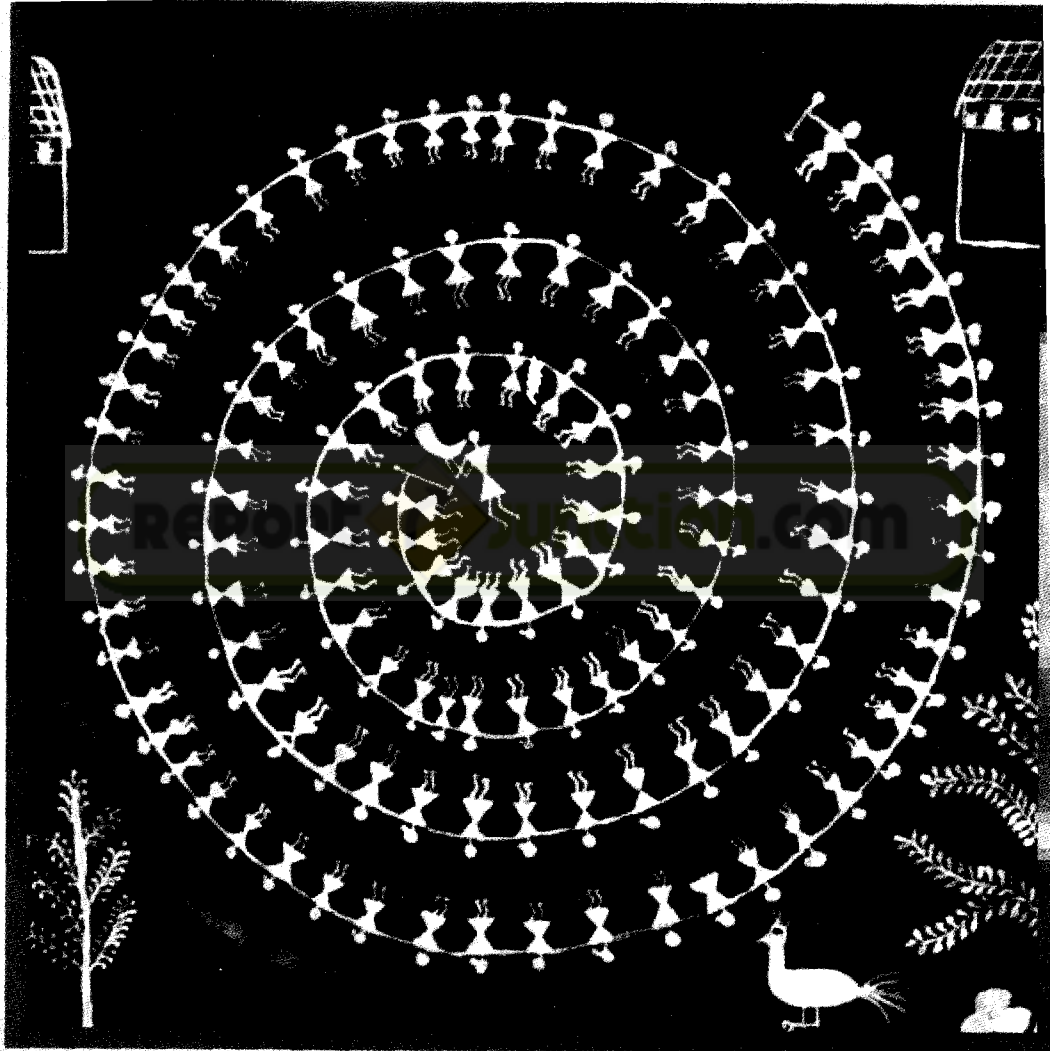
