48th Annual Report 2006-07

Oil India Limited

(A Government of India Enterprise)

Regd. Office : Duliajan (Assam) - 786602

OIL INDIA LIMITED : A BRIEF SYNOPSIS

The story of Oil India Limited (OIL) symbolizes and traces the development and growth of India's petroleum industry. From the first commercial discovery of crude oil in the far east of India at Digboi (Assam) to becoming a fully integrated upstream petroleum company, OIL has traversed a great distance. In the process, it has crossed many a milestone.

In 1889, crude oil was first discovered in the fields of Digboi. On 18th February, 1959, Oil India Private Limited was incorporated to expand and develop the newly discovered oil fields of Naharkatiya and Moran in the North East of India. In 1961, OIL became a joint venture company between the Govt. of India and Burmah Oil Company Limited, UK.

Two decades later, in 1981, Oil India Limited became a wholly owned Government of India enterprise. Today, Oil India Limited (OIL) is a premier Indian National Oil Company engaged in the business of Exploration, Development and Production of Crude Oil and Natural Gas, Transportation of Crude Oil and Production of LPG. The Company also provides various E&P related services to the industry and holds 26% equity in Numaligarh Refinery Ltd.

Corporate Objectives

- Exploration for new oil and gas reserves
- Development of discovered oil fields and increased recovery from matured and developed fields
- Acquisition of new exploration acreage and oil and gas producing properties
- Venturing into oil fields service sector and participation in midstream activities
- Enhanced implementation of SHE measures in operations
- Sustain & promote environmental protection
- Optimum utilization of human resources
- Engage in Corporate Social Responsibility activities in operational areas
- Ensure reasonable return on capital and optimize cost of production

Activities of OIL

OIL is operating in 53 blocks and has participating interest in another 16 Blocks with a total of over 100,000 sq.kms of licensed areas. It produces 70,000 bbls/day of crude oil and 260 MMSCFD of natural gas, with a total production of oil and oil equivalent of 1,11,000 bbls/day.

To achieve its vision to be the fastest growing company, the company has realized the need to look beyond the shores of India. Aggressively seeking for overseas business opportunity is one of the strategic goals of OIL. Within a short span of 4-5 years, OIL is already present in 6 countries like Iran, Libya, Gabon, Sudan, Yemen and Nigeria. The focus is also on West Africa, CIS countries, Middle-East countries, etc. With the discovery of heavy oil in Farsi Block in Iran, OIL already has tasted its first success overseas.

CONTENTS

BOARD OF DIRECTORS

Chairman & Managing Director
Shri M.R.Pasrija

Functional Directors
Shri S.K.Patra, Director (E&D)
Shri N.M.Borah, Director (Operations)
Shri J.K.Talukdar, Director (HR & BD)
Shri T.K. Ananth Kumar, Director (Finance)

Government Nominee Directors
Shri A.K.Jain
Smt. Aditi S.Ray

Company Secretary
Shri S.K.Senapati

Bankers
State Bank of India
Allahabad Bank
United Bank of India
Vijaya Bank
United Commercial Bank
Punjab National Bank
Corporation Bank
Indian Overseas Bank
ICICI Bank Ltd.
Canara Bank
Union Bank of India
Standard Chartered Bank

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

Share Transfer Agent
MCS Limited,
Sri Venkatesh Bhawan,
W-40, Okhla Industrial Area,
Phase - II,
New Delhi - 110 020
Website : www.mcsdel.com

Corporate Office
5, Sikandra Road,
(Opposite Lady Irwin College)
New Delhi - 110 001

Statutory Auditors
1. M/s. P.K. Mitra & Co.,
   Chartered Accountants,
   18, R.N. Mukherjee Road,
   KOLKATA - 700 001
2. M/s. A.K. Sabat & Co.,
   Chartered Accountants,
   A-348, Sahid Nagar,
   BHUBANESWAR - 751 007

Visit us at : www.oilindia.in
www.oilindia.nic.in

OIL INDIA LIMITED

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

NOTICE OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

NOTICE is hereby given that the 48th Annual General Meeting of the Shareholders of the Company will be held on Saturday, the 29th day of September, 2007, at 10.30 AM at Bihutoli, Duliajan, Distt.Dibrugarh, Assam – 786 602, to transact the following business:-

(A) ORDINARY BUSINESS

1. To receive and adopt the Audited Statement of Accounts for the financial year ended 31st March, 2007, and to consider the Report of the Directors, Report of the Auditors and the Comments of the Comptroller & Auditor General of India thereon under Sec.619(4) of the Companies Act, 1956.

2. To declare dividend for the financial year 2006-2007.

3. To elect a Director in place of Shri J.K.Talukdar, Director (HR & BD), who retires by rotation and being eligible, offers himself for re-election.

4. To elect a Director in place of Smt. Aditi S.Ray, Director, who retires by rotation and being eligible, offers herself for re-election.

5. To fix remuneration of the Statutory Auditors of the Company appointed by the Comptroller & Auditor General of India for the financial year 2007-2008.

(B) SPECIAL BUSINESS

6. **APPOINTMENT OF SHRI A.K.JAIN AS A DIRECTOR OF THE COMPANY**

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

   "RESOLVED THAT Shri A.K.Jain, who was appointed as a Government Nominee Director by the President of India w.e.f 30th November, 2006 and who holds office upto this Annual General Meeting as an additional director and in respect of whom the Company has received a notice in writing from a member pursuant to provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. **APPOINTMENT OF SHRI T.K.ANANTH KUMAR AS A WHOLE TIME DIRECTOR OF THE COMPANY**

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

   "RESOLVED THAT Shri T.K.Ananth Kumar who was appointed as Director (Finance) by the President of India and who assumed office w.e.f 18th January, 2007 holds office upto this Annual General Meeting as an additional director and in respect of whom the Company has received a notice in writing from a member pursuant to provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Whole-time Director of the Company liable to retire by rotation."

By Order of the Board
OIL INDIA LIMITED

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

Place : New Delhi
Dated : 28.08.2007

NOTES

1. MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. PROXY FORM DULY STAMPED AND EXECUTED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE COMMENCEMENT OF THE MEETING.
3. An Explanatory Statement pursuant to Sec.173 (2) of the Companies Act, 1956 in respect of the resolutions set out against item No. 6 and 7 of the Notice is annexed.
4. The Register of Members of the Company will remain closed from 20th to 29th September, 2007 (both days inclusive).
5. Members are requested to bring their copy of Annual Report to the meeting.
6. Members are requested to notify change in their address, if any, to the Share Transfer Agents, M/s. MCS Limited, Sri Venkatesh Bhawan, W-40, Okhla Industrial Area Phase-II, New Delhi – 110 020.
7. Dividend recommended by the Board, if approved by the Shareholders, will be paid to those Shareholders whose names appear on the Register of Members as on 29th September, 2007.
8. Members who have not encashed their dividend warrants may approach the Company at its Registered Office or M/s MCS Ltd, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or for obtaining duplicate warrants.
9. **THE BALANCE LYING IN THE UNPAID FINAL DIVIDEND ACCOUNT 1999-2000 OF THE COMPANY WILL BE TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF) OF THE CENTRAL GOVERNMENT BY 30TH NOVEMBER, 2007. MEMBERS WHO HAVE NOT ENCASHED THEIR DIVIDEND WARRANTS PERTAINING TO THE SAID DIVIDEND ACCOUNT MAY APPROACH THE COMPANY FOR OBTAINING PAYMENTS THEREOF AT THE EARLIEST. REMINDER LETTERS TO THE RESPECTIVE SHAREHOLDERS HAVE ALREADY BEEN DESPATCHED THROUGH REGISTERED POST.**
10. **THE SHAREHOLDERS OF THE COMPANY CAN AVAIL ONLINE SERVICES FROM THE COMPANY'S REGISTRAR & SHARE TRANSFER AGENT M/S MCS LIMITED WITH REGARD TO GRIEVANCES AT "www.mcsdel.com".**
11. Shareholders seeking information with regard to Accounts 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.
12. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.

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

ITEM NO.6

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

The Directors, therefore, recommend this ordinary resolution for the appointment of Shri A.K.Jain as a Director of the Company liable to retire by rotation.

None of the Directors except Shri A.K.Jain is interested or concerned in the resolution.

ITEM NO.7

Shri T.K.Ananth Kumar who was appointed as a Whole-time Director of the Company by the President of India pursuant to Article 119 of the Articles of Association of the Company holds office upto the conclusion of the ensuing Annual General Meeting being an additional director. The Company has received a notice in writing from a Member of the Company pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose Shri T.K.Ananth Kumar as a candidate for the office of Director.

The Directors, therefore, recommend this ordinary resolution for the appointment of Shri T.K.Ananth Kumar as a Whole-time Director of the Company liable to retire by rotation.

None of the Directors except Shri T.K.Ananth Kumar is interested or concerned in the resolution.

By Order of the Board
OIL INDIA LIMITED

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

Place : New Delhi
Dated : 28.08.2007

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 48th Annual Report on the working of the Company for the financial year ended 31st March, 2007 along with the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India.

SIGNIFICANT HIGHLIGHTS

(a) You will be pleased to know that during the year your Company has been conferred "Performance Excellence Award, 2005-06" by the Indian Institution of Industrial Engineering (IIIE) and "Best PSU Award for the year 2005-06" under Public Enterprise Survey by the Department of Public Enterprises.

(b) We are also pleased to inform that during the year under review we have made considerable addition to Oil and Gas reserves as under :

Area of Operation	Crude Oil Additions / Revisions (MMKL)	Natural Gas Additions / Revisions (MMKL-OE)
Proved Developed Reserves		
Assam	6.1726	7.8826
Arunachal Pradesh (Kumchai)	0.3969	0.0000
Rajasthan	0.0000	0.0046
JVC-India	0.1396	0.0000
Total	6.7091	7.8872

(c) The Company also bagged 8 blocks {6 nos. as operator and 2 as non-operator} under NELP-VI Round of bidding, the highest ever blocks awarded to OIL in a single round of bidding.

(d) The Company has been rated "Excellent" against MoU: 2005-06 with a composite score of 1.47 on the basis of audited data. It is also expected to retain the same level of Excellence for the year 2006-07 on the basis of preliminary in-house evaluation.

(e) Three installations namely two Fire Service Stations, one at Duliajan & other at Moran and the R & D Laboratory at OIL's Field Head Quarter, Duliajan, Assam was accredited with ISO certification during the year. The ISO/IEC 17025: 2005 awarded to OIL's R&D laboratory is the first amongst the laboratories of E&P companies to get this accreditation.

(f) Contribution to Indian Economy: OIL contributes approximately:

- 9.14 % of overall domestic crude oil production.
- 2.38 % of India's overall crude oil consumption
- 3.12 % of India's total import value of POL (Crude oil + Petroleum Product)
- 0.21 % of India's GDP

1.0 PERFORMANCE

PHYSICAL

The performance of the Company for the year ended on 31.03.2007 in comparison with the previous year is furnished below:

Sl. No.	Item	Unit	2005-06	2006-07
1.	Crude oil production	MMT	3.2327	3.1067
2.	Natural gas production	MMSCUM	2269.54	2264.57
3.	Natural gas sale	MMSCUM	1743.95	1767.504
4.	LPG production	Tonnes	48,320	43,750

The Company could achieve the above despite adverse environmental problems in some of its major operational areas and the Company is making continuous efforts for improvement of oil production through the following measures :

- Augmenting drilling for increased number of exploratory and development wells.
- Prioritization of workover effort for quick revival of sick wells for on-stream production.
- Implementation of recommendations of various reservoir management studies for optimization of field production.
- Prioritization of high potential drilling locations for early completion.
- Enhancement of water injection through conversion of three additional water injection wells.
- Enhanced workover effort.
- Optimization of new and old wells.
- Intensification of Horizontal drilling.
- Additional facilities for crude handling and infrastructure for production.
- New wells to be brought on stream without any downtime.
- Induction of ESP (Electric Submersible Pump) for artificial lift assistance.
- Application of Gravel Packs for sand ingression in selected wells.
- Indirect heaters relocated, installed & commissioned in strategic locations.
- Frequent flow line heating jobs through Mobile Steam Generator to stop flow line gelling.

FINANCIAL

Rs/Crore

	2006-07	**2005-06**
A. INCOME		
a) Operating Income	**5389.20**	5550.19
b) Interest & dividend income	**337.00**	216.81
c) Gas subsidy	**149.79**	121.10
d) Misc income & Stock adjustment	**44.50**	37.39
e) Other adjustments including prior period items	**87.29**	111.07
Total	**6007.78**	**6036.56**
B. EXPENSES		
a) Operating Expenses	**578.94**	629.41
b) Statutory duties	**2066.07**	1743.71
c) Interest & exchange loss	**15.08**	15.21
d) Depreciation, Depletion, write offs of assets/wells/debts and G&G cost/Corporate Office Expenditure	**840.56**	768.02
e) Business Development Expenses	**10.55**	7.27
f) VRS Compensation	**0.00**	29.96
g) Other adjustments including prior period items	**13.95**	168.58
Total	**3525.15**	**3362.16**
C. Profit before Tax	**2482.63**	2674.40
D. Less: Provision for Tax (including deferred tax liability)	**842.64**	984.47
E. Profit after Tax & available for distribution	**1639.99**	1689.93

- Despite substantial increase in subsidy burden on crude oil and LPG to the tune of Rs.1016.26 crore and increase in statutory duties on crude oil and royalty, cess and sales tax on natural gas to the tune of Rs.322.43 crore, the Company earned profit after tax of Rs.1639.99 crore which is marginally lower than that of the last year.
- The Shareholders' Fund as on 31.03.2007 was Rs. 6849.07 crore against long term loans of Rs.105 Crore giving a Debt to Equity Ratio of 1: 65.23 against 1: 32.66 in the previous year.
- Total subsidy share was Rs.1993.75 Crore during 2006-07 in comparison to Rs. 977.49 Crore in the previous year.

APPROPRIATION

Directors recommend the following appropriations:

Rs/Crore

	2006-07	**2005-06**
a) Interim Dividend @ 185% (Previous Year 185%)	**395.91**	395.91
b) Final Dividend @ 75% (Previous Year 80%)	**160.50**	171.20
c) Corporate Dividend Tax	**82.80**	79.54
d) Transfer to General Reserve	**1000.78**	1043.28
Total	**1639.99**	**1689.93**

DIVIDEND

The Company paid an Interim Dividend @ 110 % and a Special Interim Dividend @ 75% during 2006-07, based on the provisional financial trend of the Company. The Board of Directors is now pleased to recommend a final dividend @ 75 % on the paid up capital making the total dividend of 260 % (Previous year 265 %) 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.1000.78 Crore to the General Reserve.

2.0 STATUS OF RESERVES

The status of Oil and Gas Reserves of the Company as on 31.03.2007 are as under :

Area of Operation	Crude Oil				Natural Gas			
	Position as at 01.04.2006	Additions/ Revisions	Production Quantity	Position as at 31.03.2007	Position as at 01.04.2006	Additions/ Revisions	Production Quantity	Position as at 31.03.2007
	(MMKL)	(MMKL)	(MMKL)	(MMKL)	(MMKL-OE)	(MMKL-OE)	(MMKL-OE)	(MMKL-OE)
Proved Developed Reserves								
Assam	31.5240	6.1726	3.4612	34.2354	27.1120	7.8826	2.0396	32.9550
Arunachal Pradesh (Kumchai)	0.6571	0.3969	0.0528	1.0012	0.0000	0.0000	0.0000	0.0000
Rajasthan	0.0000	0.0000	0.0000	0.0000	2.0790	0.0046	0.2250	1.8586
JVC-India	0.9144	0.1396	0.0528	1.0012	0.0000	0.0000	0.0000	0.0000
Total	33.0955	6.7091	3.5668	36.2378	29.1910	7.8872	2.2646	34.8136

3.0 TECHNOLOGY INDUCTION, UP-GRADATION AND INNOVATION

- Capability of the Integrated Enterprise Application (SAP-ERP) has been expanded across the organization through e-networking to cover business and information related to personnel, administration and organizational management, financial accounting, costing, budgeting, JV-accounting, production revenue accounting, project management, materials management, E-procurement, sales accounting etc.
- Successfully established radio connectivity of the Mud Logging Units (MLU) deployed in scattered drilling locations in field with the campus network for facilitating real time monitoring of vital data while drilling and for extending guidance from the campus with this. It is envisaged that monitoring of drilling well will be improved considerably and quickly and important decisions can be made with greater accuracy.
- In order to augment the capability of preparing integrated survey database through cartographic digital format, new software named Geoscientific Interpretation System (GIS) has been commissioned during the year. Another software named AFI & EMERGE for fluid inversion (add and AVO) and reservoir property prediction using seismic attributes and well log data has been inducted during the year.
- Installed four (4) Mass Flow Meters at Tengakhat ITF for accurate measurement of volume of crude oil flow and water content in crude and action for procurement has been initiated for additional eight (8) such meters for installation in other areas.
- Burner Management System & Remote Ignition System for safe and efficient operation of heaters in OCSs have been introduced.
- The J-Bend drilling technology has been adopted for the first time in OIL during the year. Three Horizontal wells drilled during the year resulted in significant increase of crude oil production rate. Introduction of Aphron Invasion Control System in two sub-hydrostatic wells during work over operations led to encouraging results in control of loss of fluid into formations. Based on the satisfactory results of the field trial of Sodium Format Brine in three workover wells, it has now been proposed to switch over to sodium format system over a period of next 2 to 3 years from the existing calcium chloride system which is associated with the problem of corrosion.
- Pre-cast, pre-stressed RCC slabs have been successfully used in place of costly, perishable, scared timber skids in seven drilling locations. The result has been found to be effective especially during rainy season and the skids are reusable, long lasting and expected to be economic in the long run. As an alternative to the traditional use of huge volume of costly timber skids, rubber mats have been utilized for the first time in almost all drilling locations as a cheap and environmental friendly measure for maintenance and hard standing of drilling plinth area with satisfactory result.
- Voice communication system has been established through SCADA Radio Communication System in NEEPCO and LPG off take point.
- A collaborative geo-scientific study project has been completed with the help of Rice University, USA for Velocity-Depth Modelling on thrust-belt areas of the North-East. This project has led to new hydrocarbon leads and International exposure to oil geo-scientists.
- The Company inducted sophisticated Micro Tunnelling Technology (first time in Indian Petroleum Industry) for difficult river crossings in the Numaligarh-Siliguri Product Pipeline project.

