

Offer for Sale by the President of India

acting through and represented by the Joint Secretary, Ministry of Petroleum and Natural Gas, Government of India (the "Selling Shareholder"), of Equity Shares in



IBP Co. Limited

Offer for Sale by the Selling Shareholder of 5,758,290 Equity Shares of Rs. 10 each at a price of Rs. 620 in cash aggregating to Rs. 3,570,139,800 (hereinafter referred to as the "Offer"). The Offer would constitute 26% of the paid-up capital of IBP Co. Limited ("the Company"). The Equity Shares being offered for sale are listed and are tradeable on The National Stock Exchange of India Limited, The Stock Exchange, Mumbai, The Calcutta Stock Exchange Association Ltd, The Ahmedabad Stock Exchange, The Delhi Stock Exchange Association Ltd, The Gauhati Stock Exchange Ltd and The Madras Stock Exchange Ltd.

The Floor Price for the Offer has been decided by the Selling Shareholder and advertised by the Selling Shareholder as Rs. 620 per Equity Share of Rs. 10 each, prior to the Bid Opening Date.

The Equity Shares being offered pursuant to this Offer are already listed. As advised by SEBI, the SEBI Guidelines for public issues/offers do not apply to a listed company facilitating one of the shareholders to dispose of its holding through an offer for sale such as this Offer. However, the Selling Shareholder has voluntarily decided to adopt the SEBI Guidelines, particularly the guidelines for the 100% Book Building Process, save for certain deviations on page 58 of this Final Sale Document. Pursuant to the decision of the Selling Shareholder, a maximum of 50% of the Offer shall be available for allocation on a discretionary basis to Qualified Institutional Buyers. Further, not less than 25% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 25% of the Offer shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Offer Price. The Selling Shareholder reserves the right at its sole discretion to transfer the Equity Shares to Retail Bidders at a differential lower price as compared to the price for QIBs and Non Institutional Bidders. The Selling Shareholder has decided to transfer the Equity Share to Retail Bidders at Rs. 589 per Equity Share which is at a 5% discount compared to the price to QIBs and Non-Institutional Bidders. The Selling Shareholder is solely responsible for this decision and the consequences thereof. For further details see "Terms of the Offer".

THE COMPANY

IBP Co. Limited was incorporated on February 8, 1909 under the name Indo-Burma Petroleum Company Limited and registered in India in 1943 under the Indian Companies Act, 1913. The Company's name was changed to "IBP Co. Limited" vide a fresh certificate of incorporation issued by the Assistant Registrar of Companies, West Bengal, on March 15, 1983. The Registered Office of the Company is : IBP House, 34A, Nirmal Chandra Street, Kolkata – 700 013. The contact details of the Company are: tel no: +91-33-2236 2374; fax no: +91-33-2221 5930; e-mail: divest26pc@ibpoil.com; website: www.ibpoil.com.

SEBI DISCLAIMER

The shares offered under this sale offer being already listed on the Stock Exchanges, the SEBI guidelines for public issues/offers are not applicable to this sale offer by the Selling Shareholder. The Selling Shareholder has on its own volition decided to follow the process that is substantially similar to the process specified in the SEBI guidelines. However this document does not constitute an offer document or prospectus in terms of the SEBI guidelines. This is not a document issued by or on behalf of the Company. The document has been voluntarily forwarded by the Selling Shareholder to SEBI for seeking its guidance/suggestions and the Selling Shareholder has on its own volition also decided on the terms of the offer, price band, allocation pattern etc. SEBI's guidance to the Selling Shareholder should not in any way be construed or deemed that the Sale Document has been cleared or approved by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the projects or for the correctness of the statements made or opinions expressed in the sale document. The Company has confirmed that the requirements under the listing agreement have been complied with.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. The Equity Shares of IBP Co. Limited are already quoted on the Stock Exchanges. The floor price and final pricing decided by the Selling Shareholder may be different from the prices quoted on the Stock Exchanges. For taking an investment decision, investors must rely on their own examination of the Company and the Offer including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by SEBI, nor does SEBI guarantee the accuracy or adequacy of this Final Sale Document. Specific attention of the investors is invited to the summarised and detailed statements in "Risk Factors as Perceived by the Company" beginning on page 13.

COMPANY'S ABSOLUTE RESPONSIBILITY

IBP Co. Limited, having made all reasonable inquiries, accepts responsibility for and confirms that this Final Sale Document contains all information with regard to IBP Co. Limited, which is material in the context of the Offer, that the information contained in this Final Sale Document is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Final Sale Document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. The Company has made disclosures from time to time in compliance with the terms of the listing agreements with the Stock Exchanges.

SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

It is the Selling Shareholder's absolute responsibility to provide and disseminate information about the terms of the Offer, in the Final Sale Document and during the offer process.

FILING

In relation to this Offer, the Ministry of Disinvestment has endorsed letters to the BRLMs vide which the Department of Company Affairs, Ministry of Finance, Government of India has noted, in the case of a similar transaction of offer for sale of shares in a listed company by Government, that SEBI has informed that the offer document is to be called a "Preliminary Sale Document" and accordingly, therefore, the Ministry of Disinvestment may file the same with the RoC, along with the requisite fee so that it can be placed on record for public inspection. Accordingly, therefore a copy of the Preliminary Sale Document has been filed with the RoC. A copy of this Final Sale Document has been filed with the RoC for public inspection. See "Filing" on page 29.

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE OFFER



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OFFER PROGRAM

BID/OFFER OPENED ON : FEBRUARY 23, 2004

BID/OFFER CLOSED ON : MARCH 1, 2004

Table of Contents

SECTION I - GENERAL	3
DEFINITIONS AND ABBREVIATIONS	3
FORWARD-LOOKING STATEMENTS	10
CERTAIN CONVENTIONS: USE OF MARKET DATA	11
SUMMARY OF THE OFFER FOR SALE BY THE SELLING SHAREHOLDER	12
RISK FACTORS AS PERCEIVED BY THE COMPANY	13
SUMMARY INFORMATION ON THE COMPANY	23
SUMMARY UNCONSOLIDATED FINANCIAL DATA OF THE COMPANY	25
SECTION II - OFFER FOR SALE BY THE SELLING SHAREHOLDER	26
GENERAL INFORMATION RELATING TO THE OFFER	26
OBJECT OF THE OFFER	39
TERMS OF THE OFFER	40
STATEMENT ON BASIS OF OFFER PRICE	59
SECTION III - THE COMPANY	60
CAPITAL STRUCTURE	60
THE PETROLEUM INDUSTRY IN INDIA	64
OUR BUSINESS	72
OUR HISTORY	93
SELECTED UNCONSOLIDATED FINANCIAL DATA	98
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .	101
OUR MANAGEMENT	119
OUR PROMOTER	125
GROUP COMPANIES	131
REGULATORY FRAMEWORK SPECIFIC TO THE PETROLEUM SECTOR	148
OTHER INFORMATION	151
STATUTORY APPROVALS REQUIRED FOR OUR BUSINESS	152
OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS	155
DIVIDEND POLICY	178
OTHER PARTICULARS ABOUT OUR COMPANY	179
STATEMENT OF TAX BENEFITS	181
STATUTORY AND OTHER INFORMATION	188
MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF IBP CO. LIMITED	192
UNCONSOLIDATED FINANCIAL STATEMENTS	215
RELATED PARTY DISCLOSURE (ACCOUNTING STANDARD - 18)	232
SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN INDIAN GAAP AND US GAAP	237
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION	243
DECLARATION	245

SECTION I - GENERAL

Definitions and Abbreviations

Definitions of general terms

Term	Description
"IBP" or "our Company" or "the Company" or "IBP Co. Ltd."	IBP Co. Limited, a public limited company incorporated under the provisions of erstwhile Indian Companies Act, 1882 and registered in India under the provisions of erstwhile Indian Companies Act, 1913.
"we", "us" and "our"	Unless the context otherwise requires, refers to IBP Co. Limited

Definitions of Offer-related terms

Term	Description
Articles / Articles of Association	Articles of Association of IBP Co. Limited
Auditors	The statutory auditors of the Company, Sarma & Co.
Bankers to the Offer	The banks which are clearing members and registered with SEBI as Banker to the Offer at which the Public Offer Account will be opened
Bid	An offer made during the Bidding Period by a Bidder to acquire the equity shares of the Company at a price at or above the Floor Price, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Offer
Bid Closing Date / Offer Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Offer, which shall be notified in an English national newspaper, Hindi national newspaper, and Bengali regional newspaper with wide circulation
Bid cum Application Form/ Bid Form	The form in terms of which the Bidder shall make an offer to purchase equity shares of the Company and which will be considered as the application for transfer of the Equity Shares in terms of this Final Sale Document
Bid Opening Date / Offer Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Offer, which shall be the date notified in an English national newspaper, a Hindi national newspaper and Bengali regional newspaper with wide circulation
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Final Sale Document
Bidding Period / Offer Period	The period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Board of Directors / Board	The Board of Directors of IBP Co. Limited
Book Building Process / Method	Book building route as provided in the SEBI Guidelines as amended from time to time. The Selling Shareholder has voluntarily decided to adopt the SEBI Guidelines particularly the guidelines for the 100% Book Building Process save for specified deviations as specified on page 58 of this Final Sale Document
BRLMs	Book Running Lead Managers to the Offer, in this case being ICICI Securities Limited and Kotak Mahindra Capital Company Limited

Term	Description
Companies Act / The Act	The Companies Act, 1956, as amended from time to time
Cut-off/ Cut-off Price	The Offer Price finalised by the Selling Shareholder in consultation with the BRLMs
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Offer Account after the Final Sale Document is filed with the RoC, following which the Equity Shares shall be transferred to successful bidders
Designated Stock Exchange	The National Stock Exchange of India Limited
Director(s)	Director(s) of IBP Co. Limited unless otherwise specified
Equity Shares	Equity Shares of Rs. 10 each of our Company, unless otherwise specified in the context thereof
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement dated February 20, 2004 entered into amongst the Selling Shareholder, the Company, the Registrar, the Escrow Collection Banks, the BRLMs and the Syndicate Members in relation to the collection of the Bid Amounts and dispatch of the refunds (if any), to the Bidders
Escrow Collection Banks	The banks which are clearing members and registered with SEBI as Banker to the Offer at which the Escrow Account for the Offer has been opened
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed thereunder
FII / Foreign Institutional Investor	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
Final Sale Document	The final sale document to be filed with the RoC for public inspection containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information.
Financial year / Fiscal year/ Fiscal / FY	The twelve months ended March 31 of a particular year
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form
Floor Price	The price advertised by the Selling Shareholder prior to the Bid/Offer Opening Date, below which the Offer Price will not be finalised and below which no bids will be accepted
Government	Government of India
Indian GAAP	Generally Accepted Accounting Principles in India
I.T. Act	The Income-Tax Act, 1961, as amended from time to time
Margin Amount	The amount paid by the Bidder at the time of submission of his / her Bid, being 0% to 100% of the Bid Amount
Memorandum / Memorandum of Association	The Memorandum of Association of IBP Co. Limited

Term	Description
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Bidders and who have bid for equity shares and whose Bid Amount is for an amount more than Rs. 50,000
Non-Institutional Portion	The portion of the Offer being a minimum of 1,439,580 Equity Shares available for allocation to Non-institutional Bidders
Non Residents	All Bidders who are not persons resident in India as defined in FEMA
NRI / Non Resident Indian	A person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to invest in this Offer
Offer / Offer for Sale	The Offer for Sale by the Selling Shareholder of 5,758,290 Equity Shares of IBP Co. Ltd at the Offer Price in terms of this Final Sale Document
Offer Price	The final price at which Equity Shares will be transferred in terms of this Final Sale Document. The Offer Price will be decided by the Selling Shareholder in consultation with the BRLMs on the Pricing Date. After the determination of the Offer Price, the Selling Shareholder shall transfer the Equity Shares allocated to QIBs and Non Institutional Bidders at the Offer Price. Notwithstanding what is stated above, the Selling Shareholder reserves the right, at its sole discretion, after determination of the Offer Price to transfer the Equity Shares to Retail Bidders at a differential lower price as compared to the Offer Price at which Equity Shares will be transferred to Non Institutional Bidders and QIBs.
Pay-in Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable
Pay-in-Period	This term means (i) with respect to Bidders whose payment has not been waived by the Members of the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid /Offer Opening Date and extending until the Bid/Offer Closing Date, and (ii) with respect to Bidders whose payment has been initially waived by the members of the Syndicate and are therefore not required to pay the maximum Bid Amount into the Escrow Account on or prior to the Bid/Offer Closing Date, the period commencing on the Bid/Offer Opening Date and extending until the closure of the Pay-in Date
Preliminary Sale Document	The document which does not have complete particulars on the price at which the equity shares are offered and the size of the Offer. It was filed with RoC for public inspection at least three days before the Bid/ Offer Opening Date.
Pricing Date	The date on which the Government, in consultation with the BRLMs, finalises the Offer Price, i.e. March 3, 2004
Promoter	Indian Oil Corporation Limited
Public Offer Account	Account opened with the Bankers to the Offer to receive monies from the Escrow Account for the Offer on the Designated Date

Term	Description
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million
Registered Office of the Company	"IBP House", 34A, Nirmal Chandra Street, Kolkata - 700 013
Registrar/ Registrar to the Offer	In this case being MCS Limited having its registered office as indicated on the cover page of this Final Sale Document
Retail Bidder(s)	Individual Bidders (including HUFs and NRIs) who apply or bid for securities of or for a value of not more than Rs. 50,000 in any of the bidding options in the Offer
Retail Portion	The portion of the Offer being a minimum of 1,439,580 Equity Shares available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies, West Bengal at Kolkata
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Selling Shareholder	The President of India, acting through and represented by the Joint Secretary, Ministry of Petroleum and Natural Gas, Government of India
Shareholders' Agreement / SHA	The agreement dated February 8, 2002 between Indian Oil Corporation Ltd and the Government. This agreement among other things, sets out the inter-se rights and obligations of the above mentioned shareholders and also sets forth understanding of the above mentioned shareholders with respect to the operation and management of the Company
Share Purchase Agreement/ SPA	The agreement dated February 8, 2002 between IBP Co. Limited, Indian Oil Corporation Ltd and the Government. This Agreement, among other things, sets out the conditions to closing of the transfer of shares from the Government to Indian Oil Corporation Ltd, the pre-closing and closing covenants
Stock Exchanges	The National Stock Exchange of India Limited, The Stock Exchange, Mumbai, The Calcutta Stock Exchange Association Limited, The Ahmedabad Stock Exchange, The Delhi Stock Exchange Association Ltd, The Gauhati Stock Exchange Ltd and Madras Stock Exchange Ltd, where the Equity Shares of the Company are listed

Term	Description
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement dated February 20, 2004 entered into among the Selling Shareholder, IBP Co. Limited and the members of the Syndicate, in relation to the collection of Bids in this Offer
Syndicate Members	Intermediaries registered with SEBI and eligible to act as Underwriters, Syndicate Members are appointed by the BRLMs. In this case, ICICI Brokerage Services Ltd and Kotak Securities Ltd
Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1999 and amendments thereof
TRS / Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid
Underwriters	The BRLMs and Syndicate Members
Underwriting Agreement	The Agreement among the Syndicate, IBP Co. Limited and the Selling Shareholder dated March 4, 2004

In this Final Sale Document, references to "allocation" of equity shares in this Offer, unless the context otherwise requires, also include a reference to "transfer" of equity shares.

In this Final Sale Document, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Abbreviations of General Terms

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASE	The Ahmedabad Stock Exchange
bn	Billion
BSE	The Stock Exchange, Mumbai
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CSE	The Calcutta Stock Exchange Association Ltd
CDSL	Central Depository Services Ltd
DCA	Department of Company Affairs
DSE	The Delhi Stock Exchange Association Ltd
EGM	Extraordinary General Meeting
EPS	Earnings per Share
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1973
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
Goi	Government of India
GSE	The Gauhati Stock Exchange Ltd
HUF	Hindu Undivided Family
I-Sec	ICICI Securities Limited
IOC	Indian Oil Corporation Ltd
KMCC	Kotak Mahindra Capital Company Ltd
Kms	Kilometres
Mn	Million
MSE	Madras Stock Exchange Ltd
NAV	Net Asset Value
NRE Account	Non Resident External Account
NSDL	National Securities Depository Ltd
NSE	National Stock Exchange of India Limited
OMCs	Oil Marketing Companies
PBT	Profit before Tax
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PSU	Public Sector Unit
RBI	Reserve Bank of India
RoC	Registrar of Companies, Kolkata
RONW	Return on Net Worth
Rs.	Rupees (currency of India)
Sq. ft	Square Feet
Sq. m	Square Metres
USD	US Dollar
US GAAP	Generally Accepted Accounting Principles in the United States
US Securities Act	The US Securities Act of 1933, as amended

Abbreviations of Technical and Industry Terms

Term	Description
ATF	Aviation Turbine Fuel
CNG	Compressed Natural Gas
FOB	Free on Board value
HSD	High Speed Diesel
LIBOR	London Interbank Offered Rate
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
MMTPA	Million Metric Tonnes per Annum
MoPNG	Ministry of Petroleum and Natural Gas
MS	Motor Spirit
OCC	Oil Co-ordination Committee
PDS	Public Distribution System
QRs	Quantitative Restrictions
PPAC	Petroleum Planning and Analysis Cell
SKO	Superior Kerosene Oil
SPE	Sales Plan Entitlement
TAIPP	Tariff Adjusted Import Parity Price
TQM	Total Quality Management
VA	Value Analysis
VAT	Value Added Tax
VRS	Voluntary Retirement Scheme

Forward-Looking Statements

This Final Sale Document contains certain "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as we "believe", "expect", "estimate", "anticipate", "intend", "plan" or other words or phrases of similar import. Similarly, statements that describe our objectives, plans or goals are also forward-looking statements.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India;
- Supply and demand of petroleum products in India;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Indian Rupee and other currency changes;
- Changes in laws and regulations that apply to the Indian Petroleum Industry;
- Increasing competition in and the conditions of the Indian Petroleum Industry; and
- Changes in political conditions in India.

For further discussion of factors that could cause our actual results to differ materially from our expectations, see "Risk Factors as Perceived by the Company", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Final Sale Document. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. The Selling Shareholder, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the completion of necessary formalities as required by the Stock Exchanges.

In this Final Sale Document, any discrepancies in any table between a total and the sum of the amounts listed are due to rounding off.

Certain Conventions: Use of Market Data

Except where the context otherwise requires, all references to "India" contained in this Final Sale Document mean the Republic of India, all references to the "US" or "USA", or to the "United States" are to the United States of America. References to "we", "us", "our", "our Company", the "Company" or "IBP" mean IBP Co. Limited unless the context indicates or otherwise requires. All references to the "Selling Shareholder", the "Gol", the "Government" or the "Central Government" mean the Government of India.

Market data used throughout this Final Sale Document was obtained from internal company reports, reports compiled by the major oil marketing companies and industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Final Sale Document is reliable, it has not been independently verified. Similarly, internal company reports and reports compiled by the major oil marketing companies, while believed by us to be reliable, have not been verified by any independent source.

Summary of the Offer for Sale by the Selling Shareholder

The allocation pattern as decided by the Selling Shareholder is as follows:

The Present Net Offer to the Public in terms of this Final Sale Document is for 5,758,290 Equity Shares of Rs. 10 each fully paid-up

Equity Shares offered:

Offer for Sale by the Government	5,758,290
of which:	
QIB portion	2,879,130 (Allocation on a discretionary basis)
Non-Institutional Portion	1,439,580 (Allocation on a proportionate basis)
Retail Portion	1,439,580 (Allocation on a proportionate basis)
Equity Shares outstanding prior to the Offer	22,147,369
Equity Shares outstanding after the Offer*	22,147,369

*As this is an Offer for Sale, there will be no change in the number of Equity Shares outstanding subsequent to the Offer.

Risk Factors as Perceived by the Company

An investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Final Sale Document, including the risks and uncertainties described below, before making an investment in our equity shares. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our equity shares could decline, and you may lose all or part of your investment.

Unless otherwise indicated, all financial and statistical data relating to the petroleum industry in the following discussion is derived from the Ministry of Petroleum and Natural Gas (the "MoPNG") and organisations under its administrative control or industry data and estimates collected by the major oil marketing companies in their Monthly Sales Performance Review. This data has been reclassified in certain respects for purposes of presentation. For more information, see "Certain Conventions: Use of Market Data".

Internal Risk Factors

We have no refining capacity of our own and are dependent on a limited number of suppliers for our petroleum products.

We are the only major participant in the petroleum marketing sector not to have our own internal refining capacity. As such, all of the petroleum products we sell must be sourced from outside suppliers. We currently source a significant portion of our petroleum products from our controlling shareholder, Indian Oil Corporation Limited ("IOC"). In Fiscal 2003, we purchased approximately 88% of our petroleum products from IOC and its subsidiaries. The remainder of such products were supplied by Bharat Petroleum Corporation Limited ("BPCL"), Hindustan Petroleum Corporation Limited ("HPCL") and their subsidiaries. In addition to being our suppliers, these companies are also our direct competitors, selling petroleum products in the retail and consumer markets. They therefore have internal demand for the refined petroleum products they produce. Although India currently produces a surplus of refined petroleum products, it had experienced shortfalls prior to the significant increases in domestic refinery capacity of the past several years. There can be no assurance that shortages will not occur in the future and if they do that we would be able to procure sufficient quantities of petroleum products on a timely basis and at reasonable costs. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Factors Affecting Our Operations-Supply of Petroleum Products".

We have entered into an agreement with BPCL, HPCL and IOC regarding, inter alia, the sale and purchase of petroleum products. The agreement came into force on April 1, 2002 and has a term of two years. While this agreement currently serves to secure delivery for us of petroleum products, it is due to expire on March 31, 2004. Furthermore, pursuant to its terms, the agreement purports to hold good if any of the parties undergoes disinvestment of their Government equity holding, subject to the Government's residual equity holding in them continuing. There can be no assurance that the parties will choose to renew the agreement upon its lapsing or expiring or enter into alternative arrangements, though discussions are currently taking place. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Factors Affecting Our Operations-Supply of Petroleum Products".

As we are heavily dependent on these few suppliers to provide our petroleum products, we might find it difficult to find alternative suppliers on a timely basis and at a reasonable cost if supply from them was disrupted and any disruption in our supply of these products could have a material adverse effect on our business and results of operations.

We compete in a changing market against larger companies with upstream operations.

We sell our products in competitive markets. Competition within the marketing sector of the petroleum industry occurs on a number of bases, including

- dealer reputation;
- retail outlet location;
- customer service; and
- retail network coverage.

Competition also occurs on the basis of price in relation to bulk sales delivered directly to end users. However, despite removal of pricing restrictions as of April 1, 2002, major retailers of transportation fuel (including motor

spirit ("MS") and high speed diesel ("HSD")): BPCL, HPCL, IOC and ourselves, all of whom are directly or indirectly controlled by the Government, sell products to the public at mutually agreed common prices pursuant to the arrangement between the parties. We are not able to independently determine our prices and margins. Competition on the basis of price could emerge as private players enter the oil marketing sector causing us to lower our prices or risk losing market share.

Our ability to compete depends on factors both within and outside of our control. Changes in the competitive environment could have a material adverse effect on our business and our operations. These changes could include:

- The emergence of new domestic and international competitors;
- Changes in customer base due to mergers;
- The emergence of price competition in our markets;
- The introduction of new or substitute products by competitors;
- The technological innovations of competitors; and
- The adoption of new environmental laws and regulatory requirements.

Our main competitors in the petroleum marketing industry include BPCL, HPCL and IOC. In addition, several private players including Reliance Industries Limited ("RIL") and Essar Oil Limited ("Essar") have been granted approvals to market transportation fuel since the beginning of Fiscal 2003. Many of these competitors have substantially greater financial and marketing resources, greater brand recognition, larger retail networks and customer bases than we do. Oil and Natural Gas Corporation Limited ("ONGC"), the largest player in the upstream oil and gas sector in India, was also granted a licence to market petroleum products in Fiscal 2003. Most of our competitors have refining operations and some also engage in upstream activities such as exploration and production. Such operations may provide these companies with a more secure, cheaper supply of petroleum products and alternate sources of revenue, and may make them more willing to receive smaller margins from their marketing activities. There can be no assurance that we will be able to compete successfully with such larger, integrated competitors.

Deregulation of the petroleum industry has significantly altered the market environment and creates uncertainty.

The deregulation of the petroleum industry, effective Fiscal 2002, and including, notably, removal of the Administered Pricing Mechanism ("APM") by which the Government had controlled pricing prior to April 1, 2002, has already significantly altered the Indian petroleum market including retail pricing and product margins. Under the APM, we were assured a specific return on our net worth and reimbursement of eligible operating costs, regardless of our operating results. Post-APM, there is no guaranteed return. We will be exposed to competition and our profits and financial results will reflect how well we are able to compete.

Presently, the MoPNG discharges the regulatory functions relating to the petroleum industry in India. In May 2002, the Government introduced the Petroleum Regulatory Board Bill which called for the creation of a Petroleum Regulatory Board to oversee the functioning of the downstream petroleum sector in order to protect the interest of consumers, ensure uninterrupted and adequate supply of petroleum throughout India and promote competitive markets. As of December 31, 2003, the bill was still awaiting enactment. The ultimate policies of the new regulatory body and the means it will use to accomplish its goals are yet to be finalised. In the future, Indian regulators, including the MoPNG and the Petroleum Regulatory Board, may adopt new policies, laws or regulations. Our business could be materially adversely affected by any unfavourable regulatory changes.

Another change that may adversely affect us is the deregulation of retail marketing of transportation fuels, allowing private players to enter the market and easing restrictions on building new retail outlets. See "The Petroleum Industry in India-Regulatory Framework-Retail Dealerships". New retail outlets could be set up close to our retail outlets, which could lead to erosion of our sales and market share.

A further area in which regulatory changes have affected and will continue to affect us is in relation to Government subsidies on Superior Kerosene Oil ("SKO") and Liquefied Petroleum Gas ("LPG") sold to the public which are on a flat rate basis. It was decided that the oil marketing companies will not increase the selling prices of these products during Fiscal 2004. The resultant under-recoveries of oil marketing companies will be absorbed and shared amongst the oil companies.

As per the broad mechanism finalised for sharing of these under-recoveries amongst the oil companies in Fiscal

2004, a part of the projected under-recoveries will be made up through settlement among oil marketing companies by way of cross-subsidisation through other retail products and the balance will be shared between the public sector oil marketing companies and the public sector upstream companies (ONGC and GAIL (India) Ltd). We believe this mechanism for sharing under-recoveries on subsidised products will materially and adversely affect our results of operations in Fiscal 2004. Our audited results for the nine months ended December 31, 2003 contained a net surrender of Rs. 625 million relating to the effects of this policy. See "Management's Discussion and Analysis of Financial Conditions and Results of Operations-Factors Affecting our Operations-Deregulation of the Indian Petroleum Industry/Changing Regulatory Environment-Subsidies". The Government has announced that all subsidies to the oil marketing companies on these products will be phased out over the next few years.

We believe we are well placed to compete in this new market environment and have developed a strategy based upon expansion as is now permissible under the newly-liberalised policies. See "Our Business-Strategy". However, there can be no assurance that our expansion strategy will be successful and allow us to increase or maintain current levels of profitability and market share in the face of increasing competition. Failure to compete effectively under new market conditions would have a material adverse affect on our financial condition and results of operations.

Due to significant changes in the regulatory environment, our past financial performance may not be a clear indicator of what our future results will be. In addition, on-going regulatory changes due to continued deregulation of the petroleum industry make it more difficult to predict what the regulatory environment and market will be in the future and more difficult to plan for the medium-and long-term. See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Factors Affecting Our Operations-Deregulation of the Indian Petroleum Industry/Changing Regulatory Environment."

We are controlled by IOC, which has the ability to exercise significant control over us and the interests of which may conflict with your interests as a shareholder.

As of December 31, 2003, IOC beneficially held approximately 53.6% of our issued share capital. Accordingly, subject to our Articles of Association, SHA and applicable laws and regulations, IOC has the ability to exercise significant control over most matters requiring approval by shareholders, including the election and removal of directors and other significant corporate transactions. Currently, the chairman of IOC is also our chairman.

The interests of IOC could conflict with our interests or the interests of our other shareholders. As a result, IOC may take actions with respect to our business that may not be in our or our other shareholders' best interests. IOC could, by exercising its powers of control, delay or defer a change in control of our Company or a change in our Company's capital structure, delay or defer a merger, consolidation, takeover or other business combinations involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company.

IOC competes with us in several business areas, including our main business of retail marketing and sales of petroleum products. There can be no assurance that IOC will not take actions with respect to our business to differentiate our business from IOC's business and avoid competition in certain areas in the future. Such actions, while perhaps beneficial when viewing the two companies' joint interests, may not be in the best interest of our Company alone.

We are indirectly controlled by the Government, which has the ability to exercise significant control over us and the interests of which may conflict with your interests as a shareholder.

We are indirectly controlled by the Government through IOC, in which the Government owns a controlling stake. In addition, in accordance with our Articles of Association, the President of India is entitled to issue to us directives or instructions regarding the conduct of our business or our affairs for as long as we remain a Government Company under the Companies Act (which term includes a company such as ourselves that is indirectly controlled by the Government). The interests of the Government may be different from those of our shareholders. In particular, given the importance of petroleum industry to the economy and the mass consumption of certain petroleum products by the public, the Government could influence us to take actions designed to serve the public interest in India and not necessarily to maximise our profits.

We may not be able to retain dealers and expand our dealer network.

The majority of our sales of petroleum products are carried out through dealers. To successfully compete in the market, we must continue to be able to retain existing dealers and identify and recruit new dealers on reasonable commercial terms in strategically located areas for which others also compete. Furthermore, the introduction of

new players in the market and deregulation resulting in the removal of restrictions on retail expansion by existing players will likely lead to a large number of new retail outlets being commissioned in the next few years which will increase competition for dealers. New players may also try to poach experienced dealers from existing players by offering them more attractive packages. Our contracts with our dealers typically may be terminated by either party upon giving one month's notice. Such contracts do not contain non-compete provisions that survive termination. Failure to retain existing dealers or recruit new dealers could impede us from maintaining and expanding our retail network as planned and thereby adversely affect our ability to increase our sales volume.

We have limited control over our dealers.

Our sales are largely dependent on the actions of our dealers. These dealers represent us in front of the end users of our products and their performance and attitude reflect on us. While we initially train our dealers and continue to maintain close contact and monitor them, we have limited direct control over them. We are subject to the risk that dealers may fail to comply with the quality or service standards we set out for them, adversely affecting market perception of our brand. In addition, under agreements between us and our dealers, our dealers must purchase all of their products from us. We receive revenue from sales of products to the dealers and from a licensing fee calculated per kilolitre of the products that the dealers purchase from us. However, there have been occasions in the past where we have discovered dealers purchasing supplies from other sources. While we take our own measures to monitor dealers, including monthly checks by sales officers of each of our retail outlets, and there are industry and Government spot checks to test for product quality and ensure there is no adulteration of petroleum products, there can be no assurance that such measures will prove effective in deterring or detecting undesirable behaviour on the part of our dealers. Failure to effectively monitor and control our dealer network could adversely affect our revenue and brand image, which could have a material adverse effect on our financial condition and results of operations.

We may be materially affected by the international price of refined oil products.

Our financial condition and results of operations are significantly influenced by the market prices for crude oil and refined oil products, which are subject to international supply and demand and numerous other factors beyond our control. The markets and prices for refined oil products may be influenced by the level of demand (which fluctuates with changes in the economy, seasons and weather patterns), the level of domestic production, the price and availability of imports, the price and availability of substitute fuels and the extent and nature of governmental regulation and taxation. We believe that events in the Middle East, in particular, have had a particular influence in recent months on crude oil prices and may continue to do so until the situation normalises. Price increases could result in decreases in our margins to the extent such higher prices cannot be passed on to our customers. There can be no assurance that price volatility will not have an adverse effect on our financial condition and results of operations.

Our ability to increase operational efficiency is an essential part of our Explosives Group strategy and we cannot assure you that our cost reduction measures will continue to achieve operational efficiencies.

The explosives industry in India is characterised by intense competition and low entry barriers both in terms of capital and technology. In addition, sales to a single purchaser, Coal India Limited ("CIL"), dominate the sector. Sales to CIL accounted for approximately 68% of our total sales of explosives by volume. Intense competition and strong focus on pricing by CIL has put increasing pressure on our margins. Furthermore, consumption of explosives in the preceding five years has been largely stagnant except for limited growth in bulk explosives. Largely as a result of these factors, our Explosives Group has suffered losses for the past ten years.

We believe cutting costs through headcount reductions and increased levels of operating efficiency is key to improving financial results from our explosives operations. Due largely to voluntary retirement schemes introduced in Fiscal 1999 and Fiscal 2001 through which 272 employees of the Explosives Group retired early, we have already achieved significant reduction in employee strength. We have reduced headcount of our Explosives Group by 53% from 713 employees as at March 31, 1999 to 333 employees as at March 31, 2003. We also engage in research and development activities aimed at improving product formulation and reducing raw material costs. We hope these measures will allow us greater flexibility in reducing the prices of our products in an increasingly competitive market environment. However, there can be no assurance that measures to increase our operational efficiency will be successful or if successful, will be sufficient to make our explosives operations profitable in the near future or ever.

We regularly work with volatile and hazardous materials that subject us to operating risks that could adversely affect our operating results.

Due to the nature of our business, including the storage and sale of petroleum products and the manufacture and marketing of industrial explosives, we handle many highly flammable and explosive materials. Despite compliance with requisite safety requirements and standards, our operations are subject to the usual hazards associated with using, storing, transporting and disposing such materials, including:

- explosions;
- fires;
- severe weather and natural disasters;
- mechanical failure;
- chemical spills;
- discharges or releases of toxic or hazardous substances or gases;
- storage tank leaks;
- other environmental risks; and
- terrorist attacks.

These hazards can cause personal injury and loss of life, catastrophic damage to or destruction of property and equipment and environmental damage and could result in a suspension of operations and the imposition of civil or criminal penalties. We have experienced accidents that have caused property damage and personal injuries in the past, and there can be no assurance that such industry related accidents will not happen in the future. The loss or shutdown over an extended period of operations at any of our major operating facilities would have a material adverse effect on us.

We maintain insurance on our facilities and stocks as well as third party liability insurance which we believe is in accordance with relevant regulations and customary industry practices. However, the amount of our insurance coverage may be less than the replacement cost of all covered property and may not be sufficient to cover all financial losses. In addition, as a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

We are subject to various environmental considerations.

The industries in which we operate are regulated and monitored by various environmental regulatory authorities and we are subject to extensive laws and regulations pertaining to pollution and protection of the environment, health and safety and governing, among other things, emissions to the air, discharges onto land or water, maintenance of safe conditions in the workplace, the remediation of contaminated sites and the generation, handling, storage, transportation, treatment and disposal of waste materials. Some of these laws and regulations may be subject to varying and conflicting interpretations. Many of these laws and regulations provide for substantial fines and potential criminal sanctions for violations and require the installation of costly pollution control equipment or operational changes to limit pollution emissions and/or reduce the likelihood or impact of hazardous substance releases, whether permitted or not. In some cases, compliance with environmental, health and safety laws and regulations might only be achievable by capital expenditures, such as the installation of pollution control equipment.

We cannot accurately predict future developments, such as increasingly strict environmental laws or regulations and inspection and enforcement policies resulting in higher compliance costs, which might affect the handling, manufacture, use, emission, disposal or remediation of our products, other materials or hazardous and non-hazardous waste. We cannot predict with certainty the extent of our future liabilities and costs under environmental, health and safety laws and regulations. These liabilities and costs may be material.

In addition, our operations are inherently subject to accidental spills, discharges or other releases of hazardous substances that may make us liable to governmental entities or private parties. This may involve contamination associated with our facilities, facilities to which we send waste or by-products for treatment or disposal or other contamination. Accidental discharges may occur in the future, future action may be taken in connection with past discharges, governmental agencies may assess damages or penalties against us in connection with any past or future contamination, or third parties may assert claims against us for damages allegedly arising out of any past or future contamination.

Our trademarks have not yet been registered.

We use various trademarks in our business. In addition, we have registered our "Cryocan" trademark. We have made applications to register our "Josh", "IBP Red" and "Pure Bhi Poora Bhi" trademarks. There can be no assurance that we will be successful in registering our trademarks. We have not registered the IBP trademark. If we fail to protect our trademarks effectively, our business could be adversely affected.

Our contingent liabilities as per Indian Accounting Standards are as follows:

As of December 31, 2003, our contingent liabilities not provided for were as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for in the aggregate amount of Rs. 38 million;
- in respect of law suits and other claims, which are being contested by the Company and the liabilities whereof, are not admitted by our Company in the aggregate amount of Rs. 200 million;
- counter guarantees given to banks in respect of bank guarantees/letters of credit issued by them on behalf of our Company in the aggregate amount of Rs. 50 million; and
- in respect of various excise and sales tax appeals, liabilities whereof are not admitted by our Company in the aggregate amount of Rs. 1,172 million.

To the extent that any of these contingent liabilities become actual liabilities, they will adversely affect our results of operations and financial condition in the future.

Our employees are represented by various trade unions and any labour unrest could adversely affect our operations and profitability.

As on December 31, 2003, we had 2,201 employees, of which 1,278 were represented by trade unions. Our workers belong to 14 different unions. We have settlement agreements that are valid until the end of Fiscal 2007 covering all of these unions (except for one union in Kolkata in which individual members have given undertakings to be bound by terms of settlement we made with other unions in Kolkata). Although we believe our relations with the workers' unions are good and we have not encountered any strikes or go-slows in the past, there can be no assurance that labour difficulties may not arise in the future. Any labour unrest could adversely affect our operations and profitability.

We are defendants in a number of legal proceedings that, if determined against us, could have a material adverse impact on our results of operations and financial condition.

We are defendants in a number of legal proceedings incidental to our business and operations. We were also subject to claims against us arising from excise and sales tax, disputes and other disputed demands. The contingent liability not provided for in our books of accounts in respect of these claims was Rs. 1,372 million as of December 31, 2003.

Should any new developments arise, such as a change in Indian law or a ruling against us by appellate courts or tribunals, we may need to establish reserves in our financial statements, which could increase our expenses and our current liabilities. Furthermore, if a claim is determined against us and we are required to pay all or a portion of the disputed amount, it could have a material adverse affect on our results of operations.

All of the above legal proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals.

For more information regarding litigation involving our directors or us, see "Outstanding Litigation and Material Developments".

The Company's competitiveness is subject to its ability to diversify successfully into substitute fuel products.

The availability of alternatives to gasoline for automobiles, such as auto-LPG and compressed natural gas ("CNG"), may adversely affect our sales of refined oil products, particularly HSD and MS. In addition, the switch to cleaner fuels such as CNG and bio-fuels (including mixtures of fossil fuels with ethanol) might adversely affect the sales of our major products, particularly MS and HSD. The Government has announced in its fuel policy that all automobiles and fuel (including MS and HSD) will have to meet the Euro-III vehicular emissions programme by 2010. In 11 major cities (including Delhi, Mumbai and Kolkata), all automobiles and fuel will have to meet the Euro-III vehicular

emissions programme by 2005, and the Euro-IV standards by 2010. In Delhi, all city buses are required to use compressed natural gas pursuant to a Supreme Court of India directive. We have begun setting up a limited number of CNG stations to meet increasing demand. As of December 31, 2003, we had three stations selling CNG in Delhi and two in Mumbai and have entered into arrangements with gas suppliers to receive gas by pipeline. There can be no assurance that these measures will enable us to successfully diversify our product range and remain competitive.

