br>2010 |
| Assam                              | 17491.52                     | 0.00        | 42384.30                          | 51221.68                               | 0.00                                      | 8654.14                              |
| Arunachal Pradesh                  | 0.00                         | 0.00        | 0.00                              | 0.00                                   | 0.00                                      | 0.00                                 |
| Rajasthan                          | 2039.59                      | 0.00        | 1097.08                           | 491.96                                 | 0.00                                      | 2644.71                              |
| <b>Development Wells Total (B)</b> | <b>19531.11</b>              | <b>0.00</b> | <b>43481.38 **</b>                | <b>51713.64</b>                        | <b>0.00</b>                               | <b>11298.85</b>                      |
| <b>Previous year: (D)</b>          | <b>10636.58</b>              | <b>0.00</b> | <b>35058.91 **</b>                | <b>26077.07</b>                        | <b>0.00</b>                               | <b>19618.42</b>                      |
| <b>Total (A+B)</b>                 | <b>56228.72</b>              | <b>0.00</b> | <b>97066.82</b>                   | <b>68504.63</b>                        | <b>24946.81</b>                           | <b>59844.10</b>                      |
| <b>Total (C+D)</b>                 | <b>44810.83</b>              | <b>0.00</b> | <b>77576.66</b>                   | <b>46239.06</b>                        | <b>19919.70</b>                           | <b>56228.72</b>                      |

\*\*Includes allocated depreciation for the year Rs.4978.25 lakh (Previous year Rs.3188.05 lakh)

**SCHEDULE-8**

| (Rs. in lakh)   |                                   |                      |                              |                                   |                      |                              |  |
|---|-----------------------------------|----------------------|------------------------------|-----------------------------------|----------------------|------------------------------|--|
|   | No. of<br>Shares/<br>Bonds/ Units | Face<br>Value<br>Rs. | As at<br>31st March,<br>2010 | No. of<br>Shares/<br>Bonds/ Units | Face<br>Value<br>Rs. | As at<br>31st March,<br>2009 |  |
| <b>INVESTMENTS (Unquoted and fully paid up)</b>   |                                   |                      |                              |                                   |                      |                              |  |
| <b>A. TRADE - LONG TERM</b>   |                                   |                      |                              |                                   |                      |                              |  |
| <b>EQUITY SHARES</b>  |                                   |                      |                              |                                   |                      |                              |  |
| - Numaligarh Refinery Limited   | 191264202                         | 10.00                | 48365.34                     | 191264202                         | 10.00                | 48365.34                     |  |
| - Suntera Nigeria 205 Ltd.  | 62502                             | Naira 1              | 0.22                         | 62502                             | Naira 1              | 0.22                         |  |
| - Brahmaputra Cracker & Polymer Limited   | 26337159                          | 10.00                | 2633.72                      | 5010                              | 10.00                | 0.50                         |  |
| - Investment in DNP Limited   | 24380000                          | 10.00                | 2438.00                      | 0                                 | 0.00                 | 0.00                         |  |
| Participation in Associated company- INDOIL<br>Netherlands BV   | 20                                | EURO 454             | 2.27                         | 0                                 | 0.00                 | 0.00                         |  |
| <b>B. NON TRADE - LONG TERM</b>   |                                   |                      |                              |                                   |                      |                              |  |
| (a) The East India Clinic Limited 6 Nos. of 5% Non<br>Redeemable Debenture Stock 1957 (Carried at a<br>nominal value of Re 1/- only)  | 6                                 | 1000.00              | 0.00                         | 6                                 | 1000.00              | 0.00                         |  |
| (b) Contribution to Capital Fund of Petroleum India<br>International Consortium   | 0                                 | 0.00                 | 500.00                       | 0                                 | 0.00                 | 500.00                       |  |
| <b>C. OTHERS</b>  |                                   |                      |                              |                                   |                      |                              |  |
| <b>MUTUAL FUND</b>  |                                   |                      |                              |                                   |                      |                              |  |
| a) Units of Unit Trust of India under Liquid Cash/Plus Plan<br>Institutional - Daily Income Option (2,65,75,174 units<br>purchased and 2,56,87,545 units sold) during the year<br>(Current Investment) (Previous year Nil).       |                                   |                      | 16000.00                     |                                   |                      | 0.00                         |  |
| b) Units of State Bank of India under Liquid Cash/plus<br>Plan Institutional - Daily Income Option (2,41,05,46,497<br>units purchased and 1,80,61,49,705 units sold) during<br>the year (Current Investment) (Previous year Nil). |                                   |                      | 16000.00                     |                                   |                      | 0.00                         |  |
|   |                                   |                      | <b>85939.55</b>              |                                   |                      | <b>48866.06</b>              |  |

**SCHEDULE-9**

| (Rs. in lakh)  |  |                           |                           |
|--|--|---------------------------|---------------------------|
|  |  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
| <b>INVENTORIES (As valued and certified by the Management)</b> |  |                           |                           |
| Stores and spare parts (including goods in transit)            |  |                           |                           |
| At Cost  |  | 44625.75                  | 50420.27                  |
| Less: Provision against inventory in various locations         |  | 72.74                     | 2291.40                   |
| Less: Provision for slow / non-moving inventory                |  | 3626.50                   | 3497.27                   |
|  |  | <b>40926.51</b>           | <b>44631.60</b>           |
| Finished Goods   |  |                           |                           |
| Crude Oil  |  | 4334.48                   | 5395.68                   |
| Liquefied Petroleum Gas  |  | 23.58                     | 19.78                     |
|  |  | <b>53.41</b>              | <b>5415.46</b>            |
| Assets awaiting disposal                                       |  |                           | 52.48                     |
|  |  | <b>45337.98</b>           | <b>50099.54</b>           |

**SCHEDULE-10**

|  | (Rs. in lakh)             |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
| <b>SUNDRY DEBTORS</b>                                |                           |                           |
| (Unsecured, Considered Good unless otherwise stated) |                           |                           |
| Debts Outstanding for a period more than six months  |                           |                           |
| - Considered Good                                    | 15165.31                  | 5706.27                   |
| - Considered Doubtful                                | <u>5958.88</u>            | <u>2714.21</u>            |
|  | <b>21124.19</b>           | 8420.48                   |
| Other Debts  |                           |                           |
| - Considered Good                                    | <u>47678.21</u>           | 30557.35                  |
|  | <b>68802.40</b>           | 38977.83                  |
| Less : Provision for doubtful debts                  | <u>5958.88</u>            | 2714.21                   |
|  | <b>(A) 62843.52</b>       | 36263.62                  |
| Future Instalments receivable against Lease Rent     | 4729.57                   | 6594.58                   |
| Less : Unearned Income                               | <u>1606.28</u>            | <u>2384.82</u>            |
|  | <b>(B) 3123.29</b>        | 4209.76                   |
| <b>Total (A+B)</b>                                   | <b><u>65966.81</u></b>    | <b><u>40473.38</u></b>    |

**SCHEDULE-11**

|  | (Rs. in lakh)             |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
| <b>CASH AND BANK BALANCES</b>  |                           |                           |
| Cash & Cheques in Hand   | 195.16                    | 161.07                    |
| Balance with Scheduled Banks in :  |                           |                           |
| Current Accounts   | 11377.80                  | 8512.43                   |
| Term Deposits  | 841508.01                 | 598327.34                 |
| Balance with Non-Scheduled Banks in :  |                           |                           |
| Current Account Bank of Commerce & Development -Libya<br>(Maximum balance outstanding at any time during the<br>year Rs. 1746.56 lakh) | 759.12                    | 0.00                      |
| Current Account BGF I Bank-Gabon<br>(Maximum balance outstanding at any time during the<br>year Rs. 2082.32 lakh)                      | 366.69                    | 0.00                      |
| Current Account Swed Bank-Sweden<br>(Maximum balance outstanding at any time during the year Rs. 6.29 lakh)                            | 6.29                      | 0.00                      |
| Cash Credit Account with State Bank of India, Kolkata  | <u>84.32</u>              | 0.00                      |
|  | <b><u>854297.39</u></b>   | <b><u>607000.84</u></b>   |

**SCHEDULE-12**

|  | (Rs. in lakh)             |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
| <b>LOANS AND ADVANCES</b>  |                           |                           |
| Loans and advances to employees (Including Whole time Directors)   | 48937.94                  | 26978.98                  |
| Contribution for working capital to IOTL-OIL Consortium<br>(Refer Note No.7 (L) of Schedule 28)  | 250.00                    | 250.00                    |
| Advance against acquisition of Shares in Brahmaputra<br>Cracker & Polymer Limited pending allotment<br>(Refer Note No. 4 (v) (i) (d) of Schedule 28) | 613.99                    | 3247.20                   |
| Advance against acquisition of Shares in DNP Limited pending allotment   | 0.00                      | 2438.00                   |
| Loan to DNP Limited  | 10000.00                  | 0.00                      |
| Advance recoverable in cash or in kind or for value to be received.  | 64217.61                  | 38416.11                  |
| Loan to Suntera Nigeria OPL 205 Ltd.<br>(Refer Note No. 7 (F) of Schedule 28)  | 0.00                      | 4646.36                   |
| Deposits/Balances with Customs, Excise, Port Trust etc.  | 6706.03                   | 4711.36                   |
| Deposits with Companies (ICD) including Public Sector Companies  | 102851.85                 | 24784.55                  |



|  | (Rs. in lakh)             |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
| Deposits with Others                           | 333.71                    | 449.36                    |
|  | <u>233911.13</u>          | 105921.92                 |
| Less: Provision for doubtful advances/claims   | 3226.35                   | 3207.65                   |
|  | <u>230684.78</u>          | <u>102714.27</u>          |
| <b>PARTICULARS OF LOANS AND ADVANCES</b>       |                           |                           |
| Secured  | 48937.94                  | 26978.98                  |
| Unsecured - Considered good                    | 181746.84                 | 75735.29                  |
| Unsecured - Considered doubtful & provided for | 3226.35                   | 3207.65                   |
|  | <u>233911.13</u>          | <u>105921.92</u>          |

### SCHEDULE-13

|  | (Rs. in lakh)             |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
| <b>CURRENT LIABILITIES:</b>  |                           |                           |
| Sundry Creditors   |                           |                           |
| Dues to Micro, Small and Medium Enterprises  | 71.23                     | 94.33                     |
| Due to Others  | 24520.43                  | 33938.99                  |
| Statutory Liabilities  | 38432.48                  | 21352.85                  |
| Liability towards Investor Education and Protection Fund U/S 205C of the Companies Act, 1956 not due - Unpaid Dividend | 131.62                    | 143.97                    |
| Liabilities (Others)   | 84018.85                  | 71037.01                  |
| Liabilities (Employees)  | 33281.99                  | 19799.36                  |
|  | <u>180456.60</u>          | <u>146366.51</u>          |

### SCHEDULE-14

|  | (Rs. in lakh)             |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31st March, 2010 | As at<br>31st March, 2009 |
| <b>PROVISIONS:</b>                             |                           |                           |
| Final Dividend (Proposed)                      | 38472.70                  | 33170.06                  |
| Tax on Proposed Dividend                       | 6389.83                   | 5637.26                   |
| Leave encashment                               | 9676.29                   | 7507.99                   |
| Post retirement Medical benefits for employees | 5288.18                   | 4918.35                   |
| Revision of Salaries & Wages                   | 35120.09                  | 29333.04                  |
| Long Service Award                             | 476.76                    | 505.88                    |
| Provision for Gratuity                         | 0.00                      | 13685.47                  |
| LFA/LTC  | 2501.98                   | 2335.11                   |
| Direct Tax Provisions (Net of payments)        | 48175.02                  | 57025.58                  |
| Wealth Tax (Net of payment)                    | 4.00                      | 8.42                      |
| Against Fixed Assets not in use                | 371.00                    | 444.59                    |
| Provision against 5 PELs                       | 0.00                      | 8198.04                   |
|  | <u>146475.85</u>          | <u>162769.79</u>          |

### SCHEDULE-15

|                         | (Rs. in lakh)                  |                                |
|-------------------------|--------------------------------|--------------------------------|
|                         | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>SALES*</b>           |                                |                                |
| Crude Oil               | 715870.21                      | 659421.82                      |
| Natural Gas             | 48567.54                       | 44835.35                       |
| Liquefied Petroleum Gas | 7630.60                        | 9025.34                        |
| Condensate              | 2787.56                        | 689.40                         |
|                         | <u>774855.91</u>               | <u>713971.91</u>               |

\* Includes Sales Tax of Rs. 26981.49 lakh (Previous year Rs 24966.55 lakh) on Crude Oil, Rs. 6109.73 lakh (Previous year Rs. 6592.81 lakh) on Natural Gas, and Rs. 7.51 lakh (Previous year Rs 12.25 lakh ) on LPG and Rs. 55.82 lakh (Previous year Rs 13.74 lakh ) on Condensate shown separately as expenses in Schedule-19.

**SCHEDULE-16**

|  | (Rs. in lakh)                  |                                |
|--|--------------------------------|--------------------------------|
|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>INCOME FROM PIPELINE TRANSPORTATION</b> |                                |                                |
| Crude Oil - Pipeline                       | <b>10956.50</b>                | 11389.99                       |
| Less : Service Tax                         | <b>1023.48</b>                 | 1455.03                        |
|  | <b>9933.02</b>                 | 9934.96                        |
| Refined Product                            | <b>6311.10</b>                 | 213.72                         |
| Less : Service Tax                         | <b>589.34</b>                  | 22.01                          |
|  | <b>5721.76</b>                 | 191.71                         |
| Natural Gas - Pipeline                     | <b>48.98</b>                   | 51.96                          |
| Less : Service Tax                         | <b>4.57</b>                    | 5.63                           |
|  | <b>44.41</b>                   | 46.33                          |
|  | <b>15699.19</b>                | 10173.00                       |

**SCHEDULE-17**

|  | (Rs. in lakh)                  |                                |
|--|--------------------------------|--------------------------------|
|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>OTHER INCOME</b>  |                                |                                |
| Claims towards under-recovery of Natural Gas Price   | <b>15631.74</b>                | 14277.06                       |
| Dividend from Numaligarh Refinery Ltd.-Trade Investment  | <b>2868.96</b>                 | 3825.28                        |
| Income from Petroleum India International (PII)  | <b>0.29</b>                    | 5.51                           |
| Dividend from UTI -current investment (Mutual Fund)  | <b>1968.40</b>                 | 524.12                         |
| Dividend from SBI liquid fund  | <b>1871.12</b>                 | 79.01                          |
| Interest (Gross)   |                                |                                |
| On Term Deposits with Banks (Tax Deducted at Source<br>Rs. 4879.71 lakh; Previous Year Rs. 11117.96 lakh)            | <b>48797.06</b>                | 60182.22                       |
| From Income Tax Authorities  | <b>7315.45</b>                 | 0.00                           |
| From Others (Tax Deducted at Source Rs.122.69 lakh; Previous Year Rs. Nil)   | <b>1226.93</b>                 | 967.39                         |
| On Deposit with Companies (ICD) (Tax Deducted at Source<br>Rs.525.92 lakh; Previous Year Rs. 328.89 lakh)            | <b>4052.87</b>                 | 1526.40                        |
|  | <b>61392.31</b>                | 62676.01                       |
| Other items :  |                                |                                |
| Electricity Recoveries   | <b>34.38</b>                   | 15.37                          |
| Scrap Disposal   | <b>149.58</b>                  | 88.45                          |
| Profit on Sale of Assets   | <b>24.52</b>                   | 9.04                           |
| Liquidated damages etc.  | <b>832.28</b>                  | 3937.04                        |
| Income from Services ( exclusive of service tax collected and<br>paid Rs. 112.60 lakh; Previous Year Rs. 27.12 lakh) | <b>1093.22</b>                 | 3009.69                        |
| Income from Finance Lease  | <b>527.24</b>                  | 581.32                         |
| Income from OFC fibre leasing  | <b>931.79</b>                  | 620.17                         |
| Interest Income of subsidiary  | <b>0.30</b>                    |                                |
| Miscellaneous Income   | <b>6386.94</b>                 | 4069.42                        |
|  | <b>9980.25</b>                 | 12330.50                       |
|  | <b>93713.07</b>                | 93717.49                       |

**SCHEDULE-18**

|                                      | (Rs. in lakh)                  |                                |
|--------------------------------------|--------------------------------|--------------------------------|
|                                      | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>(INCREASE)/DECREASE IN STOCKS</b> |                                |                                |
| <b>Opening Stock</b>                 |                                |                                |
| Crude oil                            | <b>5395.68</b>                 | 6699.92                        |
| Liquefied Petroleum Gas              | <b>19.78</b>                   | 15.68                          |
|                                      | <b>5415.46</b>                 | 6715.60                        |
| <b>Closing Stock</b>                 |                                |                                |
| Crude oil                            | <b>4334.48</b>                 | 5395.68                        |
| Liquefied Petroleum Gas              | <b>23.58</b>                   | 19.78                          |
|                                      | <b>4358.06</b>                 | 5415.46                        |
|                                      | <b>1057.40</b>                 | 1300.14                        |