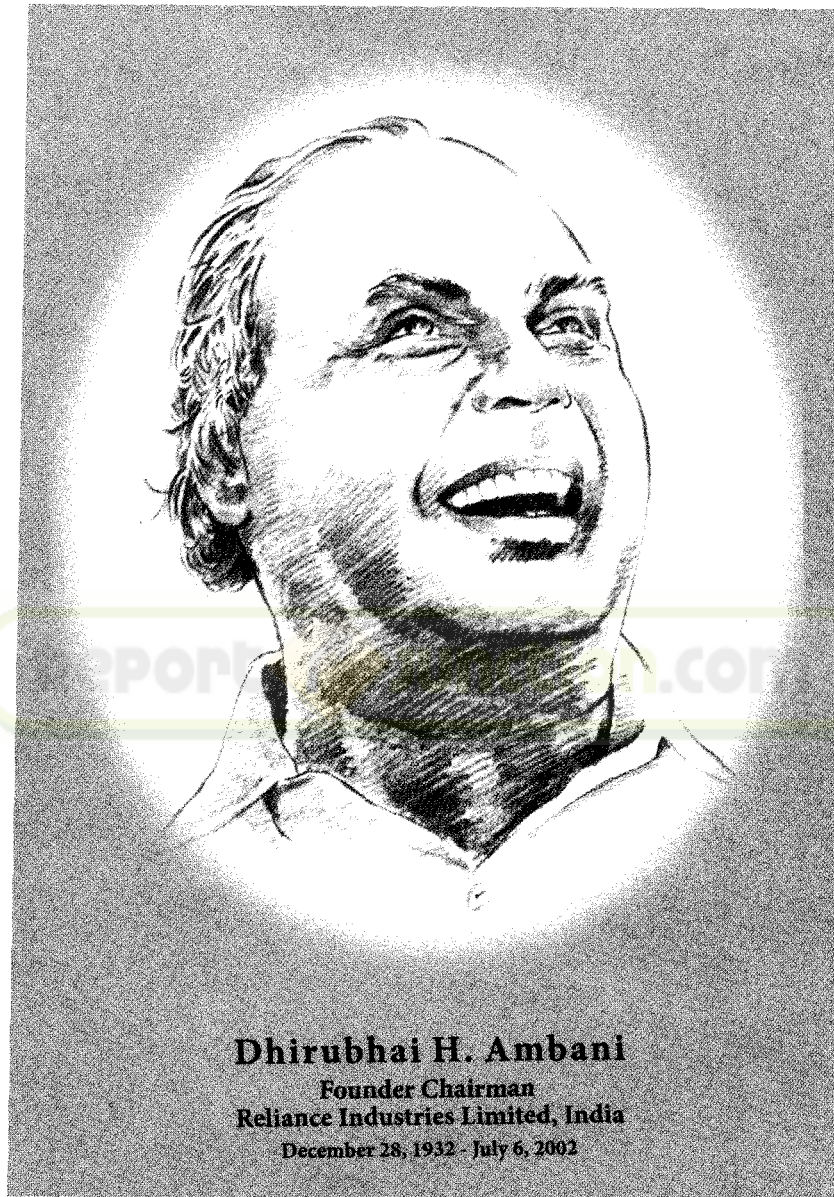


