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**BOARD OF DIRECTORS****Chairman and Managing Director**

Shri M.R.Pasrija

Functional Directors

Shri N. M. Borah, Director (Operations)
Shri T. K. Ananth Kumar, Director (Finance)
Shri B. N. Talukdar, Director (E & D)
Shri Ashok Anand, Director (HR & BD)

Company Secretary

Shri S.K.Senapati

Government Nominee Director

Shri D.N.Narasimha Raju

Independent Directors

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

BOARD COMMITTEES**Audit Committee**

Shri Pawan K. Sharma	Chairman
Shri Vinod K. Misra	Member
Shri D.N. Narasimha Raju	Member

Remuneration Committee

Shri Vinod K.Misra	Chairman
Prof. Sushil Khanna	Member
Shri D.N.Narasimha Raju	Member
Shri T.K.Ananth Kumar	Member
Shri Ashok Anand	Member

Business Development Committee

Prof. Sushil Khanna	Chairman
Shri Pawan K. Sharma	Member
Shri D.N.Narasimha Raju	Member
Shri M.R.Pasrija	Member
Shri N.M.Borah	Member
Shri T.K.Ananth Kumar	Member
Shri B.N.Talukdar	Member
Shri Ashok Anand	Member

Investors' / Shareholders' Grievance Committee

Shri G.H.Amin	Chairman
Shri Arun Kumar Gupta	Member
Shri T.K.Ananth Kumar	Member
Shri Ashok Anand	Member

Human Resource Management Committee

Shri Alexander K. Luke	Chairman
Shri G.H.Amin	Member
Shri D.N.Narasimha Raju	Member
Shri M.R.Pasrija	Member
Shri N.M.Borah	Member
Shri T.K.Ananth Kumar	Member
Shri B.N.Talukdar	Member
Shri Ashok Anand	Member

Share Transfer Committee

Shri Arun Kumar Gupta	Chairman
Shri Alexander K. Luke	Member
Shri T.K.Ananth Kumar	Member
Shri Ashok Anand	Member

Registered Office

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

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
Canara Bank
Union Bank of India
Standard Chartered Bank
HDFC Bank

**Registrar and Share Transfer Agent
M/s Karvy Computershare Pvt. Ltd.**

Plot no. 17-24, Vittalrao Nagar Madhapur,
Hyderabad-500081,
Tel No : 040-23420818-825
Fax No : 040-23420814
E-mail : mailmanager@karvy.com

Corporate Office

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

Statutory Auditors

M/s. A. K. Sabat & Co.
Chartered Accountants,
A348, Sahid Nagar,
Bhubaneswar-751007

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

Cost Auditor

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



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 49th Annual General Meeting of the Shareholders of the Company will be held on Saturday the 27th day of September, 2008, 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, 2008 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 2007-2008.
3. To elect a Director in place of Shri N.M.Borah, Director (Operations) who retires by rotation and being eligible, offers himself for re-election.
4. To elect a Director in place of Shri T.K.Ananth Kumar, Director (Finance), who retires by rotation and being eligible, offers himself 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 2008-2009.

(B) SPECIAL BUSINESS

6. APPOINTMENT OF SHRI B.N.TALUKDAR 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 B.N.Talukdar who was appointed as Director (Exploration & Development) by the President of India and who assumed office w.e.f 1st December, 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.”

7. APPOINTMENT OF SHRI ASHOK ANAND 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 Ashok Anand who was appointed as Director (HR & BD) by the President of India and who assumed office w.e.f 1st February, 2008, 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.”

8. APPOINTMENT OF SHRI VINOD K.MISRA 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 Vinod K.Misra, who was appointed as a Non-official Part-time Director by the President of India and who holds office upto this Annual General Meeting as an additional director with effect from 30th July, 2008 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.”

9. APPOINTMENT OF MR. ALEXANDER K. LUKE 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 Mr Alexander K.Luke, who was appointed as a Non-official Part-time Director by the President of India and who holds office upto this Annual General Meeting as an additional director with effect from 30th July, 2008



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.”

10. APPOINTMENT OF PROF. SUSHIL KHANNA 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 Prof. Sushil Khanna, who was appointed as a Non-official Part-time Director by the President of India and who holds office upto this Annual General Meeting as an additional director with effect from 30th July, 2008 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.”

11. APPOINTMENT OF SHRI ARUN KUMAR GUPTA 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 Arun Kumar Gupta, who was appointed as a Non-official Part-time Director by the President of India and who holds office upto this Annual General Meeting as an additional director with effect from 30th July, 2008 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.”

12. APPOINTMENT OF SHRI PAWAN KUMAR SHARMA 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 Pawan Kumar Sharma, who was appointed as a Non-official Part-time Director by the President of India and who holds office upto this Annual General Meeting as an additional director with effect from 30th July, 2008 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.”

13. APPOINTMENT OF SHRI GHANSHYAMBHAI HIRALAL AMIN 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 Ghanshyambhai Hiralal Amin, who was appointed as a Non-official Part-time Director by the President of India and who holds office upto this Annual General Meeting as an additional director with effect from 30th July, 2008 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.”

14. APPOINTMENT OF SHRI D.N.NARASIMHA RAJU 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 D.N.Narasimha Raju, who was appointed as a Government Nominee Director by the President of India and who holds office upto this Annual General Meeting as an additional director with effect from 1st August, 2008 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.”

By Order of the Board
OIL INDIA LIMITED

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

Place : Noida
Dated : 01.09.2008



NOTES

1. **MEMBERS ENTITLED TO ATTEND AND VOTE ARE 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 to 14 of the Notice is annexed.
4. **The Register of Members of the Company will remain closed from 18th to 27th September, 2008 (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.Karvy Computershare Pvt. Ltd. at :

M/s Karvy Computershare Pvt. Ltd. (UNIT : OIL INDIA LIMITED) Plot No. 17-24, Vittalrao Nagar Madhapur, Hyderabad-500081, Tel No : 040-23420818-825 Fax No : 040-23420814 E-mail : mailmanager@karvy.com	M/s. Karvy Computershare Pvt. Ltd. (UNIT : OIL INDIA LIMITED) 105-108, Arunachal Building, 19 Barakhamba Road, Connaught Place, New Delhi-110001 Tel No : 011-23324401, 23324409, 43509200 Fax No : 011-23730824 E-mail : delhi@karvy.com
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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 27th September, 2008.
8. Members who have not encashed their dividend warrants may approach the Company at its Corporate Office for revalidating the warrants or for obtaining duplicate warrants.
9. **THE BALANCE LYING IN THE UNPAID DIVIDEND ACCOUNT 2000-01 OF THE COMPANY WILL BE TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF) OF THE CENTRAL GOVERNMENT BY 30TH NOVEMBER, 2008. MEMBERS WHO HAVE NOT ENCASHED THEIR DIVIDEND WARRANTS PERTAINING TO THE SAID YEAR MAY APPROACH THE COMPANY FOR OBTAINING PAYMENTS THEREOF AT THE EARLIEST. REMINDER LETTERS TO THE RESPECTIVE SHAREHOLDERS HAVE ALREADY BEEN DESPATCHED THROUGH REGISTERED POST.**
10. **ALL SHAREHOLDERS OF THE COMPANY CAN AVAIL ONLINE SERVICES FROM OUR REGISTRAR & SHARE TRANSFER AGENTS M/S KARVY COMPUTERSHARE PRIVATE LIMITED WITH REGARD TO INVESTOR GRIEVANCES AT “karisma.karvy.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 B.N.Talukdar who was appointed as a Whole-time Director on the Board 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 B.N.Talukdar as a candidate for the office of Director.

The Directors, therefore, recommend this ordinary resolution for the appointment of Shri B.N.Talukdar as a Whole-time Director of the Company liable to retire by rotation.

None of the Directors except Shri B.N.Talukdar is interested or concerned in the resolution.

ITEM NO.7

Shri Ashok Anand who was appointed as a Whole-time Director on the Board 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 Ashok Anand as a candidate for the office of Director.

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

None of the Directors except Shri Ashok Anand is interested or concerned in the resolution.

ITEM NO. 8 TO 13

Shri Vinod K.Misra, Mr Alexander K.Luke, Prof. Sushil Khanna, Shri Arun Kumar Gupta, Shri Pawan Kumar Sharma and Shri Ghanshyambhai Hiralal Amin who were appointed as Non-official Part-time Directors on the Board of the Company by the President of India vide letter no. C-34011/19/2005-CA dated. 22nd July, 2008 hold office upto the conclusion of the ensuing Annual General Meeting being additional directors. The Company has received six notices in writing from six Members of the Company pursuant to Section 257 of the Companies Act, 1956, signifying their intention to propose them as candidates for the office of Directors.

The Directors, therefore, recommend these ordinary resolutions for the appointment of Shri Vinod K.Misra, Mr Alexander K.Luke, Prof. Sushil Khanna, Shri Arun Kumar Gupta, Shri Pawan Kumar Sharma and Shri Ghanshyambhai Hiralal Amin as Directors of the Company liable to retire by rotation.

None of the Directors except the Director being proposed to be appointed is interested or concerned in the respective resolution.

ITEM NO. 14

Shri D.N.Narasimha Raju who was appointed as Part-time Director on the Board of the Company by the President of India vide letter no. 31023/1/2007-CA(Part) dated 1st August, 2008 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 D.N.Narasimha Raju as a candidate for the office of Director.

The Directors, therefore, recommend this ordinary resolution for the appointment of Shri D.N.Narasimha Raju as a Director of the Company liable to retire by rotation.

None of the Directors except Shri D.N.Narasimha Raju is interested or concerned in the resolution.

By Order of the Board
OIL INDIA LIMITED

Sd/-

(S.K.SENAPATI)
COMPANY SECRETARY

Place : Noida
Dated : 01.09.2008



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 49th Annual Report on the working of the Company for the financial year ended 31st March, 2008 along with the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller and Auditor General of India.

50TH YEAR OF GLORIOUS EXISTENCE

You will be pleased to know that Oil India Limited is stepping to the 50th year of its existence in the hydrocarbon map of India and celebrating its Golden Jubilee with a year long programme from 18th of February, 2008. The festivities were centrally inaugurated by the Hon'ble Union Minister of State for Petroleum and Natural Gas Shri Dinshaw Patel, Hon'ble Union Minister of Panchayati Raj and Development of North Eastern Region Shri Mani Shanker Aiyer and attended by other dignitaries from the States of Assam and Arunachal Pradesh. The Hon'ble Chief Minister of Assam Shri Tarun Gogoi declared Nahorkatiya discovery well no.1 as a heritage site on 18th February, 2008.

- (a) It is my privilege to record a few outstanding achievements of the Company during the past five decades to recapitulate the colorful and exciting happenings of the past which I am sure would inspire all the future generations to lead the Company towards the vision of fastest growth and contribute towards country's hydrocarbon self sufficiency.

Your Company is now the second largest oil and gas company in India as measured by total proved plus probable oil and natural gas reserves and production.

Your Company has large proved plus probable reserves of crude oil and natural gas in the Upper Assam basin.

Your Company has adopted the international approved and used system for estimation of hydrocarbon reserves.

Your Company has an exciting track record of making and exploiting small to medium size discoveries

Your Company has developed expertise in reservoir management skills for ageing and depleting fields.

Your Company is managing efficient cost structure to perform as an integrated exploration and production company

Your Company has a track record of high success ratio of nearly 65% of exploratory wells drilled.

Your Company possesses both 2D and 3D seismic API capabilities with excellent support services ranging from satellite navigation systems and remote blasting units to processing / interpretation systems.

Your Company owns and operates, as a common carrier for OIL, ONGC and Canoro, a 1157 KM cross-country crude oil pipeline.

Your Company has mechanically completed 660 km Product Pipeline from Numaligarh to Siliguri in August, 2008 and it is under commissioning in the month of August-September, 2008.

Your Company is holding 26% stake in Numaligarh Refinery Limited, 10% stake in the Brahmaputra Cracker & Polymer Ltd and 23% stake in DNP Limited.



Your Company is also holding 10% stake in a 741 kilometer pipeline construction project in Sudan, completed in 2005.

Your Company has been accorded "Schedule -A" and "Mini Ratna Category-I" status by the Government of India during this period.

Your Company has varied participating interests in 1 PSC, 3 JVC & 21 NELP blocks with operatorship in 12.

Your Company has also expanded its exploration activities in 11 blocks overseas in 6 countries

- (b) It is due to the persistent effort and determination of many valiant Oil Indians, the flow of crude oil is still on in the North East India and OIL is at present contributing to boost the Indian economy, approximately by: 9.14 % of overall domestic crude oil production (equivalent to 27.43 % of onshore production)

7.13 % of overall natural gas production (equivalent to 24.42% of onshore production)

SIGNIFICANT HIGHLIGHTS

- (a) Your Company has made nine small to medium size discoveries during 2007-08
- (b) You will be pleased to know that during the year your Company has been conferred "SAP ACE Award-2007", for Customer Excellence in the best Oil & Gas Sector Implementation Category, for implementation of ERP in the organization. The award is in recognition of the best-run business that is setting global benchmarks in excellence as is conveyed by President & CEO, M/s SAP Indian Subcontinent.
- (c) OIL also bagged the Best Overall Performance Award amongst Upstream Oil Sector Companies' during Oil and Gas Conservation Fortnight -2007 from the Ministry of Petroleum & Natural Gas, Government of India during the inaugural function of OGCF-2008 at New Delhi.
- (d) The overall position of oil and gas reserves stands at 37.2277 MMKL and 25.4590 MMKL-OE respectively after the recent audit of reserves by M/s. GCA, Singapore,. M/s GCA, Singapore has audited crude oil reserves in Proved, Proved+Probable and Proved+Probable+Possible categories to be 99.5%, 96.2% and 98.9% respectively of in-house estimation which are in excellent match.
- (e) Your Company, in consortium with M/s SONATRACH, Algerian National Oil Company was successful in the Libyan EPSA Gas Bid Round IV held during 2007. The consortium was awarded the Area 95/96 (comprising of 4 blocks – 6629.18 sq km) located in the south western part of Libya amidst stiff international competition. The consortium is led by SONATRACH (50 %) with OIL & IOCL 25 % each.
- (f) Your Company has been accredited with two International standard certification during the year viz., International Safety Rating System (ISRS) certification to Intermediate Tank Farm (ITF) Tengakhat, Assam and the other accredited Clean Development Mechanism (CDM) validation for Green House Gas Emission Reduction through recovery and utilization of Flare Gas in respect of proposed Kumchai to Dumduma Gas Pipeline.
- (g) The Government of India approved the Initial Public Offer (IPO) of the Company vide its letter no.G-34014/2/ 2000-Fin.III dated. 11th September, 2007. In terms of the said approval, 10% of the Post Issue Capital would be offered to the public for subscription and additional 1% to employees of OIL on reservation basis at the issue price of Retail Investors. Further, 10% of OIL's pre-issue capital will be divested in favour of Indian Oil Corporation Limited, Hindustan Petroleum Corporation and Bharat Petroleum Corporation Limited in the ratio of 2:1:1.



1.0 PERFORMANCE

FINANCIAL

		Rs/ Crore	
		2007-08	2006-07
A.	INCOME		
a)	Operating Income	6081.95	5389.20
b)	Interest & Dividend income	492.56	337.00
c)	Gas subsidy	155.27	149.79
d)	Misc Income	29.16	44.50
e)	Other adjustments including prior period items	36.51	87.29
	Total	6795.45	6007.78
B.	EXPENSES		
a)	Operating Expenses	763.63	578.94
b)	Increase/Decrease in stock	(22.06)	2.21
c)	Statutory Duties	2260.32	2066.07
d)	Interest & Exchange Loss	38.29	15.08
e)	Depreciation, Depletion write offs of assets/wells/debts and G&G cost/Corporate Office Expenditure	980.54	840.56
f)	Business Development Expenses	3.15	10.55
g)	Other adjustments including prior period items	58.19	13.95
	Total	4082.06	3527.36
C.	Profit before Tax	2713.40	2482.63
D.	Less: Provision for Tax (including deferred tax liability)	924.47	842.64
E.	Profit after Tax & available for distribution	1788.93	1639.99

- The Company has earned higher profit after tax despite sharing a higher subsidy burdens on crude oil and LPG and paying higher amount of statutory levis compared to previous year. The total subsidy share was Rs. 2305.09 Crore in 2007-08, compared to Rs. 1993.75 Crore in 2006-07, which works out to 15.62 % increase.
- The Shareholders' Fund as on 31.03.2008 was Rs. 7932.97 Crore against long term loan amount of Rs. 70.00 Crore giving a Debt. Equity Rates of 1:113.33 against 1:65.23 in the previous year.
- Earning per Share (EPS) had increased to Rs. 83.59 in 2007-08 compared to Rs. 76.63 in 2006-07.

APPROPRIATION

Directors recommend the following appropriations :

		Rs/ Crore	
		2007-08	2006-07
a)	Interim Dividend @ 125 % (Previous Year 185%)	267.51	395.91
b)	Final Dividend @ 150 % (Previous Year 75%)	321.00	160.50
c)	Corporate dividend tax	100.01	82.80
d)	Transfer to General Reserve	1100.41	1000.78
	Total	1788.93	1639.99

DIVIDEND

The Company paid an interim dividend @ 125 % (previous year 185%), based on the provisional financial trend of the Company. The Board of Directors is now pleased to recommend a final dividend @ 150 % on the paid up capital making the total dividend of 275% (Previous year 260 %) for the year, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. It is also proposed to transfer the balance of Rs 1100.41 Crore to the General Reserve.

**PHYSICAL**

- (a) The performance of the Company for the year ended on 31.03.2008 in comparison with the previous year is furnished below:

Sl no.	Item	Unit	2007-08	2006-07
1	Crude oil production	MMT	3.101	3.107
2	Natural gas Production	MMSCUM	2340.46	2264.57
3	Natural gas Sale	MMSCUM	1828.85	1767.50
4	LPG Production	Tonnes	48,165	43,750

- (b) The Company could achieve the above and also was able to set new records of performance in respect of the following amidst adverse environmental conditions in some of its major operational areas during the initial nine months of the year.

- Highest ever 3D acquisition of 1145 SQKM (923.39 in 2006-07)
- Highest ever natural gas production of 2340.46 MMSCM (2264.57 in 2006-07)
- Highest ever natural gas sale of 1828.85 MMSCM (1767.50 in 2006-07)
- Highest ever-daily crude oil production of 13051 KLPD (Previous highest 12,602 KLPD).
- Highest terminal rate of Crude Oil Production of 3.43 MMTPA [Previous highest 3.42 MMTPA].
- Highest ever-daily water injection rate of 12,319 KLPD (Previous highest 12,247 KLPD)
- Highest ever cumulative water injection of 3554260 Kls (upto 3253184 kls in 2006-07)
- Highest ever work over operation of 126 nos. and CTU operation of 129 nos. (127 nos. in 2006-07)

- (c) The Company is making continuous efforts in various other fronts for business expansion and exploration activities. A few activities of strategic importance pursued during the year are as under:

- There have been nine small & medium size new discoveries during the year, 8 in Upper Assam & 1 in Rajasthan. In addition, strike of gas in one of the JVC in Assam and commercial discovery of gas at Farsi offshore block, Iran was established during the year.
- Overall drilling metreage achieved during the year is 137850 m and is in increasing trend compared to previous year. Drilling achievement in Assam alone is 125678 m and is 18% higher than the last year.
- A total of four J-Bend and four horizontal wells completed during the year with encouraging results.
- Fastest execution of MWP against NELP-VI Blocks viz. 144.13 SQKM acquisition of 3D completed in Amguri Block in Assam during 2007-08 while 3D in Dibrugarh Block completed in June, 2008. In Mizoram Block, 2D acquisition commenced during the year and continuing as per schedule.
- Percentage of BS & W in delivered crude to Refineries could be restricted to 0.457% by weighted average with significant improvement compared to previous year (0.643% in 2006-07).
- Gas flaring in total has been brought down by 9.8% compared to previous year and likely to come down further on commissioning of Kumchai-Dumduma Gas pipeline which will be constructed by Assam Gas Company Limited.
- LPG Plant completed its 25 years of operation with excellent track record of running at 99% plant load capacity.
- Agreement between OIL & Brahmaputra Cracker and Polymer Limited signed during the year for supply of gas for feedstock and fuel for Gas Cracker Project at Lepetkata, Dibrugarh, Assam.
- One crude oil pipeline and one gas pipeline were constructed from Barekuri EPS in Tinsukia District to Makum for uninterrupted transportation of crude oil to CTF and to minimize gas flare.
- Field Gathering Station (FGS) at Nagajan in the district of Tinsukia, Assam commissioned in August, 2007.



- All action set during the year for commencement of drilling in Arunachal Pradesh and in Orissa, Mahanadi onshore NELP-II block tentatively by September, 2008
- 33912 LKM of Aero-Magnetic survey carried out in Gabon. Commencement of 1000 GLKM of 2D survey is expected shortly.
- 2D acquisition in Libya completed during the year and drilling is expected to commence by December'2008
- The Company has been rated, "Very Good" in MOU for the year 2006-07 and expected to be rated "Excellent", in 2007-08.

2.0 STATUS OF RESERVES

The Status of Oil and Gas Reserves of the Company as at 31.03.2008 is as under:

Area of operation	Crude Oil				Natural gas			
	Position as at 01.04.2007	Additions/ Revisions	Production Quantity	Position as at 31.03.2008	Position as at	Additions/ Revisions	Production Quantity 01.04.2007	Position as at 31.03.2008
	MMKL	MMKL	MMKL	MMKL	MMKL-OE	MMKL-OE	MMKL-OE	MMKL-OE
Proved Developed reserves								
Assam	34.2354	4.2454	3.4459	35.0350	32.9550	(7.799)	2.1020	23.560
Arunachal Pradesh (Kumchai)	1.0012	(0.0434)	0.0473	0.9104	0.0000	0.0000	0.0000	0.0000
Rajasthan	0.0000	0.0000	0.0000	0.0000	1.8586	0.0000	0.2390	2.4040
JVC-India	1.0012	0.3082	0.0270	1.2824	0.0000	0.0000	0.0000	0.0000
Total	36.2378	4.5102	3.5202	37.2277	34.8136	(7.7980)	2.3410	25.4590

3.0 TECHNOLOGY INDUCTION, UP-GRADATION AND INNOVATION

- The Company is continuously striving for enhancing its technological capabilities for operational improvement and efficient performance. A Technology Management Team (TMT) was formed in January 2006 and is scouting for suitable technologies and extends innovative guidance from time to time towards production enhancement and cost reduction in the operations of the Company. Activities in this front during the year are listed below:
- An advanced drilling software package has been procured and commissioned during the year which is expected to facilitate well planning, anti collision check, casing and drill string design, torque drag analysis, cementing program, well cost etc.
- The Company acquired the latest version of Rockworks and Logplot Software which are utilized to maintain and generate lithology data, stratigraphy, fracture and downhole data alongwith their 2D and 3D model. Besides a number of other utilities, the software can also perform log designer data editor sharing of borehole log data with other bore hole log compiling.
- The Company also acquired the Midland Valley 2D&3D & hydrocarbon move software package and installed at OIL's TEAM centre at Duliajan to facilitate in-house interpretation of complex thrust fold belt areas and structural validation.
- Reservoir Characterisation study for Barekuri area using 3D Seismic, pilot study on thrust belt imaging using 2D seismic and also introduction of MC survey (Pilot Project) were carried out by the exploration Group at OIL's TEAM-Centre.



- A pilot study on Thrust Belt Imaging using 2D seismic was carried out by in-house exploration group.
- Pilot study of curvature analysis is planned to carry out by M/s Geo-Texture, USA which is expected to aid in deciphering different aspects of reservoir geometry and its heterogeneity in our areas.
- Acquired large volume of 3D data and carried out integrated review of geology for regional understanding, evaluation of geological prospectivity and prospect generation.
- Produced formation water at Kathaloni oilfield posed a major hindrance in safe disposal due to presence of Sulphate Reducing Bacteria (SRB). In a significant innovative drive with the help TERI a new bactericide was developed and regular treatment of the formation water with the bactericides helped in solving the problem of disposal.
- New explosion proof starting system for rig engines installed in two outfits replacing the conventional electric starters.
- Bio-degradable Sodium Format has been made a stock item to replace highly corrosive Calcium Chloride brine in work over operations.
- Introduced Multivariable transmitter to measure differential pressure, temperature and fluid flow in Water Injection Stations as an alternative to old chart flow recorders.
- Old gas detectors (10 nos) in the LPG plant have been replaced by latest infra-red type detectors.
- Initiated a collaborative project with IIT, Guwahati for design and development of Pressure Swing Absorption (PSA) process for separation of water vapour and C5+ components of natural gas used for OIL's gas lift purpose
- The grounding system of the new AC-PCRs of S-1 and S-3 rigs has been designed in-house for detection and prevention of ground faults in motors and feeder loads.
- OIL Hospital at Duliajan adopted (i) the latest life saving technology by use of surfactant by endotracheal route in very low birth weight babies (ii) introduced ventilator in Neonatal ICU and (iii) introduced modern Microsurgery in ENT & Ophthalmology during the year.