**SCHEDULE-19**

|  | (Rs. in lakh)                  |                                |
|--|--------------------------------|--------------------------------|
|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>PRODUCTION, TRANSPORTATION &amp; OTHER EXPENDITURE</b>                          |                                |                                |
| <b>CRUDE OIL</b>   |                                |                                |
| Raising Cost   | 58816.86                       | 58059.05                       |
| Royalty  | 104940.04                      | 96741.17                       |
| Cess (Inclusive of Edu Cess and NCC Duty)  | 94192.21                       | 90550.60                       |
| Sales Tax (includes Rs. 55.82 lakh for condensate<br>Previous year Rs. 13.74 lakh) | 27037.32                       | 24980.29                       |
|  | <b>284986.43</b>               | 270331.11                      |
| <b>NATURAL GAS</b>   |                                |                                |
| Raising Cost   | 24693.16                       | 24114.02                       |
| Royalty  | 3439.64                        | 2733.36                        |
| Sales Tax  | 6109.73                        | 6592.81                        |
|  | <b>34242.53</b>                | 33440.19                       |
| <b>LIQUEFIED PETROLEUM GAS</b>   |                                |                                |
| Extraction Cost  | 3467.21                        | 3251.79                        |
| Sales Tax  | 7.51                           | 12.25                          |
|  | <b>3474.72</b>                 | 3264.04                        |
| PIPELINE OPERATION & MAINTENANCE EXPENDITURE                                       | <b>13472.60</b>                | 13450.05                       |
| BUSINESS DEVELOPMENT EXPENDITURE   | <b>1912.34</b>                 | 3201.49                        |
| GEOLOGICAL & GEOPHYSICAL EXPENDITURE   | <b>37048.65</b>                | 47087.33                       |
| CARRYING COSTS OF PEL AREAS  | <b>973.39</b>                  | 1242.91                        |
| ADMINISTRATIVE EXPENDITURE   | <b>28948.77</b>                | 22287.07                       |
| RESEARCH & DEVELOPMENT EXPENDITURE   | <b>2230.59</b>                 | 1820.74                        |
| RESULT FROM PARTICIPATION IN ASSOCIATED COMPANY                                    | <b>9.16</b>                    | 0.00                           |
|  | <b>407299.18</b>               | 396124.93                      |

**SCHEDULE-20**

|  | (Rs. in lakh)                  |                                |
|--|--------------------------------|--------------------------------|
|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>PROVISIONS AND WRITE OFFS</b>                         |                                |                                |
| Against Assets not in use                                | (73.59)                        | (78.50)                        |
| Loss on deletion of assets                               | 53.14                          | 58.50                          |
| Against inventory in various locations                   | 72.74                          | 2291.40                        |
| Against slow and non moving and other stores             | 279.85                         | 1654.89                        |
| Provision against Suntera Cash Call                      | 3521.61                        | 0.00                           |
| Provision against Loan to Suntera Nigeria 205 Ltd.       | 4351.25                        | 0.00                           |
| For Doubtful Debts/Claims/Deposits/Loans                 | 61.73                          | 2904.58                        |
| Provision for Doubtful Debts                             | 3256.43                        | 2092.19                        |
| Abandonment and write off of exploratory dry wells (OIL) | 11705.68                       | 10829.99                       |
| Abandonment and write off of exploratory dry wells (JVC) | 13241.13                       | 9168.68                        |
| Reversal of Provision against 10 PELs                    | (8198.04)                      | 8198.04                        |
|  | <b>28271.93</b>                | 37119.77                       |

**SCHEDULE-21**

|                                     | (Rs. in lakh)                  |                                |
|-------------------------------------|--------------------------------|--------------------------------|
|                                     | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>INTEREST &amp; DEBT CHARGES</b>  |                                |                                |
| Income Tax Authorities              | 2.71                           | 6.29                           |
| Oil Industry Development Board Loan | 244.09                         | 325.56                         |
| <b>Banks :</b>                      |                                |                                |
| Short Term Loan from Bank           | 2.22                           | 0.00                           |
| Cash Credit - Bank                  | 3.00                           | 68.47                          |
| Others                              | 113.17                         | 474.09                         |
|                                     | <b>365.19</b>                  | 874.41                         |

**SCHEDULE-22(A)**

|   | (Rs. in lakh)                  |                                |
|---|--------------------------------|--------------------------------|
|   | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>OTHER ADJUSTMENTS (Income)</b>   |                                |                                |
| Excess Amount received from AGCL in earlier years refunded                      | 0.00                           | (7.44)                         |
| Natural Gas MGQ (NE Thermion)   | 0.00                           | 123.12                         |
| Service Charges of earlier years received from ONGC                             | 0.00                           | 14.91                          |
| Adjustment in assay allowed to NRL  | 0.00                           | 9.72                           |
| RAVVA Crude transportation revision   | 0.00                           | (4741.80)                      |
| Sales Tax on New Assay  | 0.00                           | (47.99)                        |
| Provision against BS & W  | 0.00                           | (118.20)                       |
| Provision for World Bank Loan prepayment Guarantee Commission written back      | 0.00                           | 895.13                         |
| Excess B&W on ONGC Crude  | 0.00                           | (202.10)                       |
| Price Revision adjustment against crude oil as per P&G report for earlier years | 510.58                         | 0.00                           |
| Adjustment against quantity dispute with NRL                                    | (46.05)                        | 0.00                           |
| Adjustment against BD income  | (26.38)                        | 0.00                           |
| Adjustment against 3D acquisition for earlier years                             | 1266.65                        | 0.00                           |
|   | <u>1704.80</u>                 | <u>(4074.65)</u>               |

**SCHEDULE-22(B)**

|  | (Rs. in lakh)                  |                                |
|--|--------------------------------|--------------------------------|
|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>OTHER ADJUSTMENTS (Expenses)</b>          |                                |                                |
| Depreciation for earlier period              | 203.78                         | 0.00                           |
| Provision for inventory in Storage locations | (2291.40)                      | 0.00                           |
| BG commission                                | 40.21                          | 0.00                           |
| Provision against Executive Pay Revision     | 0.00                           | 148.43                         |
| Provision For DA Merger                      | 0.00                           | 1085.61                        |
| Arrear Royalty on Crude Oil                  | 88.32                          | 0.00                           |
| Golden Jubilee Provision                     | 0.00                           | 335.57                         |
| CISF Pay Revision                            | 0.00                           | 636.16                         |
| IOTL-OIL JV Service Charge                   | 0.00                           | 146.64                         |
| Old Balances adjusted upon reconciliation    | (46.28)                        | (213.14)                       |
| Adjustment for AS-15 (2008-09)               | 13159.27                       | 0.00                           |
| Adjustment against IOC (AOD) (2008-09)       | 107.76                         | 0.00                           |
|  | <u>11261.66</u>                | <u>2139.27</u>                 |

**SCHEDULE-22(C)**

|   | (Rs. in lakh)                  |                                |
|---|--------------------------------|--------------------------------|
|   | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>PRIOR PERIOD ITEMS (NET)</b>                         |                                |                                |
| Prior period Depreciation (DPS and Others)              | 203.79                         | 525.53                         |
| OFC Bill for earlier years                              | 0.00                           | (44.35)                        |
| Sales Tax   | 0.00                           | (18.15)                        |
| Provision for Royalty (2006-07 to 2008-09)              | 2.29                           | 0.00                           |
| Capital Expenditure charged to Expense (DPS and Others) | 380.04                         | 0.00                           |
|   | <u>586.12</u>                  | <u>463.03</u>                  |

**SCHEDULE-23**

|                               | (Rs. in lakh)                  |                                |
|-------------------------------|--------------------------------|--------------------------------|
|                               | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
| <b>PROVISION FOR TAXATION</b> |                                |                                |
| Current Tax                   |                                |                                |
| Income Tax                    | 115977.62                      | 118479.84                      |
| Wealth Tax                    | 4.00                           | 4.42                           |
|                               | <u>115981.62</u>               | <u>118484.26</u>               |



## SCHEDULE-24

|  | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|--|--------------------------------|--------------------------------|
| <b>EARNINGS PER SHARE</b>  |                                |                                |
| (Basic & Diluted)  |                                |                                |
| (a) Number of Equity Shares at the beginning of the period             | 214004400                      | 214004400                      |
| Number of Equity Shares at the end of the period                       | 240454382                      | 214004400                      |
| Weighted average number of Equity Shares outstanding during the period | 229433556                      | 214004400                      |
| Face value of each Equity Share (Rs.)                                  | 10.00                          | 10.00                          |
| (b) Profit after Tax available for Equity Shareholders (Rs. in lakh)   | 261042.69                      | 216168.40                      |
| Earnings Per Equity Share (Rs.) - Basic                                | 113.78                         | 101.01                         |
| Earnings Per Equity Share (Rs.) - Diluted                              | 113.78                         | 101.01                         |

## SCHEDULE- 25

### INFORMATION UNDER SCHEDULE VI TO THE COMPANIES ACT, 1956

#### 1. SALES TURNOVER

| Unit                        | Year ended 31st March, 2010 |                        | Year ended 31st March, 2009 |                        |
|-----------------------------|-----------------------------|------------------------|-----------------------------|------------------------|
|                             | QUANTITY                    | VALUE<br>(Rs. in lakh) | QUANTITY                    | VALUE<br>(Rs. in lakh) |
| <b>Crude Oil -</b>          |                             |                        |                             |                        |
| Assam                       | 4012126.596                 | 701518.74              | 3858014.699                 | 642529.58              |
| Arunachal Pradesh           | 37526.208                   | 5013.39                | 41391.134                   | 9523.95                |
| Rajasthan (Heavy Oil)       | 69.104                      | 10.40                  | 0.000                       | 0.00                   |
| JVC(India)                  | 44635.998                   | 9327.68                | 29305.705                   | 7368.29                |
| <b>Crude Oil Total</b>      | <b>4094357.906</b>          | <b>715870.21</b>       | <b>3928711.538</b>          | <b>659421.82</b>       |
| <b>Natural Gas-</b>         |                             |                        |                             |                        |
| Assam                       | 1663.039                    | 44913.76               | 1540.104                    | 41232.89               |
| Arunachal Pradesh           | 0.000                       | 0.00                   | 0.000                       | 0.00                   |
| Rajasthan                   | 199.492                     | 3653.78                | 197.224                     | 3602.46                |
| <b>Natural Gas Total</b>    | <b>1862.531</b>             | <b>48567.54</b>        | <b>1737.328</b>             | <b>44835.35</b>        |
| <b>Condensate-</b>          |                             |                        |                             |                        |
| Assam                       | 13780.661                   | 2747.04                | 4214.379                    | 677.31                 |
| Rajasthan                   | 139.457                     | 40.52                  | 48.000                      | 12.09                  |
| <b>Condensate Total</b>     | <b>13920.118</b>            | <b>2787.56</b>         | <b>4262.379</b>             | <b>689.40</b>          |
| <b>Transportation-</b>      |                             |                        |                             |                        |
| Crude Oil                   | 6311326.856                 | 9933.02                | 6182824.804                 | 9934.96                |
| Natural Gas                 | 83.529                      | 44.41                  | 92.393                      | 46.33                  |
| Product Pipeline (NSPL)     | 874544.806                  | 5721.76                | 28842.496                   | 191.71                 |
| <b>Transportation Total</b> | <b>15699.19</b>             | <b>10173.00</b>        | <b>10173.00</b>             | <b>10173.00</b>        |
| Liquefied Petroleum Gas     | 44933.946                   | 7630.60                | 47572.004                   | 9025.34                |
| <b>Total</b>                | <b>790555.11</b>            | <b>724144.91</b>       | <b>724144.91</b>            | <b>724144.91</b>       |

#### 2. OPENING AND CLOSING STOCK OF GOODS PRODUCED

| Unit                    | Year ended 31st March, 2010 |                        | Year ended 31st March, 2009 |                        |
|-------------------------|-----------------------------|------------------------|-----------------------------|------------------------|
|                         | QUANTITY                    | VALUE<br>(Rs. in lakh) | QUANTITY                    | VALUE<br>(Rs. in lakh) |
| <b>OPENING STOCK</b>    |                             |                        |                             |                        |
| <b>Crude Oil -</b>      |                             |                        |                             |                        |
| Assam                   | 124923.000                  | 5292.91                | 113112.020                  | 6638.77                |
| Arunachal Pradesh       | 479.000                     | 63.01                  | 670.930                     | 39.38                  |
| JVC( India)             | 1785.000                    | 39.76                  | 1495.950                    | 21.77                  |
|                         | <b>127187.000</b>           | <b>5395.68</b>         | <b>115278.900</b>           | <b>6699.92</b>         |
| Liquefied Petroleum Gas | 344.080                     | 19.78                  | 313.730                     | 15.68                  |
| <b>CLOSING STOCK</b>    |                             |                        |                             |                        |
| <b>Crude Oil -</b>      |                             |                        |                             |                        |
| Assam                   | 100584.947                  | 4307.01                | 124923.000                  | 5292.91                |
| Arunachal Pradesh       | 164.109                     | 7.03                   | 479.000                     | 63.01                  |
| JVC( India)             | 1111.310                    | 20.44                  | 1785.000                    | 39.76                  |
|                         | <b>101860.366</b>           | <b>4334.48</b>         | <b>127187.000</b>           | <b>5395.68</b>         |
| Liquefied Petroleum Gas | 355.469                     | 23.58                  | 344.080                     | 19.78                  |

**SCHEDULE - 25 (contd..)****3A. LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION**

| Item Produced           | Licensed Capacity | Installed Capacity |       | Unit                     | Actual Production           |                             |
|-------------------------|-------------------|--------------------|-------|--------------------------|-----------------------------|-----------------------------|
|                         |                   |                    |       |                          | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
| Crude Oil :             |                   |                    |       |                          |                             |                             |
| - Assam                 | Not Applicable    | Not Applicable     | Gross | Kilo Litres              | 3991042                     | 3859460                     |
|                         |                   |                    | Net   | Kilo Litres              | 3975530                     | 3845640                     |
| - Arunachal Pradesh     | Not Applicable    | Not Applicable     | Gross | Kilo Litres              | 37211                       | 41199                       |
|                         |                   |                    | Net   | Kilo Litres              | 37211                       | 41199                       |
| - JVC (India)           | Not Applicable    | Not Applicable     | Gross | Kilo Litres              | 43963                       | 29595                       |
|                         |                   |                    | Net   | Kilo Litres              | 43963                       | 29595                       |
| Condensate              |                   |                    |       |                          |                             |                             |
| - Assam                 | Not Applicable    | Not Applicable     | Gross | Kilo Litres              | 35499                       | 37067                       |
|                         |                   |                    | Net   | Kilo Litres              | 35499                       | 37067                       |
| - Rajasthan             | Not Applicable    | Not Applicable     | Gross | Kilo Litres              | 131                         | 115                         |
|                         |                   |                    | Net   | Kilo Litres              | 127                         | 65                          |
| Natural Gas             |                   |                    |       |                          |                             |                             |
| - Assam                 | Not Applicable    | Not Applicable     | Gross | Million Standard C. Mtr. | 2189                        | 2043                        |
|                         |                   |                    | Net   | Million Standard C. Mtr. | 2026                        | 1904                        |
| - Arunachal Pradesh     | Not Applicable    | Not Applicable     | Gross | Million Standard C. Mtr. | 21                          | 22                          |
|                         |                   |                    | Net   | Million Standard C. Mtr. | 3                           | 3                           |
| -Rajasthan              | Not Applicable    | Not Applicable     | Gross | Million Standard C. Mtr. | 205                         | 204                         |
|                         |                   |                    | Net   | Million Standard C. Mtr. | 204                         | 202                         |
| Liquefied Petroleum Gas | 50,000 tonnes     | 50,000 tonnes      | Gross | Metric Tonnes            | 44950                       | 47610                       |
|                         |                   |                    | Net   | Metric Tonnes            | 44945                       | 47602                       |
| Electricity             | 41.5 M.W.         | 41.5 M.W.          | Gross | Million Kilowatt Hours   | 94                          | 99                          |
|                         |                   |                    | Net   | Million Kilowatt Hours   | 90                          | 95                          |

**3 B. RESERVES OF OIL & GAS AND PRODUCTION THEREOF:**

| Area of Operation         | Crude Oil                 |                      |                     |                           | Natural Gas               |                      |                     |                           |
|---------------------------|---------------------------|----------------------|---------------------|---------------------------|---------------------------|----------------------|---------------------|---------------------------|
|                           | Position as at 01.04.2009 | Additions/ Revisions | Production Quantity | Position as at 31.03.2010 | Position as at 01.04.2009 | Additions/ Revisions | Production Quantity | Position as at 31.03.2010 |
|                           | (MMKL)                    | (MMKL)               | (MMKL)              | (MMKL)                    | (MMKL-OE)                 | (MMKL-OE)            | (MMKL-OE)           | (MMKL-OE)                 |
| Proved Developed Reserves |                           |                      |                     |                           |                           |                      |                     |                           |
| Assam                     | 34.5318                   | 4.2693               | 3.9911              | 34.8100                   | 36.9910                   | 1.1680               | 2.1890              | 35.9700                   |
| Arunachal Pradesh         | 0.6420                    | 0.0002               | 0.0372              | 0.6050                    | 0.0000                    | 0.0000               | 0.0000              | 0.0000                    |
| Rajasthan                 | 0.0000                    | 0.0000               | 0.0000              | 0.0000                    | 2.2000                    | 0.0131               | 0.2053              | 2.0078                    |
| JVC-India *               | 3.1122                    | (0.0763)             | 0.1099              | 2.9260                    | 0.0000                    | 0.0000               | 0.0000              | 0.0000                    |
| Total                     | 38.2860                   | 4.1932               | 4.1382              | 38.3410                   | 39.1910                   | 1.1811               | 2.3943              | 37.9778                   |

\* Shown to the extent of participating interest of the Company

\*Gas figures shown against Assam includes figures of Arunachal Pradesh also.