Any future equity offerings by us may lead to dilution of your shareholding in us or affect the market price of our equity shares.

As a purchaser of Equity Shares in this offering, you may experience dilution to your shareholding to the extent that we make future equity offerings.

The leases in respect of certain properties have expired

The lease agreement in respect of our property in Budge Budge which houses a lubricant filling and blending plant and a terminal for petroleum products expired in 2000. While we continue to occupy this property and have been paying lease rentals regularly, there can be no assurance that we will be able to renew the lease in the future.

In addition, leases of certain other properties have not been registered or have expired. See "Our Business-Property".

We are yet to receive certain statutory approvals required in the ordinary course of business

The following licenses, registration and permissions for operating depots and/or terminals have expired:

1. Factory license from the respective Directorate/Chief Inspector of Factories for Hazira Depot, Barauni Terminal, Budge Budge Installation, Haldia Terminal, Amausi Depot, Mathura Terminal, Panipat Terminal, Partapur Depot, Cauvery Marketing Basin Terminal, Sidhpur Depot and Sangrur Terminal
2. Water consent from the respective Pollution Control Board for Cauvery Marketing Basin Terminal, Hazira Depot, Barauni Terminal, Amausi Depot, Mathura Terminal, Partapur Depot
3. Air and consent from the respective Pollution Control Board for Kondapalli Depot, Hazira Depot, Sewri Terminal, Sidhpur Depot, Wadala Terminal, Barauni Terminal, Budge Budge Installation, Amausi Depot, Mathura Terminal, Partapur Depot
4. License to import and store petroleum in installation from the respective Chief Controller of Explosives for Sidhpur Depot, Barauni Depot, Budge Budge Installation, Amausi Depot, Mathura Terminal, Partapur Depot and Sangrur Terminal
5. License for the admixture of Power Alcohol with Petrol from the Power Alcohol Authority and Excise and Taxation Commissioner for Panipat Terminal, Rewari Terminal.
6. License for Calibration of tanks under the Standards of Weights and Measures Act from the Legal Metrology Department for the Mathura Terminal, Cauvery Marketing Basin Terminal, Sidhpur Depot, Barauni Terminal and Budge Budge Installation.

We have made or are in the process of making an application for renewal of all of the above licenses, registration and permissions.

We are in the process of applying for the water consent and air consent from Maharashtra Pollution Control Board in respect of Sewri Terminal and Wadala Terminal.

The following are licenses, registration and permissions for operating bulk explosives plants/bulk explosives support plants that have expired. The Company has made or is in the process of making an application for renewal of the same:

1. Factory license from the respective Directorate/Chief Inspector of Factories for the explosives plants/bulk explosives support plants at Talcher, TISCO (Bokaro), Ib Valley, Dhanbad and Kusunda.
2. License from the Chief Controller of Explosives in respect of manufacturing of class-2 Explosives at the Plant at TISCO (Bokaro).
3. Water consent from the respective Pollution Control Board for the plants at TISCO (Bokaro), Rajmahal, Dhanbad and Kudremukh

- Air consent from the respective Pollution control Board for the plants at TISCO (Bokaro), Rajmahal, Dhanbad and Kudremukh

The following are the licenses, registration and permissions for operating cryogenics plant that have expired. The Company has made or is in the process of making an application for renewal of the same:

- Water and Air consent from the respective Pollution Control Board for the cryogenic plant located at Maharashtra.
- MGST certificate issued from the Maharashtra Sales Tax authority for the cryogenic plant located at Maharashtra.
- Factory License from the Directorate/Chief Inspector of factories for the cryogenics plant.

We have the following loss making group companies

The following group companies have made losses in one or more of the last three fiscal years

(Rs. in millions)

Name of the group company	PAT (Fiscal 2003)	PAT (Fiscal 2002)	PAT (Fiscal 2001)
Indian Oil (Mauritius) Ltd*	(17)	(3)	
Bongaigaon Refinery and Petrochemical Ltd	1,784	(1,986)	(574)
Indianoil Petronas Pvt Ltd	(18)	(59)	-
Petronet V K Ltd	23	(6)	(51)
Petronet C I Ltd	-	(30)	
Ongio International Pvt Ltd	(15)	(5)	

* Amount in Mauritian Rupees

Our profits and key operating ratios have declined in the past and may do so in the future

Our adjusted profit fell from Rs. 1,036 million in Fiscal 2000 to Rs. 806 million in Fiscal 2001 and Rs. 556 million in Fiscal 2002. Similarly, our earnings per Equity Share fell from Rs. 57.4 in Fiscal 2000 to Rs. 52.3 in Fiscal 2001 and Rs. 39.3 in Fiscal 2002 and our return on net worth fell from 33.9% in Fiscal 2000 to 26.9% in Fiscal 2001, 20.2% in Fiscal 2002 and 18.2% in Fiscal 2003. While our adjusted profit increased to Rs. 881 million in Fiscal 2003 and was Rs. 1,211 million in the nine months ended December 31, 2003, there can be no assurance that such increases in profitability will continue and that our profit and key operating ratios will not decrease in the future.

External Risk Factors

Our performance is linked to the performance of the Indian economy and the petroleum industry in India.

Demand for petroleum products can be adversely affected by factors such as increase in crude oil prices and Indian and global macroeconomic performance.

A general slowdown in economic growth in India could cause our business to suffer. Past slowdowns in economic growth in India, particularly in Fiscal 1998, Fiscal 2000 and Fiscal 2001 affected Indian manufacturing industries. We sell a significant majority of our products in the Indian market. Our performance and the growth of our business are dependent on the health of the overall Indian economy. Any future slowdown in the Indian economy could affect us, our contractual counter-parties and our customers. A lower level of economic activity could result in a decline in demand for our products, which could adversely affect our net sales and margins and limit our future growth prospects. India's trade relationships with other countries can also influence Indian economic conditions. For Fiscal 2003, India reported a trade deficit of US\$12.7 billion. If trade deficits increase or are no longer manageable, the Indian economy, our business and the price of our Equity Shares, could be adversely affected.

After this offering, the price of our Equity Shares may be highly volatile.

The prices of our Equity Shares on the Indian stock exchanges may fluctuate after this offering as a result of several factors, including:

- volatility in the Indian and global securities market;
- our results of operations and performance, in terms of market share;
- performance of our competitors, the Indian petroleum industry and the perception in the market about investments in the petroleum sector;
- media reports about the Government's process of selling its stake in our Company and other companies in which the Government has an equity participation;
- changes in the estimates of our performance or recommendations by financial analysts;
- significant developments in India's economic liberalisation and deregulation policies; and
- significant developments in India's fiscal and environmental regulations.

The prices of our equity shares may fluctuate after this offering. There can be no assurance that the Offer Price will correspond to the prices at which our Equity Shares will trade in the market subsequent to this offering.

Terrorist attacks and other acts of violence or war involving India, the United States, and other countries could adversely affect the financial markets, result in loss of customer confidence, and adversely affect our business, results of operations and financial condition.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on December 13, 2001 and Bali on October 12, 2002, and other acts of violence or war, including those involving India, the United States or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect our business, results of operations and financial condition.

More generally, any of these events could adversely affect fuel prices, cause consumer spending to decrease, cause increased volatility in the financial markets and have an adverse impact on the economies of India and other countries, including economic recession.

Political instability or changes in the Government in India could delay the liberalisation of the Indian economy and adversely affect economic conditions in India generally and our business in particular.

All of our operations are located in India, and in Fiscal 2003 almost 100% of our income was derived from the domestic market. Our business, and the market price and liquidity of our Equity Shares may be affected by foreign exchange rates and controls, interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian Governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Nevertheless, the roles of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The present government, formed in October 1999, has announced policies and taken initiatives that support the continued economic liberalisation policies that have been pursued by previous governments. The rate of economic liberalisation could change, and specific laws and policies affecting petroleum industry, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalisation and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular if new restrictions on the private sector are introduced or if existing restrictions are increased.

Regional conflicts in Asia and other foreign markets could adversely affect the Indian economy and cause our business to suffer.

The Asian region has from time to time experienced instances of civil unrest and hostilities among neighbouring countries, including between India and Pakistan. Since May 1999, military confrontations between India and Pakistan have occurred in Kashmir. Also, since 2003, there have been military hostilities and civil unrest in Iraq. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could influence the Indian economy and could have a material adverse effect on the market for securities of Indian companies, including our shares, and on the market for petroleum products.

Notes to Risk Factors

1. The average cost of acquisition of Equity Shares held by IOC is Rs. 1,551.1
2. The Book Value per Equity Share as on December 31, 2003 is Rs. 262.2
3. The net worth of our Company as on December 31, 2003 is Rs. 5,808 million.
4. The present offer is an Offer for Sale of 5,758,290 Equity Shares at a price of Rs. 620/- for cash aggregating Rs. 3,570,139,800. For further details, please see the section entitled "Terms of the Offer".
5. Investors may note that in case of over-subscription in the Offer, allocation to Non-institutional Bidders and Retail Bidders shall be on a proportionate basis. For more information, see "Basis of allocation".
6. For related party transactions, see section entitled "Unconsolidated Financial Statements" - Annexures 15 and 15A".
7. For details of the rights available to the Selling Shareholder refer to the section entitled "Our Promoter–Right of the Government under the SHA as long as it holds one share in our Company".
8. Investors are advised to refer to the section entitled "Basis for Offer Price".
9. The investors may contact the BRLMs for any clarifications or information pertaining to the Offer.

Summary Information on the Company

You should read the following summary together with the "Risk Factors as Perceived by the Company" and the more detailed information about the Company, and its financial data included elsewhere in this Final Sale Document.

Unless otherwise indicated, all financial and statistical data relating to the petroleum industry in the following discussion is derived from information published by or communications with the MoPNG and organisations under its administrative control or industry data and estimates collected by the major oil marketing companies in their Monthly Sales Performance Review. This data has been reclassified in certain respects for purposes of presentation. For more information, see "Certain Conventions; Use of Market Data".

Overview of the Business of the Company

The Company is one of the leading major oil marketing companies in India. It offers a diverse portfolio of petroleum products including MS, HSD, SKO, lubricants, LPG, light diesel oil ("LDO"), naphtha, low sulphur heavy stock ("LSHS") and furnace oil. It offers such products through an extensive retail network consisting of 2,524 IBP retail outlets, 378 SKO and LDO dealerships, and 69 LPG distributorships located across the country as at December 31, 2003, as well as through direct sales to customers and other oil marketing companies.

The operations of the Company also include manufacturing and selling industrial explosives and cryogenic containers.

The Company manages its operations through three distinct business groups: the Petroleum Group, the Explosives Group and the Cryogenics Group. For the fiscal year ended March 31, 2003, the Company had total sales of Rs. 87,531 million (of which the Petroleum Group, Explosives Group and Cryogenics Group accounted for 98.7%, 1.1% and 0.2%, respectively) and adjusted profit after tax of Rs. 881 million. For the nine months ended December 31, 2003, the Company had total sales of Rs. 75,705 million (of which the Petroleum Group, Explosives Group and Cryogenics Group accounted for 99.0%, 0.9% and 0.2%, respectively) and adjusted profit after tax of Rs. 1,211 million.

The Competitive Strengths of the Company

The Company believes that it is well situated to maintain and enhance its position in the markets in which it compete, and take advantage of growth opportunities in these industries on account of its competitive strengths, which include the following:

- Strong relationship with dealers
- Extensive retail dealership network
- Synergies with IOC
- Retail focus
- Established history and strong brand
- Strong financial performance and position
- Experienced management team

The Business Strategy of the Company

The Company intends to increase profitability and improve its market position in the industries in which it operates by pursuing the following business strategies:

Pursue Aggressive Retail Expansion

As restrictions on opening new retail outlets have been removed, the Company aims to take advantage of the more open regulatory environment and aggressively expand its share of the national retail outlet network to gain market share in MS and HSD.

Increase Customer Service and Strengthen the Brand of the Company

The Company will continue to concentrate on marketing and other brand building activities through customer initiatives such as its Quality and Quantity scheme and marketing tie-ups and alliances.

Balance Costs with Service

Reducing costs has been and continues to be a primary strategy, allowing the Company to remain competitive in the newly-liberalised market while retaining acceptable margins. The goal of the Company is to find the proper balance between brand building and facility upgrading and minimising costs for different locations and under different circumstances. The Company consults with local dealers and analyses relevant factors on a situation by situation and location by location basis.

Expand the Product Range and Client Base of the Company

The Company will continue to research new products into which it can diversify and new ways of expanding its client base.

Enter into Alliances with Third Parties

In order to expand potential sales opportunities, the Company continues to investigate strategic alliances. It is currently in negotiations with a number of parties, including a leading international manufacturer of cryogenics containers and a domestic provider of automotive repair services and spare parts regarding strategic alliances.

Summary Unconsolidated Financial Data of the Company

The following summary unconsolidated financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of Sarma & Co dated January 27, 2004 in the section entitled "Unconsolidated Financial Statements". You should read this financial data in conjunction with the restated unconsolidated financial statements of the Company for each of Fiscal 1999, 2000, 2001, 2002 and 2003 and the nine months ended December 31, 2003, including the notes thereto and the reports thereon, which appear elsewhere in this Final Sale Document, and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Results for the nine months ended December 31, 2003 are not necessarily indicative of the results that may be expected for the full Fiscal 2004. Indian GAAP differs in certain significant respects from US GAAP. For more information on these differences, see "Summary of Significant Differences Between Indian GAAP and US GAAP" included elsewhere in this Final Sale Document.

Summary of Profit and Loss Account, as restated

(Rs. in millions)

	Nine months ended December 31, 2003	Financial Year ended				
		March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000	March 31, 1999
Total sales	75,705	87,531	84,526	83,925	68,148	56,752
Other Income	(625)	3,850	(4,239)	3,646	249	(6,824)
Total income/ revenue	75,080	91,381	80,287	87,571	68,397	49,928
Total expenditure	73,253	89,968	77,145	86,611	67,747	49,337
Net Profit/(Loss) after Tax as per Audited Statement of Accounts (A)	1,211	878	1,958	542	417	352
Total Adjustment (B)	-	3	(1,402)	264	619	81
Adjusted Profit /(Loss) (A+B)	1,211	881	556	806	1,036	433

Summary of Assets and Liabilities, as restated

(Rs. in millions)

	As at					
	December 31, 2003	March 31, 2003	March 31, 2002	March 31, 2001	March 31, 2000	March 31, 1999
A. Total Fixed Assets	8,281	7,040	6,367	6,385	5,521	4,455
B. Investments	153	153	143	643	2,294	2,947
C. Finance Lease Receivable	101	115	132	-	-	-
D. Total Current Assets, Loans and Advances	15,073	10,454	6,368	9,931	9,299	5,432
E. Total Liabilities & Provisions	17,800	12,914	8,694	12,650	13,366	9,998
Net worth (A+B+C+D-E)	5,808	4,848	4,316	4,309	3,748	2,836
G. Total Share Capital	222	222	222	222	222	222
H. Total Reserves & Surplus	5,586	4,626	4,094	4,087	3,526	2,614
Net Worth (G+H)	5,808	4,848	4,316	4,309	3,748	2,836

SECTION II - OFFER FOR SALE BY THE SELLING SHAREHOLDER

General Information Relating to the Offer

Authority for the Offer

As per the letter no. G -34011/14/2003-Fin II, dated January 9, 2004, from the MoPNG, the Government has approved the disinvestment of its residual shareholding in the Company by way of an Offer for Sale in the domestic market. Pursuant to the decision taken by the Government, the MoPNG, acting for and on behalf of the President of India, has been authorised to offer 5,758,290 Equity Shares, held by the President of India in the Company by way of Offer for Sale through domestic public offer.

As per the letter no. 7(28)/2003-MODI, dated February 10, 2004, from the Ministry of Disinvestment, the Government has voluntarily decided to adopt the SEBI Guidelines particularly the guidelines for 100% Book Building Process. Further, the processes, procedures and practises which are generally followed in the 100% Book Building process save for deviations specified in the aforementioned letter would be adopted.

The Company has approved the Offer through a resolution of the Board of Directors dated January 12, 2004. The Company has approved the Preliminary Sale Document through a resolution of the Board of Directors dated February 14, 2004. The Company has approved this Final Sale Document through a Resolution of the Board of Directors dated March 5, 2004. The Board of Directors has certified that all the disclosures made in this Final Sale Document are true and correct.

The Offer is of 5,758,290 Equity Shares of Rs. 10 each at a price of Rs. price of Rs. 620/- in cash aggregating to Rs. 3,570,139,800. The Offer would constitute 26% of the paid-up capital of the Company.

The Selling Shareholder has good and clear title to the Equity Shares forming part of this Offer and the Equity Shares are free of all restrictions on transfer, liens, encumbrances, security interests and claims whatsoever. There are no legal or regulatory restrictions on the Selling Shareholder undertaking this Offer.

The Selling Shareholder has vide its letter dated March 3, 2004 decided the Offer Price at Rs. 620/- per Equity Share and that the Equity Shares will be transferred to the Retail Bidders at Rs. 589/- per Equity Share.

Disclaimer Clause

THE SHARES OFFERED UNDER THIS SALE OFFER BEING ALREADY LISTED ON THE STOCK EXCHANGES, THE SEBI GUIDELINES FOR PUBLIC ISSUES/OFFERS ARE NOT APPLICABLE TO THIS SALE OFFER BY THE SELLING SHAREHOLDER. THE SELLING SHAREHOLDER HAS ON ITS OWN VOLITION DECIDED TO FOLLOW THE PROCESS THAT IS SUBSTANTIALLY SIMILAR TO THE PROCESS SPECIFIED IN THE SEBI GUIDELINES. HOWEVER THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER DOCUMENT OR PROSPECTUS IN TERMS OF THE SEBI GUIDELINES. THIS IS NOT A DOCUMENT ISSUED BY OR ON BEHALF OF THE COMPANY. THE DOCUMENT HAS BEEN VOLUNTARILY FORWARDED BY THE SELLING SHAREHOLDER TO SEBI FOR SEEKING ITS GUIDANCE/SUGGESTIONS AND THE SELLING SHAREHOLDER HAS ON ITS OWN VOLITION ALSO DECIDED ON THE TERMS OF THE OFFER, PRICE BAND, ALLOCATION PATTERN ETC. SEBI'S GUIDANCE TO THE SELLING SHAREHOLDER SHOULD NOT IN ANY WAY BE CONSTRUED OR DEEMED THAT THE SALE DOCUMENT HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECTS OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE SALE DOCUMENT. THE COMPANY HAS CONFIRMED THAT THE REQUIREMENTS UNDER THE LISTING AGREEMENT HAVE BEEN COMPLIED WITH.

THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND KOTAK MAHINDRA CAPITAL COMPANY LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED JANUARY 14, 2004 WHICH READS AS FOLLOWS:

"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE PRELIMINARY SALE DOCUMENT PERTAINING TO THE SAID OFFER.

ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND

THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY,

WE CONFIRM THAT:

- **THE PRELIMINARY SALE DOCUMENT FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;**
- **ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID OFFER AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;**
- **THE DISCLOSURES MADE IN THE PRELIMINARY SALE DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER;**

WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PRELIMINARY SALE DOCUMENT ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND

WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."

THE BRLMs HAVE DELIVERED A DUE DILIGENCE CERTIFICATE TO THE SELLING SHAREHOLDER DATED FEBRUARY 14, 2004.

Caution

The Selling Shareholder, the Company, its Directors and the BRLMs accept no responsibility for statements made otherwise than in this Final Sale Document or in the advertisements or any other material issued by or at their instance and anyone placing reliance on any other source of information, including the Company's website: www.ibpoil.com, would be doing so at his or her own risk. However, the Company accepts responsibility for information that it has disclosed to the public in the past pursuant to the requirements of the listing agreements with the Stock Exchanges.

The BRLMs accept no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into among the BRLMs, the Selling Shareholder and the Company and the Underwriting Agreement to be entered into among the Underwriters, the Selling Shareholder and the Company.

All information shall be made available by the Selling Shareholder, the Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports or at bidding centres.

Disclaimer in Respect of Jurisdiction

This Offer is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorised under their constitution to hold and invest in shares), permitted insurance companies and pension funds and to non-residents including NRIs and FIIs. This Final Sale Document does not, however, constitute an offer to sell or an invitation to subscribe to equity shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Final Sale Document comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in New Delhi only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Preliminary Sale Document has been voluntarily forwarded by the Selling Shareholder to SEBI and SEBI has provided guidance and suggestions regarding the Preliminary Sale Document. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Final Sale Document may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Final Sale Document nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of IBP since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the NSE

A copy of this document has been submitted to The National Stock Exchange of India Limited (hereinafter referred to as the "NSE"). The NSE has given vide its letter dated January 30, 2004 granted permission to the Company to use NSE's name in this document as one of the stock exchanges on which this Company's securities are listed. The NSE has scrutinized this document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by the NSE should not in any way be deemed or construed that this document has been cleared or approved by the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer Clause of the BSE

The Stock Exchange, Mumbai (the "BSE") has informed vide its letter dated January 30, 2004 its permission to use BSE's name in this document. The BSE has scrutinized this document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The Exchange does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this document; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

And it should not for any reason be deemed or construed that this document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the CSE

The Calcutta Stock Exchange (the "CSE") has given its permission to the Company to use the name of the CSE in this document as one of the stock exchange on which the Company's securities are listed. The CSE has scrutinized this document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company.

The CSE does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this document; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the CSE; or
- iii) take any responsibility for the financial or other soundness of this Company, its promoters, management or any scheme or project of this Company.

And it should not for any reason be deemed or construed that this document has been cleared or approved by The CSE. Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against The CSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of The ASE

The Stock Exchange - Ahmedabad (the "ASE") has given vide its letter dated January 28, 2004 to the Company permission to use the ASE's name in this document as one of the stock exchanges on which this Company's

securities are listed. The ASE has scrutinized this document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company and for doing so, has relied upon the approval of the Designated Stock Exchange.

The ASE does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this document; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the ASE; or
- iii) take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

And it should not for any reason be deemed or construed that this document has been cleared or approved by the ASE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the ASE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the DSE

The Delhi Stock Exchange Association Limited (the "DSE") has given its no objection to the Company vide letter dated February 11, 2004 to use the name of the DSE in this document as one of the stock exchanges on which the Company's securities are proposed to be listed. The DSE has scrutinized this document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company and has also relied upon the in principle approval given by the designated stock exchange (the NSE).

The DSE does not in any manner:

- i) Warrant, certify or endorse the correctness or completeness of any of the contents of this document.
- ii) Warrant that this Company's securities will be listed or will continue to be listed on the DSE.
- iii) Take any responsibility for the financial or other soundness of this Company, promoters, management or any scheme or project of this Company.

And it should not be, for any reason be deemed or construed that this document has been cleared or approved by the DSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the DSE, whatsoever, by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated in the document or any other reason whatsoever.

Disclaimer Clause of the MSE

The Madras Stock Exchange Limited, Chennai (the "MSE") has given vide its letter dated February 4, 2004 to the company permission to use the MSE's name in this document as one of the stock exchanges on which this Company's securities are listed. The MSE has scrutinized this document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company.

The MSE does not in any manner:

- i) warrant, certify or endorse the correctness or completeness of any of the contents of this document; or
- ii) warrant that this Company's securities will be listed or will continue to be listed on the MSE; or
- iii) take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

And it should not for any reason be deemed or construed that this document has been cleared or approved by the MSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the MSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

SEBI has in its letter dated February 13, 2004 stated that the "*Sale Document is not a document issued by or on*

behalf of the Company and the document may be filed with the RoC, if required".

In the case of a similar transaction of offer for sale of shares in a listed company by Government, the Department of Company Affairs, Ministry of Finance, Government of India has in its letter (D.O. NO. 1/32/01-D. Cell) dated February 10, 2004, noted that SEBI has informed that the offer document is to be called a "Preliminary Sale Document" and accordingly, therefore, the Ministry of Disinvestment may file the same with the RoC, along with the requisite fee so that it can be placed on record for public inspection. In relation to the Offer, the BRLMs have received letter no. 7(28)/2003-MODI dated February 13, 2004 directing the BRLMs to file the Preliminary Sale Document with the RoC in the same manner followed in the above referred transaction. Accordingly, a copy of the Preliminary Sale Document, along with the supporting documents, was filed with the RoC and a copy of the Final Sale Document will be filed with the RoC for public inspection, a copy of the Final Sale Document is being filed with the ROC for public inspection.

A copy of the Preliminary Sale Document has been voluntarily filed with the Corporate Finance Department of SEBI at Ground Floor, Mittal Court, "A" Wing, Nariman Point, Mumbai - 400 021 for the purposes of guidance only. A copy of this Final Sale Document is being voluntarily filed with the SEBI.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Counsels, Bankers to the Company and Bankers to the Offer; and (b) Book Running Lead Managers to the Offer, and Syndicate Members, Escrow Collection Bankers, Registrar to the Offer and Legal Advisor to the Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Final Sale Document with the Registrar of Companies, West Bengal at Kolkata.

Sarma & Co., Chartered Accountants, the statutory auditors of the Company have given their written consent to the inclusion of their report in the form and context in which it appears in the Final Sale Document and such consent and report has not been withdrawn up to the time that this Final Sale Document has been filed with the ROC for public inspection.

Sarma & Co., Chartered Accountants, have given their written consent to the inclusion of the statement on the tax benefits accruing to the Company and its members in the form and context in which it appears in the Final Sale Document and has not withdrawn the same up to the time that this Final Sale Document has been filed with the ROC for public inspection.

U Narain & Co., Chartered Accountants, and the statutory auditors of the Company for the Fiscal years ended March 31, 1999, 2000, 2001 and 2002, have given their written consent to the inclusion of financial data pertaining to the Fiscals audited by them in the form and context in which it appears in the Final Sale Document and such consent and report has not been withdrawn up to the time that this Final Sale Document has been filed with the ROC for public inspection.

Expert Opinion

Save as stated elsewhere in the Final Sale Document, the Selling Shareholder has not obtained any expert opinions.

Basis of Allocation

The present Offer is of 5,758,290 Equity Shares of Rs. 10 each at a price of Rs. 620/- in cash aggregating to Rs. 3,570,139,800. The Selling Shareholder decided, after determination of the Offer Price to transfer Equity Shares to Retail Bidders at Rs. 589/- per Equity Share which is at a discount of 5% compare to the Offer Price at which the Equity Shares will be transferred to the Non-Institutional Bidders and QIBs. The Offer would constitute 26% of the paid-up capital of the Company. The Selling Shareholder has voluntarily decided that the basis of allocation for this Offer is as follows:

For Retail Bidders

- Bids received from the Retail Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Bidders will be made at the Offer Price. The Selling Shareholder reserves the right, at its sole discretion, after determination of the Offer Price to transfer the Equity Shares to Retail Bidders at a differential lower price as compared to the Offer Price at which Equity Shares will be transferred to Non Institutional Bidders and QIBs.

- The Offer size less allocation to Non Institutional and QIB Bidders shall be available for allocation to Retail Bidders who have bid in the Offer at a price, which is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to the Retail Portion at or above the Offer Price, full allocation shall be made to the Retail Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than Retail Portion at or above the Offer Price, the allocation shall be made on a proportionate basis up to a minimum of one Equity Share. For the method of proportionate basis of allocation, refer below.

For Non-Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non Institutional Bidders will be made at the Offer Price.
- The Offer size less allocation to QIBs and Retail Portion shall be available for allocation to Non Institutional Bidders who have bid in the Offer at a price, which is equal to or greater than the Offer Price.
- If the aggregate demand in this category is less than or equal to the Non Institutional Portion at or above the Offer Price, full allocation shall be made to Non Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than the Non Institutional Portion at or above the Offer Price, allocation shall be made on a proportionate basis up to a minimum of one Equity Share. For the method of proportionate basis of allocation refer below.

For QIBs

- Bids received from the QIB Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The allocation to all the QIBs will be made at the Offer Price.
- The Offer size less allocation to Non Institutional Portion and Retail Portion shall be available for allocation to QIBs who have bid in the Offer at a price, which is equal to or greater than the Offer Price.
- The Selling Shareholder, in consultation with the BRLMs, would have the discretion for any allocation to QIBs based on a number of criteria which will typically include but not be limited to the following: prior commitment, investor quality, price, earliness of the bid, existing and continued shareholding of the QIB in the Company during the period prior to the Bid Opening Date and until the Pricing Date.

Method of Proportionate Basis of Allocation

In the event the Offer is over-subscribed, the basis of allocation to Retail and Non Institutional Bidders shall be finalised in consultation with the Designated Stock Exchange. The Executive Director or Managing Director of the Designated Stock Exchange along with the BRLMs and the Registrar to the Offer shall be responsible for ensuring that the basis of allocation is finalised in a fair and proper manner.

The allocation shall be made on a proportionate basis by adopting the applicable guidelines of SEBI in this respect as amended from time to time. Currently, the allocation shall be made in marketable lots, on a proportionate basis as explained below:

- Bidders will be categorised according to the number of Equity Shares applied for.
- The total number of Equity Shares to be allocated to all successful Retail Bidders and Non Institutional Bidders as a whole in their respective categories shall be made on a purely proportionate basis depending on the oversubscription level within that category rounded off to the nearest integer. For e.g. if the Retail Portion is oversubscribed 10 times all successful bidders would be allocated 1/10th of the equity shares for which they have submitted Bids.
- If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allocated to the Bidders in that category, the remaining Equity Shares available for allocation shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allocation to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Expenses of the Offer

The expenses of the Offer payable by the Selling Shareholder inclusive of brokerage, underwriting commission, fees payable to the BRLM, Syndicate Members, other advisors to the Offer, fees of Legal Advisors to the Offer and Auditors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, depositories charges, fees payable to the Registrar to the Offer and other miscellaneous expenses will be met out of the proceeds of the Offer.

Fees Payable to the BRLMs

The total fees payable to the BRLMs will be as per the Letters of Appointment dated October 30, 2004 and October 31, 2004 issued by the Selling Shareholder, copies of which are available for inspection at the corporate office of the Company.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer will be as per the Letter of Appointment dated January 9, 2004 a copy of which is available for inspection at the corporate office of the Company.

Adequate funds will be provided to the Registrar to the Offer to enable them to send refund orders or allocation advice by registered post or speed post.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

- a. **makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- b. **otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years."**

Withdrawal of the Offer

The Selling Shareholder, in consultation with the BRLMs, reserves the right not to proceed with the Offer anytime after the Bid/Offer Opening Date, but before allocation, without assigning any reason thereto.

Transfers of Equity Shares or Refund Orders

The Company shall facilitate the Selling Shareholder to give credit to the Beneficiary Account with Depository Participants within two working days of finalisation of the basis of transfer of equity shares. The Company shall facilitate the Selling Shareholder to dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first bidder's sole risk.

The Selling Shareholder undertakes that:

- Allocation of equity shares will be made only in dematerialised form within 15 working days from the Bid/Offer Closing Date;
- Dispatch of refund orders will be done within 15 working days from the Bid/Offer Closing Date; and
- The Selling Shareholder shall pay interest at 15% per annum (for any delay beyond the 15 working day time period as mentioned above), if transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 working day time prescribed above.

The Selling Shareholder will provide adequate funds required for dispatch of refund orders or allocation advice to the Registrar to the Offer.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by the Selling Shareholder, as an escrow collection bank(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Offer Program

Bid/ Offer Opened on	February 23, 2004
Bid/ Offer Closed on	March 1, 2004

Bids and any revision in bids shall be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid-cum-Application Form except that on the Offer Closing Date, the Bids shall be accepted **only between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded until such time as may be permitted by the NSE and the BSE on the Offer Closing Date.

The Selling Shareholder and the BRLMs have advertised the Floor Price prior to the Bid Opening Date in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali). The Selling Shareholder shall retain the right to revise the Floor Price during the Bidding Period at any level above or below the Floor Price first advertised prior to the Bid Opening Date. In the event that the Selling Shareholder decides to revise the Floor Price, the Selling Shareholder may in consultation with the BRLMs decide to either extend or not extend the Bidding Period. In the event that the Selling Shareholder decides to extend the Bidding Period the decision to extend the Bidding Period shall be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali).

Book Running Lead Managers

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Mumbai 400 021
Tel no: +91-22-5634 1100
Fax no: +91-22-2284 0492

Statement of Inter-se Allocation of Responsibilities as Furnished to the Selling Shareholder

The responsibilities and co-ordination for various activities in this Offer have been distributed between the BRLMs as set out below:

S. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as type of instruments etc.	I-Sec KMCC	KMCC
2.	Due diligence of Company's operations/ management/business plans/legal etc. Drafting and Design of Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing.	I-Sec KMCC	I-Sec
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, etc.	I-Sec KMCC	I-Sec
4.	Appointment of other intermediaries viz. Registrar, Printers, Advertising Agency and Bankers to the Offer.	I-Sec KMCC	KMCC
5.	Marketing of the Offer, which will cover, <i>inter alia</i> <ul style="list-style-type: none"> • Formulating marketing strategies, preparation of publicity budget • Finalise Media & PR strategy • Finalise centers for holding conferences for brokers etc. • Finalise collection centers • Follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the Offer material. 	I-Sec KMCC	KMCC
6.	Finalize the list and division of investors for one to one meetings, deciding pricing and institutional allocation in consultation with the Selling Shareholders.	I-Sec KMCC	KMCC
7.	The post bidding activities including management of escrow accounts, coordinate non institutional allocation, intimation of allocation and dispatch of refunds to bidders etc.	I-Sec KMCC	I-Sec
8.	The post issue activities for the issue will involve essential follow up steps, which include the finalisation of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Offer and Bankers to the Offer and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.	I-Sec KMCC	I-Sec

Registered Office

IBP House

34A, Nirmal Chandra Street,

Kolkata - 700 013

Tel no: +91-33-2236 2374

Fax no: +91-33-2221 5930

Email: divest26pc@ibpoil.com

Company Secretary and Compliance Officer

Mr. Amit Ghosh

3rd Floor, IBP House
34A, Nirmal Chandra Street,
Kolkata - 700 013
Tel no: +91-33-2236 4599
Fax no: +91-33-2221 5930
Email: co.secy@ibpoil.com

Registrar to the Offer

MCS Ltd.

Unit - IBP Co Limited-Offer
Sri Padmavathi Bhavan
Plot no. 93, Road no. 16
MIDC Area, Andheri (East)
Mumbai - 400 093
Tel no.: +91-22-2820 1785
Fax no.: +91-22-2820 1783
Email: ibpoffer@mcsind.com

It is the obligation of the Selling Shareholder to redress the complaints, if any, of investors participating in this Offer. The Selling Shareholder has authorised the Company Secretary and Compliance Officer of the Company and the Registrar to the Offer to redress the complaints, if any, of investors participating in this Offer. Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of allocation, credit of allocated shares in the respective beneficiary accounts, refund orders etc.

Domestic Legal Counsel for the Offer

Crawford Bayley & Co.

State Bank Buildings, 4th floor
N G N Vaidya Marg
Fort
Mumbai - 400 023
Tel no: +91-22-2266 3713
Fax no: +91-22-2266 3978

International Legal Counsel for the Offer

(Advising the Government and the Underwriters on matters pertaining to the laws of the State of New York and the federal law of the United States of America)

Linklaters

10th Floor, Alexandra House
Chater Road
Central, Hong Kong
Tel no: +852-2842 4888
Fax no: +852-2810 8133

Legal Counsel to the Underwriters

Amarchand & Mangaldas & Suresh A. Shroff & Co.

Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg
Lower Parel
Mumbai - 400 013
Tel no: +91-22-2496 4455
Fax no: +91-22-2496 3666

Auditors to the Company**Sarma & Co.**

8/2, Kiran Sankar Roy Road
2nd Floor, Room no. 13 & 14
Kolkata - 700 001
Tel no: +91-33-2248 4945
Fax no: +91-33-2220 5484

Bankers to the Offer and Escrow Collection Bankers**HDFC Bank Limited**

6th floor, HT House
18-20, K G Marg
New Delhi - 110 001
Fax no: +91-11-2335 9601

ICICI Bank Limited

ICICI Bank Towers
Bandra Kurla Complex
Bandra (East)
Mumbai - 400 051
Fax no: +91-22-2653 1371

IDBI Bank Ltd

Surya Kiran Building
11th floor, 19 K G Marg
New Delhi - 110 001
Fax no: +91-11-2335 8297

Kotak Mahindra Bank Limited

Bakhtawar, 2nd floor
Nariman Point
Mumbai - 400 021
Fax no: +91-22-2281 7527

Bankers to the Company**ABN AMRO Bank N.V.**

4, Russel Street
Kolkata - 700 071
Tel no: +91-33-2288 6660
Fax no: +91-33-2288 8167

Canara Bank

33/1, N S Road
Kolkata - 700 001
Tel no: +91-33-2210 2883
Fax no: +91-33-2220 9417

Citibank N.A.

41, Chowringhee Road
Kolkata - 700 071
Tel no: +91-33-2288 1877
Fax no: +91-33-2288 2003

Corporation Bank

8, Lenin Sarani
Dharamtalla
Kolkata - 700 013
Tel no: +91-33-2228 0487
Fax no: +91-33-2228 0023

Punjab National Bank

44, Park Street
Kolkata - 700 016
Tel no: +91-33-2281 5409
Fax no: +91-33-2247 8831

State Bank of India

Corporate Accounts Group
34, Jawaharlal Nehru Road
Kolkata - 700 071
Tel no: +91-33-2288 9707
Fax no: +91-33-2288 7037

Standard Chartered Bank

19, N S Road
Kolkata - 700 001
Tel no: +91-33-2222 0284
Fax no: +91-33-2221 1196

Union Bank of India

15, India Exchange Place
Kolkata - 700 001
Tel no: +91-33-2220 5788
Fax no: +91-33-2220 8202

Book Building Process

Book building refers to the collection of Bids from investors, based on the Floor Price, with the Offer Price being fixed after the Bid Closing Date. The principal parties involved in the Book Building Process are:

1. The Selling Shareholder;
2. The Book Running Lead Managers, in this case being ICICI Securities Ltd and Kotak Mahindra Capital Company Ltd; and
3. The Syndicate Members who are intermediaries registered with SEBI and eligible to act as underwriters. The Syndicate Members are appointed by the BRLMs.

The Equity Shares being offered pursuant to this Offer are already listed and consequently the SEBI guidelines for public issues/offers do not apply to this Offer. However, the Selling Shareholder has voluntarily decided to adopt the SEBI Guidelines particularly the guidelines for the 100% Book Building Process. Further, the processes, procedures and practices, which are generally followed in the 100% Book Building Process save for specified deviations on page 58 of this Final Sale Document, would be adopted. Pursuant to the decision of the Selling Shareholder, up to 50% of the Offer shall be allocated on a discretionary basis to Qualified Institutional Buyers ("QIBs"). The Selling Shareholder, in consultation with the BRLMs, would have the discretion for any allocation to QIBs based on a number of criteria which will typically include but not be limited to the following; prior commitment, investor quality, price, earliness of the bid, existing and continued shareholding of the QIB in the Company during the period prior to the Bid Opening Date and until the Pricing Date. Further, not less than 25% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 25% of the Offer shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid Bids being received at or above the Offer Price.