ANNUAL REPORT 2005-2006



ENGINEERED FOR GROWTH





Mukesh D. Ambani
Chairman

Dear Shareowners,

It gives me great pleasure to once again communicate with you about the path breaking performance of Indian Petrochemicals Corporation Limited (IPCL). The year 2005-06 was another eventful year in many ways. Turnover grew by 32% to Rs. 12,362 crore (US\$ 2,771 million) as compared to Rs. 9,386 crore in the previous year; Net profit grew by 48% to Rs. 1,164 crore (US\$ 261 million) as compared to Rs. 786 crore in the previous year.

The world is witnessing a powerful movement towards greater balance in the midst of an unprecedented surge of prosperity. Continued economic growth has to contend with anxieties on account of rising oil prices and geo-political uncertainty. In this environment your Company continues to march forward with unabated self-confidence.

We look to the future with optimism because the centre of economic growth is shifting to Asia. Demand and rapid capacity creation in virtually every aspect of the economy characterizes the Asian growth story. The world is increasingly focusing on the economic prowess of the two most populous nations – India and China. The spotlight in the coming years will be on the growth paradigms of these two giants. It is a historic opportunity to correct disparities across the continents, to rebalance the world and take it towards a more equitable paradigm of growth and consumption in various parts of our planet.

India's economy, poised to continue to grow at almost 8% is a major factor in realizing this vision. We believe that this growth rate is sustainable. In fact, there is potential for achieving even higher growth rates. The robustness of the Indian economy is reflected through its vibrant capital markets and its increasing FDI inflows.

The successful merger of 6 polyester companies with IPCL provides a new platform of growth allowing it to further integrate the value chain in its existing business and to create superior and sustainable shareholder value.

The above merger has allowed IPCL to integrate its inorganic pursuits on one platform so that all these companies can further add tremendous value for its customers and wealth for its stakeholders.

IPCL was acquired by Reliance in 2002. Since then its turnover has increased by 123% and its profit after tax has increased by 987%. As on March 31, 2006 the market capitalization of IPCL stood at Rs.7,538 crore (US\$ 1,690 million) as against Rs.2,073 crore as on March 31, 2002 witnessing a rapid growth of 263% in just 4 years and adding over US\$ 1 billion to shareholders' wealth.

We at IPCL are continuously driven by the desire to excel our past performance and expand our horizons. India's confident march towards emergence as a global economic power has further reinforced our strong belief in the inherent strengths of the Indian economy. Faith in the future of the country remains a source of tremendous inspiration for us.

I am sure IPCL will achieve a higher orbit in the coming years. My faith stems from our people who have demonstrated their undeterred commitment in taking the Company to greater heights.

IPCL has moved from a stage of turnaround to consolidation and is now firmly poised on the growth path. With a net worth in excess of US\$ 1 billion and a debt equity ratio of just 0.33, along with robust cash flows from operations, I believe that your Company can pursue big opportunities for growth both organic and inorganic in India and globally. In this phase, I believe we are *engineered for growth*.

I have continued to enjoy steadfast support from the Board of Directors of IPCL. I would like to take this opportunity to express my gratitude to the Board, customers, suppliers, bankers, employees and our shareholders for their unceasing confidence and support.

With best wishes,
Sincerely,



Mukesh D. Ambani
Chairman

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Highlights – 2005-06

TURNOVER

Rs. 12,362 crore (US\$ 2,771 million)

CASH PROFIT

Rs. 1,727 crore (US\$ 387 million)

Report  Junction.com

NET PROFIT

Rs. 1,164 crore (US\$ 261 million)

TOTAL ASSETS

Rs. 10,547 crore (US\$ 2,364 million)

EARNINGS PER SHARE (EPS)

Rs. 40.29 (US\$ 0.90)



Company Information

Board of Directors

Mukesh D. Ambani
Chairman

Nikhil R. Meswani

Anand J. Jain

Kamal P. Nanavaty

Rajendra S. Lodha

Shailesh V. Haribhakti

Lalit Bhasin

Sandeep H. Junnarkar

Shiv Kumar Bhardwaj

Sandesh K. Anand
Whole-time Director

Chief Financial Officer
G. V. Ramani

Company Secretary
Shashikala Rao

Auditors
Messrs Deloitte Haskins & Sells
Messrs Chaturvedi & Shah

Bankers
ABN AMRO Bank
Bank of America
Bank of Baroda
Bank of India
Citibank N.A.
HDFC Bank Limited
ICICI Bank Limited
Standard Chartered Bank
State Bank of India
State Bank of Saurashtra

Registered Office

P. O. Petrochemicals
Vadodara 391 346, Gujarat, India
Tel: (0265) 6696000/7000
Fax: (0265) 6693834
Email: InvestorRelations.Corporo@ipcl.co.in
Internet: <http://www.ipcl.co.in>

Manufacturing Facilities at

Allahabad

A/10-A/27, UPSIDC Industrial Area,
Kailash Nagar, Karchana, P. O. T.S.L.,
Dist. Allahabad - 211 010
Uttar Pradesh

Barabanki

Dewa Road, Somaiya Nagar,
Barabanki - 225 123

Baulpur

Baulpur, District Dhenkanal
Orissa - 759 031

Gandhar

P. O. Dahej, Bharuch - 392 130,
Gujarat

Hoshiarpur

Dharmshala Road, V.P.O. Chohal,
District Hoshiarpur,
Punjab - 146 014

Nagothane

P. O. Petrochemicals Township,
Nagothane
Raigad - 402 125, Maharashtra

Nagpur

Village Dahali
Mouda Ramtek Road,
Tehsil Mouda - 441104
District Nagpur, Maharashtra