4.0 DISCOVERY OF OIL AND GAS

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

4.1 NOMINATED AREAS

South Chandmari-2 (DFQ)

South Chandmari Structure, Tinsukia District, Assam

Established two prospective sands in Tipam formations.

On testing Tipam sand at 2420 m proved presence of Heavy High Pour Point oil.

Sapkaint-1 (DGD)

Sapkaint Structure of Tinali area, Dibrugarh District, Assam

Established presence of oil at 3350 m lower Tipam sand in Sapkaint structure

Established Estimated Ultimate Reserve (EUR) of approximately 0.3371 MM std. kls. O+OEG in this area

Moran 112 (MEW)

Khatkhathi Structure at Barail fourth sand top level, Sivasagar District, Assam

Established presence of Gas at 3357 m Barail sand

Established EUR of approximately 0.0983 MM std kls O+OEG in this area



Hapjan-48(HRP)

Eastern part of North Hapjan Structure, Tinsukia District, Assam

Established presence of oil at 4000 m Lakaddong+Therria sand

Established EUR of approximately 0.2878 MMstdkls O+OEG in this area

Makum-25(HRZ)

Makum-North Hapjan Structure, Tinsukia District, Assam

On testing 2626 m Barail Fourth + Fifth sand well produced oil.

Established EUR of approximately 1.4085 MMstdkls O+OEG in this area.

Kathaloni-42 (HSB)

S-W Kathaloni Structure, Dibrugarh District, Assam

The well encountered hydrocarbon bearing sand ranges within Lakadong +Therria formation

On testing 3599 m Lakadong +Therria sand well produced oil.

Established EUR of approximately 0.4548 MMstdkls O+OEG in this area.

Makum-28(HRT)

Makum-North Hapjan Structure, Tinsukia District, Assam

Log evidences indicate presence of hydrocarbon bearing sand ranges within Barail formation

Established EUR of approximately 1.9832 MMstdkls O+OEG in this area.

Baghjan-7 (BGE)

South West Baghjan Structure, Tinsukia District, Assam.

Log evidences indicate presence of hydrocarbon bearing sand ranges within Lakadong+Therria and Langpar formation

Established EUR of approximately 0.4763 MMstdkls O+OEG in this area.

Dandewalla-17 (RJBB)

Khuiala formation, Rajasthan

On testing at 900 meter sand the well produced gas in Khuiala formation.

4.2 JOINT VENTURE

AAP-ON-94/1, ASSAM [Pre NELP JV Block, date of execution 30.06.1998]

PI: OIL (16.129% & 30% CI), IOCL (43.548 %) and HOEC (40.323% & Operator)

Test result of the second well at Dirak, Tinsukia District, under Phase –III MWP in this block, established presence of Gas & Condensate with an estimated potential of approx.6 MMSCFD.

4.3 OVERSEAS

FARSI OFFSHORE BLOCK, IRAN [Date of execution: 25.12.2002]

PI: OIL (20%), IOCL (40%) and OVL [40% & Operator]

The fourth well tested gas @ 19 MMSCFD from the carbonate reservoirs of Lower Triassic/ Upper Permian formation.



5.0 PROJECTS IN NOMINATED AREAS (IN-COUNTRY)

5.1 RAJASTHAN

Jaisalmer PML area

Gas fields of Tanot, Dandewalla & Bagi Tibba are lying within this PML. The gas produced in this area has been supplied to Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL) through GAIL (India) Limited for generation of electricity. New gas supply agreement has been entered with RRVUNL with enhanced price of gas for supply @ 0.90 MMSCMD against the current withdrawal level of approximately 0.654 MMSCMD for three (3) year period. To meet with the enhanced gas demand, five development wells were drilled during 2007-08 in Dandewalla area. The well Dandewalla-17, encountered hydrocarbon (mainly gas) at Khuiala formation.

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 last few years. On completion of its Integrated Reservoir Study under phase-I, M/s PDVSA Intevep (Venezuela), the collaborator; indicated 53 MMT (Indicated Category) oil-in-place in upper carbonate and 78MMT(25 MMT-proved category) oil-in-place in lower Bilara + Jodhpur sand stone. Based on this study, The 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 and also during December, 2007. Steam injection temporarily suspended due to teething problem encountered in surface facilities. Meanwhile, a diagnostics work over of the said well has been tentatively finalized, on the basis of which future course of action is expected to be finalized.

5.2 GANGA VALLEY PROJECT

Ganga Valley lease area spreads over two PELs viz., Kasipur (6570Sq Km) and Kasipur extension (280 Sq Km). Over the years of various geological & geoscientific studies the poor prospectivity of the Kasipur Extension area was established and therefore it was decided to surrender the entire 280 Sq Km area w.e.f 01.01.2008. It was planned to drill one exploratory well in the identified structure in the Kashipur PEL during 2007-08. Pre-drill prospect assessment in respect of the identified locations carried out with the help of expert M/s RPS Energy, UK. Based on the study report an opinion from another international expert M/s Geoglobal Resources Ltd, Canada has been sought. The report from the expert has been received during April, 2008. OIL's in-house geoscientific team is re-evaluating the recommendations of M/S Geoglobal for a final decision. Meanwhile, pre drill EIA study completed.

5.3 NORTH EAST FRONTIER PROJECT

The activities under the above project spread over two mining lease and four exploration lease areas owned under nomination basis in Arunachal Pradesh as shown below.

State	PML	PEL
Arunachal Pradesh	615.668 Sq km Ningru, Ningru Extension	1414.25 Sq. kms Jairampur, Jairampur Extn., Namchik (Kharsang-Shongking areas), Namchai, Deomali & Pasighat
Transition Zone (Assam & AP)	—	2013 sq. kms Brahmaputra River Bed

**NINGRU****(Manabum)**

OIL acquired around 554 GLKM of seismic data in the logistically difficult areas of Manabum in Arunachal Pradesh since 2003. During 2004-05, around 350 GLKM seismic data was simultaneously processed by M/S. FSIL, UK and M/S. TEEC, Germany and the same was interpreted by M/S. FRL, UK. Based on interpretation, three drillable prospects were identified. One exploratory drilling location (NMA) has been released. Meanwhile, civil survey for road & plinth completed & applied for de-reservation of forest land involved. Actions for civil construction work are in progress. Exploratory drilling is expected during 2009-10.

JAIRAMPUR (THRUST BELT)**Jairampur**

OIL acquired around 75 GLKM seismic data during 2004-05. In-house processing and interpretation of the data has been completed. Simultaneously, the data had been outsourced to M/s Paradigm, Mumbai for processing and interpretation to identify drillable prospects. Based on the integrated interpretation of seismic and other geological data, one location e.g. Location JRB in the Jairampur area was released for exploratory drilling during the year. However, the original surface position of the Location JRB was on a hill top at a height of around 600m from the foot of the hill. Considering the logistic difficulties, the location position was subsequently re-oriented to a new position having less elevation and a J-band drilling is planned from the revised position to probe the hydrocarbon prospectivity of Jairampur area. Preparatory civil work for drilling the location including pre-drilling EIA study, Forest clearance and award of various contractual works are in progress. In addition, Jairampur is in thrust-fold belt area and geologically known to be complex and therefore it was considered prudent to reduce the overall geological risk by undertaking field geological mapping for structural validation and few other geological studies e.g. fault seal & trap geometry analysis, pore pressure analysis etc.

Namsai

Location NSA (Namsai area) civil preparations are in progress and the Company is planning to spud-in the location by October, 2008. Meanwhile pre Drilling EIA has been completed and Public Hearing for Environmental Clearance was completed in July'2008

NAMCHIK (Kharsang-Sonking)

Mobilization of man and materials completed on 28.04.2008. However, production shooting could not be started due to onset of monsoon. Data acquisition will commence after the monsoon break. Meanwhile, processing and interpretation of existing data is on for generation of drillable prospect.

DEOMALI

Most of the equipment and materials have been mobilized. However certain equipments viz, shot hole drilling rigs are required to be replaced. Data acquisition expected to commence after monsoon break. Meantime, forest clearance as well as extension of PEL is awaited.

BRAHMAPUTRA RIVER BED SURVEY

OIL has planned to carry out 1,700 GLKM of 2D seismic survey in parts of river Brahmaputra in Upper Assam as a part of its hydrocarbons exploration activities. A few NGOs and Public Organizations had expressed their concern for the survey apprehending ecological imbalance in river Brahmaputra, particularly threat to river dolphins present in the river. Ministry of Environment & Forests (MoE&F), Govt. of India advised Wildlife Institute of India (WII), Dehradun to examine the matter and submit their report. Based on the report and as advised by the Expert Appraisal Committee of MoE&F, Govt. of India, a Multidisciplinary Advisory Group (MDAG) consisting of experts on the subject has been constituted to study the various aspects and also to guide Oil India Limited (OIL) on this issue. The proposed BRB seismic survey has been kept in abeyance pending receipt of report from MDAG and subsequent environmental clearance from Ministry of Environment & Forests, Govt. of India.



6.0 STATUS OF EXPLORATION BLOCKS

OIL acquired varied participating interest in a total of 21 blocks up to the end of VI-th NELP bidding round. Out of these 14 are onshore and rest 7 are offshore blocks. OIL is operator in 12 onshore blocks. The work is in progress in all these blocks as per the committed Minimum Work Program (MWP).

6.1 NELP-OIL OPERATED BLOCKS

Out of the 12 OIL's operated blocks four blocks are in the state of Assam (AA-ONN-2002/3, AA-ONN-2003/3, AA-ONN-2004/1, AA-ONN-2004/2) one block in Mizoram (MZ-ONN-2004/1), five blocks in Rajasthan (RJ-ONN-2000/1, RJ-ONN-2001/1, RJ-ONN-2002/1, RJ-ONN-2004/2 and RJ-ONN-2004/3), one block in Orissa (MN-ONN-2000/1) and one is in Krishna Godavari basin mainly in Andhra Pradesh (KG-ONN-2004/1) and partly in Puducherry.

In **Assam**, survey operation in Sadiya Block under NELP-V commenced since January 2008 and a total of 33.84 SQKM of data acquired so far. The data acquisition in respect of the two NELP-VI blocks in Assam, were taken up on fast track basis during the year. While a total of 144 SQKM of 3D data has been acquired against Amguri block in 2007-08, the 3D acquisition of total 207 SQKM has been completed in Dibrugarh block so far. Meanwhile, on the basis of available data and interpretation result, drilling plan is firmed up in Amguri & Dibrugarh Block during the 4th quarter of 2008-09. In respect of NELP-IV block in Karbi-Anglong severe environmental problem led to slow progress of work. In absence of response from suitable parties, ONGC the major partner is now exploring the alternate possibilities for 2D survey in this block. In Mizoram, despite difficult logistic and remote road connectivity, data acquisition through 2D survey is under progress now. In Mahanadi Onshore Block in Orissa, drilling preparatory works are in advance stage at location Sadhupur-1. Drilling is scheduled to commence by September, 2008. Similarly, fast track actions are on through global enquiry for acquisition of 50 GLKM of High Resolution 2D surveys in the KG-Block during 2008. In Rajasthan, exploratory works against five NELP blocks are at different stages of scheduled work program. A total of 5 (five) NELP blocks have been acquired in Rajasthan upto the end of NELP-VI bidding round. So far, 4 (four) exploratory wells have been drilled in 2(two) NELP blocks. Drilling of one location at Pinodah-1, under NELP-II block completed during 2007-08. Evidences shows presence of heavy bituminous oil in the upper carbonate formation in this location requiring special thermal / chemical stimulation technique for flow of oil. The three wells drilled in NELP-III block during 2006-07 has undergone post drilling evaluation in 2007-08 and JV partners decided to pursue further exploration entering into phase-II. Acquisition of 155 SQKM of 3D has already been initiated in this block. Similarly, based on the interpretation results of the first phase work programme, a further acquisition, Processing and interpretation of 600 GLKM of 2D has been planned for the NELP-IV (RJ-ONN-2002/1) block. The PEL in respect of the remaining two blocks under NELP-VI have been received from Government of Rajasthan during January, 2008. Meanwhile, tendering process for 3D acquisition of 700 SQKM in each of these blocks has been initiated and expected to be mobilized soon.

6.2 NELP-NON-OIL OPERATED BLOCKS

OIL has participating interest in respect of 9 NELP blocks with other consortium partners. Out of these, two (2) blocks are in onshore areas in Assam, one (1) in shallow water in the Mahanadi offshore and the remaining six (6) spread over a vast tract of deepwater offshore acreages within the country viz., Mahanadi (1), Cauvery (1) and Krishna -Godavari(4) as shown below:

	Basin	Blocks	Total Nos
Onshore	Assam-Arakan	AA-ONN-2001/3 AA-ONN-2002/4	2
Offshore	Mahanadi shallow water	MN-OSN-2000/2	1
	Mahanadi deep water	MN-DWN-2002/1	1
	Cauvery	CY-DWN-2001/1	1
	Krishna-Godavari	KG-DWN-98/04, KG-DWN-2002/1 KG-DWN-2004/5 , KG-DWN-2004/6	4
	Total		9

In all the above NELP blocks exploratory works are in progress and are at different stages of Minimum Work Programme.



6.3 JOINT VENTURE BLOCKS (PRE-NELP)

EXPLORATION BLOCK

The Company is carrying out exploration activities in 3 pre-NELP JV blocks. Out of these, M/s Reliance Industries Ltd (RIL) is the operator for the two offshore blocks, one in Saurashtra offshore (SR-OS-94/1) and the other in Gujrat-Kutch Offshore (GK-OSJ-3). The remaining onshore block in Assam-Arakan Basin (AAP-ON-94/1) was executed during 1998 where M/s Hindustan Oil Exploration Ltd (HOEC) is operator and OIL has a participating interest of 16.129% with carried interest of 30%. The third Phase of its exploratory work was completed during 2007-08. M/s HOEC has drilled the second well at Dirak, Tinsukia District in Assam and discovered hydrocarbon, mainly gas with condensate. The initial test assessment confirms produceable potential of estimated 6 MMSCFD from this well. Post discovery action plan is expected to be finalized during 2008-09. Meanwhile, the Operating Committee during its meeting on 12.06.2008 held at HOEC's office at Chennai deliberated and decided to retain a portion of 305 sq. km PEL out of the total 435 sq. km for drilling of 4(four) appraisal wells spanning over next 3 year period.

PRODUCTION BLOCK

Kharsang Oil Field In Arunachal Pradesh : Company with a Participating Interest of 40%, entered into a PSC 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 overall 60,174 Tonnes during 2007-08 (previous year 62,598Tonnes) of Crude oil, out of which Company's share was 24,285 Tonnes (Previous year 25,039 Tonnes).

6.4 PROJECTS OVERSEAS

Overseas acquisition efforts of the Company continued throughout the year and the achievements as well as status of the ongoing overseas projects are summarized below:

6.4.1 **STATUS OF ONGOING PROJECTS**

The status of various ongoing overseas projects during this year is as follows:

Exploration Service Contract-Farsi Offshore, Iran, [OVL-40%, (Op), IOCL -40% & OIL -20%]

As part of the ongoing work commitment, the 4th (last) well was drilled and successfully completed by the consortium towards the south western part of the block. The well tested gas @ 19 MMscf/day from the carbonate reservoirs of Lower Triassic/ Upper Permian formation. Commercial feasibility study for both oil and gas discoveries had been carried out by international E&P consultant M/s Fugro Robertson, U.K. The study for gas discovery has since been completed and report submitted to NIOC, Iran for their acceptance. The study for oil discovery is being carried out by the same consultant and is expected to be submitted shortly.

Area 86, Libya [OIL-50% (Op) & IOCL -50%]

OIL as operator of the consortium has completed the acquisition of 1787 LKM of 2D seismic data over the block as part of the work commitment. Processing of the data has been completed at Tripoli and interpretation is under progress at U.K. Presently, 500 SQKM of 3D survey is under progress. It is proposed to Spud-in exploratory well by December, 2008.

Block 102(4), Libya [OIL-50% (Op) & IOCL -50%]

OIL as operator of the consortium has completed the acquisition of 1287 LKM of 2D seismic data over the block as part of work commitment. Processing of the data has since been completed at Tripoli and interpretation is under progress at U.K.

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

OIL as operator of the consortium has set up its office at Libreville and started its work commitment. Aeromagnetic survey covering around 36,400 (33,912+2500) LKM acquisitions, processing and interpretation has been completed. Presently mobilization is in progress for acquisition of 1000 GLKM- 2D seismic survey data. It is tentatively scheduled to spud a well by November, 2009.

Block OPL-205, Nigeria [M/s Suntera Nigeria OPL 205 Limited -70% & M/s Summit Petroleum 30%, OIL 17.5% PI]

The JV has since drilled 1 well Otien#2 inside the acreage as part of the work commitment. The well failed to encounter hydrocarbon and was abandoned. Actions for 2D/3D Seismic acquisition are being taken.

Block 82 & 83, Yemen [M/s. Medco Energi - 45% (Op), Kuwait Energy - 25%; OIL - 15% & IOCL 15%]

The consortium led by M/s Medco Energi, Indonesia signed the PSC agreement with Yemen government to start the work commitment under different phases of exploration. Ratification of PSC by the Yemen Parliament is awaited.

Product Pipeline, Sudan [OVL - 90 % (Op) & OIL - 10%]

Further to completion of the product pipeline, the consortium has received 2 more installments during the year from MEM, Sudan, totaling 5 installments so far.

6.4.2 NEW ACQUISITIONS

The Company was successful in acquisition of new exploration acreage as follows.

Area 95/96 [Blocks 95/2, 96/1,2 & 4], Libya [Sonatrach - 50% (Op), OIL - 25%, IOCL - 25%]

OIL in consortium with M/s SONATRACH, Algerian National Oil Company was successful in the Libyan EPSA Gas Bid Round IV held during 2007. The consortium was awarded this area located in the south western part of Libya amidst stiff international competition. The consortium is led by SONATRACH who is also the operator of the area. The PSC for the acreage has been signed On 25th May, 2008.

Block K, Timor Leste (East Timor) : [Reliance Energy Ltd, - 75%, OIL - 12.5%, IOCL - 12.5%]

OIL executed a Farm -in-Agreement for 12.5% P.I. with Reliance Energy Limited recently. Approval of assignment by the Government of Timor Leste is awaited.

Besides above, the Company is scouting for various E&P opportunities in Egypt, Algeria, Kazakhstan etc as well as M&A portfolio of various small sized E&P companies across the globe.

7.0 BUSINESS DEVELOPMENT**Business Development and Third Party Project**

During the year the department generated revenue to the tune of Rs 0.61 Crore and US \$ 23,340 by providing laboratory, rental or expert consultative services to a number of parties. The department is continuously scouting for E&P business both in-country and overseas. Flow of large number of enquiries and tenders from national and international companies for providing E&P services shows an optimistic scenario and scope for business expansion through this project wing requiring additional resources. In order to expand its strategic areas of E&P Service Business activities and to establish as a leading E&P Service provider, new initiatives have been undertaken to explore the possibility of Joint Venture / Strategic Alliance arrangement with internationally reputed company(ies) and the preliminary progress in this regard has been satisfactory. In consideration of the enormous potential in E&P Service Business sector both in India as well as abroad, a review on the subject of acquiring additional resources solely for the purpose of service business activities has been undertaken.



Coal Liquefaction Project:

OIL is exploring the possibility of setting up a small size commercial plant of 2500 BPD capacity using N.E. Coal. Discussion is in progress to induct suitable parties like Engineers India Limited (EIL), Coal India Limited etc. The plant capacity shall have facilities for up-scaling to full scale commercial plant, similar to the strategy followed by country like China. While the time line for commissioning the small size plant is expected to be in place by 2011, the parallel action will continue to upgrade the same to 44,000 BPD capacity by the end of 2015 as per the latest plan.

NRL-Siliguri Product Transportation Pipeline

The pipeline has been mechanically completed and is under commissioning in the month of August-September, 2008.

Dry Leasing of Dark Fibre (OFC)

OIL entered into a lease agreement with Bharat Sanchar Nigam Limited (BSNL) for lease of dark fibers from Nagaon to Siliguri during the year. The same is operational since June 2007. OIL also leased out OFC to Airtel & Railtel during this period.

River Crossing Work for IOC's Guwahati - Siliguri Product Pipeline

OIL is executing IOC's Horizontal Direct Drilling (HDD) work for four nos. of river crossing of their Guwahati - Siliguri Product Pipeline.

8.0 POLICY INITIATIVE FOR FUTURE

Exploration Strategy

In-Country traditional basins

- In view of the mandatory relinquishment policy of government in respect of pre-NELP nominated PELs, company is prioritizing activities in such areas for conversion of PELs to PMLs wherever discovery and commercial produceability is established.
- Systematic implementation of recommendations of various geo-scientific consultative studies of the recent past for exploration of stratigraphic traps, re-development & revitalization of matured declining fields, intensive reservoir revitalization initiatives etc.
- Efforts will be to cover seismically logistically difficult areas including Brahmaputra River Bed, rugged hilly terrain in river confluence and various difficult hilly areas in the NE.
- Effort will be enhanced to reduce the number of sick wells by bringing them back to production.

Acquiring Exploration Blocks through NELP

The Company has so far acquired Participating Interest ranging from 10% to 90% with other consortium partners in respect of 21 NELP blocks and in another 100% interest in one of the block in Rajasthan with operatorship in twelve (12) blocks. Various exploration activities are underway in respect of all these blocks. The Company will look for prospective opportunities in future through

Acquisition of Equity abroad

OIL's E&P initiatives overseas at present extends to 6 countries including Libya, Gabon, Iran, Nigeria, Yemen and Timor and expected to result in contribution in near future. Exploration within and outside the country along with acquisition of producing property is considered to be a major thrust area.

**Crude oil production:**

- The Company has been maintaining an increasing trend in indigenous crude oil production during the year 2007-08. The Company has initiated a number of measures in its main producing fields in Assam and Arunachal Pradesh to increase productivity in these producing fields, which are listed below:
- A number of geo-scientific studies like, integrated basin modeling studies, revitalization of old fields, Jorajan re-development, thrust belt prospects, stratigraphic trap prospects, non associated gas field development, pilot study for carrying out seismic reservoir characterization of eocene reservoirs, post drill analysis of exploratory wells, audit and certification of oil and gas reserves etc. were carried out in the recent past with the help of internationally reputed consultants and their recommendations like infill drilling, workover, enhancement in water injection are being implemented.
- Various IOR/EOR measures which have been implemented / intensified like enhancing water injection, MEOR technique by using micro-organisms, optimization through artificial lift methods by use of Electric Submersible pumps(ESP), Jet-pumps etc., for bringing into production shut in wells.
- Drilling of Horizontal and J-bend wells
- Charter hiring of six drilling rigs to make up the shortfall of four in-house rigs retired in the recent past and also to intensify drilling operation including NELP areas of the NE.
- In order to produce the heavy oil and bitumen from the Baghewala field in Jaisalmer district of Rajasthan, the Company entered into technical collaboration with M/s PDVSA of Venezuela and drilled the first pilot well. Actions are now in hand to set up full scale production facilities at the earliest on the basis of outcome of the pilot project.

Natural Gas productions

- Presently the Company is producing around 6.0 MMSCMD of natural gas from Upper Assam & AP fields to meet its internal utilization and market commitment of 5.472 MMSCMD. The Company has further committed to supply 1.0 MMSCMD gas to Numaligarh Refinery by 2009-10 and 1.35 MMSCMD gas (feedstock + fuel) to Brahmaputra Cracker and Polymer Ltd. from 2011-2012. To meet the requirement of future gas commitment, compensation for calorific value to consumers in post cracker scenario and cushion gas required for operational flexibility, the production potential has to be enhanced in NE to 10.0 MMSCMD in future and therefore, increase in gas production has to come from Non-Associated Gas source only. In order to meet the demand of natural gas the Company has initiated various time bound actions like development of Non-Associated Gas (NAG) fields, drilling of development gas wells (drilled 11 NAG well since 2002-03), debottlenecking and re-routing of pipeline network system for optimum utilization of available gas thereby reduce technical flaring to minimum, construction of central and field gas gathering stations etc. In addition fast track work over of sick gas wells have been taken up to restore locked up potential at an early date.
- Similarly, gas production in Rajasthan is likely to be @ 0.90 MMSCMD against the current withdrawal level of approximately 0.654 MMSCMD as per the recent agreement with the sole consumer. To meet with the enhanced gas demand, five development wells have been drilled during 2007-08 in Dandewalla area.

