

39th Annual Report 2000-01



KOCHI REFINERIES LIMITED



Enriching the Nation

Shri Ram Naik, Hon'ble Union Minister of Petroleum & Natural Gas, receiving Dividend cheque from Shri K.L. Kumar, CMD. Dr. E. Ponnuswamy, former Hon'ble Union Minister of State for P&NG, Shri Santhosh Kumar Gangwar, Minister of State for P&NG, Shri P. Shankar, former Secretary of MOPNG and Shri Koshy Varghese, Director (Refineries) are also seen.



Empowering the Women

Visit of Parliament Committee on Empowerment of Women. Chairperson of the Committee, Smt. Margaret Alva, Hon'ble Member of Parliament lighting the traditional lamp.

Cover Theme: PROFIT SUSTENANCE DESPITE HEAVY INVESTMENT FOR CLEANER FUEL

KOCHI REFINERIES LIMITED

Registered Office: Kundannur, Maradu, Ernakulam District, Kerala

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF KOCHI REFINERIES LIMITED, KOCHI FOR THE YEAR ENDED 31 MARCH, 2001.

I have to state that the Comptroller and Auditor General of India
has no comments upon or supplement to the Auditor's Report
under Section 619(4) of the Companies Act, 1956 on the accounts of
Kochi Refineries Limited, Kochi for the year ended 31st March 2001.

Sd/-

(U. SANKAR)

PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT AND
EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI

Chennai-34
August 17, 2001

KOCHI REFINERIES LIMITED

Registered Office: Kundannur, Maradu, Ernakulam District, Kerala

REVIEW OF ACCOUNTS OF KOCHI REFINERIES LIMITED FOR THE YEAR ENDED 31ST MARCH, 2001 BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

Note: Review of accounts has been prepared without taking into account comments under Section 619(4) of the Companies Act, 1956 and qualification contained in the Statutory Auditors' Report.

1. FINANCIAL POSITION:

	1998-99	(Rupees in lakhs) 1999-2000	2000-2001
LIABILITIES			
a) Paid up Capital			
i) Government	3,794.48	3,794.48	NIL
ii) BPCL	-	-	7,588.97
iii) State Govt.....	350.00	350.00	700.00
iv) State Govt Companies.....	33.33	33.33	66.67
v) Others.....	2,715.89	2,715.89	5,461.55
b) Reserves & Surplus			
i) Free Reserves & Surplus	110,441.26	120,971.91	121,112.30
ii) Share Premium Account	-	-	-
iii) Capital Reserve	0.92	0.92	1,233.21
c) Borrowings from			
i) Govt. of India	268.28	98.79	41.16
ii) From Financial Institutions	-	-	-
iii) Foreign Currency Loans	-	-	-
iv) Cash Credit	86.00	6,174.20	751.85
v) OIDB	43,123.14	74,466.12	77,709.63
vi) Others	-	-	9,556.81
vii) Interest accrued and due	-	-	137.26
d) i) Current Liabilities and Provisions	277,497.29	313,418.54	286,555.51
ii) Provision for Gratuity	-	91.55	-
Total	438,310.59	522,115.73	510,914.92
ASSETS			
e) Gross Block	113,800.78	190,474.91	199,918.59
f) Less: Cumulative Depreciation	43,458.36	49,696.28	60,128.67
g) Net Block (e-f)	70,342.42	140,778.63	139,789.92
h) Capital work in progress	48,434.03	12,316.38	13,315.32
i) Investments	790.56	893.35	898.03
j) Current Assets, Loans and Advances	318,743.58	368,127.37	356,911.65
k) Miscellaneous Expenditure not written off	-	-	-
l) Accumulated Loss	-	-	-
Total	438,310.59	522,115.73	510,914.92
m) Working Capital (j-d (i) - c (vii))	41,246.29	54,708.83	70,218.88
n) Capital Employed (g + m)	111,588.71	195,487.46	210,008.80
o) Net Worth (a+b (i) + b (ii)-k-l)	117,334.96	127,865.61	134,929.49
p) Net Worth per rupee of Paid-up Capital (In Rs.)	17.02	18.55	9.77