The Company is continuously striving for enhancement of technological capabilities to bring about an improved and efficient performance in its infrastructure and field operations. A Technology Management Team (TMT) was formed in January 2006 which is scouting and evaluating suitable technologies for production enhancement and cost reduction. Certain technologies have been short listed and examined for possibility of pilot implementation. Successful induction of the technologies in the identified areas as mentioned below is expected to provide an enhanced technological capability besides economy in production cost :

- ➤ Real time well monitoring for production optimization through remote monitoring of well head pressure & real time BHP monitoring in some gas lift wells.
- ➤ Down hole oil-water separator.
- ➤ Smart drilling through remote monitoring and use of Mud Volume Totaliser.
- ➤ 2D-3C / 4D Seismic Survey.
- ➤ Technology for effective surveillance of crude transportation trunk pipeline and flow pipeline in fields.
- ➤ Casing while drilling.

3.0 DISCOVERY OF OIL / GAS FIELDS

The following oil and gas discoveries were made during the year in Assam:

3.1 BAGHJAN (Tinsukia district in Upper Assam)

Baghjan structure was discovered during 2002-03. Baghjan -1 was the first well drilled in the structure for Paleocene-lower Eocene prospects. On testing the well produced mainly gas. During the year the following wells have been drilled in the said structure and established presence of hydrocarbon:

Baghjan-3 (TO) was drilled in the Baghjan-1 fault block to delineate the downdip extension of hydrocarbon reservoirs encountered in Baghjan-1. On testing, well gave inflow of gas with condensate from the Paleocene-lower Eocene reservoir.

Baghjan-4 (TQ) was drilled in a separate fault block to delineate the extent of hydrocarbon reservoirs encountered in Baghjan-1 and 2 blocks towards the eastern part of Baghjan structure. On testing, this well produced oil and established the presence of oil reserves in another block after the success of Baghjan-2(TP).

Baghjan -5 (TN) was drilled in Baghjan-1 block towards west of well Baghjan-1. The well has encountered few hydrocarbon bearing sand ranges within Paleocene-lower Eocene formation and established significant presence of gas, on testing, within Lang par formation.

3.2 BAREKURI (Tinsukia district in Upper Assam)

Barekuri (North Chandmari) structure was discovered in the year 2003.

The well Barekuri-6 (DFU) was drilled during the year after extensive review and interpretation of the additional 2D & 3D data acquired during the interim period in the said area. This exploratory location is in the western flank of the adjacent fault block of well Barekuri-1 block which is the down dip extension of Barekuri structure. The well encountered significant pay of hydrocarbon within the Paleocene-lower Eocene formations. On testing the well produced commercial oil.

3.3 SANTI AREA (Tinsukia district in Upper Assam)

This well NHK-556 was drilled as an exploratory well for Paleocene-lower Eocene prospect in Santi structure which is located in the South-East of Naharkatiya structure. The well has encountered few hydrocarbon bearing sand ranges in Kopili and Lakadong+Therria formation and established presence of oil within the Lakadong+Therria formation.

4.0 PROJECTS (IN-COUNTRY)

4.1 RAJASTHAN:

JAISALMER PML AREA

Gas fields of Tanot, Dandewala & Bagi Tibba are lying within this PML. The gas produced at an enhanced rate of approx. 0.7 MMSCMD from this area during the year has been supplied to RRUVNL through GAIL (India) Limited for generation of electricity. New gas supply agreement has been entered with RRUVNL with enhanced price of gas for supply @ 0.90 MMSCMD for next three (3) years period.

BAGHEWALA PML AREA

Heavy Oil field of Baghewala is located in this PML area. Baghewala field being studied jointly in two phases by OIL and M/s Petroleos de Venezuela SA (PDVSA) of Venezuela under a technological tie up for thermal recovery by Cyclic Steam Stimulation.

- On completion of its Integrated Reservoir Study under phase-I, M/s PDVSA Intevep (Venezuela), the collaborator indicated the presence of a total of 78 MMT of contingent resource category, out of which 53 MMT (Indicated Category) of Bitumen in the upper carbonate reservoirs and 25 MMT proved category oil-in-place in the lower Bilara + Jodhpur sand stone. Based on this study, Company decided to carry out implementation of pilot project in Baghewala field, which includes drilling of two pilot wells, cyclic steam injection and production of heavy oil and bitumen for about one year under technical guidance of PDVSA Intevep.
- In phase–II, drilling of the first pilot test well completed during 2005. Trial steam injection carried out for a few days during July' 2006. Steam injection temporarily suspended to attend the teething problem encountered in surface facilities. M/s Engineers India Limited was engaged to provide necessary rectification in surface facilities. After rectification, steam injection will be resumed to produce the bitumen from the upper carbonate reservoirs of Baghewala field.

4.2 GANGA VALLEY PROJECT

It has been planned to drill two exploratory wells in the identified structures in Kashipur PELs. Pre-drill prospect assessment in respect of the identified prospects particularly in the logistically difficult Himalayan foothill region which was carried out with the help of expert M/s PRS Energy, UK. Based on the final evaluation report, a third opinion from another consultant M/s Geoglobal Resources, Canada has been sought.

4.3 NORTH EAST FRONTIER PROJECT

MANABUM

OIL acquired around 554 GLKM of seismic data in the logistically difficult areas of Manabum in Arunachal Pradesh during 2003-2006. Based on the interpretation of the data acquired so far, three drillable prospects were identified. One exploratory drilling location (NMA) has been released and preparatory surface work is in progress. Exploratory drilling is expected during 2009-2010.

PASIGHAT

OIL acquired around 357 GLKM seismic data during the period 2004-06. Based on the interpretation, a few leads/prospects identified. To confirm these leads, additional in-fill 2D seismic of 350 GLKM is planned. The validity of PEL expired on 31.03.2007. OIL applied for another two years extension of PEL. Further exploration activity is dependent on extension of PEL by the Government.

JAIRAMPUR (THRUST BELT)

OIL acquired around 75 GLKM seismic data during 2004-05. Based on the in-house interpretation and a second party opinion, one location (JRA) for exploratory drilling has been released and civil work already commenced. Actual drilling is expected by March, 2009.

RIVER BED OF BRAHMAPUTRA (BRB)

The proposed BRB survey work is kept in abeyance, in view of pending Environmental Clearance from Pollution Control Board, Assam. The matter is pending before the Hon'ble Guwahati High Court. Meanwhile, Ministry of Environment and Forests (MOE&F) has advised Wildlife Institute of India (WII) to examine the matter and submit their comments. MOE&F has also suggested constituting a committee with representatives from WII, OIL & other Dolphin Experts to look into the issues and suggest measures to be taken by OIL.

4.4 STATUS OF EXPLORATION BLOCKS

NELP

OIL has participated in all the past six NELP bidding rounds concluded so far and acquired total 22 blocks. Out of these 14 are onshore and rest 8 are offshore blocks. OIL is operator in respect of 12 onshore blocks. The work is in progress in all these blocks as per the committed Minimum Work Program (MWP).

OIL bagged 8 (eight) Blocks {6 nos. as operator and 2 nos. as non-operator} under NELP-VI Round of bidding, the highest ever blocks awarded to OIL in a single round of bidding.

A. OIL OPERATED BLOCKS

Out of the 12 OIL's operated blocks, five blocks are in the North Eastern (NE) states of Assam and Mizoram (AA-ONN-2002/3, AA-ONN-2003/3, AA-ONN-2004/1, AA-ONN-2004/2 and MZ-ONN-2004/1), five blocks are in Rajasthan (RJ-ONN-2000/1, RJ-ONN-2002/1, RJ-ONN-2004/2 and RJ-ONN-2004/3), one block is in Mahanadi basin (MN-ONN-2000/1) and one block is in the Krishna-Godavari basin (KG-ONN-2004/1).

The work is progressing in all these blocks as per schedule and is being closely monitored.

B. NON OIL OPERATED BLOCKS

OIL has participating interest in respect of 10 remaining NELP blocks with other consortium partners. Out of these, two blocks (AA-ONN-2001/3, AA-ONN-2002/4) are in onshore areas in Assam, one block (MN-OSN-2000/2) in shallow water in the Mahanadi offshore, Orissa and the remaining seven blocks are spread over a vast tract of deepwater acreages within the country. One block (MN-DWN-2002/1) in the deep water of Mahanadi offshore, one block (MB-DWN-2000/2) in Mumbai deep water, one block (CY-DWN-2001/1) in Cauvery deep water and four blocks (KG-DWN-98/4, KG-DWN-2002/1, KG-DWN-2004/5, KG-DWN-2004/6) in Krishna–Godavari deep water. Out of the two onshore blocks in Assam, one location has been so far released in Koraghat Block (AA-ONN-2001/3, NELP-III) in Golaghat District and land acquisition has been initiated. Data acquisition in the other block (AA-ONN-2002/4, NELP-IV) near Assam-Nagaland border is in progress. In the shallow water block in Mahanadi offshore (MN-OSN-2000/2, NELP-II), drilling has been completed in two wells. Similarly, out of the remaining deep water blocks, drilling of two wells has been completed in Krishna Godavari basin (KG-DWN-98/4, NELP-I), one in Mumbai deepwater (MB-DWN-2000/2, NELP-II). The PSC of the block has come to an end w.e.f. 15th August, 2005. Activities in respect of the remaining blocks are in progress as per the committed minimum work programme.

C. JOINT VENTURE BLOCKS (PRE-NELP)

EXPLORATION BLOCKS

The Company is also carrying out exploration activities in 3 pre–NELP JV blocks i.e. one Saurastra offshore (SR-OS-94/1), one in Gujrat-Kutch Offshore (GK-OSJ-3) with RIL as the operator and the remaining one is in onshore block (CR-ON-90/1) where M/s Premier Oil is the operator in Assam-Arakan Basin. Drilling of the first exploratory well, Masimpur-3 is in progress.

PRODUCTION BLOCK

The Company with a Participating Interest of 40%, entered into a PSC for Kharsang Oilfield (Arunachal Pradesh) with Government of India in consortium with M/s Geo Petrol International Inc, France (25%), M/s Jubilant Enpro Ltd., India (25%) and M/s Geo Enpro Petroleum Ltd, India (10%) on 16.06.1995. The field produced 62,598 Tonnes during 2006-07 (previous year 57,919 Tonnes) of Crude Oil during the year and Company's share was 25,039 Tonnes (Previous year 23,167 Tonnes).

4.5 PROJECTS (OVERSEAS)

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

The consortium has completed drilling of four (4) wells as per the commitment and discovered presence of oil in 2 wells and gas in 1 well. Assessment of the commerciality of the discoveries are in progress by international consultants.

Product Pipeline, Sudan: [OVL–90% PI & OIL-10% PI]

The construction of the product pipeline has been completed and the same was handed over to the Ministry of Energy and Mines (MEM), Sudan. This pipeline has already started generating revenue. Three installments towards repayment from the MEM have been received.

Block 86, Libya: [OIL-50% PI (operator) & IOCL-50% PI]

The block is in first phase of exploration. Acquisition of 2D seismic has started from 28/12/2006 and the same is in progress.

Block-102(4), Libya: [OIL-50% PI (operator) & IOCL-50 % PI]

Acquisition of 2D seismic has started from 28/12/2006 and the same is in progress. Cumulative achievement for both blocks till date is about 1700 LKM.

Block - Shakthi, Gabon: [OIL–45% PI (operator), IOCL–45% PI & Marvis Pte.-10% PI]

First phase of exploration in the block is in progress. Aeromagnetic survey has been completed (36,400 LKM). Tendering process of 2D seismic Acquisition, Aeromagnetic Survey Processing and Interpretation is in progress.

Block OPL 205, Nigeria: [OIL-17.5% PI, IOCL-17.5% PI & Suntera Resources 35% PI in JV M/s Suntera Nigeria OPL 205 **(**70% interest of Block**)**]

The Company has acquired 25% equity (from M/s Suntera Energy) in a Nigerian Company (Suntera Nigeria 205 Ltd.), which in turn has acquired interest in a prospective onshore Block OPL-205. OIL's partner for overseas ventures, Indian Oil Corporation Limited (IOCL) also has acquired 25% equity in Suntera Nigeria 205 Ltd. Drilling of the first well is expected to commence by October/November, 2007.

Block 82 & 83, Yemen: [MEDCOENERGI-45% PI (operator.), Kuwait Energy-25% PI, OIL-15% PI & IOCL-15% PI]

The consortium was awarded Onland Blocks 82 & 83 in the 3rd International Bidding Round. Production Sharing Agreement (PSA) has been initialed on 20th May, 2007. Government approval for signing of PSA is awaited.

Besides looking for acquisition of producing/discovered E&P blocks, the Company is also actively pursuing acquisition of companies having a good portfolio of exploration acreages and producing assets.

M/s Bangladesh Gas Fields Company Limited, Bangladesh.

- In December '2005, OIL entered into a contract with M/s Bangladesh Gas Fields Company Limited, to provide wire line operator services in two of their work over wells in Titas Gas Field, Bangladesh. Accordingly, the two jobs (well 15 & 16) were successfully completed in December'2005 and May '2006, respectively. The scope of the contract was subsequently extended for three more wells on 06.12.2006 and the first job under the extended scope of service at well no. Narsingdi-2 was successfully completed on 16.02.2007.
- OIL entered into another contract with M/s Bangladesh Gas Fields Company Limited in December'2006, to provide expert wire line service in one (1) drilling well and four (4) work over wells. The service is yet to start and the contract will remain effective up to 31.03.2009.

M/s Sylhet Gas Field Limited, Bangladesh.

- Contract was signed in December '2005 with M/s Sylhet Gas Field Limited, a subsidiary of Petro-Bangla for providing wire line operator services for their work over operation in Kailashtilla Gas Field in well no. 3 & 4. The jobs in these wells were successfully completed during July and December '2006, respectively.

4.6 OTHER BUSINESSES

- Patenting Of i-Cap Technology: The Company has entered into a Joint Venture Partnership Agreement with M/s ICSA (India) Ltd., Hyderabad towards development of i-CAP technology (used in pipeline surveillance) and transfer of the patent in the joint name of the Company and ICSA on a 50:50 cost sharing basis including initial cost of Research & Development incurred by them.
- Indian Oil Tanking Ltd (IOTL)–Oil Consortium: The Company entered into a Consortium Agreement with IOTL for jointly bidding for and securing a contract for laying a part of the Numaligarh–Siliguri product pipeline for the Company on 50:50 sharing basis. The consortium has been awarded with the contract for laying 115 km of pipeline at a total contract value of Rs 50.01 Crore.
- OIL's Business Development Cell participated in the International Competitive bidding to provide charter hire service of one drilling rig package with crew for drilling of three (3) wells to OIL-ONGC JV Project under NELP-III at Rajasthan. OIL was successful in the bidding round and rendered the desired services and drilled three wells during 2006-07.
- OIL extended services to M/s Canoro Resources Ltd and M/s Geo Enpro Petroleum Ltd. by providing various equipment on rental, laboratory testing of well bore crude oil, gas & water samples and BHP with PVT analysis jobs during the year 2006-07.

5.0 STRATEGY AND THRUST IN E&P IN THE NORTH-EAST

All producing oilfields till date of the Company are located in the North-east in the States of Assam and Arunachal Pradesh. From a geo-scientific perspective, there is still significant hydrocarbon potential to be tapped. The Company continues an aggressive Exploration, Development and Production Strategy in the region with the following major elements:

(i) Step up seismic survey including more and more of 3-D seismic coverage.

(ii) Plan/Execute seismic survey in Brahmputra River Bed and other logistically difficult areas.

(iii) Augment exploratory, delineation and development drilling. Improve quality of drilling and related operations targeting international benchmarks.

(iv) Engage internationally reputed consultancy firms for independent assessment of hydrocarbon prospectivity and ranking of drilling locations, as an essential scientific input and complementary study to in-house efforts.

(v) Step up IOR/EOR to enhance recovery factors and enhance production.

(vi) Impart suitable training and induct appropriate technology.

(vii) Continuously strive for new oil in old fields by probing deeper horizons for optimum use of its infrastructural facilities.

6.0 POLICY INITIATIVE FOR FUTURE

In view of the changed scenario in the hydrocarbon sector and to meet the future challenges, OIL has formulated long term Strategic and Corporate Plan with the following business focus:

- Strategic focus on E&P service business and Pipeline business in the North East and rest of the Country and selective focus in rest of the World.
- Selective focus in Refining and other downstream business in the North East and rest of India.

The plan aims at more than doubling its present level of crude oil production in the next five years, through two distinct sets of initiatives. The first relates to physical activities in the following three major focus areas:

- Maintaining and improving production from the existing acreages in the North East through intensive exploration and development initiatives.
- Enlarging the Company's production base in the rest of the Country through aggressive activities in the NELP blocks available with the Company, acquisition of new blocks under future NELP rounds and acquisition of producing properties available in the market.
- Acquiring prospective exploration and producing acreages abroad.

The second set of initiatives relates to transformation of OIL to a learning organization with inherent flexibility to adapt to changes. This is being achieved by focusing on enhancing employees' capabilities and competencies to realize a shared vision through the process of continuous learning in teams. The philosophy of mutually accountable team activities aims at quantum improvement in performance and achievements.