9.0 HUMAN RESOURCE DEVELOPMENT**Initiatives during the year :**

Annual Manpower Planning (Executives) : Subsequent to approval obtained from Corporate Office all actions pertaining to manpower planning were completed i.e. release of advertisements, conducting of campus interviews in all the Universities in North East, ISM, Dhanbad, MIT Pune, IIT Roorkee, IIT Guwahati, IIT Kharagpur, BHU, Osmania University, ICAI Kolkota and ICAI Delhi for recruitment in specialized fields such as Petroleum



Engineering, Geophysics, Finance etc. We were able to recruit 120 personnel during this year and internal notification were also issued to promote few personnel from Group C to Group B and as a result 29 work-persons were promoted to Executive cadre through internal recruitment process during the period

HR initiatives for the year 2008-09 :

Formulation of Policy for Reward / Recognition of Executives: As part of the review process, a questionnaire has been designed to carry out pilot survey to understand the perceptions and expectations from different sections of people. As a part of the survey personal interviews with top management will be conducted. The review will be further augmented by feedback from random group discussions. Obtain Benchmarking information of Practices in other organizations. After comparative analysis of survey responses with Benchmarking details, a presentation of draft survey findings on formulation of Policy on reward/Recognition will be made.

Review of job Profiles (Role Clarity): As an organization development initiative, a review of all job profiles of level 1 and 2 Executive Positions commenced, covering all disciplines/departments for role clarity & clear accountability wherever gaps were perceived. The task has since made considerable progress.

Talent review exercise '**Project Competitive**' is initiated to ensure continuity of leadership into the future. Hay Group, a global management consulting firm, was engaged for this project. In the first phase of the talent review exercise 26 Senior Executives participated in the programme, which was subsequently extended to their 12 Superiors for a holistic approach. The Leadership Competency Framework and Talent Matrix was created, adopting the process of online diagnostic questionnaire with 360- degree feedback to assess/understand organizational climate, leadership style impacting overall performance, before finalizing the individual and group development programme. The process is continuing

Training: Training to the following number of persons, both executives and workmen were imparted during the year.

	<u>2007-08</u>	<u>2006-07</u>
In-house - Statutory	980	1065
- Regular	1980	1934
In-country	680	717
Overseas	201	151

Employment of weaker section

Workmen Category

In accordance with Government directives, the Company has taken steps in recruiting candidates belonging to SC, ST and OBC categories and ex-servicemen. A total of 23(SC-7 and ST-16) candidates have been appointed during the year.

In addition to special recruitment drive, 104 skilled posts (Jr. Engineer Production-39, Asstt. Operator-53, Four (4) sportsman, five (5) tradesman in Grade – I, one (1) each in Nurse – I, (Grade – VII) Paramedical Technician – I (Lab) (Grade – VII) and Asstt. Paramedical Technician – I (Path) (Grade – V) were filled up during the year.

Executive Category

In executive category, there has been recruitment against 20 posts filled up from the weaker section of the society.

In addition, there are 81 (Gen – 45, SC – 05, ST – 07 and OBC - 24) Executive Trainees undergoing training who would be absorbed in permanent Executive cadre after successful completion of one year training.

A total of 12 work persons have been promoted to Executive cadre during the year

Employment Of Women Employees

As on 31.03.2008 there are 322 women employees (69 in officer category and 253 are in non-officer category) out of the total manpower of 8431 (1182 in officer category and 7249 in non-officer category) constituting 3.819% (3.76 % previous year) of the total workforce.

**10.0 QUALITY ASSURANCE**

OIL's improved quality control initiatives have helped to bring down the BS&W content in delivered crude to the refineries from the level of 0.634% in 2006-07 to 0.457% during 2007-08. Efforts are still on to bring down the same to the minimum extent possible to match with the international standard.

11.0 RESEARCH AND DEVELOPMENT

The Company gives great importance in continuous upgradation of technologies and expertise in various areas of activities through its own Research & Development Centre. The details of activities carried out are given in 'FORM – B' of this Report.

12.0 ENVIRONMENTAL PROTECTION

Through regular monitoring and proper co-ordination, Company could successfully abate the pollution problems arising out of various operational activities during the year. The major thrust for abatement of pollution is continuing toward 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, inputs furnished for formation water disposal problem in fields, Bio-Remediation, phytoremediation of oily sludge in old pits, Bio-diesel project, NAG and new power House. Specific complaints on damage to paddy cultivation, tea crop, sericulture etc., were resolved with the help of Assam Agricultural University, Jorhat. OIL is at present accredited with ISO certification to a number of installations conforming environment standard besides accredited Clean Development Mechanism (CDM) validation for green house gas emission reduction through recovery and utilization of flare gas for its proposed project Kumchai to Dumduma gas pipeline

13.0 SAFETY

During the year a number of Internal (55) as well as External Safety Audits (5) of various installations were carried out by 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. All statutory reports were submitted in time besides holding statutory meetings at regular intervals with Mines Managers Co-ordination meeting with DDMS, safety council meeting at field level, Departmental safety meetings, quarterly meetings with MSO/DSOs etc with follow up actions to resolve the issues tabled thereof. Company's Accident Frequency Rate shows a decreasing trend compared to previous year. (Viz., 1.28 in 2007-08 compared to 2.74 during 2006-07). A mock drill of on site disaster management plan organized at OCS1 and well 454 to institute awareness and preparedness for systematic quick response in such circumstances. During the year review of the Disaster Management Plan has been updated.

14.0 OCCUPATIONAL HEALTH:

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. OIL has a 190-bedded fully equipped modern hospital at Duliajan. OIL also runs primary dispensaries at its operational areas in South Bank, Moran, and Kumchai and at various pump stations. Apart from these, OIL provides regular Mobile Dispensary services to the adjoining villages in and around its main operational areas in the district of Tinsukia, Dibrugarh and Sivsagar in Assam besides similar services in Manabum and Kumchai areas in Arunachal Pradesh. 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 and conduct health checkup of every employee in a block of 5 years.

15.0 CORPORATE SOCIAL RESPONSIBILITY

OIL's social welfare and community development initiatives focus on the key areas of education, healthcare and the overall development of basic infrastructure for the benefit of the neighboring localities in its operational areas.

Social Welfare Programme and Area Development Scheme: Company continues to invest 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 construction of roads, setting up of educational institutions, sports, investing in agro-based projects like Project Rupantar, Oil India Rural



Development Society (OIRDS), primary health centers and other infrastructural support in the North East region and other operational areas. The above schemes cover about 1,200 villages out of over 1,400 villages under its extended operational areas. A total amount of Rs 17.95 Crore has been spent during the year 2007-08. Special Golden Jubilee year initiative have been initiated to support around 250 Self Help Groups in its neighboring areas.

Road Development with State Government: OIL continues to develop number of state owned road network every year for its operational convenience and for benefit of the communities. Besides, OIL participates with state government for development of some of the major PWD roads on 100% cost deposit basis. A sum of Rs 4.53 crore against operational road development and Rs 13.83 crore against deposit work have been approved during the year 2007-08 and works are in different stages of progress.

Rajeev Gandhi Institute of Petroleum Technology (RGPT): Ministry of P&NG is considering OIL's proposal to set up RGPT Centre at Guwahati.

Gender Budgeting: OIL has constituted Gender Budgeting Cell comprising of women employees from different departments to decide, formulate and execute plan in respect of the gender specific need of its female employees. The cell also plays an important role in designing strategies for overall development of female employees. A few of the ongoing schemes like imparting training to women on Handicraft, Weaving, Embroidery in its Handicraft Training and Production Center at Duliajan, Contribution to Women College and girl's schools in its operational areas, sponsoring women members for National and International seminars / training courses, providing hostel facilities to working women employees, encouraging rural women Self Help Groups, training on spinning & weaving of Eri and Muga Silk in advanced looms in the Growth Centre set-up at Duliajan. Additionally, OIL Hospital, Duliajan conducts three years General Nursing Midwifery (GNM) training course to twenty students on yearly basis with stipend, free hostel accommodation, uniform, books and protective clothing etc.,

Mobile Health Care Services: Mobile Dispensary services of OIL have always been one of the most significant community welfare project and regularly conducting about 500 camps annually with in-house Doctors, paramedics and infrastructure covering remote areas in the Districts of Dibrugarh and Tinsukia in Assam.

Visitors Care: OIL continues to acquire land every year mostly on outright purchase basis for operational purpose from its vast operational areas in the three district of Dibrugarh, Tinsukia and Sivasagar in Assam. A large number of pattadar and occupier not only part their land and surface properties with OIL but also part with the emotions attached with such ancestral properties. A large number of such land affected persons visit OIL's field office for completion of the partition formalities and financial settlement. A system of offering hospitality with light snacks & beverages to such land affected persons visiting OIL's office during the intermittent period has improved day to day public dealings significantly in such localities. Company is now constructing a suitable visitors shed for convenience of people visiting OIL's office complex at Duliajan for convenience.

16.0 **DONATION**

The Company donated a sum of Rs. 40 lakhs and Rs. 25 lakhs for the people of the state of Assam and Arunachal Pradesh during the year through respective Chief Minister's Flood Relief Fund.

17.0 **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 2006-07 with number of incentives to encourage talent 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 hosted 3rd OIL Challenge Gold Cup Football Tournament during January-February'2008 where a number of national team of repute participated. The Vasco Sports Club of Goa won the tournament and OIL came out as runners-up. OIL team participated PSPB inter-unit athletic meet during February'2008 at Guwahati and adjudged as the runners-up. OIL Employees Sports Meet, 2007-08 was held during January'2008 where employees of different department were encouraged to participate. OIL sportspersons performed excellently, either in individual or team sports especially in Football, Basketball, Volley ball, Table Tennis and Bridge during the year.

**18.0 INDUSTRIAL RELATIONS**

During the year, Company continued to maintain harmonious industrial relations and there were no maydays loss due to industrial relations problem. Active participation of employees' representatives in change management and organisation transformation initiatives arising out of strategic initiatives 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 2007-2008.

19.0 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 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, Assamese Classes, and Hindi typing Classes and to write more and more words in Hindi. Employees were given lump sum cash awards on passing various Hindi exams as per Incentive Policy of OIL. Company's House Journals, "OIL News" and "Employee Communication Programme" carried Hindi write-ups in their issues. Circulars, Letters, MoU document and other publication materials have been made bilingual and trilingual as per the requirement. OIL Shreemanta Shankardeva Fellowship for comparative studies of Hindi and Assamese literature was given to a research fellow of Guwahati University in January 2004. Research Fellowship of Rs. 7000/- per month for three years and contingency of grant of Rs. 9000/- per annum are given under this fellowship. OIL is the only Petro-Organization to take this initiative for academic brilliance and national unity.

20.0 CORPORATE GOVERNANCE

OIL promotes the best global practices in the area of corporate governance and follows fair representation and full disclosure in all dealings and communications thereby protecting the rights and interests of all its employees, stakeholders and the society. OIL believes disclosure of efficient and up to date communication to all internal and external constituents through publication of the bi-monthly, trilingual OIL NEWS on regular basis and also launched Home page of Personnel Department in OIL-Web for disclosure of HR related information. Company also publishes financial and other business related information on its website www.oil-india.com and also in Intranet Portal OIL WEB. OIL signed a Memorandum of Understanding with Transparency International India on 29th November, 2007 to ensure that all activities and transactions between OIL and its suppliers and contractors are handled in a fair, transparent and corruption free manner. Company expects the following benefits out of the aforesaid MoU pact.

- Improvement in ethics between Buyer and the Bidders.
- Greater transparency in the procurement process and thereby enhancing public trust in procurement process.
- Improvement in credibility of the organization in regard to procurement process.
- Reduction in external interference in matters of tenders for procurement of goods / works / services.
- Reduction in number of representation / complaints.
- Reduction in number of arbitration / legal cases in regard to procurement.

Though the Company is an unlisted Company, a report as stipulated under Clause 49 of the Listing Agreement has been provided as a good Corporate Governance Practice.

21.0 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 B.N.Talukdar assumed office as Director (Exploration & Development) of the Company with effect from 1st December, 2007 and Shri Ashok Anand assumed office as Director (Human Resource & Development) of the Company with effect from 1st February, 2008.

Six Part-time Non-Official Directors viz. Shri Vinod K.Misra, Mr Alexander K.Luke, Prof. Sushil Khanna, Shri Arun Kumar Gupta, Shri Pawan Kumar Sharma and Shri Ghanshyambhai Hiralal Amin were appointed by the President of India vide MOP&NG's letter no C-34011/19/2005-CA dated. 22nd July, 2008 on the Board of the Company.



They were appointed as Additional Directors with effect from 30th July, 2008.

Shri D.N. Narasimha Raju was appointed as Government Nominee Director with effect from 1st August 2008.

CESSATION

Shri S.K.Patra and Shri J.K.Talukdar ceased to be Directors of the Company on attaining superannuation on 30th November, 2007 and 31st January, 2008 respectively.

Shri A.K.Jain and Smt. Aditi S.Ray, Government Nominee Directors ceased to be Directors of the Company w.e.f 1st August, 2008 and 14th July, 2008 respectively.

22.0 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.

23.0 STATUTORY AND COST AUDITORS

M/s A.K. Sabat & Co., Chartered Accountants, Bhubaneswar and M/s Chatterjee & Co., Chartered Accountants, Kolkata were appointed as Joint Statutory Auditors for the financial year 2007-08 and subsequently for the financial year 2008-09 by the Comptroller and Auditor General of India in terms of Section – 619(2) of the Companies Act, 1956.

M/s Musib & Associates have been appointed as the Cost Auditors of the Company for the financial year 2008-09 in place of M/s Chandra Wadhwa & Company, who conducted the Cost Audit of the Company for the financial years 2006-07 and 2007-08.

24.0 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, 2008 and of the Profits of the Company for the year ended 31st March, 2008.
- (iii) 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) Directors have prepared the Annual Accounts on a going concern basis

25.0 CONCLUSION:

With the initiatives through the renewed Vision of enlarging the Company's contribution and with our combined zeal, commitment, experience and expertise, your Directors look forward to another year of fruitful operations combined with an overall improvement in efficiency during the year 2008-2009. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the Executives and all the Workmen of the Company for its success.

For and on behalf of the Board of Directors
Sd/-

(M.R.Pasrija)

CHAIRMAN AND MANAGING DIRECTOR

Place : Noida
Dated : 29.08.2008

**ANNEXURE-I****PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE 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 4450 KL of Crude oil has been saved /retrieved from different operational activities during the year under review by adopting the following measures like use of Aluminium paint in all crude oil storage , use of Oil Soluble demulsifier (OSD), use of dual fuel (Natural Gas and Crude Oil as fuel) engine in Crude Oil, despatch Pumps in PS-1 & PS-2 since natural gas is available, water Clarification Plant and use of De-Oiler, crude retrieved from various pits and sumps.

(b) RECOVERY OF CONDENSATE

Total volume of condensate recovered from the following work spheres during the year was about 65600 KL.

- By the operation of Condensate Recovery Plant (CRP) at Moran, a total quantity of about 3960 KL condensate recovered.
- From Duliajan field 61236 KL of condensate recovered.
- Condensate recovered from Rajasthan project- 356 KL

(c) CONSERVATION OF NATURAL GAS

Reduction in natural gas consumption in COCP's at Duliajan and Moran: The crude oil of both OIL & ONGC was treated with Flow Improver chemical instead of thermal conditioning and thereby total saving of natural gas was around 6.84 MMSCUM during the year 2007-08.

Reduction of Gas flares in various areas

- Gas flare in Moran field has been reduced to 0.05 percentage.
- A total of 1.1 MMSCUM very low pressure gas (about 0.7 kg / cm² stabilizer gas which is normally being flared in many OCSs) is being utilized from Moran OCS as domestic fuel in housing area.
- After commissioning of stabilizer compressor and water seal system at OCS-5, utilized 1.1 MMSCUM low pressure stabilizer gas (0.7 kg / cm²) as housing fuel which otherwise would have been flared.
- After commissioning of two nos. gas distribution pipe line to utilize associated gas produced at Brekuri EPS and at NKL/NKL QPS resulted in reduced gas flaring and saving of 2102500 SCUM of natural gas.
- During the year 160392 SCUM low pressure gas (30 psig) of Deroi EPS sold to Moran Gas Grid. When there is no demand of gas from Moran Gas Grid, 20892 SCUM of 30 psig low pressure gas was diverted to GCS-2 at Moran from Deroi EPS, which otherwise would have been flared.

Gas Holder : With the commissioning of the 30 psig Gas Holder the gas flaring caused by surging effect of the gas lift has been restrained.

Setting of Flare Controller: Periodic (weekly) flare controller setting at 35 psig is being carried out to avoid flaring of 30 psig gas at various OCSs.



Supervisory control and data acquisition (SCADA) :The SCADA project commissioned on 15 March 1998 is presently being used to control the gas flare, accurate gas measurement, monitor consumption of gas as fuel in both OCSs and GCSs and for maximum utilization of produced gas, etc.

(d) CONSERVATION OF ELECTRICITY: Use of Energy Efficient Luminaries

Industrial Lighting: Number of 125W MV, 6 Nos. of 250W MV, 6 No. of 125W SON, 2 Nos. 150W SON, 13 Nos. 250W SON, 56 Nos. of 400W SON lamps fitting were installed in various industrial installations to get better area illumination which will give an annual saving of 120953.70 KWH of energy compared to the energy consumption by ordinary tube light fittings.

Street/Area Lighting : 70W SON, 32 Nos. 150W SON and 1 Nos. 400W SON Lamp fittings were installed and commissioned for improvement in the street lighting and area lighting in housing area. This will results in an annual saving of 48898.8 kWh of energy compared to the energy consumption by ordinary 40W tube light fittings.

Civic/Housing Area : Conservation of electrical energy & better illumination, 60 Watt incandescent bulb at different housing and civic areas have been replaced with 22 Nos. 15W CFL, 63 Nos. 9W CFL, 58 Nos. 40W Fluorescent and 40 Nos. 20W Fluorescent lamp fitting. This has resulted in an annual saving of 20052 kWh of electrical energy.

Conservation of electrical energy due to modification of lighting circuit & Changing of Lube Oil cooler blades in Duliajan Power Station : Energy conservation in Duliajan Power House due to modification of lighting circuits for switching off (group switching) 30% of existing 400 Watts High bay MV lamp in the Turbine hall (over the area of the Stand by Gas turbine unit, when it is not running) & Installation & Commissioning of the new FRP fan blade in 4 nos. of Lube oil cooler in place of old heavy metallic fan blades, resulted in an annual saving of 1,09,800 kWh of electrical energy.

Saving of Electrical Energy in COCP's at Duliajan :The facilities of COCP's at Duliajan and Moran were utilized only for heating the crude oil for flow Improver Treatment which resulted saving of electrical energy of about 5205500 KWH.

(e) CONSERVATION OF DIESEL (HSD) AND PETROL

Total quantity of about 406.39 KL of diesel has been conserved during the year under review by adopting the following measures:

- By installation of Gas Engine driven COD pump in place of Diesel Engine Driven Bowzer loading pump at Barekuri EPS about 25.55 KL of HSD are being saved.
- Eight nos. of work over wells were provided with electrical power from nearest available source, resulted in saving of 9.6 KL of HSD.
- Use of solar lighting at Tanot-GGS (Rajasthan) & Pilot Plant at Baghewala (Rajasthan), resulted in saving of 2.84 KL of HSD
- In pipeline operation 45 Nos. of old Dorman engines of generating sets having fuel (HSD) consumption in the range 3.6 to 4.0 Ltr/Hr, at various repeater stations have been replaced by Koel engines having fuel consumption rate of 2.6 to 2.8 Ltr/Hr. which resulted in saving of about 150 KL of HSD.
- By using PDC Bits which cuts down the round trip time and resulting in reduction of the rig hours consequently there is considerable reduction in HSD consumption.
- By adopting and continuing cluster drilling techniques, consumption of fuel (particularly HSD) is reduced considerably. Rig dragging were carried out at five different locations whereby a rig was moved onto next cluster location without any rigging down operation. This additionally eliminates rig movements which resulted in considerable saving in HSD consumption.



- By using motor driven hydraulic power unit instead of engine driven hydraulic power unit for torque up casings during drilling operation resulted in considerable saving in HSD consumption.
- Minimized workover and swabbing operation wherever feasible by using Coil Tubing Units (CTU) – Nitrogen Pumping Units (NPU). During the year 2007-08 total 129 nos. of work-over equivalent job were carried out by deploying CTUs & NPUs, resulted in saving of 218.4 KL of HSD

(f) CONSERVATION OF LUB OIL

- By using Lube oil analysis kit, carrying out Chemical analysis from time to time and revising and setting up of lube oil standard, the lube oil consumption has been optimized which in fact contributed to the conservation of lube oil. The lube oil change period for caterpillar engine has been re-scheduled from 500 Hrs. (manufacturer's recommendation) to around 1000 Hrs. (OIL's practice) without any adverse affect on the engine, which resulted considerable saving of lube oil.
- Due to use of improved quality of gland packing of the plungers of the injection pumps in Water Injection operations the consumption of lube oil was reduced considerably.

(g) UTILISATION OF NON-CONVENTIONAL ENERGY

- A total of about 244 nos. of MART terminals were provided with Solar Photo Voltaic Panels to achieve energy saving and cost reduction. By adopting these measures about 0.61 KL of HSD was saved during 2007-08.
- Use of solar lighting at TANOT Gas Gathering Station and at Pilot plant, Baghewala resulted in saving of 2.84 KL of HSD.

(h) ADDITIONAL INVESTMENT AND PLANNING

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

- More energy efficient SON lamps, CFL, etc. will be installed and used for industrial, area lighting, offices and residential houses in place of ordinary incandescent lamps and other energy inefficient lamps.
- Deployment of more numbers of fuel efficient vehicles.
- Deployment of Gas Engines for future installations wherever techno- economically viable.

II. Conservation of Energy and cost saving during 2007-08

By implementing the above energy conservation measures OIL has saved around 773.58×10^6 KWh of energy equivalent to an amount of Rs. **10623.52** lakhs (approx.) during the year 2007-2008.

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	
	2007-08	2006-07
(i) Foreign Exchange Earnings	4.65	0.35
(ii) Foreign Exchange Outgo	24359.78	22678.06

**FORM-A**

**CONSERVATION OF ENERGY AS WELL AS COST REDUCTION
ACHIEVED THEREOF DURING THE YEAR 2007-08**

Sl. no	Form of Energy	Unit	Conservation achieved		
			Qty	Equv. Kwh	Rs. in lakh
1.0	HSD				
1.1	By installation of Gas Engine driven COD pump in place of Diesel Engine Driven Bowzer loading pump	KL	25.55	0.23x10 ⁶	8.28
1.2	By Replacing with fuel efficient generating sets at repeater stations in pipeline operations	KL	150.00	1.35x10 ⁶	48.62
1.3	By carrying out well jobs	KL	218.4	1.97x10 ⁶	70.78
1.4	Deploying CTU-NPU units Saving in Electrical operation	KL	9.6	0.086x10 ⁶	3.11
2.0	Natural Gas				
	Saving in Duliajan COCP	MMSCUM	6.84	78.87x10 ⁶	90.70
3.0	Crude Oil				
3.1	Retrieved from various sumps and pits and Water , Clarification Plants	KL	4431.40	43.29x10 ⁶	652.75
3.2	Conserved in Pipeline operations	KL	110.72	1.08x10 ⁶	23.34
4.0	Condensate recovery				
4.1	Condensate recovered in the fields of Duliajan, Moran& Rajasthan Project.	KL	65603.6	640.95 x10 ⁶	9663.41
5.0	Electricity				
5.1	Due to introduction of energy efficient luminaries, CFL lamps, etc & closure of Duliajan COCPs	KWH	5540322.5	5.54x10 ⁶	61.61
6.0	By use of alternate sources of energy				
6.1	Solar Photo Voltaic Panel (Saved H.S.D.)	KL	0.50	0.0045x 10 ⁶	0.16
6.2	Saving in GGS of Raj. Project due to use of Solar lighting(savedHSD)	KL	2.34	0.021x10 ⁶	0.76
TOTAL				773.58x10⁶	10623.52

UNIT RATE (Approx.)