In this regard, the Selling Shareholder has appointed the BRLMs to procure Bids in the Offer.

The process of book building is relatively new and the investors are advised to make their own judgement about investment through this process prior to making a Bid in the Offer. QIBs are not allowed to withdraw their Bid after the Bid/Offer Closing Date. For further details see section entitled "Terms of the Offer".

Steps to be taken by the Bidders for bidding:

1. Check eligibility for bidding (for further details see the section entitled "Terms of the Offer");
2. Ensure that the Bidder has a demat account; and

3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Final Sale Document and in the Bid-cum-Application Form.

Underwriting Agreement

This underwriting arrangement is not mandatory and is based on the contractual arrangement between the Selling Shareholder, the Company and the Underwriters.

After the determination of the Offer Price and prior to filing of this Final Sale Document with the RoC, the Selling Shareholder and the Company have entered into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. Pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations.

The Underwriters have agreed to underwrite the following number of equity shares:

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in million)
ICICI Securities Ltd 41/ 44 Minoo Desai Marg Colaba Mumbai - 400 005	2,879,045	1,785.008
Kotak Mahindra Capital Company Ltd 3rd Floor, Bakhtawar 229, Nariman Point Mumbai - 400 021	2,879,045	1,785.008
ICICI Brokerage Services Ltd 41/ 44 Minoo Desai Marg, Colaba Mumbai 400 005	100	0.062
Kotak Securities Ltd 1st Floor, Bakhtawar 229, Nariman Point Mumbai 400 021	100	0.062

The above mentioned table is indicative of the underwriting and this would be finalised after pricing and actual allocation. The above Underwriting Agreement is dated March 4, 2004.

In the opinion of the Selling Shareholder and the Board of Directors (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Selling Shareholder and the Company have accepted and entered into the Underwriting Agreement mentioned above on March 4, 2004.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to equity shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is discretionary as per the terms of this Final Sale Document and may not be proportionate in any way and the patterns of allocation to QIBs could be different for the various Underwriters.

Applicability of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997

Any acquisition of equity shares in this Offer will not be exempted from the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and any acquirer of shares breaching any of the thresholds prescribed in these regulations should ensure that they comply with the requirements of these regulations.

Object of the Offer

The Joint Secretary, Ministry of Petroleum and Natural Gas, Government of India acting on behalf of the President of India proposes to carry out the disinvestment of 5,758,290 Equity Shares of Rs. 10 in the Company through this Final Sale Document.

The Company will not receive any proceeds from the Offer.

Terms of The Offer

The Equity Shares being offered are subject to the provisions of the Companies Act, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957, the Memorandum and Articles of Association, conditions of the FIPB and RBI approvals, the terms of the Preliminary Sale Document, this Final Sale Document, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the other documents/ certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, GoI, Stock Exchanges, RBI, RoC and/ or other authorities, as in force on the date of the Offer and to the extent applicable. The Equity Shares being offered pursuant to this Offer are already listed. As advised by SEBI in its letters dated January 29, 2004 and February 13, 2004, the SEBI Guidelines for public issues /offers do not apply to this Offer. However, the Selling Shareholder has informed the BRLMs by its letter dated February 10, 2004, that it has voluntarily decided to adopt the SEBI Guidelines particularly the guidelines for the 100% Book Building Process. Further, the processes, procedures and practises, which are generally followed in the 100% Book Building Process save the deviations indicated in the letter dated February 10, 2004 would be adopted for this Offer.

Authority for the Offer

As per letter no. G-34011/14/2003-Fin II, dated January 9, 2004, from the MoPNG, the Government has approved the disinvestment of its residual shareholding in the Company by way of an offer for sale in the domestic market. Pursuant to the decision taken by the Government, the MoPNG, acting for and on behalf of the President of India, has been authorised to offer 5,758,290 Equity Shares, held by the President of India in the Company by way of an offer for sale through a domestic public offer.

In view of the approvals listed below, the Selling Shareholder can undertake this Offer. No further major approval from any Government authority or the RBI is required for this offer.

The Company has received the following major Government approvals pertaining to the Offer:

- Approval from the Ministry of Finance and Company Affairs (Department of Economic Affairs), the Government of India pursuant to its letter no. FC.II.15(2004)/15(2004) dated January 28, 2004 for the transfer of equity shares in this Offer to eligible non-resident investors, NRIs and FIIs. In terms of the approval of GoI, OCBs have not been permitted to participate in the Offer. Approval from the RBI stating that the RBI has no objection to non-resident investors to acquire Equity Shares in the Offer for Sale pursuant to its letter no. EC.CO.FID/6458/10.01.07.02.200(529)/2003-04 dated February 6, 2004. The final permission of the RBI for acquisition of shares is to be received on completion of certain filing requirements. It is to be distinctly understood that there is no reservation for NRIs, FIIs or foreign venture capital funds registered with SEBI and all eligible non-residents, NRI, FII and Foreign Venture Capital Funds registered with SEBI applicants will be treated on the same basis with other categories for the purpose of allocation.
- As per the letter no. 7/(28)/2003-MODI dated February 10, 2004, from the Ministry of Disinvestment, the Government has voluntarily decided to adopt the SEBI Guidelines particularly the guidelines for 100% Book Building Process save certain deviations on page 58 of this Final Sale Document.
- As per letter no. 7(28)/2003-MODI dated February 13, 2004 from the Ministry of Disinvestment, the Government has directed the BRLMs to file the Final Sale Document with the RoC in the same manner followed in the case of a similar transaction of offer for sale of shares in a listed company by Government, in which the Department of Company Affairs, Ministry of Finance, Government of India had in its letter (D.O. NO. 1/32/01-D. Cell) dated February 10, 2004, noted that SEBI has informed that the offer document is to be called a "Preliminary Sale Document" and accordingly, therefore, the Ministry of Disinvestment may file the Preliminary Sale Document with the RoC, along with the requisite fee so that it can be placed on record for public inspection.

The Company has approved the Offer through a Board Resolution dated January 12, 2004. The Company has approved the Preliminary Sale Document through a resolution of the committee of Directors dated February 14, 2004. The Company has approved this Final Sale Document through a resolution of the Committee of Directors dated March 5, 2004.

Ranking of Equity Shares

The Equity Shares being offered are subject to the provisions of the Memorandum and Articles and as the Equity Shares are already listed, they rank pari-passu with the existing Equity Shares of the Company, including rights in respect of dividends.

Face Value and Offer Price

The equity shares with a face value of Rs. 10 each are being offered in the Offer at a price of Rs. 620/- per share. After the determination of the Offer Price, the Selling Shareholder shall transfer the Equity Shares allocated to QIBs and Non Institutional Bidders at the Offer Price. The Selling Shareholder decided, after determination of the Offer Price to transfer Equity Shares to Retail Bidders at Rs. 589/- per Equity Share which is at a discount of 5% compared to the Offer Price at which the Equity Shares will be transferred to the Non-Institutional Bidders and QIBs.

At any given point of time there shall be only one denomination of the equity shares.

Minimum Subscription

This being an offer for sale and the Equity Shares being offered pursuant to this Offer are already listed on the Stock Exchanges, the requirement of minimum subscription is not a pre-condition for completion of the Offer.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allocated bonus shares, if announced;
- Right to receive surplus on liquidation;
- The right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of the Articles dealing with voting rights, dividend, forfeiture and lien, restrictions on transfer and transmission and/or consolidation/ splitting, refer to the section on "Main Provisions of Articles of Association of the Company".

Trading and Market Lot

The equity shares in this Offer upon allocation shall be transferred only in dematerialised form. The trading of the Company's Equity Shares shall only be in dematerialised form for all investors.

Since trading of the Company's Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allocation of Equity Shares through this Offer will be done only in electronic form in multiples of one Equity Share to the successful Bidders.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with competent courts/ authorities in New Delhi, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the equity shares allotted, if any, shall vest. A person, being a nominee, entitled to the equity shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of the Company or to the Registrar and Transfer Agents of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the equity shares, until the requirements of the notice have been complied with.

Since the transfer of Equity Shares in the Offer will be made only in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Application by Permitted Non Residents/NRIs/ FIIs/ Foreign Venture Capital Funds Registered with SEBI

The Company has received approval from the Ministry of Finance and Company Affairs (Department of Economic Affairs), Government of India pursuant to its letter no. FC.II.15(2004)/15(2004) dated January 28, 2004, for the transfer of Equity Shares in this Offer to NRIs, FIIs registered with SEBI, Foreign Venture Capital Funds registered with SEBI and Multilateral and Bilateral development financial institutions. As per the policy of the RBI, OCBs are not permitted to participate in this Offer. The Company has received the approval from the RBI for transfer of shares in this Offer to Non Resident Indians, FIIs and Foreign Venture Capital Funds registered with SEBI and Multilateral and Bilateral Development Financial institutions, pursuant to its letter no. EC.CO.FID/6458/10.01.07.02.200(529)/2003-04 dated February 6, 2004. Therefore, it will not be necessary for the investors to seek separate permission from the FIPB/RBI for this specific purpose. However it is to be distinctly understood that there is no reservation for NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI and all NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI will be treated on the same basis with other categories for the purpose of allocation. The transfer of Equity Shares to NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI shall be subject to the conditions as may be prescribed by Government of India or RBI while granting such approvals.

The Equity Shares have not been and will not be registered under the U.S. Securities Act 1933, as amended (the "US Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "US persons" (as defined in Regulation S of the US Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Accordingly, the equity shares will be offered and sold only (i) in the United States to "Qualified Institutional Buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.

Offer Structure

The present Offer is for sale of 5,758,290 Equity Shares of Rs. 10 each of the Company by way of an offer for sale, for cash at a price of Rs. 620/- per Equity Share of Rs. 10 aggregating Rs. 3,570,139,800 million. The Selling Shareholder has voluntarily decided to adopt the SEBI Guidelines particularly the guidelines for the 100% Book Building Process save for specified deviations on page 58 of this Final Sale Document. Further, the processes, procedures and practises which are generally followed in the 100% Book Building process save for specified deviations would be adopted.

	QIBs	Non-institutional Bidders	Retail Bidders
Number of equity shares ⁽¹⁾	Up to 2,879,130 Equity Shares or Offer size less allocation to Non-institutional Bidders and Retail Bidders	Minimum of 1,439,580 Equity Shares or Offer size less allocation to QIBs and Retail Portion	Minimum of 1,439,580 Equity Shares or Offer Size less allocation to QIBs and Non-institutional Portion
Percentage of Offer Size available for allocation	Up to 50% or Offer size less allocation to Non - Institutional Portion and Retail Portion	Minimum 25% or Offer size less allocation to QIBs and Retail Portion	Minimum 25% or Offer Size less allocation to QIBs and Non-institutional Portion
Basis of Allocation if respective category is oversubscribed	Discretionary	Proportionate	Proportionate
Minimum Bid	Bid Amount exceeding Rs. 50,000 and in multiples of 10 equity shares	Bid Amount exceeding Rs. 50,000 and in multiples of 10 equity shares	10 equity shares and in multiples of 10 equity shares
Maximum Bid	Not exceeding the size of the Offer, subject to applicable regulations	Not exceeding the size of the Offer	Such number of equity shares so as to ensure that the Bid Amount does not exceed Rs. 50,000
Allocation Mode	Compulsory in dematerialised form	Compulsory in dematerialised form	Compulsory in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Lot size for allocation ⁽²⁾	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Public financial institutions, as specified in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multi-lateral and bi-lateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, Insurance Companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts	Individuals (including NRIs and HUFs) applying for such number of Equity Shares such that the Bid Amount does not exceed Rs. 50,000
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Non-institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate	Margin Amount applicable to Retail Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate
Margin Money	Nil	Full Bid Amount	Full Bid Amount

- (1) Subject to valid bids being received at or above the Offer Price, under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories, at the discretion of the Selling Shareholder and the BRLMs.
- (2) Based on the SEBI letter dated February 13, 2004.

Offer Procedure

Book Building Procedure

This Offer is being voluntarily made by the Selling Shareholder through the 100% Book Building Process, on the terms and conditions specified in this Final Sale Document save for specified deviations on page 58 of this Final Sale Document. Pursuant to the decision of the Selling Shareholder, up to 50% of the Offer shall be available for allocation on a discretionary basis to Qualified Institutional Buyers. The Selling Shareholder, in consultation with the BRLMs, would have the discretion for any allocation to QIBs based on a number of criteria which will typically include but not be limited to the following; prior commitment, investor quality, price, earliness of the bid, existing and continued shareholding of QIBs in the Company during the period prior to the Bid Opening Date and until the date of pricing. Further, not less than 25% of the Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 25% of the Offer shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Offer Price.

Bidders are required to submit their Bids through the Syndicate Members. The Selling Shareholder in consultation with the BRLMs reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason thereof in case of QIBs. In case of Non institutional Bidders and Retail Bidders, the Selling Shareholder or the Company would have a right to reject the Bids only on technical grounds.

Investors should note that equity shares would be transferred to all successful Bidders only in dematerialised form.

Bid-cum-Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of the Preliminary Sale Document. The Bidder shall have a maximum of three bidding options in the Bid cum Application Form and such options shall not be considered as multiple bids. Upon the allocation of equity shares, dispatch of the CAN and filing of the Final Sale Document with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Selling Shareholder and the Company to make the necessary changes in the Preliminary Sale Document and the Bid cum Application Form as would be required for filing the Final Sale Document with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
Indian Public or NRIs applying on a non-repatriation basis	White
Non-residents including NRIs, FIIs or Foreign Venture Capital Funds registered with SEBI and Multilateral and Bilateral development financial institutions applying on a repatriation basis	Blue

Who can Bid

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu undivided families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;

4. Indian Mutual Funds registered with SEBI;
5. Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital investors registered with SEBI;
8. State Industrial Development Corporations;
9. Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorised under their constitution to hold and invest in equity shares;
10. NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws
11. Scientific and/ or industrial research organisations authorised to invest in equity shares.
12. Insurance Companies registered with Insurance Regulatory and Development Authority.
13. Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares.
14. Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares.
15. Multilateral and bilateral development financial institutions.

Note: The BRLMs, Syndicate Members and any associate of the BRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Offer where allocation is discretionary. Further, the BRLMs and Syndicate Members shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of equity shares that can be held by them under the relevant regulations or statutory guidelines and as specified in this Final Sale Document.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

1. No mutual fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.
2. The offer of Equity Shares to a single FII should not exceed 10% of the post-offer paid-up capital of the Company i.e 10% of 22,147,369 Equity Shares. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company.
3. The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the Company's paid-up capital. The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go upto 100% of the Company's paid-up equity capital.

Bidders may bid as per the limits prescribed above.

The above information is given for the benefit of the Bidders. The Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Final Sale Document. Bidders are advised to make their independent investigations and ensure that their number of equity shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) For Retail Bidders: The Bid must be for a minimum of 10 Equity Shares and in multiples of 10 Equity Shares thereafter, subject to the Bid Amount not exceeding Rs. 50,000. In case of revision of Bids, the Retail Bidders have to ensure that the Bid Amount does not exceed Rs. 50,000. In case the Bid Amount is over Rs. 50,000 due to

revision or on exercise of Cut-off option, the Bid would be considered for allocation under the Non Institutional Bidders category. The Cut-off option is an option provided to the Retail Bidders indicating their agreement to bid and purchase equity shares at the final Offer Price as determined by the Book Building Process

(b) For other (Non-Institutional Bidders and QIBs) Bidders: The Bid must be for a minimum of such number of equity shares so as to ensure that the minimum Bid Amount is above Rs. 50,000. Above this minimum Bid Amount the Bid can be in multiples of 10 Equity Shares. A Bid cannot be submitted for more than the size of the Offer. All Retail Bidders whose Bid Amount exceeds Rs. 50,000 will be considered under this category. The maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. In case of revision in Bids, Non Institutional Bidders have to ensure that the Bid Amount is greater than Rs. 50,000 for being considered for allocation in the Non Institutional category. In case the Bid Amount reduces to Rs. 50,000 or less due to a revision in Bids, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Bidders' category would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB bidders are not allowed to bid at "Cut-Off".

A QIB Bidder cannot withdraw its bid after the Bid/Offer Closing Date.

Bidding Process

1. The Preliminary Sale Document has been voluntarily filed with SEBI and also filed with the RoC at least three days before the Bid/Offer Opening Date.
2. The members of the Syndicate will circulate copies of the Preliminary Sale Document along with the Bid cum Application Form to potential investors.
3. Any investor who would like to obtain the Preliminary Sale Document along with the Bid cum Application Form can obtain the same from the corporate and/or registered office of the Company or from any of the BRLMs or Syndicate Members.
4. The Selling Shareholder and the BRLMs shall declare the Bid/Offer Opening Date, Bid/Offer Closing Date at the time of filing the Preliminary Sale Document with ROC and also publish the same in three widely circulated newspapers (one each in English, Hindi and the Bengali). This advertisement shall contain the salient features of the Preliminary Sale Document as specified under Form 2A of the Companies Act and the method and process of bidding and the names and addresses of the BRLMs and Syndicate Members.
5. The Floor Price for the Offer will be decided by the Selling Shareholder and advertised by the Selling Shareholder and the BRLMs prior to the Bid Opening Date in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali). The Selling Shareholder shall retain the right to revise the Floor Price during the Bidding Period at any level above or below the Floor Price first advertised prior to the Bid Opening Date. In the event that the Selling Shareholder decides to revise the Floor Price, the Selling Shareholder may in consultation with the BRLMs decide to either extend or not extend the Bidding Period. In the event that the Selling Shareholder decides to extend the Bidding Period the decision to extend the Bidding Period shall be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali).
6. The BRLMs and Syndicate Members shall start accepting Bids from the Bidders from the Bid/Offer Opening Date.
7. Investors who are interested in bidding for the Company's equity shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bid.
8. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid-cum-Application Forms should bear the stamp of the BRLMs or Syndicate Members. Bid-cum-Application Forms which do not bear the stamp of the BRLMs or Syndicate Members will be rejected.

Bidding

1. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" below) and specify the demand (i.e. the number of Equity Shares bid for). The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares bid for by a Bidder at or above the Offer Price will be

considered for allocation and the rest of the Bid(s), irrespective of the bid price, will become automatically invalid.

2. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the transfer of equity shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids".
3. The BRLMs and Syndicate Members will enter each option into the electronic bidding system as a separate Bid and the Bid Amount paid by the Bidder and generate a Transaction Registration Slip (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form. It will be the responsibility of the Bidder to collect the TRSs from the members of the Syndicate.
4. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment".

Bids at Different Price Levels

1. The Floor Price will be advertised prior to the Bid Opening Date. The Bidders can bid at any price at or above the Floor Price, in multiples of Re. 1. The Bidding Period shall be open for at least 5 (five) days and not more than 10 (ten) days. The Selling Shareholder in consultation with the BRLMs shall finalise the Offer Price in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
2. The Bidder can bid at or any price above the Floor Price. The Bidder has to bid for the desired number of Equity Shares at a specific price. **Retail Bidders may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for Non Institutional Bidders and QIBs and such Bids from Non- institutional Bidders and QIBs shall be rejected.**
3. Retail Bidders who bid at the Cut-Off agree that they shall purchase the Equity Shares at or any price above the Floor Price. Retail Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Floor Price in the Escrow Account. In the event the Bid Amount collected is lesser than the Subscription Amount payable by the Retail Bidders (i.e. the total number of equity shares allocated in the Offer multiplied by the Offer Price), the number of Equity Shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder. In the event the Bid Amount is higher than the Subscription Amount payable by successful Retail Bidders (i.e. the total number of equity shares allocated in the Offer multiplied by the Offer Price), successful Retail Bidders shall receive the refund of the excess amounts from the Escrow Account.
4. The Floor Price can be revised during the Bidding Period by the Selling Shareholder, without any restrictions. The Selling Shareholder in consultation with the BRLMs, can revise the Floor Price by informing the stock exchanges, issuing a press release and notification on the terminal of the members of the Syndicate. In case of a revision in the Floor Price, the revised Floor Price and extension of the Bidding Period, if any, will be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali). In the event that the Selling Shareholder decides to extend the Bidding Period such decision shall be published in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali).
5. In case of an upward revision in the Floor Price announced as above, Retail Bidders who had bid at Cut-Off could either (i) revise their bid or (ii) make additional payment based on the revised Floor Price, with the member of the Syndicate to whom the original bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 50,000, the bid will be considered for allocation under the Non Institutional category in terms of this Final Sale Document.
6. In case of a downward revision in the Floor Price, announced as above, Retail Bidders who have bid at Cut-off could either revise their bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

Escrow Mechanism

The Selling Shareholder, the Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of the Bid and/or revision. Cheques or demand drafts received towards Margin Money from Bidders would be deposited in the Escrow Account for the Offer. The Escrow Collection Banks will act in terms of this Final Sale Document and the Escrow Agreement. The monies in the Escrow Account for the Offer shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Offer Account with the Bankers to the Offer. Payments of refund to the Bidders shall also be made from the Escrow Collection Banks, as per the terms of the Escrow Agreement and this Final Sale Document.

The Bidders should note that the escrow mechanism has been established as an arrangement between the Selling Shareholder, the Company, the members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Offer, to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder shall, with the submission of the Bid cum Application Form draw a cheque/demand draft for the Bid Amount of the Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions") and submit the same to the member of the Syndicate with whom the Bid is being deposited. Bid-cum-Application Forms accompanied by cash shall not be accepted. The Bid Amount has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque/ demand draft with the Escrow Collection Bank. The Escrow Collection Bank will hold all monies collected for the benefit of the Bidders until such time as the Designated Date. On the Designated Date, the Escrow Collection Bank shall transfer the funds in respect of successful Bidders from the Escrow Account for the Offer, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Offer. The balance amounts after the transfer to the Public Offer Account, lying credited with the Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date and no later than 15 working days from the Bid/Offer Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the respective Bidders.

Each category of Bidders i.e. QIBs, Non Institutional Bidders and Retail Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. The details of the Margin Amount payable by each category of Bidders is mentioned under the heading "Offer Structure". Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Offer Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than Pay-in Date, which shall be a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has been allocated lesser number of Equity Shares than they had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 working days from the Bid/Offer Closing Date.

Electronic Registration of Bids

1. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one on-line connectivity with each city where a Stock Exchange Centre is located in India, where the Bids are accepted.
2. NSE and BSE will offer a screen-based facility for registering Bids for the Offer. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the

condition that they will subsequently download the off-line data file into the on-line facilities for book building on an hourly basis. On the Bid Closing Date, the Syndicate Members will upload the Bids until such time as permitted by the Stock Exchanges.

3. The aggregate demand and price for bids registered on each of the electronic facilities of NSE and BSE will be downloaded on an hourly basis, consolidated and displayed online at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centres during the bidding period.
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - (a) Name of the investor
 - (b) Investor Category - Individual, Corporate, NRI, FII, or Mutual Funds etc.
 - (c) Numbers of equity shares bid for
 - (d) Bid price
 - (e) Bid cum Application Form number
 - (f) Whether payment is made upon submission of Bid cum Application Form
 - (g) Depository Participant Identification no. and Client Identification no. of the dematerialised account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's sole responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the Selling Shareholder or the members of the Syndicate or the Company. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
6. The member of the Syndicate also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non Institutional Bidders and Retail Bidders, Bids would not be rejected except on the technical grounds listed elsewhere in this Final Sale Document.
7. It is to be distinctly understood that the permission given by NSE and/or BSE to use their network and software of the online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by the Selling Shareholder, the Company, BRLMs are cleared or approved by NSE and/or BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoter, the management of the Company or any scheme or the project.
8. It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that the Final Sale Document has been cleared or approved by NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Final Sale Document; nor does it warrant that the equity shares will be listed or will continue to be listed on the NSE and/or the BSE.

Build Up of the Book and Revision of Bids

1. Bids shall be registered through the members of the Syndicate and shall be electronically uploaded to the NSE or BSE system on an hourly basis.
2. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
3. Any revision in the Floor Price will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Bengali) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate. Revisions of the Floor Price may or may not be accompanied by an extension of the Bid Closing Date.
4. During the Bidding Period, any Bidder who has registered an interest in the equity shares at a particular price level is free to revise the Bid to a higher price level (upward revision) as well as to lower price level (downward revision) subject to the Floor Price using the printed Revision Form which is a part of the Bid cum Application Form.

5. Revisions can be made in both the desired number of equity shares and the bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised in the Revision Form. Incomplete or inaccurate Revision Forms may not be accepted by the members of the Syndicate.
6. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. Bidders are advised to retain copies of the blank Revision Form.
7. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Final Sale Document. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the Bidders.
8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the Bid.
9. In case of discrepancy of data between the electronic book and the physical book, the decision of the BRLMs based on the physical records of the Bid cum Application Form shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid/Offer Closing Date, the BRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with the Selling Shareholder.
2. The Selling Shareholder will, in consultation with the BRLMs, finalise the "Offer Price". The Selling Shareholder will in consultation with the BRLMs finalise the number of Equity Shares to be allocated to successful QIB Bidders. After the determination of the Offer Price, the Selling Shareholder shall transfer the Equity Shares allocated to QIBs and Non-institutional Bidders at the Offer Price. Notwithstanding what is stated above, the Selling Shareholder reserves the right, at its sole discretion, after determination of the Offer Price to transfer the Equity Shares to Retail Bidders at a differential lower price as compared to the Offer Price at which Equity Shares will be transferred to Non-institutional Bidders and QIBs.
3. The allocation for QIBs of up to 50% of the Offer Size would be discretionary. The Selling Shareholder, in consultation with the BRLMs, would have the discretion for any allocation to QIBs based on a number of criteria which will typically include but not be limited to the following; prior commitment, investor quality, price, earliness of the bid, existing and continued shareholding of the QIB in the Company during the period prior to the Bid Opening Date and until the Pricing Date. The allocation to Non institutional Bidders and Retail Bidders of not less than 25% and not less than 25% of the Offer Size, respectively, would be on proportionate basis, in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Offer Price.
4. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any of the other categories, at the sole discretion of the Selling Shareholder and BRLMs.
5. Allocation to NRIs, FIIs, Foreign Venture Capital Funds and Multilateral and Bilateral development financial institutions applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for Offer / allocation of Equity Shares to them.
6. The BRLMs, in consultation with the Selling Shareholder, shall notify the Syndicate Members of the Offer Price, allocations to their respective Bidders and the balance amounts payable by the Bidders, where the full Bid Amount has not been collected from the Bidders.
7. The Selling Shareholder reserves the right to cancel the Offer any time after the Bid/Offer Opening Date but before allocation.

8. QIB Bidders shall not be allowed to withdraw their Bid after the Bid/ Offer Closing Date.
9. The allocation details shall be put on the website of the Registrar to the Offer.

Signing of Underwriting Agreement and RoC Filing

1. The Selling Shareholder, the Company, the BRLMs, the Syndicate Members and the Registrars to the Offer have entered into an Underwriting Agreement on the Selling Shareholder and the BRLMs reaching agreement upon the Offer Price and allocation(s) to the Bidders.
2. After the Underwriting Agreement is signed between the Selling Shareholder, the Company, the BRLMs, the Syndicate Members and the Registrars to the Offer, the Final Sale Document will be filed with the RoC for public inspection. The Final Sale Document would have details of the Offer Price, Offer Size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Offer Price and Final Sale Document

A statutory advertisement will be issued by the Selling Shareholder after the filing of the Final Sale Document with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Offer Price. Any material updates between the date of Preliminary Sale Document and the date of Final Sale Document will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLMs or Registrar to the Offer shall send to the Syndicate Members a list of their Bidders who have been allocated Equity Shares in the Offer.
2. The BRLMs or Syndicate Members would then send the CAN to their Bidders who have been allocated equity shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid into the Escrow Account for the Offer at the time of bidding shall pay in full the amount payable into the Escrow Account for the Offer by the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account for the Offer at the time of bidding shall directly receive the CAN from the Registrar to the Offer subject, however, to realisation of their cheque or demand draft paid into the Escrow Account for the Offer. The dispatch of a CAN shall be a deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Offer Price for all the Equity Shares allocated to such Bidder.

Designated Date and Transfer in the Offer

After the funds are transferred from the Escrow Account for the Offer to the Public Offer Account on the Designated Date, the Selling Shareholder would ensure the transfer of Equity Shares to the successful Bidders within two working days of the finalisation of the basis of allocation.

All successful bidders will receive credit for the Equity Shares directly in their depository account. **Equity shares will be transferred only in the dematerialised form to the successful bidders.** Successful bidders will have the option to re-materialise the Equity Shares so transferred, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Offer.

The Selling Shareholder will ensure the allocation of Equity Shares within 15 working days of closure of the bidding.

General Instructions

Do's:

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour), as the case may be;

3. Ensure that the application form bears the correct details of the Depository Participant, Beneficiary Account, bank details and the address in accordance with those maintained with the Depository Participant
4. Ensure that the names mentioned in the Application Form are in the same sequence as in the Beneficiary Account maintained with the Depository Participant as there will be no transfer of equity shares in physical form;
5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
6. Ensure that you bid only at or above the Floor Price;
7. Ensure that you have collected a TRS for all your Bid options;
8. Submit revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS; and
9. Ensure that your Bid Amount corresponds to the category under which you have bid.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise the Bid to a price that is less than the Floor Price;
3. Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
4. Do not pay the Bid amount in cash;
5. Do not send Bid-cum-Application Forms by post; instead hand them over to a member of the Syndicate only;
6. Do not Bid at cut off price (for Non Institutional Bidders and QIBs);
7. Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of equity shares that can be held by him under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and
8. Do not submit Bid accompanied with Stockinvest.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLMs or Syndicate Members.

Bids and Revision of Bids

Bids and revision of Bids must be:

- a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRI applying on non-repatriation basis and blue colour for NRI, FIIs and foreign Venture Capital Funds, Multilateral and Bilateral development financial institutions registered with SEBI, applying on repatriation basis).
- b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- c) For Retail Bidders, the Bids must be for a minimum of 10 Equity Shares and in multiples of 10 thereafter subject to a maximum Bid Amount of Rs. 50,000.
- d) For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of equity shares so as to ensure that the Bid Amount exceeds Rs. 50,000 and in multiples of 10 equity shares thereafter. Bids cannot be made for more than the size of the Offer. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of equity shares that can be held by them under applicable laws.
- e) In single name or in joint names (not more than three).
- f) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. Refund orders will be either printed with these bank account details or as per the bank account details mentioned in the Bidder's depository account. Bid-cum-Application Forms without these details are liable to be rejected.

Bidders Depository Account Details

Equity shares shall be transferred only in dematerialised form. All Bidders should mention their Depository Participant's name, Depository Participant-Identification number and Beneficiary Account number in the Bid cum Application Form. Please ensure that in case of joint names, the names stated in the Bid cum Application Form should be in the same order as the names stated in the Bidders' Depository Account.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, the Selling Shareholder or the Company in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, the Selling Shareholder or the Company in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be logged along with the Bid cum Application Form. Failing this the Selling Shareholder or the Company in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the Provident Fund/ Pension Fund must be lodged along with the Bid cum Application Form. Failing this the Selling Shareholder or the Company in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

The Selling Shareholder or the Company in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above conditions of simultaneous lodging of supporting information and documents along with the Bid cum Application form, subject to such terms and conditions as they may deem fit.

Bids by eligible non-residents, NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis

1. NRIs / FIIs / Foreign Venture Capital Funds registered with SEBI/ Multilateral and Bilateral development financial institutions Bidders can obtain the Bid-cum-Application Forms from the BRLMs or the members of the Syndicate.
2. NRIs / FIIs / Foreign Venture Capital Funds registered with SEBI/ Multilateral and Bilateral development financial institutions may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allocation on repatriation basis.
3. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid-cum-Application form meant for Resident Indians (white in colour) and allocation, if any, would be on non-repatriation basis.

4. Bids and revision to Bids must be made:
 - a. On the Bid-cum-Application Form or the Revision Form, as applicable, (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
 - b. In a single name or joint names (not more than three).
 - c. On a Revision Form with the same application number as the Bid Form.
5. NRIs - For a minimum of 10 equity shares and in multiples of 10 thereafter subject to a maximum Bid amount of Rs. 50,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount above Rs. 50,000 would be considered under Non Institutional Category for the purposes of allocation; FIIs - for a Bid Amount exceeding Rs. 50,000 and in multiples of 10 equity shares thereafter subject to a maximum of 10% of equity Share Capital of the Company; for further details see "Offer Procedure - Maximum and Minimum Bid Size".

Transfer of the equity shares to NRIs, FIIs or Foreign Venture Capital Funds registered with SEBI shall be subject to FIPB and RBI approvals or any other requisite approval as may be necessary. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to Indian tax laws and regulations and any other applicable laws provided the investments are made by inward remittances from outside India through approved banking channels or out of funds held in NRE (Non Resident External) or FCNR (Foreign Currency Non Resident) accounts.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid-cum-Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Selling Shareholder and the Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Payment Instructions

The Selling Shareholder, the BRLMs and the Syndicate Members shall open Escrow Accounts for the Offer with the Escrow Collection Banks for the collection of the Bid Amounts and margin amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Offer.

Each Bidder shall draw a cheque /demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account for the Offer

The Bidders who have paid the Bid Amount/ Margin on application shall draw a payment instrument for the Bid Amount/ Margin in favour of the Escrow Account and submit the same to the members of the Syndicate along with the Bid cum Application Form.

In case the Margin Amount is less than 100% of the Bid Amount, on receipt of the CAN, an amount equal to any difference between the amount payable by the Bidder for Equity Shares allocated at the Offer Price and the Margin Amount paid at the time of Bidding, shall be paid by the Bidders into the Escrow Account for the Offer within the period specified in the CAN which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.

The payment instruments for payment into the Escrow Account for the Offer should be drawn in favour of:

- a) In case of Resident Bidders: **"Escrow Account- Gol Offer IBP "**
- b) In case of Non Resident Bidders: **"Escrow Account - Gol Offer IBP - NR"**

In case of Bids by Non Residents/NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by drafts should be

accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.

In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to Special Rupee Account. Where a Bidder has been allocated a lesser number of equity shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the amount payable on the equity shares allocated, will be refunded to the Bidder from the Escrow Account. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders until the Designated Date.

On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account for the Offer as per the terms of the Escrow Agreement into the Public Offer Account with the Bankers to the Offer. On the Designated Date and no later than 15 working days from the Bid/Offer Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allocation, to the Bidders.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in this Offer.

Submission of Bid cum Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Form unless waived by a member of the Syndicate at its sole discretion.

The collection center of the BRLMs or Syndicate Members will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No separate receipts shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be dispatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of equity shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Selling Shareholder in consultation with the BRLMs reserve the right to reject, in their absolute discretion, all or any multiple Bids in all or any categories.

'PAN' or 'GIR' Number

Where the maximum Bid for equity shares by a Bidder is for the total value of Rs. 50,000 or more, i.e. the actual numbers of equity shares Bid for multiplied by the Bid Amount is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act or where the same has not been allotted, the General Index Register (GIR) Number and the Income-Tax Circle, Ward or District. In case neither the PAN nor the GIR number has been allotted, the Bidders must mention, "Not allotted" in the appropriate place. Bid-cum-Application Forms without this information will be considered incomplete and are liable to be rejected.

Right to Reject Bids

The Selling Shareholder in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason therefore in case of QIBs. In case of Non Institutional Bidders and Retail Bidders, the Selling Shareholder or the Company in consultation with the BRLMs have the right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

1. Amount paid does not tally with the highest value of equity shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bid by minor;
5. PAN or GIR Number not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of equity shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at cut-off price by Non Institutional Bidders or QIBs;
9. Bids for number of equity shares which are not multiples of 10 Equity Shares;
10. Category not ticked;
11. Signature of Sole and/ or Joint Bidder missing;
12. Bid cum Application Form bears inadequate Depository Account and Beneficiary Account details;
13. Multiple bids as defined elsewhere;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied with Stockinvest;
16. Bid cum Application Form does not have the stamp of the BRLMs or Syndicate Members;
17. Bid cum Application Form that does not have Bidders depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Offer Opening Date advertisement and this Final Sale Document and as per the instructions in this Final Sale Document and the Bid cum Application Form;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations see the details regarding the same under the section entitled "Offer Structure";
20. Bids from OCBs; or
21. Bids not validly executed, without signatures or supporting documentation.

The equity shares have not been and will not be registered under the US Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "US persons" (as defined in Regulation S of the US Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. Accordingly, the equity shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the US Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdictions where those offers and sales occur.

Equity Shares in Dematerialised Form with NSDL or CDSL

The Equity Shares in this Offer shall be transferred only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

All bidders can seek allocation only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.

- a) A Bidder applying for equity shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- e) Non-transferable allocation advice or refund orders will be directly sent to the sole/first Bidder by the Registrar to this Offer.
- f) If incomplete or incorrect details are given under the heading 'Request for Equity shares in electronic form' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
- g) The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
- h) It may be noted that equity shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the equity shares are listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the equity shares of the Company would be in dematerialised form only for all investors.
- j) Bidders are advised to instruct their Depository Participants to accept any equity shares transferred to them pursuant to this Offer.

Communications

All future communications in connection with Bids made in the Offer should be addressed to the Registrar to the Offer quoting the full name of the sole or First Bidder, Bid cum Application Form number, number of equity shares applied for, date of Bid form, name and address of the member of the Syndicate where the Bid was submitted and cheque, draft number and issuing bank thereof.

Undertaking by the Selling Shareholder

The Selling Shareholder undertake as follows:

- a) that the complaints received in respect of this Offer shall be attended to by the Selling Shareholder expeditiously and satisfactorily. The Selling Shareholder has authorised the Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in this Offer;
- b) that the funds required for dispatch of refund orders or allocation advice by registered post or speed post shall be made available to the Registrar to the Offer by the Selling Shareholder; and
- c) that the refund orders or allocation advice to the NRIs or FIIs shall be dispatched within specified time;

Despatch of Refund Orders

The Selling Shareholder and the Company shall ensure dispatch of refund orders of value over Rs. 1,500 by registered post or speed post only and adequate funds for the purpose shall be made available to the Registrar to the Offer by the Selling Shareholder.

Procedure and Time Schedule for Allocation of Equity Shares

The Selling Shareholder or the Company in consultation with the BRLMs reserve at their absolute and uncontrolled discretion and without assigning any reasons thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 working days of the Bid/Offer Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 working days of the Bid/Offer Closing Date. The Selling Shareholder will ensure the allocation of the Equity Shares within 15 working days from the Bid/Offer Closing Date. The Selling Shareholder shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if transfer is not made, refund orders, are not dispatched and/ or demat credits are not made to investors within two working days from the date of allocation.

Disposal of Applications and Application Money

The Selling Shareholder shall ensure dispatch of allocation advice, refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the transfer details with the Stock Exchanges within two working days of **finalisation of the basis of allocation of Equity Shares**. The Selling Shareholder shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Selling Shareholder as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid-cum-Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Interest on Refund of excess Bid Amount

The Selling Shareholder shall pay interest at the rate of 15% per annum on the excess Bid Amount received, if refund orders are not dispatched within 15 working days from the Bid/Offer Closing Date.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the industrial policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the RBI. Under present regulations, the maximum permissible FII investment in the Company is restricted to 24% of the total issued capital of the Company. This can be raised to 100% by adoption of a special resolution by the shareholders of the Company; however, as of the date hereof, no such resolution has been recommended to the shareholders of the Company for adoption.