The plan also calls for a diversified business portfolio for the Company through selective presence in the oil and gas value chain covering amongst others refining, gas monetization through cracker/power generation and extension of existing business of pipeline services and E&P services as a service provider. The plan is being implemented through six distinct modules:

- Business and Organization Restructuring and creation of a New Performance Management System
- Change Management and creation of a new HR Policy to meet the requirements of the new and emerging competitive business environment
- Implementation of Enterprise Resource Planning (ERP)
- Performance Improvement and Cost Reduction
- Manpower Redeployment
- Corporate Governance Framework

7.0 HUMAN RESOURCE DEVELOPMENT

Initiatives during the year

- Revised HR Policy comprising of recruitment, job rotation, promotion, training and development for the executives of the Company has been put in place during the year. The revised policy is expected to serve as a critical HRD strategy for acquisition, management and development of quality HR required for meeting the Company's long term strategies.
- In order to ensure a continuous career development and utilization of the human resource a job rotation plan has been implemented in the operating executive level to develop people for both future functional and multi-functional roles. The succession plan implemented for the managerial and leadership roles have been extended to cover executives in Salary Grade F (level-2) of the Company for positions likely to fall vacant up to 2010.
- In order to overcome the critical issue of separation of HR from the core functional areas in the recent years, Company, in principle, adopted recruitment of 25% extra manpower over and above the Board sanction for Geosciences group to stabilize the vacuum created in such specific areas.
- Training to the following number of persons, both executives and workmen were imparted during the year:

In-house	:	1065
In-country	:	717
Overseas	:	151

- In addition to above, Apprenticeship training was provided to 114 persons. Summer training has been provided to 165 students from Technical/Management Institutes.

Employment Of Weaker Section

Workmen Category

- In accordance with Government directives, Company has taken steps in recruiting candidates belonging to SC, ST and OBC categories and ex-servicemen. Accordingly, 40 backlog vacancies (SC-13 and ST-27) were notified during the year and 36(SC-12 and ST-24) candidates have been appointed during the year.
- In addition to special recruitment drive, 105 skilled posts (Jr. Engineer Production-45, and Asstt. Operator-60) were notified during the year for direct recruitment. Notification for another five paramedical posts has also been issued during the year. The appointment process is underway.

Executive Category

- In executive category there has been recruitment against 17 posts filled up from the weaker section of the society. (SC- 07, ST- 05, OBC- 05)
- In addition, there are 64 (Gen – 36, SC – 08, ST – 07, OBC – 13) Executive Trainees undergoing training who would be absorbed in permanent Executive cadre after successful completion of one year training.
- A total of 11 work persons have been promoted to Executive cadre during the year

Women Empowerment

As on 31.03.2007 there are 319 women employees (67 in officer category and 252 in non-officer category) out of the total manpower of 8476 (1172 in officer category and 7304 in non-officer category) constituting 3.76 % of the total workforce.

Future Initiatives

To meet the challenges of the fast changing competitive market of the HR, especially the demand for experienced knowledge workers worldwide, Company has initiated long term strategy. The Company has engaged Hay Group Consultants, a premier global company to map the competency requirement and suggest future actions to develop leadership competencies of key executives at managerial and leadership level. In order to check the attrition of in-house talents, Company is planning a suitable strategy not only to retain scarce talent but also to attract others for making a long term career in the Company. Scientific method of screening during recruitment of talent is another area being explored to introduce psychometric tests, group discussion etc. to strengthen the existing system and to ensure induction of quality people at all levels.

8.0 QUALITY ASSURANCE

OIL's improved quality control initiatives have helped to bring down the BS&W content in delivered crude to the refineries. Efforts are on to bring down the BS&W content to minimum extent possible to match with the international standards.

9.0 RESEARCH AND DEVELOPMENT

The Company gives great importance in continuous up-gradation 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.

10.0 SAFETY, HEALTH AND ENVIRONMENT

The Company could successfully abate the pollution problems arising out of various operational activities during the year through regular monitoring and proper co-ordination. The major thrust for abatement of pollution during the year was in setting up of Effluent Pits at strategic locations, Recycling of drilling effluent, setting of noise barrier walls, procurement of diesel engines with acoustic enclosures, identification of possible areas of reducing CFC, Bio-Remediation of oily sludge in old pits, actions for obtaining ISO certifications in more installations, setting of incinerator in OIL Hospital, field study on "Effect of gas flaring on paddy cultivation", organized various awareness programs, plantation of trees, sought expert opinion from Assam Agricultural University, Jorhat to resolve public complaints on damage to paddy cultivation, tea crop, sericulture etc.

During the year a number of Internal as well as External Safety Audits of various installations were carried out jointly with Oil Industry Safety Directorate and Mines Safety Directorate experts. Besides, pre-spudding safety audit of drilling locations / pre-commissioning safety audits, review audits were carried out with the objective of improving the HSE standards of the various installations of the Company. The Company has also initiated HAZOP (Hazard & Operability) Study, preparation of Operating and Maintenance manual and digitization of P&ID, PFD & all other records of 40 production installations. The job is expected to commence shortly and is likely to be completed within 18 months time.

A major thrust has been given for awareness drive amongst Executives, Employees and Contractors' workers on HSE matters. More than 800 people of the said categories have been trained in the last Six months by on-site training. This effort will be a continuous process. Regular bi-monthly co-ordination meeting with Union officials, MSO / DSO and DDMS, Digboi has helped to improve the Safety awareness amongst all. Quality control of PPE items in close liaison with Union has helped to provide appropriate good quality materials in time. HSSE (Health, Safety, Security and Environment) Policy manual has been finalized and adopted by the Company during the year under review. On-site and Off-site disaster management mock drills were carried out.

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

11.0 CORPORATE SOCIAL RESPONSIBILITY

A. SOCIAL WELFARE PROGRAMME AND AREA DEVELOPMENT SCHEME

The Company continues to extend considerable financial support annually through two of its ongoing schemes viz. "Social Welfare Scheme" and "Area Development Scheme", which covers a wide gamut of activities like constructions of roads, setting up of educational institutions, investing in agro-based projects like Project Rupantar and Oil India Rural Development Society (OIRDS) and primary health centers and other infrastructural support in the North-East region and other operational areas. OIL has also contributed to upliftment of economically and socially deprived sections through its special component plan and tribal sub-plan. Mobile dispensaries and free medical camps are some of the other services by OIL. A total amount of Rs 13.74 Crore has been spent during the year 2006-07 against the sanctioned budget of Rs 14.00 Crore on this account.

The Company lays significant emphasis on development of women through its various ongoing schemes as under:

- Imparting training to women on handicraft, weaving, embroidery and tailoring on monthly stipendiary basis in its Handicraft Training and Production Center at Duliajan.
- OIL has made significant contribution to Women Colleges and Girl Schools in its operational areas.
- OIL sponsors women members for attending National and International seminars / training courses.
- OIL provides single occupancy type ladies hostel to working women employees of OIL.
- Under Project Rupantar, a joint initiative of OIL and the State Institute of Rural Development (SIRD) for providing avenues for sustainable self-employment to the rural masses, rural women (members of Self Help Groups) are given training on spinning & weaving of Eri and Muga Silk in advanced looms in the

Growth Centre set-up at Duliajan. A batch of 30 women undergoes this free of cost two-month residential training. After the training, the trained members of the SHGs are helped in getting credit linkage form banks to set-up their own units.

- OIL Hospital, Duliajan conducts three years General Nursing Midwifery (GNM) training course to twenty students yearly with stipend, free hostel accommodation, uniform, books and protective clothing.
- Special emphasis is given on women's health, nutrition, hygiene and child care besides proper immunization.

B. DONATION FOR THE CAUSE OF THE NATION

The Company donated a sum of Rs.40 lakh to the Chief Minister's Relief Fund, Assam for providing relief and rehabilitation of the poor, needy, downtrodden and affected people of the State of Assam and Rs.25 lakh to the Chief Minister's Relief Fund, Arunachal Pradesh for providing relief to the victims of natural calamities, landslides, flash floods and other disasters in the State of Arunachal Pradesh.

12.0 SPORTS & CULTURE

The Company continues to encourage the employees of the organization to take part in various sports/games and cultural activities for development of their physical and mental abilities besides bringing laurels to the organization and the Nation. A new revised Sports Policy has been introduced during the year with number of incentives to encourage in this regard. During the year, number of sportspersons of the Company participated in various State/ National and International Level Tournaments in different sports/games as well as tournaments organized by PSPB and brought laurels to the Company. OIL sportspersons participated in 33rd National Games held at Guwahati during the year and won number of medals in different events. OIL's Table Tennis team delivered brilliant performance in the 68th Senior National & Inter State TT Championship held at Ajmer, Rajasthan by winning a number of single and double events. OIL's football team won the prestigious "All India Kalinga Cup Football Tournament", held at Cuttack, Orissa during the year. OIL sportspersons performed excellently, either in single or group in PSPB- events, especially in Basketball, Cricket, Football, Tennis, Golf, Billiard and Chess during the year. OIL's badminton team won Gold medal in SAF games held at Colombo, Sri Lanka in November'2006. Besides, one of the football players of OIL has brought laurel by representing Indian Football Team in SAF games.

13.O IMPLEMENTATION OF OFFICIAL LANGUAGE

In pursuance of Official Language Act/Rules of the Government of India efforts are continuing towards increased use of Hindi in Official work. Hindi Workshops were conducted from time to time to popularize Hindi amongst employees. Meetings of Official Language Implementation Committee are being held periodically. Employees are encouraged to attend Hindi Classes and Hindi typing Classes and to write more and more words in Hindi through Incentive Schemes formulated by the Company. Circulars, Letters and other publication materials have been made bilingual and trilingual as per the requirement. Various initiatives were taken up during the year for promotion of the Official Langauge.

14.0 INDUSTRIAL RELATIONS

During the year, the Company continued to maintain harmonious industrial relations and there were no man days lost due to industrial relation problems. Active participation of employees' representatives in change management initiatives arising out of the strategic corporate plan has been encouraging. Transparency in management dealings with collectives through regular and periodic interactions has been found to be very effective in maintaining cordial employee relations, which has been excellent throughout the year 2006-2007.

15.0 CHANGES IN THE BOARD OF DIRECTORS

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

APPOINTMENT

Shri A.K.Jain, Joint Secretary (E), Ministry of Petroleum and Natural Gas was appointed as Part-time Government Director on the Board of the Company w.e.f. 30th November, 2006.

Shri T.K.Ananth Kumar assumed office as Director (Finance) of the Company w.e.f 18th January, 2007. Previously, he was Director (Finance) of Numaligarh Refinery Limited, a subsidiary of BPCL.

16.0 STATUTORY REQUIREMENTS

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

17.0 AUDIT COMMITTEE

The Audit Committee constituted under Section 292A of Companies Act, 1956 consists of two Government Nominee Directors and one Whole-time Director as members of the Committee. The Committee acts in accordance with the terms of reference specified by the Board as per the provisions of the Companies Act, 1956.

The following Directors are the members of the Committee:

(i). Smt. Aditi S Ray

(ii). Shri A.K.Jain

(iii). Shri J.K.Talukdar

18.0 STATUTORY AUDITORS

M/s PK Mitra & Co., Chartered Accountants, Kolkata and M/s A.K. Sabat & Co., Chartered Accountants, Bhubaneswar were appointed as Joint Statutory Auditors for the financial year 2006-07 by the Comptroller and Auditor General of India in terms of Section 619(2) of the Companies Act, 1956 and will hold office until further orders.

19.0 DIRECTORS' RESPONSIBILITY STATEMENT

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

(i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation 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 at the end of the financial year as on 31st March, 2007 and of the Profits of the Company for the year ended 31st March, 2007.

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and preventing and detecting fraud and other irregularities

(iv) the Directors have prepared the Annual Accounts on a going concern basis

20.0 ACKNOWLEDGEMENT

On behalf of all the Directors, I would like to express my sincere gratitude to the Government of India, Government of various overseas countries, the concerned State Governments, Government Departments and other Agencies for their continued support, guidance and cooperation. The Directors would like to thank the Company's customers, vendors, investors, business associates and bankers for their support to the Company and also place on record their deep sense of appreciation for the committed and sincere efforts of every member of the Oil India family at all levels.

21.0 CONCLUSION

Propelled by the vision of enlarging the Company's contribution and powered by internal vitality, your Directors look forward to another year of fruitful operations combined with an overall improvement in efficiency during the year 2007-2008.

For and on
behalf of the Board of Directors

Sd/-
(M.R.PASRIJA)
Chairman and Managing Director

Place : New Delhi
Date : 20.07.2007

ANNEXURE-I

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

A. ENERGY CONSERVATION

I. Various measures adopted by OIL for Conservation of Energy

(a) CONSERVATION OF CRUDE OIL

A total quantity of about 7551.50 KL of crude oil had been saved/retrieved from different operational activities (such as using aluminium paints in all crude oil storage tanks, use of oil soluble demulsifier and de-oiler from water clarification plant, regular and proper maintenance of crude oil transportation trunk pipeline collected from various sumps and pits etc.) during the year 2006-07.

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

By the operation of Condensate Recovery Plant (CRP) at Moran a total quantity of about **4011.63 KL** and in LPG plant, Duliajan about **35007.41 KL** of condensate was recovered during the year 2006-07. Further, in Rajasthan Project, about **460 KL** of condensate had been recovered during the year under review. Thus total quantity of condensate recovered during 2006-07 was about **39479.04 KL.**

(c) UNDERGROUND STORAGE OF NATURAL GAS

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

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

During the year, the crude oil of both OIL & ONGC was treated with flow improver chemical instead of thermal conditioning and thereby the consumption of natural gas in COCPs at Duliajan and Moran has been reduced considerably for which there is recurring saving of natural gas every year. As a result of above the total saving of natural gas was around 6.84 MMSCUM during the year 2006-07.

(e) REDUCTION OF FLARING OF NATURAL GAS

After commissioning of the 100 mm NB distribution line from LOC DIAN (EPS) to evacuate about 60,000 SCMD (250 psi) gas, the gas flare has been reduced.

(f) CONSERVATION OF DIESEL OIL

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

i) By using submersible water pump in drilling rigs.

ii) By optimum utilization of engines depending upon the connected load requirement in drilling operation.

iii) By adopting and continuing cluster drilling techniques.

iv) By replacing engine driven welding machines with rectifier type welding machine.

v) By using source power in work over well operations wherever OIL's electrical power is available.

vi) By carrying out well jobs deploying CTU-NPU units.

vii) By replacing Dorman engine sets by fuel efficient KOEL engine sets at repeater stations in pipeline operations.

(g) CONSERVATION OF ELECTRICITY

By using energy efficient SON lamps in industrial area, street lighting and area lighting in housing area in Duliajan Field, a quantity of **1261738 Kwh.** of electrical energy had been saved during the year under review. The facilities of COCPs at Duliajan and Moran were utilized only for heating the crude oil for Flow Improver Treatment instead of earlier practice of thermal conditioning for which there is recurring saving of electrical energy. As a result of above about **5205500 Kwh** of electrical energy was saved during the year 2006-07. So total electrical energy saved during the year 2006-07 was **6467238 Kwh.**

(h) UTILISATION OF NON-CONVENTIONAL ENERGY

a. A total of about 135 nos. of MART terminals were provided with Solar Photo Voltaic Panels which resulted in energy saving and cost reduction.

b. Use of solar power illumination and energisation of TANOT Gas Gathering Station at Rajasthan project is presently working satisfactorily and this resulted in saving of about 28 KL of HSD per year (2.34 KL/month).

(i) ADDITIONAL INVESTMENT AND PLANNING

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

a. Installation of more energy efficient lights.

b. Deployment of more Fuel Efficient Vehicles in phased manner.

c. Deployment of Gas Engines instead of Diesel Engines for future installations wherever feasible.

II. Conservation of Energy as well as Cost Reduction achieved during the year 2006-07

Necessary information furnished in FORM 'A'

B. TECHNOLOGY ABSORPTION

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

Necessary information furnished in FORM 'B'

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Rs. in Lakh

	2006-07	2005-06
(i) Foreign Exchange Earnings	**0.35**	13.46
(ii) Foreign Exchange Outgo	**22678.06**	32961.47

FORM 'A'

CONSERVATION OF ENERGY AS WELL AS COST REDUCTION ACHIEVED THEREOF DURING THE YEAR 2006-07

Sl. No.	Form of Energy	Unit	Conservation achieved		
			Qty.	Equv. Kwh	Approx. Amt. Rs. in lakh
1.0	**H.S.D.**				
1.1	Saving in Nagajan OCS & Hatiali EPS in generating set	KL	7.75	$0.07x10^6$	2.39
1.2	By replacing with fuel efficient generating sets at repeater stations in pipeline operations	KL	150.00	$1.35x10^6$	46.35
1.3	By carrying out well jobs deploying CTU-NPU units	KL	215.00	$1.94x10^6$	66.44
1.4	Saving in electrical operations.	KL	3.86	$0.035x10^6$	1.19
2.0	**NATURAL GAS**				
	Saving in Duliajan COCP	MMSCUM	6.84	$78.87x10^6$	131.33
3.0	**CRUDE OIL**				
3.1	Retrieved from various sumps and pits and Water Clarification Plants	KL	7245.00	$70.78x10^6$	1340.22
3.2	Conservation from Pipeline operations.	KL	306.50	$2.99x10^6$	56.70
4.0	**CONDENSATE RECOVERY**				
	Condensate recovered in the fields of Duliajan, Moran & Rajasthan Project.	KL	39479.04	$385.71x10^6$	7303.02
5.0	**ELECTRICITY**				
	Due to introduction of energy efficient luminaries, CFL lamps etc. & Duliajan COCPs	KWH	6467238	$6.47x10^6$	119.70
6.0	**BY USE OF ALTERNATE SOURCES OF ENERGY**				
6.1	Solar Photo Voltaic Panel (Saved H.S.D.)	KL	0.56	$0.005x10^6$	0.17
6.2	Saving in GGS of Raj. Project due to use of Solar lighting (saved H.S.D.)	KL	28.08	$0.25x10^6$	8.68
	TOTAL :			**$548.47x10^6$**	**9076.19**

UNIT RATE (Approx.)