- | | | | |
|----|---|---|------------------------------|
| 1. | Crude Oil/Condensate (Gross price) | - | Rs. 21085.00 / KL |
| 2. | Natural Gas (Internal consumption cost) | - | Rs. 1326.00 per 1000 SCUM |
| 3. | H.S.D | - | Rs. 32.41/Ltr * |
| 4. | LDO | - | Rs. 37.56/Ltr * |
| 5. | Petrol | - | Rs. 47.58/Ltr * |
| 6. | K. Oil | - | Rs. 8.34/Ltr * |
| 7. | LPG (Gross price) | - | Rs. 30740.00 / Ton * |
| 8. | Lub Oil | - | Rs. 84.68/Ltr * |
| 9. | Electricity (Generation cost) | - | Rs. 1.12/ Kwh (in 2007-2008) |

* Taken average price for 2007-08



FORM-B

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

1. Oil to Oil and Oil to Source Correlation Studies Using Advanced Geochemical Analysis of Crude Oils and Source Rocks from Assam Basin:

Concentration of various compounds were measured using HPLC and GC-MS and several parameters used for correlation and maturity parameters were determined for 30 nos. of well head crude oil and 20 nos. of carbonaceous shale samples from different formations and various oilfields.

2. Reservoir Fluid Identification Through Geochemical Analysis of Sidewall Cores:

About 679 sidewall core samples from 28 wells that were drilled were extracted and analyzed using a geochemical technique developed in-house for identification of oil bearing and water bearing zones prior to production testing.

3. Control of Paraffin Deposition in Production Tubing of Producing Wells:

Flow Improver squeezing treatments in two wells viz. NHK # 305 and NHK # 315 were carried out using MAXDIP-5050AB along with demulsifier SOT-1098 with reasonable success in well NHK # 305. NHK # 315 is waiting production testing after workover.

4. Study on Low Injectivity Problem in Water Disposal Wells at a Depth Below 1,000m:

Field trial for arresting SRB growth in produced water handling set up using two identified Bactericides have been completed successfully at Kathaloni OCS with the help of M/s. TERI, New Delhi.

5. Study of Scale Problem in ITF and Shalmari OCS Water Flow Lines:

Based on laboratory studies 2 nos. of scale inhibitors were identified and procured for their field implementation in LTF and Shalmari OCS.

6. Implementation of MEOR Technology in OIL's Wells:

Microbial Enhanced Oil Recovery (MEOR) field trials in well NHK # 505, 502, 487, 499 and 422 were carried out successfully in collaboration with IRS and TERI.

7. Evaluation of Alkali Surfactant and Polymer (ASP) Flooding for EOR:

Based on the experiments done in-house as well as experiments carried out by Institute off Reservoir Studies (IRS), Ahmedabad further core flood experiments were done by IRS to determine the efficacy of the Alkali Surfactant and Polymer Flooding process for enhanced oil recovery in NHK field.

8. National Gas Hydrate Programme (NGHP) In Indian Offshore:

Geochemical characterization of core samples from Krishna-Godavari and Kerala-Konkan basin were carried out in the R&D Department and the results were presented in the International Conference on Gas Hydrate organized by DGH during February, 2008.

9. Development of Oilfield Chemicals:

An Oil Soluble Demulsifier (OSD) field trial was conducted by R&D Department at Dikom OCS in July 2007 to ascertain the effectiveness of a new OSD formulation "Aquanox ML-5858" under actual field condition. R&D Department also successfully carried out field monitoring of developmental OSD products Aquat-361 at Jorajan OCS.

10. Flow Assurance of Barekuri-Makum Pipeline:

R&D Department carried out extensive laboratory studies for optimum treatment of Barekuri QPS crude oil with flow improver for its trouble free transportation through Barekuri-Makum pipeline.



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

In July 2007 OIL awarded a contract to M/s. Headwaters CTL to carry out feasibility study (Phase-II) with an aim to establish the predicted yield (75%) and quality of pre-feasibility study along with coal / resid gasification studies for hydrogen gas production and product upgrading studies to produce stable syncrude. The study was completed in October 2007. In addition, a 35 days pilot plant optimization test was carried out successfully in a 25 kg / day pilot plant at HCTL R&D Department in December 2007.

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

Monitoring of air pollutants like carbon monoxide, nitric oxide, sulphur dioxide, hydrocarbons, hydrogen sulphide and suspended particulate matter were carried out in various OIL's installation by using various analyzer housed in a mobile pollution monitoring van.

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

- The aromatics analysis further strengthened the oil to oil correlation and oil to source rock correlation which would help OIL's future exploration strategy.
- Reservoir fluid identification technique has helped in delineating oil-bearing and water-bearing zones and also save considerable rig time for production testing.
- Flow Improver squeezing job resulted in mitigating paraffin deposition problem in well NHK # 305 substantially.
- The study on low injectivity has resulted in overall improvement of disposal of produced water at Kathaloni OCS.
- Identification of scale inhibitor would help in solving scale problem within pipeline in various fields.
- Implementation of MEOR technique in 5 wells will help in augmenting oil production in the treated well.
- Studies on ASP flooding will help in designing EOR field project.
- Gas Hydrate studies would help in finding occurrence of Gas Hydrate reserves in Indian Offshore.
- Studies on oilfield chemicals have led to develop better oil soluble demulsifiers and alternate sources for OIL's fields.
- Flow assurance on Barekuri QPS crude has led to successful re-commissioning of Barekuri-Makum pipeline.
- Experiments on coal liquefaction process would help in identifying a suitable technology for coal liquefaction in Indian scenario.
- Regular monitoring of air pollution helps in maintaining clean environment in various OIL's installations.

FUTURE PLAN OF ACTION

- More thrust will be given in providing techno-economical solution of the problem faced by our Company in the areas of exploration, drilling, production and transportation of crude oil and natural gas.
- Adoption and implementation of new technologies will be encouraged.
- Efforts will be on in finding latest environment friendly technique like MEOR etc.
- The process of identification of a suitable coal liquefaction technology in Indian scenario will be expedited.

EXPENDITURE ON R&D (Revenue & Capital)

	Rs / Crore				
	2006-07	2007-08	%Increase(+)/ Decrease(-)	Turnover	% of Turnover
Budget	18.65	35.63	(+) 91%	-	-
Actual	11.50	16.75	(+) 41%	6081.95	0.28%



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, 2008

- (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/-

Name and Last Qualification	Age (Yrs)	Designation	Remuneration (Rs)	Total Exp (Yrs)	Date joined	Last Employment
Shri H.K.Sharma M.Sc. (Chem)	56	Chief Chemist	52,71,236.00	32	19.10.1976	Teacher D.P.I., ASSAM

- (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

Name and Last 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 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 employee concerned is first informed in writing of the alleged misconduct and is given a reasonable opportunity to explain the circumstances.



REPORT ON CORPORATE GOVERNANCE

Corporate Governance is conceptualized on the principles of transparency, accountability, disclosure and value creation. Stakeholders evince keen interest in the performance and practices of companies across the globe, leading to Corporate Governance emerging on the centre stage.

The principles of integrity, fairness, equity, transparency, accountability and commitment to values are the cornerstones of OIL's value systems. These aid in guiding the Company's management in all aspects of business conduct and also lead to the creation of value for all its stakeholders, including its shareholders, customers, employees and the community in which it operates. The Company treats Corporate Governance as an ongoing phenomenon and an ideology to be imbibed rather than mere compliance procedures.

Along with compliance of all statutory requirements, elaborate and effective governance systems and practices aimed towards the improvement of transparency, disclosures, internal controls and promotion of ethics at work place are being incorporated. The Company recognizes good Corporate Governance as an exercise of continuing nature and reiterates its commitment towards the pursuance of highest standards of Corporate Governance in the overall interest of all stakeholders of the Company.

1. BOARD OF DIRECTORS

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

1.1 COMPOSITION

The Board of Directors has an adequate combination of Executive (Functional) Directors and Non-executive Directors. The Board comprises of five Functional Directors (including the Chairman and Managing Director), one Government Nominee Director and Six Independent Directors. The Composition of the Board of Directors is in line with clause 49 of the Listing Agreement.

1.2 BOARD/COMMITTEE MEETINGS AND PROCEDURE

(A) Institutionalised decision making process

With a view to institutionalize all corporate affairs and setting up of systems and procedures for advance planning for matters requiring discussion/ decisions by the Board, the Company has defined guidelines for the meetings of the Board of Directors and Committees thereof. These guidelines seek to systematize the decision making process at the meetings of Board/Committees, in an informed and efficient manner.

(B) Scheduling and selection of Agenda items for Board/Committee Meetings

- (i) The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board/Committee. Detailed agenda, management reports and other explanatory statements are circulated in advance in the defined agenda format amongst the members for facilitating meaningful, informed and focused decisions at the meetings. To address specific urgent need, meetings are also being called at a shorter notice. In case of exigencies or urgency, resolutions are passed by circulation.



- (ii) Where it is not practicable to attach any document or the agenda is of confidential nature, the same is tabled with the approval of Chairman and Managing Director / Chairman of the Committee. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written material being circulated.
- (iii) The agenda papers are prepared by the concerned officials, sponsored by the concerned functional Directors and submitted for obtaining approval of the Chairman and Managing Director / Chairman of the Committee, well in advance. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary and by the respective conveners of the Committees.
- (iv) The meetings of the Board/Committees are held at the Company's Corporate Office at Noida, New Delhi & Registered Office at Duliajan.
- (v) The Board/Committees are given presentations covering Finance, Production, Operations, major Business Segments, Human Resources, Marketing, Joint Venture operations etc. of the Company and for review of quarterly/ half-yearly/annual financial statements at the pre – scheduled Board/Committee meetings.
- (vi) The members of the Board/Committees have complete access to all information of the Company. The Board is also free to recommend inclusion of any matter in agenda for discussion. Senior management officials are called to provide additional inputs to the items being discussed by the Board/Committee, as and when necessary.

(C) Recording minutes of proceedings at the Board Meeting

Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members of the Board/Committee for their critical appreciations and comments. The comments are incorporated in the minutes, which are finally approved by the Chairman of the Board/Committee. These minutes are confirmed in the next Board/Committee Meeting. The finalized minutes of the proceedings of the meetings are entered in the Minute Books.

(D) Follow – up mechanism

The guidelines for the Board/Committee Meetings facilitate an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board and Committees.

(E) Compliance

Every functional Director while preparing the agenda notes is responsible for and is required to ensure adherence to all the applicable provisions of law, rules, regulations and guidelines. The Company Secretary is required to ensure compliance of all applicable provisions of the Companies Act, 1956, Secretarial Standards issued by ICSI, SEBI Guidelines, Listing Agreement and other statutory requirements.

1.3 BOARD MEETINGS

During the year 2007-08, Eleven Board Meetings were held on : April 26, May 31, July 20, July 27, August 29, September 12, November 14, November 27, 2007 and January 14, February 22 and March 13, 2008 as detailed below:


a) Executive Directors

Name & Designation	Financial Year 2007-08 Attendance at			As on 30.06.2008			
	No. of Board meetings held	Board meetings attended	Last AGM (29.9.07)	No. of Directorship in other public limited companies [#]		No. of committee positions held in public companies including OIL	
				Listed	Others	Chairman	Member
Shri M.R. Pasrija, Chairman & Managing Director	11	11	Yes	0	0	0	0
Shri S.K. Patra, Director (E&D) (upto 30.11.2007)	8	7	Yes	0	0	0	0
Shri N.M. Borah, Director (Operations)	11	11	Yes	0	2	0	0
Shri J.K. Talukdar, Director (HR&BD) (upto 31.01.2008)	9	9	Yes	0	0	0	0
Shri T.K. Ananth Kumar, Director (Finance)	11	11	Yes	0	0	0	01
Shri B.N. Talukdar, Director (E&D) (from 1.12.2007)	3	3	N.A	0	0	0	02
Shri Ashok Anand, Director (HR&BD) (from 1.02.2008)	2	2	N.A	0	0	0	0

[#] Number of other Directorships do not include Directorships of Foreign Companies, Sec.25 Companies and Pvt. Limited Co.

b) Government Nominee Directors

Name & Designation	Financial Year 2007-08 Attendance at			As on 30.06.2008			
	No. of Board meetings held	Board meetings attended	Last AGM (29.9.07)	No. of Directorship in other public limited companies		No. of committee positions held in public companies including OIL	
				Listed	Others	Chairman	Member
Shri A.K. Jain, Ex-Joint Secretary, MOP&NG (upto 31.07.2008)	11	10	No	0	0	0	01
Smt. Aditi S. Ray, Ex-Economic Advisor MOP&NG (upto 13.07.2008)	11	11	Yes	0	0	02	0



Notes :

- i. Being a Public Sector Undertaking, all the Directors are appointed / nominated by the President of India.
- ii. Directors are not related to each other
- iii. Directors do not have any pecuniary relationships or transactions with the Company.
- iv. None of the Directors is a member of more than 10 Committees or Chairman of more than 5 Committees in which he is a Director.

1.4 BOARD COMMITTEES

With the appointment of Independent Directors on the Board of the Company, the Audit Committee, the Shareholders' / Investors' Grievance Committee & the Share Transfer Committee have been reconstituted. Further, the Remuneration Committee, Business Development Committee & Human Resource Management Committee have been formed.

AUDIT COMMITTEE

The terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in Clause-49 of the Listing Agreement to the extent applicable to the Company.

COMPOSITION

- i. Shri P.K. Sharma, Chairman
 - ii. Shri Vinod K. Misra, Member
 - iii. Shri D.N.Narasimha Raju-Govt. Nominee Director, Member
- The Company Secretary acts as the Secretary to the Committee.
- The Chairman of the Audit Committee was present at the last AGM of the Company.

ROLE

The role of the Audit Committee includes the following :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor, fixation of audit fee and also approval for payment for any other services rendered by the Statutory Auditors.
3. Recommending to the Board, the appointment of the Cost Auditor and the fixation of the Cost Audit Fee.
4. Reviewing with management, the Annual Financial Statements before submission to the Board, focusing primarily on :
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of sub-section (2AA) of section 217 of the Companies Act, 1956.
 - Any change in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with Listing and other legal requirements concerning financial statements.
 - Disclosure of any related party transactions i.e transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
5. Reviewing with the management, the quarterly financial statements before submission to the board for approval.
6. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public issue or rights issue and making appropriate recommendations to the Board to take up steps in this matter.



7. Reviewing with management, performance of Statutory, Cost & Internal Auditors and the adequacy of internal control & cost control systems.
8. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with Internal Auditors on any significant findings and follow up thereon.
10. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
12. Discussion with Cost Auditors for ascertaining any area of concern.
13. Reviewing the company's financial and risk management policies.
14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
15. Defining the significant related party transactions.
16. Any other term as per the Listing Agreement.

Minutes of the meetings of the Audit Committee are approved by the Chairman of the Committee.

Meetings and Attendance

During the year 2007-08, four meetings of Audit Committee were held on : 31st May, 2007, 25th September, 2007, 14th November, 2007 and 22nd February, 2008

Members	No. of Meetings held in 2007-08	Meetings Attended
Smt. Aditi S. Ray, Chairman (upto 13.07.2008)	4	4
Shri A.K. Jain (upto 31.07.2008)	4	4
Shri J.K. Talukdar (upto 31.01.2008)	3	3

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievances Committee specifically looks into redressing of shareholders' and investors' complaints/grievances pertaining to share transfers, non – receipt of annual reports, dividend payments, issue of duplicate certificates, transmission (with or without legal representation) of shares and other miscellaneous complaints. The Committee oversees and reviews performance of the Registrar and Transfer Agents and recommends measures for overall improvement in the quality of investor services.

COMPOSITION

The Shareholders' / Investors' Grievance Committee consists of :

- i) Shri G.H. Amin, Chairman
- ii) Shri Arun Kumar Gupta, Member
- iii) Shri T.K. Ananth Kumar-Director (Finance), Member
- iv) Shri Ashok Anand-Director (HR&BD), Member

The Company Secretary acts as the Secretary to the Committee.



REDRESSAL OF INVESTOR GRIEVANCES

The Company addresses all complaints, suggestions & grievances expeditiously. Replies are sent and issues are resolved usually within 7 days except in case of dispute over facts or other legal constraints.

The complaints received during the year 2007-08 have been duly attended to and the Company / RTA have furnished necessary documents/information to the shareholders.

The Shareholders'/Investors' Grievance Committee reviews the complaints received and appropriate actions are taken promptly.

No request for share transfers is pending beyond 30 days except cases which are disputed and sub-judice.

The Company Secretary is the Compliance Officer.

REMUNERATION COMMITTEE

OIL being a Public Sector Undertaking, the appointment and terms & conditions of remuneration of Functional Directors are determined by the Administrative Ministry i.e Ministry of Petroleum and Natural Gas. However, certain perquisites, facilities and terms & conditions not specifically spelt out in their appointment letters would be governed in accordance with the rules and regulations of the Company. The Remuneration Committee would review and approve the perquisites, facilities etc. extended by the Company to the Executive Directors and the Functional Directors. Further, the Remuneration Committee will also have responsibility for administering the issue of shares under Employees' Quota, ESOS, ESOP etc. to the Eligible Employees.

The Government Nominee Directors do not draw any remuneration / sitting fees from the Company. The Part-time non-official Directors (Independent Directors) receive sitting fees for each Board / Committee Meeting attended by them in accordance with the Companies Act, 1956, Rules made there under and the approval of the Board from time to time as recommended by the Remuneration Committee.

COMPOSITION

The Remuneration Committee consists of :

- i) Shri Vinod K. Misra, Chairman
- ii) Prof. Sushil Khanna, Member
- iii) Shri D.N.Narasimha Raju-Govt Nominee Director, Member
- iv) Shri T.K.Ananth Kumar-Director (Finance), Member
- v) Shri Ashok Anand-Director (HR&BD), Member

HUMAN RESOURCE MANAGEMENT COMMITTEE

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

COMPOSITION

The Human Resource Management Committee consists of :

- i) Shri Alexander K. Luke, Chairman
- ii) Shri G.H Amin, Member
- iii) Shri D.N.Narasimha Raju-Govt Nominee Director, Member
- iv) Shri M.R.Pasrija-Chairman and Managing Director, Member
- v) Shri N.M.Borah-Director(Operations), Member
- vi) Shri T.K.Ananth Kumar-Director(Finance), Member
- vii) Shri B.N.Talukdar-Director(E&D), Member
- viii) Shri Ashok Anand-Director(HR&BD), Member



BUSINESS DEVELOPMENT COMMITTEE

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

COMPOSITION

The Business Development Committee consists of :

- i) Prof. Sushil Khanna, Chairman
- ii) Shri P.K.Sharma, Member
- iii) Shri D.N.Narasimha Raju-Govt. Nominee Director, Member
- iv) Shri M.R.Pasrija-Chairman and Managing Director, Member
- v) Shri N.M.Borah-Director(Operations), Member
- vi) Shri T.K.Ananth Kumar-Director(Finance), Member
- vii) Shri B.N.Talukdar-Director(E&D), Member
- viii) Shri Ashok Anand-Director(HR&BD), Member

SHARE TRANSFER COMMITTEE

The Share Transfer Committee has been empowered to approve the requests received for share transfer / transmission / transposition, issue of duplicate share certificates, sub-division, consolidation, change of status etc. These requests are processed through the Registrar & Share Transfer Agent, M/s. Karvy Computershare Private Ltd. generally once in a fortnight. Minutes of the meetings of the Share Transfer Committee are circulated to the members of the Committee and the Board is kept apprised.

COMPOSITION

The Share Transfer Committee consists of :

- i) Shri Arun Kumar Gupta, Chairman
- ii) Shri Alexander K. Luke, Member
- iii) Shri T.K. Ananth Kumar-Director(Finance), Member
- iv) Shri Ashok Anand-Director(HR&BD), Member

The Company Secretary acts as the Secretary to the Committee.

Meetings and Attendance

During the year 2007-08, ten meetings were held on : April 27, May 10, June 19, July 24, August 23, September 11, October 3, December 05, 2007 and January 4 and February 5, 2008.

Members	Meetings held in 2007-08	Meetings attended
Shri T.K. Ananth Kumar, Member	10	10
Shri S.K. Patra, Member (upto 30.11.2007)	07	07
Shri B.N. Talukdar, Member (from 1.12.2007)	03	03

OTHER FUNCTIONAL COMMITTEES

Apart from the above, the Board also from time to time, constitutes Functional Committees with specific terms of reference as it may deem fit.

**PROCEDURE AT COMMITTEE MEETINGS**

Guidelines relating to Board Meetings are applicable to Committee Meetings as far as may be practicable. Minutes of the Committee Meetings are circulated to the members of the Committee and the same are noted and approved by the Members of the Committee.

1.5 DIRECTORS' REMUNERATION

Remuneration of Directors for the year ended 31st March, 2008 was as under :

(Rs. in lakhs)

Sl. No.	Names	Salary, Pays & Allowances	Other Benefits	Performance Incentives	Contribution to PF & other Funds	Total
1.	Shri M.R.Pasrija, Chairman and Managing Director	9.65	3.02	1.78	0.95	15.40
2.	Shri N.M.Borah, Director (Operations)	10.69	4.74	1.86	2.45	19.74
3.	Shri T.K.Ananth Kumar, Director (Finance)	9.46	6.93	0.36	0.93	17.68
4.	Shri B.N.Talukdar Director (Expl & Dev) (from 01.12.2007)	2.71	0.56	–	0.74	4.01
5.	Shri Ashok Anand Director (HR & BD) (from 01.02.2008)	1.61	5.12	–	0.17	6.90
6.	Shri J.K.Talukdar (upto 31.01.2008)	10.42	4.55	1.77	1.04	17.78
7.	Shri S.K.Patra (upto 30.11.2007)	7.21	1.48	1.78	1.29	11.76

1.6 EQUITY SHAREHOLDING OF DIRECTORS

The following Equity Shares are held by our Directors in their individual capacities and / or along with their Relatives. Except as stated hereunder, none of the Directors, hold any equity shares in the Company:

Name of Director	Number of Equity Shares
Mr. M. R. Pasrija	3,950
Mr. N.M. Borah	2,000
Mr. J.K. Talukdar (upto 31.01.2008)	1,700
Mr. B.N. Talukdar	900
Mr. Ashok Anand	2900

2. COMPLIANCE OFFICER

The Company Secretary has been nominated as the Compliance Officer.



3. **ANNUAL / EXTRA ORDINARY GENERAL MEETINGS**

- (a) Location, date and time, where the AGMs were held during the preceding 3 years :

Meeting No.	Year	Location	Date	Time(IST)
46	2004-05	Bihutoli, Duliajan, Assam	10-09-2005	10.30 AM
47	2005-06	Bihutoli, Duliajan, Assam	23-09-2006	10.30 AM
48	2006-07	Bihutoli, Duliajan, Assam	29-09-2007	10.30 AM

- (b) Details of Special Resolutions passed during the last three years :

Special Resolutions	Date of meeting
Amendment to the Memorandum & Articles of Association	47 th AGM held on 23.09.2006
Approval for issue of shares under Section 81(1A) of the Companies Act, 1956	69 th EGM held on 31.10.2007
Amendment to the Articles of Association	70 th EGM held on 27.11.2007

- (c) Postal Ballot

No resolution was passed last year through postal ballot. In the ensuing 49th Annual General Meeting also the Company has no such resolution proposed for approval of the shareholders through postal ballot.

4. **DISCLOSURES**

MATERIAL CONTRACTS / RELATED PARTY TRANSACTIONS

The Company has not entered into any material financial or commercial transactions with the Directors or their relatives or the companies and firms etc. in which they are interested either directly or through their relatives as Directors and/or partners except with certain Companies in which Oil India Limited is interested as a shareholder. The Company has obtained declarations from all concerned in this regard.

Related Party Transactions have been disclosed in Notes to the Annual Accounts 2007-08 in the Annual Report.

COMPLIANCE

The Company has complied with applicable rules and requirements of regulatory authorities and all the returns/reports have been filed within the due time with the concerned authorities.