Deviations from SEBI Guidelines

The Equity Shares being offered pursuant to this Offer are already listed. As advised by SEBI in its letters dated January 29, 2004 and February 13, 2004, the SEBI Guidelines for public issues /offers do not apply to this Offer. However, the Selling Shareholder has informed the BRLMs by its letter dated February 10, 2004, that it has voluntarily decided to adopt the SEBI Guidelines particularly the guidelines for the 100% Book Building Process. Further, the processes, procedures and practises, which are generally followed in the 100% Book Building Process save the deviations indicated in the letter dated February 10, 2004 would be adopted for this Offer.

- a) The Price Band to be advertised for the purposes of inviting bids and carrying out book building will not be disclosed in the Final Sale Document and would be advertised by the Government up to one day prior to the Bid Opening Date.
- b) The Price Band would be revised, if necessary, without the need to extend the Bidding Period.
- c) The terms of the offer would provide for an automatic reduction of the demand (i.e. the number of shares bid for) of Retail Bidders who have bid at Cut-off price, to keep it to within the payment already made by them, in case of any upward revision in the Price Band.
- d) The Government would reserve the right at its sole discretion to offer the shares to Retail Bidders at a differential lower price as compared the price for QIB and Non Institutional Bidders.
- e) The post offer period for completion of various activities would be defined as 15 working days instead of 15 calendar days.
- f) The bids received at the bidding centers would be permitted to be uploaded at intervals of one hour on all bidding days and up to the time allowed by NSE and BSE on the last day of bidding.

Statement on Basis of Offer Price

1. Adjusted Earnings per Share (EPS)

	<u>Rupees</u>	<u>Weight</u>
Year ended March 31, 2001	52.33	1
Year ended March 31, 2002	39.32	2
Year ended March 31, 2003	39.77	3
Nine months ended December 31, 2003 (annualised)	72.92	4
Weighted Average	54.20	

2. Price/Earning (P/E) ratio in relation to Offer Price of Rs. 620

Based on Weighted Average EPS of Rs. 54.20: 11.44

Industry P/E for FY2003

- Highest*
- Lowest*
- Average*

*As there are no other listed petroleum marketing company such as IBP Co Ltd, no industry comparison including comparison of accounting ratios can be made.

3. Return on Net Worth

	<u>%</u>	<u>Weight</u>
Year ended March 31, 2001	26.90	1
Year ended March 31, 2002	20.18	2
Year ended March 31, 2003	18.17	3
Weighted Average	20.29	

4. Minimum Return on Total Net Worth after Offer needed to maintain EPS at Rs. 54.20 : 20.67%

5. Net Asset Value (NAV)

Net Asset Value per Share as on December 31, 2003	Rs. 262.21
After Offer	Rs. 262.21
Offer Price	Rs. 620

SECTION III - THE COMPANY

Unless the context otherwise requires, for the purposes of the following section of this Final Sale Document references to "IBP", "the Company", "IBP Co. Limited", "we", "us" and "our" refer to IBP Co. Limited, a public limited company incorporated under the Companies Act.

Capital Structure

(Rs. in millions)

Share Capital as on February 11, 2004	Aggregate nominal value
Authorised Capital	
99,500,000 Equity Shares of Rs. 10 each	995.0
50,000 Preference shares of Rs. 100 each	5.0
	1,000.0
Issued, Subscribed And Paid-Up Capital	
22,147,369 Equity Shares of Rs. 10 each	221.5

Notes to the Capital Structure

1. Share capital history of our Company:

Date on which shares were allotted / transferred and made fully paid up	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment / Transfer	Cumulative Share Premium (Rs. in million)
September 16, 1972	596,662	10	10	Cash	Acquisition of Equity Shares by the Government from IOC	3.1
September 16, 1972	403,338	10	10	Cash	Public shareholding as on the date of acquisition of Equity Shares by the Government from IOC	3.1
June 13, 1974	600,000	10	Nil	Other than cash	Bonus issue in ratio 3:5	Nil
January 28, 1982	800,000	10	Nil	Other than cash	Bonus issue in ratio 1:2	Nil
January 16, 1987	1,440,000	10	Nil	Other than cash	Bonus issue in ratio 3:5	Nil
December 13, 1989	3,519,904	10	50	Cash	Rights issue	140.8
May 27, 1994	7,400,113	10	120	Cash	Conversion of FCD held by the Government into Equity Shares	954.8
1995-96	2,266	10	120	Cash	Equity shares allotted to shareholders upon payment of call money on conversion of FCDs	955.1
January 10, 1997	2,530	10	120	Cash	Equity shares allotted to shareholders upon payment of call money on conversion of FCDs	955.4
January 28, 1997	7,382,406	10	Nil	Other than cash	Bonus issue in ratio 1:2	886.5

Date on which shares were allotted / transferred and made fully paid up	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reasons for Allotment / Transfer	Cumulative Share Premium (Rs. in million)
April 29, 1998	50	10	120	Cash	Equity shares allotted to shareholders upon payment of call money on conversion of FCDs	886.5
2002 - 03	100	10	120	Cash	Equity shares allotted to shareholders upon payment of call money on conversion of FCDs	886.5
Total	22,147,369					886.5

2. Shareholding pattern of our Company before and after the Offer:

Shareholders	Before the Offer		After the Offer	
	Number of Equity Shares	Percentage	Number of Equity Shares	Percentage
Promoter				
IOC	11,867,262	53.6	11,867,262	53.6
President of India*	5,758,290	26.0	Nil	Nil
Public	4,521,817	20.4	10,280,107	46.4
Total	22,147,369	100.0	22,147,369	100.0

* Acting through the Ministry of Petroleum and Natural Gas, the Government of India

Other than the Promoter itself, none of the promoter group companies have any shareholding in us.

3. The list of top 10 shareholders of our Company and the number of Equity Shares held by them is as follows:

Top ten shareholders as on March 5, 2004 are as follows:

Serial Number	Name of Shareholder	Number of Equity Shares of Rs. 10 each
1	IOC	11,867,262
2	President of India*	5,758,290
3	Government of Singapore Investment Corporation	574,553
4	National Insurance Company Limited	364,178
5	The New India Assurance Company Limited	300,596
6	United India Insurance Company Limited	242,880
7	Monetary Authority of Singapore - J	209,746
8	Unit Trust of India - SUS 1999	189,207
9	Life Insurance Corporation of India	186,688
10	General Insurance Corporation of India	148,149

* Acting through the Ministry of Petroleum and Natural Gas, the Government of India

Top ten shareholders as on February 27, 2004 are as follows:

Serial Number	Name of Shareholder	Number of Equity Shares of Rs. 10 each
1	Indian Oil Corporation Limited	11,867,262
2	President of India*	5,758,290
3	Government of Singapore	574,553
4	National Insurance Company Limited	364,178
5	The New India Assurance Company Limited	300,596
6.	United India Insurance Company Limited	242,880
7.	Monetary Authority of Singapore - J	209,746
8.	Unit Trust of India - SUS 1999	189,207
9.	Life Insurance Corporation of India	186,638
10.	General Insurance Corporation of India	148,149

* Acting through the Ministry of Petroleum and Natural Gas, the Government of India

Top ten shareholders as on March 5, 2002 are as follows:

Serial Number	Name of Shareholder	Number of Equity Shares of Rs. 10 each
1	Indian Oil Corporation Limited	7,437,808
2	President of India*	5,758,290
3	Unit Trust of India - SUS 1999	824,328
4	National Insurance Company Limited	773,592
5	Life Insurance Corporation of India	681,113
6	The New India Assurance Company Limited	632,042
7	United India Insurance Company Limited	510,686
8	Unit Trust of India	347,415
9	General Insurance Corporation of India	311,422
10	Canara Bank	277,239

* Acting through the Ministry of Petroleum and Natural Gas, the Government of India

5. The Selling Shareholder, our Company, any of our Directors and BRLMs have not entered into any buy-back and / or standby arrangements for purchase of Equity Shares of our Company from any person except as disclosed in the section "Terms of the Offer".
6. None of our Promoter, members of the promoter group or directors of the Promoter have purchased or sold any Equity Shares during the six months preceding the date on which the Final Sale Document is filed with the RoC.
7. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into our Equity Shares other than 95 FCDs which are to be converted into Equity Shares on payment of unpaid call money.
8. No employee stock option plans or employee share purchase schemes are outstanding.
9. We have received approval from Ministry of Finance and Company Affairs (Department of Economic Affairs), the Government of India, pursuant to its letter no. FC.II.15(2004)/15(2004) dated January 28, 2004 for the

transfer of Equity Shares in this Offer to eligible non-resident investors, NRIs and FIIs. Pursuant to the terms of the approval of the GoI, OCBs have not been permitted to participate in the Offer. Our Company has received in-principle approval from the RBI stating that the RBI has no objection to non-resident investors acquiring Equity Shares in the Offer for Sale pursuant to its letter no. EC.CO.FID/6458/10.01.07.02.200(529)/2003-04 dated February 6, 2004. The final permission of the RBI for acquisition of shares is to be received on completion of certain filing requirements.

10. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Offer i.e. 5,758,290 Equity Shares subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
11. There shall be no further issue of capital either by way of issue of bonus shares, preferential allotment, rights issue or any other manner during the period commencing from submission of the Final Sale Document with SEBI until the trading notice has been issued except as stated in note 7 of the Notes to the Capital Structure.
12. We presently do not intend or propose to alter our capital structure for a period of six months from the Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for equity shares) whether preferential or otherwise, except that we may issue options to our employees pursuant to an employee stock option plan or, if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use equity shares as currency for acquisition or participation in such joint ventures.
13. We have not issued any equity shares out of revaluation reserves or for consideration other than cash, except for bonus equity shares issued to the shareholders as stated in note 1 above.
14. At any given point of time, there shall be only one denomination for the Equity Shares of our Company and we shall comply with such disclosure and accounting norms specified by SEBI from time to time.
15. Pursuant to the terms of the SHA, for a period of three years from closing (completion of transfer of shares pursuant to SPA) IOC shall not transfer 7,437,808 of our Equity Shares constituting 33.58% of our paid up equity share capital, without the prior written consent of the Government. However, this transfer restriction shall not be applicable in case IOC transfers such Equity Shares purchased by it to its affiliate who assumes in writing all rights and obligations of IOC and executes the deed of adherence. This transfer restriction shall cease to apply on the termination of SHA. For more details see the section headed "Our Promoter".
16. We have 12,657 shareholders as on March 5, 2004.

The Petroleum Industry in India

Unless otherwise indicated, all financial and statistical data relating to the petroleum industry in the following discussion is derived from information published by or communications with the MoPNG and organisations under its administrative control or industry data and estimates collected by the major oil marketing companies in their Monthly Sales Performance Review. This information has not been independently verified by us or the Underwriters or any of their respective affiliates or advisers. This information may have been reclassified in certain respects for purposes of presentation. For more information, see "Certain Conventions: Use of Market Data".

Overview

The petroleum industry in India has experienced significant growth in the past 15 years. Consumption of petroleum products in India grew at a CAGR of 5.5% during the period from Fiscal 1988 to Fiscal 2003, which was far in excess of the corresponding global growth rate, which was approximately 1.2%. Despite such rapid growth, however, India accounted for just 2.8% of global consumption of petroleum products in 2002. We believe further increase in the consumption level of the country will come with progressive industrial development.

The increase in demand for petroleum products in India has shown a strong correlation to growth in Gross Domestic Product ("GDP"). Over the last 15 years, the CAGR of petroleum products has been approximately 5.5% compared to a CAGR of GDP of 5.9%. However, in the past few years, the correlation between GDP growth and growth demand for petroleum products has not been as closely linked as in the past. Possible explanations for this divergence include increased oil prices and price volatility following the events of September 11, 2001 and the hostilities in Iraq, and the comparatively large amount of Indian GDP growth represented by the services sector of the economy rather than the industrial sector in recent years. The following table illustrates the growth of GDP and demand for petroleum products in India for the periods indicated:

Fiscal Year	GDP Rs/Bn	GDP Growth %	Petroleum Product Consumption (mmtpa)	Petroleum Product Consumption Growth %
1993	7,377.9	5.1	58.9	3.4
1994	7,813.4	5.9	61.5	4.5
1995	8,380.3	7.3	67.5	9.6
1996	8,995.6	7.3	74.7	10.7
1997	9,700.8	7.8	79.2	6.0
1998	10,165.9	4.8	84.3	6.5
1999	10,827.5	6.5	90.6	7.4
2000	11,484.4	6.1	97.1	7.2
2001	11,986.8	4.4	100.1	3.1
2002	12,654.3	5.6	100.4	0.4
2003	13,207.3	4.4	104.1	3.7

Note: GDP at factor cost (Base: 1993-94)

Source: RBI and PPAC

The petroleum industry consists of upstream exploration and production activities, and downstream refining and distribution, marketing and sale of refined petroleum products. The following description focuses on downstream activities, in particular distribution, marketing and sale of refined petroleum products, which is our Company's primary business.

History and Deregulation of the Indian Petroleum Industry

The search for oil in India dates as far back as 1886 and oil was first produced commercially in 1889 at Digboi (Assam). The first Indian refinery with a capacity of 0.25 mmtpa was set up in 1901 in Digboi. No other refineries

were to be commissioned in India until the early 1950s, when three refineries were set up one by each of Burmah-Shell, Esso Standard Refining Co. and Lubes India Limited ("Esso") and Caltex Oil Refining (I) Ltd. ("Caltex"). In the 1960's five more refineries were set up, three by the state-owned IOC and one each by Cochin Refineries Limited (now Kochi Refineries Limited "KRL") and Madras Refineries Limited (now Chennai Petroleum Corporation Limited, "CPCL") both of which were joint ventures between the Government and international oil companies. IOC set up one additional refinery prior to nationalisation in the 1970s. With regard to the marketing sector, IBP began marketing retail petroleum products in 1909. Prior to nationalisation of the downstream sector, Burmah-Shell, Esso, Caltex and IOC had also begun marketing refined petroleum products in India.

In the mid-1970s, the downstream sector was nationalised. IBP, Esso, Caltex and Burmah-Shell were nationalised in 1972, 1974, 1976 and 1976, respectively. At the time of nationalisation, the Esso group in India became HPCL, into which Caltex was merged in 1978, and Burmah-Shell became Bharat Refineries Limited (now BPCL). Following the nationalisation of Burmah-Shell, all upstream activity was also controlled through Government companies. After nationalisation, only public sector undertakings ("PSUs") were allowed to participate in the petroleum industry (other than Castrol which was permitted to continue participating in the lubricants sector). Virtually all aspects of the oil industry were highly regulated, including investment, production, distribution and pricing of petroleum products sold in the market.

Beginning in the early 1990s, the Government began instituting a series of reforms aimed at liberalising the petroleum industry in India. The stated purpose of these reforms was to rationalise and improve efficiency in the industry, reduce subsidies and allow pricing to be determined by the market, in order to attract and facilitate private sector investment and involvement in the industry. Important measures included deregulating the lubricants market allowing international lubricants marketers to enter the Indian market, permitting private players in the industry to sell limited amounts of LPG and kerosene not being distributed to the public, and opening up refining to the private sector. Perhaps the most significant step towards liberalisation of the downstream sector was the phased liberalisation of pricing restrictions, eventually resulting in the removal of official pricing controls on all products other than kerosene for public distribution ("PDS kerosene") and LPG used for domestic cooking ("domestic LPG") by April 1, 2002. See "-Regulatory Framework specific to Petroleum Sector".

Market Participants

The oil refining sector consists of ten companies with eighteen refineries and a combined annual installed capacity as of March 31, 2003 of 114.67 million metric tonnes. These 10 companies include, IOC, HPCL, BPCL, Bongaigaon Refinery and Petrochemicals Ltd. ("BRPL"), KRL, CPCL, Numaligarh Refinery Limited ("NRL"), ONGC, Mangalore Refinery and Petrochemicals Ltd. ("MRPL") and RIL. Of these refining companies, all are public sector enterprises with the exceptions of RIL, which is a private sector company. However, the Government has announced intentions to sell down its stakes in HPCL and BPCL. The sector has undergone consolidation in recent years, with refining companies with no marketing and distribution operations being purchased by large, integrated players. In March 2001, IOC obtained controlling stakes in BRPL and CPCL and BPCL obtained controlling stakes in KRL and NRL. ONGC, the largest player in the upstream oil and gas sector in India, entered the refining business only recently, commissioning a mini-refinery in East Godavari District of Andhra Pradesh in September, 2001. ONGC also purchased a controlling stake in MRPL in 2002.

The following table sets out the market share of refining companies in India in Fiscal 2003:

Refinery Company	Percentage of Total Throughput (%)	Controlling Shareholder
IOC (including AOD)	31.9	Government (82.0%)
HPCL	11.7	Government (51.0%)
BPCL	7.9	Government (66.2%)
BRPL	1.3	IOC (74.5%)
KRL	6.9	BPCL (54.8%)
CPCL	6.2	IOC (51.9%)
NRL	1.7	BPCL (62.9%)
ONGC	0.1	Government (84.1%)
RIL	25.8	-
MRPL	6.6	ONGC (71.6%)

Source: PPAC

Shareholding percentages as of September 30, 2003

In addition, GAIL (India) Limited ("GAIL") and Oil India Ltd engage in fractional separation of LPG.

The marketing sector has historically been dominated by the four PSU oil marketing companies; IOC, HPCL, BPCL and our Company. These four companies accounted for more than 85% of the aggregate sales of petroleum products in India in Fiscal 2003. The balance was accounted for by sales of certain decontrolled petroleum products by private players.

The following table sets out the total sales volume and market share of the major oil marketing companies in India:

Oil Marketing Company	Fiscal Year Ended March 31, 2003	
	Volume (in MMT)	Percentage of Total Sales Volume (%)
IOC (including AOD)	46.3	44.5
BPCL	19.8	19.1
HPCL	18.2	17.5
IBP	3.8	3.6
Other minor PSU companies	2.0	1.9
Other (private players)	14.0	13.4

Source: PPAC

In particular, the PSU oil marketing companies have dominated sales of MS and HSD, which products together accounted for 43% of total sales of petroleum products in Fiscal 2003. Such products are sold primarily to the public through retail outlets, which until recently was only permissible only for the PSU oil marketing companies.

The following table sets out the market shares of MS and HSD held by the PSU oil marketing companies in Fiscal 2003:

Oil Marketing Company	Fiscal Year Ended March 31, 2003	
	Market Share of MS (%)	Market Share of HSD
IOC	36.3	47.7
BPCL	31.6	24.1
HPCL	24.7	20.6
IBP	7.3	7.2

Source: PPAC

The marketing sector has already been opened to domestic private players/ multinationals and other upstream companies. The Government of India vide Gazette Notification dated March 8, 2002 authorised companies investing or proposing to invest at least Rs. 20 billion in exploration, production, refining, pipelines or terminals, to market transportation fuels (MS, HSD and aviation turbine fuel ("ATF")). As of December 31, 2003, four companies, ONGC, RIL, Essar, and NRL fulfilling the criteria have applied for and been granted the marketing authorisation, including approvals related to the establishment of over 9,000 retail outlets. In addition, the Government has granted in-principle approval to Shell India Private Ltd. to set up 2,000 retail outlets in the country subject to fulfilment of conditions.

Supply And Demand Of Refined Petroleum Products

The following table sets out total throughput, capacity and utilisation rate of Indian refineries as on March 31, 2003:

Owner Company	Refinery Location	Year Commissioned	Capacity (MMTPA)	Throughput (MMTPA)	Capacity Utilisation (%)
IOC	Barauni	1964	4.20	2.99	71.3%
IOC	Digboi	1901	0.65	0.58	89.4%
IOC	Guwahati	1962	1.00	0.46	45.8%
IOC	Gujarat	1965	13.70	12.43	90.7%
IOC	Haldia	1974	4.60	4.51	98.1%
IOC	Mathura	1982	8.00	8.21	102.6%
IOC	Panipat	1998	6.00	6.10	101.7%
BRPL	Assam	1979	2.35	1.46	62.3%
CPCL	Manali	1969	6.50	6.18	95.0%
CPCL	Narimanam	1993	0.50	0.64	128.6%
BPCL	Mumbai	1955	6.90	8.74	126.7%
KRL	Kerala	1966	7.50	7.58	101.1%
NRL	Numaligarh	1999	3.0	1.88	62.6%
HPCL	Mumbai	1954	5.5	6.08	110.5%
HPCL	Vizag	1957	7.5	6.85	91.4%
MRPL	Mangalore	1996	9.69	7.25	74.9%
RPL	Jamnagar	1999	27.00	28.55	105.7%
ONGC	Tatipaka	2001	0.078	0.085	109.0%
TOTAL			114.67	110.58	96.4%

Source: PPAC

Prior to Fiscal 2000, demand for most petroleum products in India was significantly higher than domestic supply, and there was a net deficit which was met through importation of petroleum products from overseas. However, as the result of large increases in refining capacity stemming from commissioning of new refineries and capacity upgrades at existing refineries, local capacity now exceeds demand and India has become a net exporter of refined oil products. Building of additional refineries and upgrading capacity at existing refineries continues throughout the industry.

The following table sets out the production, imports, exports and consumption of the major refined petroleum products in India for the periods indicated:

(in million tonnes)

Product		Fiscal Year Ended March 31		
		2001	2002	2003
HSD	Production	39.0	39.9	40.3
	Imports	0.00	0.03	0.11
	Exports	1.60	2.86	3.18
	Consumption	38.0	36.5	36.6
SKO	Production	8.9	9.9	10.2
	Imports	1.9	0.4	0.7
	Exports	0.0	0.0	0.0
	Consumption	11.3	10.4	10.4
MS	Production	8.1	9.7	10.4
	Imports	0.0	0.0	0.0
	Exports	1.20	2.41	2.34
	Consumption	6.6	7.0	7.6
LPG	Production	6.1	7.0	7.3
	Imports	0.9	0.7	1.1
	Exports	0.0	0.0	0.0
	Consumption	7.0	7.7	8.4
Naphtha/ NGL ¹	Production	11.5	11.8	11.3
	Imports	3.2	3.3	2.8
	Exports	2.9	2.5	2.1
	Consumption	11.7	11.8	12.0
Furnace oil/LSHS/HHS/RFO ²	Production	11.5	12.2	12.3
	Imports	1.7	1.4	1.3
	Exports	0.5	0.5	1.1
	Consumption	12.7	13.0	12.7

Source: PPAC

¹Natural Gas Liquids

²Residual Furnace Oil

The major products sold in the Indian market are:

- HSD - standard automobile grade diesel, used in the majority of trucks and commercial vehicles in India as well as in agricultural vehicles, railway engines and industrial stationary engines. HSD is the refined petroleum product with highest demand in India. India is known as a "diesel economy" due to the high percentage of total demand for petroleum products represented by HSD.
- MS - standard grade petrol, used largely in motor vehicles. This product was viewed historically as a luxury product and as such the regulated price and excise duty were set higher than those of HSD.
- SKO - used as a major source of fuel for cooking and lighting, predominantly in rural India. Due to its status as a necessity product, the pricing of SKO has historically been heavily subsidised and is one of the petroleum products on which official price controls still exist. SKO is sold to the public in India as part of the Public Distribution System ("PDS") under which certain essential products are sold to holders of ration cards at subsidised prices.

- LPG - used largely as a source of domestic fuel in urban and semi-urban areas.
- Naphtha - used primarily in the production of fertilisers and petrochemicals and, to a smaller extent, as a power plant fuel for power generation in India.
- Furnace oil - primarily used as fuel in manufacturing and power generation.

The following table sets out the percentage of total consumption of petroleum products represented by each of the major products for the periods indicated:

Product	Percentage of Total Consumption %		
	Fiscal Year Ended March 31		
	2001	2002	2003
HSD	37.9	36.4	35.2
SKO	11.3	10.4	10.0
MS	6.6	7.0	7.3
LPG	7.0	7.7	8.0
Naphtha / NGL	11.7	11.7	11.5
Furnace oil / LSHS	12.6	12.9	12.2

Source: PPAC

Demand By Region for PSUs

The following table sets out the consumption of petroleum products in India by region for the periods indicated:

Geographic Region	Percentage				
	Fiscal Year Ended March 31 (%)				
	1999	2000	2001	2002	2003
North	30.4	30.3	30.5	30.6	30.8
East	12.8	12.9	13.2	13.5	13.2
West	31.9	31.3	30.5	30.0	29.3
South	24.8	25.4	25.8	25.8	26.5

Excluding Nepal / Bhutan

Source: PPAC

Transportation Infrastructure

Petroleum products are transported via road, rail, pipeline and coastal tankers:

Pipelines

The most cost efficient method of transport is via pipeline. As of October 1, 2003 there were 15 pipelines operating in India with a total capacity of 51.35 mmtpa covering a total distance of 6,084 km.

In addition, there currently are plans to significantly increase the capacity of India's pipeline network. As of December 31, 2003, 13 additional pipelines covering a total distance of 9,599 km had been approved and were being built.

Rail

India also has extensive rail network for both commercial and public use. It has the largest rail network in Asia, and the second largest rail system in the world under single management. As of March 31, 2002, the railways covered 63,140 km and has over 7,000 locomotives, the majority of which are diesel or electrical.

Road

India has experienced a significant expansion in its road network in recent years, both at a local and interstate and national level. The country had over 2.8 million km of roads including 57,737 km of national highways and 150,000

km of state highways as of March 31, 2001. The network is expected to be expanded further, with the emphasis on national and state highways.

Given the geographical spread of dealerships by marketing companies, primary delivery from refineries and pipeline points to storage terminals is often by rail, with delivery to most customers or retail outlets then by road. In the majority of cases, final delivery to customers or retail outlets is by road.

Coastal Tankers

Transportation by coastal tanker is generally less expensive than by rail or road, though it is restricted to transport between areas with ports. India had 13 major and 16 minor ports as of December 31, 2003 including Haldia, Kolkata, Paradip, Tuticorin, Vishakapatnam, Chennai and Ennore along the eastern coastline and Kandla, New Mangalore, Marmagao, Cochin, JNPT and Mumbai along the Western coastline.

Storage

Oil marketing companies in India along with independent refining companies have built up a considerable network of storage facilities to supply retail outlets and wholesale customers. As of March 31, 2003, the total capacity came to 20.5 million kilolitres.

Regulatory Framework

Regulators

At present, the MoPNG is the principal regulator of the petroleum industry in India. It operates directly and through organisations under its administrative control, including the Petroleum Planning and Analysis Cell ("PPAC"). The PPAC took over certain functions of the Oil Coordination Committee ("OCC") as of April 2002 and is responsible for analysing market and price trends, maintaining an information database and administering government subsidies in the petroleum industry.

In May 2002, the Government introduced the Petroleum Regulatory Board Bill (later amended and renamed as the Petroleum and Natural Gas Regulatory Board Bill) which called for the creation of a Petroleum and Natural Gas Regulatory Board to oversee the functioning of the downstream petroleum sector and ensure fair play in the de-regulated market. As of December 31, 2003, the Bill was still awaiting enactment. In the interim, the MoPNG continues to act as principal regulator to ensure a smooth, orderly transition.

Pricing

After nationalisation of the industry and prior to 1998, prices of all major petroleum products were fixed pursuant to the APM and overseen by the OCC. The APM was based on a "cost plus" pricing system under which companies engaging in exploration and production, refiners and marketing companies were all guaranteed fixed returns on net worth plus reimbursement of eligible operating costs. Under the system, selling prices of any given petroleum product were uniform for each marketing company within a specific area except for variances resulting from differing tax rates from one State to another. The APM operated through a system of "oil pool" accounts through which cash flows relating to various charges, subsidies and other adjustments were managed, allowing for certain products, including PDS kerosene and domestic LPG, to be cross-subsidised by income from other products such as MS.

Pursuant to a resolution of the MoPNG dated November 21, 1997, the consumer prices of all petroleum products other than MS, HSD, ATF, PDS kerosene and domestic LPG were decontrolled effective April 1, 1998. Subsequently, the price of ATF was decontrolled effective April 1, 2001. Finally, effective as of April 1, 2002, pricing of MS and HSD was also decontrolled. Currently, therefore, pricing of all petroleum products except for PDS kerosene and domestic LPG is influenced by market factors. In practice, however, BPCL, HPCL, IOC and our Company, all of whom are directly or indirectly controlled by the Government, meet periodically (usually once every two weeks) and determine whether or not to revise the uniform prices charged by them. As such, retail price competition has yet to emerge.

As part of its decision to dismantle the APM, the Government introduced a subsidy on PDS kerosene and domestic LPG on a flat rate basis. It was decided that the oil marketing companies will not increase the selling prices of these products during Fiscal 2004. The resultant under-recoveries of oil marketing companies will be absorbed and shared amongst the oil companies.

As per the broad mechanism finalised for sharing of these under-recoveries amongst the oil companies for Fiscal 2004, a part of the projected under-recoveries will be made up through settlement among oil marketing companies by way of cross subsidisation through other retail products and the balance will be shared between the public sector oil marketing companies and the public sector upstream companies (ONGC and GAIL).

Retail Dealerships

Prior to April 1, 2002, the opening of new retail outlets was strictly controlled by the Government. Each year the Government approved a marketing plan submitted by the oil marketing companies setting out the number and locations of new dealerships to be built throughout the country. Allocation of such dealerships was made to oil marketing companies pursuant to the Sales Plan Entitlement ("SPE"). The SPE apportioned marketing rights to the various PSU oil marketing companies according to historical and projected market shares of the total petroleum products market. Dealers for retail outlets were selected by Dealer Selection Boards.

As part of the Government's measures to liberalise the petroleum industry, as of April 1, 2002 the SPE was dismantled and the use of Dealer Selection Boards was discontinued. Oil marketing companies can now freely commission new retail outlets at locations of their choice. Dealers are selected by the oil marketing companies themselves pursuant to their own internal guidelines. Affirmative action programmes remain in place requiring PSUs to select as dealers certain minimum percentages of women, persons with disabilities and persons from disadvantaged classes. Oil marketing companies are also required to set up a minimum share (approximately 11%) of retail outlets in remote and low service areas. See "Regulatory Framework Specific to the Petroleum Sector-Marketing".

Auto Fuel Policy

The Government has announced a fuel policy setting out dates by which automobiles and fuel must comply with specific standards on emissions. Pursuant to the announced policy, all automobiles and fuel (including MS and HSD) will have to meet the Bharat stage II and Euro-III vehicular emissions programme by 2005 and 2010, respectively. In 11 major cities (including Delhi, Mumbai and Kolkata), all automobiles and fuel will have to meet the Euro-III vehicular emissions standards by 2005, and the Euro IV standards by 2010.

The Government is also mandating the use of alternate fuels like ethanol blended petrol ("EBP"). Vide notification dated September 12, 2002, it has mandated the supply of 5% EBP through retail outlets in several Indian states, with the intention of eventually extending coverage to the entire country. It has granted incentives such as a rebate of 30 paise per litre on the special excise duty on EBP and financial assistance to sugar factories to boost anhydrous ethanol production. As of December 2003, full implementation of its programme has been achieved in several states including Maharashtra, Haryana and Gujarat.

Petroleum Pipeline Guidelines

The Petroleum Product Pipeline Policy, announced by the Government in December 2002, provides a mechanism for common carriage of petroleum products. While currently existing product pipelines may still be used by the owners of such pipelines, with common carrier principles applying only to any excess capacity, capacity in future pipelines will be shared across the industry. Pursuant to the policy, any company planning to lay a pipeline originating from a port or a pipeline exceeding 300 km in length originating from a refinery must publish its intention and allow other interested companies to take a capacity in the pipeline on a "take or pay" or other mutually agreed basis. Companies laying new pipelines would be required to provide at least 25% extra capacity beyond that needed by itself and interested companies for other users.

For further description of regulations related to the petroleum industry see "Regulatory Framework Specific to the Petroleum Sector".

Our Business

Unless otherwise indicated, all financial and statistical data relating to the petroleum industry in the following discussion are derived from information published by or communication with the MoPNG and organisations under its administrative control or industry data and estimates collected by the major oil marketing companies in their Monthly Sales Performance Review. This data has been reclassified in certain respects for purposes of presentation. For more information, see "Certain Conventions: Use of Market Data".

Overview

We are one of the major petroleum marketing companies in India. We offer a diverse portfolio of petroleum products including MS, HSD, SKO, lubricants, LPG, LDO, naphtha, LSHS and furnace oil. We offer such products through an extensive retail network consisting of 2,524 IBP retail outlets, 378 SKO and LDO dealerships and 69 LPG distributorships located across the country as at December 31, 2003, as well as through direct sales to customers and other oil marketing companies. In Fiscal 2003, following loosening of restrictions on establishing new retail outlets, we pursued a policy of aggressive expansion, commissioning 523 new retail outlets over the course of the year, bringing our share of total retail outlets from 8.3% to 10.5% over the course of the year.

Our operations also include manufacturing and selling industrial explosives and cryogenic containers.

We manage our operations through three distinct business groups: our Petroleum Group, our Explosives Group and our Cryogenics Group. For the fiscal year ended March 31, 2003, we had total sales of Rs. 87,531 million (of which our Petroleum Group, Explosives Group and Cryogenics Group accounted for 98.7%, 1.1% and 0.2%, respectively) and adjusted profit after tax of Rs. 881 million. For the nine months ended December 31, 2003, we had total sales of Rs. 75,705 million (of which our Petroleum Group, Explosives Group and Cryogenics Group accounted for 99.0%, 0.9% and 0.2%, respectively) and adjusted profit after tax of Rs. 1,211 million.

Our Company was established in 1909 in Yangon, Myanmar. Our registered office is based at IBP House in Kolkata.

Competitive Strengths

We believe we are well situated to maintain and enhance our position in the markets in which we compete and take advantage of growth opportunities in these industries on account of our competitive strengths, which include the following:

- **Strong relationship with dealers:** Attracting and retaining dealers is a crucial component in successfully marketing and selling petroleum products in India. We believe that our stream-lined corporate management structure and annual state-level dealer forums have facilitated good relationships between our organisation and the dealers representing us. We have been able to achieve a stream-lined structure by using a team of small divisional offices focused on marketing and liaising with retail dealership outlets to provide dealers with direct access to decision makers in our organisation. The above has led to our success in retaining existing dealers and also finding new dealers to facilitate our expansion strategy.
- **Extensive retail dealership network:** As of December 31, 2003 we had 2,524 retail outlets selling IBP petroleum products, 378 SKO and LDO dealerships and 69 LPG distributorships. We have a particularly strong presence in the northern region of India, the area of highest demand in the country. We believe, based on shared industry data, that in the several years prior to Fiscal 2003, we had the highest average throughput per retail outlet of HSD in the industry, with our throughput exceeding the industry average by 8.8%, 12.2% and 10.1% in Fiscal 2000, 2001 and 2002, respectively. The recent, rapid expansion of our network, following the easing of restrictions as of April 1, 2002 and resulting in our commissioning of 34% more retail outlets over the course of Fiscal 2003, has naturally decreased our average throughput while the new outlets become fully operational and sales begin to increase. We expect throughput to stabilise after commissioning of new retail outlets slows. Expansion of our network has allowed us to further consolidate our position, increasing our share of retail outlets operating in India and capturing prime retail locations ahead of new market entrants.
- **Synergies with IOC:** Our relationship with IOC provides us with a number of substantial benefits. As an oil marketing company with no refining capacity, we believe our relationship with IOC is important in ensuring us access to petroleum products in the event that progressive deregulation of the sector results in the eventual elimination of the product sharing arrangements that have characterised the industry. We also have preferred

access to IOC's substantial infrastructure and are in the process of negotiating favourable terms on hospitality arrangements for using its terminals and depots. Other areas of synergy with IOC include the ability to share training and development expertise and infrastructure and the ability to procure materials from common vendors to secure lower rates based on bulk purchases. In many locations, we and IOC are handling each other's products through shared storage facilities which provide us with a dependable source of storage capacity without incurring the capital costs that would otherwise be needed to build up our own storage facilities. Sharing storage facilities also provides certain economies of scale to our own storage facilities from increased throughput from IOC offtake. We have begun selling IOC branded fuel through our retail outlets in certain markets. Quality control teams of IBP and IOC have begun sharing laboratory facilities for optimum utilisation. We envision progressively higher levels of cooperation between our Company and IOC in the future.

- **Retail Focus:** As we have no upstream or refining operations, we are able to focus all our management and all of our resources dedicated to the petroleum industry on managing and expanding our petroleum product marketing operations. We believe this focus has allowed us flexibility in responding quickly to changing market conditions. For instance, we were able to respond to the removal of restrictions on setting up retail outlets faster than our competitors and of the net increase of 961 retail outlets in Fiscal 2003, approximately 54% was attributable to retail outlets set up by us. See "-Our Strategy-Pursue aggressive retail expansion".
- **Established history and strong brand:** We are one of the oldest and most experienced marketers of petroleum products in India with a retail focus and a strong brand presence. We believe that as a result of efforts such as our Quality and Quantity scheme, our brand has come to represent dependable service and product quality to our customers.
- **Strong Financial Performance and Position:** We have demonstrated a consistent record of profitability and strong financial results. In addition, we have not held any long-term debt since Fiscal 2002. The following chart sets out our sales, adjusted profit and net asset value per share for the periods indicated:

(Rs. in millions, except for per share figures)

	Fiscal Year Ended March 31			Nine Months Ended December 31,
	2001	2002	2003	2003
Sales	83,925	84,526	87,531	75,705
Adjusted Profit	806	556	881	1,211
Net Asset Value per Share (in Rs.)	194.54	194.85	218.87	262.21

- **Experienced management team:** Our senior management has extensive experience in the marketing sector of the petroleum industry in India. We believe that this experience provides us with a significant advantage, particularly over competitors first entering the sector following deregulation.

Our Strategy

We intend to increase profitability and improve our market position in the industries in which we operate by pursuing the following business strategies:

Pursue aggressive retail expansion

Beginning in Fiscal 2003, restrictions on opening new retail outlets were removed. We aim to take advantage of the more open regulatory environment to aggressively expand our share of the national retail outlet network and gain market share in MS and HSD.

During Fiscal 2003, we began implementing this strategy of aggressive retail expansion, commissioning IBP stations at 523 retail sites. Our retail network grew to 2,079 retail outlets as at March 31, 2003 from 1,559 retail outlets as at March 31, 2002. Accordingly, our share in total petroleum retail outlets in India rose to 10.5% as of March 31, 2003 from 8.3% as of March 31, 2002. We plan to continue the rapid expansion of our retail network in Fiscal 2004 and Fiscal 2005. After this, we will shift our focus to consolidation, maximising efficiency and increasing brand loyalty, while expanding on a more selective basis. We believe ongoing retail expansion will raise our sales volumes

and help us increase our share of the MS and HSD markets. According to data collected by the industry, our total market share of HSD and MS (including retail sales and direct sales) rose to 8.0% and 8.0% in the nine months ended December 31, 2003 from 7.2% and 7.3% in Fiscal 2003. Our market share of the retail market for HSD and MS rose to 9.9% and 8.1% for the nine months ended December 31, 2003 from 9.0% and 7.5% in Fiscal 2003.

