



Indian Oil Corporation Limited



IndianOil

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

Mission

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

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IndianOil

Indian Oil Corporation Limited

Registered Office: IndianOil Bhavan,
G-9, Ali Yavar Jung Marg,
Bandra (East), Mumbai-400 051

41st Annual Report

In this Report one lakh corresponds to 0.1 million
and one crore to ten million.



Indian Oil Corporation Limited

Regd. Office : IndianOil Bhavan, G-9, Ali Yavar Jung Marg, Bandra(East), Mumbai-400 051

Notice

NOTICE is hereby given that the **41st Annual General Meeting** of the Members of **INDIAN OIL CORPORATION LIMITED** will be held at Nehru Centre Auditorium, Discovery of India Building, Dr. A.B. Road, Worli, Mumbai - 400 018 on **Friday, the 8th September, 2000 at 1100 hrs.** to transact the following business :

A. ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2000 and the Balance Sheet as on that date together with Reports of the Directors and the Auditors.
2. To note payment of Interim Dividend of 75% (1st Interim Dividend @ 35% and 2nd Interim Dividend @ 40%) declared by the Board of Directors during the financial year.
3. To appoint a Director in place of Shri Subir Raha, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Dr. A.K. Bhatnagar, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri P. Sugavanam, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Shri Naresh Narad, who retires by rotation and being eligible, offers himself for reappointment.
7. To appoint a Director in place of Dr. R.K. Pachauri, who retires by rotation and being eligible, offers himself for reappointment.

B. SPECIAL BUSINESS

8. Appointment of Shri Shivraj Singh as a Director of the Corporation

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

"RESOLVED THAT Shri Shivraj Singh, who was appointed as an Additional Director by the Board of Directors on 2nd June, 2000 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Corporation has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Corporation, liable to retire by rotation."

9. Domestic/Foreign Borrowings and Mortgage/Creation of charge for the borrowings

To consider and if thought fit, to pass, with or without modifications, the following resolutions as **Ordinary Resolutions** :

- (a) **"RESOLVED THAT** in supersession of Resolution No.6 passed at the 37th Annual General Meeting of the Corporation held on 30th September, 1996 and pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and Article 49 of the Articles of Association of the Corporation approval of the Shareholders be and is hereby accorded to the Board of Directors for domestic currency borrowings through loans, credit etc. upto a limit of Rs. 10,000 crore (including Public Deposits) from banks, financial institutions and other sources for the purpose of financing working capital requirements and also for acquisition of capital assets and upto a limit of US\$ 5514 million for availing

foreign currency loans for financing oil imports and/or for the purpose of any other requirements of the Corporation both for capital and revenue in nature, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Corporation (apart from the temporary loans obtained from the Corporation's bankers in the ordinary course of business), will exceed the aggregate of the paid up capital of the Corporation and its free reserves, that is to say, reserves not set apart for any specific purposes."

- (b) **"RESOLVED THAT** the consent of the Corporation be and is hereby accorded in terms of Section 293(1)(a) and all other applicable provisions, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and such other approvals as may be necessary, to the Board of Directors to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Corporation in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immoveable properties of the Corporation, both present and future and/or whole or any part of the undertaking(s) of the Corporation together with the power to take over the management of the business and concern of the Corporation in certain events of default, in favour of the Lender(s), Agent(s) and Trustee/Trustee(s), for securing the borrowings of the Corporation availed/to be availed by way of loan(s) in foreign currency and/or rupee currency and Securities (comprising fully/partly Convertible Debentures and/or Non Convertible Debentures, on all or any of the above, with or without detachable or non-detachable Warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments) issued/to be issued by the Corporation, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of default, accumulated interest, liquidated damages, commitment charges, premia on prepayments, remuneration of the Agent(s)/Trustee, premium (if any) on redemption, all other costs, charges and expenses payable in the above connection including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Corporation in terms of the Loan Agreement(s)/Heads of Agreement(s), Trust Deed(s) or any other document, entered into/to be entered into between the Corporation and the Lender(s)/Agents and Trustee(s)/Trustees, in respect of the said loans/borrowings/debentures/bonds or any other securities and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s)/Agents/Trustee(s)."

- (c) **"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions, the Board/Committee of the Board be and is hereby authorised to finalise, settle and execute such documents/deeds/writings/papers/agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to borrowings and creating mortgages/charges as aforesaid."