**4. DETAILS OF EXPENDITURE**

|  | (Rs. in lakh)               |                             |
|--|-----------------------------|-----------------------------|
|  | Year ended 31st March, 2010 | Year ended 31st March, 2009 |
| <b>(a) Details of expenditure incurred during the year on production, exploration, development, R&amp;D and operation &amp; maintenance of pipelines</b> |                             |                             |
| Salary & Wages   | 92237.35                    | 91042.72                    |
| Incentives (Bonus, REH, PLIS/PRP)  | 10442.22                    | 11353.93                    |
| Contribution to Pension Fund   | 10463.31                    | 13029.18                    |
| Contribution to Provident Fund   | 4879.35                     | 4085.80                     |
| Fuel   | 5152.06                     | 4660.91                     |
| Stores Consumed  | 34599.35                    | 22164.25                    |
| Insurance  | 172.09                      | 248.98                      |
| Rent   | 466.25                      | 241.35                      |


**SCHEDULE - 25 (contd..)**

(Rs. in lakh)

|  | Year ended 31st<br>March, 2010        | Year ended 31st<br>March, 2009 |
|--|---------------------------------------|--------------------------------|
| Rates, Taxes, License Fee etc.   | 403.12                                | 494.26                         |
| Contract - Casual labour   | 2943.23                               | 2035.15                        |
| Contract - Transport   | 8224.32                               | 7493.73                        |
| Contract - Construction  | 9099.27                               | 8549.38                        |
| Contract- Survey & Data Processing   | 20555.28                              | 32531.85                       |
| Contract- Drilling and Production Services   | 34795.81                              | 23303.59                       |
| Contract- Others   | 15800.36                              | 16768.50                       |
| NELP/JVC Production and Other Expenditures   | 3342.00                               | 1210.50                        |
| Security expenses  | 6599.29                               | 5163.71                        |
| Travelling and Halting expenses  | 2356.31                               | 2593.92                        |
| Medical expenses - Reimbursement   | 2715.04                               | 2302.24                        |
| Sundries (Donations, Courtesy, Training fees, etc.)                                    | 2807.05                               | 2801.54                        |
| Others   | 6274.94                               | 3886.87                        |
|  | <b>Total</b>                          | <b>255962.36</b>               |
| Less: Allocation to Pre-producing properties, Capital account, Recoveries and others   | <b>102755.27</b>                      | <b>81447.91</b>                |
|  | <b>171572.73</b>                      | <b>174514.45</b>               |
| Add: Royalty   | <b>108379.68</b>                      | <b>99474.53</b>                |
| Cess   | <b>94192.21</b>                       | <b>90538.75</b>                |
| Sales Tax  | <b>33154.56</b>                       | <b>31597.20</b>                |
|  | <b>Total</b>                          | <b>396124.93</b>               |
| <b>(b) Included under various heads in Note 4(a) above - Net of Recoveries, if any</b> |                                       |                                |
| <b>(i) Repairs, Maintenance &amp; Replacement</b>                                      |                                       |                                |
| Building (including Township)  | 5861.52                               | 6305.17                        |
| Plant & Machinery  | 38111.21                              | 37614.03                       |
|  | <b>Total</b>                          | <b>43919.20</b>                |
| <b>(ii) Public Relations Expenses</b>  |                                       |                                |
| Salaries, Allowances etc.  | 282.64                                | 256.02                         |
| Oil News & Employees Communication Programme   | 7.66                                  | 8.35                           |
| Advertisement for tenders  | 474.91                                | 409.00                         |
| Others   | 167.35                                | 74.94                          |
|  | <b>Total</b>                          | <b>748.31</b>                  |
| <b>(iii) Social Overhead Expenses</b>  |                                       |                                |
| Township   | 3874.68                               | 3806.42                        |
| Education  | 1287.32                               | 1262.77                        |
| Social & cultural amenities  | 3827.09                               | 3176.96                        |
| Medical  | 6161.51                               | 6584.15                        |
| Hired buses for Employees  | 802.80                                | 587.85                         |
|  | <b>Total</b>                          | <b>15418.15</b>                |
| <b>(iv) Directors' Remuneration</b>  |                                       |                                |
| Remuneration paid/payable to Directors   |                                       |                                |
| Functional Directors including Chairman-Cum-Managing Director :                        |                                       |                                |
| i) Salary & Allowances   | 94.82                                 | 60.76                          |
| ii) Contribution to Provident Fund   | 6.42                                  | 5.15                           |
| iii) Contribution to Pension Fund  | 4.50                                  | 5.49                           |
| iv) Contribution to Social Security Scheme   | 0.16                                  | 0.21                           |
| v) Tax on perks value of accommodation borne by the co.                                | 3.71                                  | 2.69                           |
| vi) Other benefits & perquisites being LFA/LTC, Medical & Club, etc.                   | 21.06                                 | 28.15                          |
|  | <b>Total for Functional Directors</b> | <b>102.45</b>                  |
| Independent Directors :  |                                       |                                |
| Sitting Fees   | 18.80                                 | 11.40                          |
|  | <b>Total</b>                          | <b>113.85</b>                  |

**NOTE :**

Provisions for contribution to employees retirement / post retirement and employees benefits as per AS-15 which are based on Actuarial valuations done on an overall company basis are excluded from above disclosure.

**SCHEDULE - 25 (contd..)**

|   | Year ended<br>31st March, 2010<br>(Rs. in lakh) | Year ended<br>31st March, 2009<br>(Rs. in lakh) |
|---|---|---|
| <b>(v) Auditors' Remuneration</b>                                     |   |   |
| (i) Audit fees ( including service tax)                               | 17.65   | 16.55   |
| (ii) Tax Audit fees (including service tax)                           | 8.82  | 8.27  |
| (iii) Out of pocket and travelling expenses (Including for Tax Audit) | 8.18  | 9.50  |
| (iv) Certification Fees (including Service Tax and IPO-DRHP)          | 22.06   | 7.14  |
| <b>Total</b>  | <u><u>56.71</u></u>                             | <u><u>41.46</u></u>                             |

|   | Year ended<br>31st March, 2010                  |                        | Year ended<br>31st March, 2009                  |                        |
|---|---|------------------------|---|------------------------|
|   | Quantity<br>Million<br>Standard<br>Cubic Metres | Value<br>(Rs. in lakh) | Quantity<br>Million<br>Standard<br>Cubic Metres | Value<br>(Rs. in lakh) |
| <b>(c) Raw Materials consumed</b>           |   |                        |   |                        |
| (For production of Liquefied Petroleum Gas) | 32.151  | <u><u>570.36</u></u>   | 33.863  | <u><u>459.33</u></u>   |
| Natural Gas (out of own Production)         |   |                        |   |                        |

|  | Year ended<br>31st March, 2010<br>(Rs. in lakh) | %      | Year ended<br>31st March, 2009<br>(Rs. in lakh) | %      |
|--|---|--------|---|--------|
| <b>(d) Consumption of Stores and Spare parts</b> |   |        |   |        |
| Imported   | 18337.66  | 53.00  | 11525.41  | 52.00  |
| Indigenous                                       | 16261.69  | 47.00  | 10638.84  | 48.00  |
| <b>Total</b>                                     | <u><u>34599.35</u></u>                          | 100.00 | <u><u>22164.25</u></u>                          | 100.00 |
| <b>(e) Value of Imports on C.I.F basis</b>       |   |        |   |        |
| Capital Goods                                    | 7463.65   |        | 7611.95   |        |
| Stores and Spare parts                           | 8085.63   |        | 8935.76   |        |
| <b>Total</b>                                     | <u><u>15549.28</u></u>                          |        | <u><u>16547.71</u></u>                          |        |
| <b>(f) Expenditure in foreign currency</b>       |   |        |   |        |
| Services Contracts                               | 29467.17  |        | 17805.60  |        |
| Foreign Tours                                    | 497.55  |        | 544.28  |        |
| <b>Total</b>                                     | <u><u>29964.72</u></u>                          |        | <u><u>18349.88</u></u>                          |        |
| <b>5. EARNINGS IN FOREIGN CURRENCY</b>           |   |        |   |        |
| Others (forfeiture of Bid Bonds, etc.)           | <u><u>18.74</u></u>                             |        | <u><u>5.74</u></u>                              |        |



**SCHEDULE-26**

**Consolidated Segment Revenue, Results, Assets and Liabilities for the year ended 31st March, 2010**

(Rs. in lakh)

| Particulars                                    | Total               | Crude Oil           |                   | Natural Gas       |                   | LPG               |                  | Transportation   |                 | Unallocated     |                   |                    |                     |                     |
|--|---------------------|---------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|-----------------|-----------------|-------------------|--------------------|---------------------|---------------------|
|  |                     | 31.03.2010          | 31.03.2009        | Assam & AP        | Rajasthan         | 31.03.2010        | 31.03.2009       | 31.03.2010       | 31.03.2009      | 31.03.2010      | 31.03.2009        |                    |                     |                     |
| <b>REVENUE</b>                                 |                     |                     |                   |                   |                   |                   |                  |                  |                 |                 |                   |                    |                     |                     |
| External Sales                                 | 790,555.10          | 724,144.91          | 715,870.21        | 659,421.82        | 44,913.76         | 41,232.89         | 3,653.78         | 3,602.46         | 7,630.60        | 9,025.34        | 15,699.19         | 10,173.00          | 2,787.56            | 689.40              |
| Other Income                                   | 93,713.07           | 93,717.49           | 0.00              | 0.00              | 15,631.74         | 14,277.06         | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 78,081.33           | 79,440.43           |
| Other Adjustment-Income                        | 1,704.80            | (4,074.65)          | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 1,704.80            | (4,074.65)          |
| <b>Total Income</b>                            | <b>885,972.97</b>   | <b>813,787.75</b>   | <b>715,870.21</b> | <b>659,421.82</b> | <b>60,545.50</b>  | <b>55,509.95</b>  | <b>3,653.78</b>  | <b>3,602.46</b>  | <b>7,630.60</b> | <b>9,025.34</b> | <b>15,699.19</b>  | <b>10,173.00</b>   | <b>82,573.69</b>    | <b>76,055.18</b>    |
| <b>EXPENDITURE</b>                             |                     |                     |                   |                   |                   |                   |                  |                  |                 |                 |                   |                    |                     |                     |
| Increase/(Decrease) in Stock                   | 1,057.40            | 1,300.14            | 1,061.20          | 1,304.24          | 0.00              | 0.00              | 0.00             | 0.00             | (3.80)          | (4.10)          | 0.00              | 0.00               | 0.00                | 0.00                |
| Production, Transportation & Other Expenditure | 407,299.18          | 396,124.93          | 284,986.43        | 270,331.11        | 31,412.38         | 32,249.36         | 2,830.15         | 1,190.83         | 3,474.72        | 3,264.04        | 13,472.60         | 13,450.05          | 71,122.90           | 75,639.54           |
| Provisions & Write Offs                        | 28,271.93           | 37,119.77           | 25,361.60         | 30,282.76         | 2,795.46          | 3,612.61          | 0.00             | 261.32           | 0.00            | 0.00            | 0.00              | 0.00               | 114.87              | 2,963.08            |
| Depletion                                      | 26,281.34           | 20,876.39           | 19,450.72         | 15,372.34         | 5,676.13          | 4,394.88          | 1,154.49         | 1,109.17         | 0.00            | 0.00            | 0.00              | 0.00               | 0.00                | 0.00                |
| Depreciation                                   | 21,827.23           | 16,807.86           | 5,210.42          | 4,034.26          | 3,081.15          | 2,534.99          | 467.49           | 139.36           | 131.14          | 113.76          | 11,306.08         | 9,183.26           | 1,630.95            | 802.23              |
| Interest & Debt Charges                        | 365.19              | 874.41              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 365.19              | 874.41              |
| Exchange Loss                                  | (476.94)            | (615.08)            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | (476.94)            | (615.08)            |
| Other Adjustment-Expenses                      | 11,261.66           | 2,139.27            | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 11,261.66           | 2,139.27            |
| Prior Period                                   | 586.12              | 463.03              | 0.00              | 0.00              | 0.00              | 0.00              | 0.00             | 0.00             | 0.00            | 0.00            | 0.00              | 0.00               | 586.12              | 463.03              |
| <b>Total Expenses</b>                          | <b>496,473.11</b>   | <b>475,090.72</b>   | <b>336,070.37</b> | <b>321,324.71</b> | <b>42,965.12</b>  | <b>42,791.84</b>  | <b>4,452.13</b>  | <b>2,700.68</b>  | <b>3,602.06</b> | <b>3,373.70</b> | <b>24,778.68</b>  | <b>22,633.31</b>   | <b>84,604.75</b>    | <b>82,266.48</b>    |
| <b>Profit before Tax</b>                       | <b>389,499.86</b>   | <b>338,697.03</b>   | <b>379,799.84</b> | <b>338,097.11</b> | <b>17,580.38</b>  | <b>12,718.11</b>  | <b>(798.35)</b>  | <b>901.78</b>    | <b>4,028.54</b> | <b>5,651.64</b> | <b>(9,079.49)</b> | <b>(12,460.31)</b> | <b>(2,031.06)</b>   | <b>(6,211.30)</b>   |
| Provisions for Taxation                        | 128,457.17          | 122,528.63          | 125,258.10        | 122,311.60        | 5,798.01          | 4,600.96          | (263.30)         | 326.23           | 1,328.61        | 2,044.56        | (2,994.42)        | (4,507.70)         | (669.84)            | (2,247.03)          |
| Profit after Tax                               | 261,042.69          | 216,168.40          | 254,541.74        | 215,785.51        | 11,782.37         | 8,117.15          | (535.05)         | 575.55           | 2,699.93        | 3,607.08        | (6,085.07)        | (7,952.61)         | (1,361.21)          | (3,964.27)          |
| <b>Segment Assets</b>                          | <b>1,809,330.76</b> | <b>1,338,011.62</b> | <b>344,079.18</b> | <b>287,170.86</b> | <b>206,852.54</b> | <b>180,533.49</b> | <b>24,399.43</b> | <b>23,282.89</b> | <b>3,462.80</b> | <b>2,909.23</b> | <b>48,032.79</b>  | <b>57,400.62</b>   | <b>1,182,504.03</b> | <b>786,714.52</b>   |
| <b>Segment Liabilities</b>                     | <b>1,809,330.76</b> | <b>1,338,011.62</b> | <b>173,673.08</b> | <b>154,868.69</b> | <b>75,777.35</b>  | <b>67,582.61</b>  | <b>3,414.59</b>  | <b>3,469.62</b>  | <b>2,925.66</b> | <b>2,609.28</b> | <b>11,769.46</b>  | <b>13,571.16</b>   | <b>1,541,770.62</b> | <b>1,095,910.26</b> |

**SCHEDULE -26 (Contd.)****NOTES ON SEGMENT REPORTING**

1. (a) In accordance with the existing management reporting system, the Company has adopted :-
  - (i) the following business segments as the primary reporting segments :
    - Crude Oil
    - Natural Gas
    - LPG
    - Transportation
  - and
  - (ii) the following geographical segments as the secondary reporting segments :
    - Assam / Arunachal Pradesh (AP)
    - Rajasthan
- (b) 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. Expenditure incurred directly by the segments are directly allocated to them. Expenditure incurred by Services departments have been allocated to the segments in proportion to the actual services rendered to the respective segments. Overhead expenditure 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 and Loss Account have been allocated to the Crude Oil and Natural Gas segments on the basis of thermal equivalence. Research & Development expenditure 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. Provision for Taxation has been apportioned on the basis of Profit Before Tax of individual segments.
6. Share capital, Reserves and Surplus and Loans have been treated as unallocated corporate liabilities.
7. 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.
8. 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 .
9. 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.
10. 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.
11. Investments outside the business and Cash and Bank balances are treated as unallocated corporate assets.
12. Any other revenue, expenditure, 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.
13. Exploration expenditure, assets, liabilities pertaining to the project areas where commercial production of Hydrocarbons has not yet commenced, have been shown in the unallocated corporate head.
14. Individual items of assets or liabilities used jointly by two or more segments, the amount of which is insignificant and are not considered material, have been allocated to Crude Oil and Natural Gas segment on the basis of thermal equivalence.

**SCHEDULE 27****SIGNIFICANT ACCOUNTING POLICIES****1. PRINCIPLE OF CONSOLIDATION**

The consolidated financial statements comprise the financial statement of the Company (Oil India Limited) and its subsidiary. The Consolidated Financial Statement is prepared in accordance with Accounting Standard (AS) 21 "Consolidated Financial Statement" as notified by the Central Government of India under the Companies (Accounting Standard) Rules, 2006.

The Financial Statement of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of the items of assets, liabilities, income and expenditures after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits & losses in accordance with AS 21.

The consolidated financial statement are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the manner as the Company's separate Financial Statements except as otherwise stated.

**2. ACCOUNTING CONVENTION**

The Financial Statements of the Company are prepared under historical cost convention, except as otherwise stated, in accordance with the Generally Accepted Accounting Principles (GAAP) in India and materially comply with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standard) Rules 2006, and with the relevant provisions of the Companies Act, 1956.