5. **SHAREHOLDERS' INFORMATION :**

ANNUAL GENERAL MEETING

Date : 27th September, 2008

Time : 10.30 AM

Venue : Bihutoli, Duliajan

BOOK CLOSURE PERIOD

18th to 27th September, 2008

DIVIDEND PAYMENT DATE

On or after 28th September, 2008

**BRIEF DETAILS OF DIRECTORS**

Sl. No.	Name of Directors	Academic Qualifications	Date of Joining as Director of the Company	Details of Directorship held in other Companies
WHOLE TIME DIRECTORS				
1.	Shri M.R.Pasrija Chairman & Managing Director	B.Com, FCA	14 th Feb 2002	–
2	Shri N. M. Borah Director (Operations)	B.E. (Petroleum Engineering) ISM, Dhanbad, PGD (Petroleum Prospecting and Reservoir Evaluation) NIT, Norway	6 th May 2004	Numaligarh Refinery Ltd Brahmaputra Cracker and Polymer Ltd.
3	Shri T. K. Ananth Kumar Director (Finance)	B.Com, FCA	18 th Jan 2007	–
4	Shri B. N. Talukdar Director (E&D)	B.Tech. (Petroleum Engineering) ISM, Dhanbad	1 st Dec.2007	–
5.	Shri Ashok Anand Director (HR & BD)	B.Sc, MBA	1 st Feb 2008	–
GOVERNMENT NOMINEE DIRECTOR				
6	Shri D.N. Narasimha Raju, IAS	M.Sc. (Horti) M.BL, NLSIU, Bangalore	1 st August 2008	GAIL (India) Ltd.
INDEPENDENT DIRECTORS				
7	Shri Ghanshyambhai Hiralal Amin	B.Sc., LLB	30 th July 2008	Gujarat State Cooperative Bank Ltd.
8	Shri Arun Kumar Gupta	Graduate Engineer (Mechanical, Electrical & Production)	30 th July 2008	Xcellence Software Solutions Pvt. Ltd.
9	Prof. Sushil Khanna	B.Sc, PGDM & Fellow(IIM)	30 th July 2008	Kerala Financial Corp. The Information Co.Ltd. Shree Bhawani Paper Mills Ltd. Nicco Internet Ventures Ltd.
10	Mr. Alexander K. Luke (Ex-IAS)	B.Tech (IIT)	30 th July 2008	CMD, The Kerala Minerals and Metals Limited
11	Shri Vinod Kumar Misra	M.Sc. (Physics)	30 th July 2008	Kribhco Shyam Fertilisers Ltd. MBros Developers Pvt. Ltd. Crescendo Trading Pvt. Ltd. Sabre Technet Pvt. Ltd.
12	Shri Pawan Kumar Sharma	B.Com, LLB, FCA	30 th July 2008	J.S. Management & Financial Services Pvt. Ltd. Life Saving Diagnostic and Hospital (P) Ltd.



6. **TRANSFER OF UNPAID/UNCLAIMED DIVIDEND ACCOUNT TO INVESTOR EDUCATION AND PROTECTION FUND**

During the year under report, an amount of Rs.59,640.00 (Rupees Fifty Nine Thousand Six Hundred Forty only) and Rs.61,950.00 (Rupees Sixty One Thousand Nine Hundred Fifty only) pertaining to unpaid dividend for the financial year 1999-2000 was transferred to Investor Education and Protection Fund (IEPF) of the Central Government.

As per provisions of the Section 205A read with Section 205C of the Companies Act, 1956 the Company is required to transfer unpaid dividends remaining unclaimed and unpaid for a period of 7 years from the due date(s) to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

7. **DEMATERIALISATION OF SHARES**

The Company has executed the Tripartite Agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company has also received the ISIN for its securities from NSDL and CDSL viz. ISIN-INE274J01014.

Shareholders desirous of dematerialising their shares should approach their respective Depository Participants and quote the above ISIN.

8. **SHARE OWNERSHIP PATTERN AS ON 31ST MARCH, 2008**

S.No.	Description	No of Share Holders/Folios	Shares	% to Equity
1	BODIES CORPORATES	21	22000	0.01%
2	PRESIDENT OF INDIA	7	210000000	98.13%
3	RESIDENT INDIVIDUALS	6337	3982400	1.86%
	TOTAL	6365	214004400	100.00%

9. **TOP TEN SHAREHOLDERS AS ON 31ST MARCH, 2008**

S.NO.	FOLIO	NAME/JOINT NAME(S)	HOLDING	%
1	OIL0005207-13	PRESIDENT OF INDIA*	210000000	98.13%
2	OIL0005910	SHYAM SUNDAR CHOWKHANI	41000	0.02%
3	OIL0005462	YOGESH KUMAR KARWA	15100	0.01%
4	OIL0007435	SUNIL CHANDAK	6000	0.00%
5	OIL0007284	ANSHU AGGARWAL	5750	0.00%
6	OIL0005764	SELVARANI THANGAVEL	4700	0.00%
7	OIL0007612	PAWAN BANSAL	4500	0.00%
8	OIL0005217	RAMJI LAL LADHA	4300	0.00%
9	OIL0007283	ANSHU AGGARWAL	4250	0.00%
10	OIL0005236	LAKSHMAN GOVENDER	4000	0.00%

*The President of India holds Shares under Seven folios.

**10. DISTRIBUTION OF SHAREHOLDING BY SIZE AS ON 31ST MARCH, 2008**

Sl.No.	Category		Number of cases	Percentage		% of Amount
	From	To		Cases	Amount	
1	1	5000	2587	40.64	6730000	0.31%
2	5001	10000	3591	56.42	29534500	1.38%
3	10001	20000	135	2.12	1866000	0.09%
4	20001	30000	25	0.39	625000	0.03%
5	30001	40000	12	0.19	432500	0.02%
6	40001	50000	4	0.06	177500	0.01%
7	50001	100000	2	0.03	117500	0.01%
8	100001	above	9*	0.14	2100561000	98.16%
	TOTAL:		6365	100	2140044000	100.00%

*The President of India holds Shares under Seven folios.

11. DIVIDEND HISTORY

The details of dividends for the last five years is detailed as under :

Year		%	Dividend per Share (in Rs.)	Total (in Rs.)
2003-2004	Interim	60	6	128,40,26,400
	Final	80	8	171,20,35,200
	Total:	140	14	299,60,61,600
2004-2005	Interim	60	6	128,40,26,400
	Final	100	10	214,00,44,000
	Total:	160	16	342,40,70,400
2005-2006	First Interim	110	11	235,40,48,400
	Second Interim	75	7.5	160,50,33,000
	Final	80	8	171,20,35,200
	Total:	265	26.5	567,11,16,600
2006-07	Interim	110	11	235,40,48,400
	Second Interim	75	7.5	160,50,33,000
	Final	75	7.5	160,50,33,000
	Total	260	26	556,41,14,400
2007-08	Interim	125	12.5	267,50,55,000
	Final*	150*	15	321,00,66,000
	Total	275	27.5	5,88,51,21,000

* Proposed Final Dividend 2007-08 subject to the approval of the shareholders in the ensuing Annual General Meeting of the Company.



12. REGISTRAR AND SHARE TRANSFER AGENTS

M/s Karvy Computershare Private Ltd. (Karvy) have been appointed as the Registrar and Share Transfer Agent of the Company w.e.f 01.02.2008. Karvy is also the depository interface of the Company with both NSDL and CDSL for dematerialization of shares :

M/s. Karvy Computershare Pvt. Ltd.
(UNIT : OIL INDIA LIMITED)
105-108, Arunachal Building,
19 Barakhamba Road, Connaught Place,
New Delhi-110001
Tel No : 011-23324401, 23324409, 43509200
Fax No : 011-23730824
E-mail : delhi@karvy.com

M/s Karvy Computershare Pvt. Ltd.
(UNIT : OIL INDIA LIMITED)
Plot no. 17-24, Vittalrao Nagar, Madhapur,
Hyderabad-500081
Tel No : 040-23420818-825
Fax No : 040-23420814
E-mail : mailmanager@karvy.com

The Shareholders / Investors may also write to the Company Secretary at Oil India Limited, Plot No.19, Sector-16A, Noida-201301, Distt. G.B.Nagar, U.P ; Email : investors@oilindia.in.

13. RISK MANAGEMENT

A suitable framework for risk assessment / minimization is being evaluated with the help of external consultants for adoption.

14. CODE OF CONDUCT

The Company is committed to conducting the business in accordance with the highest standards of business ethics and complying with the applicable laws, rules, regulations and guidelines. A Code of Conduct evolved with the industry practice is being devised for adoption.

15. PROJECT OFFICES

Field Headquarters

Duliajan,
Assam-786602

Rajasthan Exploration Project

12, Old Residency Road,
Jodhpur-342011

Pipeline Headquarters

P.O.Udayan Vihar
Narengi,
Guwahati-781171

Eastern Producing Area

Digboi Oil Fields,
Digboi-786171

Bay Exploration Project

IDCO Tower, Janpath,
Bhubaneswar-751007

Moran Oil Fields

Moran,
Distt. Sivasagar
Assam-785669

Kolkata Branch

4, India Exchange Place,
Kolkata-700001

Ganga Valley Project

19, Sec-16A, Noida
UP-201301

Libya Project

Tripoli,
Libya

Gabon Project

Libreville,
Gabon



AUDITORS' REPORT TO THE SHAREHOLDERS OF OIL INDIA LIMITED

1. We have audited the attached Balance Sheet of Oil India Limited, as at 31st March, 2008 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 20 Nos. audited and 11 Nos. unaudited financial statements (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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the aforesaid Order.
4. **Attention is invited to the following :**
 - (a) Accounting Policy No.2 of Schedule-27 relating to treatment of exploration costs, development expenditure and abandonment costs and Accounting Policy No. 4.1(b) of Schedule-27 relating to capitalization of depreciation to exploration and development wells are significant to the oil and gas exploration and production industry under the "Successful Efforts Method".
 - (b) Categorization of wells as exploratory (whether successful in discovery of commercial hydrocarbons and producing properties or otherwise) or development and depletion of producing properties on the basis of proved and developed hydrocarbon reserves are based on management's evaluation whether technical or otherwise, which we have relied upon.
 - (c) Accounting Policy No.6 of Schedule-27 and Note No. 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.
5. **Further to our comments in the Annexure referred under Para(3) above, we report that:**
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appear from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies (Schedule 27) and the Notes to Accounts (Schedule 28) give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008;
 - (ii) In the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) In the case of the Cash Flow Statement, of the cash flow of the Company for the year ended on that date.

For Chatterjee & Co.
Chartered Accountants
Sd/-
(S.K.CHATTERJEE)
Partner
Membership No. 3124

For A.K. Sabat & Co.,
Chartered Accountants
Sd/-
(A. K. SABAT)
Partner
Membership No. 30310

Place : New Delhi
Date : 09.06.2008



**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.
 - (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 to further strengthen the system.
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, customs duty, excise duty, cess and any other statutory dues with the appropriate authorities. There are no outstanding dues as of the last date of financial year concerned for a period more than six months from the date they became payable.
- (b) According to the records of the Company and the information and explanations given to us, as at 31st March 2008, details of disputed dues in respect of income tax, sales tax, wealth tax, fringe benefit tax, service tax, customs duty, excise duty and cess are given below:-

Name of the Statute	Nature of Dues	Period to which the amount relates (Financial year)	Amount (Rs in Lakhs)	Forum where Dispute is pending
Assam Taxation (on specified land) Act, 2004	Tax on land	2004-05 to 2007-08	25908.74	Supreme 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 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 overall examination of the Balance Sheet of the Company and according to information and explanations given to us, the Company did not raise any funds on short term basis which have been used for long term investment. No long-term funds have been used to finance short-term assets.
18. The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures. Therefore, the provisions of clause 4 (xix) of the Order are not applicable to the Company.
20. The 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 Chatterjee & Co.
Chartered Accountants
Sd/-
(S.K.CHATTERJEE)
Partner
Membership No. 3124

For A.K. Sabat & Co.,
Chartered Accountants
Sd/-
(A. K. SABAT)
Partner
Membership No. 30310

Place : New Delhi
Date : 09.06.2008



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF
INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956
ON THE ACCOUTS OF OIL INDIA LIMITED FOR
THE YEAR ENDED 31ST MARCH, 2008**

The preparation of financial statements of Oil India Limited for the year ended 31st March 2008 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 statement under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standard 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 09.06.2008

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 2008. 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.

Sd/-

(B.Mazumdar)

Pr. Director of Commercial Audit &
Ex – officio Member, Audit Board – II, Kolkata

Date : 9th July, 2008

Place: Kolkata



OIL INDIA LIMITED

Balance Sheet as at 31st March, 2008

(Rs. In lakh)

SCHEDULE	As at 31st March, 2008	As at 31st March, 2007
SOURCES OF FUNDS		
SHAREHOLDERS' FUNDS		
Share Capital	1 21400.44	21400.44
Reserves and Surplus	2 771896.60	663506.71
	793297.04	684907.15
LOAN FUNDS		
Secured Loans	3(A) 10488.52	70900.76
Unsecured Loans	3(B) 7000.00	10500.00
	17488.52	81400.76
DEFERRED TAX LIABILITY (NET)	86551.70	80333.18
WELL ABANDONMENT SINKING FUND	114.06	107.23
TOTAL	897451.32	846748.32
APPLICATION OF FUNDS		
FIXED ASSETS		
Gross Block	4 232277.36	218890.61
Less: Depreciation	161991.52	155213.57
Net Block	70285.84	63677.04
Capital Work-in-progress	5 64455.33	53011.82
PRODUCING PROPERTIES		
Gross Cost	6 430361.39	384408.05
Less: Depletion	203578.83	181830.84
Net Cost	226782.56	202577.21
PRE-PRODUCING PROPERTIES		
	7 44810.83	38859.61
	406334.56	358125.68
INVESTMENTS		
CURRENT ASSETS, LOANS AND ADVANCES		
Inventories	9 45089.46	40802.39
Sundry Debtors	10 61099.53	40867.76
Cash and Bank Balances	11 428082.48	327569.64
Interest accrued on Term Deposits	22836.18	15719.05
Interest accrued on Investments	0.69	0.55
Loans and Advances	12 60548.09	126107.26
	617656.43	551066.65
LESS: CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities	13 110160.01	78180.71
Provisions	14 65245.72	25017.81
	175405.73	103198.52
NET CURRENT ASSETS		
TOTAL	442250.70	447868.13
	897451.32	846748.32
INFORMATION UNDER SCHEDULE VI		
TO THE COMPANIES ACT, 1956	25	
SEGMENT REPORTING	26	
SIGNIFICANT ACCOUNTING POLICIES	27	
NOTES TO ACCOUNTS	28	
Schedules 1 to 28 form an integral part of Accounts.		

In terms of our report of even date attached

For **CHATTERJEE & Co.** For **A.K.SABAT & Co.**
 CHARTERED ACCOUNTANTS CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Sd/-
 (S.K. CHATTERJEE)
 PARTNER
 Membership No.3124

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

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

Sd/-
 (T.K.ANANTH KUMAR)
 DIRECTOR(FINANCE) CHAIRMAN & MANAGING DIRECTOR

PLACE : NEW DELHI, DATE : 09.06.2008



OIL INDIA LIMITED
Profit and Loss Account for the year ended 31st March, 2008

		(Rs. In lakh)	
	SCHEDULE	Year ended 31st March, 2008	Year ended 31st March, 2007
INCOME			
Sales	15	596530.51	528508.90
Income from Transportation	16	11664.29	10411.58
Other Income	17	67700.06	53349.41
Other adjustments	22(A)	3651.44	8729.03
		679546.30	600998.92
EXPENDITURE			
(Increase)/Decrease In Stocks	18	(2205.71)	221.23
Production, Transportation & Other Expenditure	19	356488.88	304392.96
Provision against debts, advances and other write-offs	20	13340.73	19270.46
Depletion		21748.00	17765.22
Depreciation		9185.98	8183.44
Interest & Debt Charges	21	3436.42	1395.53
Exchange Loss		392.13	112.37
Other Adjustments	22(B)	5706.48	849.40
		408092.91	352190.61
Profit for the year		271453.39	248808.31
Prior Period items	22(C)	(113.18)	(545.61)
Profit Before Tax		271340.21	248262.70
Provision for Taxation			
- Current Tax (Including Wealth Tax)	23	85102.56	73803.00
- Tax for earlier years		26.26	9.25
- Deferred Tax (Refer Note No. 9 of Sch-28)		7068.27	10201.83
- Fringe Benefit Tax		250.00	250.00
		92447.09	84264.08
Profit After Tax		178893.12	163998.62
BALANCE AVAILABLE FOR APPROPRIATION		178893.12	163998.62
APPROPRIATIONS			
Interim Dividend		26750.55	39590.81
Tax on Interim Dividend		4546.26	5552.60
Final Dividend (Proposed)		32100.66	16050.33
Tax on Proposed Dividend		5455.50	2727.75
Transferred to General Reserve Account		110040.15	100077.14
		178893.12	163998.63
Earnings Per Share (Rupees) - (Face value of Rs. 10/- each)	24	83.59	76.63

INFORMATION UNDER SCHEDULE VI TO
THE COMPANIES ACT, 1956 25
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SIGNIFICANT ACCOUNTING POLICIES 27
NOTES TO ACCOUNTS 28

Schedules 1 to 28 form an integral part of the Accounts

In terms of our report of even date attached

For **CHATTERJEE & Co.** For **A.K.SABAT & Co.**
CHARTERED ACCOUNTANTS CHARTERED ACCOUNTANTS

Sd/-
(S.K. CHATTERJEE)
PARTNER
Membership No.3124

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

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

For and on behalf of the Board of Directors

Sd/- Sd/-
(T.K.ANANTH KUMAR) (M.R.PASRIJA)
DIRECTOR(FINANCE) CHAIRMAN & MANAGING DIRECTOR

PLACE : NEW DELHI, DATE : 09.06.2008

**SCHEDULE - 1**

	As at 31st March, 2008	(Rs. In lakh) As at 31st March, 2007
SHARE CAPITAL		
Authorised:	50000.00	50000.00
50,00,00,000 (Previous year 50,00,00,000) 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 18,46,69,600 (Previous year 18,46,69,600) shares of Rs. 10/- each issued as fully paid up bonus shares by capitalisation of Share Premium and General Reserve.		

SCHEDULE - 2

	As at 31st March, 2008	(Rs. In lakh) As at 31st March, 2007
RESERVES AND SURPLUS		
General Reserve		
Opening Balance	663506.71	563429.57
Less: AS-15 (Revised 2005) provision for LFA/LTC as on 01.04.2007 (Net of Deferred Tax Assets of Rs. 849.75 lakh) [Refer Note No.8 E (iii) of Sch. 28]	(1650.26)	0.00
Add: Transfer from Profit and Loss Account	110040.15	100077.14
	771896.60	663506.71
	771896.60	663506.71

SCHEDULE - 3

	As at 31st March, 2008	(Rs. In lakh) As at 31st March, 2007
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)	10488.52	52.33
(b) Loan from Bank (Secured by pledge of Term deposit receipts)	0.00	70848.43
	10488.52	70900.76
(B) Unsecured Loans		
(I) From Oil Industry Development Board (Repayable within one year Rs. 3500 lakh; Previous year Rs. 3500 lakh)	7000.00	10500.00
	7000.00	10500.00



SCHEDULE - 4

FIXED ASSETS

(Rs. In lakh)

Particulars	Gross Block			Depreciation					Net Block	
	Cost as at 31st March 2007	Additions during the year	Deletions/ Adjustments during the year	Cost as at 31st March, 2008	Upto 31st March, 2007	For the Year	Deletions/ Adjustments during the year	Upto 31st March, 2008	As at 31st March, 2008	As at 31st March, 2007
Land - Freehold	5155.83	106.60	0.26	5262.17	0.00	0.00	0.00	0.00	5262.17	5155.83
- Leasehold	1120.73	49.97	0.00	1170.70	0.00	0.00	0.00	0.00	1170.70	1120.73
Building (Including Roads & Bridges)	21608.78	787.87	27.48	22369.17	9323.91	795.15	21.94	10097.12	12272.05	12284.87
Railway Sidings	192.83	0.00	0.00	192.83	117.66	10.39	0.00	128.05	64.78	75.17
Plant & Machinery	187021.14	18891.96	6757.51	199155.59	143028.24	12275.81	6556.47	148747.58	50408.01	43992.90
Furniture & Fittings	1416.76	153.44	5.28	1564.92	936.48	137.84	4.64	1069.68	495.24	480.28
Motor Vehicles	2374.54	232.62	45.18	2561.98	1807.28	183.07	41.26	1949.09	612.89	567.26
Total :	218890.61	20222.46	6835.71	232277.36	155213.57	13402.26	6624.31	161991.52	70285.84	63677.04
Previous Year :	209518.31	15564.21	6191.91	218890.61	148293.78	12275.30	5355.51	155213.57	63677.04	

2007-08

2006-07

Depreciation charged to:-

- Profit and Loss Account

9185.98

8183.44

- Prior Period Items

0.00

628.29

- Pre Producing Property

4216.28

3007.81

- Projects & Capital Accounts

0.00

455.76

Total

13402.26

12275.30

SCHEDULE - 5

CAPITAL WORK-IN-PROGRESS

(Rs. In lakh)

	As at 31st March, 2008	As at 31st March, 2007
Buildings (Including Roads & Bridges)	1300.63	809.25
Plant & Machinery	63154.70	52202.57
	<u>64455.33</u>	<u>53011.82</u>

SCHEDULE-6

PRODUCING PROPERTIES

(Rs.in lakh)

FIELD/AREA	GROSS COST			DEPLETION			NET COST	
	As at 31st March, 2007	Transfer from Pre-producing Properties	As at 31st March, 2008	Upto 31st March, 2007	During the year	Upto 31st March, 2008	As at 31st March, 2008	As at 31st March, 2007
Assam	361614.23	42316.45	403930.68	171231.52	20507.00	191738.52	212192.16	190382.71
Arunachal Pradesh	4634.99	0.00	4634.99	2809.42	133.63	2943.05	1691.94	1825.57
Rajasthan	12894.49	3636.89	16531.38	6118.25	1033.36	7151.61	9379.77	6776.24
JVC- India	5264.34	0.00	5264.34	1671.64	74.01	1745.65	3518.69	3592.70
TOTAL :	384408.05	45953.34	430361.39	181830.83	21748.00	203578.83	226782.56	202577.21
Previous Year :	355639.49	28768.56	384408.05	164065.61	17765.22	181830.84	202577.21	



SCHEDULE-7

PRE-PRODUCING PROPERTIES

(Rs.in lakh)

FIELD/AREA	Balance as at 31st March, 2007	Adjustments	Expenditure during the year	Transfer to Producing Properties	Transfer to Profit and Loss Account	Balance as at 31st March, 2008
Assam	23354.85	0.00	51534.69	42316.45	3770.20	28802.89
Arunachal Pradesh	76.39	0.00	37.71	0.00	0.00	114.10
Rajasthan	1778.14	0.00	3876.32	3636.89	0.00	2017.56
JVC						
- India	5204.79	0.00	6861.32	0.00	7574.75	4491.36
- Overseas	8445.44	0.00	944.09	0.00	4.61	9384.92
TOTAL :	38859.61	0.00	63254.13**	45953.34	11349.56	44810.83
Previous Year :	22601.59	744.84	61495.34**	28768.56	15723.92	

** Includes allocated depreciation for the year Rs. 4216.28 lakh (Previous year Rs. 3007.81 lakh)

SCHEDULE - 8

(Rs.in lakh)

	No. of Shares/ Bonds/Units	Face Value Rs.	As at 31 st March, 2008	No. of Shares/ Bonds/Units	Face Value Rs.	As at 31 st March, 2007
INVESTMENTS (Unquoted and fully paid up)						
A. TRADE - LONG TERM						
EQUITY SHARES						
- Numaligarh Refinery Limited	191264202	10.00	48365.34	90821344	10.00	9082.13
- Suntera Nigeria 205 Ltd	62502	Naira 1	0.22	62502	Naira 1	0.22
- Brahmaputra Cracker & Polymer Limited	5010	10.00	0.50	0	10.00	0.00
B. TRADE - OTHERS						
GOVT. OF INDIA BONDS						
(a) 5.00% Oil Companies Govt. of India Special Bond-2009	0	10000.00	0.00	91030	10000.00	9103.00
(b) 7.00% Oil Companies Govt. of India Special Bond-2012	0	10000.00	0.00	248302	10000.00	24830.20
C. NON TRADE - LONG TERM						
(a) The East India Clinic Limited 6 Nos. of 5% Non Redeemable Debenture Stock 1957 (Carried at a nominal value of Re 1/- only)	6	1000.00	0.00	6	1000.00	0.00
(b) Contribution to Capital Fund of Petroleum India International Consortium	0	0.00	500.00	0	0.00	0.00
D. OTHERS						
UTI MUTUAL FUND						
a) Units of UTI - Fixed Maturity Plan Quarterly Series QFMP/0407/I -Dividend Plan (5,00,00,000 Units purchased,10,28,452 Units cumulated, 5,10,28,452 units sold during the year (Current Investments) (Previous year Nil).			0.00			0.00
b) Units of Unit Trust of India under Liquid Cash Plan Institutional-daily income option (2,15,11,690 units purchased and sold during the year (Current Investment) (Previous year 14,83,000 Units purchased and sold)			0.00			0.00
			48,866.06			43,015.55
Less : Provision for diminution in value of Govt. of India Bonds			0.00			2261.04
			48866.06			40754.51

SCHEDULE - 9

(Rs. In lakh)