Registered Office:

IndianOil Bhavan,
G-9, Ali Yavar Jung Marg,
Bandra (East),
Mumbai-400 051.

8th August, 2000

By Order of the Board of Directors



(R. NARAYANAN)
Company Secretary

Notes

- (a) Explanatory Statement prepared in pursuance of Section 173 of the Companies Act, 1956 in respect of Special Business is annexed.
- (b) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE CORPORATION. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE CORPORATION NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

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- (c) Members / Proxies should bring the attendance slip duly signed in for attending the meeting.
- (d) All documents referred to in the accompanying notice are open for inspection at the registered office of the Corporation during office hours on all working days except Saturdays & Holidays between 1100 hours to 1300 hours upto the date of Annual General Meeting.
- (e) The Board of Directors in their meeting held on 31st January, 2000 and 13th May, 2000 have declared payment of interim dividend @ 35% and 40% respectively. At the Board Meeting held on 2nd June, 2000, the Board has decided to treat both the interim dividends as final dividend. Accordingly, Shareholders are requested to note the payment of interim dividend made on the shares of the Corporation (refer Item No. 2 of the notice).
- (f) Pursuant to the provisions of section 205(A) of the Companies Act, 1956, as amended dividend for the financial year 31st March, 1996 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. **The Shareholders who have not encashed the dividend warrant so far for the financial year 1995-96 to 1999-2000 are requested to make their claims to the office of the Registrar & Transfer Agent, M/s. Karvy Consultants Ltd., Hyderabad or at the registered office of the Corporation. It may also be noted that once the unclaimed dividend is transferred to the Central Government, as above, no claim shall lie in respect thereof.**
- (g) Members are requested to bring their copy of Annual Report to the Meeting.
- (h) Members are requested to notify immediately, change in their address, if any, to the Company Secretary at the Regd. Office address given above or to the Registrars of the Corporation at the address: M/s. **Karvy Consultants Limited, Unit : Indian Oil Corporation Ltd., 21, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500 034** quoting their Folio Number, to ensure prompt receipt of communications and other corporate actions.

EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 173 OF THE COMPANIES ACT, 1956**Item No. 8**

Shri Shivraj Singh, Joint Secretary (Refineries), Ministry of Petroleum & Natural Gas was appointed as an Additional Director on 2nd June, 2000 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Corporation and Section 260 of the Companies Act, 1956 and who holds office upto the date of this Annual General Meeting.

Shri Shivraj Singh, IAS aged 52 years is a Civil Engineer. He joined the Indian Administrative Service (IAS) in the year 1973 and was allocated Madhya Pradesh cadre. He has about 27 years of rich and varied experience of public administration and has served in various important positions in the Government of Madhya Pradesh and the Central Government. He also has rich experience in hydrocarbon sector. He is also a Director on the Board of Chennai Petroleum Corporation Limited (formerly MRL) and Engineers India Limited.

In term of Section 257 of the Companies Act, 1956, the Corporation has received a notice in writing from a member signifying his intention to propose Shri Shivraj Singh as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Corporation except Shri Shivraj Singh is interested or concerned in the resolution.

Item No. 9

The existing overall borrowing limits as approved by the Shareholders pursuant to Section 293(I)(d) of the Companies Act, 1956 in the Annual General Meeting held on 30th Sept. 1996 are upto Rs.5,000 crore for domestic borrowings and US\$ 5514 million for foreign currency loans.

The working capital requirements of the Corporation have increased due to increase in International Oil prices and huge capital expenditure envisaged in the IX and X Plan period. IndianOil has identified projects worth Rs.60000 crore for implementation during 1997-2007 including projects over Rs.20,000 crore on hand. Besides expansion of refining and pipelines capacities and marketing infrastructure, these projects will cover vertical integration and diversification in petrochemicals, power, oil exploration and production, LNG and other fuels. With the domestic debt market improving and the variety of instruments being made available, your Corporation would be able to tap resources from the domestic market on favourable terms.

In view of the likely increase of the total domestic borrowings through raising of resources from domestic sources, the approval of the Shareholders is being sought for enhancing the existing domestic borrowing limits from Rs.5,000 crore to Rs.10,000 crore (including Public Deposits) considering the need to provide greater operational flexibility. However, no change in the limit of US\$ 5514 million for foreign currency borrowings is envisaged.