**3. 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 (ICAI) except for abandonment costs, as explained below :-



### 3.1 EXPLORATION COSTS AND DEVELOPMENT EXPENDITURE

- (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) All Acquisition costs, exploration costs involved in drilling and equipping exploratory and appraisal wells and cost of drilling exploratory type stratigraphic test wells are initially capitalized as pre-producing property till the time these are either transferred to producing properties on completion or expensed in the year when determined to be dry or of no further use, as the case may be.
- (d) 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.
- (e) 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.
- (f) Charges towards unfinished Minimum Work Programme (MWP) and for extension of exploration period under PSC/JVC are treated as Geological & Geophysical or Drilling expenses etc. as the case may be.
- (g) 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.
- (h) Cost of exploratory wells in progress are not carried over for more than two 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.

### 3.2 ABANDONMENT COSTS

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 instead of creating provision in line with Guidance Note issued by ICAI as the Salvage Value is expected to take care of the Abandonment Costs except in case of Joint Ventures, the policy in respect of which is specified in Policy No.7 below.

### 4. 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) Computer software acquired and developed to suit Company's internal use being intangible asset is capitalized along with hardware cost.
- (c) Leasehold lands including the Right of Use ( ROU) which are perpetual in nature are not amortized.
- (d) Any asset, when of no further use, is deleted from the Block. The Written Down Value, if any, in excess of Rs.1000/- or 5% of the original cost, whichever is less is charged to Profit and Loss Account. The deleted assets are carried as Current 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 realized.
- (e) Physical verification of the fixed assets is 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.

### 5. DEPRECIATION / DEPLETION

#### 5.1 DEPRECIATION

- (a) Depreciation on Fixed Assets is provided for under the "Written Down Value Method"(WDV), 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) Computer software acquired and developed to suit Company's internal use, being intangible asset, is depreciated at the rate applicable to Computer (Hardware).
- (d) Assets costing upto Rs. 5000 each are depreciated fully in the year of capitalization.

#### 5.2 DEPLETION

- (a) The producing properties including acquisition costs are depleted using the "Unit of Production Method", based on the related Proved Developed Reserves.
- (b) Proved and Developed Reserves of oil and gas are technically assessed regularly and are finally reviewed and estimated at the end of each year in-house by following International practices.
- (c) The rate of depletion is computed on a consistent basis with reference to an area designated as Oil / Gas field or a group of Oil/Gas fields, which are aggregated either based on a common geological feature or for operational purpose.

### 6. FOREIGN CURRENCY TRANSLATION

- (a) All non-monetary transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.
- (b) Monetary items in the form of Loan, Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gains or loss is accounted during the year.
- (c) Foreign currency transactions in relation to Joint Venture Operations (Overseas) are treated in the following manner:-
  - (i) Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transactions. For practical reasons, the average exchange rate of relevant month is taken for the transactions of the month in respect of such Joint Venture Operations, where actual date of transaction is not available or as agreed otherwise.
  - (ii) At the Balance Sheet date, foreign currency items are translated using the average of the exchange rates prevailing on the Balance Sheet date.



## 7. IMPAIRMENT OF ASSETS

Producing Properties and Fixed Assets of a “Cash Generating Unit” (CGU) are reviewed for impairment at each Balance Sheet date. In case events and circumstances indicate any impairment, recoverable amount of these assets is determined. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount by writing down such assets to their recoverable amount. The recoverable amount is its ‘value in use’. In assessing value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets. Subsequent to Impairment, depletion/ depreciation is provided on the revised carrying value of the assets over the remaining useful life as per relevant policy.

## 8. 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 of Oil and / or Gas activities under a joint venture in various concessions:-

- (a) 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. Depreciation, depletion and impairment and value of Stock of Crude Oil are accounted for as per the relevant accounting policies of the Company whereas provision for abandonment is created as per terms of PSC.
- (b) Proved and Developed Reserve of Oil & Gas in such concessions are also considered in proportion to participating interest of the Company.
- (c) 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/ received from other participating companies.

## 9. 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 expenditure 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 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 assess realization.

## 10. INVESTMENTS

- (a) Long term investments are valued at cost unless there is a permanent diminution in value.
- (b) Current investments are valued at lower of cost or fair value.

## 11. 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.
- (b) Natural Gas in pipeline and crude oil in flow line are not valued.
- (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 four years as on date of Balance Sheet are identified as slow moving items. Against these Slow moving items a provision of 95% of value is made in the accounts towards likely diminution in value. The stores and spare parts include goods-in-transit which represents items pending arrival and / or acceptance at stipulated destinations.

## 12. EMPLOYEE BENEFITS

- (a) Defined Contribution Plans such as Provident Fund, etc. – Contributions are charged to the Profit and Loss Account as incurred.
- (b) Defined Benefit Plans – The present value of the obligation under such plan, is determined based on an actuarial valuation using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss Account. In case of funded defined benefit plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis the excess, if any, is treated as a prepayment.
- (c) The contribution to Provident Fund, Gratuity Fund, and Pension Funds are paid to the respective Funds administered through Trusts having exemptions under Employees’ Provident Funds and Miscellaneous Provision Acts 1952 above as applicable. The interest payable by the Provident Fund Trust is notified by the Government. The Company has an obligation to make good the shortfall, if any.
- (d) Other Long term Employee Benefits are recognized in the same manner as Defined Benefit Plans.
- (e) Termination benefits are recognized as and when incurred.



### 13. REVENUE RECOGNITION

- (a) Revenue from sale of products and transportation income are recognized on transfer of custody to customers.
- (b) Sale of crude oil and gas produced from exploratory wells-in-progress in exploratory areas is deducted from expenditure on such wells.
- (c) Sales are inclusive of statutory levies but net of discounts. Any retrospective revision in prices is accounted for in the year of such revision.
- (d) Claims on Government / Petroleum Planning & Analysis Cell (PPAC) are booked on acceptance in principle thereof.
- (e) Dividend Income is recognized when the right to receive the dividend is established.
- (f) Revenue in respect of the following is recognized when there is reasonable certainty regarding ultimate realization:
  - (i) Short lifted quantity of crude oil, if any.
  - (ii) Interest on delayed realization from customers.
- (g) Insurance claim other than for transit loss of stores items are accounted for on final acceptance by the Insurance Company.
- (h) Liquidated Damages for delay in execution of contracts/supplies are accounted for as per the terms of the contracts and are recognized as income in the year of deduction. In case the same is refunded due to reconsideration/justification of the waiver request, the same is accounted for as expense in the year of acceptance.

### 14. GRANTS & SUBSIDIES

Grants and Subsidies are accounted in revenue or capital account according to their nature, when there is reasonable assurance that the same would be realized. Grants related to specific assets are deducted from the gross value of the concerned assets while arriving at their book value.

### 15. BORROWING COSTS

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

### 16. 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.

### 17. 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 Lakh in each case are recognized as contingent liability, if contested.
- (c) Contingent assets are not recognized.

### 18. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### 19. GENERAL

- a) Prior Period Items exceeding Rupees Five Lakh in each case are separately disclosed in the Profit and Loss Account.
- b) Adjustments pertaining to earlier years but crystallized during the year, exceeding Rupees Five Lakh in each case are separately 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 if any, are 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 and Demands from / in relation to Revenue Authorities are accounted for on the basis of acceptance considering information available upto the date of finalization of Accounts.
- f) Assets given under finance leases are recognized as receivable at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment in line with AS 19 issued by the ICAI.
- g) General administrative expenses including corporate overhead are charged to Profit & Loss Account.
- h) Accounting of Contract works under various Projects for the Company carried out by the Company in consortium with other entities is accounted in line with AS 7 issued by ICAI after neutralizing the profit earned by the Company in it from the Project cost.
- i) Costs of Intangible assets are accounted for in line with AS 26 issued by ICAI.

## SCHEDULE-28

### NOTES TO ACCOUNTS

1. (i) (a) With effect from 01.04.2002, the price of Crude Oil and LPG are market determined in terms of the policy of the Government of India. Accordingly, the Crude Oil price was being determined based on the terms and conditions of the Memorandum of Understanding (MOU) signed with various buyers of Crude Oil for the period 01.04.2002 to 31.03.2004. Though the MOU / Crude Offtake and Sale Agreement (COSA) 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 the terms and conditions of the aforesaid MOU for the period 01.04.2004 to 31.03.2010.



In terms of the notification from MOP&NG dated 01.05.2009, the Company w.e.f. 01.04.2008 has accounted for on a monthly average price of Crude Oil benchmarked to Basket Price of Crude Oil (ascertained from Reuter) after adjustment for Gross Product Worth (quality differential) and discount on account of Base Sediment & Water (BS&W).

- (b) As regard LPG price, the same continues to be notified by Indian Oil Corporation Ltd. (IOC) every month.
- (c) The price of Natural Gas was revised by the Ministry of Petroleum and Natural Gas, (MOP&NG) Government of India vide letter No. L-12015/5/04-GP (i) dated 20th June, 2005. The revised price applicable w.e.f. 01.07.2005 in respect of APM gas quantity, being the quantity of gas produced as on 30.06.2005 and sold to consumers other than those with whom the Company had signed Gas Sale and Purchase Agreement (GSPA) with mutually agreed price. The gas price for gas sale in Rajasthan is governed by the MOU dated 11th October, 2004 between the Company and GAIL India Limited, which is a mutually agreed price.
- (ii) The MOP&NG, Government of India, vide its letter dated 22.04.2010 allowed the Company to realize the sales tax and full amount of transportation charges in respect of its own Crude Oil sold to the refineries for the financial year 2009-10, similar to the decision in the previous financial years.
- (iii) In terms of the decision of Government of India, MOP&NG, vide letter No. P-20012/28/97-PP dated 23.07.2004 and further communications in this regard, the Company during the year ended 31.03.2010 has allowed a discount Rs. 148990.89 lakh (Previous year Rs 294853.19 lakh) on the sale of Crude Oil and Rs. 5890.98 lakh (Previous year Rs 7475.48 lakh) on the sale of LPG. Accordingly, the sales revenue in respect of Crude Oil and LPG are net of the aforesaid discounts which have the effect of reduction of profit for the respective years by such amounts.
- (iv) Pending finalization of the Transportation Tariff by the Government of India for Crude Oil, the Company has on a provisional basis accounted for the Transportation Income of Crude Oil from all the refineries as fixed by the Petroleum Planning & Analysis Cell (PPAC) for the year 2001-02. In regards to the Transportation Income in respect of Crude Oil of M/s Oil & Natural Gas Corporation Ltd. (ONGCL), Conoro Resources Limited and M/s Bongaigaon Refinery and Petrochemicals Limited the same are accounted for based on the MOU/Crude Oil Transportation Agreement (COTA) signed with the respective companies.
- (v) The total Gas Reserve as on 31.03.2010 in Assam & Arunachal Pradesh has been ascertained field wise following SPE norms.
- (vi) Exchange gain of Rs. 501.83 lakh (Previous year loss of Rs. 615.08 lakh) includes , exchange gain of Rs nil (Previous Year Rs. Nil) related to Assets charged off in line with the changed Accounting Policy no. 5 due to applicability of AS 11 (Revised).
- (vii) The foreign currency exposures that are not hedged by a derivative instrument or otherwise:

| Particulars       | Foreign Currency | 31.03.2010                              |                         | 31.03.2009                              |                         |
|-------------------|------------------|---|-------------------------|---|-------------------------|
|                   |                  | Amount<br>(Foreign Currency in<br>lakh) | Amount<br>(Rs. in lakh) | Amount<br>(Foreign Currency<br>in lakh) | Amount<br>(Rs. in lakh) |
| Amount Receivable | USD              | 103.56                                  | 4729.57                 | 127.93                                  | 6594.58                 |
| Amount Payable    | USD              | 84.75                                   | 3943.71                 | 50.00                                   | 2505.01                 |

- (viii) 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. 160.47 lakh (Previous year Rs. 160.70 lakh), which are not included in the accounts.
- (ix) Borrowing cost capitalized during the year is nil.

## 2. Disclosure pursuant to AS 15 (Revised 2005) – Employee Benefits:-

The Company has adopted AS 15 (Revised 2005) for Employee Benefits issued by ICAI as against erstwhile AS 15. Consequent to the adoption, the following disclosures related to accounting, etc are made as far as practicable under AS 15 (Revised 2005) requirement:

### Defined Contribution Plans

The Company's contribution to Provident Funds for employees and executives is Rs. 4859.60 lakh (Previous year Rs. 4085.99 lakh).

### Defined Benefit Plans

The various Benefits Plans which are in operation are Gratuity Fund, Pension Funds, Leave Encashment, Leave Fare Assistance/ Leave Travel Concession, Post Retirement Medical Benefit and Long Service Award. The present value of the obligation is determined based on Actuarial valuation using the Projected Unit Credit method, which recognizes each period of service as giving rise to additional unit of employee benefits entitlement and measures each unit separately to build up the final obligation.

### Various data as certified by Actuary:-

#### A. The amount recognised in Balance Sheet for post employee benefits

(Rs. in lakh)

|   | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC | Post Retirement Medical Benefits |
|---|---------------|--------------------|--------------------|------------------|---------|----------------------------------|
| Present Value of obligation at the end of the year i.e 31.03.2010 | 30178.54      | 35263.97           | 54124.88           | 9676.29          | 2501.98 | 5288.18                          |
| Fair Value of Plan Asset at the end of the year 31.03.2010        | 32512.56      | 17593.44           | 43374.54           | 0.00             | 0.00    | 0.00                             |
| Fund Status as on 31.03.2010 (Net liability)                      | (2334.02)     | 17310.53           | 10750.34           | 9676.29          | 2501.98 | 5288.18                          |
| Total Provision   | (2334.02)     | 17310.53           | 10750.34           | 9676.29          | 2501.98 | 5288.18                          |


**B. Reconciliation of opening and closing balances of Defined Benefits obligation.**

(Rs. in lakh)

|  | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC   | Post Retirement Medical Benefits |
|--|---------------|--------------------|--------------------|------------------|-----------|----------------------------------|
| Present Value of obligation at the beginning of the year i.e. 01.04.2009 | 28811.66      | 33248.17           | 49696.10           | 7507.99          | 2335.11   | 4918.35                          |
| Interest Cost  | 2239.73       | 2503.12            | 3881.73            | 491.32           | 58.41     | 367.78                           |
| Current Service Cost   | 1543.98       | 1651.63            | 2732.51            | 713.79           | 0.00      | 0.00                             |
| Benefits Paid  | (1629.95)     | (3918.32)          | (2348.91)          | (2732.89)        | (3210.05) | (644.34)                         |
| Actuarial gains/loss on obligations                                      | (786.88)      | 1779.37            | 163.45             | 3696.07          | 3318.51   | 44.35                            |
| Present Value of obligation at the end of the year i.e. 31.03.2010       | 30178.54      | 35263.97           | 54124.88           | 9676.29          | 2501.98   | 5288.18                          |

**C. Reconciliation of opening and closing balances of fair value of plan assets**

(Rs. in lakh)

|  | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC | Post Retirement Medical Benefits |
|--|---------------|--------------------|--------------------|------------------|---------|----------------------------------|
| Fair Value of Plan Asset at Beginning of the year 01.04.2009 | 19556.00      | 15287.00           | 38062.40           | NA*              | NA*     | NA*                              |
| Expected Return on Plan Assets                               | 1564.48       | 1222.96            | 3044.99            | NA*              | NA*     | NA*                              |
| Contributions  | 13685.46      | 5106.41            | 6845.97            | NA*              | NA*     | NA*                              |
| Benefits Paid  | (1629.95)     | (3918.32)          | (2348.92)          | NA*              | NA*     | NA*                              |
| Actuarial gain/loss on Plan Assets                           | (663.43)      | 255.39             | (2229.90)          | NA*              | NA*     | NA*                              |
| Fair Value of Plan Asset at the end of the year 31.03.2010   | 32512.56      | 17953.44           | 43374.54           |                  |         |                                  |

NA\* : Not Applicable as Scheme is unfunded

**D. Expenses Recognised in Statement of Profit / Loss**

(Rs. in lakh)

|  | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC | Post Retirement Medical Benefits |
|--|---------------|--------------------|--------------------|------------------|---------|----------------------------------|
| Current Service Cost                                   | 1543.98       | 1651.63            | 2732.51            | 713.80           | 0.00    | 0.00                             |
| Interest Cost  | 2239.73       | 250.32             | 3881.73            | 491.32           | 58.41   | 367.78                           |
| Expected Return on Plan Assets                         | (1564.48)     | (1222.96)          | (3044.99)          | 0.00             | 0.00    | 0.00                             |
| Actuarial gain/loss recognised in the year             | (123.45)      | 1523.98            | 2393.36            | 3696.07          | 3318.51 | 644.35                           |
| Expense Recognized in Statement of Profit/Loss Account | 2095.78       | 4455.77            | 5962.61            | 4901.19          | 3376.92 | 1012.12                          |