1.	Crude Oil/Condensate	-	Rs. 18498.50/KL* / Rs.21030.52/MT
2.	Natural Gas	-	Rs. 1920.00 per 1000 SCUM
3.	H.S.D	-	Rs. 30.90/Ltr *
4.	LDO	-	Rs. 31.53/Ltr *
5.	Petrol	-	Rs. 44.67/Ltr *
6.	K. Oil	-	Rs. 8.32/Ltr *
7.	LPG	-	Rs. 26369.79/Ton *
8.	Lub Oil	-	Rs. 61.09/Ltr *
9.	Electricity	-	Rs. 1.85/ Kwh (in 2005-2006)

* Taken average cost for 2006-07

FORM - 'B'

SPECIFIC AREA IN WHICH RESEARCH & DEVELOPMENT CARRIED OUT BY THE COMPANY

1. **Sedimentological & Petrographic Studies of the Barail Group in the Eastern part of Upper Assam Basin:**

   Sedimentological and petrographic studies were carried out on reservoir rock samples recovered from about 30 wells spread out in different areas with the help of state of the art instruments like Scanning Electron Microscope, Microsieving unit etc.

2. **Oil to Oil and Oil to Source Correlation Studies in Upper Assam Basin:**

   Biomarker analysis was carried out for 20 source rocks samples from Upper Assam Basin. The data obtained was correlated with the biomarker results of crude oil and a draft report compiling the results thereof has already been prepared.

3. **Reservoir fluid identification through geochemical analysis of sidewall cores:**

   Geochemical analysis of more than 500 sidewall core and conventional core samples from 26 wells were carried out to determine the type of fluid present in them i.e. normal oil, heavy oil, light oil, gas or water.

4. **Corrosion Problem of Tubular in OIL's Eocene Wells:**

   Studies for corrosion in production tubular in Eocene fields (Dikom & Kathaloni) are being carried out with collaborative assistance from IEOT, ONGCL, Mumbai.

5. **Control of Paraffin deposition in production tubing of producing wells:**

   Flow improver squeezing job using MAXDIP – 5050 AB along with demulsifier SOT 1098 was carried out in well no. NHK # 315 to control paraffin deposition in production tubing.

6. **Study on Low Injectivity Problem in Water Disposal Wells at a depth below 1,000 m:**

   Field implementation of treatment of formation water to control SRB with two biocides identified and procured with the help of TERI, New Delhi, is in progress.

7. **Implementation of MEOR Technology in OIL's Wells:**

   In view of encouraging results obtained after implementing MEOR technology in 3 wells, it has been planned to carry out MEOR jobs in 5 more wells with the assistance of IRS / TERI. Necessary well data collection, chemical procurement etc are being done.

8. **Feasibility Study of ASP Flood for OIL's Fields:**

   The study of parameters like thermal stability, static absorption on reservoir rock is being done for alkali-surfactant and alkali-surfactant polymer blend. The efficacy of the ASP process with the surfactant and polymer samples provided by M/s Oil-Chem Technologies are also being evaluated with the help of IRS, Ahmedabad.

9. **Development of Oil field chemicals:**

   An Oil-Soluble-Demulsifier (OSD) field trial has been initiated at Jorajan OCS to ascertain the effectiveness of a new OSD formulation (AQUAT – 361) under actual field condition.

10. **Studies on Conversion of Coal to Liquid Fuel:**

    The site specific pre-feasibility study on CTSL technology by EIL and site-specific pre-feasibility study on DCL Technology of HTI, USA have been completed. Also a study on availability and assured supply of coal for the commercial coal liquefaction plant by the JTF, including signing of MoU for coal supply and formation of JVC are being carried out.

11. **Study of Natural Gas Hydrates in Indian Offshore:**

As part of the Indian National Gas Hydrate Program, sponsored by the Govt. of India, OIL's R&D was involved in the coring/drilling operations for NGHP expedition for gas hydrates in four Indian offshore areas and their subsequent characterization at National Research Council, Ottawa, Canada.

12. **Ambient Air Quality Monitoring in OIL's Operational Area:**

Ambient Air Quality was monitored using R&D's existing Ambient Air Quality Monitoring equipments housed in a Van during the year 2006-2007 in various OIL's installations such as Power House, OCS, GCS, Pump Station-1, Public Health Office etc.

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

- Sedimentological studies have revealed the nature and quality of the Barail Argillaceous Unit.
- Oil to oil and oil to source correlation studies will be beneficial for future exploration strategy of OIL.
- Sidewall core analysis has immensely helped in reservoir fluid identification during production testing of the wells.
- Corrosion study would help in identifying the causes of tubular failures in Dikom & Kathaloni areas.
- Flow improver squeezing job resulted in minimizing paraffin deposition in NHK # 315.
- Development and identification of biocides will help in improving water injectivity in wells above 1000 meter depth.
- Application of MEOR technology in more wells would help in production augmentation.
- Study on ASP flooding would help in identifying a suitable EOR process for our fields.
- Development of Oil field chemicals will result in identifying proper oil soluble demulsifiers.
- Coal liquefaction project will help in identification of a proper coal liquefaction technology in Indian scenario.
- Study of gas hydrates will help in determining the geologic controls on the formation and occurrence of gas hydrates in Indian off shores.
- Monitoring of air pollution helps in maintaining clean environment in various OIL's installations.

FUTURE PLAN OF ACTION:

- R&D department will continuously strive towards techno-economically feasible solution for various problems encountered by the Company in its operation in the areas of exploration, drilling, production and transportation of crude oil and natural gas.
- Assimilation of latest technologies and field implementation of process developed in-house will be given highest priority.
- More thrust will be given for implementation of microbial techniques in various field operations.
- Efforts will be made to establish availability and assured supply of coal along with finalizing a suitable process for coal conversion to syn-crude in Indian scenario.

EXPENDITRE ON R&D DURING THE YEAR:

Expenditure Head	Rs. in Lakhs
Capital	24.53
Revenue	1125.62
Total R&D expenditure	1150.14
% of Turnover	0.21

ANNEXURE-II

INFORMATION AS REQUIRED UNDER SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ ALONG WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 (AS AMENDED FROM TIME TO TIME) FORMING PART OF THE DIRECTORS' REPORT IN RESPECT OF THE YEAR ENDED 31ST MARCH, 2007

(A) Employees who were employed throughout the aforesaid year and were in receipt of remuneration for the said year which in the aggregate, was not less than Rs. 24,00,000/-

Sl. No.	Name and Qualification	Age (Yrs)	Designation	Remuneration (Rs.)	Total Exp. (Yrs)	Date joined	Last Employment
1.	Shri H.K. Sharma M.Sc. (Chem)	55	Chief Chemist	Rs. 39,13,813.00	31	19.10.1976	Teacher D.P.I., Assam
2.	Shri H.C.Talukdar H.S.L.C.	49	Asstt. Officer (SR)	Rs. 50,24,678.00	30	01.11.1977	Nil

(B) Employees who were employed for a part of the aforesaid year and were in receipt of remuneration for any part of the said year at a rate which in the aggregate was not less than Rs.2,00,000/- per month

Sl. No.	Name and Qualification	Age (Yrs)	Designation	Remuneration (Rs.)	Total Exp. (Yrs)	Date joined	Last Employment

— NIL —

(C) The remuneration shown here in above in this statement comprises of salary, bonus, house rent allowance, Company's contribution to provident fund, gratuity fund, leave travel assistance and other perquisites valued in accordance with the provision of the Income Tax Act, 1961 read with rules made thereunder and does not include arrear paid in respect of earlier years arising out of pay revision.

None of the above employees holds more than 1% in the equity of the Company.

Pension is payable only to such of those employees who were on the Company's rolls as on 14.10.1981, in accordance with the pension scheme of the Company, subject to their fulfillment of the conditions as provided in the rules of the said fund.

The nature of employment of the aforesaid employees is contractual.

None of the aforesaid employees is a relative of any Director of the Company.

The terms of employment of the aforesaid employees provided, inter alia, that the Company shall have the right to terminate the employment upon giving to the employees three/six months prior notice in writing of its intention to do so or on paying to him three/six months salary in lieu of notice and also that the employee shall have the similar right to terminate the contract of employment upon giving previous notice of three/six months in writing to the company, besides above, the company has the right under the contract of employment to terminate the employment forthwith for certain just reasons, as specified in the contract. But this right is not exercisable by the Company unless the employees concerned is first informed in writing of the alleged misconduct and is given a reasonable opportunity to explain the circumstances.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF OIL INDIA LIMITED FOR THE YEAR ENDED 31ST MARCH 2007.

The preparation of financial statements of Oil India Limited for the year ended 31st March 2007 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on 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 31st May 2007.

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 31st March 2007. 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 the behalf of the
Comptroller & Auditor General of India

Sd/-
(B. Mazumdar)
Principal Director
O/o the Pr. Director of Commercial Audit
& Ex-officio Member, Audit Board-II, Kolkata

Place : Kolkata
Date : 18.07.07

AUDITORS' REPORT

TO THE SHAREHOLDERS OF OIL INDIA LIMITED

We have audited the attached Balance Sheet of Oil India Limited, as at 31st March, 2007 and the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto in which are incorporated the Company's share in the total value of assets, liabilities, expenditure and income of thirty one Joint Ventures for exploration and production based on unaudited financial statements certified by the Management (Refer Note 1 (E) 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.

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.

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.

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

1. (a) Accounting Policy No.2 of Schedule-27 relating to treatment of exploration costs, development expenditure and abandonment costs and Accounting Policy No. 4.1(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. 5 of Schedule-28 relating to impairment of assets are based on management's evaluation / estimates, whether technical or otherwise, which we have relied upon.

2. Attention is drawn to the following notes in Schedule 28 :

2.1 Note 1(E) regarding incorporation of un-audited Statements of Accounts of Joint Ventures / Production Sharing Contracts in the books of accounts of the Company.

2.2 Note 1 (H) regarding non-accounting of profit / loss (in compliance with Accounting Standard 7 issued by Institute of Chartered Accountants of India), if any, arising out of execution of pipeline contract under the Consortium Agreement with IOTL and consequential impact thereof on the accounts not ascertained as of date.

2.3 Note 6(D) regarding non-availability of confirmation of balances from Sundry Debtors, Creditors and Loans and Advances.

2.4 Note 9 (c) regarding shifting to ERP system arising out of which net debit of Rs.650.57 Lakh taken to account through write off of certain old debits and write back of old credits.

3. *Subject to our comments in paragraph 2 above, with consequential effect, if any, on the profit for the year and the net assets at the year end, the quantum of which is not ascertainable at this stage:*

3.1 We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

3.2 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;

3.3 The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

3.4 In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;

3.5 On the basis of written representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and

3.6 In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies (Schedule 27) and 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:

(a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2007;

(b) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

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

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

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

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

Place : New Delhi
Date : 31st May, 2007

ANNEXURE TO THE AUDITORS' REPORT OF OIL INDIA LIMITED
(Referred to in our report of even date attached)

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. However, as explained to us, additions / deletions during the year are in process of being incorporated in the fixed asset records.

   (b) We are informed that certain fixed assets of the Company have been physically verified by the management during the year in accordance with a phased programme designed to cover all items over a period of five years, which is considered to be reasonable.

   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.

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

   (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 Liquified 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 accordance with the information and explanations received by us, the procedures of physical verification of inventory followed by the management appears to be reasonable and adequate in relation to the size of the Company and the nature of its business.

   (c) In our opinion, the Company has maintained proper records in respect of stocks of crude oil and LPG and in respect of stock of stores and spare parts. No material discrepancies have been noticed between physical and book stocks of crude oil and LPG. In respect of stores and spare parts, the discrepancies on physical verification noticed by the management between physical stock and book records are not material considering the size of the Company and the nature of its business and the same have been properly adjusted in the accounts to the extent reconciliations have been completed

3. The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions regarding rate of interest, payment of principal and interest and overdue amount as per sub clauses (b) to (g) of this clause are not applicable.

4. According to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services and we have not observed any continuing failure to correct major weaknesses in internal control system.

5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangement referred to in Section 301 of 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. However, as explained to us, the management is taking necessary measures for further improvement of its scope in respect of intensity and effective monitoring thereof.

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

9. (a) According to the records of the Company and information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance (not applicable to the Company), income tax, sales tax, wealth tax, fringe benefit tax, service tax, custom 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 31st March 2007, 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
Orissa Sales Tax Act, 1947	Sales Tax & interest	1983-84 to1987-88	1329.98	Orissa High Court
Central Excise Act, 1944	Service tax and interest	2000-01 to 2004-05	1840.53	CEGAT, Kolkata
Assam Taxation (on specified land) Act, 2004	Tax on land	2004-05 to 2005-06	17287.82	Guwahati High Court

10. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses during the financial year and in the immediately preceding financial year.

11. Based on our audit procedures and on the information and explanations given by the management, the Company has not defaulted in repayment of dues to any financial institution or bank. The Company has not issued debentures.

12. Based on our examination of documents and records, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provision of paragraph 4 (xiii) of the Order is not applicable to the Company.

14. According to the records of the Company, the Company is not dealing or trading in shares, securities, debentures and other investments. 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 bank 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 over all examination of the balance sheet of the Company and according to information and explanations given to us, the Company did not raise any funds on short term basis which have been used for long term investment. No long-term funds have been used to finance short-term assets.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the 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 Company has not raised any money during the year by public issue.
21. During the course of our examination of books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company nor have we been informed of such case by the management.

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

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

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

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

Place : New Delhi
Date : 31st May, 2007

OIL INDIA LIMITED

Balance sheet as at 31st March, 2007

(Rs. in lakhs)

	SCHEDULE			As at 31st March, 2007			As at 31st March, 2006
SOURCES OF FUNDS							
SHAREHOLDERS' FUNDS							
Share Capital	1	**21400.44**			21400.44		
Reserves & Surplus	2	**663506.71**		**684907.15**	563429.57		584830.01
LOAN FUNDS							
Secured Loans	3(A)	**70900.76**			15502.37		
Unsecured Loans	3(B)	**10500.00**		**81400.76**	17907.65		33410.02
DEFERRED TAX LIABILITY (NET)				**80333.18**			70131.35
WELL ABANDONMENT SINKING FUND				**107.23**			100.01
				846748.32			**688471.39**
APPLICATION OF FUNDS							
FIXED ASSETS	4						
Gross Block		**218890.61**			209518.31		
Less: Depreciation		**155213.57**			148293.78		
Net Block			**63677.04**			61224.53	
Capital Work in progress	5		**53011.82**			31184.45	
PRODUCING PROPERTIES	6						
Gross Cost		**384408.05**			355639.49		
Less: Depletion		**181830.84**			164065.61		
Net Cost			**202577.21**			191573.88	
PRE-PRODUCING PROPERTIES	7		**38859.61**			22601.59	
				358125.68			306584.45
INVESTMENTS	8			**40754.51**			43015.33
CURRENT ASSETS, LOANS AND ADVANCES							
Inventories	9	**40802.39**			39894.55		
Sundry debtors	10	**40867.76**			53407.64		
Cash and Bank Balances	11	**327569.64**			310150.23		
Interest accrued on Term Deposits		**15719.05**			10940.71		
Interest accrued on Investments		**0.55**			0.54		
Loans and Advances	12	**126107.26**			41153.73		
			551066.65			455547.40	
LESS: CURRENT LIABILITIES AND PROVISIONS							
Current Liabilities	13	**78180.71**			91817.79		
Provisions	14	**25017.81**			24858.00		
			103198.52			116675.79	
NET CURRENT ASSETS				**447868.13**			338871.61
TOTAL				**846748.32**			**688471.39**
INFORMATION UNDER SCHEDULE VI TO THE COMPANIES ACT, 1956	25						
SEGMENT REPORT	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 P. K. MITRA & Co.	**For A.K. SABAT & Co.**	For and on behalf of the Board of Directors		
CHARTERED ACCOUNTANTS	CHARTERED ACCOUNTANTS			
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(T.N. CHAKRABARTI)	(A.K.SABAT)	(S.K.SENAPATI)	(T.K.ANANTH KUMAR)	(M.R.PASRIJA)
PARTNER	PARTNER	COMPANY SECRETARY	DIRECTOR (FINANCE)	CHAIRMAN & MANAGING DIRECTOR
Membership No.10610	Membership No.30310			

PLACE : NEW DELHI, DATE : 31st May, 2007

OIL INDIA LIMITED

Profit & Loss Account for the Year Ended 31st March, 2007

(Rs. in lakhs)

	SCHEDULE	Year Ended 31st March, 2007	Year Ended 31st March, 2006
INCOME			
Sales	15	**528508.90**	547057.90
Income from Transportation	16	**10411.58**	7960.71
Other Income	17	**53349.41**	36392.86
Other adjustments	22(A)	**8729.03**	11107.18
		600998.92	602518.65
Increase/(Decrease) In Stocks	18	**(221.23)**	1137.00
		600777.69	603655.65
EXPENDITURE			
Production, Transportation & Other Expenditure	19	**304392.96**	270486.97
Provision against debts, advances and other provisions/write-offs	20	**19270.45**	11217.32
Depletion		**17765.22**	18812.29
Depreciation		**8183.44**	14323.78
Interest & Debt Charges	21	**1395.53**	1618.67
Exchange Loss/(Gain)		**112.37**	(97.22)
VRS Compensation written off		**0.00**	2996.19
Other Adjustments	22(B)	**849.40**	17019.49
		351969.37	336377.49
Profit for the year		**248808.32**	267278.16
Prior Period items	22(C)	**545.61**	(161.61)
Profit Before Tax		**248262.71**	267439.77
Provision for Taxation			
- Current Tax (Including Wealth Tax)	23	**73803.00**	92495.88
- Tax for earlier years		**9.25**	662.36
- Deferred Tax (Refer Note No. 8 of Sch-28)		**10201.83**	4978.46
- Fringe Benefit Tax		**250.00**	310.00
		84264.08	98446.70
Profit After Tax		**163998.63**	168993.07
BALANCE AVAILABLE FOR APPROPRIATION		**163998.63**	168993.07
APPROPRIATIONS			
Interim Dividends		**39590.81**	39590.81
Tax on Interim Dividends		**5552.60**	5552.60
Final Dividend (Proposed)		**16050.33**	17120.35
Tax on Proposed Dividend		**2727.75**	2401.14
Transfer to General Reserve		**100077.14**	104328.17
		163998.63	168993.07
Earnings Per Share (Rupees) - (Face value of Rs. 10/- each)	24	**76.63**	78.97
INFORMATION UNDER SCHEDULE VI TO THE COMPANIES ACT, 1956	25		
SEGMENT REPORT	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 P. K. MITRA & Co. CHARTERED ACCOUNTANTS	For A.K. SABAT & Co. CHARTERED ACCOUNTANTS	For and on behalf of the Board of Directors		
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(T.N. CHAKRABARTI)	(A.K.SABAT)	(S.K.SENAPATI)	(T.K.ANANTH KUMAR)	(M.R.PASRIJA)
PARTNER	PARTNER	COMPANY SECRETARY	DIRECTOR (FINANCE)	CHAIRMAN & MANAGING DIRECTOR
Membership No.10610	Membership No.30310			