Under Section 293(I)(d) of the Companies Act, 1956, the Board cannot borrow monies which together with the monies already borrowed by the Company (apart from the temporary loan obtained from the Company's Bankers in the ordinary course of business) would exceed the aggregate of the paid-up capital of the Company and its free reserves unless the Company in General Meeting authorises the Board to do so. Hence, the Resolution at Item No. 9(a) of the Notice.

The shareholders are requested to accord their approval under Section 293(I)(d) of the Companies Act, 1956 for raising domestic borrowings upto a limit of Rs.10,000 crore vide Resolution No.9(a).

Article 49 of the Articles of Association of the Corporation empowers the Board of Directors to generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Corporation. Keeping in view the large size of aforesaid domestic borrowings upto a limit of Rs.10,000 crore, it may be necessary for the Corporation to create a security or charge on the assets of the Corporation for the purposes of issuing bonds, debentures, notes or any combination thereof for raising funds.



The mortgage and/or charge by the Corporation of its moveable and/or immoveable properties and/or the whole or any part of the undertaking(s) of the Corporation in favour of the Lender(s), with a power to take over the management of the business and concern of the Corporation in certain events of default by the Corporation, may be regarded as disposal of the Corporation's undertaking(s) within the meaning of Section 293(1)(a) of the Companies Act, 1956. Hence, approval of the shareholders is solicited vide Resolution No.9(b) of the notice.

The Directors, therefore, recommend the Ordinary Resolutions. None of the Directors of the Corporation is interested or concerned in the Resolutions.

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8th August, 2000

By Order of the Board of Directors

(R. NARAYANAN)
COMPANY SECRETARY



Indian Oil Corporation Ltd.

IndianOil is the largest commercial enterprise in India, and the only Indian company in Fortune magazine's Global 500 listing of the world's largest corporations, with a ranking of 232 for fiscal 1999. In the list of 800 largest non-US corporations published by Forbes magazine, IndianOil is ranked 100th.

Beginning in 1959 as Indian Oil Company Ltd., Indian Oil Corporation Ltd. was formed in 1964 with merger of Indian Refineries Ltd. (1958).

IndianOil owns and operates seven of the country's 17 refineries, at Digboi, Guwahati, Barauni, Gujarat, Haldia, Mathura and Panipat, with combined capacity of 35.55 million tonnes per annum (MTPA). A new 9 MTPA refinery is being set up at Paradip in Orissa. IndianOil has entered into Marketing Agreements for specified products and quantities from Kochi Refineries Ltd., Bongaigaon Refineries & Petrochemicals Ltd. and Reliance Petroleum Ltd.

IndianOil has the country's largest network of on-land crude and product pipelines, with combined length of 6,453 km and capacity of 43.45 MTPA.

With sales of 48.79 million tonnes in 1999-2000, IndianOil shares 55% of the petroleum product market in India. The extensive network of nearly 20,000 sales points is backed for supplies by 188 bulk terminals and depots and 59 LPG bottling plants. 92 aviation fuel stations cater to the aviation industry.

IndianOil's Research & Development Centre has been engaged in world-class tribology, having developed about 2,000 lubricant and grease formulations and obtained approvals of original equipment manufacturers in India and abroad. The centre is carrying out extensive R&D work in refinery processes and pipeline transportation.

A wholly owned subsidiary, Indian Oil Blending Ltd., manufactures over 450 grades of the country's leading SERVO brand lubricants and greases.

IndianOil pursues the vision of becoming a major, diversified, transnational, integrated energy company, with national leadership and a strong environment conscience, playing a national role in oil security & public distribution.' Business opportunities in Exploration & Production, Gas & Gas-to-liquid, Petrochemicals, Power, Information Technology & Communications, collaborative R&D, Exports, Shipping, Training & Consultancy, Engineering & Construction, and Transnational Operations are being proactively identified and developed.