Silvassa

342, Kharadpada,
Near Silvassa
Union Territory of Dadra &
Nagar Haveli - 396 235

Vadodara

P. O. Petrochemicals
Vadodara - 391 346, Gujarat

Board Committees

Audit Committee

Rajendra S. Lodha (Chairman)
Shailesh V. Haribhakti
Sandeep H. Junnarkar

Shareholders' / Investors' Grievance Committee

Nikhil R. Meswani (Chairman)
Anand J. Jain
Kamal P. Nanavaty
Sandesh K. Anand

Remuneration Committee

Lalit Bhasin (Chairman)
Rajendra S. Lodha
Kamal P. Nanavaty

Corporate Governance Committee

Shailesh V. Haribhakti (Chairman)
Sandeep H. Junnarkar
Lalit Bhasin

Finance Committee

Nikhil R. Meswani (Chairman)
Anand J. Jain
Kamal P. Nanavaty
Sandesh K. Anand

Special Purpose Committee

Rajendra S. Lodha (Chairman)
Shailesh V. Haribhakti
Anand J. Jain
Sandeep H. Junnarkar

Registrars & Transfer Agents

Karvy Computershare Private Limited
46, Avenue 4, Street No. 1,
Banjara Hills, Hyderabad 500 034, India
Tel: +91 40 2332 0666, 2332 0711
2332 3031, 2332 3037
Fax: +91 40 2332 3058
Email: mailmanager@karvy.com
Internet: <http://www.karvy.com>

Financial Highlights - 10 years at a Glance

	2005-06		04-05	03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97
	(\$Mn)										
Turnover	2,771	12,362	9,386	9,019	5,797	5,527	5,818	4,920	3,850	3,692	3,430
Total Income	2,831	12,629	9,518	9,120	5,902	5,691	5,986	5,032	3,929	3,804	3,507
Earnings Before Depreciation, Interest and Tax	487	2171	1,756	1,251	1,143	868	1,180	906	572	758	945
Depreciation	126	561	506	472	454	424	415	319	270	237	152
Profit After Tax	261	1,164	786	274	204	107	249	189	29	244	510
Equity Dividend %		55	45	25	22.5	20	30	20	10	40	40
Dividend Payout	31	137	112	62	56	50	75	50	25	100	100
Equity Share Capital	65	288	249	249	249	249	249	249	249	249	249
Reserves and Surplus	1,049	4,682	2,672	2,023	2,036	2,578	2,946	2,784	2,781	2,779	2,644
Net Worth	1,114	4,970	2,921	2,272	2,263	2,792	3,138	2,961	2,963	2,959	2,822
Gross Fixed Assets	2,511	11,202	9,786	9,647	9,638	8,909	8,757	8,583	6,055	5,570	5,275
Net Fixed Assets	1,314	5,861	5,005	5,386	6,061	5,783	6,058	6,298	4,080	3,867	3,810
Total Assets	2,364	10,547	7,675	7,222	8,054	8,218	8,786	9,221	8,951	8,829	7,310
Market Capitalisation	1,690	7,538	4,021	4,510	2,080	2,073	1,342	1,507	2,743	1,726	3,474
No. of Employees		14,274	11,088	11,294	13,306	13,740	13,731	13,854	13,904	13,319	13,013