PLACE : NEW DELHI, DATE : 31st May, 2007

SCHEDULE - 1

(Rs. in lakhs)

	As at 31st March, 2007	As At 31st March, 2006
SHARE CAPITAL		
Authorised:	**50000.00**	25000.00
50,00,00,000 (Previous year 25,00,00,000) Equity Shares of Rs.10/- each		
Issued, Subscribed and Paid up:	**21400.44**	21400.44
21,40,04,400 (Previous year 21,40,04,400) Equity Shares of Rs.10/- each fully paid up		

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

SCHEDULE - 2

(Rs. in lakhs)

		As at 31st March, 2007		As At 31st March, 2006
RESERVES AND SURPLUS				
General Reserve				
Opening Balance	**563429.57**		452664.78	
Add: Deferred Tax Assets arising as of 1.4.2002 due to change in depreciation method	**0.00**		6436.62	
Add: Transfer from Profit and Loss Account	**100077.14**	**663506.71**	104328.17	563429.57
		663506.71		563429.57

SCHEDULE - 3

(Rs. in lakhs)

		As at 31st March, 2007	As At 31st March, 2006
LOAN FUNDS			
(A)	**Secured Loans**		
(a)	Cash Credit/Working Capital Demand Loan with State Bank of India, Kolkata (Secured by hypothecation of all current assets including goods-in-transit wherever situated, excluding assets under Joint Venture, ranking pari passu with hypothecation created in favour of SBI, Kolkata for Cash Credit, Working Capital Demand Loan and LC/Bank Guarantee with limit of Rs. 27000 Lakh) (Previous Year Rs. 27000 Lakh)	**52.33**	6000.00
(b)	Loan from Banks (Secured by pledge of term deposit receipts)	**70848.43**	9502.37
		70900.76	15502.37
(B)	**Unsecured Loans**		
(i)	From Oil Industry Development Board (Repayable within one year Rs. 3500 Lakh; Previous year Rs. 3500 Lakh)	**10500.00**	14000.00
(ii)	From M/s ONGC Videsh Ltd. (Due and payable as on 31st March Rs. Nil ; Previous year Rs. 3907.65 Lakh)	**0.00**	3907.65
	[Refer Note No.6 (C) of Schedule -28]	**10500.00**	17907.65

SCHEDULE - 4

FIXED ASSETS (Rs. in lakhs)

Particulars	Gross Block				Depreciation					Net Block	
	Cost as at 31st March, 2006	Additions during the Year	Deletions/ Adjustments during the year	Cost as at 31st March, 2007	Upto 31st March, 2006	Addl. on SLM to WDV upto 31.03.05	For the Year	Deletions/ Adjustments during the Year	Upto 31st March, 2007	As at 31st March, 2007	As at 31st March, 2006
Land - Freehold	3900.78	1255.05	0.00	5155.83	0.00	0.00	0.00	0.00	0.00	5155.83	3900.78
- Leasehold	970.78	149.95	0.00	1120.73	0.00	0.00	0.00	0.00	0.00	1120.73	970.78
Building (Including Roads & Bridges)	21483.72	675.93	550.87	21608.78	8650.92	0.00	797.49	124.50	9323.91	12284.87	12832.80
Railway Sidings	192.94	0.00	0.11	192.83	105.69	0.00	12.07	0.10	117.66	75.17	87.25
Plant & Machinery	179210.93	13266.33	5456.12	187021.14	136947.18	0.00	11141.51	5060.45	143028.24	43992.90	42263.75
Furniture & Fittings	1275.88	178.01	37.13	1416.76	857.14	0.00	113.46	34.12	936.48	480.28	418.74
Motor Vehicles	2483.28	38.94	147.68	2374.54	1732.85	0.00	210.77	136.34	1807.28	567.26	750.43
Total :	**209518.31**	**15564.21**	**6191.91**	**218890.61**	**148293.78**	**0.00**	**12275.30**	**5355.51**	**155213.57**	**63677.04**	**61224.53**
Previous Year :	**188462.89**	**22862.12**	**1806.70**	**209518.31**	**112673.08**	**19256.84**	**18078.73**	**1714.87**	**148293.78**	**61224.53**	

	2006-07	2005-06
Depreciation charged to		
-Profit & Loss Account	8183.44	14323.78
-Prior period	628.29	0.00
-Pre Producing Property	3007.81	3754.95
-Projects & Capital Accounts	455.76	0.00
Total	**12275.30**	**18078.73**

SCHEDULE - 5

(Rs. in lakhs)

	As at 31st March, 2007	As At 31st March, 2006
CAPITAL WORK-IN-PROGRESS		
Buildings (Including Roads & Bridges)	**809.25**	743.03
Plant & Machinery	**52202.57**	30441.42
	53011.82	31184.45

SCHEDULE - 6

PRODUCING PROPERTIES (Rs. in lakhs)

FIELD/AREA	GROSS COST				DEPLETION				NET COST	
	Cost As at 31st March 2006	Transfer from Pre-producing Properties	Adjustment/ (Deletions) During the year	Gross Cost As at 31st March 2007	Upto 31st March 2006	During the Year	Adjustments/ Deletions During the Year	Upto 31st March 2007	Net cost As at 31st March 2007	Net cost As at 31st March 2006
Assam	333764.93	27849.30	0.00	361614.23	154605.37	16626.14	0.00	171231.52	190382.71	179159.56
Arunachal Pradesh	4634.99	0.00	0.00	4634.99	2661.18	148.23	0.00	2809.42	1825.58	1973.81
Rajasthan	11975.23	919.26	0.00	12894.49	5206.35	911.91	0.00	6118.25	6776.24	6768.88
JVC- India	5264.34	0.00	0.00	5264.34	1592.70	78.94	0.00	1671.64	3592.69	3671.64
TOTAL :	**355639.49**	**28768.56**	**0.00**	**384408.05**	**164065.61**	**17765.22**	**0.00**	**181830.84**	**202577.21**	**191573.88**
Previous Year :	**322709.01**	**30019.69**	**2910.79**	**355639.49**	**143943.51**	**20122.10**	**0.00**	**164065.61**	**191573.88**	

SCHEDULE - 7

PRE-PRODUCING PROPERTIES (Rs. in lakhs)

FIELD/AREA	Balance as at 31st March, 2006	Adjustments	Expenditure during the year	Transfer to Producing Properties	Transfer to Profit & Loss Account	Balance As at 31st March, 2007
Assam	13029.45	0.00	43274.64	27849.30	5023.55	23431.24
Rajasthan	1847.66	0.00	920.49	919.26	70.75	1778.14
JVC						
- India	6749.32	744.84	9829.59	0.00	10629.28	5204.79
- Overseas	975.16	0.00	7470.62	0.00	0.34	8445.44
TOTAL :	**22601.59**	**744.84**	**61495.34****	**28768.56**	**15723.92**	**38859.61**
Previous Year :	**12982.01**	**5.70**	**49541.48****	**30019.69**	**9896.51**	**22601.59**

** Includes allocated depreciation for the year Rs. 3007.81 Lakh (Previous year Rs. 3754.95 Lakh)

SCHEDULE - 8

(Rs. in lakhs)

		No. of shares/ Bonds/ Units	Face Value	**As at 31st March, 2007**	As at 31st March, 2006
INVESTMENTS (Unquoted and fully paid up)					
A.	**TRADE - LONG TERM**				
	EQUITY SHARES				
	- Numaligarh Refinery Limited	90821344	Rs.10	**9082.13**	9082.13
	- Suntera Nigeria 205 Limited	62502	Naira 1	**0.22**	0.00
B.	**TRADE - OTHERS**				
	GOVT. OF INDIA BONDS				
	(a) 5.00% Oil Companies Govt. of India Special Bond-2009	91030	Rs.10000	**9103.00**	9103.00
	(b) 7.00% Oil Companies Govt. of India Special Bond-2012	248302	Rs.10000	**24830.20**	24830.20
C.	**NON TRADE - LONG TERM**				
	The East India Clinic Limited 6 Nos. of 5% Non Redeemable Debenture Stock 1957 (Carried at a nominal value of Re 1/- only)	6	Rs.1000	**0.00**	0.00
				43015.55	43015.33
Less :	**Provision For Diminution in value of Govt Of India Bonds**			**2261.04**	0.00
	[Refer Note No. 6(E) of Schedule 28]			**40754.51**	43015.33

SCHEDULE - 9

(Rs. in lakhs)

		As at 31st March, 2007		As at 31st March, 2006
INVENTORIES (As valued and certified by the Management)				
Stores and spare parts (including goods in transit)				
At Cost [inclusive of inventory valued at Rs. 149.26 lakh- (Previous year Rs. 208.32 lakh) at residual value]	**37243.96**		35522.63	
Less: Provision for slow/non-moving and other stores	**967.61**	**36276.35**	365.47	35157.16
Assets awaiting disposal		**16.15**		6.27
Crude Oil		**4495.71**		4715.68
Liquefied Petroleum Gas		**14.18**		15.44
		40802.39		39894.55

SCHEDULE - 10

(Rs. in lakhs)

		As at 31st March, 2007		As at 31st March, 2006
SUNDRY DEBTORS (Unsecured, Considered Good unless otherwise stated)				
Debts - Outstanding for a period more than 6 months				
- Considered Good	**17669.50**		17673.19	
- Considered Doubtful	**222.57**	**17892.07**	481.67	18154.86
Other Debts				
- Considered Good		**17799.73**		30291.73
		35691.80		48446.59
Less : Provision for doubtful debts		**222.57**		481.67
	(A)	**35469.23**		47964.92
Future Instalments receivable against Lease Rent	**8532.23**		9291.64	
Less : Unearned Income	**3133.70**		3848.92	
(Refer Note No. 1(D)(iv) of Schedule 28)	**(B)**	**5398.53**		5442.72
Grand Total (A+B)		**40867.76**		53407.64

SCHEDULE - 11

(Rs. in lakhs)

		As at 31st March, 2007	As At 31st March, 2006
CASH AND BANK BALANCES			
Cash & Cheques in Hand		**100.11**	130.40
Balance with Scheduled Banks in :			
Current Accounts		**8839.41**	11308.83
Term Deposits		**318630.12**	298711.00
		327569.64	310150.23

SCHEDULE - 12

(Rs. in lakhs)

		As at 31st March, 2007	As At 31st March, 2006
LOANS AND ADVANCES			
Loans and advances to employees (Including Directors) [Refer Note No. 6B(i) of Schedule 28]		**12072.17**	12009.86
Advances against acquisition of equity shares in NRL-Pending transfer : [Refer Note no. 6(B)(iv) of Schedule 28]			
- Oil Industry Development Board (OIDB)	**35511.88**		
- Bharat Petroleum Corporation Ltd. (BPCL)	**3771.32**	**39283.20**	0.00
Contribution for working capital to IOTL-OIL Consortium [Refer note no 1(H) of Schedule 28]		**250.00**	0.00
Advances recoverable in cash or in kind or for value to be received		**24968.33**	26882.85
Direct Tax payments (Net of Provisions of Rs.74059.25 lakh; Previous year Rs. 93464.24 lakh)		**8995.75**	656.48
Deposits/Balances with I.Tax,Customs, Excise, Port Trust etc.		**2394.31**	1337.87
Deposits with Companies (ICD) including Public Sector Companies		**38000.00**	1500.00
Deposits with Others		**518.00**	641.17
		126481.76	43028.23
Less: Provision for doubtful advances/claims		**374.50**	1874.50
		126107.26	41153.73
PARTICULARS OF LOANS AND ADVANCES			
Secured		**11152.57**	13056.74
Unsecured - Considered good		**114954.69**	28096.99
Unsecured - Considered doubtful & provided for		**374.50**	1874.50
		126481.76	43028.23

SCHEDULE - 13

(Rs. in lakhs)

	As at 31st March, 2007	As At 31st March, 2006
CURRENT LIABILITIES:		
Sundry Creditors (Refer Note No.6 of Schedule-25)	**19159.99**	13248.62
Statutory Liabilities	**13419.65**	25217.08
Liability towards Investor Education and Protection Fund U/S 205C of the Companies Act, 1956 not due		
- Unpaid Dividend	**311.41**	198.59
Liabilities (Others)	**37335.35**	44407.97
Liabilities (Employees)	**7954.31**	8745.53
	78180.71	91817.79

SCHEDULE - 14

(Rs. in lakhs)

	As at 31st March, 2007	As At 31st March, 2006
PROVISIONS:		
Final Dividend (Proposed)	**16050.33**	17120.35
Tax on Proposed Dividend	**2727.75**	2401.13
Leave encashment	**2294.22**	1577.68
Post retirement Medical benefits for employees	**3820.87**	3724.67
Wealth Tax (Net of payment)	**4.21**	4.00
Unidentified assets	**0.00**	30.17
Provision against Fixed Assets not in use [Refer Note No. 4(B) of Schedule 28]	**120.43**	0.00
	25017.81	24858.00

SCHEDULE - 15

(Rs. in lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
SALES *		
Crude Oil	**480565.32**	501069.73
Natural Gas	**42720.42**	38848.03
Liquefied Petroleum Gas	**5140.67**	7054.11
Condensate	**82.49**	86.03
	528508.90	547057.90

* Includes Sales Tax of Rs.18275.81 Lakh (Previous Year Rs.18848.92 Lakh) on Crude oil, Rs. 6009.64 Lakh (Previous Year Rs.5120.97 Lakh) on Natural Gas and Rs.13.20 lakh (Previous Year Rs.17.04 Lakh) on LPG and Rs. 3.17 Lakh (Previous Year Rs.3.31 Lakh) on Condensate shown separately as expenses in Schedule-19.

SCHEDULE - 16

(Rs. in lakhs)

		Year ended 31st March, 2007		Year ended 31st March, 2006
INCOME FROM TRANSPORTATION				
Crude Oil - Pipeline	**11367.59**		8551.72	
Less : Service Tax	**998.30**	**10369.29**	630.20	7921.52
Natural Gas - Pipeline	**47.47**		42.35	
Less : Service Tax	**5.18**	**42.29**	3.16	39.19
		10411.58		7960.71

SCHEDULE - 17

(Rs. in lakhs)

		Year ended 31st March, 2007		Year ended 31st March, 2006
OTHER INCOME				
Claim towards under-recovery of Natural Gas Price		**14978.51**		12110.52
Dividend from Numaligarh Refinery Ltd.-Trade Investment		**1725.61**		1543.96
Dividend from UTI (Tax Free)		**11.97**		0.00
Interest (Gross)				
On Investments in GOI Special Bonds- Trade Investment (Tax Deducted at Source NIL; Previous year NIL)	**2193.26**		1324.04	
On Term Deposits with Banks (Tax Deducted at Source Rs. 5622.16 Lakhs; Previous Year Rs. 2889.45 Lakhs)	**25268.70**		17858.18	
From Income Tax Authorities (Tax Deducted at Source NIL; Previous year NIL)	**860.85**		310.13	
From Others (Tax Deducted at Source NIL; Previous year NIL)	**623.43**		422.21	
On Deposit with Companies (ICD) (Tax Deducted at Source Rs. 659.91 Lakhs; Previous Year Rs. 49.85 Lakh)	**3015.79**	**31962.03**	222.17	20136.73
Other items :				
Electricity Recoveries	**9.77**		10.10	
Scrap Disposal	**104.28**		123.91	
Profit on Sale of Assets	**403.86**		1.53	
Liquidated damages etc.	**1630.67**		405.68	
Income from Services (exclusive of service tax collected and paid Rs.11.51 Lakhs; Previous year Rs. 106.28 lakh)	**1317.36**		1234.97	
Income from Finance Lease	**627.88**		513.05	
Miscellaneous Income	**577.47**		312.41	
		4671.29		2601.65
		53349.41		36392.86

SCHEDULE - 18

(Rs. in lakhs)

		Year ended 31st March, 2007		Year ended 31st March, 2006
INCREASE/(DECREASE) IN STOCKS				
Opening Stock				
Crude oil	**4715.68**		3567.79	
Liquefied Petroleum Gas	**15.44**		26.33	
		4731.12		3594.12
Closing Stock				
Crude oil	**4495.71**		4715.68	
Liquefied Petroleum Gas	**14.18**		15.44	
		4509.89		4731.12
		(221.23)		1137.00

SCHEDULE - 19

PRODUCTION, TRANSPORTATION & OTHER EXPENDITURE (Rs. in lakhs)

		Year ended 31st March, 2007		Year ended 31st March, 2006
CRUDE OIL				
Raising Cost	**32167.88**		34489.51	
Royalty	**98654.17**		86250.37	
Cess (Inclusive of Ed. Cess and NCC Duty)	**80668.50**		61718.37	
Sales Tax (includes Rs.3.17 lakh for condensate; previous year Rs.3.31 lakh)	**18278.98**	**229769.53**	18852.23	201310.48
NATURAL GAS				
Raising Cost	**12456.75**		14838.30	
Royalty	**2982.72**		2411.45	
Sales Tax	**6009.64**		5120.97	
		21449.11		22370.72
LIQUEFIED PETROLEUM GAS				
Extraction Cost	**2984.73**		2714.12	
Sales Tax	**13.20**	**2997.93**	17.04	2731.16
PIPELINE OPERATION & MAINTENANCE EXPENDITURE		**9158.85**		9676.69
BUSINESS DEVELOPMENT EXPENDITURE		**1055.44**		727.33
GEOLOGICAL & GEOPHYSICAL EXPENDITURE		**24152.10**		21716.95
CARRYING COSTS OF PEL AREAS		**1275.97**		901.68
ADMINISTRATIVE EXPENDITURE		**13408.42**		9829.98
RESEARCH & DEVELOPMENT EXPENDITURE		**1125.61**		1221.98
		304392.96		270486.97