Our strategy is to capture strategic sites for new retail outlets, thus pre-empting competition, and to expand our retail network into areas not currently adequately serviced. We believe there is large potential for growth in rural areas and that by expanding our network there now we will be able to capture premium sites. Of the 523 new retail outlets we opened in Fiscal 2003, we placed over 400 on (i) national or state highways that are not in metropolitan areas or (ii) in cities or towns with populations of 200,000 or less. We are also expanding into geographic areas in which we have not been as strong in the past. We have historically focused our retailing efforts in the northern region of India. However, newly added retail outlets have focused more strongly on other regions. Of the retail outlets built in Fiscal 2003, almost 40% were built in the southern region of the country. As a result, the percentage of our retail outlets located in the northern region had fallen to 43% of our total retail outlets as of March 31, 2003 from 47% as of March 31, 2002. As of December 31, 2003, the percentage of our retail outlets located in the northern region had further fallen to 41% of our total retail outlets

Increase customer service and strengthen our brand

As the marketing sector of the petroleum industry in India is being deregulated, a strong brand becomes more and more important to our ability to compete. We will continue to concentrate on marketing and other brand building activities. Our Quality and Quantity scheme, by which dealers take steps to assure customers they will receive the correct quantity and quality of fuel whenever they visit an IBP retail outlet, has been successful, particularly with professional drivers and truckers. We relaunched this campaign in Fiscal 2003 under the "Pure Bhi Poora Bhi" slogan. Another method of increasing our brand equity is entering into marketing tie-ups and alliances with third parties for the promotion of non-fuel products through our retail outlets. We have already entered into arrangements with Valvoline Cummins Limited, IFTEX Petrochemicals Limited, Gujarat Co-operative Milk Marketing Federation Ltd, Hindustan Lever Ltd, State Bank of India ("SBI") and tourism departments of certain state governments to provide a variety of products and services at IBP stations. Such arrangements increase and improve the services offered to our retail customers in a cost-efficient manner and help us differentiate ourselves from our competitors. In addition, we have placed service stations with upgraded facilities and amenities such as telephones, drinking water, long-distance calling services, shower and laundry facilities, mail collection facilities, doctors on-call, restaurants and motels at a number of strategically placed trucking points. These stations are placed along routes commonly used by truckers at distances from major cities where we feel it is likely a trucker would want to stop. We have developed a route stretching from Pathankot to Guwahati over which we have placed 16 outlets and plan to develop further routes such as Delhi-Mumbai, Mumbai-Chennai and Chennai-Kolkata. See "Our Operations-Petroleum Group Sales and marketing". We are also in the process of modernising and redesigning our retail outlets to create a distinct identity for these outlets.

Balance costs with service

We believe a key factor in long-term profitability will be minimising costs, allowing us to remain competitive in the newly-liberalised market while retaining acceptable margins. Such a strategy involves minimising overhead while still offering good service. Though brand building and upgrading of facilities are important in attracting customers, they must be balanced with efforts to minimise overhead and keep costs in check. Our marketing goal is to take a "middle road" between full service stations (on which we incur higher costs) and stations providing the bare-minimum in services and supplementary products (which we are able to build and operate more economically). The optimal balance depends on a number of factors including geographic location, local tax rates, throughput and proximity of competitors. For instance, we will attempt to limit costs as much as possible for new retail outlets we set up in the interior, as lower throughput and increased transport costs will likely limit profit that can be obtained in such outlets right away. In such cases we enter into less costly dealership arrangements in which the dealers themselves own the land and we simply lease the necessary equipment (such as the pump, the tank and certain electrical connections). Retail outlets will then be upgraded in stages as and when they warrant increased investment. We examine local conditions and consult with individual dealers in different regions to help identify what balance would be best for their local customers.

Reducing costs is also a primary strategy for our Explosives and Cryogenics Groups. Methods by which we have reduced costs include:

- voluntary retirement schemes: We introduced such schemes in Fiscal 1999 and again in Fiscal 2001 resulting in the voluntary retirement of 534 employees, of which 272 came from our Explosives Group;
- outsourcing non-essential activities;
- closing or consolidating non-productive assets;
- shifting manpower from unprofitable groups to more profitable areas; and
- research and development activities aimed at improving product formulation and reducing raw material costs.

Expand our product range and client base

We continue to research new products into which we can diversify. We entered the market for LPG in 1999 and since then have continued to commission distributorships and grow our market share. At the end of Fiscal 2003, the Company's distributorship network stood at 64 LPG distributorships catering to a customer base of 263,000 up from 151,000 in the previous year, reflecting an increase of almost 75%. We also recently started marketing bitumen to our customers. In addition, our branded value-added fuels, "Josh" and "Shakti", were introduced at IBP stations in Fiscal 2003. Such branded products provide wider choice to our customers, allowing us to charge higher retail prices, as well as support our brand-building efforts to differentiate our products in the market. In Fiscal 2003 we also launched a number of new lubricant products under the "IBP Red" brand.

We are also searching for ways of expanding our client base. In addition to the expansion of our network of retail outlets, we have also started focusing on expanding our direct sales of petroleum products. Our strategy is to focus on smaller customers, which need less than 50 kilolitres of product per month and on which the other major oil marketing companies do not focus. We have also recently appointed distributors for our lubricant products in Bhutan, Nepal and Bangladesh to tap the export market for these products.

Enter into alliances with third parties

In order to expand potential sales opportunities, we continue to investigate strategic alliances with third parties. In February 2003, we entered into a Memorandum of Understanding with a major global player in the field of cryogenics, which we hope will lead to new business opportunities including supplying LNG fuel to captive power generators as well as for automotive and other industrial applications. See "-Our Operations-Cryogenics Group". In addition, in Fiscal 2003 we entered into a collaboration agreement with Cummins Auto Services Limited ("CASL") under which we agreed to cooperate with CASL to establish and operate multi-utility stations along major national highways. These stations would include IBP brand retail outlets, repair shops established by CASL, parking lots, restaurants, rest rooms and other facilities and would provide a wide range of services to commercial vehicles. We are currently in discussions with CASL on how to implement this agreement.

Our Operations

Our operations principally consist of storage, distribution and marketing of petroleum products. We also engage in manufacturing and marketing of industrial explosives and cryogenic containers. Our operations are organised into and managed through three distinct business groups: the Petroleum Group, the Explosives Group and the Cryogenics Group. The following table sets out a breakdown of our total sales by business group for the periods indicated:

	Fiscal Year Ended March 31			Nine Months Ended December 31,
	2001	2002	2003	2003
Petroleum Group	82,465	83,317	86,375	74,916
Explosives Group	1,238	1,096	969	672
Cryogenics Group	222	113	187	117
Total	83,925	84,526	87,531	75,705

(Rs. in millions)

Petroleum Group

We are one of the oldest and most experienced retail marketers of petroleum products in India with a history that stretches back almost 100 years, a nation-wide chain of 2,524 retail outlets as of December 31, 2003 and a strong brand presence. Our principal business remains the storage, marketing and distribution of petroleum products. Sales of petroleum products represented 98.7% of our total sales in Fiscal 2003 and 99.0% of our total sales in the nine months ended December 31, 2003.

Products

We offer a diverse portfolio of petroleum products, of which MS, HSD, SKO and auto lubricants are our chief revenue generators. We also sell LPG, LDO, furnace oil, bitumen and various other products. The following table sets out a breakdown of our total sales of petroleum products by product for the periods indicated:

Product	Fiscal Year ended March 31,						Nine Months Ended December 31, 2003	
	2001		2002		2003		Volume (kilolitres in thousands)	Value (Rs. in millions)
	Volume (kilo litres in thousands)	Value (Rs. in millions)	Volume (kilolitres in thousands)	Value (Rs. in millions)	Volume (kilolitres in thousands)	Value (Rs. in millions)		
MS	823	18,278	851	19,573	915	21,910	806	20,651
HSD	3,832	52,736	3,633	53,450	3,439	55,583	2,766	48,233
SKO	861	5,863	761	5,493	688	5,775	491	4,113
Lubricants	34	1,747	33	1,819	32	1,793	23	1,274
Others		3,841		2,982		1,314		645
Total		82,465		83,317		86,375		74,916

MS

MS is standard grade unleaded petrol. Unleaded petrol was introduced across the major cities in India between 1995 and 1998 and the rest of India effective February 2000. As MS has historically been viewed as a luxury product, its regulated price and taxes charged on it were set higher than those of HSD and other mass-consumed products. In Fiscal 2003 and the nine months ended December 31, 2003, sales of MS constituted 25.4% and 27.6%, respectively, of our total petroleum product sales in terms of value.

We introduced our branded value-added MS fuel Josh in Fiscal 2003. This product consists of MS mixed with fuel additives and offers improved fuel economy, reduced detrimental emissions, increased protection for automobile engines and reduced maintenance costs. Retail prices for Josh MS are approximately 3% higher than that of standard MS. Beginning Fiscal 2004, we have also begun offering IOC's branded value-added MS fuel in certain of our retail outlets.

HSD

HSD is standard automobile grade diesel used in the majority of trucks and commercial vehicles in India, as well as agricultural vehicles, railway engines and industrial stationary engines. Sales of HSD constituted 64.4% of our total petroleum product sales in terms of value in each of Fiscal 2003 and the nine months ended December 31, 2003.

We introduced our branded value-added HSD fuel Shakti in Fiscal 2003. Like Josh, Shakti is a mixture of fuel and fuel additives that delivers enhanced product performance. Retail prices for Shakti HSD are approximately 3% higher than that of standard HSD. Beginning in Fiscal 2004 we have also begun offering IOC's branded value-added HSD fuel in certain of our retail outlets.

SKO

SKO is used as a major source of cooking and lighting predominately in rural India. SKO is largely sold via India's Public Distribution System ("PDS") to ration card holders at subsidised prices. Due to its status as a necessity product, the pricing of PDS kerosene remains strictly controlled by the Government. All of our SKO sales have consisted exclusively of such PDS kerosene. Prior to November 2003, private enterprises were allowed to import additional quantities of non-PDS SKO to be sold other than to the public. However, as of November 2003, these

private sales of SKO have been restricted to PSUs. We are currently examining possibilities for entering this market. In Fiscal 2003 and the nine months ended December 31, 2003, sales of SKO constituted 6.7% and 5.5%, respectively, of our total petroleum product sales in terms of value.

Lubricants

While sales of lubricants in Fiscal 2003 and the nine months ended December 31, 2003 constituted only 2.1% and 1.7%, respectively, of our total sales from petroleum products in terms of value, they represented a more significant source of our earnings due to relatively high margins. We manufacture and market a wide range of lubricants under our "IBP Red" brand. Until 1999, we marketed lubricants manufactured by IBP Caltex Limited ("ICL"), a joint venture with Caltex, as well as our own-branded product. Now we market only our own-branded products and have taken control of the lubricants manufacturing facility in Budge-Budge, Kolkata back from ICL. We blend and sell over 145 lubricants and related products to the automotive and industrial sector. In Fiscal 2003 we received approval from the Indian Railways for registration of railroad engine oil on terms similar to that of the other oil marketing companies. As of December 31, 2003, we had received purchase orders for such railroad engine oil.

Other products

Other petroleum products we sell include furnace oil, LDO, LPG, CNG and small volumes of various other products. In 1999 we entered into LPG marketing for the first time under the brand "IBP Gas", and our LPG business has grown steadily since. As of December 31, 2003 we had approximately 300,000 customers being serviced through 69 distributors. CNG is dispensed from a small number of our retail outlets in Delhi and Mumbai. We also market small volumes of brake fluid and coolants. In Fiscal 2003 and the nine months ended December 31, 2003, total sales of these "other products" constituted 1.5% and 0.9%, respectively, of our total petroleum product sales in Fiscal 2003 in terms of value.

Sales and marketing

Sales channels

Sales volumes can be split between retail sales, direct sales and sale to other oil marketing companies. The majority of our sales are through our retail outlets for MS, HSD and lubricants and through our dealerships for SKO and LPG. Retail sales accounted for 89.1% of total sales of our petroleum products in Fiscal 2003.

Prior to Fiscal 2003, our direct sales were extremely limited. Recently, we have begun to expand this business and have set up a separate group which began operating in May 2003 to manage such sales. However, volumes from direct sales operations remain small compared to our retail sales. In Fiscal 2003 we sold only 2.3% of our petroleum products directly in terms of value. Sales of HSD and lubricants form the majority of our direct sales. Direct sales accounted for 0.8% of total sales of HSD in Fiscal 2003 in terms of value. In addition to being sold through our own retail outlets, a large volume of our lubricants is also sold through bazaars. We have appointed consignment agents to cater to the bazaar trade. As of December 31, 2003, we had 86 consignment agents across the country. To tap the export market for these products, we have also appointed distributors in Bhutan, Nepal and Bangladesh. As we are unaware who the ultimate purchaser will be for sales made through bazaars, all such sales are recorded by us as direct sales. In addition, we currently sell MS, LDO and Bitumen and plan to begin selling non-PDS kerosene via this route.

We also sell our products to other oil marketing companies. These sales are largely functional in nature, forming part of the logistics mechanism through which we and other oil marketing companies arrange for optimal supply and delivery of refined petroleum products amongst ourselves. Pursuant to contracts we have entered into with other oil marketing companies, we receive only nominal charges on such sales designed to ensure that we recover incremental handling and storage costs.

The following table sets out a breakdown of sales of our petroleum products by sales channel in 2003:

Sales Channel	Fiscal Year Ended March 31, 2003	
	(Rs. in millions)	(%)
Retail Sales	76,985	89.1
Direct Sales	1,947	2.3
Sales to other oil marketing companies	7,443	8.6
Total	86,375	100%

Our retail network

One of our chief competitive strengths is our extensive retail network, consisting of 2,524 retail outlets, 378 SKO and LDO dealerships and 69 LPG distributors as of December 31, 2003. This network consists of retail outlets fully-owned and controlled by the Company ("COCOs") as well those operated by dealers.

Types of dealer sites. Ownership of land, buildings and equipment vary from dealership to dealership in accordance with the type of dealer site. The main categories of dealer sites are discussed below:

- **Type A sites:** A sites are outlets where the land is owned by or leased to us and the buildings and equipment are owned by us. These outlets can be either operated directly by us as in the case of COCOs or by a dealer. We will sometimes set dealerships up as COCOs pending selection of an appropriate dealer. The number of COCOs we operate has increased significantly since March 31, 2002. As we find appropriate dealers to run these sites, we expect the number of COCOs in our network to decrease again. Type A sites offer us the largest degree of control over a retail outlet. As such we prefer our most important retail outlets, those with the best facilities and in prime locations to be set up as type A sites. However, such sites are also the most expensive, and we will often not employ type A sites for dealerships where throughput or profitability is not expected to be high, such as in the case of rural, inland dealerships.
- **Type B sites:** B site outlets are unique to our Company. Dealers in these sites own or lease the land and own the buildings, but lease the land and buildings back to us. We own the equipment, including dispensing units. We have set up very few type B sites in the past few years.
- **Type C sites:** C sites are outlets in which the dealer owns or leases the land and buildings but the equipment, including dispensing units, is owned by us. The permits and licences for the equipment are also held in our name.
- **Type C1 sites:** C1 sites are outlets where the dealer owns or leases the land, buildings and equipment, including dispensing units. The dealers' contractual relationship with us is effectively that of a fuel supply agreement.

The following table presents a breakdown of our retail outlets by type of site as of the dates indicated:

Dealership Type	As of March 31,			As of December 31,
	2001	2002	2003	2003
A	316	332	751	1,044
B	520	521	520	519
C	690	693	790	935
C1	13	13	18	26
Total	1,539	1,559	2,079	2,524

Number of retail outlets. Prior to April 1, 2002, the number of new retail outlets that could be opened by a marketing company was strictly controlled by the Government. Each year the Government approved a marketing plan submitted by the oil marketing companies setting out the number and locations of new dealerships to be built throughout the country. The Government allocated such dealerships to oil marketing companies pursuant to the SPE which apportioned marketing rights to the various oil marketing companies according to historical and projected market shares of the total petroleum products market. Being predominantly a retail fuels marketer, we were disadvantaged under the SPE mechanism as our sales as a percentage of the total petroleum market was significantly lower than our market share for retail fuels (for which retail outlets were necessary). Under the system we were allocated 3.68% of all new dealerships.

As part of the Government's measures to liberalise the petroleum industry, the SPE was dissolved effective April 1, 2002. During Fiscal 2003, we embarked on a strategy of aggressive retail expansion commissioning IBP retail outlets at 523 retail sites. Our retail network grew to 2,079 retail outlets and 378 SKO and LDO dealerships as at March 31, 2003 from 1,559 retail outlets and 375 SKO and LDO dealerships as at March 31, 2002. As a result of such rapid expansion, our share of the total petroleum retail outlets in India rose to 10.5% as of March 31, 2003 from 8.2% as of March 31, 2002 according to information prepared by the major oil marketing companies in their Monthly Sales Performance Review. We plan to continue the rapid expansion of our retail network in Fiscal 2004

and 2005. As of December 31, 2003, our share of the total petroleum retail outlets in India had risen to 11.6%.

Cost of construction. The cost of building a new outlet or remodelling an old outlet varies depending on location, size, and in the case of remodeling an existing site, state of repair. We estimate the average investment by us needed to set up a new 'A' site is Rs. 4.5 million, as compared with Rs. 1 million for a new C site. Construction costs will also vary according to the nature of the facilities to be included and services to be offered at such outlet. For each new retail outlet proposed, we undertake a rigorous investment appraisal which takes into account the local demand and existing competitor sites. Our marketing strategy is to take a "middle road" between constructing costly full service stations offering patrons a full range of amenities (which are most effective at building brand image and attracting customers) and stations providing the bare-minimum in services (which are least costly to build and operate). We also consult with individual dealers in different areas to help identify what balance would be optimal for their local customers. As part of our strategy to build our brand image, we are currently in the process of redesigning and upgrading facilities in several of our retail outlets to create a more standard look across our retail outlets.

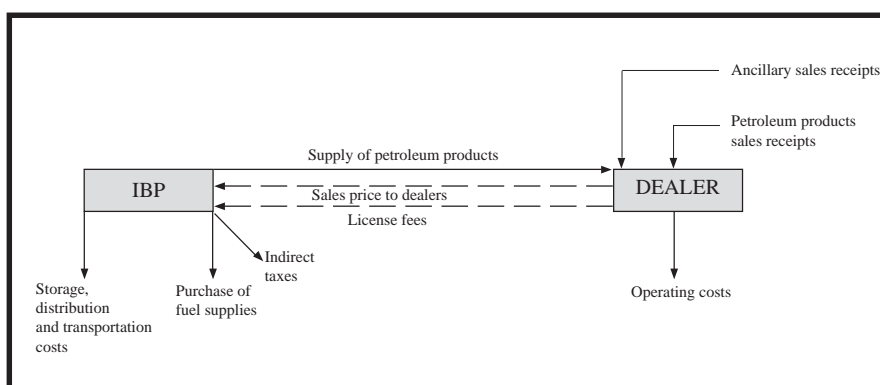
Geographical distribution. Our retail outlets are spread out across India, though we have a higher percentage of outlets in the northern region. The northern region including Uttar Pradesh and Delhi is the area of highest demand in the country, and has a well established infrastructure and supply chain. Recently, we have been expanding our network into geographic areas in which we have not been as strong in the past. Of the retail outlets we built in Fiscal 2003, almost 40% were built in the southern region of the country. As a result of our expansion in other regions, the percentage of our retail outlets located in the northern region had fallen to 43% of our total retail outlets as of March 31, 2003 from 47% as of March 31, 2002. As of December 31, 2003, the percentage of our retail outlets located in the northern region had further fallen to 41% of our total retail outlets.

The following table sets out a break-down by region of retail outlets and SKO/LDO dealerships as of December 31, 2003.

	Northern Region	Eastern Region	Western Region	Southern Region	Total
COCO/JRO ¹	114	39	101	176	430
Others	927	358	344	465	2,094
Total Retail Outlets	1,041	397	445	641	2,524
SKO/LDO	91	134	118	35	378

¹Jubilee Retail Outlets. The JRO scheme was initiated in 1997 and went on hold in Fiscal 2002. The scheme allowed company owned and controlled outlets to be installed on national and state highways. These outlets provided additional facilities such as convenience stores, recreational facilities and repair facilities, in addition to fuel services.

Relationship with dealers. Each of our dealers enters into an agreement with us outlining each party's contractual obligations. These dealer agreements are standardised, but do vary depending on the structure of ownership of land and equipment at the site. The diagram below summarises the basic cashflows between us and the dealer for dealer-operated sites:



We supply petroleum products, principally HSD and MS, to dealers who pay us at the time of delivery. The price we receive for these petroleum products is essentially the sales price they will receive from consumers less the prescribed dealer commission. Dealers are responsible for the cost of running and maintaining their outlets. In outlets where assets and equipment are owned by us, we incur the maintenance costs. In addition to fuel sales commissions, dealers are entitled to retain any profits, net of commissions paid to us, from other ancillary sales such as snacks and other convenience goods sold at their outlets. We receive a licence fee for equipment, buildings and/or land provided to dealers. The licence fee is paid per kilolitre of MS and HSD purchased from us.

Our sales officers are responsible for supervising a number of dealers, often 30 or more, in a specified area. Amongst their responsibilities, sales officers train new dealers in basic technical skills, monitor dealer performance, certify dealers under our Quantity and Quality scheme, liaise with Government authorities and industry members, and serve as primary contact for customer suggestions or complaints or other problems that may arise.

In addition to providing basic technical training for new dealers, we hold regular dealer meetings and annual dealer conferences for dealers in each state. These conferences are used to report to dealers on the status of our Company and announce new initiatives. They also serve as forums for group training. Successful dealers are recognised with awards and particularly successful dealers are invited to share their experiences with the group. Such conferences allow dealers to meet with our top management and with each other and help foster high group morale and brand loyalty.

Marketing. We use a variety of means to market our petroleum products. We regard the IBP brand name as an important tool for marketing our products and much of our marketing activity is focused on strengthening the IBP brand. In recent years we implemented a number of marketing initiatives in order to provide services to our customers and encourage brand loyalty, such as:

- **Quality and Quantity scheme:** The aim of our Quality and Quantity scheme is to assure customers that they will receive the correct quality and quantity of fuel whenever they visit an IBP retail outlet. In Fiscal 2003, we relaunched our Quality and Quantity scheme in a new form under the slogan "Pure Bhi Poora Bhi". As part of this scheme, dealers educate customers of their rights and provide testing equipment and instructions on how to use such equipment to any customer wanting to check that fuel being provided to them is of the correct specification and that the correct quantity is being recorded at the pump. In addition, a special tamper-proof lock has been introduced in place of the conventional plastic seal at depots and terminals for the purpose of sealing the tank trucks carrying petrol and diesel to retail outlets. Participation in the scheme is voluntary for dealers, with dealers who participate being allowed to display a special logo at their station. As of December 31, 2003, 2,205 retail outlets, approximately 87.4% of our total retail outlets, were members of the scheme. Most of those retail outlets that were not members of the scheme as of December 31, 2003 had only been commissioned in December 2003.
- **Upgraded Stations:** In order to further enhance our brand image and strengthen customer loyalty, we have begun upgrading retail outlets in strategic locations. To target truck drivers, whom we view as important customers for HSD, we have placed service stations with upgraded facilities and amenities such as telephones, drinking water, long-distance calling services, shower and laundry facilities, mail collection facilities, on-call doctors, restaurants and motels at a number of strategically placed trucking points. These stations are situated along routes commonly used by truckers at distances from major cities where we feel it is likely a trucker would want to stop. We have upgraded 16 outlets stretching from Pathankot to Guwahati, a distance of 2,765 Kms from North to East. We plan to expand this strategy to other common trucking routes such as, Delhi-Mumbai, Mumbai-Chennai and Chennai-Kolkata. In an effort to strengthen our brand image, we are also in the process of redesigning and modernising our retail outlets to create a distinct brand image and we plan to further increase such efforts after commissioning of new retail outlets in the future.
- **Launching our premium fuel brands, Josh and Shakti.**

In Fiscal 2003 and 2004 we have further augmented services provided at our retail outlets through a series of marketing tie-ups and strategic alliances. These alliances use our retail outlets for the promotion of products, particularly non-fuel products. Such alliances provide a cost effective means of servicing our large customer base and generating additional sources of non-fuel revenue. We have entered into strategic alliances with a number of domestic partners, such as:

- Valvoline Cummins Limited, a joint venture between the US company Valvoline International Inc., and a wholly-owned subsidiary of Cummins Auto Services Limited, for the marketing of the imported "Eagle One"

range of car-care products including top-of-the-line polishes, waxes and cleaners for premium segment cars, through our retail outlet network;

- IFTEX Petrochemicals Limited, a major fuel additives manufacturer, for marketing of fuel additives and car-care products through our nationwide retail outlet network with co-branding aimed at amalgamating the distribution capability of our Company with the technical and manufacturing expertise of IFTEX;
- Tourism Departments of certain state governments, to provide re-fuelling and other facilities to tourists. We have signed MoUs with the State Tourism Departments in Andhra Pradesh and Kerala for creating wayside amenities and highway plazas. We believe these agreements open the path for further cooperation in future;
- Gujarat Co-operative Milk Marketing Federation Limited, to market "Amul" brand products from pre-fabricated parlours to be set up at strategically-located retail outlets;
- SBI, to enable SBI card-holders to purchase fuel at our outlets without payment of transaction fee subject to certain conditions on transaction value. This strategic alliance would provide us access to over one million SBI card members; and
- Hindustan Lever Ltd, to market their range of food and beverage products from pre-fabricated parlours to be set up at strategically-located retail outlets.

We will continue to examine possibilities for creating other such strategic alliances. In Fiscal 2003, we entered into a collaboration agreement with CASL to develop and operate multi-utility stations which will include IBP retail outlets and repair shops established by CASL, along with parking lots, restaurants, rest rooms and other facilities that will provide a wide range of services to commercial vehicles. Such stations would be set up along major national highways in areas that currently have an existing IBP retail outlet or CASL facility as well as in areas where both facilities would need to be built. We are currently in discussions with CASL on how to progress implementation of this agreement.

In recent years we have expanded the IBP brand name into the lubricants market under the banner "IBP Red" and the LPG market under our branded product "IBP Gas".

Supply and logistics

Supply

Unlike our competitors, we have no refining capacity of our own and must source all of our needs from external parties. Currently, all petroleum products we obtain come from the other PSU oil marketing companies and their subsidiaries. We source a majority of these products from our controlling shareholder, IOC. In Fiscal 2003, we purchased 88% of our petroleum products from IOC and its subsidiaries, 7% of which IOC sourced from RIL.

Up until the start of Fiscal 2003, logistics planning relating to the distribution of major refined oil products in India was handled by the OCC. When the OCC was dissolved, we and the other oil marketing companies entered into arrangements to efficiently manage the offtake and distribution of these products ourselves. On March 31, 2002, we entered into a multi-lateral product exchange agreement with BPCL, HPCL and IOC. This agreement forms the basis of the Industry Logistics Plan ("ILP") as described hereunder.

Every month, we and the other oil marketing companies project our demand for the following month per product and per depot. Over a series of monthly meetings, we four oil marketing companies collectively estimate what total demand will be in the upcoming month. This information is then run through a linear programming model to determine the most efficient way of distributing products to meet projected demand. While the method of transport to be used and location at which we and the other oil marketing companies take products is determined by the programme, pursuant to the agreement between the parties the amount of petroleum products to be purchased from each refinery is fixed according to the ratio of actual purchases in Fiscal 2002. However, this ratio only applies to amounts the PSU oil marketing companies purchase from each other. Amounts purchased from outside sources, such as RIL with whom BPCL, HPCL and IOC have offtake agreements, are not included. In addition, we also purchase products from IOC representing a portion of its take-or-pay agreement with RIL and which falls outside of the Fiscal 2002 ratio.

Unless extended, the contract among us and the other PSU oil marketing companies is set to expire at the end of March 2004. In addition, pursuant to its terms, the agreement purports to hold good if any of the parties undergo a disinvestment of their Government equity holding, subject to the Government's residual holding in them continuing. There can be no assurance that this contract will be renewed or some other arrangement between the PSU oil

marketing companies will be reached. However, we believe arrangements among the public sector oil marketing companies are in the best interest of all parties. Furthermore, we understand that BPCL, HPCL, IOC and ONGC are currently in negotiations and have entered into a series of bi-lateral MoUs and that a series of bi-lateral definitive contracts, will likely be entered into prior to, and take effect as of, April 1, 2004. We believe it is likely that our petroleum requirements would be clubbed with those of IOC who would procure such products on our behalf. Even if arrangements between the major oil marketing companies were not reached, we do not believe securing adequate supplies of petroleum products would be a problem for us. IOC and refineries controlled by it currently produce enough refined petroleum products to supply all of its and our demand. We are also in discussions with Nagarjuna Oil to receive petroleum products from them on favourable terms when they begin production in the future.

Our blending plant for lubricants is located at Budge-Budge near Kolkata in West Bengal in Eastern India. The plant has a blending capacity of 39,000 kilolitres per year as of March 31, 2003. Our plant has received ISO 9002 certification. We have arrangements for blending our lubricants at three other locations in Kolkata, Mumbai and Chennai. In Kolkata we have an arrangement with Beicco Lawrie to blend 4,200 kilolitres of lubricants per year. We also signed a blending agreement with Bharat Shell Limited ("BSL"). This agreement contains reciprocal obligations, with BSL blending approximately 6,000 kilolitres of lubricants per year for us at their Mumbai plant, and we blending a similar amount of lubricants for them at our Budge-Budge plant. This blending agreement lapsed in February 2003 but both parties have exchanged letters extending the terms of the agreement pending entrance into a new agreement. We also have an agreement in Chennai with Mac Pac Industries for blending lubricants.

We have a lubricant filling plant at Manesar at Gurgaon near New Delhi, which supplies lubricants to service northern India.

The principal raw material for our lubricants is base oil, constituting over 85% of total raw materials costs for our lubricants in Fiscal 2003. We source base oil primarily from IOC and its subsidiary CPCL. We also import small amounts through BSL.

We have also entered into multi-lateral agreements with BPCL, HPCL and IOC regarding the purchase of LPG and LPG bottling assistance, including receipt, storage and handling of bulk LPG and LPG cylinders, bottling and despatch of LPG. As with refined petroleum products, the four PSU oil marketing companies work out logistics of LPG supply and transportation pursuant to an Industry Logistics Plan. The agreements on LPG sales/ purchase and bottling assistance will expire on March 31, 2004. Furthermore, pursuant to their terms, these agreements terminate upon disinvestment by the Government of 100% of its equity holding in any of the parties as is contemplated in this Offer. However, we believe that the parties will continue to comply with the terms of the agreements and will likely enter into new agreements prior to April 1, 2004.

We also have entered into contracts with GAIL to provide CNG to our stations in Delhi and with Mahanagar Gas Limited to provide CNG to our stations in Mumbai.

Storage

We expanded our capacity significantly from two terminals in 1989 to 16 operational terminals and depots as of December 31, 2003, increasing our overall storage capacity from approximately 41,000 kilolitres to 374,000 kilolitres for all products.

Tanks are designed to hold specific petroleum products. The following table sets out our storage capacity by major product and by region as of December 31, 2003:

(in kilolitres)					
Region	MS	SKO	HSD	Others	Total
North	19,202	4,711	103,764	501	128,178
East	8,367	13,590	38,709	0	60,666
West	17,506	10,156	33,151	12,535	73,348
South	5,456	25,573	37,406	42,993	111,428
Total	50,531	54,030	213,030	56,029	373,620

According to hospitality agreements we have signed with BPCL, HPCL and IOC, we are entitled to use each

other's storage and distribution facilities for reciprocal fixed rates. We believe our current storage capacity, as bolstered by hospitality agreements to use the infrastructure of other oil marketing companies, in particular IOC, is sufficient and we do not currently have plans to build any new terminals or depots.

We currently source approximately 42% of our petroleum products requirements from our own terminals and depots and receive approximately 47% from terminals and depots controlled by IOC. The remaining 11% is taken from terminals, depots and refineries of other oil companies.

Transportation

We transport our products around the country via a variety of routes depending on the source of supply. Product is transported by rail, road, pipeline and coastal tanker to our various storage terminals and depots or those of other oil marketing companies we use through hospitality arrangements.

Rail. We own 113 tank wagons, each with a capacity of approximately 65 tonnes. These tank wagons have been leased to Indian Railways. We have access to the pool of tank wagons which are owned by or leased to the Indian rail network and used to transport petroleum products.

Road. Trucks are used to supply retail outlets from terminals and depots by road. The majority of these trucks are owned by dealers. We also use third party haulers to deliver our products. We own 15 tank trucks, used mainly for delivery in metro areas.

Pipelines. Pipelines are the most efficient method of distribution over long distances. While we have no direct interest in any of the pipelines in operation, we have a 2% equity stake in Petronet India Limited, a joint venture formed to develop a well-established pipeline network throughout the country for transportation of various petroleum products to various consumption centres in order to meet the demand for such products.

The new Petroleum Product Pipeline Policy, announced by the Government in December 2002, provides for common carriage of petroleum products, with companies laying new pipelines being required to provide at least 25% extra capacity for other users. See "The Petroleum Industry in India Regulatory Framework Petroleum Pipeline Guidelines". We do not transport product via pipeline ourselves. Rather, we purchase products at the tap-off point and pay freight to the transporting company as part of the purchase price.

Coastal Tankers. As with pipelines, we do not transport any petroleum products via coastal tankers ourselves, but purchase these products in the destination port and pay freight costs to the shipping refinery as part of the purchase price. We purchase petroleum products that have been shipped via coastal tanker in ports such as Vasco in the west and Vishakapatnam and Haldia in the east.

LPG. We use third party haulers to deliver LPG cylinders to our customers.

Competition

Competition in the marketing sector of the petroleum industry in India is fairly focused. Our main competitors currently include BPCL, HPCL and IOC. We compete with these companies on the basis of dealer reputation, retail outlet location, customer service and retail network coverage. Oil marketing companies also compete on the basis of price in relation to direct sales. However, with respect to retail marketing, despite price deregulation of transportation fuels as of April 1, 2002, BPCL, HPCL, IOC and ourselves, all of whom are directly or indirectly controlled by the Government, sell products to the public at uniform prices. As such we do not compete on the basis of price in the retail sector and we are not able to independently determine our prices and margins. Competition on the basis of price in the retail market could emerge in the future, particularly as private players enter the oil marketing sector.

Deregulation has also opened the sector to private players, multinationals and upstream companies. The Government of India vide Gazette Notification dated March 8, 2002 specifically authorised companies investing or proposing to invest at least Rs. 20 billion in exploration, production, refining, pipelines or terminals, to market transportation fuels (MS, HSD and ATF). As of December 31, 2003, four companies, ONGC, RIL, Essar, and NRL fulfilling the criteria have applied for and been granted the marketing authorisation, including approvals related to the establishment of over 9,000 retail outlets. In addition, the Government has granted in-principle approval to Shell India Private Ltd. to set up 2,000 retail outlets in the country subject to fulfilment of conditions.

Some of our competitors have substantially greater financial and marketing resources, greater brand recognition and larger retail networks and customer bases than we do. In addition, several of such competitors also engage in

refining activities providing them other sources of income. There can be no assurance that we will be able to compete successfully with such competitors.

Customers

The majority of our petroleum products are sold to the public through our network of 2,524 retail outlets and 378 SKO and LDO dealerships as of December 31, 2003.

Major customers for direct sales of our petroleum products include the Indian army, industry groups and cooperative societies. Our strategy with regard to direct sales is to focus on small clients (customers with demand less than 50 kilolitres per month) who have limited bargaining power.

Explosives Group

Our Explosives Group engages in manufacturing and marketing of industrial explosives and accessories. This business group, which until recently was known as our Chemicals Group, came into existence in 1974. We decided to enter the explosives sector as there was a gap at that time between demand and domestic supply. We entered into technical collaboration with IRECO (which later changed its name to Dyno Nobel) from the United States and successfully commissioned our first cartridge explosives plant at Korba, Chattisgarh in 1977. Our first Site-Mixed-Slurry ("SMS") explosives plant was set up in 1980 at Kudremukh (Karnataka). We were the first company to introduce SMS explosives technology in the country. Sales of our Explosives Group represented 1.1% of our total sales in Fiscal 2003 and 0.9% of our total sales in the nine months ended December 31, 2003.

Products

We manufacture two main types of explosives, slurry and emulsion. Customers choose between these two types of explosives based on the conditions of the strata they are trying to blast through. Emulsion explosives have a higher velocity of detonation and can thus be used in harder strata. Both types of explosives can be produced either as bulk explosives or cartridge explosives. The following table sets out a breakdown of total sales of our Explosives Group by major product for the periods indicated:

Product	Fiscal Year ended March 31,						Nine Months Ended December 31, 2003	
	2001		2002		2003		Volume (in MT)	Value (Rs. in millions)
	Volume (in MT)	Value (Rs. in millions)	Volume (in MT)	Value (Rs. in millions)	Volume (in MT)	Value (Rs. in millions)		
Bulk	55,717	851	55,991	893	49,499	790	31,608	520
Cartridge Explosives	9,821	312	7,357	170	6,425	151	5,048	125
Accessories:								
Detonating fuses (million metres)	4.35	26	3.47	13	3.85	13	3.80	13
Cast Boosters	49	5	50	8	56	9	48	8
Others		44		12		6		6
Total		1,238		1,096		969		672

Bulk explosives

Bulk explosives are produced at the mines in which blasting is to be undertaken. We prepare the necessary intermediates in our factory and bring them to the blast site in special trucks, where they are mixed together. The principal use of these products is in the open cast mining sector.

Cartridged explosives

Cartridged explosives are pre-packaged explosives which come packed in a plastic casing. Unlike bulk explosives which must be used within one or two weeks of manufacture, cartridged explosives have a shelf life of over one year. Most of the cartridged explosives that we manufacture and market are slurry explosives, although during Fiscal 2003 we developed and marketed on a trial basis certain cartridged emulsion explosives as part of our strategy to widen our product mix. Commercial trials of cartridged emulsion explosives were successful and further orders for these explosives have been received. Cartridged explosives are used principally in the underground mining sector or for secondary blasting. Cartridged explosives can be broken down into permitted and non-permitted explosives. Permitted explosives are used in underground coal mines and potentially combustible environments. Non-permitted explosives are used in underground metal mining, tunnelling, construction of dams and other construction activities.

Explosives accessories

We produce and sell detonating fuses and cast boosters. These accessories are used to initiate the explosion process and impart energy to the main column charge.

In addition to these products, we also produce limited quantities of explosives intermediates for export into Jordan.

Manufacturing facilities

As of March 31, 2003, we had 15 explosives plants with an aggregate installed capacity of 85,500 metric tonnes of explosives. Our manufacturing facilities are all located near our customers' mines.