2. RATIO ANALYSIS :

Some important financial ratios on the financial health and working of the Company at the end of last three years are as under:

(In percentage)			
	1998-99	1999-2000	2000-2001
A. LIQUIDITY RATIO:			
Current Ratio $\{j/(d(i)+c(vii))\}$ (Current Assets to Current Liabilities & Provisions and Interest accrued & due but excluding provision for Gratuity)	114.86	117.46	124.49
B. DEBT EQUITY RATIO :			
Long term debt to equity (c(i-) to (v) but excluding short term loan/o)	36.98	58.32	57.62
C. PROFITABILITY RATIOS :			
a) Profit before tax to			
i) Capital employed	44.47	14.51	4.88
ii) Net Worth	42.29	22.19	7.59
iii) Sales	11.90	4.90	1.44
b) Profit after tax to equity	28.82	18.39	8.11
c) Earning per share (in rupees)	49.06	34.12	7.92

3. SOURCES AND UTILISATION OF FUNDS:**SOURCES OF FUNDS**

(Rupees in lakhs)

i) Funds from operations			
Profit after tax		10,945.65	
Depreciation		10,145.56	
(including prior period adjustments)			
		21,091.21	
Less: Profit on sale of fixed assets	10.49		
Tax on dividend	1,061.60		
		1,072.09	
			20,019.12
ii) Sale of fixed assets			31.59
iii) Increase in share capital (pending allotment)			30.00
iv) Increase in Reserves on Amalgamation.....		518.06	
v) Increase in Borrowing Funds.....		7,457.60	
			<u>28,056.37</u>

APPLICATION OF FUNDS

i) Increase in investments			4.68
ii) Increase in working capital			10,849.79
iii) Increase in Fixed assets		9,177.95	
Add: Increase in capital work in progress		998.94	
			10,176.89
iv) Dividend Payments			7,025.01
			<u>28,056.37</u>

4. RESERVES AND SURPLUS:

Reserves and Surplus as on 31st March 2001 amounted to Rs.1,22,345.51 Lakhs being 8.85 times of paid up capital. Free Reserves & Surplus increased by Rs.7,748.12 Lakhs (excluding amalgamation items Rs.714.24 Lakhs) (6.40%) as compared to Rs.10,530.65 Lakhs (9.53%) during the previous year.

During the year, the Company capitalised Reserves to the extent of Rs.6,893.49 Lakhs by way of issue of Bonus Shares in the ratio of 1:1. Consequently, the net increase to free reserves is Rs. 854.63 Lakhs excluding amalgamation items (Rs.714.24 Lakhs)

5. WORKING CAPITAL:

The Working Capital (i.e., Current Assets less Current Liabilities and interest accrued and due) increased from Rs. 41,246.29 Lakhs in 1998-1999 to Rs. 54,708.83 Lakhs in 1999-2000 and increased to Rs. 70,218.88 Lakhs in 2000-2001. As a percentage of sales, it was 9.89% in 1998-1999 and 9.45% in 1999-2000 and is 9.84% in 2000-2001.

6. WORKING RESULTS:

The working results of the Company in the last three years were as given below:

	(Rupees in lakhs)		
	1998-99	1999-2000	2000-2001
i) Sales (excluding excise)	417,101.46	579,188.01	713,893.75
ii) Profit before tax/(Loss)	49,622.75	28,370.73	10,245.65
iii) Profit after tax/(Loss)	33,822.75	23,520.73	10,945.65
iv) Closing stock in process	1,877.40	9,322.01	8,038.07
v) Closing stock of finished products	6,689.44	13,202.63	12,047.26
vi) Value of production	421,094.01	593,145.81	711,434.16
Closing stock in terms of value of production per month (in days)	6	8	6