SCHEDULE - 20

(Rs. in lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
PROVISIONS AGAINST DEBTS, ADVANCES AND OTHER PROVISIONS/ ADJUSTMENT/WRITE OFF		
Provision against unidentified assets	**(30.17)**	(34.21)
Provision against assets not in use	**120.43**	0.00
Loss on deletion of assets	**399.14**	85.49
Provision for diminution in value of Investment	**2261.04**	0.00
Adjustment in valuation of Stores	**(24.76)**	0.00
Provision for slow, non moving and other Stores	**602.14**	365.47
Bad Debts/Doubtful claims/Deposits written off	**0.00**	660.50
Provision for Doubtful Debts/Claims/Deposits	**211.49**	224.50
Abandonment and write off of exploratory dry Wells	**15723.92**	9896.51
Provision for Well abandonment cost (JVC)	**7.22**	19.06
	19270.45	11217.32

SCHEDULE - 21

(Rs. in lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
INTEREST & DEBT CHARGES		
Income Tax Authorities	**0.00**	242.74
Oil Industry Development Board Loan	**618.16**	833.25
ONGC Videsh Ltd. Loan	**0.00**	186.05
Banks and others	**403.34**	307.38
Short Term Loan	**374.03**	49.25
	1395.53	1618.67

SCHEDULE - 22 (A)

(Rs. in lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
OTHER ADJUSTMENTS (Income)		
Reversal of Natural Gas transportation and other charges	**0.00**	(184.36)
Reversal of excess bill on sale of Natural Gas	**0.00**	(171.54)
Adjustment of OIDB grant of earlier years	**768.97**	0.00
Reversal of excess COCP and transportation charges	**0.00**	(23.95)
Gas Pool Claim - Rajasthan Project	**0.00**	11808.42
Reversal of Claim on new assay of crude oil	**0.00**	(322.58)
Provision for unprocessed crude written back	**153.15**	0.00
Interest on Deposit with IDPL (Refer Note No.6(B)(v) of Schedule 28)	**1107.95**	0.00
Provision against ICD with IDPL written back (Refer Note No.6(B)(v) of Schedule 28)	**1500.00**	0.00
Reversal of interest claim	**0.00**	18.13
Waiver of Loan by OVL [Refer Note No: 6(C) of Sch. 28]	**3907.65**	0.00
Excess provision for earlier years written back	**1291.31**	(16.94)
	8729.03	11107.18

SCHEDULE - 22 (B)

(Rs. in lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
OTHER ADJUSTMENTS (Expenses)		
Adjustment of short recovery from OCC towards Royalty	**7.87**	0.00
Reversal of Cenvat Credit on Service Tax	**60.77**	0.00
Excess Debit Balance in Customer account written off	**36.34**	0.00
Release of Security Deposit of earlier years	**66.78**	0.00
Waiver of Liquidated damage deducted in earlier years	**27.07**	0.00
Permanent diminution in value of investment	**0.00**	0.46
Addl. Depreciation(WDV) upto 31.03.2005	**0.00**	15769.74
Well write off arising out of addl. depreciation upto 31.03.2005	**0.00**	531.56
Addl Depletion arising out of addl. depreciation upto 31.03.2005	**0.00**	1309.81
Capital work in Progress written off	**0.00**	90.77
Old Debits,Credits and Inventory adjustment etc.(Net) (Refer Note No.9(C) of Sch.28)	**650.57**	(682.85)
	849.40	17019.49

SCHEDULE - 22 (C)

(Rs. in lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
PRIOR PERIOD ITEMS (NET)		
Depreciation	**628.29**	0.00
Short Royalty provision of earlier years	**21.07**	0.00
Rectification of claim on Unprocessed crude oil stock	**0.00**	(144.27)
Amount recoverable from JV partners charged to expenditure in earlier years	**0.00**	(17.34)
Excess liability provided in earlier years	**(103.75)**	
	545.61	(161.61)

SCHEDULE - 23

(Rs. in lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
PROVISION FOR TAXATION		
Current Tax		
Income Tax	**73800.00**	92491.88
Wealth Tax	**3.00**	4.00
	73803.00	92495.88

SCHEDULE - 24

(Rs. in lakhs)

		Year ended 31st March, 2007	Year ended 31st March, 2006
EARNINGS PER SHARE			
(Basic & Diluted)			
(a)	Number of Equity Shares at the beginning of the year	**214004400.00**	214004400.00
	Number of Equity Shares at the end of the year	**214004400.00**	214004400.00
	Weighted average number of Equity Shares outstanding during the year	**214004400.00**	214004400.00
	Face value of each Equity Share (Rs.)	**10.00**	10.00
(b)	Profit after Tax available for Equity Shareholders (Rs. in lakh)	**163998.63**	168993.07
	Earnings Per Equity Share - (Rs.)	**76.63**	78.97

SCHEDULE - 25

INFORMATION UNDER SCHEDULE VI TO THE COMPANIES ACT, 1956

		Year ended 31st March, 2007		Year ended 31st March, 2006	
		QUANTITY	VALUE	QUANTITY	VALUE
1. SALES TURNOVER	**Unit**		**(Rs. in lakhs)**		(Rs. in lakhs)
Crude Oil	Kilo Litres	**3512412**	**475170.94**	3612391	496987.55
Crude Oil - JVC (India)	Kilo Litres	**28503**	**5394.38**	24924	4082.18
Natural Gas	Million Standard Cubic Metres	**1767.505**	**42720.42**	1743.956	38848.03
Liquefied Petroleum Gas	Metric Tonnes	**43806**	**5140.67**	48627	7054.11
Condensate	Kilo Litres	**460**	**82.49**	516	86.03
	Total		**528508.90**		547057.90

2. OPENING AND CLOSING STOCK OF GOODS PRODUCED

		As at 31st March, 2007		As at 31st March, 2006	
		QUANTITY	VALUE	QUANTITY	VALUE
	Unit		**(Rs. in Lakhs)**		(Rs. in Lakhs)
OPENING STOCK					
Crude Oil - OIL	Kilo Litres	**113090**	**4682.80**	113243	3549.65
- JVC (India)	Kilo Litres	**1357**	**32.88**	669	18.15
		114447	**4715.68**	113912	3567.80
Liquefied Petroleum Gas	Metric Tonnes	**312.04**	**15.44**	627.40	26.33
CLOSING STOCK					
Crude Oil - OIL	Kilo Litres	**113576**	**4466.87**	113090	4682.80
- JVC (India)	Kilo Litres	**1057**	**28.84**	1357	32.88
		113576	**4,495.71**	114447	4715.68
Liquefied Petroleum Gas	Metric Tonnes	**223.7996**	**14.18**	312.04	15.44

SCHEDULE - 25 (contd..)

3A. LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

Item Produced	Licensed Capacity	Installed Capacity	Actual Production Year ended 31st March, 2007		Unit	Year ended 31st March, 2006
Crude Oil ASSAM & AP	Not Applicable	Not Applicable	Gross	**3496089**	Kilo Litres	3630055
			Net	**3484515**	Kilo Litres	3583761
JVC (India)	Not Applicable	Not Applicable	Gross	**28182**	Kilo Litres	25612
			Net	**28182**	Kilo Litres	25612
Natural Gas	Not Applicable	Not Applicable	Gross	**2265**	Million Standard C. Mtr.	2302
			Net	**2118**	Million Standard C. Mtr.	2148
L P G	50,000 tonnes	50,000 tonnes	Gross	**43750**	Metric Tonnes	48320
			Net	**43718**	Metric Tonnes	48312
Condensate	Not Applicable	Not Applicable	Gross	**35143**	Kilo Litres	35072
			Net	**35143**	Kilo Litres	35072
Electricity	41.5 M.W.	41.5 M.W.	Gross	**104.65**	Million Kilowatt Hours	103.04
			Net	**100.47**	Million Kilowatt Hours	97.95

3B. RESERVES OF OIL & GAS AND PRODUCTION THEREOF

	Crude Oil				Natural Gas			
Area of Operation	Position as at 01.04.2006	Additions/ Revisions	Production Quantity	Position as at 31.03.2007	Position as at 01.04.2006	Additions/ Revisions	Production Quantity	Position as at 31.03.2007
	(MMKL)	(MMKL)	(MMKL)	(MMKL)	(MMKL-OE)	(MMKL-OE)	(MMKL-OE)	(MMKL-OE)
Proved Developed Reserves								
Assam	31.5240	6.1726	3.4612	34.2354	27.1120	7.8826	2.0396	32.9550
Arunachal Pradesh (Kumchai)	0.6571	0.3969	0.0528	1.0012	0.0000	0.0000	0.0000	0.0000
Rajasthan	0.0000	0.0000	0.0000	0.0000	2.0790	0.0046	0.2250	1.8586
JVC-India*	0.9144	0.1396	0.0528	1.0012	0.0000	0.0000	0.0000	0.0000
Total	33.0955	6.7091	3.5668	36.2378	29.1910	7.8872	2.2646	34.8136

* 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 lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
(a) Details of expenditure incurred during the year on production, exploration, development, R&D and operation & maintenance of pipelines are as follows		
Salaries & Wages	**44093.45**	40106.21
Incentives (Bonus, REH, PLIS/PRP)	**7032.11**	6987.18
Contribution to Pension Fund	**4570.98**	14048.02
Contribution to Provident Fund	**3021.35**	2894.85
Fuel	**5018.02**	8129.03
Stores Consumed	**18701.00**	15549.73
Insurance	**458.89**	464.71
Rent	**389.19**	784.57
Rates, Taxes, License Fee etc.	**813.83**	366.56
Contract - Casual labour	**1044.50**	1291.66

SCHEDULE - 25 (contd..)

(Rs. in lakhs)

			Year ended 31st March, 2007	Year ended 31st March, 2006
	Contract - Transport		**6398.79**	5565.40
	Contract - Construction		**11516.66**	5446.06
	Contract - Survey & Data Processing		**18247.23**	14400.05
	Contract - Others		**17608.08**	14998.72
	Contract - NELP/JVC/PSC/Overseas		**14084.66**	10058.23
	Security expenses		**3517.40**	2663.61
	Travelling and Halting expenses		**1340.02**	1424.09
	Medical expenses - Reimbursement		**1739.21**	1579.19
	Sundries (Donations, Courtesy, Training fees, etc.)		**3081.09**	2442.51
	Others		**7085.86**	2334.34
	Total		**169762.30**	151534.71
Less:	Allocation to Pre-producing properties, Capital account, Recoveries and others		**71976.55**	55418.16
			97785.75	96116.55
Add:	Royalty		**101636.89**	88661.82
	Cess		**80668.50**	61718.37
	Sales Tax		**24301.82**	23990.23
	Total		**304392.96**	270486.97

(NOTE: The above includes staff welfare expenses amounting to Rs. 9020.14 Lakh)
(Previous year Rs. 9791.76 lakh)

(b) Included under various heads in Note 4(a) above - Net of Recoveries, if any

			Year ended 31st March, 2007	Year ended 31st March, 2006
(i)	**Repairs, Maintenance & Replacement**			
	Buildings (including Township)		**5306.83**	5077.31
	Plant & Machinery		**21798.43**	16213.90
		Total	**27105.26**	21291.21
(ii)	**Public Relations Expenses**			
	Salaries, Allowances etc.		**129.62**	97.14
	Oil News & Employees Communication Programme		**12.44**	8.60
	Advertisement		**134.88**	148.55
	Others		**332.53**	101.85
		Total	**609.47**	356.14
(iii)	**Social Overhead Expenses**			
	Township		**2535.26**	2647.38
	Education		**840.15**	854.10
	Social & cultural amenities		**2259.05**	2886.20
	Medical		**4070.88**	2816.66
	Hired buses for Employees		**524.48**	587.42
		Total	**10229.82**	9791.76
(iv)	**Directors' Remuneration**			
	Remuneration paid/payable to wholetime Directors including Chairman-Cum-Managing Director:			
	i) Salary & Allowances		**41.19**	35.22
	ii) Contribution to Provident Fund		**3.13**	2.97
	iii) Contribution to Pension Fund		**1.07**	1.22
	iv) Contribution to Social Security Scheme		**0.18**	0.17
	v) Perquisites -Car (less recoveries)		**0.63**	0.60
	- Furnished Accomodation		**0.13**	0.05
	vi) Other benefits		**3.48**	9.15
	vii) Other perquisites - subsidised loan etc.		**0.03**	0.02
		Total	**49.84**	49.40

SCHEDULE - 25 (contd..)

(Rs. in lakhs)

	Year ended 31st March, 2007	Year ended 31st March, 2006
(v) Auditors' Remuneration		
(i) Audit fees (including Service tax)	**11.24**	12.35
(ii) Tax Audit fees	**5.62**	6.17
(iii) Out of pocket and travelling expenses (Including for Tax Audit)	**12.18**	9.00
(iv) Certification Fees	**0.22**	0.00
Total	**29.26**	27.52

	Year ended 31st March, 2007		Year ended 31st March, 2006	
	Quantity Million Standard Cubic Metres	**Value (Rs. In lakh)**	Quantity Million Standard Cubic Metres	Value (Rs. In lakh)
(c) Raw Materials consumed				
(For production of Liquefied Petroleum Gas)				
Natural Gas (out of own Production)	**31.57**	**507.70**	34.29	547.18

	Year ended 31st March, 2007		Year ended 31st March, 2006	
	(Rs. in lakhs)	**%**	(Rs. in lakhs)	%
(d) Consumption of Stores and Spare parts				
Imported	**9069.99**	**48.50**	9018.84	58.00
Indigenous	**9631.02**	**51.50**	6530.89	42.00
Total	**18701.00**	**100.00**	15549.73	100.00
(e) Value of Imports on C.I.F basis				
Capital Goods	**4628.31**		5163.82	
Stores and Spare parts	**7114.35**		11610.34	
Total	**11742.66**		16774.16	

SCHEDULE - 25 (contd..)

(Rs. in lakhs)

		Year ended 31st March, 2007	Year ended 31st March, 2006
(f)	**Expenditure in foreign currency**		
	Services Contracts	**10699.01**	15965.85
	Foreign Tours	**236.39**	221.46
	Total :	**10935.40**	16187.31

(Rs. in lakhs)

		Year ended 31st March, 2007	Year ended 31st March, 2006
5.	**EARNINGS IN FOREIGN CURRENCY**		
	Others (forfeiture of Bid Bonds, etc.)	**0.35**	13.46

(Rs. in lakhs)

		As at 31st March, 2007	As at 31st March, 2006
6.	**Details of Sundry Creditors**		
	Dues to SSI Units (List attached vide annexure -I)	**10.58**	44.73
	Dues to others	**19149.41**	13203.89
	Total :	**19159.99**	13248.62

ANNEXURE - I

DUES TO SSIs UNITS OUTSTANDING
FOR MORE THAN 30 DAYS
[A PART OF SCHEDULE - VI INFORMATION]

VENDOR CODE	VENDOR'S Name	AMOUNT (Rs.)
200082	Hindusthan Magcobar Chemicals Limited	197,892.00
200135	Sumangal Chloride	104,122.00
202050	Pardhan Techno Service	9,391.00
202258	National Rubber Industries	2,308.00
203313	Krohne Marshals Pvt. Ltd.	131,014.00
204469	True Forge Pvt. Ltd.	141,075.00
204509	Righill Electrics Pvt Ltd.	339,575.00
204820	Lacier Industries	131,700.00
206580	Equipment Sales & Services Pvt. Ltd	978.00
	TOTAL	**1,058,055.00**

SCHEDULE - 26

SEGMENT WISE REVENUE, RESULTS, ASSETS AND LIABILITIES FOR THE YEAR 2005-06

(Rs. in lakh)

Description	Total		Crude Oil Assam & AP		Natural Gas Assam		Natural Gas Rajasthan		LPG (Assam)		Transportation (Assam)		Unallocated		Elimination	
	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06
REVENUE																
External Sales	600778	603656	480345	500747	53714	46396	4110	16286	5140	7054	10369	7752	47100	25421		
Inter Segment Sales			102	342	5525	5560									(5627)	(5902)
Total Revenue	600778	603656	480345	500747	53714	46396	4110	16286	5140	7054	10369	7752	47100	25421		
RESULTS																
Unallocated:																
Corporate expenses	13408	9830											13408	9830		
Interest expenses	1396	1619											1396	1619		
Interest / Dividend	33700	21681											33700	21681		
													0			
Profit Before Tax	248263	267440	220992	265264	21290	9670	1636	1822	1979	4034	(32)	(3867)	2398	(9483)		
Provision for Tax	84264	98447											84264	98447		
													0			
Net Profit	163999	168993	220992	265264	21290	9670	1636	1822	1979	4034	(32)	(3867)	(81866)	(107930)		
SEGMENT ASSETS	949947	804801	290114	224910	159760	151090	26450	13677	1195	2572	35281	24547	437147	388005		
SEGMENT LIABILITIES	949947	804801	45984	53978	17356	20383	4597	5399	2236	2626	6833	8025	872941	714389		
CAPITAL EXPENDITURE	37280	55792	18092	33253	2945	13448	296	785	27	90	15920	8216	0	0		

SCHEDULE - 26 (Contd.)

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. Share capital, Reserves and Surplus and Loans have been treated as unallocated corporate liabilities.

6. Liabilities and Current Assets relating to purchase of materials and hiring of services, used jointly by two or more segments have been allocated to the segments on the basis of average consumption/utilization of the previous two years.

7. Liabilities and Advances arising out of payment to employees, used jointly by two or more segments, have been allocated to the respective segments, on the same basis as followed for allocation of employees cost.

8. Fixed assets and depreciation thereon have been identified cost center wise and after allocation of the amounts under services and overhead cost centers on the basis mentioned in para 3 above, the segment assets have been determined.

9. Producing properties, pre producing properties and depletion pertaining to the areas having joint production of Crude Oil & Natural Gas, have been allocated to crude oil and gas segments on the basis of Proved-Developed-Producing reserves.

10. Investments outside the business and Cash and Bank balances are treated as unallocated corporate assets.

11. 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.

12. 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.