**E. Actuarial assumptions**

(Rs. in lakh)

|  | Gratuity Fund | Pension Fund (Old) | Pension Fund (New) | Leave Encashment | LFA/LTC | Post Retirement Medical Benefits |
|--|---------------|--------------------|--------------------|------------------|---------|----------------------------------|
| Mortality Table (LIC)                                | 1994-96       | 1994-96            | 1994-96            | 1994-96          | 1994-96 | 1994-96                          |
| Superannuation Age                                   | 60            | 60                 | 60                 | 60               | 60      | 60                               |
| Early Retirement & Disablement (10 Per Thousand P.A) |               |                    |                    |                  |         |                                  |
| -age above 45  | 6             | 6                  | 6                  | 6                | 6       | 6                                |
| -age between 29 and 45                               | 3             | 3                  | 3                  | 3                | 3       | 3                                |
| -age below 29  | 1             | 1                  | 1                  | 1                | 1       | 1                                |
| Discount Rate  | 8.00%         | 8.00%              | 8.00%              | 8.00%            | 8.00%   | 8.00%                            |
| Inflation Rate                                       | 5.00%         | 5.00%              | 5.00%              | 5.00%            | 5.00%   | 5.00%                            |
| Expected Rate of Return on plan assets               | 8.00%         | 8.00%              | 8.00%              | 0.00%            | 0.00%   | 0.00%                            |
| Remaining working life                               | 12            | 10                 | 12                 | 12               | 12      | 11                               |



## Investment of Superannuation Funds

|               | Percentage of Investment as at |            |                    |            |                    |            |
|---------------|--------------------------------|------------|--------------------|------------|--------------------|------------|
|               | Gratuity Fund                  |            | Pension Fund (Old) |            | Pension Fund (New) |            |
|               | 31.03.2010                     | 31.03.2009 | 31.03.2010         | 31.03.2009 | 31.03.2010         | 31.03.2009 |
| Central Govt. | 17.38                          | 33.41      | 24.99              | 31.62      | 24.12              | 32.35      |
| State Govt.   | 18.46                          | 14.81      | 21.57              | 19.06      | 18.39              | 14.77      |
| PSU           | 38.88                          | 39.68      | 44.75              | 42.37      | 56.53              | 52.22      |
| Others        | 25.28                          | 12.10      | 8.69               | 6.95       | 0.96               | 0.66       |
| Total         | 100.00                         | 100.00     | 100.00             | 100.00     | 100.00             | 100.00     |

**F. Notes on above**

- In view of the amendment of the Payment of Gratuity Act 1972, the ceiling of Gratuity has been enhanced from the existing limit of Rs 3.50 lakh to Rs. 10.00 lakh. Accordingly the Company has adopted the revised limit for provisioning of Gratuity liability based on the actuarial valuation.
- Long Service Award liability as on 31.03.2010, as per actuarial determination has been charged to Profit and Loss Account.
- The Company's Provident fund is exempted under section 17 of Employees' Provident Fund and Miscs. Provisions Act, 1952. The Company has also taken exemption under Para 39 of Employees Pension Schemes 1995 and extending the Pension benefits through Oil India Employees Pension Fund. Conditions for grant of exemptions stipulate that the employer shall make good the deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate in case of Employee Provident Fund as well as the deficiency, if any in extending the pensioner benefits will be made good by the Company in the Employee Pension Fund.
- The amount recognised in the Balance Sheet as the present value of the defined benefit obligation is net of the fair value of plan assets at the Balance Sheet date.

**G. Employees cost includes:**

- Rs 5787.05 lakh for the year, resulting into total provision to Rs. 35120.09 lakh upto 31.03.2010 (Previous year Rs. 29333.04 lakh) being the amount estimated pending finalisation and full implementation of the pay revision of unionized as well as executive employees (including Board level) of the Company which is due for revision with effect from 01.01.2007.
- Rs. 43193.29 lakh (Previous year Rs. 40399.81 lakh) being the amount estimated according to Actuarial Valuation of employees benefits for future services as required under AS-15.

- During the year the Company has completed the process of IPO on 26.09.2009 and thus allotted 2,64,49,982 Equity Shares of Rs. 10/- each to the public including employees of the Company. Accordingly the Issued, Subscribed and Paid-up Share Capital of the Company has increased to Rs. 24045.44 lakh. As the face value of shares of Rs. 10/- each were issued at a premium of Rs 1040/- per share the sum of Rs. 275079.81 lakh has been accounted for in Security Premium Account in Balance Sheet.

Against the estimated expenditure of planned activities up to 31.03.2011 amounting to Rs. 455984.70 lakh as per the Object of the Issue declared in the Prospectus an amount of Rs. 148443.40 lakh, as certified by the Monitoring Agency have been spent up to 31.03.2010. The unutilised issue proceeds along with internal resources have been invested in short term deposits and ICDs.

The cost of the issue amounting to Rs 3216.52 lakh will be amortized over the period during which the proceeds of IPO is planned to be utilized by the Company. Accordingly Rs 1378.51 lakh has been charged as expenses during the year ended 31.03.2010 and Rs 1838.01 lakh has been carried over under the head "Miscellaneous Expenditure" in the Balance Sheet as on 31.03.2010.

**4. (i) Fixed Assets:**

- Land in possession of the Company, includes some areas for which title / conveyance deeds are yet to be executed and / or mutation in settlement records is pending. Documentation formalities are in progress.
- The Company has identified various Plant & Machinery, which are not in use for considerable time. Pending writing off of these assets from the gross block, the Company has taken a provision of Rs. (73.59) lakh (Previous year Rs (78.50) lakh) during the year towards the difference between the WDV as on 31.03.2010 and 5% of original cost as the residual value of the respective assets.
- For infrastructure development and to facilitate the supply of natural gas to Brahmaputra Cracker and Polymers Limited (BCPL), the Company will have to augment / modify the existing gas pipeline network, construction of lean gas distribution network and setting up of gas sale off-take point with metering facility. The Government of India has agreed to release one time subsidy upto a maximum of Rs. 21500.00 lakh to the Company through BCPL, subject to incurring the actual expenditure more than that. The expenditure will be vetted by Engineers India Ltd. (EIL). Towards this arrangement, the Company has started incurring expenditure for various assets and has been claiming the amount in stages from BCPL after the same is vetted by EIL. BCPL has deposited Rs. 3093.47 lakh to the Company up to 31.03.2010 in this regard. Pending completion of all the facilities, the Company is maintaining the separate identity to record capital expenditure and the receipt of the claim till incurring the total expenditure on capital assets and receipt of final amount of subsidy. Necessary accounting related to subsidy/adjustment thereof with assets will be carried out on completion of the project.
- The cost of infrastructure which are in the nature of Corporate Social Responsibility (viz. Delhi Public School (DPS), Duliajan and some other assets) amounting to Rs 583.83 lakh has been charged off as expense in the Accounts of the Company for year ended 31.03.2010.

**(ii) Pre-Producing Property**

A sum of Rs. 8389.89 lakh (Previous year Rs. 8321.93 lakh) is been allocated to Pre-producing Property Account from general overhead.

**(iii) Impairment of Assets**

In terms of the Significant Accounting Policy No. 6, the Company assessed the Cash Generating Assets for the Impairment as required under AS-28 issued by ICAI and found that no cash generating Asset needs impairment as on 31.03.2010.

**(iv) Sundry Debtors:**

Sundry Debtors including the overdue amount are reconciled from time to time on an ongoing basis and are considered good and realizable, unless stated otherwise and provision made wherever considered necessary.

**(v) (i) Loans and Advances include:**

(a) Amount due by Directors and Other Officers of the Company:

(Rs. in lakh)

|                | Balance as at |            | Maximum amount due at any time during the year |            |
|----------------|---------------|------------|--|------------|
|                | 31.03.2010    | 31.03.2009 | 31.03.2010                                     | 31.03.2009 |
| Directors      | 75.53         | 42.83      | 79.70  | 45.94      |
| Other Officers | 8.95          | 13.96      | 9.24   | 14.62      |
| Total          | 84.48         | 56.79      | 88.94  | 60.56      |

- (b) 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. 317.57 lakh (Previous year Rs. 294.00 lakh).
- (c) Arising out of one time settlement with M/s Indian Drugs and Pharmaceuticals Limited (IDPL), (a Government of India Undertaking) the loan amount of Rs. 1500.00 lakh was to be settled along with interest @ 5% as per the revival package of the unit. Since no significant improvement on the revival package is forth coming, the Company is continuing with the provision of Rs. 2833.16 lakh created in the books of Accounts during the financial year 2008-09 as against the principal and interest dues from IDPL. For the year ended 31.03.2010 no interest has been accounted for.
- (d) In terms of the Joint Operating Agreement and the Memorandum and Articles of Association of Brahmaputra Cracker and Polymer Limited (BCPL), the Company has paid an amount of Rs 50,100 to M/s Brahmaputra Cracker and Polymer Limited (BCPL) towards acquisition of 5,010 shares of Rs 10 each. The amount paid was accounted under Investments. During the year 2009-10 BCPL has further allotted 26332149 equity shares of Rs. 10 each accordingly an amount of Rs. 2633.21 lakh is shown as "Investment" which was accounted as Loan & Advances in the previous year. The balance amount of Rs. 613.99 lakh is shown under "Loans & Advances" pending allotment.
- (e) The Company has acquired 23% Equity Shares of DNP Limited and paid Rs.2438.00 lakh toward its contribution to Equity Capital. The allotment of 24380000 equity shares of Rs. 10/- each was done during the financial year 2009-10 is shown as "Investment".
- (f) OIL has entered into a MOU with HPCL, GAIL India limited, Mittal Energy Investment Pte. Ltd. and TOTAL France S.A. on 18.10.2007 for setting up of an integrated Refinery cum Petrochemical Complex at Vishakapatnam in Andhra Pradesh. However as on 31.03.2010, no provision has been kept in the books the project ceased to exist.
- (g) Investment in associate is valued following the "Equity Method" as per AS-23 "Accounting of Investment in Associate in Consolidation".

**(ii) Disclosure pursuant to clause 32 of the Listing Agreement**

- (a) Loans, Advances and Investments in its own shares by the Company and its subsidiary/associates Nil (Previous year Nil)
- (b) Advances to associated "INDOIL Netherlands BV" Rs 7.85 lakh (Previous year Nil)
- (c) Investment in wholly own subsidiary "Oil India Sweden AB" Rs. 6.45 lakh (Previous year Nil)

**(vi) Current Liabilities:**

Sundry creditors include materials received on loan from other Public Sector Undertakings amounting to Rs. 502.94 lakh (Previous Year Rs. 365.85 lakh)

(vii) Balance shown sundry creditors, claims recoverable and advances are reconciled from time to time on an on-going basis. Provisions, wherever considered necessary, have been made.

**(viii) Micro, Small and Medium Enterprises Act, 2006 :**

The Company has identified Micro, Small and Medium Enterprises (MSME) to whom the Company owes dues, which are outstanding as at 31.03.2010. There is no such Micro, Small and Medium Enterprises where outstanding balance is due for more than 45 days.

**5. Deferred Tax**

In accordance with the Accounting Standard – 22, the Company has net deferred tax liability as at 31.03.2010 of Rs. 102089.84 lakh (Previous year Rs. 89982.46 lakh).

|    | Description                              | Tax effect for the year | As at 31.03.2010 | As at 31.03.2009 |
|----|--|-------------------------|------------------|------------------|
| A. | Deferred Tax (Liability):                |                         |                  |                  |
|    | Fixed Assets                             | (12468.80)              | (114087.36)      | (101618.56)      |
| B. | Deferred Tax Assets:                     |                         |                  |                  |
|    | Disallowance as per Income Tax Act       | 361.42                  | 11997.52         | 11636.10         |
| C. | Net Deferred Tax Asset/(Liability) (A+B) | (12107.38)              | (102089.84)      | (89982.46)       |

6. The Income Tax Assessing Officers had rejected claim of the Company for certain relief and concessions and further did not allow the discount on Crude Oil and LPG being allowed to Oil Marketing Companies (OMCs), as per the Government order/ notification, as expenses for Assessment Years 2003-04 to 2006-07, due to which demand of Rs. 84023.00 lakh had been raised on the Company during the financial year 2007-08. The Company had preferred an appeal before the first Appellate Authority against such order/demand and succeeded in the Appeal proceeding resulting into refund of Rs. 67259.59 lakh (including interest of Rs. 7180.56 lakh) during the financial year 2008-09 though the Income Tax Department has preferred second appeal before ITAT. Necessary Accounting action has been taken for the refund, except the provision relating to the claim under section 80-IB and 80-IC. On finalization of such appeal by ITAT necessary adjustments will be carried out.

For the Assessment Year 2007-08, the Assessing Officer continued the disallowance of both the above two claims of the Company in the Assessment Order and demanded Rs 71660.86 lakh, against which the Company has deposited Rs. 26950.00 lakh under protest. The Company has preferred appeal before CIT (A) disputing the assessment. CIT (A) vide his order dated 23.04.2010 allowed the issue of discount to the OMCs in favour of the Company but the claim of benefit u/s 80-IC was disallowed. The order of the Assessing Officer for rectifying the original order in the terms of the appellate order is pending. The company is preferring second appeal before ITAT against such disallowances by CIT (A).



For the assessment year 2008-09, the Assessing Officer continued the disallowance of claim of benefit u/s 80-IC but allowed the discount to OMCs as an allowable expenditure, based on the Committee of Disputes (COD) minutes dated 27.08.2009, in the assessment order and demanded Rs. 42541.78 lakh. The Company has preferred an appeal before CIT (A) disputing the disallowance.

No Contingent Liabilities arises in respect of above mentioned Orders as:-

- Committee on Dispute (COD) constituted by Government of India has decided, that the discount to OMCs as an allowable expenses and not allowed Income Tax Department to agitate on the issue any further.
- While making the provision for Income Tax in its books of account the Company has not considered the benefit available u/s 80-IB and 80-IC on conservative basis pending disposal of appeal by ITAT.

#### 7. Joint Venture Contracts (JVCs) / Production Sharing Contracts (PSCs) Accounts as on 31.03.2010:

The Company executed various JVCs/PSCs in India as detailed below:

##### A. As Operator

| Sl. No. | Block No.       | Date of execution | Company's Participating interest | Other partners      | Partners' participating interest | Operator |
|---------|-----------------|-------------------|----------------------------------|---------------------|----------------------------------|----------|
| 1.      | AA-ONN-2002/3 * | 06.02.2004        | 20%                              | ONGCL<br>SUNTERA    | 70%<br>10%                       | OIL      |
| 2.      | AA-ONN-2003/3   | 23.09.2005        | 85%                              | HPCL                | 15%                              | OIL      |
| 3.      | MZ-ONN-2004/1 * | 02.03.2007        | 75%                              | SUNTERA<br>SHIVVANI | 10%<br>15%                       | OIL      |
| 4.      | AA-ONN-2004/1   | 02.03.2007        | 85%                              | SHIVVANI            | 15%                              | OIL      |
| 5.      | AA-ONN-2004/2 * | 02.03.2007        | 90%                              | SUNTERA             | 10%                              | OIL      |
| 6.      | RJ-ONN-2004/2   | 02.03.2007        | 75%                              | GGR                 | 25%                              | OIL      |
| 7.      | RJ-ONN-2004/3   | 02.03.2007        | 60%                              | GGR<br>HPCL         | 25%<br>15%                       | OIL      |
| 8.      | KG-ONN-2004/1   | 02.03.2007        | 90%                              | GGR                 | 10%                              | OIL      |
| 9.      | RJ-ONN-2005/2   | 22.12.2008        | 60%                              | HOEC<br>HMEI        | 20%<br>20%                       | OIL      |

\*As per note below (C)

##### B. As non-operator

| Sl. No. | Block No.     | Date of execution | Company's Participating interest                   | Other partners                         | Partners' participating interest | Operator |
|---------|---------------|-------------------|--|--|----------------------------------|----------|
| 1.      | Kharsang PSC  | 16.06.1995        | 40%  | JEPL<br>Geo- Petrol<br>Geoenpro        | 25%<br>25%<br>10%                | Geoenpro |
| 2.      | AAP-ON-94/1   | 30.06.1998        | 16.129% in Expl Phase<br>Addl 30% carried interest | IOCL<br>HOEC.                          | 43.548%<br>40.323%               | HOEC     |
| 3.      | SR-OS-94/1    | 12.04.2000        | 30% Carried Interest                               | RIL                                    | 100%                             | RIL      |
| 4.      | GK-OSJ-3      | 06.09.2001        | 15%  | ONGCL<br>RIL                           | 25%<br>60%                       | RIL      |
| 5.      | KG-DWN-98/4   | 12.04.2000        | 15%  | ONGCL                                  | 85%                              | ONGCL    |
| 6.      | MN-OSN-2000/2 | 17.07.2001        | 20%  | ONGCL<br>GAIL<br>IOCL                  | 40%<br>20%<br>20%                | ONGCL    |
| 7.      | AA-ONN-2001/3 | 04.02.2003        | 15%  | ONGCL                                  | 85%                              | ONGCL    |
| 8.      | CY-DWN-2001/1 | 04.02.2003        | 20%  | ONGCL<br>PIBBV<br>RockSource ASA       | 45%<br>25%<br>10%                | ONGCL    |
| 9.      | AA-ONN-2002/4 | 06.02.2004        | 10%  | ONGCL                                  | 90%                              | ONGCL    |
| 10.     | KG-DWN-2002/1 | 06.02.2004        | 20%  | ONGCL<br>BPCL                          | 70%<br>10%                       | ONGCL    |
| 11.     | MN-DWN-2002/1 | 06.02.2004        | 20%  | ONGCL<br>BPCL                          | 70%<br>10%                       | ONGCL    |
| 12.     | KG-DWN-2004/5 | 02.03.2007        | 10%  | ONGCL<br>GAIL<br>GSPCL<br>HPCL<br>BPCL | 50%<br>10%<br>10%<br>10%<br>10%  | ONGCL    |



| Sl. No. | Block No.     | Date of execution | Company's Participating interest | Other partners | Partners' participating interest | Operator |
|---------|---------------|-------------------|----------------------------------|----------------|----------------------------------|----------|
| 13.     | KG-DWN-2004/6 | 02.03.2007        | 10%                              | ONGCL          | 60%                              | ONGCL    |
|         |               |                   |                                  | GAIL           | 10%                              |          |
|         |               |                   |                                  | GSPCL          | 10%                              |          |
|         |               |                   |                                  | HPCL           | 10%                              |          |
| 14.     | AA-ONN-2005/1 | 22.12.2008        | 30%                              | ONGCL          | 60%                              | ONGCL    |
|         |               |                   |                                  | ACL            | 10%                              |          |
| 15.     | AN-DWN-2005/1 | 22.12.2008        | 10%                              | ONGCL          | 90%                              | ONGCL    |
| 16.     | WB-ONN-2005/4 | 22.12.2008        | 25%                              | ONGCL          | 75%                              | ONGCL    |