7. INVENTORY LEVELS:

i) Raw Materials	27,385.62	56,290.01	31,975.75
(crude oil in stock including in transit)			
ii) Stores and spares	8,646.39	8,017.19	8,570.02
(in stock and in transit)			
iii) Stock-in-process	1,877.40	9,322.01	8,038.07
iv) Finished products	6,689.44	13,202.63	12,056.17

N.B: 1) There is a decrease (2000/2001) in Raw materials (crude oil) Stock by 43.19% over previous year, in terms of value.

8. SUNDRY DEBTORS :

The sundry debtors vis-a-vis sales increased from 1.55% (in 1998-99) to 1.84% (in 1999-2000) but decreased to 1.05% (in 2000-2001).

As on 31st March	Sundry debts Considered good	Sundry debts Considered doubtful	Total Sundry debtors	Sales (excluding excise)	Percentage of Sundry debts to sales
1999	5,838.08	634.74	6,472.82	417,101.46	1.55
2000	10,017.59	634.74	10,652.33	579,188.01	1.84
2001	7,439.92	37.94	7,477.86	713,893.75	1.05

Chennai-34
August 17, 2001

Sd/-
(U. SANKAR)
PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT
AND EX-OFFICIO MEMBER AUDIT BOARD, CHENNAI.

KOCHI REFINERIES LIMITED

Registered Office: Kundannur, Maradu, Ernakulam District, Kerala

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-ninth Annual General Meeting of the Shareholders of the Company will be held at Kerala Fine Arts Society (Fine Arts Hall), Fine Arts Avenue, Ernakulam, Kochi-682016 on Wednesday, the 19 September 2001 at 11 AM to transact the following business:

1. To receive and adopt the audited Statements of Accounts for the year ended 31 March 2001, and the Directors & Auditors Reports thereon.
2. To declare a Dividend for the financial year ended 31 March 2001.
3. To fix a remuneration to the Statutory Auditors of the Company for the financial year 2001-02.
4. To elect a Director in place of Shri NK Singh who retires at this Annual General Meeting and being eligible, offers himself for re-appointment.

Special Business:

5. To elect Shri L Radhakrishnan as a Director of the Company. The Company has received notice in terms of Section 257 of the Companies Act, 1956, proposing Shri L Radhakrishnan for election as Director of the Company at this Annual General Meeting.
6. To elect Shri S Behuria as a Director of the Company. The Company has received notice in terms of Section 257 of the Companies Act, 1956, proposing Shri S Behuria for election as Director of the Company at this Annual General Meeting.
7. To elect Shri B K Menon as a Director of the Company. The Company has received notice in terms of Section 257 of the Companies Act, 1956, proposing Shri B K Menon for election as Director of the Company at this Annual General Meeting.
8. To consider and, if thought fit, to pass with or without modification, the following Resolution as ordinary resolution:
RESOLVED that a sum of Rs.3,00,000/- plus actual travelling and out of pocket expenses be fixed as remuneration to M/s Varma & Varma, Chartered Accountants, Ernakulam, the Statutory Auditors of the Company for the financial year 2000-01.
9. To consider and, if thought fit, to pass with or without modification, the following Resolution as ordinary resolution:
RESOLVED that the remuneration payable to M/s Varma & Varma, Chartered Accountants, Ernakulam, the Statutory Auditors appointed by the Department of Company Affairs, Government of India, for the financial year 1999-2000 be enhanced by a sum of Rs.1,25,000/-.
10. To consider and, if thought fit, to pass with or without modification, the following Resolution as ordinary resolution:
RESOLVED that the Bonus Shares allotted on 22 January 2001 to Shareholders of the Company be and is hereby treated as ranking pari passu in all respects (including dividend) with the existing fully paid up equity shares of the Company in line with letter No.SMDRP/20091/2000 dated 19 December 2000 of Securities & Exchange Board of India.
11. To consider and, if thought fit, to pass with or without modification, the following Resolution as special resolution:
RESOLVED that pursuant to Section 81(1-A) and other applicable provisions of the Companies Act, 1956, and the guidelines issued by the Securities & Exchange Board of India, and subject to the approval of Reserve Bank of India for allotment and issue of new equity shares to the Non-resident Members and subject to such terms, conditions, alterations, modifications, changes & variations as may be specified while according such approval which the Board of Directors of the Company be and is hereby authorised to accept, if it thinks fit, the Board of Directors be and is hereby authorised to issue and allot 3,00,000 equity shares of Rs.10/- each in the Capital of the Company to the Shareholders of Cochin Refineries Balmer Lawrie Ltd. (CRBL) whose names appeared in the Register of Members of CRBL on 16 June 2001 (Record Date) in the proportion of 1:25, i.e., one fully paid equity share of KRL for every twenty-five equity shares of CRBL.
RESOLVED FURTHER that the consent be and is hereby accorded to capitalise the amount standing to the credit of General Reserve in the books of the Company as on 31 March 2001 for an aggregate amount of Rs.30,00,000 and such sum be set free for distribution among the CRBL Shareholders holding fully paid equity shares of Rs.10/- each of the Company as on 16 June 2001 as stated above.