13. Individual items of assets or liabilities used jointly by two or more segments, the amount of which is insignificant, are not considered material and have been allocated to Crude Oil and Natural Gas segment on the basis of thermal equivalence.

14. Inter segment sales not considered in total revenue are shown under elimination.

SCHEDULE - 27

SIGNIFICANT ACCOUNTING POLICIES :

1. ACCOUNTING CONVENTION

(a) The financial statements are prepared under the historical cost conventions in accordance with generally accepted accounting principles (GAAP). Generally, revenues are recognized on accrual basis with provision made for known losses and expenses.

(b) All the Accounting Standards prescribed by the Institute of Chartered Accountants of India as mandatory and as applicable to the Company are complied with while preparing the Accounts, unless otherwise stated.

2. EXPLORATION COSTS, DEVELOPMENT EXPENDITURE AND ABANDONMENT COSTS

The Company generally follows the internationally accepted "Successful Efforts Method" (SEM) of Accounting in respect of its Oil and Gas exploration and production activities read with the guidance note on "Accounting for oil & gas producing activities" issued by the Institute of Chartered Accountants of India (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 in respect of PSC/JVC are treated as Geological & Geophysical or Drilling expenses, 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 2 years from the date of completion of the drilling of the well, unless it could be reasonably demonstrated that the well has proved reserves and development of the field in which the well is located has been planned.

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 amortised.

(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 & 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 Computers (Hardware).

(d) Assets costing up to Rs. 5000.00 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 based on a common geological feature or for operational purpose.

5. FOREIGN CURRENCY TRANSACTIONS

5.1 FOREIGN CURRENCY LOANS

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

(a) Exchange rate fluctuations in respect of foreign currency loans which were raised for specific projects, are charged / credited to the respective project accounts and amortised / depreciated in the manner the related project expenditure is being treated as per accounting policy.

(b) Exchange rate fluctuations in respect of other general purpose foreign currency loans not raised for any specific project or for acquisition of any specific asset, are adjusted / booked in the Profit & Loss Account.

5.2 OTHER TRANSACTIONS

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

(i) In respect of transactions involving purchase of equipment and facilities and procurement of services in relation thereto in the nature of fixed assets and for purchase of stores for eventual use in jobs, which are capitalized as per the accounting policies are recorded on the basis of the exchange rate on the settlement date or the year end date, whichever is earlier.

(ii) In respect of transactions involving purchase of stores, spares for consumption in revenue accounts and payment for related services, the transactions are recorded on the basis of the exchange rate on the transaction date and the exchange rate difference between the transaction and the settlement date or the year end date, as the case may be, is recognized as income or as expense in the period in which they arise.

(b) 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 valuation of Stock of Crude Oil are accounted for as per the relevant accounting policies of the Company whereas provisions 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) Fringe Benefit Tax is computed and accounted in line with the provisions of Income Tax Act, 1961.

(c) Deferred Tax

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

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 4 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.

(d) Physical verification of the inventory of stores and spares are carried out by the Company in a phased manner to cover all the items. The discrepancy, if any, noticed are accounted for after reconciliation of the same.

11. RETIREMENT AND OTHER BENEFITS

(a) Contributions to approved Gratuity and Pension Funds and provision in respect of Leave Encashment liability and Post Retirement Medical Benefit liability are based on Actuarial Valuation carried out at the end of each year. The contribution to Provident Fund, Gratuity Fund and Pension Funds are paid to the respective Funds administered through Trusts.

(b) Compensation paid / payable to the employees under the Voluntary Retirement Scheme (VRS) is charged to Profit & Loss Account.

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 realised. 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 Lakhs in each case are recognized as contingent liability, if contested.

(c) Contingent assets are not recognized.

17. GENERAL

a) Prior Period Items exceeding Rupees Five Lakh in each case are separately disclosed in the Profit & Loss Account.

b) Adjustments pertaining to earlier years but crystalized 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 up to 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 ICAI.

g) General administrative expenses including corporate overhead are charged to Profit & Loss Account.

SCHEDULE - 28

NOTES TO ACCOUNTS

1. Joint Venture Contracts (JVCs)/Production Sharing Contracts (PSCs) Accounts:

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

Sl. No.	Block No.	Date of execution	Company's participating interest	Other partner's participating interest		Operator
1.	Kharsang PSC	16.06.1995	40%	JEPL Geo Petrol Geo-Enpro	25% 25% 10%	**Geo-enpro**
2.	AAP-ON-94/1	30.06.1998	16.129% in Expl Phase Addl 30% carried interest	IOCL HOEC	43.548% 40.323%	**HOEC**
3.	SR-OS-94/1	12.04.2000	30% Carried Interest	RIL	100%	**RIL**
4.	RJ-ONN-2000/1	17.07.2001	100%	Nil	Nil	**OIL**
5.	GK-OSJ-3	06.09.2001	15%	ONGCL RIL	25% 60%	**RIL**
6.	MB-DWN-2000/2	17.07.2001	10%	ONGCL IOCL GAIL GSPCL	50% 15% 15% 10%	**ONGCL**
7.	KG-DWN-98/4	12.04.2000	15%	ONGCL	85%	**ONGCL**

Sl. No.	Block No.	Date of execution	Company's participating interest	Other partner's participating interest		Operator
8.	MN-OSN-2000/2	17.07.2001	20%	ONGCL GAIL IOCL	40% 20% 20%	**ONGCL**
9.	MN-ONN-2000/1	17.07.2001	40%	ONGCL GAIL IOCL	20% 20% 20%	**OIL**
10.	RJ-ONN-2001/1	04.02.2003	70%	ONGCL	30%	**OIL**
11.	AA-ONN-2001/3	04.02.2003	15%	ONGCL	85%	**ONGCL**
12.	CY-DWN-2001/1	04.02.2003	20%	ONGCL	80%	**ONGCL**
13.	AA-ONN-2002/3	06.02.2004	30%	ONGCL	70%	**OIL**
14.	AA-ONN-2002/4	06.02.2004	10%	ONGCL	90%	**ONGCL**
15.	RJ-ONN-2002/1	06.02.2004	60%	ONGCL	40%	**OIL**
16.	KG-DWN-2002/1	06.02.2004	20%	ONGCL BPCL	70% 10%	**ONGCL**
17.	MN-DWN-2002/1	06.02.2004	20%	ONGCL BPCL	70% 10%	**ONGCL**
18.	CR-ON-90/1	06.04.2005	20%	POC IOCL EOL	29% 35% 16%	**POC**
19.	AA-ONN-2003/3	23.9.2005	85%	HPCL	15%	**OIL**
20.	MZ-ONN-2004/1	02.03.2007	75%	Suntera Shiv-Vani	10% 15%	**OIL**
21.	AA-ONN-2004/1	02.03.2007	85%	Shiv-Vani	15%	**OIL**
22.	AA-ONN-2004/2	02.03.2007	90%	Suntera	10%	**OIL**
23.	RJ-ONN-2004/2	02.03.2007	75%	GGR	25%	**OIL**
24.	RJ-ONN-2004/3	02.03.2007	60%	GGR HPCL-	25% 15%	**OIL**
25.	KG-DWN-2004/5	02.03.2007	10%	ONGCL GAIL GSPCL HPCL BPCL	50% 10% 10% 10% 10%	**ONGCL**
26.	KG-DWN-2004/6	02.03.2007	10%	ONGCL GAIL GSPCL HPCL	60% 10% 10% 10%	**ONGCL**
27.	KG-ONN-2004/1	02.03.2007	90%	GGR	10%	**OIL**

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

Sl. No.	Block / Area No.	Date of execution	Company's participating interest	Other partner's participating interest		Operator
1.	Farsi (offshore) Block (in the Persian Gulf in Islamic Republic of Iran)	25.12.2002	20%	OVL IOCL	40% 40%	**OVL**
2.	86, Libya	20.03.2005	50%	IOCL	50%	**OIL**
3.	102/4, Libya	03.12.2005	50%	IOCL	50%	**OIL**
4.	Shakthi-GABON	17.04.2006	45%	IOCL Marvis	45% 10%	**OIL**

C) The Company also executed Participating Agreement with ONGC Videsh Ltd. for construction of a pipeline in Sudan under Build, Own, Lease and Transfer (BOLT), the details of which are as under :

	Date of execution	**Company's participating interest**	**Other partner's participating interest**	
Sudan Product Pipeline	10.11.2004	10%	OVL	90%

D) During the year, the Company 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 is due to commence shortly.

	Date of execution	**Company's participating/ economic interest**	**Other partner's participating and economic interest**	
Oil Petroleum License 205	31.05.2006	17.5%*	Summit	30%
			Suntera	35%
			IOCL	17.5%

* Indirectly through equity holding in Suntera Nigeria 205 Limited.

ABBREVIATIONS :

ONGCL	-	Oil & Natural Gas Corporation Limited ;
IOCL	-	India Oil Corporation Limited
GAIL	-	GAIL (India) Limited
BPCL	-	Bharat Petroleum Corporation Ltd.
HPCL	-	Hindustan Petroleum Corporation Ltd.
GSPCL	-	Gujarat State Petroleum Corporation Ltd.
HOEC	-	Hindustan Oil Exploration Ltd.
GGR	-	Geo Global Resources (Barbados) Inc.
SUNTERA	-	Suntera Resources Ltd.
SHIV-VANI	-	Shiv-Vani 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.

Notes :

(i) The Exploration Service Contract for the Block at Sl. No. B(1) above was signed with National Iranian Oil Company (NIOC), the State owned Company of the Government of Iran in consortium with ONGC Videsh Limited and Indian Oil Corporation Limited. The exploration work in the block is in progress.

(ii) The Company signed two "Exploration and Production Sharing Agreements (EPSA)" for the blocks at Sl No. B(2) and B(3) above with National Oil Corporation of Libya in consortium with Indian Oil Corporation Ltd. The Company is the operator of these blocks. The exploration work in both the Blocks is in progress.

(iii) During the year, the Company acquired a participating interest of 45% in onshore Block Shakthi in Gabon, West Africa (Sl. No. B (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 in the Block. The acquisition has been approved by the Govt. of Gabon. The Company is the Operator of the Block. The exploration work in the block has commenced and is in progress.

(iv) The Company has signed a "Participating Agreement" 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 BOLT.

The Participating Agreement (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 contractor for constructing the pipeline has raised further invoices for an amount of approximately 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. 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 Participating Agreement, the Company has received its share of first two instalments of lease rentals (receivables) due as on 30.12.2005 and 30.06.2006. However, the Company has not yet received the third instalment of the lease rental from OVL that was due on 30.12.2006 as the Company has been informed by OVL that they have not yet received the same from MEM. In terms of the PA read with the Pipeline Execution Agreement between OVL and MEM, the Company is to receive interest on the delayed rental payments by MEM at default rate i.e. at the rate of LIBOR plus 5% from the date due to the date of actual payment. However, pending acceptance of the same by the MEM, the interest on the said delayed rentals has not been accounted for in the Books of Accounts.

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

(Figures in parenthesis are for the previous year)

(i) Gross Investment in the Lease being Minimum Lease Payment (MLP)

Investment made Rs.5401.53 lakh (Rs.5401.03 lakh) plus

Lease Rental receivable Rs. 4274.63 lakh (Rs.4313.77 lakh) — Rs. 9676.16 lakh (Rs.9715.30 lakh)

(ii) Present value (PV) of MLP receivable as on 31.03.2007 (inclusive of exchange rate fluctuation) — Rs. 5398.53 lakh (Rs.5442.72 lakh)

(iii) Finance Lease future instalments receivable — Rs. 8532.23 lakh (Rs. 9291.64 lakh)

(iv) Minimum Lease payments receivable (converted at year end exchange rate) :-

(Rs. lakh)

		Gross Receivable	Unearned Lease Income	PV of MLP
Receivable	a) not later than one year	1599.77 (1093.07)	580.40 (642.46)	1019.37 (450.61)
	b) later than one year but not later than 5 years	5332.57 (5465.36)	2189.82 (2483.56)	3142.74 (2981.80)
	c) Later than 5 years	1599.89 (2733.21)	363.48 (722.90)	1236.42 (2010.31)
	Total	8532.23 (9291.64)	3133.70 (3848.92)	5398.53 (5442.72)

(v) Unearned Finance income as on 31.03.2007 - — Rs. 3133.70 lakh (Rs.3848.92 lakh)

(vi) During the year the Company as stated in srl no: (D) above, 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 Nigerian Naira 125004 (US $ 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 Suntera Nigeria 205 Ltd., owns a combined Participating and Economic interest of 17.5% in OPL-205. The Company would be contributing 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, for which a loan agreement has been finalized and would be signed shortly. In terms of the loan agreement, the Company would receive a simple interest of 8.75% per annum on the loans extended. The other shareholders, Suntera Resources Ltd. and IOCL would also be contributing their share of 50% and 25% of the expenses relating to the block through similar loan agreements.

E) The assets, liabilities, income and expenditure of the Joint/ other ventures as shown in (A), (B), (C) and (D) above are Rs. 8756.43 lakh, Rs. 2055.12 lakh, Rs. 6025.13 lakh and Rs. 30457.82 lakh respectively (Previous year Rs. 19175.43 lakh, Rs. 762.50 lakh, Rs. 4672.00 lakh and Rs. 11684.92 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 Nil (Previous years 13 Nos.) and unaudited 31 Nos. (Previous year 11 Nos.) Statement of Accounts received from the respective Operators. No material changes are expected by the Company in the audited Statement of Accounts.

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

ii) As per the terms of the respective PSCs, provision for Abandonment Costs is to be made; in accordance whereof a sum of Rs. 7.22 lakh (Previous Year Rs.19.06 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.

G) The Company's Share of Contingent Liability and Capital Commitment, if any, under the PSC are shown in note No. 7(A), (B) & (C) below.

H) In terms of the Memorandum of Understanding dated 27th December'05 with M/s Indian Oil Tanking Limited (IOTL), the Company has entered into a Consortium Agreement dated 13th October'06 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 has been awarded with a contract for laying of 115 km of pipeline at a total contract value of Rs. 5001.21 lakh by the Company. Pending receipt of detailed Statement of Accounts relating to the contract (complying with the requirement of Accounting Standard 7 issued by ICAI for recognition of Profit / Loss on execution of contract) from IOTL (Project leader), the amount paid/payable by the Company to the consortium amounting to Rs. 3344.25 lakh towards laying of the Pipeline has been booked under Capital Work in Progress in addition to the amount of Rs.111.44 lakh spent by the Company, pending completion of the project. The initial contribution of Rs. 250 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. On receipt of accounts of the Consortium upon completion of the Project, which is expected during the year 2007-08, necessary accounting of profit / loss of this project of the Consortium will be carried out based on relevant accounting standards.

I) The Company has entered into a joint venture partnership agreement dated 26th September'06 with M/s ICSA(India) Ltd., Hyderabad (ICSA) towards development of the iCap technology (used in pipeline surveillance) by ICSA and transfer the patent in the joint name of the Company and ICSA on a 50:50 cost sharing basis including the initial cost of research & development incurred by both the parties. Since the audited Statement of Accounts with supporting documents, relating to Rs. 540.84 lakh claimed to have been spent by ICSA have not been submitted, 50% of such amount towards Research & Development of the technology has been provisionally accounted for in the Books of the Company as Business Development Expenses along with 50% of Rs. 90.46 lakh spent by the Company towards the same.

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

a) Related party relationships

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

Joint Ventures :	Kharsang	CR-ON-90/1
	AAP-ON-94/1	GK-OSJ-3
	MZ-ONN-2004/1	KG-ONN-2004/1
	Block CI-112, Cote D'Ivoire	SR-OS-94/1

ii) Associates : IOTL - OIL Consortium
ICSA (India) Ltd.

iii) Key Management Personnel

i)	Mr. M.R. Pasrija	Chairman and Managing Director
ii)	Mr. S.K. Patra	Director (Exploration & Development)
iii)	Mr. N.M. Borah	Director (Operations)
iv)	Mr. J.K. Talukdar	Director (HR & BD) (Since 09.06.2006)
v)	Mr. T.K. Ananth Kumar	Director (Finance) (Since 18.01.2007)

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

(Rs in lakh)

Sl. No.	Particulars	Joint Ventures/Associates	Key Management Personnel	Total
1.	Associates	4336.99	-	4336.99
2.	Remuneration to Directors	-	49.84	49.84
3	Amount outstanding	-	7.32	7.32

3. Current Liabilities:

Sundry Creditors include materials received on loan from other Public Sector Undertakings amounting to Rs 359.92 lakh (Previous Year Rs 347.89 lakh).

4. 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 quite sometime. Pending writing off of these assets from the gross block, the Company has taken a provision of Rs 120.43 lakh during the year towards the difference between the WDV as on 31.03.2007 and 5% of original cost as the residual value of the respective assets.

5. 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 31.03.2007.

6. (A) Sundry Debtors:

i) The settlement of outstanding dues from Assam State Electricity Board (ASEB) for sale of Natural Gas was under the process of securitization as per the scheme of "Securitization of dues of State Electricity Boards" of Government of India. However, at present the Government of Assam is planning to settle the amount due to the Company from ASEB by way of one time payment instead of securitization of the same. Hence, entire amount due from ASEB has been classified as "Unsecured Considered Good" under Sundry Debtors. Interest receivable on the dues will be accounted in the year of final settlement.

ii) All other Sundry Debtors including the overdue amount are considered good and realizable, unless stated otherwise.

(B) Loans and Advances include:

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

	Balance as at		Maximum amount due at any time during the year	
	31st March, 2007	**31st March, 2006**	**2006-07**	**2005-06**
(a) Directors	0.26	1.11	1.11	5.32
(b) Other Officers	7.05	8.39	8.39	9.81

(ii) Advances recoverable in cash or in kind or for value to be received includes materials given on loan to Public Sector Undertakings amounting to Rs. 279.31 lakh (Previous year Rs 317.81 lakh)

(iii) M/s. Luit India Inc., a subsidiary of the Company was dissolved on 31st December, 2004 and the certificate of dissolution has been obtained after completing all the formalities required under the Laws of United States of America. An amount of Rs.7475.79 (Previous year Rs.7661.45) lying in the bank account of Luit India Inc. as on 31st March, 2007 is shown as amount receivable under Loans & Advances. from M/s. Luit India Inc.