**C. List of the blocks already relinquished/ being relinquished are given below:-**

| Sl. No. | Block No.      | Company's Participating interest | Other partners | Partners' participating interest | Operator | Date of relinquishment   |
|---------|----------------|----------------------------------|----------------|----------------------------------|----------|--------------------------|
| 1.      | MB-DWN-2000/2  | 10%                              | ONGCL          | 50%                              | ONGCL    | 15.08.2006               |
|         |                |                                  | IOCL           | 15%                              |          |                          |
|         |                |                                  | GAIL           | 15%                              |          |                          |
|         |                |                                  | GSPCL          | 10%                              |          |                          |
| 2.      | CR-ON-90/1     | 20%                              | POC            | 29%                              | POC      | 21.10.2007               |
|         |                |                                  | IOCL           | 35%                              |          |                          |
|         |                |                                  | EOL            | 16%                              |          |                          |
| 3.      | MN-ONN-2000/1* | 25%                              | ONGCL          | 20%                              | OIL      | 16.01.2009               |
|         |                |                                  | GAIL           | 20%                              |          |                          |
|         |                |                                  | IOCL           | 20%                              |          |                          |
|         |                |                                  | SUNTERA        | 15%                              |          |                          |
| 4.      | RJ-ONN-2000/1* | 60%                              | SUNTERA        | 40%                              | OIL      | 08.02.2010 (Applied for) |
| 5.      | RJ-ONN-2001/1* | 40%                              | ONGCL          | 30%                              | OIL      | 10.10.2009 (Applied for) |
|         |                |                                  | SUNTERA        | 30%                              |          |                          |
| 6.      | RJ-ONN-2002/1  | 60%                              | ONGCL          | 40%                              | OIL      | 21.12.2009 (Applied for) |

\*Note:

The amount due from M/s Suntera Resources Limited against the expenditure incurred in the NELP Blocks viz. RJ-ONN-2000/1, RJ-ONN-2001/1, MN-ONN-2000/1, AA-ONN-2002/3, AA-ONN-2004/2 and MZ-ONN-2004/1 amounting to Rs.3521.61 lakh has not paid the cash calls due inspite of various reminders. Accordingly, the Company has applied to Directorate General of Hydrocarbon (DGH) under Ministry of Petroleum and Natural Gas (MOP&NG), New Delhi for acquiring the Participating Interest (PI) of Sunetra in all the above mentioned NELP Blocks. Pending the decision by MOP&NG a provision has been created in the books of Accounts as at 31.03.2010 for the said amount.

**D. The Company also executed various contracts for oil and gas exploration in overseas blocks the details of which are given below:**

| Sl. No. | Block/Area No/ Country   | Date of execution | Company's Participating interest | Other partners | Partners' participating interest | Operator                                    |
|---------|--|-------------------|----------------------------------|----------------|----------------------------------|---|
| 1.      | Farsi (offshore) Block (in the Persian Gulf), Islamic Republic of Iran | 25.12.2002        | 20%                              | OVL            | 40%                              | OVL   |
|         |  |                   |                                  | IOCL           | 40%                              |   |
| 2.      | Area 86, Libya   | 20.03.2005        | 50%                              | IOCL           | 50%                              | OIL   |
| 3.      | Block 102/4, Libya   | 03.12.2005        | 50%                              | IOCL           | 50%                              | OIL   |
| 4.      | Shakthi, Gabon   | 17.04.2006        | 45%                              | IOCL           | 45%                              | OIL   |
|         |  |                   |                                  | MARVIS         | 10%                              |   |
| 5.      | Area 95/96, Libya  | 01.06.2008        | 25%                              | SIPEX          | 50%                              | SIPEX                                       |
|         |  |                   |                                  | IOCL           | 25%                              |   |
| 6.      | Timor Leste –Block 'K', East Timor                                     | 02.06.2008        | 12.5%                            | IOCL           | 12.50%                           | RE&P DMCC                                   |
|         |  |                   |                                  | RE&P DMCC      | 75.00%                           |   |
| 7.      | Block 82, Yemen  | 17.03.2009        | 12.75%                           | MEDCO AMED     | 38.25%                           | MEDCO AMED (100% subsidiary of MEDCOENERGI) |
|         |  |                   |                                  | KUWAIT ENERGY  | 21.25%                           |   |
|         |  |                   |                                  | IOCL           | 12.75%                           |   |
|         |  |                   |                                  | YGCOG          | 15% Carried Interest             |   |
| 8.      | Block 83, Yemen  | 17.03.2009        | 12.75%                           | MEDCO ARAT     | 38.25%                           | MEDCO ARAT (100% subsidiary of MEDCOENERGI) |
|         |  |                   |                                  | KUWAIT ENERGY  | 21.25%                           |   |
|         |  |                   |                                  | IOCL           | 12.75%                           |   |
|         |  |                   |                                  | YGCOG          | 15% Carried Interest             |   |



## Notes :

- (i) The Exploration Service Contract for the Block at Sl. No. C (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 (OVL) and Indian Oil Corporation Limited (IOCL). The exploration work has resulted in discovery of Gas & Oil. Discussions / Negotiations on Development Service Contract(DSC) are in progress. Under Article 6.2 of Exploration Service Contract (ESC), subject to conclusion of Development Service Contract (DSC), the Exploration Expenditures under this Service Contract, after approval of N.I.O.C., Iran shall be consolidated for the purpose of reimbursement from the Date of Commerciality to Contractor during the amortization period in the manner to be set out in the DSC.
- (ii) The Company signed two “Exploration and Production Sharing Agreement (EPSA)” for the blocks at Sl. No. C (2) and C (3) above with National Oil Corporation of Libya in consortium with Indian Oil Corporation Limited. The Company is the operator of these blocks; exploration activities in both the blocks are in progress.
- (iii) The Company acquired a participating Interest of 45% in onshore Block Shakthi in Gabon, West Africa (Sl. No. C (4) above) through a farm-out agreement signed on 17.04.2006 with Marvis Pte Ltd., a company incorporated in Singapore, which was holding 100% Participating Interest (PI) in the Block. The acquisition has been approved by the Govt. of Gabon. The Company is the Operator of the Block. The Phase-I exploration period was valid upto 22.11.2009. The Company along with its consortium partner has taken approval from DGH, Gabon with a proposal of Merger of Phase – I & II to complete the work programme commitment. The exploration work after Merger of both the phases are in progress.
- (iv) The Company signed two “Exploration and Production Sharing Agreement (EPSA)” for the block at Sl. No. C (5) above with National Oil Corporation of Libya in consortium with Indian Oil Corporation Limited and Sonatrach International Petroleum Exploration and Production Corporation BVI (SIPEX). SIPEX is the operator of the block and exploration activities in the block is in progress.
- (v) The Company has entered into a Farm-in Agreement with RE&P DMCC on 02.06.2008 for acquiring 12.50% Participating Interest in Block K, Timor Leste. (Sl. No. C (6) above). The assignment of the Participating Interest to the Company by RE&P DMCC has been approved by the Government of Timor Leste on 15.10.2008. Due to non-availability of deep water drilling rig, request for extension of Exploration Phase-I had been submitted to Government of Timor Leste which has also been approved after relinquishment of 25% of the block area. The Operator has already completed Seismic activities, drilling will be commenced in July, 2010.
- (vi) The Company has acquired 15% Participating Interest (PI) in the Onshore blocks 82 and 83, Republic of Yemen (Sl. No. C (7) & C (8) above). Both the areas are being operated by MEDCOENERGI through its 100% subsidiaries. The Production Sharing Agreements (PSA) for both the exploration blocks were signed on 13th April, 2008 and Government of Yemen accorded its approval on 17th March, 2009. The Operator has initiated actions to start the Seismic commitment of the MWP.

**Abbreviations used in (A), (B), (C) and (D) above:**

|             |   |
|-------------|---|
| ONGCL       | Oil & Natural Gas Corporation Limited   |
| IOCL        | Indian Oil Corporation Limited  |
| GAIL        | GAIL(India) Limited   |
| BPCL        | Bharat Petroleum Corporation Ltd  |
| HPCL        | Hindustan Petroleum Corporation Ltd.  |
| GAHOPE      | Ganoub El Wadi Holding Petroleum Company, Egypt.  |
| GSPCL       | Gujarat State Petroleum Corporation Ltd.  |
| HOEC        | Hindustan Oil Exploration Ltd   |
| GGR         | Geo Global Resources (Barbados) Inc.  |
| SUNTERA     | Suntera Resources Ltd.  |
| SHIVVANI    | Shivvani Oil & Gas Exploration Services Ltd.  |
| OIL         | Oil India Limited   |
| Geoenpro    | Geo Enpro Petroleum Limited   |
| POC         | Premier Oil Cachar BV   |
| JEPL        | Jubilant Enpro Pvt Ltd.   |
| Geo-Petrol  | Geo-Petrol International Inc.   |
| EOL         | Essar Oil Limited   |
| RIL         | Reliance Industries Ltd.  |
| Marvis      | Marvis Pte Ltd.   |
| OVL         | ONGC Videsh Ltd   |
| Summit      | Summit Oil International Ltd  |
| PIBBV       | Petrobras International Braspetro   |
| SIPEX       | Sonatrach International Petroleum Exploration and Production Corporation BVI            |
| RE&P DMCC   | Reliance Exploration & Production DMCC  |
| HMEL        | HPCL Mittal Energy Ltd.   |
| ACL         | Assam Co. Ltd.  |
| MEDCOENERGI | Pt. Medco Energi Internasional Tbk  |
| MEDCO AMED  | Medco Yemen Amed Limited (100% Subsidiary of MEDCO ENERGI)                              |
| MEDCO ARAT  | Medco Yemen Arat Limited (100% Subsidiary of MEDCO ENERGI)                              |
| ANP         | Autoridade Nacionale Do Petroleo ANP Ala Leste Do Palacio Do Governo, Dili, Timor Leste |
| YGCOG       | Yemen General Corporation for Oil & Gas   |
| CVP         | Corporatcion Venezolana del Petroleo, S.A.  |



The Company also executed participating agreement with ONGC Videsh Limited (OVL) for construction of a Pipeline under Build, Own, Lease and Transfer (BOLT), the details of which are as under:-

| Sl. No. | Block/Area No.         | Date of execution | Company's Participating interest | Other partner | Partner's participating interest | Operator |
|---------|------------------------|-------------------|----------------------------------|---------------|----------------------------------|----------|
| 1.      | Sudan Product Pipeline | 10.11.2004        | 10%                              | OVL           | 90%                              | OVL      |

- (E) The Company has signed a "Participating Agreement" (PA) for the product pipeline at Sl. No. C above with ONGC Videsh Limited (OVL) for a 10% Participating Interest (balance 90% being with OVL) in the pipeline project awarded by Ministry of Energy & Mining (MEM), Govt. of Sudan (GOS) through a separate agreement entered into by OVL in this regard. The construction of the pipeline project was completed on 01.09.2005 and handed over to MEM under Build, Own, Lease and Transfer (BOLT) basis.

The "PA" entered into between OVL and OIL is neither intended nor shall be construed as creating a partnership or joint venture among the parties. Hence, accounting has not been done following "Joint Venture Accounting Policy" but the agreement for providing finance for the project in rupees to OVL and to share lease rentals receivable from MEM has been treated as "Finance Lease Activity" as envisaged under Accounting Standard (AS) 19 issued by The Institute of Chartered Accountants of India and accordingly accounted for.

The Company has been informed by OVL that the EPC contractor for constructing the pipeline has raised further invoices for an amount of approximately Rs. 11658.67 lakh (US\$ 25.53 million) and OVL has in turn raised a claim on MEM of GOS as per the agreement between GOS and OVL. OIL's share related to both the claims i.e. by the pipeline contractor on OVL (though accepted by OVL) and OVL's claim on GOS shall be accounted for upon acceptance by GOS and on suitable amendment of repayment schedule by MEM. OVL has received an additional claim of Rs. 5306.55 lakh (US\$ 11.62 million) which has not been acknowledged as debt in the books of the operator (OVL). Pending this, the Company's share of the amount claimed by the pipeline contractor has not been accounted for but disclosed under "Contingent Liabilities".

In terms of such "PA", the Company has partly received on 21.01.2010 its share of (9th) ninth installment of lease rentals due as on 31.12.2009. Moreover the Company has also received, in terms of the agreement, the interest on the delayed rental payments by the MEM and the same is shown under miscellaneous income. The regular installments are accounted for as income from Finance Lease.

**Other disclosures related to Finance Lease in line with AS 19 issued by the ICAI :**

(Rs. in lakh)

| (i)   | Gross investment in the lease being Minimum Lease Payment (MLP) | 2009-10          |                         | 2008-09  |  |
|-------|---|------------------|-------------------------|--|--|
|       |   | Investment made  | Lease rental receivable | Present value (PV) of MLP receivable as on 31.03.2010 (inclusive of exchange rate fluctuation) - | Finance lease future installments receivable |
|       |   | 5401.53          | 4382.73                 | 3123.29  | 4209.76                                      |
|       |   |                  | 9784.26                 | 4729.57  | 6594.58                                      |
| (ii)  |   |                  |                         |  |  |
| (iii) |   |                  |                         |  |  |
| (iv)  |   |                  |                         |  |  |
|       |   | Gross Receivable |                         | PV of MLP  |  |
|       | Receivable:   | 2009-10          | 2008-09                 | 2009-10  | 2008-09                                      |
|       | a) not later than one year                                      | 1112.81          | 1256.08                 | 456.98   | 571.73                                       |
|       | b) later than one year but not later than 5 years               | 3616.76          | 5024.34                 | 1149.30  | 1727.74                                      |
|       | c) Later than 5 years   | 0.00             | 314.16                  | 0.00   | 85.35  |
|       | Total :   | 4729.57          | 6594.58                 | 1606.28  | 2384.82                                      |
|       |   |                  |                         | 3123.29  | 4209.76                                      |

- (F) The Company has acquired 25% equity shares of Suntera Nigeria 205 Ltd. (a company incorporated under the Laws of Nigeria) from Suntera Resources Ltd., a company incorporated under the Laws of Cyprus. The other shareholders of Suntera Nigeria 205 Ltd. are Suntera Resources Ltd. and IOCL with 50% and 25% equity holding respectively. Suntera Nigeria 205 Ltd. holds participating interest of 40% and a further Economic Interest of 30% in onland Block OPL-205 in Nigeria in which the exploration work started. Further the said block (OPL-205) had a hydrocarbon (gas) discovery in structure "Otien". To appraise the discovery of the said prospect it was earlier decided to drill two more appraisal wells. Drilling of the first well started on 24.11.2007 and was suspended in January, 2008 for future re-entry after acquisition of seismic data. Meanwhile OPL-205 was valid only till 19.01.2009. To retain the acreage and execute the drilling of the third well, the operator (SOIL) has obtained the Oil Mining Lease (OML) of the said block on 25.06.2009. The Title deed for OML is still awaited. Pending the receipt of the title deed for OML, the block activity has been kept under abeyance. The plan for future activities in the block has also been under continuous discussion between the shareholders of Suntera Nigeria 205 Ltd.

| Sl. No. | Block/Area No.            | Date of execution | Company's Participating interest | Other partners                      | Partner's participating interest | Operator |
|---------|---------------------------|-------------------|----------------------------------|-------------------------------------|----------------------------------|----------|
| 1.      | Oil Petroleum License 205 | 31.08.2006        | 17.5%*                           | Summit Oil International Ltd (SOIL) | 30%                              | SOIL     |
|         |                           |                   |                                  | Suntera Resources Ltd (SRL)         | 35%                              |          |
|         |                           |                   |                                  | IOCL                                | 17.5%                            |          |

\*Indirectly through equity holding in Suntera Nigeria 205 Limited.