RESOLVED FURTHER that the shares to be issued / allotted to CRBL Shareholders be and is hereby treated as ranking pari passu in all respects (including dividend for the whole financial year 2000-01) with the existing fully paid up equity shares of the Company in line with letter No.SMDRP/20091/2000 dated 19 December 2000 of Securities & Exchange Board of India.

RESOLVED FURTHER that the Board of Directors be and is hereby authorised to pay dividend to the aforesaid CRBL Shareholders after allotment at the same rate as applicable to the existing Shareholders for the financial year 2000-01 out of profit available for distribution.

By Order of the Board

Maradu
July 16, 2001

N.Viswakumar
Company Secretary

NOTES:

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument appointing a Proxy and a Power of Attorney or other authority, if any, under which it is signed should be deposited at the Registered Office of the Company not less than forty-eight hours before the time for holding the aforesaid Meeting as provided by Article 64 of the Company's Articles of Association.
- b. The Register of Members and Share Transfer books of the Company will remain closed from 5 September 2001 to 19 September 2001, both days inclusive.
- c. The Board of Directors of the Company has recommended for declaration at this Annual General Meeting a dividend of Rs.2.10 on every Equity Share of Rs.10/- for the year ended 31 March 2001 out of the profits of the Company for the said year. The dividend, if declared, will be payable on or after 17 October 2001 to those Members whose names are on the Register of Members of the Company on 19 September 2001. In respect of shares held in Electronic form, the dividend will be paid on the basis of beneficial ownership as per details furnished by the Depositories for this purpose.
- d. Members are informed that the amount of the dividend warrant shall be liable to be transferred by the Company to the Investor Education & Protection Fund of the Central Government if it remains unpaid to Shareholders for a period of seven years as per the amended Section 205A of the Companies Act, 1956.
- e. Members are requested to bring their copy of the Annual Report to the Meeting.
- f. Members are requested to notify any change in their address, mandates etc. by 1 October 2001 to the Company's Share Registrars and Transfer Agents, Data Software Research Co.(P) Ltd., Sree Sovereign Complex, No.22, 4th Cross Street, Trustpuram, Opp: Play Ground, Kodambakkam, Chennai - 600 024. In case of dematerialised shares, the change of address requests, bank mandates etc. should be directly sent to the concerned Depository Participants.
- g. While opening a depository account with participants of National Securities Depository Ltd. or Central Depository Services (India) Ltd., Members might have given their bank details, which will be used by the Company for printing on Dividend Warrants. This ensures that the Dividend Warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the account specified on the Dividend Warrant. This ensures safety for investors. However, the Members may want to receive dividend in an account other than the one specified while opening the depository account. If so, the Members may change/correct bank account details with their Depository Participant sufficiently in advance. The Members are also requested to give MICR code of their bank, if any, to their Depository Participant.
- h. Appointment/re-appointment of Directors:

At the ensuing Annual General Meeting Shri N K Singh shall retire and being eligible offers himself for re-appointment. Shri L Radhakrishnan, Shri S Behuria and Shri B K Menon are being appointed as Directors. The information or details to be provided for the aforesaid Directors under Corporate Governance are as under:

1) Shri N K Singh

Shri N K Singh is a Director of the Company since 29th April, 1999. He is an Engineering Graduate and has held several important positions in Government of India such as Under Secretary, Ministry of Commerce; Joint Development Commissioner (Handloom); etc. At present, he is holding the position of Director, Ministry of Petroleum and Natural Gas, New Delhi. A Specialist in Project Management, Shri Singh has an illustrious career with successful track record. He was empanelled as consultant on roster of experts of Commonwealth Funds for Technical Co-operation (CFTC) and International Trade Centre (UNCTAD), Geneva. He has been awarded Distinguished Research Award by World Trade Institute, Tokyo for Market Research paper as well as Excellent Thesis Award by Japan International Co-operation Agency, Tokyo. He is also a Director on the Board of Directors of Bongaigaon Refineries & Petrochemicals Ltd. and Oil India Ltd.

1) Shri L Radhakrishnan

Shri L Radhakrishnan, who joined the Board of Directors of the Company as an Additional Director on 25 April 2001, is from Indian Administrative Services. He holds Degree in B.Sc. (Hons.) in Physics, MSW and International Degree in

payable to the Auditors fixed by the Company in accordance with the amended provisions of Section 224(8) of the Companies Act, 1956. As per the said Section, in the case of an auditor appointed under Section 619 by the C&AG, the remuneration shall be fixed by the company in general meeting or in such manner as the company in general meeting may determine.

The Board has recommended a sum of Rs.3,00,000/- plus actual travelling and out of pocket expenses for the financial year 2000-01. The Resolution set out at item No.8 of the notice is for fixing the remuneration of the Auditors for the year 2000-01 under the Section 224(8) of the Companies Act, 1956.

None of the Directors is interested in this Resolution.

Item No.9

Until the Companies (Amendment) Act 2000 came into effect from mid December 2000, the remuneration of the Statutory Auditors of the Company was being fixed by the Department of Company Affairs. As per Section 619(2) of the Companies Act amended by the Companies (Amendment) Act 2000, the auditor of a Government Company shall be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and remuneration of the Auditor so appointed by the C&AG shall be fixed by the Company in General Meeting. The provisions of Section 619 of the Companies Act are applicable to the Company.

The Board of Directors had recommended on 29 May 2000 to the Department of Company Affairs Rs.1,50,000 as remuneration of M/s Varma & Varma, Chartered Accountants, Ernakulam, the Statutory Auditors for the financial year 1999-2000. This amount was also approved by the Department of Company Affairs and paid to the Statutory Auditors. Subsequently the Auditors requested for enhancing the remuneration by Rs.1,00,000/-. The Board recommended the enhancement and the Company sought approval of Department of Company Affairs for the same. However, in the meantime, the Companies Act was amended with effect from 14 December 2000. Therefore, the aforesaid enhancement of the remuneration has to be approved by the Shareholders. On the request of the Auditors for an additional fee of Rs.25,000/- for issue of Certificate on Cash Flow Statement, the Board further enhanced the remuneration by another Rs.25,000/-, making the total enhancement by Rs.1,25,000/-. The resolution set out at item No.9 of the notice is for enhancing the remuneration by the Shareholders of the Company.

None of the Directors is interested in this Resolution.