The following table sets out capacity and actual production in Fiscal 2003 for each of our explosives manufacturing plants:

Plant	Production (in MT)	Capacity (in MT)
Singrauli	13,130	17,500
Dhanbad Block-II	4,417	7,000
Kathara	888	1,500
Chirimiri	864	1,500
Kusmunda	9,169	10,000
IB Valley	-	1,500
Talcher	1,274	1,500
Rajmahal	3,165	5,000
Kothadih	1,052	1,500
Tisco	2,180	1,500
Kudremukh	2,952	3,000
Ramagundam	7,738	10,000
Malanjkhand	100	1,500
Ramour Agucha	2,570	2,500
Korba	6,425	20,000
Total	55,924	85,500

During Fiscal 2003, a new bulk explosives plant was commissioned at Malanjkhand in the state of Madhya Pradesh for Hindustan Copper Ltd which has been generating revenue in the current fiscal year. Cartridged explosives are produced only at our plant in Korba, Chattisgarh. Our manufacturing plant at Korba, Chattisgarh also has facilities to produce up to five million metres of detonating fuses and 40 metric tonnes of cast boosters as of December 31, 2003. Currently four of our 15 plants have received ISO 9002 certification.

Market and competition

The explosives industry in India is characterised by intense competition and low entry barriers both in terms of capital and technology. Demand for industrial explosives in India has largely been stagnant for the past five years, other than limited growth in bulk explosives. Consequently our Explosives Group has had to focus more on inculcating higher levels of operational efficiency. Significant reductions in employee strength have already been achieved in the previous four years. We reduced headcount in our Explosives Group by 53% to 333 as of March 31, 2003 from 713 as of March 31, 1999.

We are one of the few large players in the industrial explosives market in India. Our principal competitors are Indian Explosives Ltd and Gulf Oil Corporation Ltd. In addition, there are currently over 30 smaller manufacturers in the country, with total production capacity of more than double the present levels of consumption. A liberal licensing policy and low barriers to entry, both in terms of technology and capital, have led to the recent growth in producers. Many of these small suppliers are content to supply between 1,000 and 5,000 tonnes per year without investment in research and development or extensive infrastructure, and, with a significantly lower cost base, are able to achieve profitability at much lower sales levels than those required by us.

CIL is the dominant buyer in the market. CIL's sole criterion for evaluating tenders is unit price, not considering any advantages in technical efficiency that our and other organised players' products may offer. As such, the smaller players have been able to undercut major players such as ourselves. We have attempted to persuade CIL to change its tender terms and allocate a specified quantity of orders to us specifically or to PSUs in general, but as of yet we have been unsuccessful. Once determined, prices set each year by CIL usually become the benchmark for pricing across the industry.

Due largely to fierce competition and surplus industry capacity, our aggregate sales of explosives fell to 55,925 metric tonnes in Fiscal 2003 from 63,348 metric tonnes in Fiscal 2002. In addition, prices offered by CIL continue to be low.

Largely as the result of such competitive environment and the resultant pressure on our prices and margins, our Explosives Group has been unprofitable for the last ten fiscal years. We believe cutting costs through headcount reductions and increased levels of operating efficiency is key to improving financial results from our explosives operations. We have taken the following steps to reduce costs:

- introducing voluntary retirement schemes to reduce manpower significantly. We introduced such schemes in Fiscal 1999 and again in Fiscal 2001 resulting in the voluntary retirement of 534 employees, of which 272 came from our Explosives Group
- targeting of non-productive assets with a view to closure or consolidation
- reducing raw material costs through research and development activities focused on improving product formulation

While such measures have been successful in containing losses for the Explosives Group, there can be no assurance that we will be able to make the Explosives Group profitable in the near term or at all. See "Risk Factors as Perceived by the Company-Our ability to increase our operational efficiency is an essential part of our Explosives Group strategy and we cannot assure you that our cost reduction measures will continue to achieve the operational efficiencies".

Raw materials

The principal raw material for our explosives is ammonium nitrate, constituting approximately 60% of our total raw material costs related to our Explosives Group. We source ammonium nitrate from a number of domestic suppliers. Recently we have also started importing limited quantities of ammonium nitrate from overseas to diversify our supply and help control prices from our local suppliers.

Logistics

Bulk explosives are delivered directly to blasting sites in our own trucks. For cartridge explosives we typically employ third party transport companies to deliver our products to customers. Our manufacturing facilities are all located near our customers' blasting sites.

Customers

CIL is our main customer, as it is for the industry as a whole. Sales to CIL accounted for 67.5%, 67.0%, 67.8% and

58.7% of total sales for our Explosives Group in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively. Other customers include smaller coal and metal mining companies, hydro-electric power plants, and road construction companies. In addition, we export our products to countries such as Syria, Myanmar and the Philippines. We believe there is potential for further growth of export sales especially in areas such as East and Central Africa. We have also exported technology to Jordan to help set up a cartridged explosives plant. In addition, we are currently in the process of helping a Malaysian company set up a bulk emulsion system in Malaysia. Plant and machinery have already been dispatched and production is expected to start soon.

Research and Development

We conduct research and development at our research and development centre at Manesar, Haryana. The centre was commissioned in 1986 and currently contains sophisticated explosives testing facilities and equipment for carrying out applied research in the area of explosives. As of December 31, 2003, we had 22 employees dedicated to the research centre, seven of whom are research scientists.

Our research and development efforts focus on cost reduction, development of new raw and packing materials, development of new product formulations (including tailor-made products for specific customers) and spotting and correcting problems in the application of explosives. Recently, our research and development centre has begun engaging in research and development activities for our Petroleum Group as well, particularly in the area of lubricants and coolants.

Our research and development centre has been recognised by the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Cryogenics Group

Our Cryogenics Group engages in the manufacture and sale of cryogenic containers for industrial and biological applications. The business group, which until recently was known as the Engineering Group, was initially set up in 1963 to produce kerosene tins. The group later ventured into the manufacture of products such as high vacuum pumps, ovens, electronic instruments, freeze driers, environmental test chambers, thermovacuum chambers, solar collectors and LPG regulators. In 1980 we decided to engage in the manufacture of cryogenic containers and a facility was set up in Nasik, Maharashtra. Currently, our Cryogenics Group focuses solely on the manufacture of cryogenic containers.

Products

Our cryogenics products consist of aluminium cryogenic containers, stainless steel industrial cryogenic containers, and super insulated pipelines. The following table sets out a breakdown of total sales of our Cryogenics Group by product for the periods indicated:

Product	Fiscal Year ended March 31,						Nine Months Ended December 31,	
	2001		2002		2003		2003	
	Units	Value (Rs. in millions)	Units	Value (Rs. in millions)	Units	Value (Rs. in millions)	Units	Value (Rs. in million)
Aluminium cryogenic containers	8,992	128	6,749	81	8,696	128	6,147	80
Stainless steel industrial cryogenic containers	67	94	83	32	56	57	34	37
Super insulated pipelines (metres)	0	0	0	0	75	2	0	0
Total¹	9,059	222	6,832	113	8,752	187	6,181	117

¹Total numbers of units do not include super insulated pipelines as, such pipelines are measured in metres and not units sold.

Aluminium Cryogenic Containers

We manufacture small aluminium cryogenic containers having a capacity of one litre to 60 litres. We produce aluminium cryogenic containers under the registered trademark Cryocan®. These containers are used primarily for animal husbandry applications and other applications requiring the storage of biological materials, such as in fertility clinics, medical centres and research laboratories, and for transportation of liquid nitrogen.

Stainless Steel Industrial Cryogenic Containers

We currently manufacture stainless steel industrial cryogenic containers under the trade name Cryovessels with capacities up to 20,000 litres. These industrial containers are primarily used for transport and storage of liquid nitrogen, oxygen and argon. They are available in vertical models for storage and horizontal models that can be put on a vehicle frame for transportation.

Super insulated pipelines

Super insulated pipelines allow for the transfer of cryogenic liquid with minimum heat transfer and evaporation. They consist of super insulated layers surrounded by a vacuum contained in an outer tube. We currently produce super insulated pipelines with diameters of one to three inches and are looking into development of pipelines with diameters of one metre and greater to be used at LNG terminals. We began producing super insulated pipelines in Fiscal 2003 to complement sales of cryogenic vessels to our customers.

Manufacturing facilities

We have a manufacturing facility for cryogenic containers in Nasik, Maharashtra. The facility has an annual capacity equivalent to 17,000 small aluminium containers. In Fiscal 2003, this facility was operating at full capacity, with a capacity utilisation rate well over 100%. We are in the process of upgrading and expanding this facility, for which we expect to spend Rs. 25 million in each of Fiscal 2005 and 2006. This manufacturing facility was accredited with ISO 9001 certification in 1998 by Bureau Veritas Quality International, United Kingdom. Such certification has been upgraded to ISO 9001:2000.

Market and competition

We have only one major domestic competitor in the market, Inox India Ltd, an existing producer of large industrial cryogenic containers who entered the market for small aluminium cryogenic containers in 1995. However, with reduced tariff protection in the sector, a small number of foreign companies, including companies from China, France, the United Kingdom, Japan and the United States, have attempted to enter the market for cryogenic containers. One manufacturer from China has had limited success entering the market for small aluminium containers. Competition from the foreign players is less in the case of the larger aluminium cryogenic containers and stainless steel industrial containers due to transportation costs.

Supply and logistics

Principal materials and components for our Cryocans include aluminium alloy sheets, fibre reinforced plastic composite necks, insulation paper, aluminium foil and cryogenic adhesive. Of these, aluminium alloy sheets account for the largest portion of costs, representing 35% of total material costs for our Cryocans in Fiscal 2003.

Principal materials and components for our Cryovessels include stainless steel, carbon steel, insulation paper, support systems, cryogenic valves and regulators and vaporisers. Of these, stainless steel accounts for the largest portion of costs, representing 41% of material costs for our Cryovessels in Fiscal 2003.

We keep a limited supply of Cryocans in stock, to be shipped to customers upon their order. For customer orders for products we do not have in stock, we will usually manufacture and deliver the ordered products within 30 days (in the case of smaller aluminium containers) or three months (in the case of larger containers) of receiving customers' specifications. Customers typically pay 20% of the purchase price at the time of order with the balance to be paid within 30 days of receipt of the products. We deliver our cryogenics products to customers by truck using third party haulers. Exports are shipped via air.

Customers

Our major customers for cryogenic containers are state government animal husbandry departments that use cryogenic containers in the artificial insemination process. State animal husbandry departments together accounted for over 65% of our total sales of aluminium cryogenic containers in Fiscal 2003. The demand for our Cryovessels is mostly from companies transporting and storing liquefied gases such as oxygen, nitrogen and argon.

In Fiscal 2003, we exported approximately 11% of our Cryocans to a number of countries in the region and in the West. We believe there is scope to significantly increase this number. Despite the competitive environment overseas, we believe the quality and low cost of our product will allow us to penetrate further into foreign markets. Prior to this year, all of our exports were of Cryocans. However, we have recently begun exporting medium-sized cryogenic containers (up to 500 litres capacity).

Research and Development

We conduct research and development at our facilities in Nasik. Our research and development efforts are aimed at the design and formulation of new models of cryogenic containers, cost reduction, improvement of product specifications and design modifications. Recent projects have included developing special containers for Reliance Life Sciences for the transportation and storage of stem cells and increasing the capacity of the largest containers we produce to 20,000 litres from 12,000 litres.

Though in the past we have occasionally obtained new technologies from foreign partners, we have not imported any new technology in the last ten years. However, in March 2003 we entered into an MoU and are currently in discussions with a leading foreign manufacturer of cryogenic containers regarding a potential technology transfer and strategic partnership. The focus of such partnership would be on developing LNG use in heavy vehicles in India. Research and development activities for such a venture would centre on developing containers that could transport and transfer the LNG and collaborating with vehicle manufacturers to incorporate technology allowing trucks to use LNG. We expect this strategic partnership would also help us improve our current applications with new technology and increase our export sales.

Our research and development facilities have been recognised by the Department of Scientific and Industrial Research, Ministry of Science and Technology.

Joint Venture

Petronet India Limited

Petronet India Limited was formed in May 1997 as a joint venture between the four major oil marketing companies and Infrastructure Leasing and Financial Services Limited ("IL&FS"). We hold 2,000,000 equity shares of Rs. 10 each, representing 2% of the paid-up capital of the joint venture while BPCL, HPCL and IOC each have equity participation of 16% and IL&FS holds 50%. The joint venture company's aim is to develop a well-established pipeline network throughout the country for transportation of various petroleum products to various consumption centres in order to meet the demand for these products.

Environmental and other regulations

The petroleum industry in India is subject to a wide range of Governmental laws and regulations regarding pollution control, including:

- the Environmental Protection Act
- the Water (Prevention and Control of Pollution) Act
- the Air (Prevention and Control of Pollution) Act
- the Hazardous Waste (Management and Handling) Rules
- the Auto Fuel Policy of the Government

See "Regulatory Framework Specific to the Petroleum Sector".

We do not have a refinery, but do operate depots and terminals which are subject to environmental laws and require a number of licences and consents. We regularly obtain consents from the Pollution Control Board relating to air and water. As of December 31, 2003, there were a number of licences and consents that had expired and for which we have made or are in the process of making applications for renewal. See "Government Approvals-

Depots and Terminals".

A stringent safety policy is followed at all our depots and terminals. This includes various checks by the depots' and terminals' management and regional management. In addition, a group of engineers from our head office carries out safety audits on all depots and terminals once a year. All depots and terminals also conduct monthly mock fire drills.

The Oil Industry Safety Directorate (the "OISD"), an organisation under the control of the MoPNG, issues safety guidelines with which we must comply. Every year they engage in random checking of approximately 20% of all depots and terminals.

We have developed disaster management plans after carrying out risk analyses for each of our facilities. We are also party to mutual aid arrangements with other oil marketing companies. A disaster drill is carried out once a year for every terminal and depot. Neighbouring depots and terminals, fire brigades, police departments and district authorities also participate in these drills.

There are extensive safety regulations for operating explosives manufacturing plants. We maintain a stringent safety policy at our manufacturing facilities including prohibitions on naked flames, compulsory use of protective gear while storing or handling chemicals, and installation of safety equipment such as fire extinguishers, evacuation alarms, fire hydrant lines and lightning arrestors. We maintain an on-site emergency plan for all of our major installations. We also hold regular mock-drills without advanced warning.

Employees

As of March 31, 2001, 2002 and 2003 and December 31, 2003, the number of people employed by our Company was 2,625, 2,200, 2,216 and 2,201, respectively. The following table sets forth the number of employees by Business Group as of December 31, 2003.

	Management	Non-Management	Total
Petroleum Group	690	888	1576
Explosives Group	100	220	320
Cryogenics Group	45	90	135
Corporate Head Office	88	80	168
Total	923	1,278	2,201

Our employees belong to 14 different unions. We have settlement agreements that are valid until the end of Fiscal 2007 covering all of these unions (except for one union in Kolkata in which individual members have given undertakings to be bound by terms of settlement we made with other unions in Kolkata). The unions are organised along regional lines and are independent of any political party. We have not experienced any strikes, work stoppages or go-slows and consider relationships between us and the unions to be harmonious.

We introduced voluntary retirement schemes in Fiscal 1999 and again in Fiscal 2001. A total of 534 people opted for voluntary retirement under the schemes. The total payout for retiring employees under these schemes was Rs. 529 million.

We believe that employee development in terms of skills, knowledge and attitude is a key factor in our Company's success. We endeavour to provide training and developmental input to all our employees at all levels. All officers are required to participate in a training programme at least once a year. The focus of our training and development is on sharpening relevant skills, improving productivity and enhancing effectiveness through on-the-job training and behavioural training programmes. Our training and development activities include:

- in-house training programmes and lectures
- sending officers and non-management employees to training programmes conducted by IOC
- outbound training programmes for teamwork and morale building
- nominating mid-level management to receive training at outside institutions

- sending senior employees abroad to conferences.

We believe we enjoy good relations with our employees.

Trademarks and Intellectual Property

We use various trademarks and trade names in our business. We have registered our "Cryocans" trademark. In addition, we have made applications to register our "Josh", "IBP Red" and "Pure Bhi Poora Bhi" trademarks.

In the past, we have received patents and design registrations in relation to our explosives business.

Insurance

Due to the nature of our business, including the storage and sale of petroleum products and manufacture and market of industrial explosives, we handle many highly flammable and explosive materials. Our operations are subject to the usual hazards associated with using, storing, transporting and disposing of such materials.

We maintain insurance policies on all of our facilities, including buildings, plants and machinery, and inventories, covering fire and other contingencies such as riot, strike, acts of terrorism, flood, storm and other natural and accidental risks. We also maintain insurance policies covering third party liability and property in transit, such as imports, exports, and inland transport (but not covering petroleum products in transit via inland transit which are the responsibility of the carriers).

In Fiscal 2003, we paid an aggregate of Rs. 32.8 million for premiums under all of our insurance policies. We believe that our insurance coverage is sufficient to cover all normal risks associated with our operations and is in accordance with industry standards in India.

Property

Our registered corporate office is based at IBP House in Kolkata. The head office for the Petroleum Group is in Mumbai, with five regional offices and 33 divisional offices around the country as of December 31, 2003. In addition, we have offices at our 16 operating depots and terminals, our lubricant blending plant in Budge-Budge, Kolkata and our lubricant filling plant at Manesar.

The Explosives Group has its head office in IBP House in Kolkata. It has a cartridge explosives plant at Korba, Chattisgarh and 14 bulk explosives plants around the country.

The Cryogenics Group has its head office in Mumbai and a manufacturing facility in Nasik, Maharashtra. In addition, there is a corporate co-ordination office in New Delhi.

We have research and development facilities at Manesar for carrying out basic and applied research in the area of industrial explosives for our Explosives Group and at Nasik for our Cryogenics Group.

The following list sets out details relating to certain of our principal establishments:

Sr. No.	Location	Area	Lease/Freehold
1.	Registered office, Kolkata	55, 000 sq. ft.	Leasehold
2.	Petroleum Group - Mumbai Office	2,340 sq ft	Freehold
3.	Regional office - East, Kolkata	23,374 sq ft	Leasehold
4.	Regional office - South, Chennai	1,740 sq ft	Leasehold
5.	Regional office - West, Mumbai	5,150 sq ft	Leasehold
6.	Regional office - North, Noida	3,108 sq metres	Leasehold
7.	Regional office - Lucknow	19,500 sq ft	Leasehold
8.	Four depots / terminals in the eastern region	100 acres	Leasehold (2), Freehold (2)
9.	Six depots / terminals in the northern region	126 acres	Freehold
10.	Three depots / terminals in the southern region	176 acres	Freehold
11.	Five depots / terminals in the western region	79 acres	Leasehold (2), Freehold (3)

Sr.No.	Location	Area	Lease/Freehold
12.	Lubricant filling and blending plant at Budge Budge and filling plant at Manesar	61 acres	Leasehold (1), Freehold (1)
13.	Explosive plant, Chattisgarh	244 acres	Leasehold
14.	Research and development center, Manesar	41 acres	Freehold
15.	One manufacturing / research and development center in Nasik and another office in Mumbai of the Cryogenics Group	36,677 sq m	Leasehold

We have not entered into valid lease agreements in respect of certain properties occupied by us including our corporate head office in Kolkata and our regional office - Eastern region, listed above. In addition, agreements relating to certain other properties have not been registered.

Our History

Our Company was incorporated under the name "Indo-Burma Petroleum Company Ltd" in Rangoon on February 8, 1909, under the provisions of erstwhile Indian Companies Act, 1882. At the time of incorporation, our shares were held by A S Jamal Brothers & Co and Steel Brothers & Co Ltd in equal proportion. In 1923, shares of our Company held by A S Jamal Brothers & Co were acquired by Steel Brothers & Co Ltd.

We shifted our entire operations to India consequent to us being compelled to destroy our oilfields and refineries in Burma during World War II. In 1943, we registered in India under the Indian Companies Act, 1913 pursuant to the order dated September 8, 1943 passed by the Governor, Government of Bengal in accordance with the Registration of Transferred Companies Ordinance, 1942 (Ordinance LIV of 1942). The Registrar of Joint Stock Companies, Bengal, issued a fresh certificate of incorporation dated September 17, 1943 bearing number 4244 of 1943-44 in our favour.

In the same year, the Business Group (Engineering) was formed, currently known as our Cryogenics Group. In 1970, IOC acquired 59.67% of our shareholding from Steel Brothers & Co Ltd thus making our Company a subsidiary of IOC. In 1972, the Government acquired the Equity Shares held by IOC, thus making our Company an independent public sector enterprise.

Between 1972 and 2001, we acquired 61.8% stake in Balmer Lawrie & Co Ltd, which was subsequently transferred in favour of Balmer Lawrie Investments Limited on October 15, 2001, vide the order dated January 8, 2002, issued by the Department of Company Affairs.

In 1974, the Business Group (Chemicals), currently known as our Explosives Group, was formed.

Our Company acquired 19% of the paid up capital of Numaligarh Refinery Ltd ("NRL") between April 22, 1993 and March 31, 2000. On March 31, 2001, pursuant to the order of Ministry of Petroleum and Natural Gas dated September 13, 2000, we transferred our entire shareholding in NRL in favour of BPCL for cash at par.

Between 1997 and 2000, we acquired 25% stake in Indian Oiltanking Ltd, which we subsequently transferred in favour of IOC pursuant to the order of the Ministry of Petroleum and Natural Gas dated August 9, 2001, at Rs.16 per share.

Between 1993 and 1998, we acquired 49% stake in IBP Caltex Limited. In 1999, pursuant to the order of Ministry of Petroleum and Natural Gas dated March 26, 1999, we withdrew from the joint venture and Caltex acquired our entire shareholding at par against re-transfer of lubricant blending plant at Budge Budge to us.

On February 19, 2002, the Government sold 33.6% of our equity shareholding held by it to IOC. IOC acquired an additional 20% of our total equity shareholding from the public pursuant to applicable provisions of the Takeover Code. With this acquisition, IOC's stake in us increased to 53.6% and resulting in us once again becoming a subsidiary of IOC.

Our main objects as set forth in our Memorandum of Association are:

- To acquire and take over as a going concern the mineral oil business carried on in Rangoon, Yenangyaung, Singu, Syriam and elsewhere under the style of A.S. Jamal Brothers & Company and all or any of the assets, with or without the liabilities, of the proprietors of that business in connection therewith, and with a view thereto to adopt enter into and carry out with such modifications (if any) as may be agreed upon the Agreement referred to in article 3 of the Company's Articles of Association.
- To carry on the business of mineral oil winning and mineral oil refining in all its branches.
- To carry on all or any of the business of manufacturers, installers, maintainers, repairers of any dealers in electrical and electronic appliances and apparatus of very description, and of and in radio, television and telecommunication requisites and suppliers, and electrical and electronic, apparatus, appliances, equipment and other articles, instruments and things required for or capable of being used for or in connection with the generation, transformation, propagation, radiation, distribution, supply accumulation and employment or application of electricity for radiating wires for wireless signalling, lighting, heating, motive power, x-ray, medical and other purposes whatsoever, add to manufacture, construct, maintain, carry out, repair, alter, work, buy, sell, let on hire and otherwise deal in works, plant machinery, apparatus fittings, furnishings, tools materials, products conveniences and things of all kinds capable of being used in connection with such purposes of any

kind, including cables, wires, lines, stations, exchanges, accumulators, dynamos, motors, batteries, switching, regulating, controlling, signalling and medical apparatus, lamps, meters and engines.

- To carry on all or any of the business of electrical, mechanical, motor and general engineers, manufacturers and merchants, agents for and dealers in engineering specialities of every description and to carry out researches, investigations and experimental work of every description in relation to electronics and the application and use of electricity.
- To carry on business as manufacturers, products, importers, exporters, merchants, distributors, commission agents, and brokers of, and wholesale and retail dealers, in, Phenol Cumene, Acetone, Diacetone, alcohol, Ethylalcohol, Phthalic anhydride, phthalates, Titanium dioxide and its pigments, their derivatives, by-products, co-products and compounds, and other heavy and fine chemicals, and of and in all kinds of chemical preparations, industrial, agricultural, medicinal, pharmaceutical, toilet and otherwise and allied and auxiliary products and intermediates thereof.
- To manufacture, produce, import, export, buy, sell and deal in sulphuric acid, oleum, other inorganic acids, alkalis, ilmenite, xylenes, and all forms of petrochemicals and other petroleum derivatives; all other paraffinic, naphthenic, orefinic and aromatic compounds, alcohols, organic acids, all forms of thermoplastic and thermosetting resins and plastics and their components, plasticiser, caprolactum, terephthalic acid and its esters, isophthalic acid and its esters, all forms of synthetic fibres; synthetic detergents; all forms of polymerised and copolymerised orefines; vinyl compounds and their polymers and co-polymers, explosives, paints, colours, pigments, dyes, dyestuffs, dyeintermediates, gums, varnishes, lacquers, artificial leather, cosmetic, and rubber goods, sulphuric acid, oleum other inorganic acids, alkalis, ilmenite rutile and all residual and intermediate products resulting from the manufacture or use of such chemicals.
- To carry on the business of manufacturers and refiners of and dealers in all kinds of chemicals, acids, salts, alkali, antibiotic, pharmaceutical, medicinal and chemical products of requisite and compounds whether of animal, vegetable or mineral origin, dyes, cosmetics pigments, oils, varnish, resins and synthetic, man-made materials of fabrics of whatsoever nature including manufactures of and dealers in all kinds of soap detergents both natural and synthetic.
- To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with the above or calculated directly or indirectly to enhance the value or render profitable any of the Company's property or rights.
- To acquire and undertake the whole or any part of the business property and liabilities of any person or company carrying on any business which this Company is authorised to carry on, or possessed of property suitable for the purposes of this Company.
- To carry on the business of an Insurance Company and Underwriter of every kind (excepting Life Insurance and Employers' Liability Insurance).
- Generally to purchase, take on lease or in exchange, hire or otherwise acquire any movable or immovable property and any rights, concessions or privileges which the Company may think necessary or convenient for the purposes of this Company, and in particular any mineral oil wells, mineral oil winning rights, mineral oil bearing or other lands, patent rights, buildings, easements, machinery, plant and stock-in-trade.
- To sell, improve, manage, develop, exchange, lease, mortgage, dispose of, grant, licenses for, turn to account or otherwise deal with all or any part of the properties and rights of the Company.
- To promote any other company for the purpose of acquiring all or any property and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company, to take or otherwise acquire and hold any Shares in any other company with objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.
- To sell or dispose of the undertaking of the Company or any part thereof for such considerations as the Company may think fit and in particular for Shares, Debentures or Securities of any other company having objects altogether or in part similar to those of this Company.

- To construct, improve, maintain, work, manage, carry out or control any roads, ways, tramways, railways, braches or sidings, bridges, pipe-lines, reservoirs, water-courses, wharves, manufactories, warehouses, shops, stores and other work and conveniences which may seem calculated directly or indirectly to advance the Company's interest and to contribute to, subsidise or otherwise assist or take part in the construction, improvement, maintenance, working, management, carrying out or control thereof.
- To purchase, charter, hire, build or otherwise acquire steam and other ships and vessels with all equipment and furniture and to employ the same as from time to time may be determined.
- To lend money to such persons on such terms as may seem expedient and to guarantee the payment of money or the performance of any obligation or contract.
- To invest and deal with moneys of the Company not immediately required for the purposes thereof in such manner as may from time to time be determined.
- To borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of debentures or debenture stock perpetual, or otherwise, charged upon all or any of the Company's property both present and future including its uncalled capital, and to purchase redeem or pay off any such securities.
- To draw, make, accept, endorse, discount, negotiate, execute and issue promissory notes, bills of exchange, bills of lading, warrants, debentures or other negotiable or transferable instruments.
- To remunerate any person or company for services rendered or to be rendered in placing or assisting to place or guaranteeing the placing of any shares in the Company's capital or debentures or other securities of the Company or in or about the formation or promotion of the Company or the conduct of its business.
- To procure the Company to be registered or recognised in any foreign country or place.
- To establish, endow, support, subscribe to and assist any institution of fund for the benefit of the officers or servants of the Company or any of them or their families or any other persons connected with the Company, and to grant pensions and generally to make such charitable or philanthropic donations or subscriptions to any persons or objects as the Company may think fit.
- To enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint adventure, reciprocal concessions or otherwise with any person or company carrying on or engaged in or about to carry on or engage in any business or transaction which this Company is authorised to carry on or engage in, or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company, and to take or otherwise acquire Shares and Securities of any such company, and to sell, hold, reissue with or without guarantee or otherwise deal with the same.
- To enter into any scheme of arrangement, compromise or reconstruction with its creditors and/or members including any scheme of amalgamation, merger with or demerger into or disposal or exchange of, all or any of the business undertaking, property or liability of the Company and/or to enter into any any type of arrangement or agreement with any other bodies corporate, firms or individuals relating to such scheme.
- To do all or any of the above things in any part of the world and as principals, agents, contractors, trustees or otherwise and by or through trustees, agents or otherwise and either along or in conjunction with others.
- To do all such other things as are incidental or conducive to the attainment of the above objects.

Our activities are carried out and in the past have been carried out in accordance with the objects as specified in our Memorandum of Association.

Changes to our Memorandum of Association

Since our incorporation, the following changes have been made to our Memorandum of Association:

Date of amendment	Amendment in the Memorandum of Association
May 18, 1921 Special Resolution passed in EGM	The capital of our Company was increased to Rs. 20,000,000 by the creation of 100,000 new shares of Rs. 100 each.
February 20, 1925 Special Resolution and Extraordinary Resolution passed in EGM	The capital of our Company was reduced to Rs. 10,643,000 divided into 266,075 shares of Rs. 40 each. 16,075 shares were also cancelled.
August 12, 1927 Special Resolution in EGM	The capital of our Company was increased by the creation of 50,000, 7% cumulative preference shares of Rs. 100 each.
September 1, 1955 Special Resolution in EGM	250,000 ordinary shares of Rs. 40 each were sub-divided into 1,000,000 ordinary shares of Rs. 10 each.
October 25, 1966 Special Resolution in EGM	The capital of our Company was increased to Rs. 30,000,000 by the creation of 1,500,000 Equity Shares of Rs. 10 each.
August 28, 1974 Special Resolution	<p>The following clauses were added:</p> <p>"To carry on all or any of the business of manufacturers, installers, maintainers, repairers of and dealers in electrical and electronic appliances and apparatus of every description, and of and in radio, television and telecommunication requisites and suppliers, and electrical and electronic, apparatus, appliances, equipment and other articles, instruments and things required for or capable of being used for or in connection with the generation, transformation, propagation, radiation, distribution, supply accumulation and employment or application of electricity for radiating wires for wireless signalling, lighting, heating, motive power, x-ray, medical and other purposes whatsoever, add to manufacture, construct, maintain, carry out, repair, alter, work, buy, sell, let on hire and otherwise deal in works, plant machinery, apparatus fittings, furnishings, tools materials, products conveniences and things of all kinds capable of being used in connection with such purposes of any kind, including cables, wires, lines, stations, exchanges, accumulators, dynamos, motors, batteries, switching, regulating, controlling, signalling and medical apparatus, lamps, meters and engines.</p> <p>To carry on all or any of the business of electrical, mechanical, motor and general engineers, manufacturers and merchants, agents for and dealers in engineering specialities of every description and to carry out researches, investigations and experimental work of every description in relation to electronics and the application and use of electricity.</p> <p>To carry on business as manufacturers, products, importers, exporters, merchants, distributors, commission agents, and brokers of, and wholesale and retail dealers, in, Phenol Cumene, Acetone, Diacetone, alcohol, Ethylacohol, Phthalic anhydride, phthalates, Titanium dioxide and its pigments, their derivatives, by-products, co-products and compounds, and other heavy and fine chemicals, and of and in all kinds of chemical preparations, industrial, agricultural, medicinal, pharmaceutical, toilet and otherwise and allied and auxiliary products and intermediates thereof.</p> <p>To manufacture, produce, import, export, buy, sell and deal in sulphuric acid, oleum, other inorganic acids, alkalis, ilmenite, xylenes, and all forms of petrochemicals and other petroleum derivatives; all other paraffinic,</p>

	<p>naphthenic, orefinic and aromatic compounds, alcohols, organic acids, all forms of thermoplastic and thermosetting resins and plastics and their components, plasticiserl caprolactum, terephthalic acid and its esters, isophthalic acid and its esters, all forms of synthetic fibres; synthetic detergents; all forms of polymerised and copolymerised orefines; vinyl compounds and their polymers and Co-polymers, explosives, paints, colours, pigments, dyes, dyestuffs, dyeintermediates, gums, varnishes, lacquers, artificial leather, cosmetic, and rubber goods, sulphuric acid, oleum other inorganic acids, alkalis, ilmenite rutile and all residual and intermediate products resulting from the manufacture or use of such chemicals.</p> <p>To carry on the business of manufacturers and refiners of and dealers in all kinds of chemicals, acids, salts, alkali, antibiotic, pharmaceutical, medicinal and chemical products of requisite and compounds whether of animal, vegetable or mineral origin, dyes, cosmetics pigments, oils, varnish, resins and synthetic, man-made materials of fabrics of whatsoever nature including manufacturers of and dealers in all kinds of soap detergents both natural and synthetic."</p>
September 30, 1986 Special Resolution in 78th AGM	The capital of our Company was increased to Rs. 50,000,000 by the creation of 2,000,000 Equity Shares of Rs. 10 each.
September 23, 1988 Special Resolution in 80th AGM	The capital of our Company was increased to Rs. 80,000,000 by the creation of 3,000,000 Equity Shares of Rs. 10 each.
September 25, 1989 Special Resolution in EGM	The capital of our Company was increased to Rs. 250,000,000 by the creation of 17,000,000 Equity Shares of Rs. 10 each.
September 27, 1996 Special Resolution in 88th AGM	The capital of our Company was increased to Rs. 500,000,000 by the creation of 25,000,000 Equity Shares of Rs. 10 each.
September 24, 1998 Special Resolution in 90th AGM	The capital of our Company was increased to Rs. 1000,000,000 by the creation of 50,000,000 Equity Shares of Rs. 10 each.
September 25, 2001 Special Resolution passed by postal ballot in terms of Section 192 A of the Companies Act, 1956 vide notice dated July 28, 2001 taken on record in the 93rd AGM	<p>The following clause was added:</p> <p>"To enter into any scheme of arrangement, compromise or reconstruction with its Creditors and/or Members including any scheme of amalgamation, merger with or demerger into or disposal or exchange of, all or any of the business undertaking, property or liability of the Company and/or to enter into any any type of arrangement or agreement with any other bodies corporate, firms or individuals relating to such scheme."</p>

The details of the capital raised are given in the section entitled "Capital Structure".

Change of Name

The name of our Company was changed from "Indo-Burma Petroleum Company Limited" to our present name "IBP Co. Limited" pursuant to the fresh certificate of incorporation issued by the Assistant Registrar of Companies, West Bengal dated March 15, 1983.

Selected Unconsolidated Financial Data

The following selected unconsolidated financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of Sarma & Co dated January 27, 2004 in the section entitled "Unconsolidated Financial Statements". You should read this financial data in conjunction with our restated unconsolidated financial statements for each of Fiscal 1999, 2000, 2001, 2002 and 2003 and the nine months ended December 31, 2003, including the notes thereto and the reports thereon, which appear elsewhere in this Final Sale Document, and "Management's Discussion and Analysis of Financial Condition and Results of Operations". Results for the nine months ended December 31, 2003 are not necessarily indicative of the results that may be expected for the full Fiscal 2004. Indian GAAP differs in certain significant respects from US GAAP. For more information on these differences, see "Summary of Significant Differences Between Indian GAAP and US GAAP" included elsewhere in this Final Sale Document.

Summary of Profit and Loss Account, as restated

(Rs. in millions)

	Nine months ended Dec-31 2003	Financial Year ended		
		Mar-31 2003	Mar-31 2002	Mar-31 2001
Income/Revenue				
Sales:				
of Products traded by the Company	73,692	84,622	81,483	80,716
of Products manufactured by the Company (net)	2,013	2,909	3,043	3,209
	75,705	87,531	84,526	83,925
Subsidy from the Government - LPG & SKO	862	1,730	-	-
Net Claim from /(Surrender to) Industry Pool A/c	(625)	-	(3,871)	2,314
Other Income/Interest	488	648	557	454
Increase/(Decrease) in Stock	(1,350)	1,472	(925)	878
Total	75,080	91,381	80,287	87,571
Expenditure				
Purchase of Petroleum & other Trading Items	66,414	80,893	67,405	77,449
Consumption of Raw Material & Components	1,343	1,502	1,622	1,651
Excise Duty	2,059	3,393	4,170	3,471
Employees Remuneration & Benefits	872	929	912	1,137
Manufacturing, Selling & Distribution, Administration and Other Expenses	2,262	2,802	2,392	2,097
Financial Expenses	1	5	295	474
Depreciation	302	444	349	332
Total	73,253	89,968	77,145	86,611

(Rs. in millions)

	Nine months ended Dec-31 2003	Financial Year ended		
		Mar-31 2003	Mar-31 2002	Mar-31 2001
Net Profit before Extraordinary Items & Prior Period Adjustments	1,827	1,413	3,142	960
Add: Net Prior Period Adjustments	-	(5)	73	5
Profit Before Tax & Extraordinary Items	1,827	1,408	3,215	965
Less: Taxation - Current	502	412	938	70
- Deferred	114	118	4	-
Net Profit/(Loss) after Tax but before Extraordinary Items /Adjustments	1,211	878	2,273	895
Extraordinary Items (Refer Annexure 7A)		-	(315)	(353)
Net Profit/(Loss) after Tax as per Audited Statement of Accounts (A)	1,211	878	1,958	542
Impact on account of changes in accounting policies (Refer Annexure - 7(i))		-	-	(41)
Impact of prior period items (Refer Annexure -7(ii))		3	(50)	45
Impact of material adjustments relating to prior years (Refer Annexure -7 (iii))		-	(1,352)	260
Total Adjustment (B)	-	3	(1,402)	264
Adjusted Profit /(Loss) (A+B)	1,211	881	556	806

Summary of Assets and Liabilities, as restated

(Rs. in millions)

	As at			
	Dec-31 2003	Mar-31 2003	Mar-31 2002	Mar-31 2001
A. Fixed Assets				
Gross Block	9,736	8,741	7,939	7,602
Less: Accumulated Depreciation	(2,484)	(2,188)	(1,761)	(1,436)
Net Block	7,252	6,553	6,178	6,166
Add: Capital Work in Progress	1,029	487	189	219
Total	8,281	7,040	6,367	6,385
B. Investments	153	153	143	643
C. Finance Lease Receivable	101	115	132	-
D. Current Assets, Loans and Advances				
Inventories	3,466	4,747	3,192	4,164
Sundry Debtors	739	1,321	1,056	1,246
Cash & Bank balances	9,597	3,285	1,285	1,000
Other Current Assets - Interest Accrued	35	3	-	-
Loans & Advances	1,236	1,098	835	3,521
Total	15,073	10,454	6,368	9,931

(Rs. in millions)

	As at			
	Dec-31 2003	Mar-31 2003	Mar-31 2002	Mar-31 2001
E. Liabilities & Provisions				
Current Liabilities & Provisions	16,924	12,152	8,050	7,601
Deferred Tax (Asset)/Liability	876	762	644	640
Secured Loans	-	-	-	690
Unsecured Loans	-	-	-	3,719
Total	17,800	12,914	8,694	12,650
F. Net worth (A+B+C+D-E)	5,808	4,848	4,316	4,309
Net Worth Represented by :				
G. Share Capital	222	222	222	222
Total	222	222	222	222
H. Reserves & Surplus				
Capital Reserves	47	47	47	47
Share Premium	887	887	887	887
Devaluation Exchange Difference Reserve	7	8	7	7
Sub Total(a)	941	942	941	941
General Reserve	4,645	3,684	3,480	3,146
Less: Disinvestment of Balmer Lawrie & Co Ltd			(327)	
Sub Total (b)	4,645	3,684	3,153	3,146
Total (a+b)	5,586	4,626	4,094	4,087
I. Miscellaneous Expenditure to the extent not written off	-	-	-	-
J. Net Worth (G+H-I)	5,808	4,848	4,316	4,309

Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our financial condition and results of operations together with our restated unconsolidated financial statements for each of the fiscal years ended March 31, 2001, 2002 and 2003 and the nine months ended December 31, 2003, including the notes thereto and the report thereon, which appear elsewhere in this Final Sale Document. These financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and have been restated as described in the Auditor's Report of Sarma & Co. dated January 27, 2004 in the section entitled "Unconsolidated Financial Statements". Indian GAAP differs in certain significant respects from US GAAP. For more information on these differences, see "Summary of Significant Differences Between Indian GAAP and US GAAP".