The Company has acquired 25% equity in Suntera Nigeria 205 Ltd., a company incorporated under the Laws of Nigeria, from Suntera Resources Ltd., Cyprus, through a Share Purchase Agreement (SPA) signed with them on 31st August, 2006 (effective dated 27th September, 2006), for Rs. 0.22 lakh (Nigerian Naira 62502 USD 488.87 approximately) at par and also signed a Shareholders Agreement (SHA) with



Suntera Resources Ltd. and IOCL, the other shareholders of the company. Suntera Nigeria 205 Ltd. had entered into an Acquisition Agreement (AA) and Economic Interest Assignment Agreement (EIAA) with Summit Oil International Limited (original 100% Participating Interest holder in OPL-205 and the operators of the Block) on 10.05.2006 for acquiring 40% Participating Interest and 30% Economic Interest in onland Block OPL-205 in Nigeria. Suntera Nigeria 205 Ltd. also entered into a Joint Operating Agreement (JOA) and Technical Service Agreement (TSA) with Summit Oil International Limited on 10.05.2006 for providing the technical support for the operations in OPL-205. Accordingly, the Company indirectly, through 25% equity holding in Sunetra Nigeria 205 Ltd., owns a combined Participating and Economic interest of 17.5% in OPL-205. The Company is required to contribute its 25% share of all the expenses in the Block by way of loan to Suntera Nigeria 205 Ltd. as agreed by all the shareholders in the SHA, and accordingly a loan agreement has been signed on 30.08.2007. In terms of the loan agreement, the Company has disbursed loan amounting to Rs. 3562.74 lakh (US\$ 78,01,050.31) as of 31.03.2010 carrying a simple interest of 8.75% per annum is payable. Accordingly, Rs. 788.51 lakh (Previous year ended on 31.03.2009 Rs. 624.92 lakh) has been charged to Suntera Nigeria 205 Ltd. as interest up to 31.12.2010. As per the loan agreement with Suntera OPL-205 Limited, the principal amount along with simple interest @ 8.75% p.a. is repayable by 31.12.2010. However due to uncertainty of the project, the Company is doubtful about the recoverability of the principal amount and interest receivable upto 31.12.2009. Accordingly no amount has been recognised as interest for the quarter ended 31.03.2010. Further provisions have also been made towards entire principal and interest outstanding amounting to Rs. 4351.25 lakh as on 31.03.2010.

- (G) The consortium of Gujarat State Petroleum Corporation Limited (GSPCL), Oil India Limited (OIL) and Hindustan Petroleum Corporation Limited (HPCL) has been awarded Block 3 and Block 4 (offshore Egypt) offered under International Bid Round 2008 announced by M/s. Ganoub El Wadi Holding Petroleum Company (GANOPE), Egypt. GSPCL is the operator for the blocks with 50% participating interest (PI). OIL and HPCL both have 25% PI each in these blocks as non-operators. The Company has remitted its share of the signature bonus of USD 0.75 million for each block and shown as Acquisition costs. The Company had also executed bank guarantee of USD 8.75 million and USD 7.25 million for its share of 5% of the total financial commitment for the blocks as per requirement of signing of Concession Agreements. GANOPE has informed the consortium that some concern has been raised by neighboring country related with the maritime boundaries of both the awarded blocks. The consortium members are in negotiation with GANOPE for resolving the issue and execution of the concession agreement.
- (H) The consortium of Oil India Limited (OIL), ONGC Videsh Limited (OVL), Indian Oil Corporation Limited (IOCL), Repsol YPF (Spain) and Petrolim Nasional Berhad (PETRONAS) (Malaysia), has been awarded on 10.02.2010 Project 1 consisting of Carabobo 1 North and Carabobo 1 Central blocks in Venezuela's Orinoco belt under competitive bidding, for development of the Field. The project will be operated by a Mixed Company (MC), the contract for which has been signed on 12th May 2010 in Venezuela between the state company and the successful bidders. Corporacion Venezolana del Petroleo, S.A. (CVP) i.e. a wholly owned subsidiary of Petroleos De Venezuela S.A. (PdVSA), the national oil company of Venezuela holds 60% share of MC and remaining 40% is held jointly by INDOIL Netherlands BV (a consortium of OIL and IOCL), ONGC Videsh Limited, REPSOL (Spain) and Petronas (Malaysia) with Participating Interests of 7% (3.5% each for OIL & IOCL), 11%, 11% and 11% respectively.
- OIL will be investing in the project in Venezuela through INDOIL Netherlands B.V., a company acquired in The Netherlands (OIL's WOS in Sweden and IOC's WOS in Sweden holds 50% each in this company) which will be funded through WOS in Sweden and Cyprus. OIL will be infusing its financial commitments for 3.5 % in Carabobo project 1 in Venezuela through the Swedish Company OIL INDIA SWEDEN AB.
- (I) The assets, liabilities, income and expenditure of the Joint ventures as shown in (A), (B), (C), (D), (E) and (F) above are Rs 35644.45 lakh, Rs 5632.72 lakh, Rs 9804.83 lakh and Rs. 39817.03 lakh respectively (Previous year Rs 4012.36 lakh, Rs. 2296.04 lakh, Rs 7407.71 lakh and Rs 45289.88 lakh respectively), being the proportionate value relating to Company's Participating Interest which have been incorporated in the books of accounts on the basis of Audited 18 nos. (Previous year 13 nos.) and Unaudited 21 nos. (Previous year 20 nos.) Statement of Accounts received from the respective operators. No material changes are expected by the Company in the Unaudited Statement of Accounts.
- (J) 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 online from Reuters' 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 respective PSCs, provision for Abandonment Costs is to be made and accordingly a sum of Rs. 31.60 lakh (Previous Year Rs 6.83 lakh) has been provided through creation of a Sinking Fund as per Joint Operating Agreement. Such Sinking Fund on cumulative basis has been disclosed separately in the Balance Sheet.
- (K) The Company's Share of Contingent liability and Capital Commitment, if any, under the PSC are shown in Note No. 9 (A) & (C) below.
- (L) In terms of the Memorandum of Understanding dated 27.12.2005 with M/s. IOT Infrastructure & Energy Services Limited (formerly IOTL), the Company has entered into a consortium agreement dated 13.10.2006 with IOTL for jointly bidding and securing a contract for laying a part of the Numaligarh – Siliguri Product Pipeline for the Company on 50: 50 sharing basis and the consortium was awarded with a contract for laying 115 km of the pipeline at a total contract value of Rs 5001.21 lakh by the Company. Pending receipt of Audited Statement of Accounts relating to the contract (complying with the requirement of Accounting Standard (AS) 7 issued by ICAI for recognition of Profit/Loss on execution of contract) from IOTL (Project Leader), the Company has accounted for Rs.5325.00 lakh being the project cost incurred by the consortium. The initial contribution of Rs 250.00 lakh paid by the Company to the consortium towards its share of working capital requirement as per the Consortium Agreement has been shown under "Loans and Advances". The project as such has been completed in 2008-09. On receipt of the Audited Statement of Accounts of the Consortium necessary adjustment for final accounting of profit/loss of this Consortium will be accounted for in the books of the Company.

## 8. Information as per Accounting Standard (AS) 18 "Related Party Disclosures" issued by ICAI.

### a) Related party relationships

Name of related parties and description of relationship (excluding the State controlled entities):-

#### i) Joint Ventures :



| Sl. No. | 2009-10                     | 2008-09                     |
|---------|-----------------------------|-----------------------------|
| 1.      | Kharsang                    | Kharsang                    |
| 2.      | CR-ON-90/1                  | CR-ON-90/1                  |
| 3.      | AAP-ON-94/1                 | AAP-ON-94/1                 |
| 4.      | GK-OSJ-3                    | GK-OSJ-3                    |
| 5.      | MZ-ONN-2004/1               | MZ-ONN-2004/1               |
| 6.      | KG-ONN-2004/1               | KG-ONN-2004/1               |
| 7.      | Block CI-112, Cote D'Ivoire | Block CI-112, Cote D'Ivoire |
| 8.      | SR-OS-94/1                  | SR-OS-94/1                  |
| 9.      | Yemen 82, 83                | Yemen 82, 83                |
| 10.     | East Timor, Block "K"       | East Timor, Block "K"       |
| 11.     | Libya 95/96                 | Libya 95/96                 |
| 12.     | Project 1 Carabobo          | -                           |

## ii) Associates:

IOTL – OIL Consortium

## ii) Key Management Personnel

**Whole-time Functional Directors:**

|                           |   |
|---------------------------|---|
| a) Mr. N. M. Borah        | Chairman and Managing Director                        |
| b) Mr. T. K. Ananth Kumar | Director (Finance)                                    |
| c) Mr. B. N. Talukdar     | Director (Exploration & Development)                  |
| d) Mr. A. Anand           | Director (HR & BD)                                    |
| e) Mr. S. K. Srivastava   | Director (Operations) (From 01.10.2009 to 28.02.2010) |

**Part-time Directors:**

|                                   |                      |
|-----------------------------------|----------------------|
| a) Mr. Ghanshyambhai Hiralal Amin | Independent Director |
| b) Mr. Pawan Kumar Sharma         | Independent Director |
| c) Mr. Alexander Koipuram Luke    | Independent Director |
| d) Mr. Arun Kumar Gupta           | Independent Director |
| e) Mr. Vinod Kumar Misra          | Independent Director |
| f) Mr. Sushil Khanna              | Independent Director |

**Other Officers**

|                       |                   |
|-----------------------|-------------------|
| a) Mr. S. R. Krishnan | Company Secretary |
|-----------------------|-------------------|

## b) Details of Transactions during the year (excluding State controlled entities):

(Rs in lakh)

| Sl. No. | Particulars  | Joint Ventures/Associates | Key Management Personnel | Total                 |
|---------|--|---------------------------|--------------------------|-----------------------|
| 1.      | Sales Proceeds received from Joint Venture           | 9327.68<br>(7368.29)      | -                        | 9327.68<br>(7368.29)  |
|         | Expenses reimbursed to Joint Ventures and Associates | 10029.51<br>(3968.39)     |                          | 10029.51<br>(3968.39) |
| 2.      | Remuneration to Functional Directors                 | -                         | 130.67<br>(102.45)       | 130.67<br>(102.45)    |
| 3.      | Sitting Fees to Part-time Directors                  | -                         | 18.80<br>(11.40)         | 18.80<br>(11.40)      |
| 4.      | Amount outstanding                                   | -                         | (84.48)<br>(56.79)       | (84.48)<br>(56.79)    |
| 5.      | Services provided to Joint Venture and Associates    |                           | 16.37<br>(14.52)         | 16.37<br>(14.52)      |

Figures in the bracket indicate previous year figures.

**9 (A) Contingent Liabilities:**

Claims against the Company not acknowledged as debts amounting to Rs. 57094.62 lakh (Previous year Rs. 54218.56 lakh) include:-

## (a) In respect of claims under Income Tax, Sales Tax, Service Tax and Other Acts:

- Rs. 157.74 lakh (Previous year Rs. 1452.53 lakh) :- Demand raised by the District Revenue Authorities on account of premium / revenue on Government ceiling surplus land occupied by the Company.
- Rs. 1200.43 lakh (Previous year Rs. 1198.54 lakh) – Demand raised by District Revenue Authorities on Account of revised rate of Land revenue against which has been disputed by the Company and obtained Stay from the Gauhati High Court.
- Rs. 337.81 lakh (Previous year Rs. 314.74 lakh) being the demand raised by Govt. of Rajasthan for alleged short payment of PEL fee and penalty thereon, which has been disputed by the Company.
- Rs. 43612.57 lakh (Previous year Rs. 34555.46 lakh) being the tax imposed under "Assam Taxation (on specified land) Act 2004", the



validity of the imposition of which has been challenged by the Company before the Gauhati High Court.

- (v) Rs. 16.63 lakh (Previous year Nil) – Demand raised by Govt. of Orissa under Orissa Entry Tax Act for material purchased for drilling operation for Block MN-ONN-2000/1.
- (vi) Rs. 558.13 lakh (Previous year Nil) – Demand raised by the Sale Tax authority on Account Assam VAT and CST Act pending the adjustment of the refundable to the Company by the Sales Tax Authority under Assam General Sales Tax Act.
- (b) In respect of claims other than under Income Tax, Sales Tax, Service Tax and Other Acts:
  - (i) Rs. 8558.70 lakh (Previous year Rs. 13908.20 lakh):- Claims by contractors pending decision in Arbitration / Courts.
- (c) In respect of share of claim on JVC/PSC account:
  - (i) Rs. 75.19 lakh (Previous Year Rs. 75.19 lakh) being the value of 19.28 GLK 2D Seismic Survey carried out in one of the block in Karbi Anglong, Assam.
  - (ii) Rs. 1411.55 lakh (Previous Year Rs. 1397.93 lakh) being proportionate (45%) value of claim on OIL for 3.389 billion FCFA raised by Mr. Paul Tomo, Power of Attorney Holder of M/s Import Commerce General (IGC) in Block "Shakthi", Gabon (JV).
  - (iii) Rs. 1165.87 lakh (Previous Year Rs. 1315.97 lakh) being the Company's share of claim made by the Sudan pipeline contractor on OVL, pending acceptance by the MEM Govt. of Sudan.

**(B) Letter of Credit and Bank Guarantees.**

- (i) Letters of Credit outstanding as on 31.03.2010 amounting to Rs. 2437.50 lakh (Previous year Rs. 4478.10 lakh) for which there is a floating charge on Current Assets of the Company.
  - (ii) Letters of Credit outstanding as on 31.03.2010 Nil (Previous year US dollars of 1.032 million equivalent to Rs.518.32 lakh) towards OIL's share (50%) for Area 86 and Block 102/4, Libya issued by M/s ICICI Bank Limited, New Delhi.
  - (iii) Rs 21677.86 lakh (Previous year Rs. 16674.43 lakh) :- Bank Guarantee in US Dollars of 44.66 million (Previous year USD 36.42 million) issued by SBI CAG Branch, Kolkata in favour of Ministry of Petroleum & Natural Gas, Govt. of India towards Company's obligation under various rounds of Production Sharing Contracts.
  - (iv) Rs. 7913.60 lakh (Previous year Rs. 401.44 lakh) :- Guarantee / Standby Letter of Credits in US dollars of 16 million (previous year ended 31.03.2009 USD 0.80 million) issued in favour of Ganoub Ei Wadi Holding Petroleum Company, Cairo, Egypt for Block no.3 & 4, Egypt, towards company's share of the total financial commitment for the blocks as per requirement of signing the concession agreement.
  - (v) Rs.2477.25 lakh (Previous year ended 31.03.2009 – Nil) :- Bank Guarantee issued by HDFC Bank Ltd., New Delhi in favour of National Stock Exchange of India Limited for security deposit for listing of shares.
  - (vi) Rs.1559.04 lakh (Previous year ended 31.03.2009 – Nil) :- Bank Guarantee for USD 3.2 million (previous year ended 31.03.2009 – Nil) issued in favour of Autoridade Nacional Dp Petrolo – Anp Ala Leste Do Palacio Do Governo, towards OIL's share of 12.5% Participating Interest of the Minimum Work Programme in Deep Water Block "K" in Democratic Republic of Timor Leste.
  - (vii) Rs.2245 lakhs (Previous year ended 31.03.2009 – Nil) :- Bank Guarantee issued for USD 5 million by HDFC Bank Limited, New Delhi (previous year ended 31.03.2009- Nil) for five PEL areas allotted to the company.
  - (viii) Rs.2397.68 lakhs (Previous year ended 31.03.2009 – Nil) – Bank Guarantee issued for USD 5.250 million by Deutsche Bank (Asia) issued in favour of BOLIVARIAN REPUBLIC OF VENEZUELA, MINISTRY OF THE PEOPLE'S POWER FOR ENERGY AND PETROLEUM, Caracas, Venezuela as a part of tender process.
- (C)** (i) The estimated amount on account of contracts remaining to be executed on Capital Account and not provided for in the accounts :- Rs. 17036.69 lakh (Previous year Rs. 18256.83 lakh).
- (ii) Company's share of amount of contracts remaining to be executed on Capital Account and not provided for in the account as on 31.03.2010 in respect of the Joint Ventures is Rs. Nil. (Previous Year Rs Nil).

**(10)** Previous year's figures have been reclassified/ regrouped wherever necessary to conform to current year's classifications.