Item No.10

The Shareholders of KRL had passed a resolution at the AGM held on 27 September 2000 approving the issue of Bonus Shares in the proportion of 1:1. As per the Resolution passed by the Shareholders the said Bonus Shares are entitled to proportionate dividend from the date of allotment, if any, to be declared in respect of the financial year in which the allotment of the new equity shares is made. However, SEBI by its letter No.SMDRP/20091/2000 dated 19 December 2000 informed KRL that the shares issued by the Companies should be pari passu in all respects (including dividend) so that the same ISIN number could be allotted. In view of this, the Company is required to pay dividend for the whole year for the Bonus Shares also. The Resolution set out at Item No.10 of the notice is for payment of dividend for the whole year to the Bonus Shareholders also.

Shri K L Kumar, Chairman & Managing Director, Shri Koshy Varghese, Director (Refineries) and Shri B K Menon, Director (Finance), are interested in the Resolution to the extent that they are entitled for the dividend on the Bonus Shares allotted to them. No other Director is interested in the Resolution.

Item No.11

In accordance with the Scheme of Amalgamation of Cochin Refineries Balmer Lawries Ltd. (CRBL) with Kochi Refineries Ltd. (KRL), approved by the Shareholders of KRL on 14 February, 1999 and by the Shareholders of CRBL on 13 February 1999, the Shareholders of CRBL are entitled for one equity share of Rs.10/- each of KRL for every twentyfive equity shares of Rs.10/- each held by them in CRBL. The Government of India's approval to the Scheme was conveyed on 28 March 2001 and Hon ble High Court of Kerala has sanctioned the Scheme of Amalgamation on 9 April 2001. Accordingly, Board has allotted one equity share of Rs.10/- each of KRL to CRBL Shareholders for every 25 equity shares of Rs.10/- each held by them as on the Record Date of 16 June 2001.

KRL had made a Bonus Issue in the ratio of 1:1 to its Shareholders as on 1 December 2000 and allotted the Shares on 22 January, 2001. Since the approval of the Scheme by Government and the Court was subsequent to the allotment of Bonus Shares by KRL, it is proposed to extend the said benefit of Bonus Shares to CRBL Shareholders also by issue of one more equity shares of Rs.10/- each of KRL against twentyfive equity shares held by them in CRBL as on the Record Date of 16 June 2001. The said Shares shall rank pari passu in all respects including dividend with the existing fully paid Shares of the Company, i.e., these Shares will be eligible for dividend for the whole Financial Year 2000-01. The Resolution set out at Item No.11 of the notice is for issue / allotment of Shares to CRBL Shareholders.

Shri Koshy Varghese, Director (Refineries), is interested in the Resolution to the extent that he is entitled to Shares being issued / allotted to the CRBL Shareholders. No other Director is interested in the Resolution.

By Order of the Board

Maradu
July 16, 2001

N.Viswakumar
Company Secretary

Public Administration (ENA, Paris). He has an illustrious career in Government Sector with successful track record. He served Government of Kerala in various important positions which included District Collector of Thrissur and Kollam Districts etc. He held important positions in various State Public Sector Undertakings like Managing Director, Kerala Minerals & Metals Ltd. and Kerala State Cashew Development Corporation Ltd. Presently, he is Secretary (Industries), Government of Kerala. He is Chairman of Institute of Handloom & Textile Technology, Travancore Sugars & Chemicals Ltd., Kerala Ceramics Ltd., Public Sector Restructuring & Internal Audit Board, TECHNOPARK, Travancore Cochin Chemicals Ltd., Kerala Automobiles Ltd., and Kerala State Industrial Products Trading Corporation Ltd. and Director in Travancore Rayons Ltd., Kerala Khadi & Villages Industries Board, Travancore Cements Ltd., Malabar Cements Ltd., Kerala State Industrial Development Corporation, Apollo Tyres Ltd., ICICI, KINFRA and Indian Rare Earths Ltd. He is the holder of Udaybhansinhji National Award for outstanding performance as Managing Director of State Agricultural Development Bank at the national level and the Rights of the Child Award awarded by World Health Organization.