The following discussion is based on our restated unconsolidated financial statements for Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and on information available from other sources. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

Unless otherwise indicated, all financial and statistical data relating to the petroleum industry in the following discussion is derived from information published by or communications with the Ministry of Petroleum and Natural Gas and organisations under its administrative control or industry data and estimates collected by the major oil marketing companies in their Monthly Sales Performance Review. This data has been reclassified in certain respects for purposes of presentation. For more information, see "Certain Conventions; Use of Market Data".

Overview

We are one of the major petroleum marketing companies in India. We offer a diverse portfolio of petroleum products including MS, HSD, SKO, lubricants, LPG and certain others. Of these, MS and HSD are our key products, representing 25.0% and 63.5%, respectively, of our total sales by value in Fiscal 2003 and 27.3% and 63.7%, respectively, of our total sales by value in the nine months ended December 31, 2003. We offer our petroleum products through an extensive retail network consisting of 2,524 IBP retail outlets and 378 SKO and LDO dealerships, and 69 LPG distributorships located across the country as at December 31, 2003, as well as through direct sales to customers and other oil marketing companies. We also engage in the manufacture and sale of industrial explosives and the manufacture and sale of cryogenic containers.

We manage our operations through three distinct business groups: our Petroleum Group, our Explosives Group and our Cryogenics Group. For the fiscal year ended March 31, 2003, we had total sales of Rs. 87,531 million (of which our Petroleum Group, Explosives Group and Cryogenics Group accounted for 98.7%, 1.1% and 0.2%, respectively). For the nine months ended December 31, 2003, we had total sales of Rs. 75,705 million (of which our Petroleum Group, Explosives Group and Cryogenics Group accounted for 99.0%, 0.9% and 0.2%, respectively).

We had an adjusted profit after tax of Rs. 806 million, Rs. 556 million, Rs. 881 million and Rs. 1,211 million in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

Factors Affecting Our Operations

Several factors affect our results of operations and financial condition and the period-to-period comparability of our results of operations, including:

- Deregulation of the Indian petroleum industry/changing regulatory environment;
- Prices of crude oil and refined petroleum products;
- Supply of petroleum products;
- Seasonality; and
- Market conditions in the explosives and cryogenics industries

Deregulation of the Indian Petroleum Industry/Changing Regulatory Environment

The Government's decision to deregulate the Indian petroleum industry has resulted in a number of regulatory changes in recent years, significantly altering the market in which we compete and the operational possibilities available to us. We believe that the regulatory framework remains in a period of transition and that further regulatory

changes are likely in the near future. The quickly changing nature of the current regulatory environment and lack of certainty with regard to possible future regulations makes it difficult to predict our future results of operations based on past results. It also makes planning more difficult, as any analysis of future profitability necessarily involves predicting what the applicable regulatory environment will be five or ten years from now. For example, though sales of domestic LPG are not currently profitable given Government-imposed pricing regulations and under-recovery on subsidies (see "-Subsidies" below), we have embarked on a strategy to build up our LPG customer base and market share, based in part on our expectation that restrictions on LPG prices will be eased in the near future.

Regulatory changes in each of the following areas have affected our operations and financial results in the recent past and will likely continue to do so in the future:

Pricing/Margins

Prior to the dismantling of the APM in 2002, the price of certain petroleum products (all major products prior to 1998 and "regulated products" thereafter) were determined by the OCC. The APM guaranteed all of the oil marketing companies, including ourselves, a specific return on net worth plus reimbursement of eligible operating costs. See "The Petroleum Industry in India-Regulatory Framework-Pricing".

As of April 1, 2002, retail prices on all products other than PDS kerosene and domestic LPG were decontrolled and are now influenced by market factors. Market-determined pricing could have significant implications for us and the industry, including:

- fostering retail price competition among oil marketing companies;
- allowing increases in product costs to be passed on to end consumers;
- encouraging further product differentiation; and
- increasing the use of alternate fuels such as CNG.

In practice, BPCL, HPCL, IOC and our Company, all of whom are directly or indirectly controlled by the Government, meet periodically (usually once every two weeks) to decide whether or not and by how much to revise retail prices pursuant to an arrangement between us. As a result, price deregulation has not resulted in free movement of prices or price competition between oil marketing companies and prices charged by the major oil marketing companies remain the same at the pump in any given area. We are not able to independently determine our prices and margins. Despite increases in the cost of MS and HSD to us of 34.4% and 21.9% in Fiscal 2003, average selling prices of each of MS and HSD over the same period only increased by 4.2% and 9.9% respectively. It is difficult to predict how the entrance of private players into the retail market will affect pricing of transportation fuels.

Subsidies

As part of its decision to dismantle the APM, the Government introduced a subsidy on PDS kerosene and domestic LPG on a flat rate basis. However, we have been incurring under-recovery on these products; the amount we receive from customers on sales of these products plus the subsidies provided by the Government has been less than our costs relating to these products (including actual costs and allowable return). In Fiscal 2003, despite receiving Rs. 1,730 million in subsidies from the Government on domestic LPG and PDS kerosene, we still incurred under-recovery of Rs. 1,295 million.

It was decided that the oil marketing companies will not increase the selling prices of these products during Fiscal 2004. The resultant under-recoveries of oil marketing companies will be absorbed and shared amongst the oil companies. As per the broad mechanism finalised for sharing of these under-recoveries amongst the oil companies for Fiscal 2004, a part of the projected under-recoveries will be made up through settlement among oil marketing companies by way of cross subsidisation through other retail products and the balance will be shared between the public sector oil marketing companies and the public sector upstream companies (ONGC and GAIL). Pursuant to this mechanism, oil-marketing companies receive an amount from upstream oil companies based on their sales of PDS kerosene and domestic LPG and are required to surrender all amounts they receive on sales of MS and HSD exceeding an allowable recovery. We believe such a mechanism for sharing under-recoveries on the subsidized products is likely to have a material adverse effect on our results of operations in Fiscal 2004. For the nine months ended December 31, 2003, we had over-recoveries on MS and HSD that were surrenderable of Rs. 1,105 million and an amount recoverable from ONGC and GAIL of Rs. 480 million. This resulted in a net surrenderable amount of Rs. 625 million.

The new mechanism for sharing under-recoveries of oil marketing companies on domestic LPG and PDS kerosene subsidies only purports to apply to Fiscal 2004. It is difficult to predict what regime will be in place for subsequent periods. The Government has announced plans to phase out its subsidies of domestic LPG and PDS kerosene completely over the next few years. If pricing regulations remain in place and cost to us of domestic LPG and PDS kerosene remain at current levels while Government subsidies to us decrease, our results of operations could be materially and adversely affected. Alternatively, decreases in supply costs or the ability to raise prices of these products to the public could materially enhance our financial condition and results of operations.

Retail Distribution Network

Dissolution of the SPE and removal of restrictions on establishing additional retail outlets has provided us with an opportunity to substantially increase our share of the MS and HSD retail markets. In Fiscal 2003, we opened 523 new retail outlets. This figure represented a 34% increase in the total size of our retail outlet network and accounted for approximately 54% of the net increase in total number of retail outlets in India for the year. The ability to establish retail outlets for marketing MS and HSD has also been extended to private players, which will have implications on competition in the industry. See "-Competition".

Competition

In the past, strict regulation of the marketing sector, including fixed prices and centrally-planned expansion of retail outlets, limited the effect of competition on the market. The Government, via Gazette Notification dated March 8, 2002, specifically authorised companies investing or proposing to invest at least Rs. 20 billion in exploration, production, refining, pipelines or terminals, to market transportation fuels (MS, HSD and ATF). As of December 31, 2003, four companies, ONGC, RIL, Essar, and NRL fulfilling the criteria have applied for and been granted the marketing authorisation, including approvals related to the establishment of over 9,000 retail outlets. In addition, the Government has granted in-principle approval to Shell India Private Ltd. to set up 2,000 retail outlets in the country subject to fulfilment of conditions. As of December 31, 2003, these companies had set up very few retail outlets.

Deregulation allowing participation of private players and foreign multi-nationals may change the competitive environment significantly. As regulatory changes have yet to be fully digested by the market and participation of new entrants to the marketing sector has to date been fairly limited, results of the regulatory changes have yet to be felt. Possible implications of new market players include:

- price competition for retail petroleum products;
- competition for experienced staff and dealers; and
- increased marketing and product differentiation.

We believe participation of private players in the marketplace will necessitate further loosening of regulatory restrictions on PSU oil marketing companies such as ourselves and expect that this will lead to higher margins across various products in the medium-term. Increased competition will also lead to additional challenges for us in the future. Our strategy of rapidly expanding our network of retail outlets, securing favourable locations and protecting existing outlets from outside competition and strengthening our brand are, in part, aimed at overcoming such challenges. We believe this strategy and our competitive advantages put us in a good position to compete and we expect to increase our market share. However, if we are not able to compete effectively with new market participants our market share or our margins could decrease.

Prices of Crude Oil and Refined Petroleum Products

Our financial condition and results of operations are significantly influenced by the market prices for crude oil and refined petroleum products, which are subject to international supply and demand and numerous other factors beyond our control. The markets and prices for refined petroleum products may be influenced by the level of demand (which fluctuates with changes in the economy, seasons and weather patterns), the level of domestic production, the price and availability of imports, the price and availability of substitute fuels and the extent and nature of governmental regulation and taxation. In recent years, hostilities in Iraq and other events in the Middle East have caused crude oil prices, and thus the price of refined petroleum products, to rise considerably. Tariff adjusted import parity prices of MS and HSD rose approximately 62% and 65%, respectively over the course of Fiscal 2003. Largely as a result of this, the average cost to us of MS and HSD was 34.4% and 21.9% higher respectively in Fiscal 2003 than the corresponding costs in Fiscal 2002. Such price increases can result in decreases

in our margins. Alternatively, smaller price increases or falling prices could result in an increase in our margins. In the nine months ended December 31, 2003, the average cost to us of MS and HSD was only 5.4% and 2.6% higher, respectively, than the corresponding costs in Fiscal 2003, while our average sales price of MS and HSD was 7.0% and 7.9% higher, respectively, than the corresponding costs in Fiscal 2003.

Supply of Petroleum Products

We are currently the only major oil marketing company that does not have its own refining operations and we must source all of our needs from external parties. Currently, we source all of our supply of refined petroleum products from the other major petroleum marketing companies, BPCL, HPCL and IOC, and their subsidiaries. We source a majority of these products from our controlling shareholder, IOC. In Fiscal 2003, we purchased 88% of our petroleum products from IOC, 7% of which IOC and its subsidiaries sourced from RIL.

Purchase and shipment of these products, formerly controlled by the OCC, is now governed by a multi-lateral agreement among the major oil marketing companies. See "Our Business-Our Operations-Petroleum Group-Supply and Logistics". The agreement is due to expire on March 31, 2004. Furthermore, pursuant to its terms, the agreement purports to hold good if any of the parties undergoes disinvestment of their Government equity holding, subject to the Government's residual holding in them continuing. We believe that arrangements among the major oil marketing companies are in the best interest of all parties and have no reason to believe they will not be continued in current or modified form. We believe it is likely that the multi-lateral agreement will be replaced with a series of bi-lateral agreements between BPCL, HPCL, IOC and ONGC and that our petroleum product requirements would be clubbed with those of IOC. We understand that the parties are currently in negotiations and have entered into a series of MoUs and that a series of bi-lateral definitive contracts will likely to be entered into prior to, and take effect as of, April 1, 2004. If arrangements between the major oil marketing companies were not renewed, we would need to find alternative supplies of petroleum products. Most likely, we would continue to source the majority of our petroleum products from IOC, which as our parent has a vested interest in ensuring we have adequate supply of petroleum products and which has refineries under its control that currently produce enough refined petroleum products to supply all of its and our demand. We also are currently in discussions with Nagarjuna Oil to receive petroleum products from them on favourable terms when they begin production in the future. There can be no assurance that shortages of refined petroleum products will not occur in the future and if they did that we would be able to procure sufficient quantities of petroleum products on a timely basis or at reasonable costs. Failure to find suppliers of petroleum products on a timely basis would have a material adverse effect on our business and results of operations. However, according to the Government's 10th Five Year Plan (2002-2007) prepared by the Planning Commission of India, supply of refined petroleum products in India is expected to outpace demand, and the country is expected to have a net surplus of such products at least through 2007. Barring adequate domestic supply, we would be forced to import refined products from abroad, which is currently permissible.

Seasonality

Sales of HSD, our biggest selling product, tend to follow seasonal patterns, with highest demand generally coinciding with agricultural output in the periods October to December and March to June and lowest demand coinciding with the monsoon season for most of India from July to September. Our sales revenue is typically affected by such seasonal variations in market conditions. For example, we sold 259,267 metric tonnes of HSD in May 2001 as opposed to 189,918 metric tonnes in August 2001. We expect our results of operations will continue to be affected by seasonality in the future. Results of operations for any particular season or seasons may not, therefore, be indicative of results for the entire year.

Market Conditions in the Explosives and Cryogenics Industries

Our Explosives Group and Cryogenics Group have faced difficult market conditions over the past several years, and our segment results from these businesses have not been very strong.

The explosives industry in India is characterised by intense competition. Though there are only a few major producers of industrial explosives in the country including ourselves, a liberal licensing policy and low barriers to entry, both in terms of technology and capital, have led to recent growth in the number of small producers. Furthermore, demand for industrial explosives in India is dominated by a single customer, CIL. In evaluating tenders, CIL focuses on unit price alone, not considering any advantages in technical efficiency that we believe our products and those of the other organised players offer. CIL's bargaining power and strong focus on minimising price, combined with intense competition by other market participants has resulted in low rates for CIL contracts in recent

years. Largely as a result of these factors, our Explosives Group has suffered losses for the past ten years, including losses of Rs. 167 million, Rs. 245 million, Rs. 30 million and Rs. 55 million in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

We have taken steps to contain losses and move the business group towards profitability including the following measures:

- Reducing operating costs by various methods including reduction of manpower;
- Interacting closely with CIL to convince them to allocate more orders to us on the basis of the quality of our products, our research and development capabilities and our status as a PSU;
- Diversifying our customer base by increasing the number of mines we operate for existing customers other than CIL and by obtaining orders from new customers such as customers in the cement industry and hydro-electric power companies; and
- Improving product formulations and reducing raw material costs.

The market for our cryogenics products is also focused on a single set of customers. State government animal husbandry departments, which use our cryogenic containers in the artificial insemination process, together accounted for over 65% of our total sales of aluminium cryogenic containers in Fiscal 2003. These governmental departments are subject to budgeting constraints and are reliant on public funding. When funding is tight, they will cut down on spending which can have a material adverse effect on our sales. Our Cryogenics Group suffered losses in Fiscal 2001 and 2002 of Rs. 13 million and Rs. 77 million, respectively. In Fiscal 2003 and the nine months ended December 31, 2003, however, the group made net profits of Rs. 13 million and Rs. 3 million, respectively.

We have taken steps to address the challenges facing our cryogenics business. Such measures include increasing our product range, reducing costs through research and development and increasing our client base, particularly through focusing on the export market. In addition, in March 2003 we entered into an MoU and are currently in discussions with a leading foreign manufacturer of cryogenic containers. We hope to arrange an alliance with this company that will lead to new business opportunities including supplying LNG as fuel to captive power generators as well as for automotive and other industrial applications.

Market conditions in the explosives and cryogenics industries and success of the measures we have put in place for our Explosives and Cryogenics Business Groups will affect our results of operations in these business groups in the future.

Principal Income Statement Components

Income

Our income has five components: sales income, subsidy from the Government, net claim from (surrender to) industry pool account, other income/interest and increase (decrease) in stock.

Sales Income

Sales income was 95.8%, 105.3%, 95.8% and 100.8% of our total income in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively. Our sales income consists of sales of products traded by our Company and sales of products manufactured by our Company.

Sales of products traded by our Company consist primarily of retail sales of MS, HSD and SKO, as well as sales of LPG, and certain other petroleum products. These sales contributed 96.2%, 96.4%, 96.7% and 97.3% to our total sales income in Fiscal 2001, 2002, and 2003 and the nine months ended December 31, 2003, respectively.

Sales of products manufactured by our Company consists primarily of sales of lubricants, industrial explosives, explosives accessories and cryogenic containers. These sales contributed 3.8%, 3.6%, 3.3% and 2.7% to total sales income in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

Subsidy from the Government

Subsidy from the Government comprises payment received from the Government to partially offset the difference between our costs relating to PDS kerosene and domestic LPG (including actual costs and allowable return) and amounts we are able to receive from customers on sale of these products. These subsidies were only in place starting in Fiscal 2003 and in Fiscal 2003 and the nine months ended December 31, 2003 contributed 1.9% and

1.1%, respectively, to our total income. In Fiscal 2001 and 2002, pricing controls on domestic LPG and PDS kerosene were covered as part of the Administered Pricing Mechanism and no separate subsidies were recoverable from the Government.

Net Claim from (surrender to) Industry Pool Account

Net claim from (surrender to) industry pool account relates to two different types of transactions. First, this line item relates to payments made to or received from the industry pool account relating to the Administered Pricing Mechanism for MS and HSD (in Fiscal 2002 and before) and PDS Kerosene and domestic LPG which operated until March 31, 2002. Under the Administered Pricing Mechanism, we and the other oil marketing companies operated in a manner determined by the Government. Price, delivery of products, state levies, subsidies, etc. were all determined by the Government. In return, we were permitted to retain a 12% return on net worth plus reimbursement of our eligible operating costs. We would receive cash from our dealers and customers for sales of our products. A running account was kept with the Government of India. Adjustments were made to this account, to reflect changes in price, freight, taxes, costs and net worth. If the amount we received in cash exceeded our guaranteed return after these adjustments, then we would have to surrender the balance to the industry pool account. If the amount we received in cash was less than our guaranteed return net of adjustments, then we would be entitled to claim the difference from the industry pool account. We had a net claim from the industry pool account equivalent to 2.6% of our total income in Fiscal 2001 and a net surrender to the industry pool account equivalent to 4.8% of our total income in Fiscal 2002.

Net claim from (surrender to) oil pool account also relates to amounts surrenderable to or receivable from an industry pool account in relation to the new mechanism announced by the PPAC in Fiscal 2004 for the sharing of under-recoveries relating to sales of PDS kerosene and domestic LPG amongst the public sector oil marketing companies (BPCL, HPCL, IOC and ourselves) and public sector upstream companies (ONGC and GAIL) in India. See"- Factors Affecting Our Operations-Deregulation of the Indian Petroleum Industry/Changing Regulatory Environment-Subsidies". In the nine months ending December 31, 2003, we had a net surrender to the industry pool account equivalent to 0.8% of our total income for the period.

Other Income/Interest

Other income consists primarily of interest income and commission income we receive on company owned and operated retail outlets. Other income/interest contributed less than 1% to total operational income in Fiscal 2001, 2002, and 2003 and the nine months ended December 31, 2003.

Increase (Decrease) in Stock

Increase (decrease) in stock consists of adjustments due to changes in the value of our stock on the balance sheet date. Such changes in value arise principally due to changes in the price of imported petroleum products. Increase (decrease) in stock amounted to 1.0%, (1.2)%, 1.6% and (1.8)% of our total income in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

Expenditure

Our expenditure consists of purchase of petroleum and other trading items, consumption of raw materials and components, excise duty, employees remuneration and benefits, manufacturing, selling and distribution, administration and other expenses, financial expenses and depreciation.

Purchase of Petroleum and Other Trading Items

Our expenditure on purchase of petroleum and other trading items primarily consists of purchases of MS, HSD and SKO, which are resold through our retail outlets. Our expenditure on purchase of petroleum and other trading items constituted 89.4%, 87.4%, 89.9% and 90.7% of our total expenditure in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

Consumption of Raw Materials and Components

Our expenditure on consumption of raw materials and components consists of purchases of materials used in the manufacture of our explosives (principally ammonium nitrate), our cryogenic containers (principally aluminium alloy sheets and stainless steel) and our lubricants (principally base oil). Our expenditure on consumption of raw materials and components constituted 1.9%, 2.1%, 1.7% and 1.8% of our total expenditure in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

Excise Duty

Excise duty constituted 4.0%, 5.4%, 3.8% and 2.8% of our total expenditure in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively. Such rates differed product to product and year to year. We are only responsible for paying excise duty on products we manufacture and on products, delivery of which we take in a bonded warehouse or facility. For the majority of our petroleum products which are not delivered to bonded terminals or depots, refiners pay the applicable excise duty and increase the price of their products to us.

Employees Remuneration and Benefits

Employees remuneration and benefits consist of payments of salaries and other benefits, including medical expenses, leave/travel assistance and contribution to employee provident funds, superannuation funds and pension funds. Employees remuneration and benefits constituted 1.3%, 1.2%, 1.0% and 1.2% of our total expenditure in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

Manufacturing, Selling and Distribution, Administration and Other Expenses

Manufacturing, selling and distribution, administration and other expenses consist primarily of rent, travel expenses, sales promotion expenses, local taxes and levies and contractor costs relating to the operation of COCO dealerships. Manufacturing, selling and distribution, administration and other expenses constituted 2.4%, 3.1%, 3.1% and 3.1% of our total expenditure in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

Financial Expenses

Financial expenses consist of payments of interest. Financial expenses constituted 0.5%, 0.4%, 0.0% and 0.0% of our total expenditure in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

Depreciation

Our principal depreciation costs relate to our retail outlets and fixed assets at our depots and terminals and our manufacturing facilities for lubricants, explosives and cryogenic containers. Depreciation constituted 0.4%, 0.5%, 0.5% and 0.4% of our total expenditure in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003, respectively.

Our Critical Accounting Policies

Preparation of financial statements in accordance with generally accepted accounting principles in India, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956, require our management to make judgments, assumptions and estimates regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are described in the auditor's report appearing elsewhere in this Final Sale Document.

Certain of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our "critical accounting policies". Our management uses its historical experience and analyses the terms of existing contracts, historical cost convention, industry trends, information provided by our dealers and information available from other outside sources, as appropriate, when forming its assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain.

While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results of operations, we believe that the following critical accounting policies warrant additional attention:

Fixed Assets

Land

Land acquired on lease for over 99 years or on perpetual lease is treated as freehold land. Cost of right of way for laying pipelines is capitalised.

Expenditure during construction period

Revenue expenses including expenses for crop compensation for acquiring right of way exclusively attributable to projects incurred during construction period are capitalised.

Depreciation

Depreciation on fixed assets is provided in accordance with the rates specified in Schedule XIV of the Companies Act on straight line method up to 95% of the cost of the fixed asset. Depreciation is charged pro-rata on a quarterly basis on assets from the quarter of capitalisation or up to the quarter of sale, disposal or dismantling as the case may be during the year. Cost of leasehold land with a lease of 99 years or less is amortised during the lease period.

Investments

All long term investments are valued at cost and provisions for diminution in value thereof is made wherever such diminution is not temporary. All current investments are valued at the lower of cost and fair market value.

Current Assets and Provisions

Raw Materials

Raw materials are valued at weighted average cost or net realisable value whichever is lower. Stock in process is valued at the raw materials cost and allocated overhead at the factory cost level or net realisable value whichever is lower. Stock in process of cryogenic containers is determined on an FIFO basis.

Stores and Spares

Stores and spares are valued at their weighted average cost. In case of surplus/obsolete stores and spares, provision is made for likely loss or gain and changed to revenue.

Finished Goods

Finished products are valued at cost or net realisable value whichever is lower. Cost of petroleum products and cryogenic containers are valued on an FIFO basis. Cost of explosives, lubricants and greases are determined at a weighted average cost.

Claims and Provisions

Claims on the PPAC and the Government are booked on the basis of entitlement or acceptance in principle/ approval thereof. Such claims and provisions are booked on the basis of available instructions subject to final adjustment as per separate audit. Other claims are accounted for when there is certainly that the claims are realisable.

Contingent Liabilities and Capital

Show-cause notices received from various Government authorities are not considered as contingent liabilities. When demand notices are raised against such show cause notices, if we accept these liabilities, we will either pay them or treat them as liabilities. If we dispute them, we will treat them as contingent liabilities. Capital commitments and contingent liabilities are those which exceed Rs. 0.5 million in each case.

Profit and Loss Account

Sales of Products

Adjustments pertaining to purchase of raw materials or finished products, sales and certain other factors that were permissible under the Administered Pricing Mechanism are accounted for under net claim from/(surrender to) Industry Pool Account".

Retirement Benefits

Payment of gratuity is made through trust and the amount of contribution, based on actuarial valuation, is charged to profit and loss account.

Accruing liability for leave encashment/post retirement medical benefits is charged to the profit and loss account based on actuarial valuation.

Compensation paid under voluntary retirement schemes is charged off in the year of payment. Prepaid expenses of up to Rs. 0.1 million each are charged to revenue.

Income and expenditure up to Rs. 0.5 million in each ase pertaining to prior years are accounted for in the current year.

All expenditure, other than capital expenditure on research and development, is charged to the profit and loss account.

Borrowing costs, on a weighted average basis, that are attributable to construction of qualifying assets are capitalised as part of the cost of such assets. Qualifying assets are those that necessarily take substantial period of time to make ready for their intended use.

Revenue grants are reckoned as per the scheme notified by the Government from time to time.

Foreign Exchange Transactions

Transactions in foreign currency are converted at the exchange rates on the respective dates of transactions. Variations, if any, on actual realisation/payment are considered in our profit and loss account.

Current assets and current liabilities are translated at the exchange rates prevailing on the date of the balance sheet (except transactions with forward cover) and the difference, if any, is charged to profit and loss account.

Liabilities arising from acquisitions of fixed assets are translated at the exchange rates on the date of the balance sheet. The variation is added to or reduced from historical cost of the fixed asset.

Our Results of Operations

The table below sets forth various line items from our restated unconsolidated financial statements as a percentage of our total income for the periods indicated:

(%)

	Nine Months Ended December 31,	Fiscal Year Ended March 31,		
	2003	2003	2002	2001
Total income	100	100	100	100
Sales:				
of products traded by us	98.2	92.6	101.5	92.2
of products manufactured by us	2.7	3.2	3.8	3.7
Total expenditure	97.6	98.5	96.0	98.9
Profit before tax	2.4	1.5	4.0	1.1
Tax	0.8	0.5	1.2	0.1
Profit after tax (as per audited statement of accounts)	1.6	1.0	2.4	0.6
Profit after tax (as adjusted)	1.6	1.0	0.7	0.9

The table below sets forth our segment results for the periods indicated:

Segment results

(Rs. in millions)

Nine Months Ended December 31, 2003	Petroleum	Explosives	Cryogenics	Total
Sales	74,916	672	117	75,705
Other income/ industry pool account	463	18	4	485
Segment result ¹	1,640	(55)	3	1,588
Fiscal 2003				
Sales	86,375	969	187	87,531
Other income/ industry pool account	2,059	33	23	2,115
Segment result ¹	1,184	(30)	13	1,167
Fiscal 2002				
Sales	83,317	1,096	113	84,526
Other income/ industry pool account	(5,801)	39	4	(5,758)
Segment result ¹	919	(245)	(77)	597
Fiscal 2001				
Sales	82,465	1,239	222	83,926
Other income/ industry pool account	3,051	16	3	3,070
Segment result ¹	1,890	(167)	(13)	1,710

¹Segment results do not include dividends, interest income, profit on sale of investment, interest expenses and income tax as such items are not allocated to individual segments.

Interim Results: Nine Months Ended December 31, 2003

Income

Our total income in the nine months ended December 31, 2003 was Rs. 75,080 million. Of this, sales income accounted for Rs. 75,705 million, or 100.8% of total income. Our selling prices of petroleum products increased over the course of the period. Our average selling prices of MS and HSD in the nine months ended December 31, 2003 were higher than the corresponding figures in Fiscal 2003 by 7.0% and 7.9%, respectively.

Our total income in the nine months ended December 31, 2003 was also made up in part by Rs. 862 million in subsidies from the Government on PDS kerosene and domestic LPG (resulting from a subsidy rate that was 33.3% lower in the nine months ended December 31, 2003 than it was in Fiscal 2003).

Other income/interest was Rs. 488 million in the nine months ended December 31, 2003, largely made up of interest on short term deposits with banks. Interest we received on short term deposits with banks in the nine months ended December 31, 2003 was higher than the corresponding interest we received in all of Fiscal 2003 due to higher bank balances in the nine months ended December 31, 2003 resulting from cash generated from our operating activities.

These sales, subsidies and other sources of income were partially offset by a decrease in stock, primarily due to decreased volumes of HSD as of December 31, 2003 and decreases in the price of oil and refined petroleum products, in particular HSD, over the period. We allowed volumes of HSD, which we had stockpiled prior to the beginning of the period as a hedge against tensions in the Middle East, to decline as we believed that the TAIPP was falling and our purchase price of HSD would be cheaper in the near future.

As per guidelines communicated by the PPAC for sharing of industry under-recoveries of SKO and LPG resulting from the decision not to allow revision of selling prices of PDS kerosene and domestic LPG, we had over-recoveries on MS and HSD that were surrenderable of Rs. 1,105 million and an amount from ONGC and GAIL of Rs. 480 million that was recoverable. This resulted in a net surrenderable amount to the oil pool account of Rs. 625 million which reduced our total income accordingly.

Expenditure

Our total expenditure in the nine months ended December 31, 2003 was Rs. 73,253 million. Of this, expenditures related to purchase of petroleum and other trading items accounted for Rs. 66,414 million, or 90.7% of total expenditure. The average cost to us of MS and HSD in the nine months ended December 31, 2003 was Rs. 22,104 per kilolitre and Rs. 15,362 per kilolitre, respectively. This represented a 5.4% increase in average cost to us of MS and a 2.6% increase in the average cost to us of HSD as compared to the the average cost to us in Fiscal 2003. Increases in average selling prices of MS and HSD exceeded increases in average cost to us of these same products, resulting in higher margins on these products for us in the nine months ended December 31, 2003 than in Fiscal 2003. This was particularly noticeable with regard to HSD, our average sales price of which increased 7.9% as compared with an increase in average cost to us of only 2.6%. Primarily as the result of this, our total expenditure as a percentage of total income fell to 97.6% in the nine months ended December 31, 2003 from 98.5% in Fiscal 2003.

Employees remuneration and benefits in the nine months ended December 31, 2003 was Rs. 872 million, 93.9% of the figure for all of Fiscal 2003. The proportional increase in these expenditures was due primarily to higher employee benefits in the period, cost of living pay raises and an increase in profit sharing bonus.

Depreciation expense in the nine months ended December 31, 2003 was Rs. 302 million. This figure was lower than the corresponding figure from Fiscal 2003 (75% of the Rs. 444 million in depreciation expense in Fiscal 2003 would be Rs. 333 million) despite the increase in retail outlets over the course of Fiscal 2003 and the first nine months of Fiscal 2004 primarily due to a decrease in purchases of LPG cylinders which fully depreciate over the course of one year. Depreciation expense relating to LPG cylinders was Rs. 35 million in the nine months ended December 31, 2003, as compared to Rs. 115 million in all of Fiscal 2003.

Our total expenditure in the nine months ended December 31, 2003 also included Rs. 1,343 million in consumption of raw materials and components, Rs. 2,059 million in excise duty, Rs. 2,262 million in manufacturing, selling and distribution, administration and other expenses and Rs. 1 million in financial expenses.

Profit Before Tax

Profit before tax was Rs. 1,827 million in the nine months ended December 31, 2003. Profit before tax as a percentage of income was 2.4% in the nine months ended December 31, 2003.

Tax

The income tax rate in Fiscal 2004 is a basic rate of 35.0% plus a surcharge of 2.5%, resulting in a net rate of 35.9%.

Profit After Tax/ Profit After Tax (As Adjusted)

Profit after tax was Rs. 1,211 million in the nine months ended December 31, 2003. As there were no adjustments made in this period, this number also represents our profit after tax (as adjusted). Profit after tax (as adjusted) as a percentage of income was 1.6% in the nine months ended December 31, 2003, as compared to 1.0% 0.7% and 0.9% in Fiscal 2003, 2002 and 2001, respectively.

Fiscal 2003 Compared to Fiscal 2002

Income

Sales Income

Our sales income increased by 3.6% to Rs. 87,531 million in Fiscal 2003 from Rs. 84,526 million in Fiscal 2002, primarily due to an increase of 3.9% in sales of traded petroleum products. This increase was primarily due to an increase in the average selling prices of petroleum products in Fiscal 2003. Our average selling prices of MS, HSD and SKO in Fiscal 2003 were higher than the corresponding figures for Fiscal 2002 by 4.2%, 9.9% and 16.3%, respectively. This was partially offset by a decrease in volume of most petroleum products we sold in Fiscal 2003 as compared with Fiscal 2002. The increase in sales income was also partially offset by the fact that due to uniform pricing in different areas, we have been unable to pass on all of the transportation costs on products transported to the interior to our retail customers.

Subsidy from the Government

We received a subsidy from the Government of Rs. 1,730 million in Fiscal 2003 in respect of losses we incurred due to price controls on domestic LPG and PDS kerosene. We calculate that this figure represents a net under-recovery of Rs. 1,295 million. In Fiscal 2002, pricing controls on domestic LPG and PDS kerosene were covered as part of the APM and no separate subsidies were recoverable from the Government.

Net Claim from (Surrender to) Industry Pool Account

There was no claim from the industry pool account in Fiscal 2003 (as the APM was no longer in place and the mechanism for sharing under-recoveries on PDS kerosene and domestic LPG was not yet in place), compared to a net surrender of Rs. 3,871 million in Fiscal 2002.

Other Income/Interest

Our other income/interest increased by 16.3% to Rs. 648 million in Fiscal 2003 from Rs. 557 million in Fiscal 2002, primarily due to an increase in dealer commissions we received from our COCO retail outlets resulting from a rapid increase of the number of such retail outlets we owned over the period. The number of COCO retail outlets in our retail network increased 370% from 51 as of March 31, 2002 to 255 as of March 31, 2003.

Increase (Decrease) in Stock

Our stock increased Rs. 1,472 million in Fiscal 2003 compared to a decrease in stock of Rs. 925 million in Fiscal 2002. This change was primarily due to significant increases in the price of oil and refined petroleum products, in particular HSD, in Fiscal 2003 resulting from international price fluctuations.

Total Income

As a result of the foregoing, our total income increased by 13.8% to Rs. 91,381 million in Fiscal 2003 from Rs. 80,287 million in Fiscal 2002.

Expenditure

Purchase of Petroleum and Other Trading Items

Purchase of petroleum and other trading items increased by 20.0% to Rs. 80,893 million in Fiscal 2003 from Rs. 67,405 million in Fiscal 2002, primarily due to an increase in the price of petroleum products to us, resulting from an increase in the TAIPP over the same period. The average cost to us of HSD increased 21.9% to 14,970 per kilolitre in Fiscal 2003 from 12,283 per kilolitre in Fiscal 2002. The average cost to us of MS increased 34.4% to 20,972 per kilolitre in Fiscal 2003 from 15,599 per kilolitre in Fiscal 2002.

Consumption of Raw Materials and Components

Consumption of raw materials and components decreased by 7.4% to Rs. 1,502 million in Fiscal 2003 from Rs. 1,622 million in Fiscal 2002, primarily due to decreased production of explosives and lubricants in Fiscal 2003 partially offset by an increase in the price of base oil.

Excise Duty

Excise duty decreased by 18.6% to Rs. 3,393 million in Fiscal 2003 from Rs. 4,170 million in Fiscal 2002, primarily due to a reduction in the tariff rates applicable to HSD (to 14% of assessable value plus Rs. 1,000 per kilolitre in Fiscal 2003 from 16% of assessable value plus Rs. 1,000 per kilolitre in Fiscal 2002) and MS (to 30% of assessable value plus Rs. 7,000 per kilolitre in Fiscal 2003 from 32% of assessable value plus Rs. 7,000 per kilolitre in Fiscal 2002), and to decreased production in Fiscal 2003 of explosives and lubricants.

Employees Remuneration and Benefits

Employees remuneration and benefits increased by 1.9% to Rs. 929 million in Fiscal 2003 from Rs. 912 million in Fiscal 2002, primarily due to standard cost of living pay hikes.

Manufacturing, selling and distribution, administration and other expenses

Manufacturing, selling and distribution, administration and other expenses increased by 17.1% to Rs. 2,802 million in Fiscal 2003 from Rs. 2,392 million in Fiscal 2002, primarily due to an increase in publicity expenses to Rs. 194

million in Fiscal 2003 from Rs. 61 million in Fiscal 2002, due primarily to increased marketing activities aimed at building brand equity and promotional expenses surrounding the launch of our branded premium fuels, an increase in local taxes and levies, and increased processing and legal fees in Fiscal 2003 incurred in connection with the large number of retail outlets commissioned that year.

Financial expenses

Financial expenses decreased by 98.3% to Rs. 5 million in Fiscal 2003 from Rs. 295 million in Fiscal 2002, primarily due to the net repayment of Rs. 4,409 million in short and long term debt in Fiscal 2002 resulting in lower interest expenses in Fiscal 2003 compared to Fiscal 2002.

Depreciation expense

Depreciation expense increased by 27.2% to Rs. 444 million in Fiscal 2003 from Rs. 349 million in Fiscal 2002, primarily due to purchases of LPG cylinders and an increase in the number of retail outlets in our network to 2,079 in Fiscal 2003 from 1,559 in Fiscal 2002. There was also a change in accounting policy due to our adoption of IOC's policy on depreciation, which calls for assets to be depreciated on a quarterly pro rata basis such that depreciation is charged starting from the quarter of capitalisation of an asset or up to the quarter of sale, disposal or dismantling of an asset, as the case may be, rather than from the actual date of capitalisation or up to the actual date of sale, disposal or dismantling of an asset.

Total Expenditure

As a result of the foregoing, our total expenditure increased by 16.6% to Rs. 89,968 million in Fiscal 2003 from Rs. 77,145 million in Fiscal 2002. Expenditure as a percentage of income increased to 98.5% in Fiscal 2003 from 96.1% in Fiscal 2002.

Profit Before Tax

Profit before tax decreased by 56.2% to Rs. 1,408 million in Fiscal 2003 from Rs. 3,215 million in Fiscal 2002. Profit before tax as a percentage of income decreased to 1.5% in Fiscal 2003 from 4.0% in Fiscal 2002, due to a 16.6% increase in expenditure as compared to a 13.8% increase in income.