	As at 31st March, 2008	As at 31st March, 2007
INVENTORIES (As valued and certified by the Management)		
Stores and spare parts (including goods in transit)		
At Cost	40230.19	37243.96
Less: Provision for slow / non-moving inventory	1892.54	967.61
	38337.65	36276.35
Crude Oil	6699.91	4495.71
Liquefied Petroleum Gas	15.68	14.18
Assets awaiting disposal	36.22	16.15
	45089.46	40802.39

**SCHEDULE-10**

(Rs. In lakh)

	As at 31st March, 2008	As at 31st March, 2007
SUNDRY DEBTORS		
(Unsecured, Considered Good unless otherwise stated)		
Debts Outstanding for a period more than six months		
- Considered Good	14712.39	17669.50
- Considered Doubtful	693.89	222.57
	15406.28	17892.07
Other Debts		
- Considered Good	42673.93	17799.73
	58080.21	35691.80
Less : Provision for doubtful debts	693.89	222.57
	(A) 57386.32	35469.23
Future Instalments receivable against Lease Rent	6018.59	8532.23
Less : Unearned Income	2305.38	3133.70
(Refer Note No. 1(C)(iv)(c) of Schedule 28)	(B) 3713.21	5398.53
Total (A+B)	61099.53	40867.76

SCHEDULE-11

(Rs. In lakh)

	As at 31st March, 2008	As at 31st March, 2007
CASH AND BANK BALANCES		
Cash & Cheques in Hand	105.94	100.11
Balance with Scheduled Banks in :		
Current Accounts	14889.52	8839.41
Term Deposits	413087.02	318630.12
	428082.48	327569.64

**SCHEDULE-12**

(Rs. In lakh)

	As at 31st March, 2008	As at 31st March, 2007
LOANS AND ADVANCES		
Loans and advances to employees (Including Directors) [Refer Note No. 6(B)(i) of Schedule 28]	18798.26	12072.17
Advances against acquisition of equity shares in NRL-Pending transfer :		
-Oil Industry Development Board (OIDB)	0.00	35511.88
-Bharat Petroleum Corporation Limited (BPCL)	0.00	3771.32
	0.00	39283.20
Contribution for working capital to IOTL-OIL Consortium [Refer Note No. 1(H) of Schedule 28]	250.00	250.00
Advance against acquisition of Shares in BCPL pending allotment	419.20	0.00
Advance recoverable in cash or in kind or for value to be received.	23743.43	23286.64
Loan to Suntera Nigeria OPL 205 Ltd.{Ref note no. 1(v) of Sch. 28}	3201.42	1681.69
Direct Tax payments (Net of Provisions Rs. 85378.82 lakh; Previous year Rs. 74062.25 lakh)	10329.02	8995.75
Deposits/Balances with Customs, Excise, Port Trust etc.	2153.59	2394.31
Deposits with Companies (ICD) including Public Sector Companies	1500.00	38000.00
Deposits with Others	527.67	518.00
	60922.59	126481.76
Less: Provision for doubtful advances/claims	374.50	374.50
	60548.09	126107.26
PARTICULARS OF LOANS AND ADVANCES		
Secured	18798.26	12072.17
Unsecured - Considered good	41749.83	114035.09
Unsecured - Considered doubtful & provided for	374.50	374.50
	60922.59	126481.76

SCHEDULE-13

(Rs. In lakh)

	As at 31st March, 2008	As at 31st March, 2007
CURRENT LIABILITIES:		
Sundry Creditors (Refer Note 6D of Schedule-28)	25,181.02	19,159.99
Statutory Liabilities	24,168.14	13,419.65
Liability towards Investor Education and Protection Fund U/S 205C of the Companies Act, 1956 not due		
- Unpaid Dividend	60.72	311.41
Liabilities (Others)	40,363.54	37,335.35
Liabilities (Employees)	20,386.59	7,954.31
	110,160.01	78,180.71

**SCHEDULE-14**

(Rs. In lakh)

	As at 31st March, 2008	As at 31st March, 2007
PROVISIONS :		
Final Dividend (Proposed)	32100.66	16050.33
Tax on Proposed Dividend	5455.51	2727.75
Leave encashment	5588.68	2294.22
Post retirement Medical benefits for employees	4684.14	3820.87
Revision of Salaries & Wages	14010.76	0.00
Long Service Award	552.62	0.00
LFA/LTC	2326.26	0.00
Wealth Tax (Net of payment)	4.00	4.21
Against Fixed Assets not in use	523.09	120.43
	65245.72	25017.81

SCHEDULE - 15

(Rs. In lakh)

	Year ended 31st March, 2008	Year ended 31st March, 2007
SALES*		
Crude Oil	544,177.62	480,565.32
Natural Gas	44,443.89	42,720.42
Liquefied Petroleum Gas	7,826.69	5,140.67
Condensate	82.31	82.49
	596,530.51	528,508.90

* Includes Sales Tax of Rs.20668.11 lakh (Previous Year Rs 18275.81 lakh) on Crude oil, Rs.6431.93 lakh (Previous Year Rs 6009.64 lakh) on Natural Gas and Rs.5.51 lakh (Previous Year Rs 13.20 lakh) on LPG and Rs. 2.95 lakh (Previous Year Rs 3.17 lakh) on Condensate shown separately as expenses in Schedule-19.

SCHEDULE-16

(Rs. In lakh)

	Year ended 31st March, 2008	Year ended 31st March, 2007
INCOME FROM TRANSPORTATION		
Crude Oil - Pipeline	12435.76	11367.59
Less : Service Tax	818.62	998.30
	11617.14	10369.29
Natural Gas - Pipeline	51.52	47.47
Less : Service Tax	4.37	5.18
	47.15	42.29
	11664.29	10411.58

**SCHEDULE-17**

	(Rs. In lakh)	
	Year ended 31st March, 2008	Year ended 31st March, 2007
OTHER INCOME		
Claims towards under-recovery of Natural Gas Price	15527.41	14978.51
Dividend from Numaligarh Refinery Ltd.-Trade Investment	4781.61	1725.61
Dividend from UTI - Current Investment	186.30	11.97
Interest (Gross)		
On Investments in GOI Special Bonds- Trade Investment	439.23	2193.26
On Term Deposits with Banks (Tax Deducted at Source Rs.9313.18 lakh; Previous Year Rs.5622.16 lakh)	42364.42	25268.70
From Income Tax Authorities	0.00	860.85
From Others (Tax Deducted at Source NIL; Previous year NIL)	615.51	623.43
On Deposit with Companies (ICD) (Tax Deducted at Source Rs.179.93 lakh; Previous Year Rs. 659.91 lakh)	869.26	3015.79
	44288.42	31962.03
Other Items :		
Electricity Recoveries	10.91	9.77
Scrap Disposal	204.80	104.28
Profit on Sale of Assets	3.24	403.86
Liquidated damages etc.	578.79	1630.67
Income from Services (exclusive of service tax collected and paid Rs. Nil lakh; Previous year Rs 11.51 lakh)	355.88	1317.36
Income from Finance Lease	533.03	627.88
Miscellaneous Income	1229.67	577.47
	2916.32	4671.29
	67700.06	53349.41

SCHEDULE-18

	(Rs. In lakh)	
	Year ended 31st March, 2008	Year ended 31st March, 2007
(INCREASE)/DECREASE IN STOCKS		
Opening Stock		
Crude oil	4495.71	4715.68
Liquefied Petroleum Gas	14.18	15.44
	4509.89	4731.12
Closing Stock		
Crude oil	6699.92	4495.71
Liquefied Petroleum Gas	15.68	14.18
	6715.60	4509.89
	(2205.71)	221.23

**SCHEDULE-19**

	(Rs. In lakh)	
	Year ended 31st March, 2008	Year ended 31st March, 2007
PRODUCTION, TRANSPORTATION & OTHER EXPENDITURE		
CRUDE OIL		
Raising Cost	42293.65	32167.88
Royalty	114784.75	98654.17
Cess (Inclusive of Edu Cess and NCC Duty)	81272.47	80668.50
Sales Tax (includes Rs.2.95 lakh for condensate previous year Rs.3.17 lakh)	20671.05	18278.98
	259021.92	229769.53
NATURAL GAS		
Raising Cost	18510.03	12456.75
Royalty	2866.33	2982.72
Sales Tax	6431.93	6009.64
	27808.29	21449.11
LIQUEFIED PETROLEUM GAS		
Extraction Cost	2805.01	2984.73
Sales Tax	5.51	13.20
	2810.52	2997.93
PIPELINE OPERATION & MAINTENANCE EXPENDITURE	11144.33	9158.85
BUSINESS DEVELOPMENT EXPENDITURE	315.02	1055.44
GEOLOGICAL & GEOPHYSICAL EXPENDITURE	27141.34	24152.10
CARRYING COSTS OF PEL AREAS	1158.17	1275.97
ADMINISTRATIVE EXPENDITURE	25479.70	13408.42
RESEARCH & DEVELOPMENT EXPENDITURE	1609.59	1125.61
	356488.88	304392.96

SCHEDULE-20

	(Rs. In lakh)	
	Year ended 31st March, 2008	Year ended 31st March, 2007
PROVISIONS AND WRITE OFFS		
Against unidentified assets	0.00	(30.17)
Against assets not in use	402.66	120.43
Loss on deletion of assets	191.33	399.14
For diminution in value of Investments	0.00	2261.04
Adjustment in the value of Stores	0.00	(24.76)
Against slow and non moving and other stores	925.86	602.14
For doubtful debts/Claims/Deposits	471.32	211.49
Abandonment and write off of exploratory dry Wells	11342.73	15723.92
For Well abandonment cost (JVC)	6.83	7.22
Reversal of Provision for Diminution of Investment	(2261.04)	0.00
Loss on sale of Investments	2261.04	0.00
	13340.73	19270.46



(Rs. In lakh)

INTEREST & DEBT CHARGES

(Rs. In lakh)

OTHER ADJUSTMENTS (Income)

(Rs. In lakh)

OTHER ADJUSTMENTS (Expenses)

**SCHEDULE-22 (C)**

	Year ended 31st March, 2008	(Rs. In lakh) Year ended 31st March, 2007
PRIOR PERIOD ITEMS (NET)		
Depreciation	0.00	628.29
Short Royalty provision of earlier years	0.00	21.07
Excess Liability provided in earlier years	0.00	(103.75)
Sudan Pipeline Expenses (net of Income)	2.09	0.00
Exchange Loss (Suntera)	51.12	0.00
Excess Interest on Employee loan (2006-07)	59.97	0.00
	113.18	545.61

SCHEDULE-23

	Year ended 31st March, 2008	(Rs. In lakh) Year ended 31st March, 2007
PROVISION FOR TAXATION		
Current Tax		
Income Tax	85100.00	73800.00
Wealth Tax	2.56	3.00
	85102.56	73803.00

SCHEDULE-24

	Year ended 31st March, 2008	Year ended 31st March, 2007
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)	178893.12	163998.62
Earnings Per Equity Share - (Rs.)	83.59	76.63

SCHEDULE-25**INFORMATION UNDER SCHEDULE VI TO THE COMPANIES ACT, 1956**

		Year ended 31st March, 2008		Year ended 31st March, 2007	
1. SALES TURNOVER	Unit	QUANTITY	VALUE (Rs. In Lakh)	QUANTITY	VALUE (Rs. In Lakh)
Crude Oil -					
Assam	Kilo Litres	3470914.174	529282.75	3460953.000	465881.92
Arunachal Pradesh	Kilo Litres	46777.683	9473.71	51459.000	9289.02
JVC(India)	Kilo Litres	26519.670	5421.16	28503.000	5394.38
Natural Gas-					
Assam	Million Standard Cubic Metres	1596.360	40188.37	1547.490	38693.32
Arunachal Pradesh	Million Standard Cubic Metres	0.000	0.00	0.000	0.00
Rajasthan	Million Standard Cubic Metres	232.491	4255.52	220.015	4027.10
Liquefied Petroleum Gas	Metric Tonnes	48057.329	7826.69	43806.000	5140.67
Condensate-Rajasthan	Kilo Litres	356.000	82.31	460.000	82.49
Total			596530.51		528508.90



SCHEDULE - 25 (contd...)

2. OPENING AND CLOSING STOCK OF GOODS PRODUCED

		Year ended 31st March, 2008		Year ended 31st March, 2007	
	Unit	QUANTITY	VALUE	QUANTITY	VALUE
OPENING STOCK					
Crude Oil -					
Assam	Kilo Litres	113393.00	4459.67	112784.00	4670.13
Arunachal Pradesh	Kilo Litres	183.00	7.20	306.00	12.67
JVC(India)	Kilo Litres	1057.00	28.84	1357.00	32.88
		114633.00	4495.71	114447.00	4715.68
Liquefied Petroleum Gas	Metric Tonnes	223.80	14.18	312.04	15.44
CLOSING STOCK					
Crude Oil -					
Assam	Kilo Litres	113112.02	6638.77	113393.00	4459.67
Arunachal Pradesh	Kilo Litres	670.93	39.38	183.00	7.20
JVC(India)	Kilo Litres	1495.95	21.76	1057.00	28.84
		115278.90	6699.91	114633.00	4495.71
Liquefied Petroleum Gas	Metric Tonnes	313.73	15.68	223.80	14.18

3A. LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION

Item Produced	Licensed Capacity	Intalled Capacity	Unit	Actual Production		
				Year ended 31 st March, 2008	Year ended 31 st March, 2007	
Crude Oil :						
- ASSAM	Not Applicable	Not Applicable	Gross	Kilo Litres	3445940	3496089
			Net	Kilo Litres	3432953	3484515
- AP	Not Applicable	Not Applicable	Gross	Kilo Litres	47266	51336
			Net	Kilo Litres	47266	51336
- JVC (India)	Not Applicable	Not Applicable	Gross	Kilo Litres	26958	28182
			Net	Kilo Litres	26958	28182
Condensate- Assam	Not Applicable	Not Applicable	Gross	Kilo Litres	37680	22953
			Net	Kilo Litres	37680	22653
Natural Gas- Assam	Not Applicable	Not Applicable	Gross	Million Standard C. Mtr.	2077	2265
			Net	Million Standard C. Mtr.	1963	2118
AP	Not Applicable	Not Applicable	Gross	Million Standard C. Mtr.	25	25
			Net	Million Standard C. Mtr.	3	3
Rajasthan	Not Applicable	Not Applicable	Gross	Million Standard C. Mtr.	239	221
			Net	Million Standard C. Mtr.	237	220
L P G	50,000 tonnes	50,000 tonnes	Gross	Metric Tonnes	48165	43750
			Net	Metric Tonnes	48147	43718
Condensate- Rajasthan	Not Applicable	Not Applicable	Gross	Kilo Litres	324	35143
			Net	Kilo Litres	311	35143
Electricity	41.5 M.W.	41.5 M.W.	Gross	Million Kilowatt Hours	102.17	104.65
			Net	Million Kilowatt Hours	97.69	100.47



SCHEDULE - 25 (contd...)

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

Area of Operation	Crude Oil				Natural Gas					
	Position as at 01.04.2007	Additions/Revisions	Production Quantity	Position as at 31.03.2008	Position as at 01.04.2007	Adjustment in opening Reserve	Position after adjustment	Additions/Revisions	Production Quantity	Position as at 31.03.2008
	(MMKL)	(MMKL)	(MMKL)	(MMKL)	(MMKL-OE)			(MMKL-OE)	(MMKL-OE)	(MMKL-OE)
Proved Developed Reserves										
Assam	34.2354	4.2454	3.4459	35.0349	32.9550	0.0000	0.0000	(7.7980)	2.1020	23.0550
Arunachal Pradesh (Kumchai)	1.0012	(0.0434)	0.0473	0.9104	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Rajasthan	0.0000	0.0000	0.0000	0.0000	1.8586	0.7844	2.6430	0.0000	0.2390	2.4040
JVC-India *	1.0012	0.3082	0.0270	1.2824	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Total	36.2378	4.5102	3.5202	37.2277	34.8136	0.7844	2.6430	(7.7980)	2.3410	25.4590

* Shown to the extent of participating interest of the Company

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

4. DETAILS OF EXPENDITURE

	(Rs. in lakh)	
	Year ended 31st March, 2008	Year ended 31st March, 2007
(a) Details of expenditure incurred during the year on production, exploration, development, R&D and operation & maintenance of pipelines		
Salaries & Wages	75227.52	44093.45
Incentives (Bonus, REH, PLIS/PRP)	7603.86	7032.11
Contribution to Pension Fund	7943.42	4570.98
Contribution to Provident Fund	3212.78	3021.35
Fuel	4710.76	5018.02
Stores Consumed	21515.22	18701.00
Insurance	481.58	458.89
Rent	721.45	389.19
Rates, Taxes, License Fee etc.	769.48	813.83
Contract - Casual labour	1238.53	1044.50
Contract - Transport	7928.01	6398.79
Contract - Construction	7772.95	11516.66
Contract- Survey & Data Processing	22709.08	18247.23
Contract- Others	26257.87	17608.08
Contract - NELP/JVC/PSC/Overseas	10798.71	14084.66
Security expenses	3947.21	3517.40
Travelling and Halting expenses	2113.97	1340.02
Medical expenses - Reimbursement	2901.88	1739.21
Sundries (Donations, Courtesy, Training fees, etc.)	2991.96	3081.09
Others	5109.81	7085.86
Total	215956.05	169762.32
Less: Allocation to Pre-producing properties, Capital account, Recoveries and others	85536.46	71976.55
	130419.59	97785.77
Add: Royalty	117651.07	101636.89
Cess	81272.47	80668.50
Sales Tax	27145.74	24301.82
Total	356488.88	304392.98



SCHEDULE - 25 (contd...)

	Year ended 31st March, 2008 (Rs. in lakh)	Year ended 31st March, 2007 (Rs. in lakh)
(b) Included under various heads in Note 4(a) above - Net of Recoveries, if any		
(i) Repairs, Maintenance & Replacement		
Building (including Township)	5801.32	5306.83
Plant & Machinery	28853.40	21798.43
Total	34654.72	27105.26
(ii) Public Relations Expenses		
Salaries, Allowances etc.	194.51	129.62
Oil News & Employees Communication Programme	9.01	12.44
Advertisement	329.91	134.88
Others	51.80	332.53
Total	585.23	609.47
(iii) Social Overhead Expenses		
Township	3403.75	2535.26
Education	944.86	840.15
Social & cultural amenities	3197.20	2259.05
Medical	5451.18	4070.88
Hired buses for Employees	558.63	524.48
Total	13555.62	10229.82
(iv) Directors' Remuneration		
Remuneration paid/payable to wholetime		
Directors including Chairman-Cum-Managing Director :		
(i) Salary & Allowances	59.31	41.19
(ii) Contribution to Provident Fund	5.57	3.13
(iii) Contribution to Pension Fund	1.84	1.07
(iv) Contribution to Social Security Scheme	0.18	0.18
(v) Tax on perks value of accommodation borne by the Company	8.35	0.00
(vi) Other benefits & perquisites being LFA/LTC, Medical & Club etc.	18.05	3.48
Total	93.30	49.05

NOTE :

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

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

	Year ended 31st March, 2008 (Rs. in lakh)	Year ended 31st March, 2007 (Rs. in lakh)
(v) Auditors' Remuneration		
(i) Audit fees (including Service tax)	16.85	11.24
(ii) Tax Audit fees	8.43	5.62
(iii) Out of pocket and travelling expenses (Including for Tax Audit)	11.36	12.18
(iv) Certification Fees (including Service Tax and IPO-DRHP)	15.73	0.22
Total	52.37	29.26

	Year ended 31st March, 2008		Year ended 31st March, 2007	
	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)	34.70	477.26	31.57	507.7
Natural Gas (out of own Production)				

	Year ended 31st March, 2008 (Rs. in lakh)	%	Year ended 31st March, 2007 (Rs. in lakh)	%
(d) Consumption of Stores and Spare parts				
Imported	11833.37	55.00	9069.99	48.50
Indigenous	9681.85	45.00	9631.02	51.50
Total	21515.22	100.00	18701.01	100.00
(e) Value of Imports on C.I.F basis				
Capital Goods	5427.15		4628.31	
Stores and Spare parts	7907.37		7114.35	
Total	13334.52		11742.66	
(f) Expenditure in foreign currency				
Services Contracts	10568.23		10699.01	
Foreign Tours	457.03		236.39	
Total	11025.26		10935.4	
5. EARNINGS IN FOREIGN CURRENCY				
Others (forfeiture of Bid Bonds etc.)	4.65		0.35	



Schedule -26

Segment wise Revenue, Results, Assets and Liabilities for the year 2007-08

(Rs. in lakh)

Description	Total		Crude Oil (Assam & AP)		Natural Gas				LPG (Assam)		Transportation (Assam)		Unallocated	
					Assam	Assam	Rajasthan	Rajasthan						
	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007	31.03.2008	31.03.2007
REVENUE														
External Sales	608194.80	538920.48	544177.63	480565.32	40188.37	38610.42	4255.52	4110.00	7826.69	5140.67	11664.29	10411.58	82.30	82.49
Other Income	67700.06	53349.41	0.00	0.00	15527.41	14978.51	0.00	0.00	0.00	0.00	0.00	0.00	52172.65	38370.90
Other Adjustment-Income	3651.44	8729.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3651.44	8729.03
Total Income	679546.30	600777.69	544177.63	480565.32	55715.78	53588.93	4255.52	4110.00	7826.69	5140.67	11664.29	10411.58	55906.37	47182.42
EXPENDITURE														
(Increase)/Decrease in Stock	(2205.71)	221.23	(2204.21)	219.97	0.00	0.00	0.00	0.00	(1.50)	1.26	0.00	0.00	0.00	0.00
Production, Pipeline Expenses	356488.88	304392.96	259021.92	229769.53	26156.68	20164.06	1651.61	1285.05	2810.52	2997.93	11144.33	9158.85	55703.82	41017.54
Provisions & Write Offs	13340.73	19270.45	2534.74	3661.39	933.85	1278.18	0.00	70.75	0.00	0.00	0.00	0.00	9872.14	14260.13
Depletion	21748.00	17765.22	15223.60	12435.65	5491.04	4417.66	1033.36	911.91	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation	9185.98	8183.44	4317.41	3846.22	2549.06	2344.13	666.03	520.07	183.72	163.67	1377.90	1227.52	91.86	81.83
Interest & Debt Charges	3436.42	1395.53	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3436.42	1395.53
Exchange Loss	392.13	112.37	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	392.13	112.37
Other Adjustment-Expenses	5706.48	849.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5706.48	849.40
Prior Period Item-Expenses	113.18	545.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	113.18	545.61
Total Expenses	408206.09	352736.21	278893.46	249932.76	35130.63	28204.03	3351.00	2787.78	2992.74	3162.86	12522.23	10386.37	75316.03	58262.41
Profit before Tax	271340.21	248262.71	265284.17	230632.56	20585.15	25384.90	904.52	1322.22	4833.95	1977.81	(857.94)	25.21	(19409.67)	(11079.99)
Provisions for Taxation	92447.09	84264.08	90383.75	78280.14	7013.47	8616.02	308.17	448.78	1646.95	671.30	(292.30)	8.56	(6612.95)	(3760.71)
Profit after Tax	178893.12	163998.63	174900.42	152352.42	13571.68	16768.88	596.35	873.44	3187.00	1306.51	(565.64)	16.65	(12796.69)	(7319.28)
Segment Assets	1072857.05	949946.84	314852.39	319482.05	186688.95	146501.41	10241.28	26450.00	3111.89	2933.40	40958.01	35841.74	517004.53	418738.24
Segment Liabilities	1072857.05	949946.84	65108.47	46233.85	27091.83	17293.60	7455.28	4597.00	3727.64	2345.42	9940.37	6254.46	959533.46	873222.51



SCHEDULE -26 (Contd.)

NOTES ON SEGMENT REPORTING

1. (a) In accordance with the existing management reporting system, the Company has adopted :-
 - (i) the following business segments as the primary reporting segments :
Crude Oil
Natural Gas
LPG
Transportation
 - and
 - (ii) the following geographical segments as the secondary reporting segments :
Assam / Arunachal Pradesh (AP)
Rajasthan
- (b) All inter-segment transfers have been measured using actual price used for transfer pricing.
2. Segment sales revenues are directly identifiable with the respective segments and therefore, have been directly allocated to the segments. Other income which can be directly attributed to a particular segment has been shown as segment revenue. Other income which cannot be attributed to any of the segments have been disclosed as unallocated.
3. Expenditure incurred directly by the segments are directly allocated to them. Expenditure incurred by Service 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 and are not considered material, 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 (ICAI) 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 under PSC/JVC are treated as Geological & Geophysical or Drilling expenses etc. as the case may be.
- (g) Cost of incomplete wells / wells under production testing / completed exploratory wells pending determination of commercial viability including allocated depreciation on support equipment and facilities, are classified as Pre-producing Properties.
- (h) Cost of exploratory wells in progress are not carried over for more than two years from the date of completion of the drilling of the well, unless it could be reasonably demonstrated that the well has proved reserves and development of the field in which the well is located has been planned.