Sd/-  
**(S. R. KRISHNAN)**  
Company Secretary

Sd/-  
**(T. K. ANANTH KUMAR)**  
Director (Finance)

Sd/-  
**(N. M. BORAH)**  
Chairman & Managing Director

Place : NOIDA

Date : 26<sup>th</sup> May, 2010


**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010**

(Rs. in lakh)

|   | Year ended<br>31st March, 2010 | Year ended<br>31st March, 2009 |
|---|--------------------------------|--------------------------------|
| <b>Operating Activity</b>   |                                |                                |
| <b>Profit before Tax</b>  | <b>389,499.87</b>              | 338,697.03                     |
| Depreciation  | 21,827.23                      | 17,333.39                      |
| Depletion   | 26,281.34                      | 20,876.39                      |
| Dividend Income   | (6,708.77)                     | (4,433.92)                     |
| Interest Income   | (61,392.31)                    | (62,676.01)                    |
| Interest Expenses   | 365.19                         | 874.41                         |
| Exchange Loss/(Gain)-Net  | (477.50)                       | (615.08)                       |
| Provision and write-off   | (8,101.48)                     | 20,050.10                      |
| <b>Total</b>  | <b>(28,206.30)</b>             | <b>(8,590.72)</b>              |
| <b>Cash flow from Operating Activity but before Working Capital Changes</b> | <b>361,293.57</b>              | <b>330,106.31</b>              |
| <b>Changes in Working Capital</b>   |                                |                                |
| Inventories   | 4,761.56                       | (5,010.07)                     |
| Sundry Debtors  | (25,493.43)                    | 20,626.15                      |
| Loans & Advances  | (117,970.52)                   | (52,495.20)                    |
| Provisions  | 13,494.17                      | 39,317.42                      |
| Current Liabilities   | 34,090.09                      | 36,206.50                      |
| <b>Total</b>  | <b>(91,118.13)</b>             | <b>38,644.80</b>               |
| Cash flow from Operating Activity but before Direct Tax                     | 270,175.44                     | 368,751.11                     |
| Direct Tax Payment (Net of Refund)  | (125,204.76)                   | (51,738.86)                    |
| <b>Net Cash from /(used in) Operating Activity</b>                          | <b>(A) 144,970.68</b>          | <b>317,012.25</b>              |
| <b>Investing Activity</b>   |                                |                                |
| Capital Expenditure   | (114,851.99)                   | (104,348.32)                   |
| ICDs Placed   | (10,000.00)                    | 0.00                           |
| Investments Made  | (32,001.77)                    | 0.00                           |
| Interest Income   | 65,973.84                      | 50,265.61                      |
| Dividend Income   | 6,708.77                       | 4,433.92                       |
| <b>Net Cash from /(used in) Investing Activity</b>                          | <b>(B) (84,171.15)</b>         | <b>(49,648.79)</b>             |
| <b>Financing Activity</b>   |                                |                                |
| Public Issue of Equity Shares   | 277,724.81                     | 0.00                           |
| Repayment of Loan   | (1,895.25)                     | (11,843.27)                    |
| Exchange Loss/(Gain)-Net  | 477.50                         | (615.08)                       |
| Payment of Dividend   | (76,451.85)                    | (64,201.32)                    |
| Dividend Tax  | (12,993.00)                    | (10,911.02)                    |
| Interest Expenses   | (365.19)                       | (874.41)                       |
| <b>Net Cash from / (used in) Financing Activity</b>                         | <b>(C) 186,497.02</b>          | <b>(88,445.10)</b>             |
| <b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>                    | <b>247,296.55</b>              | <b>178,918.36</b>              |
| Cash and Cash equivalents at the beginning of the year                      | 607,000.84                     | 428,082.48                     |
| Cash and Cash equivalents at the end of the year                            | <b>854,297.39</b>              | <b>607,000.84</b>              |

**Notes:**

a. Cash and cash equivalents (Schedule-11) represents:

|   |                   |                   |
|---|-------------------|-------------------|
| i) Cash & Cheques in hand                     | 195.16            | 161.07            |
| ii) Current accounts & Term Deposits in Banks | 854,102.23        | 606,839.77        |
|   | <b>854,297.39</b> | <b>607,000.84</b> |

b. The above cash flow statement has been prepared under the "indirect method" as set out in the Accounting Standard-3.

c. Figures in parentheses represent cash outflows.

d. Previous year's figures have been rearranged, regrouped, recast wherever necessary to conform current year's classification.

In terms of our report of even date attached

For **CHATTERJEE & CO.**For **SRB & Associates**

For and on behalf of the Board of Directors

CHARTERED ACCOUNTANTS CHARTERED ACCOUNTANTS

Sd/-

(S.K.CHATTERJEE)

Membership No. 3124

Firm Reg. No. 302114E

Sd/-

(S.C. BHADRA)

Membership No. 17054

Firm Reg. No. 310009E

Sd/-

(S.R.KRISHNAN)

COMPANY SECRETARY

Sd/-

(T.K.ANANTH KUMAR)

DIRECTOR (FINANCE)

Sd/-

(N.M. BORAH)

CHAIRMAN &amp; MANAGING DIRECTOR

PLACE : NOIDA

DATE : 26TH MAY, 2010



**FINANCIAL STATEMENTS - OIL'S SUBSIDIARY**  
**OIL INDIA SWEDEN AB ORG. NR. 556794-0530**  
**FINANCIAL REPORT 2009 11 20 - 2010 03 31**

**DIRECTORS' REPORT****Board of Directors**

Bhalla, Narendra, Chairman of the board  
 Chindt, Hans Richard  
 Göransson, Per Ove Roland  
 Borah, Rupshikha Saikia

**Registered address**

Kungsgatan 55, 5th floor, right  
 S-111 22 Stockholm  
 Sweden

**Auditor**

Andersson Berglund, Börje Stefan, Ernst & Young

**Group structure**

Oil India Sweden AB is a wholly-owned subsidiary to Oil India Limited, India  
 Oil India Sweden AB owns 50% of the shares in Indoil Netherlands B.V.

**Principal activities**

The Company was incorporated on the 20th of November 2009 as a private limited company (AB). The activities of the Company are to conduct owning of shares in other companies, perform administrative tasks and associated activities; to incorporate, to participate in and to finance companies or businesses; to collaborate with, to manage the affairs of and to provide advice and other services to companies and other businesses; to lend and borrow funds; to provide collateral for the debts and other obligations of the company, of other companies and businesses that are affiliated with the company in a group and of third parties; to acquire, to operate and to dispose of property, including registered property; to acquire, to operate and to dispose of industrial and intellectual property rights; as well as to carry out all that which is incidental or conducive to the above, in the broadest sense.

The principal activities of the associated company Indoil Netherlands B.V. are holding in exploration, production, marketing, trade, transport and extraction of oil, gas, hydrocarbons and minerals.

**Business review**

The loss for the period for the group amounted to Euro 14 420 . During the period the Company has acquired 50% of all shares in Indoil Netherlands B.V

**Financing**

The Company is funding its entire investments from investment by the parent company.

**Personnel**

The Company did not have any employees during the period

**FINANCIAL STATEMENTS****PROFIT AND LOSS ACCOUNT**

|   | (All amounts in Euro) |
|---|-----------------------|
|   | 2009 11 20            |
|   | 2010 03 31            |
| <b>Revenue</b>                                    |                       |
| Net sales   | 0                     |
| Result from participation in associated companies | -5159                 |
| <b>Revenue</b>                                    | <b>-5159</b>          |
| <b>Operating expenses</b>                         |                       |
| External expenses                                 | -9750                 |
| Personnel expenses                                | -                     |
| <b>Operating loss</b>                             | <b>-14909</b>         |
| <b>Result from financial investments</b>          |                       |
| Interest income and similar items                 | 489                   |
| <b>Net loss for the period</b>                    | <b>-14420</b>         |

**BALANCE SHEET**

|                                       | (All amounts in Euro) |
|---------------------------------------|-----------------------|
|                                       | 2010 03 31            |
| <b>ASSETS</b>                         |                       |
| <b>Non-current assets</b>             |                       |
| Participation in associated companies | 3696                  |
| <b>Total non-current assets</b>       | <b>3696</b>           |
| <b>Current assets</b>                 |                       |
| <b>Cash and bank balances</b>         | 10235                 |
| <b>Total current assets</b>           | <b>10235</b>          |
| <b>Total assets</b>                   | <b>13931</b>          |
|                                       | (All amounts in Euro) |
|                                       | 2010 03 31            |
| <b>EQUITY AND LIABILITIES</b>         |                       |
| <b>Equity</b>                         |                       |
| Restricted equity                     |                       |
| Share Capital                         | 9746                  |
|                                       | 9746                  |
| Non-restricted equity                 |                       |
| Distributable reserves                | -                     |
| Net loss for the year                 | -14420                |
|                                       | -14420                |
| <b>Total equity</b>                   | <b>-4674</b>          |
| <b>Long-term liabilities</b>          |                       |
| Liabilities to parent company         | 12605                 |
| <b>Current liabilities</b>            |                       |
| Accrued expenses and prepaid income   | 6000                  |
|                                       | <b>6000</b>           |
| <b>Total equity and liabilities</b>   | <b>13931</b>          |
| <b>Memorandum items</b>               | None                  |
| Pledged assets                        | None                  |
| Contingent liabilities                | None                  |



## ACCOUNTING PRINCIPLES AND NOTES

### GENERAL INFORMATION

#### Accounting principles

These financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the company. They are prepared in accordance with the requirements of International Financial Reporting Standards as adopted by the EU.

#### Foreign currencies

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss accounts.

#### Participation in associated companies

Associated companies are all entities over which the Company has controlling influence, generally accompanying a shareholding of over 20% but not exceeding 50 % of the voting rights or of the number of shares. It is valued in accordance with the equity method and follows the requirements of IAS 28.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and balances with banks.

#### Share capital

Ordinary shares are classified as equity.

#### Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds ( net of transactions costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

#### 1 Participation in associated companies

| Indoil Netherlands B.V  | Number of shares | Par value each | Par value total |
|---|------------------|----------------|-----------------|
| Total   | 40               | 454            | 18160           |
| whereof are hold by Oil India Sweden AB                           | 20               | 454            | 9080            |
| Shareholder's equity March 31, 2010                               |                  |                | -1146           |
| Net loss for the year   |                  |                | -18876          |
| Net loss for the period as associated company to Oil India Sweden |                  |                | -10317          |
| Acquisition value   |                  |                | 8855            |
| Oil India Sweden AB's part of net loss of the year                |                  |                | -5159           |
| <b>Booked value</b>   |                  |                | <b>3696</b>     |

### 2 Equity

#### Issued and registered share capital

|                                       | SEK    | Euro |
|---------------------------------------|--------|------|
| 1 000 ordinary shares of 100 SEK each | 100000 | 9746 |

Each ordinary share gives the right to one vote, participates equally in profits distributed by the Company and carries equal rights upon the distribution of assets by the company in the event of a winding up.

| Last years changes in equity | Share Capital | Non restricted equity | Profit/loss for the year | Total  |
|------------------------------|---------------|-----------------------|--------------------------|--------|
| Opening balance              | -             | -                     | -                        | 0      |
| Company formation            | 9746          | -                     | -                        | 9746   |
| Net loss for the year        | -             | -                     | -14420                   | -14420 |
| Closing balance              | 9746          | 0                     | -14420                   | -4674  |

### AUDITORS' REPORT

To the Board of Directors of Oil India Sweden AB

#### Introduction

We have performed a review of the condensed interim financial statements for Oil India Sweden AB at 31 March 2010 and the four-month period then ended (2009-11-20 - 2010-03-31). The Board of Directors is responsible for the preparation and presentation of these Interim financial statements in accordance with the Swedish Annual Accounts Act. Our responsibility is to express an opinion on the condensed interim financial statements based on our review.

#### Scope of Review

We have conducted our review in accordance with the Standard on Review Engagements, SÖG 2410, "Review of Interim Financial Statements Performed by the Independent Auditor of the Entity", issued by the Swedish Federation of Authorized Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different purpose and a substantially less scope than an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain such a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, an opinion based on a review does not constitute the same level of assurance as an opinion based on an audit.

#### Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material aspects, for the company in accordance with the Swedish Annual Accounts Act.

Stockholm, May 19  
Ernst & Young AB

Sd/-  
Stefan Andersson Berglund  
Authorized Public Accountant  
Partner

**FINANCIAL STATEMENTS – OIL'S SUBSIDIARY (INR)**

| <b>OIL INDIA SWEDEN AB</b><br>(Incorporated in Sweden)<br>Formerly known as AB START KAPITALET NR 5573 |                |                 |                |             |                   |
|--|----------------|-----------------|----------------|-------------|-------------------|
| <b>PROFIT / LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010</b>                            |                |                 |                |             |                   |
| <b>Item</b>  | <b>OIL Sch</b> | <b>EURO</b>     | <b>Ex Date</b> | <b>Rate</b> | <b>INR</b>        |
| Result from participation in associated company (INDOIL Netherlands BV)                                | Sch - 19       | -5159           | 31.03.2010     | 61.43       | -316917.37        |
| External expenses  | Sch - 19       | -9750           | 31.03.2010     | 61.43       | -598942.50        |
| Exchange Loss/(Gain) on conversion   | P/L            |                 |                |             | -56981.07         |
| Interest Income and similar items  | Sch - 17       | 489             | 31.03.2010     | 61.43       | 30039.27          |
| <b>Net Loss</b>  |                | <b>-14420</b>   |                |             | <b>-942801.67</b> |
| <b>BALANCE SHEET AS AT 31.03.2010</b>  |                |                 |                |             |                   |
| <b>ASSETS</b>  |                |                 |                |             |                   |
| Participation in associated company (INDOIL Netherlands BV)  | Sch - 8        | 3696.00         | 31.03.2010     | 61.43       | 227045.28         |
| Cash and Bank balances   | Sch - 11       | 10235.00        | 31.03.2010     | 61.43       | 628736.05         |
| <b>Total Assets</b>  |                | <b>13931.00</b> |                |             | <b>855781.33</b>  |
| <b>LIABILITIES</b>   |                |                 |                |             |                   |
| Share capital  | Sch - 1        | 9746.00         | 12.03.2010     |             | 645500.00         |
| Net Loss   | Sch - 2        | -14420.00       |                |             | -942801.67        |
| Total  |                | -4674.00        |                |             | <b>-297301.67</b> |
| Liability to Parent Company (OIL)  | Sch - 13       | 12605.00        | 08.03.2010     |             | 784503.00         |
| Accrued expense and prepaid income   | Sch - 13       | 6000.00         | 31.03.2010     | 61.43       | 368580.00         |
|  |                | 18605.00        |                |             | <b>1153083.00</b> |
| <b>Total Liability</b>   |                | <b>13931.00</b> |                |             | <b>855781.33</b>  |

Note : The Company has been incorporated on 26<sup>th</sup> February , 2010

Sd/-  
(Mrs. R.S. Borah)  
Director

Sd/-  
(N. Bhalla)  
Chairman

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**  
**RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARY COMPANY**

| <b>Name of the Subsidiary Company</b> |   |  | <b>Oil India Sweden AB</b>                       |
|---------------------------------------|---|--|--|
| 1                                     | The Financial Year of the Subsidiary Company ended on   |  | 31st March, 2010                                 |
| 2                                     | Date from which it became Subsidiary Company  |  | 26th February, 2010                              |
| 3                                     | (a)   | Number of shares held by Oil India Limited alongwith its nominees in the Subsidiary at the end of the financial year of the Subsidiary Company | 1000 Equity Shares of 100 SEK each fully paid up |
|                                       | (b)   | Extent of interest of Holding Company at the end of the financial year of the Subsidiary Company   | 100%   |
| 4                                     | The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far it concerns the members of the Holding Company. |  |  |
|                                       | (a)   | Not dealt within the Holding Company's accounts  | Nil  |
|                                       | (i)   | For the financial year ended 31st March, 2010  |  |
|                                       | (ii)  | For the previous financial year(s) of the Subsidiary Company since it became the Holding Company's Subsidiary.                                 |  |
|                                       | (b)   | Dealt within the Holding Company's Accounts  |  |
|                                       | (i)   | For the financial year ended 31st March, 2010  | Rs. (9.43) lakh                                  |
|                                       | (ii)  | For the previous financial year(s) of the Subsidiary Company since it became the Holding Company's Subsidiary.                                 | Not Applicable                                   |

Sd/-  
(S.R.KRISHNAN)  
COMPANY SECRETARY

Sd/-  
(T.K.ANANTH KUMAR)  
DIRECTOR(FINANCE)

Sd/-  
(N.M.BORAH)  
CHAIRMAN & MANAGING DIRECTOR

Place : Noida  
Date : 26th May, 2010



**OIL INDIA LIMITED**

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

**ATTENDANCE SLIP**

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

Name of the Member (in Block Letters).....

Member's Folio Number .....

Client ID\* ..... DP ID\* .....

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 51<sup>st</sup> Annual General Meeting of the Company held at Duliajan, Distt. Dibrugarh, Assam on Saturday, the 25<sup>th</sup> day of September, 2010 at 11.00 AM.

Member's / Proxy's  
Signature

\*Applicable for investors holding share(s) in electronic form.

(Tear Here)



**OIL INDIA LIMITED**

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

Folio No. \_\_\_\_\_

Client ID\* \_\_\_\_\_

DP ID\* \_\_\_\_\_

**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 51<sup>st</sup> Annual General Meeting to be held on Saturday the 25<sup>th</sup> day of September, 2010 at 11.00 AM or at any adjournment thereof.

Affix  
Revenue  
Stamp

Signed this        day of        2010

Signature of Member

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

\*Applicable for investors holding share(s) in electronic form.



**NAV RATNA  
IS OUR  
AWARD  
INDIA'S TRUST  
IS OUR  
REWARD**



# OIL INDIA

*creating*

# OIL & GAS

*assets*

## FOR INDIA'S ENERGY SECURITY

*"The legacy of Oil India Limited (OIL) dates back to 1889 when the first commercial discovery of crude oil was made on Indian shores. Today OIL has a strong Pan-India and global presence. A Navratna company of dedicated & skilled people responding to challenges with grit and determination...  
That's OIL!"*



**ऑयल इंडिया लिमिटेड**

(भारत सरकार का उद्यम)

**Oil India Limited**

(A Government of India Enterprise)

Registered Office:

P.O. Duliajan, Distt. Dibrugarh, Assam - 786 602

Tel: 0374-2800427, Fax: 0374-2800522

E-mail: [oilindia@oilindia.in](mailto:oilindia@oilindia.in) Visit us at: [www.oil-india.com](http://www.oil-india.com)