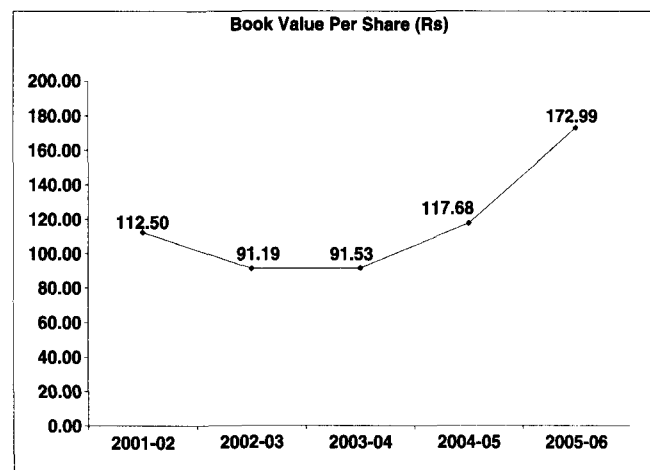
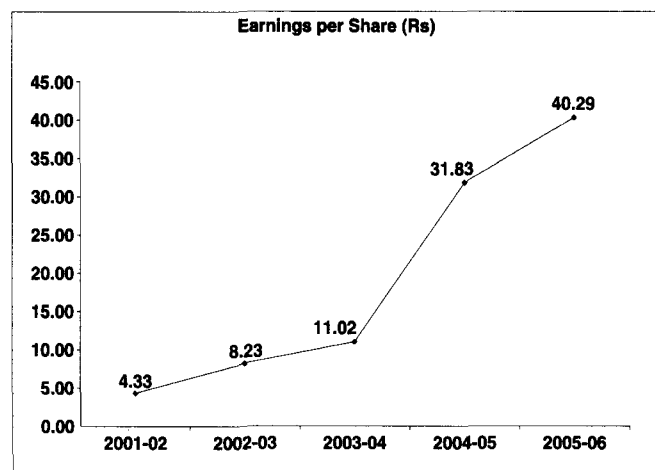
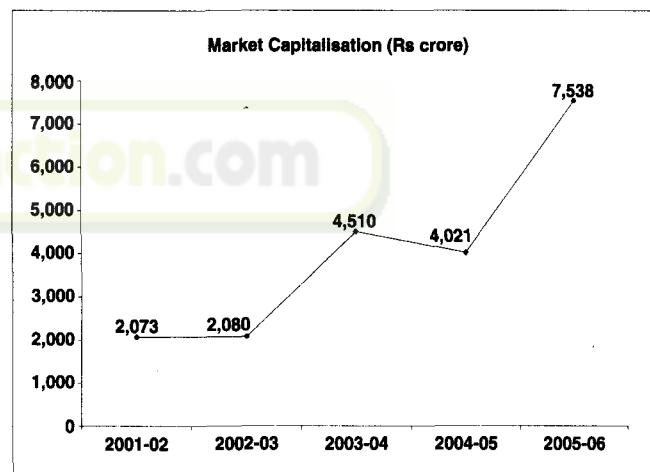
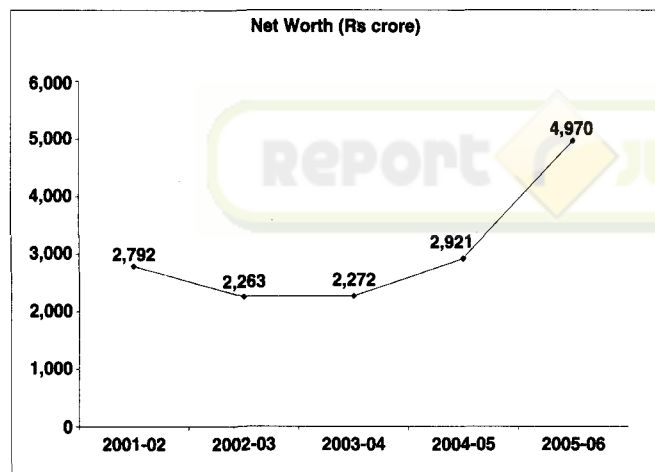
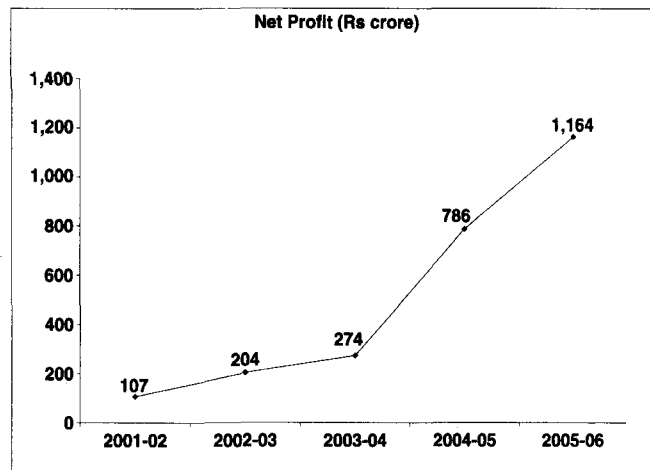
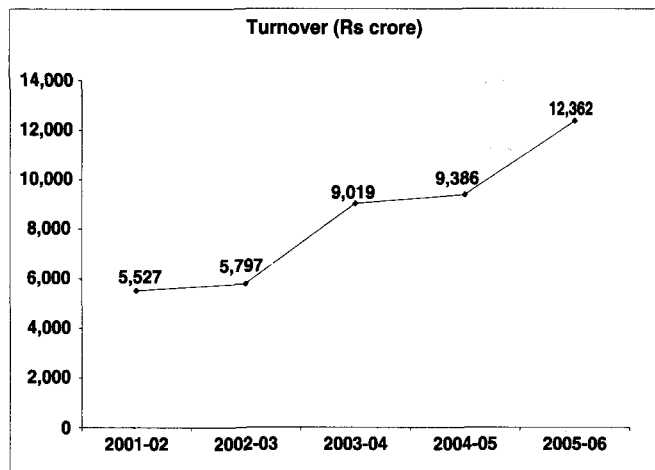
Key Indicators