2.2 ABANDONMENT COSTS

Abandonment costs relating to dismantling and restoration of well sites (net of salvage value), if any, are accounted for in the year in which the same are incurred instead of creating provision in line with Guidance Note issued by ICAI as the Salvage Value is expected to take care of the Abandonment Costs except in case of Joint Ventures, the policy in respect of which is specified in Policy No.7 below.

3. FIXED ASSETS

- (a) Fixed assets including support equipment & facilities are stated at historical cost. All costs relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized.



- (b) Computer software acquired and developed to suit Company's internal use being intangible asset is capitalized along with hardware cost.
- (c) Leasehold lands including the Right of Use (ROU) which are perpetual in nature are not amortized.
- (d) Any asset, when of no further use, is deleted from the Block. The Written Down Value, if any, in excess of Rs.1000/- or 5% of the original cost, whichever is less is charged to Profit & 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 of the Companies Act, 1956 and the fixed assets are stated at cost less depreciation.
- (b) Depreciation as computed above on Fixed Assets deployed in exploration and development drilling activities is charged to the cost of each well.
- (c) Computer software acquired and developed to suit Company's internal use, being intangible asset, is depreciated at the rate applicable to Computer (Hardware).
- (d) Assets costing upto Rs. 5000 each are depreciated fully in the year of capitalization.

4.2 DEPLETION

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

5. FOREIGN CURRENCY TRANSLATION

- (i) All non-monetary transactions in foreign currency are recorded at the rates of exchange prevailing on the dates when the relevant transactions take place.
- (ii) Monetary items in the form of Loan, Current Assets and Current Liabilities in foreign currency, outstanding at the close of the year, are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gains or loss is accounted during the year.
- (iii) Foreign currency transactions in relation to Joint Venture Operations (Overseas) are treated in the following manner:-
 - (a) 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.
 - (b) At the Balance Sheet date, foreign currency items are translated using the average of the exchange rates prevailing on the Balance Sheet date.

6. IMPAIRMENT OF ASSETS

Producing Properties and Fixed Assets of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case events and circumstances indicate any impairment, recoverable amount



of these assets is determined. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount by writing down such assets to their recoverable amount. The recoverable amount is its 'value in use'. In assessing value in use, the estimated future cash flows from the use of assets are discounted to their present value at appropriate rate. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss/reversal thereof is adjusted to the carrying value of the respective assets. Subsequent to Impairment, depletion/ depreciation is provided on the revised carrying value of the assets over the remaining useful life as per relevant policy.

7. JOINT VENTURES

In respect of Production Sharing Contracts (PSCs) executed by the Company with other companies and the Government of India to undertake exploration, development and production of Oil and / or Gas activities under a joint venture in various concessions:-

- (a) The financial statements reflect the share of the Company's assets, liabilities and also the income and expenditure of the Joint Venture Operations in proportion to the participating interest of the Company as per the terms of the PSCs, on a line by line basis. Depreciation, depletion and impairment and value of Stock of Crude Oil are accounted for as per the relevant accounting policies of the Company whereas provision for abandonment is created as per terms of PSC.
- (b) Proved and Developed Reserve of Oil & Gas in such concessions are also considered in proportion to participating interest of the Company.
- (c) The unamortized balance in the producing property accounts and / or the written down values of the fixed assets installed therein in respect of such concessions, are netted off by the consideration due/ received from other participating companies.

8. INCOME TAX

- (a) Current Tax

Income tax is computed as per provisions of the Income tax Act, 1961, read with the terms of the Agreement entered into by the Company with the Government of India under Section 42 of the Income Tax Act, 1961 and accordingly in addition to other items of allowances, the following are considered :-

- (i) All intangible expenditure on exploration / prospecting / drilling in Petroleum Exploration Licence areas, excluding expenditure on assets for which usual depreciation allowance is admissible, whether abortive or not, is allowed as a deduction equally over a period of three years commencing from the year in which it is incurred.
- (ii) All intangible expenditure on exploration / prospecting /drilling in Mining Lease areas, excluding expenditure on assets for which usual depreciation allowance is admissible, is allowed as a deduction in the year in which it is incurred; and
- (iii) Depreciation on tangible drilling expenditure and fixed assets is allowed in accordance with rates prescribed under the Income Tax Rules, 1962 under the Written Down Value (WDV) method.
- (b) Fringe Benefit Tax is computed and accounted in line with the provisions of Income Tax Act, 1961.
- (c) Deferred Tax is recognized, subject to the consideration of prudence in respect of deferred tax assets, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is measured using tax rates and laws that have been enacted or substantively enacted up to the Balance Sheet date. Deferred tax assets are reviewed at each Balance Sheet date to assess realization.

9. INVESTMENTS

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



10. INVENTORY

- (a) Stocks of Crude Oil and Liquefied Petroleum Gas are valued at cost (after bifurcation of joint cost on thermal equivalence basis in case of crude oil) or net realizable value, whichever is lower, including applicable excise duty.
- (b) Natural Gas in pipeline and crude oil in flow line are not valued.
- (c) The stock of stores and spare parts are valued at weighted average cost. Obsolete / unserviceable items, as and when identified, are written off. Any item of stores and spares not moved for last four years as on date of Balance Sheet are identified as slow moving items. Against these Slow moving items a provision of 95% of value is made in the accounts towards likely diminution in value. The stores and spare parts include goods-in-transit which represents items pending arrival and / or acceptance at stipulated destinations.
- (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. EMPLOYEES BENEFITS

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

12. REVENUE RECOGNITION

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



reconsideration/justification of the waiver request, the same is accounted for as expense in the year of acceptance.

13. GRANTS & SUBSIDIES

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

14. BORROWING COSTS

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

15. SEGMENT ACCOUNTING

- (a) In accordance with the existing management reporting system, the Company has adopted its products & services (viz. Crude Oil, Natural Gas, LPG and Pipeline Transportation) as the primary reporting segments and the geographical segments viz. Assam & Arunachal Pradesh, Rajasthan etc. as the secondary reporting segments.
- (b) Segment assets, liabilities, income and expenses have been either directly identified or allocated to the segments on the basis usually followed for allocation of cost adopted for preparing and presenting the financial statements of the Company.

16. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

- (a) The Company generally provides for present obligations resulting from past event, the amount of which can be estimated with reasonable accuracy.
- (b) Liabilities contingent upon happening of future event are disclosed by way of a note in the accounts. Claims against the Company where a demand has been raised by any authority or disputed in arbitration exceeding Rupees Five Lakh in each case are recognized as contingent liability, if contested.
- (c) Contingent assets are not recognized.

17. 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 crystallized during the year, exceeding Rupees Five Lakh in each case are separately disclosed under "Other Adjustments".
- c) All expenditure, other than assets, on which usual depreciation allowance is admissible, incurred for Research & Development Projects / Schemes, net of grants-in-aid if any, are charged to the Profit & Loss Account.
- d) Joint cost of production relating to crude oil and natural gas is apportioned on thermal equivalence basis.
- e) Refunds / Duty drawbacks and Demands from / in relation to Revenue Authorities are accounted for on the basis of acceptance considering information available upto the date of finalization of Accounts.
- f) Assets given under finance leases are recognized as receivable at an amount equal to the net investment in the lease and the finance income is based on a constant rate of return on the outstanding net investment in line with AS 19 issued by the ICAI.
- g) General administrative expenses including corporate overhead are charged to Profit & Loss Account.
- h) Accounting of Contract works under various Projects for the Company carried out by the Company in consortium with other entities is accounted in line with AS 7 issued by ICAI after neutralizing the profit earned by the Company in it from the Project cost.
- i) Cost of Intangible assets are accounted for in line with AS 26 issued by ICAI.



SCHEDULE - 28

NOTES TO ACCOUNTS

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

A. The Company executed various JVCs/PSCs in the Indian Sub-Continent as detailed below:

SI No.	Block No.	Date of execution	Company's Participating Interest	Other Partners and their Participating Interest		Operator
1.	Kharsang PSC	16.06.1995	40%	Jubilant Enpro Pvt. Ltd.	25%	Geo-Enpro Petroleum Ltd
				Geo- Petrol International Inc.	25%	
				Geo-Enpro Petroleum Ltd.	10%	
2.	AAP-ON-94/1	30.06.1998	16.129% in Expl Phase Addl 30% carried interest	IOCL	43.548%	Hindustan Oil Expl.Co.Ltd
				Hindustan Oil Expl.Co.Ltd	40.323%	
3.	SR-OS-94/1	12.04.2000	30% Carried Interest	Reliance Industries Ltd.	100%	Reliance Industries Ltd
4.	RJ-ONN-2000/1	17.07.2001	60%	Suntera	40%	OIL
5.	GK-OSJ-3	06.09.2001	15%	ONGCL	25%	Reliance Industries Ltd
				Reliance Industries Ltd.	60%	
6.	MB-DWN-2000/2*	17.07.2001	10%	ONGCL	50%	ONGCL
				IOCL	15%	
				GAIL	15%	
				GSPCL	10%	
7.	KG-DWN-98/4	12.04.2000	15%	ONGCL	85%	ONGCL
8.	MN-OSN-2000/2	17.07.2001	20%	ONGCL	40%	ONGCL
				GAIL	20%	
				IOCL	20%	
9.	MN-ONN-2000/1	17.07.2001	40%	ONGCL	20%	OIL
				GAIL	20%	
				IOCL	20%	
10.	RJ-ONN-2001/1	04.02.2003	40%	ONGCL	30%	OIL
				Suntera	30%	
11.	AA-ONN-2001/3	04.02.2003	15%	ONGCL	85%	ONGCL
12.	CY-DWN-2001/1	04.02.2003	20%	ONGCL	55%	ONGCL
				PIBBV (W.e.f 27.09.2007)	25%	
13.	AA-ONN-2002/3	06.02.2004	20%	ONGCL	70%	OIL
				Suntera	10%	
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	70%	ONGCL
				BPCL	10%	



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17.	MN-DWN-2002/1	06.02.2004	20%	ONGCL BPCL	70% 10%	ONGCL
18.	CR-ON-90/1**	06.04.2005	20%	Premier Oil Cachar BV IOCL EOL	29% 35% 16%	Premier Oil Cachar BV
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

*Since relinquished on 15.08.2006

**Since relinquished on 21.10.2007

The Company has farmed out participating interests (PI) in four NELP blocks through a farm out agreement signed in August, 2006 to Suntera Resources Ltd. (Suntera) a Company incorporated in Cyprus, shareholders of which are Sun Group and Itera of Russia with 50:50 shareholding. The details of the participating interests farmed out are as under :

Sl. No.	Name of the Block	Farmed out %	Date of Amendment of the PSC
1	RJ-ONN-2000/1	40	26.11.2007
2	RJ-ONN-2001/1	30	23.11.2007
3	AA-ONN-2002/3	10	26.11.2007
4	MN-ONN-2000/1	15	26.11.2007

In terms of the farm-out agreement , in principle approval of the Government of India (GOI) as required under the Production Sharing Contracts (PSCs) has been received by the Company on 29.06.2007. In terms of the clause 3.1(a) and (b) of the Deed of Assignment, Assignee (Suntera) has to pay towards consideration of the assignment of the



interest to Assignor (OIL) and accordingly Suntera is required to pay OIL the past cost incurred by OIL from the effective dates of respective PSCs till the date of assignment to the extent farmed out PI after the amendment of the respective PSCs. The Company has also signed Joint Operating Agreements (JOA) for all four blocks with Suntera on 16.04.2008. The Company has received Rs 2455.92 lakh towards part settlement against the said farm-out upto 31.03.2008.

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

SI No.	Block/ Area No.	Date of execution	Company's Participating Interest	Other Partners and their Participating Interest		Operator
1.	Farsi (offshore) Block (in the Persian Gulf in Islamic Republic of Iran)	25.12.2002	20%	OVL	40%	OVL
				IOCL	40%	
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	45%	OIL
				Marvis pte. Ltd. 10%		

(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%	ONGC Videsh Ltd (OVL)	90%

(D) The Company has acquired 25% equity shares of Suntera Nigeria 205 Ltd. (a company incorporated under the Laws of Nigeria) from Suntera Resources Ltd., a company incorporated under the Laws of Cyprus. The other shareholders of Suntera Nigeria 205 Ltd. are Suntera Resources Ltd. and IOCL with 50% and 25% equity holding respectively. Suntera Nigeria 205 Ltd. holds participating interest of 40% and a further Economic Interest of 30% in onland Block OPL-205 in Nigeria in which the exploration work is yet to commence.

	Date of execution	Company's Participating/Economic interest	Other partner's participating interest	
Oil Petroleum License 205	31.08.2006	17.5%*	Summit Oil International Ltd.	30%
			Suntera Resources Ltd	35%
			IOCL	17.5%

* Indirectly through equity holding in Suntera Nigeria 205 Limited.

**ABBREVIATIONS :**

ONGCL	Oil & Natural Gas Corporation Limited
IOCL	Indian Oil Corporation Limited
GAIL	GAIL(India) Limited
BPCL	Bharat Petroleum Corporation Ltd
HPCL	Hindustan Petroleum Corporation Ltd.
GSPCL	Gujarat State Petroleum Corporation Ltd.
HOEC	Hindustan Oil Exploration Ltd
GGR	Geo Global Resources (Barbados) Inc.
SUNTERA	Suntera Resources Ltd.
SHIWANI	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
PIBBV	Petrobras International Braspetro

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

The "PA" entered into between OVL and OIL is neither intended nor shall be construed as creating a partnership or joint venture among the parties. Hence, accounting has not been done following "Joint Venture Accounting Policy" but



the agreement for providing finance for the project in rupees to OVL and to share lease rentals receivable from MEM has been treated as “Finance Lease activity” as envisaged under Accounting Standard (AS) 19 issued by The Institute of Chartered Accountants of India and accordingly accounted for.

The Company has been informed by OVL that the contractor for constructing the pipeline has raised further invoices for an amount of approximately Rs.10259.73 lakh (US\$ 25.53 Million) and OVL has in turn raised a claim on MEM of GoS as per the agreement between GoS and OVL. OIL's share related to both the claims i.e. by the pipeline contractor on OVL (though accepted by OVL) and OVL's claim on GoS shall be accounted for upon acceptance by GoS and on suitable amendment of repayment schedule by MEM. OVL has received an additional claim of Rs. 4669.80 lakh (US\$ 11.62 million) which has not been acknowledged as debt in the books of the operator (OVL). Pending this, the Company's share of the amount claimed by the pipeline contractor has not been accounted for but disclosed under “Contingent Liabilities”.

In terms of such “PA”, the Company has received its share of (5th) fifth instalment of lease rentals due as on 31.12.2007. Moreover the Company has also received, in terms of the agreement, the interest on the delayed rental payments by the MEM and the same is shown under miscellaneous income. The regular installments are accounted for as income from Finance Lease.

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

(Rs. in lakh)

(i)	Gross investment in the lease being Minimum Lease Payment (MLP)			2007-08		2006-07	
	Investment made	5401.53			5401.53		
	Lease rental receivable	3973.28		9374.81	4274.63	9676.16	
(ii)	Present value (PV) of MLP receivable as on 31.03.2008 (inclusive of exchange rate fluctuation) -			3713.21		5398.53	
(iii)	Finance lease future installments receivable			6018.59		8532.23	
(iv)	Minimum lease payments receivable (converted at year end exchange rate):-						
		Gross Receivable		Unearned Lease Income		PV of MLP	
	Receivable:	2007-08	2006-07	2007-08	2006-07	2007-08	2006-07
a)	not later than one year	962.96	1599.77	481.18	580.40	481.78	1019.37
b)	later than one year but not later than 5 years	4574.04	5332.57	1701.50	2189.82	2874.54	3142.74
c)	Later than 5 years	481.59	1599.89	122.70	363.48	358.89	1236.42
	Total :	6018.59	8532.23	2305.38	3133.70	3713.21	5398.53

- (v) The Company, as stated in Sl. No. D above, has acquired 25% equity in Suntera Nigeria 205 Ltd., a company incorporated under the Laws of Nigeria, from Suntera Resources Ltd., Cyprus, through a Share Purchase Agreement (SPA) signed with them on 31st August, 2006 (effective dated 27th September, 2006), for Rs. 0.22 lakh (Nigerian Naira 62502 USD 488.87 approximately) at par and also signed a Shareholders Agreement (SHA) with Suntera Resources Ltd. and IOCL, the other shareholders of the company. Suntera Nigeria 205 Ltd. had entered into an Acquisition Agreement (AA) and Economic Interest Assignment Agreement (EIAA) with Summit Oil International Limited (original 100% Participating Interest holder in OPL-205 and the operators of the Block) on 10.05.2006 for acquiring 40% Participating Interest and 30% Economic Interest in onland Block OPL-205 in Nigeria. Suntera Nigeria 205 Ltd. also entered into a Joint Operating Agreement (JOA) and Technical Service Agreement (TSA) with Summit Oil International Limited on 10.05.2006 for providing the technical support for the operations in OPL-205. Accordingly, the Company indirectly, through 25% equity holding in Suntera Nigeria 205 Ltd., owns a combined Participating and Economic interest of 17.5% in OPL-205. The Company is required to contribute its



25% share of all the expenses in the Block by way of loan to Suntera Nigeria 205 Ltd. as agreed by all the shareholders in the SHA and accordingly a loan agreement has been signed on 30.08.2007. In terms of the loan agreement, the Company has disbursed loan amounting to Rs. 2989.73 lakh (US\$ 7565108.31) as of 31.03.2008 {Previous year Rs. 1650.43 lakh (US\$ 3704233.12)} carrying a simple interest of 8.75% per annum. Accordingly, Rs.211.69 lakh (Previous year Rs.31.26 lakh) has been charged to Suntera Nigeria 205 Ltd. as interest up to 31.03.2008.

- (E) The assets, liabilities, income and expenditure of the Joint ventures as shown in (A), (B), (C) and (D) above are Rs 791.36 lakh, Rs 1994.04 lakh, Rs 5993.96 lakh and Rs.19403.50 lakh respectively (Previous year Rs 8756.43 lakh, Rs.2055.12 lakh, Rs 6025.13 lakh and Rs 30457.82 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 20 no. (Previous years Nil) and Unaudited 11 no. (Previous year 31 nos.) Statement of Accounts received from the respective operators. No material changes are expected by the Company in the unaudited 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 online from Reuters' daily publication for the previous month. Accordingly the invoices are being raised by the operator of the field at the rates, as applicable.
- (ii) As per the terms of the respective PSCs, provision for Abandonment Costs is to be made; in accordance whereof a sum of Rs. 6.83 lakh (Previous Year Rs 7.22 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. 9 (A) & (C) below.
- (H) In terms of the Memorandum of Understanding dated 27.12.2005 with M/s. Indian Oil Tanking Limited (IOTL), the Company has entered into a consortium agreement dated 13.10.2006 with IOTL for jointly bidding and securing a contract for laying a part of the Numaligarh – Siliguri product pipeline for the Company on 50: 50 sharing basis and the consortium has been awarded with a contract for laying 115 km of the pipeline at a total contract value of Rs 5001.21 lakh by the Company. Pending receipt of Audited Statement of Accounts relating to the contract (complying with the requirement of Accounting Standard 7 issued by ICAI for recognition of Profit/Loss on execution of contract) from IOTL (Project Leader), the Company has provisionally accounted for loss of Rs 281.95 lakh in the current year's account being its share based on the unaudited accounts and charged the same to the project cost in addition to the amount paid to consortium amounting to Rs 3385.57 lakh and Rs 111.44 lakh spent by the Company towards laying of the pipeline under Capital Work in Progress pending completion of the project. The initial contribution of Rs 250.00 lakh paid by the Company to the consortium towards its share of working capital requirement as per the Consortium Agreement has been shown under Loans and Advances. On receipt of Audited Statement of Accounts of the Consortium upon completion of the Project, which is expected during the year 2008-09, necessary accounting of profit/loss of this project of the Consortium will be carried out.
- (I) The Company had entered into a joint venture partnership agreement dated 26.09.2006 with M/s ICSA (India) Ltd. (ICSA) towards development of the iCap technology (used in pipeline surveillance) by ICSA. During the year the said agreement was terminated and accordingly Rs.225.18 lakh provided in 2006-07 on adhoc basis as payable has been written back under "Other Adjustments (Income)" in Schedule 22A.

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

a) Related party relationships

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



i) Joint Ventures :

Sl.No.	This Year 2007-08	Previous Year 2006-07
1.	Kharsang	Kharsang
2.	CR-ON-90/1	CR-ON-90/1
3.	AAP-ON-94/1	AAP-ON-94/1
4.	GK-OSJ-3	GK-OSJ-3
5.	MZ-ONN-2004/1	MZ-ONN-2004/1
6.	KG-ONN-2004/1	KG-ONN-2004/1
7.	Block CI-112, Cote D'Ivoire	Block CI-112, Cote D'Ivoire
8.	SR-OS-94/1	SR-OS-94/1

ii) Associates :

- a) IOTL – Oil Consortium
- b) ICSA(India) Ltd.

iii) Key Management Personnel

- a) Mr. M. R. Pasrija Chairman and Managing Director
- b) Mr. S. K. Patra Director (Exploration & Development) (Till 30.11.2007)
- c) Mr. N. M. Borah Director (Operations)
- d) Mr. J. K. Talukdar Director (HR & BD) (Till 31.01.2008)
- e) Mr. T. K. Ananth Kumar Director (Finance)
- f) Mr. B. N. Talukdar Director (Exploration & Development) (From 01.12.2007)
- g) Mr. A. Anand Director (HR & BD) (From 01.02.2008)
- h) Mr S. K. Senapati Company Secretary

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

(Rs in lakh)

Sl. No.	Particulars	Joint Ventures/ Associates	Key Management Personnel	Total
1	Joint Venture and Associates	6422.62 (4336.99)	–	6422.62 (4336.99)
2	Remuneration to Directors	–	93.30 (49.05)	93.30 (49.05)
3	Amount outstanding	–	60.09 (7.31)	60.09 (7.31)

Figures in the bracket indicate previous year figures.

3. Deferred Tax

- a) In accordance with the Accounting Standard – 22, the Company has net deferred tax liability as at 31st March, 2008 of Rs. 86,551.70 lakh (Previous year Rs. 80333.18 lakh).



b) Major components of Deferred Tax Asset & Deferred Tax Liability :

(Rs. in lakh)

Description	As at 31.03.2008			As at 31.03.2007		
	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	3609.41	–	1226.84	7122.79	–	2421.04
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)	264826.07	–	90014.38	234965.68	–	79864.83
C. Provision for Doubtful Claims debited to Profit & Loss A/c but not allowable under the I.Tax Act but Rs.660.50 Lakh being allowable on write off	471.32	160.20	–	211.49	71.89	–
D. Provision for Leave Encashment debited to Profit & Loss A/C but not allowable under the I.Tax Act	5588.68	1899.59	–	1487.87	505.73	–
E. Provision for Long Service Award created	552.62	187.84	–	–	–	–
F. Provision for post retirement medical benefit debited to Profit & Loss A/c but not allowable under the I.Tax Act.	4684.14	1592.14	–	620.75	210.99	–
G. VRS Compensation write off	–	–	–	998.73	339.47	–
H. Provision for Diminution in Value of Investment	–	–	–	2261.04	768.53	–
I. Provision against Inventory	–	–	–	165.02	56.09	–
Total Rs/lakhs	–	3839.77	91241.22	–	1952.69	82285.87
J. Net Deferred Tax Liability (B-A)	87401.45	–	–	80333.18	–	–
K. Net incremental liability charged to Profit & Loss Account	7068.27	–	–	10201.83	–	–
L. Deferred Tax Impact on recognition of opening balance provisions for LFA/LTC as per AS-15 (Revised 2005) for Rs. 2500.01 lakh, taken to General Reserve	(849.75)	–	–	–	–	–
M. Deferred Tax liability disclosed in Balance Sheet (J-L)	86551.70	–	–	80333.18	–	–



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 considerable time. Pending writing off of these assets from the gross block, the Company has taken a provision of Rs. 402.66 lakh (Previous year Rs 120.43 Lakh) during the year towards the difference between the WDV as on 31.03.2008 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 31.03.2008.