(iv) The Company has paid an amount of Rs.3771.32 lakh to M/s. Bharat Petroleum Corporation Ltd. (BPCL) and Rs. 35511.88 lakh to Oil Industry Development Board(OIDB) towards acquisition of further 100442858 number of shares of Numaligarh Refinery Ltd. Pending transfer of the additional shares by NRL in the name of the Company, the amount paid to these previous holders are kept under Loans & Advances.

(v) Arising out of one time settlement with M/s Indian Drugs And Pharmaceuticals Limited (IDPL), Provision for Doubtful Advance/ Claims amounting to Rs 1500 lakh created in earlier years is written back in the current year and interest income of Rs 1107.95 lakh being the interest for the period from 26.06.1991 to 31.03.2006 and Rs 75.00 lakh being the interest for the year as agreed by IDPL is being accounted under "Other Adjustment" and "Other Income" respectively.

(C) Unsecured Loans:

The entire sum of Rs 3907.65 lakh being the amount due to M/s ONGC Videsh Ltd. (OVL) has been written back during the year as the same has been waived off by M/s OVL vide their letter No. OVL/CS/511/2007 dated 28.03.2007.

(D) Balance confirmation in respect of Sundry Debtors, Creditors and Loans & Advances have not been obtained.

(E) Investment: The Company having decided to explore the possibility of liquidating the low yielding Trade Investments in Oil Companies Govt. of India Special Bonds 2009 and 2012 and reinvest the proceeds in high yielding Deposits / Investments, the estimated diminution in value of such Bonds amounting to Rs.2261.04 lakh as on 31.03.2007 has been provided in the Accounts for the year in terms of Accounting Policy No. 9.

7. (A) Contingent Liabilities:

Claims against the Company not acknowledged as debts amounting to Rs 36785.10 lakh (Previous year Rs.39449.80 lakh) include:-

(i) Rs. 1329.98 lakh (Previous year Rs. 1187.48 lakh) :- Sales Tax and interest demand on account of a foreign contractor which was pending before the Orissa High Court has since been disposed off with direction to the Sales Tax Authorities of Orissa for re-determination of the amount.

(ii) Rs. 14882.64 lakh (Previous year Rs. 14882.64 lakh) :- Claims by contractors pending decision in Arbitration / Courts.

(iii) Rs. 67.66 lakh (Previous year Rs. 67.66 lakh) :- Demand raised by the District Revenue Authorities on account of premium / revenue on Government ceiling surplus land occupied by the Company.

(iv) Rs. 1840.53 lakh (Previous year Rs. 1840.53 lakh) being the demand raised by Central Excise Authorities on account of alleged Service Tax on transportation of Crude Oil for a period earlier than 16.06.05, which has been disputed by the Company before CESTAT, Kolkata.

(v) Rs. 242.75 lakh (Previous year Rs. 293.94 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.

(vi) Rs. 17825.99 lakh (Previous year Rs. 10072.82 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 Hon'ble High Court at Guwahati.

(vii) Rs. 508.58 lakh (Previous year Rs. 518.92 lakh) being the Company's share of claim made by the Sudan pipeline contractor on OVL, pending acceptance.

(viii) Rs 11.78 lakh (Previous year NIL) being the Customs Duty refund claims pending with the Department in the event of refund by the Department.

(ix) Rs. 75.19 lakh (Previous Year NIL) being the value of 19.28 GLK 2D Seismic Survey carried out in one of the blocks. Barring the above, there are no other contingent liabilities in any of the Joint Ventures in India or abroad requiring disclosure.

(B) Letter of Credit and Bank Guarantees

(i) Letters of Credit outstanding as on 31st March, 2007 amounting to Rs. 5685.77 lakh (Previous year Rs. 3365.72 lakh) for which there is a floating charge on Current Assets of the Company.

(ii) Rs. 472.00 lakh (Previous year Rs. 486.00 lakh) :- Performance Guarantee for US Dollars 1.08 Million (towards work commitment) issued by SBI CAG Branch, Kolkata in favour of National Iranian Oil Company towards 20% participating interest of the Company in the Exploration Service Contract for the Offshore Farsi Block in Persian Gulf, Islamic Republic of Iran. Though as per Exploration Service Contract, the amount of the Performance Guarantee is to be reduced at the end of each year to the extent of the work commitment already fulfilled, the amount of the liability has been retained at its original level due to non-receipt of clearance from the National Iranian Oil Company, the State owned oil company of the Government of Iran, in this regard.

(iii) Rs. 1590.62 lakh (Previous year nil) :- Performance Bank Guarantee issued by SBI, CAG Branch, Kolkata for US Dollars 3.53 million given in favour of Ministry of Petroleum & Natural Gas, Govt. of India towards the Company's obligation under Production Sharing Contract (PSC) for the block CR-ON-90/1.

(iii) Rs.500 lakh (Previous year Rs. 500.00 lakh) :- Performance Bank Guarantee of Rs.500.00 lakh issued by the State Bank of India, CAG Branch, Kolkata with validity up to two years in favour of "Department of Telecom, Government of India" upon approval of the Department of Telecommunications granting license to Oil India Limited on non – exclusive basis for Infrastructure Provider Category –II(IP-II) permitting the Company for leasing of end to end dark fibre to outside operator.

(iv) Rs 956.00 lakh (Previous year nil):- Performance Bank Guarantee issued by SBI, CAG Branch, Kolkata in favour of Ministry of Petroleum & Natural Gas, Govt. of India towards Company's obligation under the Production Sharing Contract for the block RJ-ONN-2001/1.

(C) i) The estimated amount on account of contracts remaining to be executed on Capital Account and not provided for in the accounts :- Rs. 7177.74 lakh (Previous year Rs. 14281.12 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 31.03.2007 in respect of Joint Ventures was Rs. NIL lakh (Previous Year Rs 25.14 lakh).

8. Deferred Tax

a) In accordance with the Accounting Standard – 22, the Company has net deferred tax liability as at 31st March, 2007 of Rs.80333.18 lakh (Previous year Rs. 70131.35 lakh).

b) Major components of Deferred Tax Asset & Deferred Tax Liability : (Rs. in lakh)

	Description	As at 31.03.2007			As at 31.03.2006		
		Differential Value (Rs.)	Deferred Tax Assets (A)	Deferred Tax Liabilities (B)	Differential Value (Rs.)	Deferred Tax Assets (A)	Deferred Tax Liabilities (B)
A	Difference between Written Down Value of Depreciable assets as per Companies Act and as per Income Tax Act	7122.79		2421.04	6870.10		2312.48
B	Difference between Producing & Pre producing Property as per Companies Act and Unamortised expenditure as per I.Tax Act (including casing & tubing in incomplete wells)	234965.68		79864.83	204339.43		68780.65
C	Provision for Doubtful Claims debited to Profit & Loss A/c but not allowable under the I.Tax Act	211.49	71.89		436.00		146.76
D	Provision for Leave Encashment debited to Profit & Loss A/C but not allowable under the I.Tax Act	1487.87	505.73		771.33	259.63	
E	Provision for post retirement medical benefit debited to profit & loss a/c but not allowable under the I.Tax Act.	620.75	210.99		524.55	176.56	
F	VRS Compensation write off	998.73	339.47		1997.46	672.35	
G	Provision for Diminution in Value of Investment	2261.04	768.53				
H	Provision against Inventory	165.02	56.09				
	Total Rs. / lakh		1952.69	82285.87		1108.54	71239.89
	Net Deferred Tax Liability (B-A)	80333.18			70131.35		
	Net incremental liability charged to Profit & Loss Account	10201.83			- 1458.16		
	Adjustment of Deferred Tax assets resulted from change in Method of depreciation up-to 31.03.2002				6436.62		
	Deferred Tax liability for the year 2006-2007 to be charged to the Profit & Loss Account	10201.83			4978.46		

9. General

(A) (i) With effect from 01.04.2002, the price of Crude Oil and LPG is market determined in terms of the Policy of the Government of India. Accordingly, the crude oil price is determined based on the terms and conditions of the Memorandum of Understanding (MOU) signed with various buyers of crude oil for the period from 01.04.2002 to 31.03.2004. Though the MOU for the period effective from 01.04.2004 has not yet been finalized, the Company is continuing to bill and the buyers are continuing to pay on the terms and conditions of the MOU for the period from 01.04.2002 to 31.03.2004. In terms of the MOU, the Company receives a monthly average price of crude oil bench marked to Nigerian Bonny Light crude oil (ascertained from Platt's Oilgram) after adjustment for gross product worth (quality differential) and discount on account of Base Sediment & Water (BS&W). As regards LPG price, the same continues to be notified by Indian Oil Corporation Ltd. (IOC) every month.

(ii) The Ministry of Petroleum & Natural Gas (MOP&NG), Govt. of India vide its letter dated 17.05.2007 allowed the Company to realise the Sales Tax for the year 2006-07 in respect of Crude Oil supplies to North East Refineries which was earlier borne by the Company. The same amounting to Rs. 15458.28 lakh (net) has accordingly been accounted for in the current year.

(iii) In terms of decision of the Govt. of India, conveyed by Petroleum Planning and Analysis Cell, the Company has allowed discount of Rs.192848.18 lakh (Previous year Rs. 92759.99 lakh) on sale price of Crude oil and Rs.6526.63 lakh (Previous year Rs. 4989.39 lakh) on sale price of LPG during the year. Accordingly, the sales revenue in respect of crude oil and LPG is net of the aforesaid discounts, which have the effect of reduction of the profit for the year by that amount.

(iv) The price of Natural Gas was revised by the Ministry of Petroleum & Natural Gas, 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, which is a mutually agreed price.

(v) The Company has been recovering, on a provisional basis, from all the Refineries, other than Numaligarh Refinery Ltd. (NRL), 50% of the transportation tariff in respect of crude oil transportation as fixed by the Petroleum Planning & Analysis Cell (PPAC) for the year 2001-02. However, for the year MOP & NG, vide its letter dated 17.05.2007 has allowed the Company to realize the full transportation tariff from all the refineries including NRL. The same amounting to Rs. 1917.45 lakh (net) has accordingly been accounted for. As regards transportation income in respect of crude oil of M/s Oil & Natural Gas Corpn. Ltd. (ONGC) and M/s. Bongaigaon Refinery & Petro-chemicals Ltd. (BRPL) for its imported crude, the same are accounted for based on the MOU/ Crude Oil Transportation Agreement (COTA) signed with the respective Companies.

(vi) The Company has lodged a claim on M/s Bongaigaon Refinery and Petrochemicals Ltd towards minimum guaranteed quantity of through put amounting to Rs 5434.22 lakh for the period 27.12.2000 to 31.03.2003. However as the claim is yet to be accepted by the refinery the said revenue has not been recognized in the books of accounts of the company.

(vii) 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. 159.10 lakh (Previous year Rs. 159.26 lakh), which are not included in the accounts.

(viii) The total Gas Reserve as on 31st March 2007 in Assam & Arunachal Pradesh have been allocated to the Oil Fields based on the ratio of Reserve figures as on 31.03.2006, as reduced by production during the year in respect of such fields and depletion provided accordingly.

(B) During the year, the Company has provided a Drilling Rig on hire for the operation in some of the NELP blocks in Rajasthan, in which the Company is the operator and has different participating interest. The Company's share of profit arising out of the provision of drilling rig hiring services, to the extent of its own participating interest, has been identified and set off from the Pre-Producing Properties Account relating to the wells in which the rig was put to use.

(C) The Company has implemented Enterprise Resource Planning (ERP) system procured from SAP India Pvt. Ltd. in the previous year. On further reconciliation of the various uploaded data into ERP System as on 31.03.2006, a sum of Rs. 650.57 lakh net Debit (Previous year net Credit Rs. 682.85 lakh) [(Gross Debit Rs. 993.14 lakh) (Previous year Rs. 4259.39 lakh)]; [(Gross Credit Rs. 342.57 lakh) (Previous year Rs. 4942.24 lakh)] has also been written off during the current year and are shown under "Other Adjustments" in Schedule 22(B) of the Accounts.

(D) The salary of the unionized employees as well as non-unionised employees below board level is due for revision with effect from 01.01.2007. However, no provision is taken in absence of formulation of Policy in this regard.

(E) Borrowing cost capitalized during the year is nil.

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

Sd/-	Sd/-	Sd/-
(S.K. SENAPATI)	**(T.K. ANANTH KUMAR)**	**(M.R. PASRIJA)**
Company Secretary	**Director (Finance)**	**Chairman & Managing Director**

Place : New Delhi
Date : 31st May, 2007

OIL INDIA LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007

(Rs. in lakh)

			Year ended 31st March, 2007		Year ended 31st March, 2006
A	**Cash flow from operating activities :**				
	Profit before tax		248808.33		267439.77
	Adjustment for:				
	– Depreciation	8183.44		14323.78	
	– Depletion	17765.22		18812.29	
	– Provision for leave encashment	716.54		454.52	
	– Foreign Exchange Gain	0.00		(97.22)	
	– Provision for Post retirement medical benefits	96.20		592.26	
	– Other provision and write offs	16311.02		10653.35	
	– Interest Paid	1395.53		1618.67	
	– Interest received	-31962.02		(20136.73)	
	– Dividend received	-1737.58		(1543.96)	
			10768.35		24676.96
	Operating profit before working capital changes		**259576.68**		**292116.73**
	Adjustment for:				
	– Debtors	12539.88		2025.49	
	– Loans & Advances	-84953.53		37022.10	
	– Inventories	-907.84		(13816.32)	
	– Sundry Creditors & other current liabilities	-13637.09		33608.12	
			(86958.58)		58839.39
	Cash generated from operations		**172618.10**		**350956.12**
	Direct Taxes paid (Net of Refund)		(74062.25)		(92227.88)
	Cash flow before prior period		**98555.85**		**258728.24**
	Prior Period Item		(545.61)		161.61
	Net cash flow from operating activities 'A'		**98010.24**		**258889.85**
B	**Cash flow from investing activities :**				
	Purchase of fixed assets (Net)		-93703.22		(61083.93)
	Purchase of Investment		-0.22		
	Interest received		27183.68		15158.66
	Dividend received		1737.58		1543.96
	Diminution in value of Investment		2261.04		(24821.74)
	Net cash flow from investing activities 'B'		**(62521.14)**		**(69203.05)**

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2007 (contd.)

(Rs. in lakh)

		Year ended 31st March, 2007	Year ended 31st March, 2006
C	**Cash flow from financing activities :**		
	Repayment of long term borrowing	-7407.65	(4418.90)
	Proceeds from short term borrowing	55398.39	6002.37
	Interest paid	-1395.53	(1618.67)
	Dividend paid	(56711.17)	(57351.25)
	Tax on dividend	(7953.73)	(8554.01)
	Net cash flow from financing activities 'C'	**(18069.69)**	**(65940.46)**
	Net Increase in cash and cash equivalents(A+B+C)	**17419.41**	**123746.34**
	Cash and Cash equivalent at the beginning of the period	310150.23	186403.89
	Cash and Cash equivalent at the end of the period	327569.64	310150.23

Notes:

a	Cash and cash equivalents (Schedule-11) :		
	i) Cash & Cheques in hand	100.11	130.40
	ii) Current accounts & Term Deposit in Scheduled Banks	327469.53	310019.83
		327569.64	**310150.23**

b The above cash flow statement has been prepared under the "indirect method" as set out in the Accounting Standard -3 on Cash Flow Statements issued by the The Institute of Chartered Accountants of India.

c Figures in parentheses represent cash outflows.

d Previous year's figures have been rearranged, regrouped, recast wherever necessary.

For P. K. MITRA & Co.
CHARTERED ACCOUNTANTS

For A.K. SABAT & Co.
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(T.N. CHAKRABARTI)	(A.K.SABAT)	(S.K.SENAPATI)	(T.K.ANANTH KUMAR)	(M.R.PASRIJA)
PARTNER	PARTNER	COMPANY SECRETARY	DIRECTOR (FINANCE)	CHAIRMAN & MANAGING DIRECTOR
Membership No.10610	Membership No.30310			

PLACE : NEW DELHI, DATE : 31st May, 2007

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 : 18/1148 02

0f 1958-1959

Balance Sheet Date : 31 03 2007

Date Month Year

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

Public Issue	Right Issue	
NIL	NIL	
Bonus Issue	**Private Placement**	**Employees Issue**
NIL	NIL	NIL

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

Total Liabilities	Total Assets
84674832	84674832

Source of Funds

Paid-up Capital	Reserves & Surplus	Secured Loans
2140044	66350671	7090076
Unsecured Loans	**Deferred Tax**	**Well Abandonment Sinking Fund**
1050000	8033318	10723

Application of Funds

Net Fixed Assets	Investments
35812568	4075451
Net Current Assets	**Misc. Expenditure**
44786813	NIL
Accumulated Losses	
NIL	

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

Turnover	Total Expenditure
60077769	35251498
Profit Before Tax	**Profit After Tax**
24826271	16399863
Earning per Share in Rupees	**Dividend Rate %**
76-63	260

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

Item Code No. (ITC Code)	2709 00 00
Product Description	CRUDE OIL
Item Code No. (ITC Code)	2711-21 00
Product Description	NATURAL GAS
Item Code No. (ITC Code)	2711 19 00
Product Description	LIQUEFIED PETROLEUM GAS

FOR & ON BEHALF OF THE BOARD OF DIRECTORS

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

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 ____________________

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 48th Annual General Meeting of the Company held at Duliajan, Distt. Dibrugarh, Assam on Saturday the 29th day of September, 2007 at 10.30 A.M.

Member's/ Proxy's
Signature

(Tear Here)

OIL INDIA LIMITED

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

Folio No. ____________

PROXY FORM

I/We .... of

.... being a member/members of Oil India Limited hereby appoint ....

.... of ....

.... or failing him ....

.... of ....

as my/our proxy to vote for me/us and on my/our behalf at the 48th Annual General Meeting to be held on Saturday the 29th day of September, 2007 at 10.30 A.M. or at any adjournment thereof.

Signed this day of 2007

Affix a 30 paise Revenue Stamp

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