	2005-06		04-05	03-04	02-03	01-02	00-01	99-00	98-99	97-98	96-97
	(\$)										
Earnings Per Share - Rs.	0.90	40.29	31.83	11.02	8.23	4.33	10.03	7.62	1.18	9.82	20.30
Turnover per Share - Rs.	9.64	430.28	378.11	363.34	233.55	222.65	234.38	198.20	155.10	148.72	136.47
Book Value per Share - Rs.	3.88	172.99	117.68	91.53	91.19	112.50	126.43	119.29	119.37	119.22	112.31
Debt - Equity Ratio	0.33	0.33	0.43	1.19	1.70	1.49	1.34	1.57	1.54	1.43	1.14
Net Profit Margin %	9.41	9.41	8.37	3.03	3.52	1.94	4.28	3.84	0.76	6.60	14.88
RONW %	23.42	23.42	26.90	12.04	9.02	3.85	7.93	6.39	0.99	8.23	18.08

1 US\$ = Rs. 44.615 (Exchange rate as on 31.03.2006)



Consistent and Robust Growth



Notice

Notice is hereby given that the Thirty-seventh Annual General Meeting of the members of Indian Petrochemicals Corporation Limited will be held on Saturday, December 2, 2006 at 2.00 p.m. at the Company's R & D Auditorium, P. O. Petrochemicals, Vadodara 391 346, Gujarat to transact the following businesses:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2006, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Directors in place of those retiring by rotation.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary**

Resolution:

"RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants and M/s. Chaturvedi & Shah, Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

Special Business:

4. To consider and, if thought fit to pass, with or without modification(s) the following resolution as an **Ordinary Resolution**:
 "RESOLVED THAT in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, Shri Shiv Kumar Bhardwaj, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:
 "RESOLVED THAT pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the regulations contained in the printed document placed at the meeting be and are hereby approved and adopted as the Articles of Association of the Company in substitution for and to the exclusion of all the existing articles thereof."

By Order of the Board of Directors

Shashikala Rao
Company Secretary

Mumbai,
October 17, 2006.

Registered Office:
P. O. Petrochemicals
Vadodara - 391 346, Gujarat, India

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. An Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. Corporate Members intending to send their authorized representative(s) to attend the Annual General Meeting are advised to send a certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Meeting.
4. Shri Mukesh D. Ambani, Shri Nikhil R. Meswani and Shri Anand J. Jain, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends their respective re-appointments.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
6. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members, who hold shares in dematerialised form, are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from Monday, November 27, 2006 to Saturday, December 2, 2006 (both days inclusive) for the purposes of the Annual General Meeting of the Company.
9. Non-resident Indian shareholders are requested to inform Karvy Computershare Private Limited immediately of:
 - (a) The change in the residential status on return to India for permanent settlement;
 - (b) The particulars of Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.