III) Shri S Behuria

Shri S Behuria, who joined the Board of Directors of the Company as an Additional Director on 21 May 2001, is a Graduate in Economics and a Postgraduate from IIM, Ahmedabad. He joined the erstwhile Burmah-Shell in 1973, and has held several important positions in BPCL including Executive Director (Sales). He served as Director (Operations), Oil Coordination Committee and gained deep insight into the workings of the Oil Industry. He has considerable management experience in Marketing. At present, he is Director (Marketing) of BPCL. He is Chairman of Petroleum Infrastructure Ltd., Trustee of Mumbai Port Trust and Director in Bharat Shell Ltd., Petronet CCK Ltd., Numaligarh Refinery Ltd. and Petronet India Ltd.

IV) Shri B K Menon

Shri B K Menon was appointed as an Additional Director on the Board of the Company on 9 June 2001 and assumed charge of Director (Finance) with effect from that day. He is a Chartered Accountant and has wide experience in the field of Finance in the Petroleum Industry. He had worked in Vanjinad Leathers Ltd. and Binani Zinc Ltd. Shri Menon has held important positions in the Company including that of General Manager (Finance & Accounts) and General Manager (Management Information System and Internal Audit).

EXPLANATORY STATEMENT OF MATERIAL FACTS AS REQUIRED UNDER SECTION 173 OF THE COMPANIES ACT, 1956

Item No.5

The Company has received notice in terms of Section 257 of the Companies Act, 1956, proposing Shri L Radhakrishnan for election as Director of the Company at this Annual General Meeting.

Shri L Radhakrishnan is from Indian Administrative Services and holds Degree in B.Sc. (Hons.) in Physics, MSW and International Degree in Public Administration (ENA, Paris). He has an illustrious career in Government Sector with successful track record. Keeping in view of his vast experience and knowledge, it will be in the interest of the Company that Shri L Radhakrishnan is appointed as a Director of the Company.

Except Shri L Radhakrishnan none of the Directors is interested in this Resolution.

Item No.6

The Company has received notice in terms of Section 257 of the Companies Act, 1956, proposing Shri S Behuria for election as Director of the Company at this Annual General Meeting.

Shri S Behuria is a Graduate in Economics and a Postgraduate from IIM, Ahmedabad. He has considerable management experience in marketing. Keeping in view of his vast experience and knowledge, it will be in the interest of the Company that Shri S Behuria is appointed as a Director of the Company.

Except Shri S Behuria none of the Directors is interested in this Resolution.

Item No.7

The Company has received notice in terms of Section 257 of the Companies Act, 1956, proposing Shri B K Menon for election as Director of the Company at this Annual General Meeting.

Shri B K Menon is a Chartered Accountant and has wide experience in the field of Finance in the Petroleum Industry. Keeping in view of his vast experience and knowledge, it will be in the interest of the Company that Shri B K Menon is appointed as a Director of the Company.

Except Shri B K Menon none of the Directors is interested in this Resolution.

Item No.8

As per Section 619(2) of the Companies Act, 1956, amended by the Companies (Amendment) Act 2000, the Auditor of a Government Company shall be appointed or re-appointed by the Comptroller & Auditor General of India (C&AG). The provisions of Section 619 of the Companies Act are applicable to the Company.

Accordingly, the C&AG has appointed Messrs Varma & Varma, Chartered Accountants, Ernakulam as the Statutory Auditors of the Company for the Financial year 2000-01 by their letter No.CAV/COY/CENTRAL GOVT.COMP.CRL(1)1255 dated 12 March 2001 for statutory audit, audit of Provident Fund, Superannuation Fund, School Fund Accounts and Employees Gratuity Fund Accounts etc. The C&AG has however requested the Company to intimate the remuneration