Eleven joint ventures are now operational in partnership with some of the leading international and Indian companies:

- * Indo-Mobil with (now) Exxon-Mobil, USA, for import, blending and marketing of Mobil brand lubricants
- * Avi Oil India with NYCO SA, France, for manufacturing and marketing defence & civil aviation lubricants and specialities
- * Indian Oiltanking Ltd., with Oiltanking GmbH, Germany, and IBP Co. for infrastructure development and terminalling services
- * Petronet India Ltd.(PIL), a consortium of oil companies and financial institutions, for petroleum product pipeline projects
- * Petronet VK Ltd, as a subsidiary of PIL, for Vadinar-Kandla products pipeline
- * Petronet CTM Ltd., also as a subsidiary of PIL, for Chennai-Trichy-Madurai products pipeline
- * Petronet LNG Ltd., with Oil & Natural Gas Corporation Ltd. (ONGC), Gas Authority of India Ltd.(GAIL), Bharat Petroleum Corporation (BPC) and others, for import and marketing of LNG
- * IndianOil Petronas Ltd., with Petronas, Malaysia, for import of LPG at Haldia and parallel marketing
- * IndianOil Panipat Power Consortium Ltd., with Marubeni, Japan, for power project at Panipat
- * IndianOil TCG Petrochem Ltd., with The Chatterjee Group, for pursuing opportunities in petroleum & petrochemicals
- * Lubrizol India Ltd., with Lubrizol Corporation, USA, for lube additives.

IndianOil and ONGC Ltd., in strategic alliance, are pooling their knowledge and resource base to exploit opportunities across the Hydrocarbon Value Chain.

IndianOil, in strategic alliance with CMC Ltd., is pursuing opportunities in information technology, related to IndianOil's business.

IndianOil has entered into Memoranda of Understanding/Collaboration with several reputed companies in India and abroad to take up projects of mutual interest:

- * Mitsubishi Corporation, Japan, and Gujarat Power Corporation Ltd. for power project at Savli, Gujarat
- * Petronas, Malaysia, for a petrochemicals complex at Panipat
- * Indian Petrochemicals Corporation Ltd. for collaboration in petrochemicals, refining and power
- * Chennai Petroleum Corporation Ltd. for a refinery in Southern India
- * Maldives Airports Authority for providing technical assistance in aviation refuelling services
- * Petronas, Malaysia, in exploration and production (E&P), refining, petrochemicals, LPG import, LNG, R&D and training
- * Marubeni, Japan, in E&P, refining, petrochemicals, power and pipelines
- * Emirates National Oil Co.(ENOC), UAE, in setting up oil terminals and marketing of lubes in Dubai and Middle East, and management training opportunities
- * Petrotrin Corporation, Trinidad & Tobago, in training, R&D and consultancy services
- * Larsen & Toubro Ltd. for undertaking EPC(engineering, procurement and construction) jobs, turnaround maintenance, and collaboration in E&P, refining, pipelines and power
- * Petroleum Authority of Thailand (PTT) for refining, petrochemicals, R&D, lube oil blending, packaging and marketing, training & consultancy and trading

An MOU with Petronas, Malaysia, and Cocanada Port Co. Ltd, AP, has been executed to take up an LNG project at Kakinada.

IndianOil, GAIL and Indian Institute of Petroleum form the Indian combine collaborating with BP-Amoco for commercialisation, manufacture and marketing of Di-Methyl-Ether (DME) as an alternative fuel in India.

The Corporation is marketing diesel fuel additives for automobiles in collaboration with Elf Antar, France.

IndianOil and Air BP are collaborating in aviation refuelling business.

IndianOil's investments in creation of assets will exceed Rs. 60,000 crore over the decade beginning 1997. These investments, substantially funded from internal resources, will result in expansions and modernisation of existing capacities, as well as creation of state-of-the-art facilities.

IndianOil is an "academy" company with 17 Training Centres. The IndianOil Institute of Petroleum Management (IIPM), Gurgaon, serves as an apex training and consultancy institute, offering a mid-career one-year International MBA Programme in Petroleum Management affiliated to the University of Ljubljana, in collaboration with International Centre for Promotion of Enterprises and the Indian Institute of Management, Ahmedabad. It is now proposed to offer a mid-career two-year programme for graduation in Engineering & Technology, at the IndianOil Management Academy, Haldia.

IndianOil has been lending its expertise for nearly two decades to various countries in several areas of refining, marketing, transportation, training and research & development. These include Sri Lanka, Kuwait, Bahrain, Iraq, Abu Dhabi, Tanzania, Ethiopia, Algeria, Nigeria, Nepal, Bhutan, Maldives, Malaysia and Zambia.

IndianOil's sincere commitment to Quality, Safety, Health and Environment is reflected in the series of national and international certifications and awards (current ones listed separately) earned over the years. Some of these certifications and awards are International Firsts.

The 16th largest petroleum company in the world, IndianOil, is now on the threshold of transformation into an Energy Corporate.