6. (A) Sundry Debtors:

- i) The settlement of outstanding dues from Assam State Electricity Board (ASEB) for sale of Natural Gas amounting to Rs. 16196.87 lakh was under process. The Government of Assam has decided to discharge the liability from its' budgetary support. Accordingly the Government of Assam has released Rs. 3000.00 lakh on 31.03.2008 being the 1st instalment. Hence, entire amount due from ASEB has been classified as "Unsecured, Considered Good" under Sundry Debtors. Interest receivable, if any, 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. in lakh)

	Balance as at		Maximum amount due at any time during the year	
	31.03 2008	31.03.2007	31.03 2008	31.03.2007
(a) Directors	45.13	0.26	46.39	1.11
(b) Other Officers	14.96	7.05	15.31	8.39
Total	60.09	7.31	61.70	9.50

- (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. 279.41 lakh (Previous year Rs. 279.31 lakh).
- (iii) A revival package for M/s Indian Drugs and Pharmaceuticals Limited (IDPL) has been recommended by BRPSE on 9th March, 2007 to the Government of India. The revival package also envisages payment of principal amount of Rs. 1500.00 lakh along with 5 % simple interest to OIL. The matter was also considered by the Cabinet in its meeting on 17th May, 2007 and then referred to Group of Ministers for consideration. As soon as the package is approved by the Government and the funds are provided for the same, the outstanding dues will be cleared by IDPL.
- (iv) M/s Luit India Inc., (formerly known as Sakhalin India Inc.) incorporated in United States of America became fully owned subsidiary company of Oil India Limited with effect from 10.05.2003. The subsidiary company was already wound up on 31.12. 2004. The company does not exist as of 31.03.2008, no consolidated Statement of Assets and Liabilities and Profit and Loss Account has been prepared. An amount of Rs.6731.44 (Previous Year Rs. 7475.79) lying in the bank account of Luit India Inc. as on 31st March, 2008 is shown as amount receivable.



- (C) Balance shown creditors, debtors, claims, recoverable and advances include balances subject to confirmation/reconciliation and consequential adjustment, if any. Reconciliation are carried out on on-going basis. Provisions, wherever considered necessary, have been made.

(D) Micro , Small and Medium Enterprises Act, 2006 :

The Company has initiated the process of obtaining confirmation from vendors who have registered under The Micro, Small and Medium Enterprises Development Act, 2006. The Company has not received any confirmation from registered vendors as of date, in respect of whom disclosures are required to be made under the said Act.

7. Current Liabilities:

Sundry creditors include materials received on loan from other Public Sector Undertakings amounting to Rs. 351.56 lakh (Previous Year Rs. 359.92 lakh).

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

Effective 1st April, 2007, the Company has adopted AS 15 (Revised 2005) for Employee Benefits issued by ICAI as against erstwhile AS 15. Consequent to the adoption, the following disclosures related to accounting etc are made as far as practicable under AS 15 (Revised 2005) requirement:

Defined Contribution Plans

The Company's contribution to Provident Funds for employees and executives is Rs.3212.78 lakh.

Defined Benefit Plans

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

Various data as certified by Actuary:-

A. Reconciliation of opening and closing balances of Defined Benefits obligation.

	(Rs. in lakh)					
	Gratuity Fund	Pension Fund (Old)	Pension Fund (New)	Leave Encashment	LFA/LTC	Post Retirement Medical Benefits
Present Value of obligation at the beginning of the year i.e 01.04.07	10387.87	21660.00	21660.00	2294.22	2500.00	3820.87
Acquisition Adjustment	0	0	0.00	0	0	0
Interest Cost	860.70	1801.96	1818.71	163.63	212.50	324.77
Past Service Cost	0	0	0.00	0	0	0
Current Service Cost	911.27	1448.92	148.95	925.76	0.00	0.00
Curtailment Cost	0	0	0.00	0	0	0
Settlement Cost	0	0	0.00	0	0	0
Benefits Paid	-524.00	-921.00	-526.61	-738.31	-546.70	-325.06
Actuarial gains/loss on obligations	-765.48	2132.45	12250.94	2943.38	160.53	863.56
Present Value of obligation at the end of the year i.e 31.03.08	10870.36	26122.33	35351.99	5588.68	2326.33	4684.14



B. Reconciliation of opening and closing balances of fair value of plan assets

(Rs in lakh)

	Gratuity Fund	Pension Fund (Old)	Pension Fund (New)	Leave Encashment	LFA/LTC	Post Retirement Medical Benefits
Fair Value of Plan Asset at beginning of the year 01.04.07	14968.23	10476.00	22504.25	NA*	NA*	NA*
Acquisition Adjustments	0	0	0	NA*	NA*	NA*
Expected Return on Plan Assets	1197.46	838.08	1800.34	NA*	NA*	NA*
Contributions	0	1320.00	1123.37	NA*	NA*	NA*
Benefits Paid	524.00	921.00	526.61	NA*	NA*	NA*
Actuarial gain/loss on Plan Assets	-341.53	1013.63	5573.65	NA*	NA*	NA*
Fair Value of Plan Asset at the end of the year 31.03.08	15300.16	12726.71	30475.00	NA*	NA*	NA*

NA* : Not Applicable as Scheme is unfunded

C. Expenses Recognised in Statement of Profit/Loss

(Rs in lakh)

	Gratuity Fund	Pension Fund (Old)	Pension Fund (New)	Leave Encashment	LFA/LTC	Post Retirement Medical Benefits
Current Service Cost	911.27	148.95	1448.92	925.76	1953.8	0
Past Service Cost	0	0	0	0	0	0
Interest Cost	860.70	1818.72	1801.96	163.63	212.5	324.77
Expected Return on Plan Assets	1197.46	1800.34	838.08	0	0	0
Curtailment Cost	0	0	0	0	0	0
Settlement Cost	0	0	0	0	0	0
Actuarial gain/loss recognised in the year	-423.95	6677.29	1118.82	2943.38	160.53	863.56
Expense Recognised in Statement of Profit/Loss.	*150.56	6844.62	3531.62	4032.77	2326.83	1188.33

* Ref. to note E(i) below

**D. Actuarial assumptions**

(Rs in lakh)

	Gratuity Fund	Pension Fund (Old)	Pension Fund (New)	Leave Encashment	LFA/LTC	Post Retirement Medical Benefits
Mortality Table (LIC)	1994-96	1994-96	1994-96	1994-96	1994-96	1994-96
Superannuation Age	60	60	60	60	60	60
Early Retirement & Disablement (10 Per Thousand P.A.)						
–age above 45	6	6	6	6	6	6
–age between 29 and 45	3	3	3	3	3	3
–age below 29	1	1	1	1	1	1
Discount Rate	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Expected Rate of Return on plan assets	8.00%	8.00%	8.00%	0%	0%	0%

E. Notes on above

- (i) In case of gratuity, the fair value of plan asset at the end of the year is Rs.15300.16 lakh as against present value of obligation of Rs.10870.35 lakh i.e. Rs.4429.81 lakh higher. Neither any adjustment has been made in the Accounts for such credit in the Funded benefits scheme nor Rs.150.56 lakh expense has been recognized.
- (ii) Long Service Award liability as on 31.03.2008, Actuarial determination has been charged to Profit and Loss Account as no figure up to 31.03.2007, has been ascertained for taking to opening General Reserve.
- (iii) LFA/LTC liability determined by Actuary as on 31.03.2007 of Rs.2500.01 lakh has been adjusted against opening General Reserve net of Deferred Tax Asset of Rs.849.75 lakh.
- (iv) The Company's Provident fund is exempted under section 17 of Employees' Provident Fund Act, 1952. The Company has also taken exemption under Para 39 of Employees Pension Schemes 1995 and extending the Pension benefits through Oil India Employees Pension Fund. Conditions for grant of exemptions stipulate that the employer shall make good the deficiency, if any, in the interest rate declared by the trust vis-à-vis statutory rate in case of Employee Provident Fund and deficiency, if any in extending the pensionary benefits will be made good by the Company in the Employee Pension Fund.
- (v) AS 15 (Revised 2005) Employees benefit being mandatorily applicable from 01.04.2007 no corresponding previous figures appear. Accordingly, the impact on current year's Accounts due to such adoption of revised AS, as compared to earlier policy not disclosed.

9 (A) Contingent Liabilities:

Claims against the Company not acknowledged as debts amounting to Rs.62196.30 lakh (Previous year Rs.36785.10 lakh) include:-

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

- (i) Rs. 1424.54 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.
- (ii) Rs. 1088.47 lakh (Previous year Nil) – Demand raised by District Revenue Authorities on Account of revised rate of Land revenue against which has been disputed by the Company and obtained Stay from the Gauhati High Court.
- (iii) Rs. 293.94 lakh (Previous year Rs. 242.75 lakh) being the demand raised by Govt. of Rajasthan for alleged short payment of PEL fee and penalty thereon, which has been disputed by the Company.



- (iv) Rs. 25908.74 lakh (Previous year Rs. 17825.99 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 Supreme Court of India.

(b) In respect of claims other than under Income Tax, Sales Tax , Service Tax and Other Acts:

- (i) Rs. 31712.47 lakh (Previous year Rs. 14882.64 lakh) :- Claims by contractors pending decision in Arbitration/Courts.
- (ii) Rs. 1692.95 lakh (Previous Year Rs. 508.58 lakh) being the Company's share of claim made by the Sudan pipeline contractor on OVL, pending acceptance.

(c) In respect of share of claim on JVC/PSC account:

Rs. 75.19 lakh (Previous Year Rs. 75.19 lakh) being the value of 19.28 GLK 2D Seismic Survey carried out in one of the blocks. Barring 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, 2008 amounting to Rs.7806.71 lakh (Previous year Rs. 5685.77 lakh) for which there is a floating charge on Current Assets of the Company.
- (ii) Rs 8238.02 lakh (Previous year Rs. 3018.62 lakh) :- Performance Guarantee in US Dollars of 20.23 million issued by SBI CAG Branch, Kolkata in favour of Ministry of Petroleum & Natural Gas, Govt. of India towards Company's obligation under various Production Sharing Contracts.
- (iii) Rs 4.85 lakh (Previous year Nil):- Performance Bank Guarantee of Rs. 4.85 lakh issued by State Bank of India, CAG Branch, Kolkata in favour of “Indian Oil Corporation Noida (Pipeline Division)”, valid upto 19.07.2008.

- (C)** (i) The estimated amount on account of contracts remaining to be executed on Capital Account and not provided for in the accounts :- Rs. 22044.23 lakh (Previous year Rs. 7177.74 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 31.03.2008 in respect of the Joint Ventures is Rs. Nil. (Previous Year Rs Nil).

10. 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 condition 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 Reuter) 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 03.03.2008 allowed the Company to realize the sales tax for the financial year 2007-08, similar to decision of 2006-07, in respect of crude oil supplies to refineries which were borne by the Company up to financial year 2005-06. The same amounting to Rs.17223.38 lakh (net) (Previous year 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. 223562.73 lakh (Previous year Rs. 192848.18 lakh) on sale price of Crude oil and Rs. 6946.08 (Previous year Rs. 6526.63 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 and 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 refineries other than Numaligarh Refinery Limited (NRL), 50% of the transportation tariff on crude oil as fixed by the Petroleum Planning & Analysis Cell (PPAC) for the year 2001-02. However, for the year MOP & NG, vide its letter dated 03.03.2008 has allowed the Company to realize the full transportation tariff from all the refineries including NRL similar to the decision in 2006-07. The same amounting to Rs. 1865.67 lakh (net) {Previous year 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 Corp. 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 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. 159.10 lakh), which are not included in the accounts.
 - (vii) The total Gas Reserve as on 31st March, 2008 in Assam & Arunachal Pradesh have been allocated to the Oil Fields based on the ratio of Reserve figures as on 31.03.2006. The opening balance of Reserve as on 01.04.2007 as reduced by production during the year in respect of such fields and depletion provided accordingly.
 - (viii) Exchange loss of Rs. 392.13 lakh (Previous year Rs. 112.37 lakh) includes , exchange gain of Rs 21.75 lakh related to Assets accounted in line with the changed Accounting Policy no. 5 due to applicability of AS 11 (Revised).
 - (ix) OIL has entered into a MOU with HPCL, GAIL, Mittal Energy Investment Pte. Ltd. and TOTAL France S.A. on 18.10.2007 for setting up of an integrated Refinery cum Petrochemical Complex at Vishakapatnam in Andhra Pradesh. A provision of Rs.81.00 lakh have been made in the Accounts for the year towards OIL's share of cost for feasibility study for the said project.
- (B)** During the year, the Company has provided a Drilling Rig on hire for the operation in one of the NELP blocks in Rajasthan, in which the Company is the operator. The profit arising out of the drilling rig hiring services 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 salary of the unionized employees as well as executive employees below board level is due for revision with effect from 01.01.2007. Pending finalization of the same Rs. 2289.53 lakh for the period 01.01.2007 to 31.03.2007 and Rs. 14010.76 lakh for the current year have been provided in the accounts on adhoc basis.
- (D)** Borrowing cost capitalized during the year is nil.
- (E)** Previous year's figures have been reclassified/ regrouped wherever necessary to conform to current year's classifications.

Sd/-
(S. K. SENAPATI)
Company Secretary

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

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

Place : New Delhi
Date : 9th June, 2008



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2008

(Rs in lakh)

	Year ended 31st March, 2008	Year ended 31st March, 2007
Cash flow from Operating Activities		
Profit before Tax	271340.21	248808.33
Adjustment for :		
– Depreciation	9185.98	8183.44
– Depletion	21748.00	17765.22
– Provision for leave encashment	3294.46	716.54
– Foreign Exchange Loss	392.13	0.00
– Provision for Post retirement medical benefits	863.92	96.20
– Other provisions and write offs	19379.04	16311.02
– Dividend Income	(4967.91)	1395.53
– Interest Income	(44288.42)	(31962.02)
– Interest Expenses	3436.42	(1737.58)
– Well Write Offs	11349.56	0.00
– Loss on Sale of Assets	191.33	0.00
– Diminution in value of Investment	0.00	2261.04
Operating profit before working capital changes	291924.72	261837.72
Adjustment for :		
– Inventories	(4287.07)	12539.88
– Sundry Debtors	(20231.77)	(84953.53)
– Loans & Advances	66892.47	(907.84)
– Sundry Creditors and other current liabilities	31979.30	(13637.09)
Cash generated from operations	366277.65	174879.14
Direct Tax Payment (Net of Refund)	(87561.87)	(74062.25)
Cash generated before prior period	278715.78	100816.89
Prior Period Items	113.18	(545.61)
Net Cash from Operating Activities (A)	278828.96	100271.28
Cash flow from Investing Activities		
Capital Expenditure	(94920.09)	(93703.22)
Purchase of Investment	(42283.71)	(0.22)
Sale of Investment	34172.17	27183.68
Dividend Income	4967.91	1737.58
Net Cash flow from Investing Activities (B)	(98063.72)	(64782.18)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2008 (contd.)**

(Rs in lakh)

	Year ended 31st March, 2008	Year ended 31st March, 2007
Cash flow from Financing Activities		
Repayment of Long term borrowing	(74348.43)	(7407.65)
Proceeds from short term borrowings	10436.19	55398.39
Interest Received	37171.15	0.00
Interest Paid	(3436.42)	(1395.53)
Payment of Dividend	(42800.88)	(56711.17)
Corporate Dividend Tax	(7274.01)	(7953.73)
Net Cash flow from Financing Activities [C]	(80252.40)	(18069.69)
Net Increase in Cash and Cash Equivalents (A+B+C)	100512.84	17419.41
Cash and Cash equivalents at the beginning of the year	327569.64	310150.23
Cash and Cash equivalents at the end of the year	428082.48	327569.64

Notes:

- a. Cash and cash equivalents (Schedule-11) :
- (i) Cash & Cheques in hand
- (ii) Current accounts & Term Deposits in Scheduled Banks
- 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 CHATTERJEE & CO.
CHARTERED ACCOUNTANTS

FOR A.K. SABAT & CO.
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Sd/-
(S.K. CHATTERJEE)
PARTNER
Membership No.3124

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

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

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

Sd/-
(M.R.PASRIJA)
CHAIRMAN AND MANAGING DIRECTOR

Place : New Delhi
Date : 9th June, 2008



INFORMATION UNDER PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
Balance Sheet abstract and Company's General Business Profile

I. Registration Details- Registrar of Companies , Assam , Shillong

Registration Number

1	8	/	1	1	4	8				
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Balance Sheet Date

3	1
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2	0	0	8
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Date Month Year

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

Public Issue

N	I	L
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 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

 Employees Issue

N	I	L
---	---	---

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. thousand)

Total Liabilities	<table border="1" style="display: inline-table;"><tr><td>8</td><td>9</td><td>7</td><td>4</td><td>5</td><td>1</td><td>3</td><td>2</td></tr></table>	8	9	7	4	5	1	3	2	Total Assets	<table border="1" style="display: inline-table;"><tr><td>8</td><td>9</td><td>7</td><td>4</td><td>5</td><td>1</td><td>3</td><td>2</td></tr></table>	8	9	7	4	5	1	3	2
8	9	7	4	5	1	3	2												
8	9	7	4	5	1	3	2												
Sources of Funds: Paid Up Capital	<table border="1" style="display: inline-table;"><tr><td></td><td>2</td><td>1</td><td>4</td><td>0</td><td>0</td><td>4</td><td>4</td></tr></table>		2	1	4	0	0	4	4	Reserves & Surplus	<table border="1" style="display: inline-table;"><tr><td>7</td><td>7</td><td>1</td><td>8</td><td>9</td><td>6</td><td>6</td><td>0</td></tr></table>	7	7	1	8	9	6	6	0
	2	1	4	0	0	4	4												
7	7	1	8	9	6	6	0												
Secured Loans	<table border="1" style="display: inline-table;"><tr><td></td><td>1</td><td>0</td><td>4</td><td>8</td><td>8</td><td>5</td><td>2</td></tr></table>		1	0	4	8	8	5	2	Unsecured Loans	<table border="1" style="display: inline-table;"><tr><td></td><td>7</td><td>0</td><td>0</td><td>0</td></tr></table>		7	0	0	0			
	1	0	4	8	8	5	2												
	7	0	0	0															
Deferred Tax Liability	<table border="1" style="display: inline-table;"><tr><td></td><td>8</td><td>6</td><td>5</td><td>5</td><td>1</td><td>7</td><td>0</td></tr></table>		8	6	5	5	1	7	0	Well Abandonment Sinking Fund	<table border="1" style="display: inline-table;"><tr><td>1</td><td>1</td><td>4</td><td>0</td><td>6</td></tr></table>	1	1	4	0	6			
	8	6	5	5	1	7	0												
1	1	4	0	6															
Application of Funds: Net Fixed Assets	<table border="1" style="display: inline-table;"><tr><td>4</td><td>0</td><td>6</td><td>3</td><td>3</td><td>4</td><td>5</td><td>6</td></tr></table>	4	0	6	3	3	4	5	6	Investments	<table border="1" style="display: inline-table;"><tr><td></td><td>4</td><td>8</td><td>8</td><td>6</td><td>6</td><td>0</td><td>6</td></tr></table>		4	8	8	6	6	0	6
4	0	6	3	3	4	5	6												
	4	8	8	6	6	0	6												
Net Current Assets	<table border="1" style="display: inline-table;"><tr><td>4</td><td>4</td><td>2</td><td>2</td><td>5</td><td>0</td><td>7</td><td>0</td></tr></table>	4	4	2	2	5	0	7	0	Misc. Expenditure	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
4	4	2	2	5	0	7	0												
					N	I	L												
Accumulated Losses	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L										
					N	I	L												

IV. Performance of the Company: (Amount in Rs. thousand)

Turnover	<table border="1" style="display: inline-table;"><tr><td>6</td><td>7</td><td>9</td><td>5</td><td>4</td><td>6</td><td>3</td><td>0</td></tr></table>	6	7	9	5	4	6	3	0	Total Expenditure	<table border="1" style="display: inline-table;"><tr><td>4</td><td>0</td><td>8</td><td>0</td><td>9</td><td>2</td><td>9</td><td>1</td></tr></table>	4	0	8	0	9	2	9	1
6	7	9	5	4	6	3	0												
4	0	8	0	9	2	9	1												
Profit before Tax	<table border="1" style="display: inline-table;"><tr><td>2</td><td>7</td><td>1</td><td>3</td><td>4</td><td>0</td><td>2</td><td>1</td></tr></table>	2	7	1	3	4	0	2	1	Profit after Tax	<table border="1" style="display: inline-table;"><tr><td>1</td><td>7</td><td>8</td><td>8</td><td>9</td><td>3</td><td>1</td><td>2</td></tr></table>	1	7	8	8	9	3	1	2
2	7	1	3	4	0	2	1												
1	7	8	8	9	3	1	2												
Earning per Share in Rs.	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>8</td><td>3</td><td>-</td><td>5</td><td>9</td></tr></table>				8	3	-	5	9	Dividend Rate %	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td></td><td></td><td>2</td><td>7</td><td>5</td></tr></table>						2	7	5
			8	3	-	5	9												
					2	7	5												

V. Generic Names of three Principal Products/Services of Company (as per monetary terms)

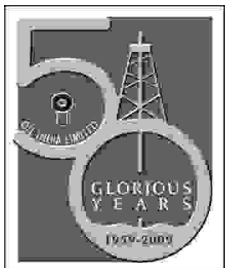
Item Code No. (ITC CODE)	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td></td><td>2</td><td>7</td><td>-</td><td>0</td><td>9</td></tr></table>				2	7	-	0	9															
			2	7	-	0	9																	
Product Description	<table border="1" style="display: inline-table;"><tr><td>C</td><td>R</td><td>U</td><td>D</td><td>E</td><td></td><td>O</td><td>I</td><td>L</td></tr></table>	C	R	U	D	E		O	I	L														
C	R	U	D	E		O	I	L																
Item Code No. (ITC CODE)	<table border="1" style="display: inline-table;"><tr><td>2</td><td>7</td><td>1</td><td>1</td><td>-</td><td>2</td><td>1</td></tr></table>	2	7	1	1	-	2	1																
2	7	1	1	-	2	1																		
Product Description	<table border="1" style="display: inline-table;"><tr><td>N</td><td>A</td><td>T</td><td>U</td><td>R</td><td>A</td><td>L</td><td></td><td>G</td><td>A</td><td>S</td></tr></table>	N	A	T	U	R	A	L		G	A	S												
N	A	T	U	R	A	L		G	A	S														
Item Code No. (ITC CODE)	<table border="1" style="display: inline-table;"><tr><td></td><td></td><td>2</td><td>7</td><td>-</td><td>1</td><td>1</td></tr></table>			2	7	-	1	1																
		2	7	-	1	1																		
Product Description	<table border="1" style="display: inline-table;"><tr><td>L</td><td>I</td><td>Q</td><td>U</td><td>E</td><td>F</td><td>I</td><td>E</td><td>D</td><td></td><td>P</td><td>E</td><td>T</td><td>R</td><td>O</td><td>L</td><td>E</td><td>U</td><td>M</td><td></td><td>G</td><td>A</td><td>S</td></tr></table>	L	I	Q	U	E	F	I	E	D		P	E	T	R	O	L	E	U	M		G	A	S
L	I	Q	U	E	F	I	E	D		P	E	T	R	O	L	E	U	M		G	A	S		

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

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

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

Sd/-
(M.R.PASRIJA)
 CHAIRMAN AND MANAGING DIRECTOR



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.

Today as the pioneering and second largest National Upstream Oil & Gas Company with a pan Indian presence and growing global footprint, OIL is all set to conquer newer horizons of all round growth and excellence.

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

OIL INDIA LIMITED

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

ATTENDANCE SLIP

(THIS ATTENDANCE SLIP DULY FILLED IN BE HANDED OVER AT THE MEETING)

Name of the Member (in Block Letters) _____

Member's Folio Number _____

Client ID* _____ DP ID* _____

Name of proxy (s) (in Block Letters) _____
(to be filled in, if a Proxy attends instead of the member)

No. of Shares held _____

I hereby record my presence at the 49th Annual General Meeting of the Company held at Duliajan, Distt. Dibrugarh, Assam on Saturday the 27th September, 2008 at 10.30 A.M.

Member's / Proxy's

Signature

* Applicable for investors holding share(s) in electronic form.

(Tear Here)



OIL INDIA LIMITED

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

Folio No. _____ Client ID* _____ DP ID* _____

PROXY FORM

I/We of

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

.....

..... or failing him

of

as my/our proxy to vote for me/us and on my/our behalf at the 49th Annual General Meeting to be held on Saturday the 27th day of September, 2008 at 10.30 A.M or at any adjournment thereof.

Signed this day of 2008.

Signature of Member

Affix
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

* Applicable for investors holding share(s) in electronic form.