Tax

The income tax rate in Fiscal 2003 was a basic rate of 35.0% plus a surcharge of 5.0%, resulting in a net rate of 36.8%, compared to a rate in Fiscal 2002 comprising a basic rate of 35.0% plus a surcharge of 2.25%, resulting in a net rate of 35.7%.

Profit After Tax

As a result of the foregoing factors, profit after tax decreased by 55.2% to Rs. 878 million in Fiscal 2003 from Rs. 1,958 million in Fiscal 2002. Profit after tax as a percentage of income decreased to 1.0% in Fiscal 2003 from 2.4% in Fiscal 2002.

Total Adjustment

Total adjustment in Fiscal 2003 was a credit of Rs. 3 million, as compared to a debit of Rs. 1,402 million in Fiscal 2002. The principal adjustment to our accounts for Fiscal 2002 was to remove Rs. 2,103 million in income that related to prior years. The removed income was received in 2002 from the OCC in the form of a credit to the industry pool account. Such credit related to (i) increased amounts from our guaranteed return on net worth due to the OCC recognising that our net worth had risen, (ii) increase in the amounts of past transport charges for which we were eligible to be reimbursed and (iii) long-term settlements with our workers which resulted in back payments to workers beginning in 1997. The back payments to workers pursuant to long term settlements were operating expenses that could be reimbursed pursuant to the APM. Our historical costs were restated such that salary expenses relating to previous years were recorded as having been incurred in those previous years. However, the additional income attributable to past years could not be restated, as such increases would need to be part of the flow of payments into and out of the industry pool account. The impact of this adjustment, net of taxes, in Fiscal 2002 was a debit of Rs. 1,352 million.

Profit After Tax (As Adjusted)

As a result of the foregoing factors, profit after tax (as adjusted) increased by 58.5% to Rs. 881 million in Fiscal

2003 from Rs. 556 million in Fiscal 2002. Profit after tax (as adjusted) as a percentage of income increased to 1.0% in Fiscal 2003 from 0.7% in Fiscal 2002.

Fiscal 2002 Compared to Fiscal 2001

Income

Sales Income

Our sales income increased by 0.7% to Rs. 84,526 million in Fiscal 2002 from Rs. 83,925 million in Fiscal 2001, primarily due to an increase in the average selling prices of HSD, MS and SKO in Fiscal 2002 of 6.9%, 3.6% and 6.1%, respectively as compared with corresponding prices in Fiscal 2001. This was partially offset by a 5.2% decrease in HSD sales volumes to 3,633 thousand kilolitres in Fiscal 2002 from 3,832 thousand kilolitres in Fiscal 2001 and an 11.6% decrease in SKO volumes to 761 thousand kilolitres in Fiscal 2002 from 861 thousand kilolitres in Fiscal 2001.

Net Claim from (Surrender to) Industry Pool Account

Our net claim from (surrender to) the industry pool account was a surrender of Rs. 3,871 million in Fiscal 2002 compared to a net claim of Rs. 2,314 million in Fiscal 2001, primarily due to price adjustments in each of two years. In Fiscal 2002, price adjustments resulted in a net surrender to the pool of Rs. 507 million while in Fiscal 2001 price adjustments resulted in a net recovery from the pool of Rs. 653 million. This difference was primarily due to higher prices in Fiscal 2002 than Fiscal 2001, which were then surrenderable to the OCC. This was partially offset by higher margin returns recovered in Fiscal 2002 attributable to past periods and a larger excise duty adjustment in Fiscal 2002 to account for higher excise duties paid by us as part of the purchase price of our petroleum product supplies in that year.

Other Income/Interest

Our other income/interest increased by 22.7% to Rs. 557 million in Fiscal 2002 from Rs. 454 million in Fiscal 2001, primarily due to an increase in interest earned on short-term fixed deposits resulting from higher balances maintained over the year in Fiscal 2002, partially offset by lower interest received on loans and advances in Fiscal 2002 as employees opting for voluntary retirement prepaid outstanding loans at the beginning of 2002.

Increase (Decrease) in Stock

There was a decrease in stock of Rs. 925 million in Fiscal 2002 compared to an increase of Rs. 878 million in Fiscal 2001, primarily due to falling prices for petroleum and refined petroleum products over the period and a decrease in volume of MS and HSD we had stored on March 31, 2002 as compared with March 31, 2001.

Total Income

As a result of the foregoing, our total income decreased by 8.3% to Rs. 80,287 million in Fiscal 2002 from Rs. 87,571 million in Fiscal 2001.

Expenditure

Purchase of Petroleum and Other Trading Items

Purchase of petroleum and other trading items decreased by 13.0% to Rs. 67,405 million in Fiscal 2002 from Rs. 77,449 million in Fiscal 2001, primarily due to a decrease in the price and quantity of HSD and SKO we purchased in Fiscal 2002 as compared to Fiscal 2001. The average price we paid for HSD fell 8.8% to Rs. 12,283 per kilolitre in Fiscal 2002 from Rs. 13,469 in Fiscal 2002 per kilolitre in Fiscal 2001. The amount of HSD we purchased also decreased 7.6% to 3,593 thousand kilolitres in Fiscal 2002 from 3,887 thousand kilolitres in 2001. The average price we paid for SKO fell 7.9% to Rs. 9,123 per kilolitre in Fiscal 2002 from Rs. 9,909 per kilolitre in Fiscal 2001. The amount of SKO we purchased also decreased 15.1% to 745 thousand kilolitres in Fiscal 2002 from 872 thousand kilolitres in 2001.

Consumption of Raw Materials and Components

Consumption of raw materials and components decreased by 1.8% to Rs. 1,622 million in Fiscal 2002 from Rs. 1,651 million in Fiscal 2001, primarily due to decreased production of explosives and cryogenic containers.

Excise Duty

Excise duty increased by 20.1% to Rs. 4,170 million in Fiscal 2002 from Rs. 3,471 million in Fiscal 2001, primarily due to an increase in the tariff rates applicable to HSD (to 16% of assessable value plus Rs.1,000 per kilolitre in Fiscal 2002 from 12% of assessable value plus Rs.1,000 per kilolitre in Fiscal 2001) and MS (to 32% of assessable value plus Rs.7,000 per kilolitre in Fiscal 2002 from 16% of assessable value plus Rs.7,000 per kilolitre in Fiscal 2001).

Employees Remuneration and Benefits

Employees remuneration and benefits decreased by 19.8% to Rs. 912 million in Fiscal 2002 from Rs. 1,137 million in Fiscal 2001, primarily due to one-off payments to employees accepting our voluntary retirement scheme and the resultant decrease in the number of employees to 2,200 as of March 31, 2002 from 3,625 as of March 31, 2001 and salary expenses.

Manufacturing, selling and distribution, administration and other expenses

Manufacturing, selling and distribution, administration and other expenses increased by 14.1% to Rs. 2,392 million in Fiscal 2002 from Rs. 2,097 million in Fiscal 2001, primarily due to a Rs. 211 million increase in freight and transportation charges in Fiscal 2003 compared with Fiscal 2002 resulting from an increase in freight and transportation rates.

Financial Expenses

Financial expenses decreased by 37.8% to Rs. 295 million in Fiscal 2002 from Rs. 474 million in Fiscal 2001, primarily due to lower interest expenses in Fiscal 2002 compared to Fiscal 2001 following the repayment of Rs. 2,081 million in long term debt in Fiscal 2001.

Depreciation expense

Depreciation expense increased by 5.1% to Rs. 349 million in Fiscal 2002 from Rs. 332 million in Fiscal 2001, primarily due to an increase in the number of retail outlets.

Total Expenditure

As a result of the foregoing, our total expenditure decreased by 10.9% to Rs. 77,145 million in Fiscal 2002 from Rs. 86,611 million in Fiscal 2001. Expenditure as a percentage of income decreased to 96.1% in Fiscal 2002 from 98.9% in Fiscal 2001.

Profit Before Tax

Profit before tax increased by 233.2% to Rs. 3,215 million in Fiscal 2002 from Rs. 965 million in Fiscal 2001. Profit before tax as a percentage of income increased to 4.0% in Fiscal 2002 from 1.1% in Fiscal 2001, primarily due to a 10.9% decrease in expenditure, which was partially offset by a 8.3% decrease in income.

Tax

The income tax rate in Fiscal 2002 was a basic rate of 35.0% plus a surcharge of 2.25%, resulting in a net rate of 35.7%, compared to a rate in Fiscal 2001 comprising a basic rate of 35.0% plus a surcharge of 13.0%, resulting in a net rate of 39.6%.

Profit After Tax

As a result of the foregoing factors, profit after tax increased by 261.3% to Rs. 1,958 million in Fiscal 2002 from Rs. 542 million in Fiscal 2001. Profit after tax as a percentage of income increased to 2.4% in Fiscal 2002 from 0.6% in Fiscal 2001.

Total Adjustment

Total adjustment was a debit of Rs. 1,402 million in Fiscal 2002 as compared with a credit of Rs. 264 million in Fiscal 2001. The principal adjustment to our accounts for Fiscal 2002 was to remove Rs. 2,103 million in income that related to prior years. The removed income was received in 2002 from the OCC in the form of a credit to the industry pool accounts. Such credit related to recognition by the OCC that our net worth had risen in the past and that the amount of our guaranteed return should therefore have been higher, an increase in reimbursable transport

charges, and long-term settlement with our workers which resulted in back payments to workers (which were reimbursable under the APM) beginning in 1997. The impact of this adjustment, net of taxes, was a debit of Rs. 1,352 million. The principal adjustment to our accounts for Fiscal 2001 was to add back in that portion of the income received in Fiscal 2002 from the OCC relating to reimbursement of expenses and guaranteed return on net worth in Fiscal 2001. The impact of this adjustment, net of taxes, was a credit of Rs. 260 million.

Profit After Tax (As Adjusted)

As a result of the foregoing factors, profit after tax (as adjusted) decreased by 31.0% to Rs. 556 million in Fiscal 2002 from Rs. 806 million in Fiscal 2001. Profit after tax (as adjusted) as a percentage of income decreased to 0.7% in Fiscal 2002 from 0.9% in Fiscal 2001.

Liquidity And Capital Resources

Liquidity

Our primary liquidity needs have been historically to fund the expansion of retail outlets, the repayment of loans and working capital requirements. To fund these costs, we have relied on cash from operations and long and short term borrowing, although we currently have no long term borrowing outstanding.

Cash Flows

The table below summarises our cash flows for Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003.

(Rs. in millions)

	Nine Months Ended December 31,	Fiscal Year Ended March 31,		
	2003	2003	2002	2001
Net cash from (used in) operating activities	8,215	3,103	4,958	2,183
Net cash from (used in) investing activities	(1,311)	(878)	273	690
Net cash from (used in) financing activities	(592)	(225)	(4,946)	(2,758)
Net increase/(decrease) in cash and cash equivalents	6,312	2,000	285	115

Nine Months Ended December 31, 2003

Our cash flows from operating activities are influenced primarily by changes in profit after tax and working capital. Net cash from operating activities in the nine months ended December 31, 2003 was Rs. 8,215 million. This figure was significantly higher than the Rs. 3,103 million of net cash provided by operating activities in Fiscal 2003 due largely to a larger increase in trade and other payables. This increase in trade and other payables was primarily due to the Rs. 625 million payable as a result of the new mechanism for sharing LPG and SKO under-recoveries and our creditors tendency to more strictly enforce credit terms towards the end of the fiscal year.

Net cash used in investing activities in the nine months ended December 31, 2003 was Rs. 1,311 million, primarily constituting purchase of assets and expenditure on construction work in progress.

Net cash used in financing activities in the nine months ended December 31, 2003 was Rs. 592 million, Rs. 591 million of which came from payment of dividends and related taxes including a dividend in respect of Fiscal 2003 of Rs. 310 million and an interim dividend of Rs. 222 million in respect of Fiscal 2004.

Fiscal 2001, 2002 and 2003

Net cash from operating activities decreased to Rs. 3,103 million in Fiscal 2003 from Rs. 4,958 million in Fiscal 2002. This change was primarily due to decreases in profit after tax, trade and other receivables and inventories in Fiscal 2003 as compared to Fiscal 2002, which decreases were partially offset by an increase in trade and other payables in Fiscal 2003 as compared to Fiscal 2002. Net cash from operating activities increased to Rs. 4,958 million in Fiscal 2002 from Rs. 2,183 million in Fiscal 2001. This change was primarily due to increases in profit after tax, inventories and trade and other receivables in Fiscal 2002 as compared to Fiscal 2001.

Net cash used in investing activities was Rs. 878 million in Fiscal 2003 as compared to net cash generated from investing activities of Rs. 273 million in Fiscal 2002. This change was primarily due to decreased sales of assets, increased purchases of assets and increased expenditure on construction work in progress in Fiscal 2003 as compared to Fiscal 2002. Net cash generated from investing activities decreased to Rs. 273 million in Fiscal 2002 from Rs. 690 million in Fiscal 2001. This change was primarily due to decreased sale/maturity of investments in Fiscal 2002 as compared to Fiscal 2001, which decrease was partially offset by a decrease in purchases of assets in Fiscal 2002 as compared to Fiscal 2001.

Net cash used in financing activities decreased to Rs. 225 million in Fiscal 2003 from Rs. 4,946 million in Fiscal 2002. This change was primarily due to the repayments of long and short term borrowings in Fiscal 2002 as compared to no repayments of indebtedness in Fiscal 2003. Net cash used in financing activities increased to Rs. 4,946 million in Fiscal 2002 from Rs. 2,758 million in Fiscal 2001. This change was primarily due to increased repayments of long term borrowings in Fiscal 2002 and repayments of Rs. 690 million of short term borrowings in Fiscal 2002 as compared to proceeds of Rs. 271 million received from short term borrowings in Fiscal 2001.

Indebtedness

As of December 31, 2003, we had no outstanding long-term or short-term debt.

The Company has a working capital borrowing facility of up to Rs 750 million with a consortium of lenders led by Canara Bank. As of December 31, 2003, there were no outstanding drawdowns from the facility.

Our net repayment of borrowings in Fiscal 2001, 2002 and 2003 and the nine months ended December 31, 2003 was Rs. 1,810 million, Rs. 4,409 million, zero and zero, respectively.

Commitments and Contingencies

Excise and Sales Tax Appeals and Other Contested Claims

We are currently appealing against Rs. 1,129 million in sales tax demands, including one demand for Rs. 296 million relating to a demand for sales tax, interest and penalties made by the Commissioner of Sales Tax, Maharashtra in connection with their refusal to grant IBP a sales tax concession, and Rs. 43 million in excise demands. We expect these appeals to be resolved in due course. In addition, we are contesting a total of Rs. 200 million from law suits and other claims.

Guarantees

We have an outstanding guarantee in favour of various banks in total amount of Rs. 50 million relating to bank guarantees and letters of credit issued by them on our behalf in relation to tenders for orders and on-going financial and performance guarantees.

Contracts Not Provided For

As of December 31, 2003, we had an estimated Rs. 38 million of contracts remaining to be executed. The contracts relate to capital expenditure orders that we have placed but which have not yet been executed and for which we have not provided.

Historical and Planned Capital Expenditure

In Fiscal 2001, our capital expenditure amounted to Rs. 1,207 million, primarily relating to building new retail outlets, modernising existing retail outlets, expanding our tankage facilities and purchasing LPG cylinders.

In Fiscal 2002, our capital expenditure amounted to Rs. 546 million, primarily relating to building new retail outlets, modernising existing retail outlets, expanding our tankage facilities and purchasing LPG cylinders.

In Fiscal 2003, our capital expenditure amounted to Rs.1,134 million, the majority of which related to construction of new retail outlets as we rapidly expanded our retail network. Other material capital expenditure related to purchasing LPG cylinders and expanding our tankage facilities.

We have received the necessary authorisations and expect to spend an aggregate amount of approximately Rs. 2,000 million in Fiscal 2004 on the following assets:

- Rs. 1,396 million on new retail outlets;
- Rs. 260 million on modernising existing retail outlets;

- Rs. 72 million for purchase of LPG cylinders; and
- Rs. 272 million on various other assets.

As of December 31, 2003, we had already spent Rs. 1,553 million on purchases of such assets. We may adjust the amount of our capital expenditure upward or downward based on our cash flow from operations and market conditions.

Principal Sources of Liquidity

As of December 31, 2003, our cash and bank balances amounted to Rs. 9,597 million. We purchase petroleum products from our suppliers on 30-day credit terms, whereas we receive cash on delivery of our products to our dealers. We believe that our anticipated cash flows from operations, together with our existing cash, will be sufficient to meet our working capital and capital expenditure requirements for Fiscal 2004 and Fiscal 2005. Our anticipated cash flows from operations however depend on a number of factors beyond our control, such as demand, macro-economic conditions, cost of refined petroleum products' credit terms offered by our suppliers and sales price agreed upon by the oil marketing companies. We may therefore need to incur indebtedness.

Market Risk

Our exposure to market risk is a function of our operating activities. We are exposed to market risk from changes in foreign exchange rates and commodity prices.

Exchange Rate Risk

We face exchange rate risk indirectly through the prices we pay to our suppliers for petroleum products. The price we pay for our petroleum products is based on the TAIPP of such products in Rupees. As the international price of crude oil is denominated in U.S. dollars, the TAIPP of crude oil in Rupees is affected by the U.S. dollar to Rupee exchange rate. If the Rupee depreciates against the U.S. dollar, the TAIPP may increase, leading to an increase in the prices we pay to our suppliers.

Commodity Price Risk

We are exposed to fluctuations in world prices of petroleum products through the price we pay to our suppliers for our products. See "-Exchange Rate Risk" above. International prices for crude oil and petroleum products are subject to volatile price movement. We do not hedge against this risk.

Effect of Inflation

During Fiscal 2001, 2002 and 2003, the Urban and Non-manual Employees Consumer Price Index increased by 5.6%, 5.1% and 3.8%, respectively. During the nine months ended December 31, 2003, the Urban and Non-manual Employees Consumer Price Index increased by 2.7%. Inflation has not had a significant effect on our results of operations to date. We do not expect the inflation rates in India will have a significant impact on our results of operations for the foreseeable future.

Unusual And Infrequent Events or Transactions

There have been no events, to our knowledge, other than as described in this Final Sale Document, which may be called "unusual" or "infrequent".

Our Management

Board of Directors

Our Managing Director, Mr. Arun Jyoti, conducts the day-to-day operations of our Company under the overall supervision, direction and control of our Board. Under our Articles of Association we cannot have less than three or more than 12 directors. We currently have eight directors.

The following table sets forth certain details regarding the members of our Board:

Name, Designation, Father's Name, Address, Occupation and Term	Age (years)	Other Directorships
<p>Mr. M S Ramachandran Chairman S/o Mr. K.R.Seshamani K-99, Hauz Khaz New Delhi-110 016 <i>Service</i> <i>Part Time non- executive</i> <i>Liable to retire by rotation</i></p>	58	Indian Oil Corporation Ltd Indian Oiltanking Ltd Chennai Petroleum Corporation Ltd
<p>Mr. Arun Jyoti Managing Director S/o Late Dev Dutta Jyoti Rajhans Apartments Flat No 6C 6, Hastings Park Road Kolkata-700 027 <i>Service</i> Whole Time Non-retiring Tenure Expires: February 19, 2007 or superannuation whichever is earlier</p>	59	Cummins Auto Services Ltd
<p>Mr. A K Sinha Director (Finance) S/o Late Mr. Nalini Ranjan Sinha P-58 B, Sarat Banerjee Road Kolkata-700 029 <i>Service</i> Whole Time <i>Liable to retire by rotation</i> Tenure Expires: June 2, 2006</p>	55	NIL
<p>Mr. Prabh Das Director S/o Mr. S P Mathur C-II/2, Safdarjung Development Area, New Delhi-110 001 <i>Government Official</i> <i>Part Time non-executive</i> <i>Liable to retire by rotation</i></p>	46	Indian Oil Corporation Ltd Chennai Petroleum Corporation Ltd Engineers India Ltd

Name, Designation, Father's Name, Address, Occupation and Term	Age (years)	Other Directorships
<p>Mr. N K Nayyar Director S/o Late Yoginder Pal Nayyar S-320 (First Floor), Greater Kailash-II New Delhi Service Part Time non-executive Liable to retire by rotation</p>	51	<p>Indian Oil Corporation Ltd Petronet LNG Ltd Oil and Natural Gas Corporation Ltd Indian Oil Panipat Power Consortium Ltd Lanka IOC Private Ltd</p>
<p>Prof. Sougata Ray Director S/o Mr. Chittaranjan Ray Indian Institute of Management Calcutta, NF 3/16, IIMC Joka Campus, Diamond Harbour Road, Kolkata-700 104 Service Part time non-executive independent Liable to retire by rotation</p>	35	NIL
<p>Dr. N G Kannan Director S/o Mr. A.N. Gopala Desika Chariar B-836, Asiad Village Complex, New Delhi-110 049 Service Part time non-executive Liable to retire by rotation</p>	57	<p>Indian Oil Corporation Ltd Indian OilTanking Ltd Indian Oil Petronas Private Ltd Indian Oil (Mauritius) Ltd</p>
<p>Mr. A.K.Srivastava Director S/o Mr. A Prasad D 1/46, Satya Marg Chanakyapuri New Delhi- 110 021 Government official Part time non-executive Liable to retire by rotation</p>	43	<p>Bharat Petroleum Corporation Ltd Hindustan Petroleum Corporation Ltd GAIL (India) Ltd</p>

Details of Directors

Mr. M S Ramachandran, Chairman, age 58 years, has a Bachelor's degree in Mechanical Engineering from the College of Engineering, Guindy in Chennai. He has 32 years of experience with IOC in various functions such as sales, logistics, operations, commercial, shipping, planning and business development. He is currently also the Chairman of IOC, IOTL and CPCL.

Mr. Arun Jyoti, Managing Director, age 59 years, has a Bachelor's degree in Chemical Engineering from Punjab University and a Master's degree in Chemical Engineering from Punjab University. He has 34 years of experience with IOC in various functions such as sales and operations. Mr. Arun Jyoti is liable to retire on April 30, 2004.

Mr. A K Sinha, Director (Finance), age 55 years, has a Bachelor's degree with Honours in Commerce from the Calcutta University, an MBIM degree from London and is a Chartered Accountant. He has 30 years of experience with the IBP and Balmer Laurie groups of companies in the finance function.

Mr. Prabh Das, Director, age 46 years has a B. Tech (Hons.) degree from Indian Institute of Technology, Kharagpur

and a Masters degree in Business Administration from South Cross University, Australia. He joined the Indian Administrative Services in 1981. He has held several positions in the Government before becoming the Joint Secretary, Ministry of Petroleum and Natural Gas in March 2003, such as District Magistrate (District-Midnapur) and Collector (District-Jalpaiguri), Deputy Secretary (Department of Ocean Development), Director (Ministry of Commerce), Special Secretary (Transport) and Chief Executive Officer of Kolkata Metropolitan Development Authority.

Mr. N K Nayyar, Director, age 51 years is a Chartered Accountant. He has completed an Advanced Management Programme from Indian Institute of Management, Ahmedabad and an Advanced Financial Programme in Oil & Gas from University of Texas, Dallas. He has 28 years of experience in the petroleum sector in various functions such as planning and business development.

Prof Sougata Ray, Director, age 35 years has a Bachelor's degree in Mechanical Engineering from Bengal Engineering College, Shibpur, University of Calcutta and a Fellow Program in Management (Doctoral Degree) from Indian Institute of Management, Ahmedabad. He has 4 years of experience with the Steel Authority of India Limited. He has also been a member of the faculty at the Indian Institutes of Management, Indore and Calcutta.

Dr N G Kannan, Director, age 57, has a Bachelor's degree in Physics from St. Joseph's College, Trichy and Master's degree in Business Administration in marketing management from Central College, Bangalore University. He has 34 years of experience with IOC where he heads the marketing division.

Mr A K Srivastava, Director, age 43, has Bachelor's degrees in Mechanical and Electrical engineering from Council of Engineering Institute, London and AIMIE from SCRA Jamalpur and a Post Graduate Diploma in management from AIMA, New Delhi. He is an officer with the Indian Administrative Services and he has held various positions both with the Government of Uttar Pradesh and with the Central Government.

Compensation of Our Directors

For details of compensation of our whole-time Directors, please refer to the section entitled "-Statutory and Other Information". Our part-time Directors do not receive any remuneration.

Shareholding of Our Directors

Our Articles do not require our Directors to hold any equity shares in our Company. None of the Directors hold any Equity Shares.

Term of Office

In accordance with the Act, all our Directors except Mr. Arun Jyoti are liable to retire by rotation. For the details of the terms of office of the above directors, please refer to the section entitled "-Statutory and Other Information".

Changes in Our Board of Directors during the last three years

Changes to our Board of Directors during the last three years are as follows*:

Name of Directors	Date of Appointment	Date of Cessation	Reason for Change
Mr. S N Mathur	December 7, 1995	February 19, 2002	Ceased to be C&MD upon his resignation as per terms of the Share Purchase Agreement (SPA) pursuant to the disinvestment by the Gol.
Mr. A K Sinha	June 3, 1996	February 19, 2002	Resigned Office as Director (Finance) as per terms of the SPA pursuant to the disinvestment by the Gol.
Mr. R S Guha	September 1, 1997	February 19, 2002	Resigned Office as Director (Petroleum) as per terms of the SPA pursuant to the disinvestment by Gol
Mr. P M Meena	October 29, 1998	February 19, 2002	Ceased to be a Director upon withdrawal of his nomination by Gol

Name of Directors	Date of Appointment	Date of Cessation	Reason for Change
Mr. Naresh Narad	June 23, 1999	January 24, 2003	Ceased to be a Director upon his resignation from the Board of Directors.
Mr. M A Pathan	February 19, 2002	March 31, 2002	Appointed as Part-time non-Executive Chairman as per the nomination made by IOC and ceased to be a Director on account of his superannuation as Chairman of IOC.
Mr. Arun Jyoti	February 19, 2002	N.A.	Appointed as whole time Managing Director as per the nomination made by IOC.
Mr. A K Sinha	February 19, 2002	N.A.	Appointed as Director (Finance) as per the nomination made by IOC.
Mr. R S Guha	February 19, 2002	December 31, 2003	Appointed as Director (Marketing) as per the nomination made by IOC and superannuated on attaining the age of retirement.
Mr. Shivraj Singh	February 19, 2002	March 31, 2003	Appointed as Director as per nomination made by Gol and ceased to be a Director upon withdrawal of his nomination by Gol.
Prof Sougata Ray	March 29, 2002	N.A.	Appointed as Part-time Non-Executive Independent Director as per nomination made by IOC.
Mr. M S Ramachandran	April 1, 2002	N.A.	Appointed as Part-time Non-Executive Chairman as per nomination made by IOC.
Mr. P K Agarwal	January 24, 2003	October 23, 2003	Appointed as Director as per the nomination made by IOC and ceased to be a Director upon withdrawal of his nomination by IOC.
Mr. N K Nayyar	September 3, 2003	N.A.	Appointed as Director as per nomination made by IOC.
Mr. Prabh Das	March 31, 2003	N.A.	Appointed as Director as per the nomination made by Gol.
Mr. S Vijayaraghavan	June 19, 2003	September 19, 2003	Appointed as Director as per the nomination made by Gol and ceased to be a Director upon withdrawal of his nomination by Gol.
Mr. A K Srivastava	September 19, 2003	N.A.	Appointed as Director as per the nomination made by Gol.
Dr. N G Kannan	October 23, 2003	N.A.	Appointed as Director as per the nomination made by IOC.

* The list excludes routine appointments and retirements by rotation

Corporate Governance

We are in compliance and shall continue to comply with SEBI guidelines in respect of corporate governance, in particular with respect to the appointment of independent directors to our Board and constituting our Board committees viz. the Shareholder's / Investors' Grievance and Share / Debenture Transfer Committee and the Audit Committee. Our company secretary Mr. Amit Ghosh, is our compliance officer.

Our Audit Committee consists of the following members:

- Mr. Prabh Das
- Mr. N K Nayyar
- Prof Sougata Ray

Policy on Disclosures and Internal procedure for prevention of Insider Trading

Our Company is in compliance with and shall continue to comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992. In compliance with Regulation 12 (1) of the SEBI (Prohibition of Insider Trading) Regulations, 1992 we have framed a code of internal procedures and conduct for prevention of insider trading.

Key Managerial Personnel

Mr. B B Vohra, Executive Director (Petroleum-South West), Marketing, age 57 years, has a Bachelor's degree in Chemical Engineering from Punjab University. He has 33 years of experience, which include two years of experience in Balmer Lawrie & Co., in various sales and marketing positions in our Company. He is currently the Executive Director-in-charge, Marketing.

Mr. S K Khosla, Executive Director (Petroleum-North East), Marketing, age 55 years, has a B-Tech degree in Civil Engineering from Indian Institute of Technology, Kanpur and a Master's degree in Business Management from the University of Leeds. He has 32 years of experience in various functions in sales and operations of our Company.

Mr. R Jhingan, Executive Director (LPG), age 55 years, has a Bachelor's degree in Chemical Engineering from BITS, Pilani. He has 32 years of experience in various functions in sales and operations of our Company.

Dr. P R Nambiar, Executive Director (Explosives and Strategic Planning), age 57 years, has a Master's degree in Chemistry from Kerala University and a doctorate from Indian Institute of Science, Bangalore. He has also been involved in research and development at Houston, USA. He has 27 years of experience with us. Prior to joining us he worked as a junior lecturer at Calicut, as a technical assistant with ISRO and as an Officer with the Indian Institute of Science. He joined us as a Chief Chemist in 1977.

Mr. T K Chatterjee, Executive Director (Accounts and Finance), age 53 years has a Bachelor's degree in Commerce from University of Calcutta and is a Chartered Accountant. He has 29 years of experience in the accounting function and has worked with Turner Morrison & Co. Ltd before joining our Company.

Mr. T K Dasgupta, Executive Director (Internal Audit), age 58 years has a Bachelor's degree in Commerce from University of Calcutta and is a Chartered Accountant. He has 30 years of experience in the accounting and auditing function and has worked at Ray and Ray, Chartered Accountants and in the Foreign Exchange Department of United Bank of India before joining us.

Mr. S B Mandal, Executive Director (HR), age 50 years, has a Bachelor's degree in Science and a Special Bachelor's degree in Arts from Ramananda College, Bishnupur, a Post Graduate diploma in Personnel Management and Industrial Relation from Xavier's Institute, Ranchi in 1975 and a Bachelor's degree in Law from Ranchi University. He has 23 years of experience in the human resources function and has worked with Bengal Paper Mill Co. Ltd. and Hindustan Copper Ltd before joining us.

All key managerial personnel are permanent employees of our Company.

Particulars of Remuneration of Key Managerial Personnel

None of the members of the key managerial personnel received remuneration of Rs. 2,400,000 or more in Fiscal 2003.

Changes in our Key Managerial Personnel during the last three years

There has been no change in the key managerial personnel in the last three years.

Incentive Schemes

Our Company has three incentive schemes, one each for the Petroleum Group, the Explosives Group and the Cryogenics Group.

Incentive Scheme for Petroleum Group

The Ministry of Petroleum and Natural Gas, Government of India issued a productivity-linked incentive scheme, for refineries and oil-marketing companies vide its letter dated February 2, 1983. The above-mentioned scheme was also approved by the Bureau of Public Enterprise and we were required to furnish a compliance report on the same. The salient features of this scheme are as follows:

- (a) The scheme was implemented with effect from April 1, 1982;
- (b) The scheme stipulates that our company shall establish standard manpower requirements, for the management and the non-management categories, concurrent with the fixation of targets;
- (c) Payments (including profit sharing bonus payments) are capped at 32% of the basic pay plus dearness allowance. However, the ceiling will be Rs. 750 per month for those drawing less than Rs. 1,600 per month, who are otherwise eligible for profit sharing bonus. For employees drawing pay over Rs. 1,600 per month who are not eligible for the profit sharing bonus, the benefit will not exceed 12% of the total benefits of the basic pay plus dearness allowance; and
- (d) The scheme is not applicable to the Chairman, Managing Directors, casual employees and apprentices.

Incentive Scheme for Explosives Group

The incentive scheme for the Explosives Group was issued by the Department of Petroleum, Ministry of Energy, the Government of India, vide its letter dated May 4, 1984. The Bureau of Public Enterprises also approved the above-mentioned scheme and our Company was required to furnish a compliance report on the same. The salient features of this scheme are as follows:

- (a) The scheme was implemented with effect from May 4, 1983;
- (b) The scheme stipulates that our company shall establish standard manpower requirements, for the management and the non-management categories, concurrent with the fixation of targets;
- (c) The incentive payable will be calculated on an annual basis coinciding with the companies financial year. It will be based on the overall productivity index for that year. Wages/salary will be as defined under the Payment of Bonus Act, for those covered under the Payment of Bonus Act and for those not covered under the act, wages/salary will be limited to Rs. 1,300 per month; and
- (d) The scheme will cover all permanent, personnel/employees including probationers who have not been taken against permanent vacancies and will not cover any other category of employees.

Incentive Scheme for Cryogenics Group

The productivity-linked incentive scheme for the Cryogenics Group was introduced in April 1, 1990, and was valid upto March 31, 1992. This scheme was further extended for a period of three years from April 1, 1992 to March 31, 1995 by a resolution passed by the Board on May 7, 1993. The salient features of the scheme are as follows:

- (a) The incentive payment is dependent upon the actual productivity, which is worked out on the basis of three factors viz., Production Index, Manpower Index and Material Utilisation Index;
- (b) The scheme shall not cover the Chairman, Managing Director, Functional Directors, Apprentices and Trainees and Casual and temporary employees;
- (c) The incentive payable shall be calculated on an annual basis coinciding with the fiscal year; and
- (d) Salary under this scheme shall mean the basic salary plus D.A. earned during the year on a pro rata basis of period worked for in the group but shall not exceed Rs. 1,600 per month in case of employees covered by the Payment of Bonus Act or in respect of ex-gratia payment in lieu thereof and Rs. 2,500 per month for those not so covered or receiving such ex-gratia payment.

Our Promoter

Our Promoter is IOC, holding 53.58 % of our share capital, and also exercising management control.

Indian Oil Corporation Limited¹

IOC is the country's largest commercial enterprise, with sales turnover of Rs. 1,198,482 million and profits after tax of Rs. 61,149 million, for Fiscal 2003. It is the largest integrated refining and marketing petroleum company in India. In its "Global 500", Fortune has rated IOC as the 191st largest corporation in the world as well as 17th largest petroleum company in the world in Fiscal 2003. IOC has been included in Fortune's "Global 500" listing for nine consecutive years. According to Forbes, it has been adjudged the second largest petroleum trading company amongst the 15 national oil companies in the Asia Pacific region and is rated 325th amongst the largest public companies in Fiscal 2003.

According to Basic Statistics on Indian Petroleum and Natural Gas put out by the MoPNG, IOC, together with its subsidiaries, accounts for 43% of refining capacity in India. IOC owns and operates seven refineries at Digboi, Guwahati, Barauni, Koyali, Haldia, Mathura and Panipat. The combined rated refining capacity of these seven refineries together with three other refineries operating under its control is 49.3 MMTPA. IOC also engaged in the marketing and distribution of petroleum products. It owns and operate India's largest network of cross-country crude oil and product pipelines of 7,170 kms with a combined capacity of 52.8 MMTPA. Its country wide network of about 21,000 sales points is backed for supplies by its extensive, well spread out marketing infrastructure comprising 169 bulk storage terminals, installations and depots, 93 aviation fuel stations and 79 LPG bottling plants.

History

IOC was incorporated on June 30, 1959 under the name and style of Indian Oil Company Ltd. Upon merger with Indian Refineries Ltd., on September 1, 1964, the name of the company was changed to Indian Oil Corporation Limited. IOC is a Government company, with the Government of India holding approximately 82% of its paid-up capital.

Board of Directors

The Board of Directors of IOC as on December 31, 2003 is as follows:

Name	Designation
Mr. M S Ramachandran	Chairman
Mr. P Sugavanam	Director (Finance)
Mr. A M Uplenchwar	Director (Pipelines)
Mr. P K Agarwal	Director (Human Resources)
Mr. N K Nayyar	Director (Planning and Business Development)
Mr. N R Raje	Director (R&D)
Mr. Jaspal Singh	Director (Refineries)
Dr. N G Kannan	Director (Marketing)
Mr. M S Srinivasan	Director (Government nominee)
Mr. Badal K Das	Director (Government nominee)
Mr. Prabh Das	Director (Government nominee)
Mr. V K Agarwal	Director (Part time non-official)
Mr. P M Sinha	Director (Part time non-official)
Mr. V Ranganathan	Director (Part time non-official)
Prof. S K Barua	Director (Part time non-official)
Mr. Vineet Nayyar	Director (Part time non-official)
Mr. R S Sharma	Director (Part time non-official)
Mr. R Narayanan	Company Secretary

¹Source: Annual Report of IOC for the Fiscal 2003

Shareholding

As on December 31, 2003, the shareholding pattern of IOC was as follows:

Name of the Shareholder	(%)
President of India	82.03
Governor of Gujarat	0.12
ONGC	9.11
Indian Financial Institutions	1.42
Indian Mutual Funds	0.61
Insurance Companies	1.95
Banks	0.19
Non-resident Indians	0.01
Foreign Institutional Investors	0.52
Bodies Corporate	0.30
Public	2.23
Employees	1.48
Others	0.03
Total	100.00

Financial Performance

The financial performance of IOC on unconsolidated basis for the last three years is presented below:

(in Rs. million except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	1,198,482	1,148,639	1,173,708
Profit after tax	61,149	28,847	27,203
Equity share capital	7,787	7,787	7,787
Reserves	181,493	145,324	151,923
Earnings per share (Rs.) *	52.35	24.70	23.29
Book Value per share (Rs.) **	162.05	196.63	205.10

Source: Annual Reports of IOC for the relevant periods

The financial performance of IOC on consolidated basis for the last two years is presented below:

(in Rs. million except per share data)

	FY 2003	FY 2002
Total turnover	1,199,201	1,133,999
Profit after tax	66,623	27,720
Equity share capital	7,787	7,787
Reserves	186,190	147,316
Earnings per share (Rs.) *	56.33	24.03
Book Value per share (Rs.)**	166.22	199.18

Source: Annual Reports of IOC for the relevant periods

*Earning per share for all the periods have been calculated after considering the enhanced equity share capital due to the bonus shares recommended for the issue in June 2003 in line with AS-20 - "Earning Per Share".

** Book value per equity share for Fiscal 2003 has been calculated after considering the enhanced equity share capital due to the bonus shares recommended for the issue in June 2003 in the ratio of 1:2.

Share Quotation

a) Highest and lowest price in the last six months:

Month	High (Rs.)	Low (Rs.)
September 2003	415.00	326.25
October 2003	434.00	326.60
November 2003	441.45	338.00
December 2003	465.80	371.50
January 2004	558.35	423.00
February 2004	507.00	407.00

Source: www.bseindia.com

b) Share price on March 3, 2004: Rs. 464.00

c) Market capitalisation at BSE on March 3, 2004: Rs. 542,425 million

Investments made by IOC in subsidiaries & joint ventures as of December 31, 2003

Company	% of Shareholding held by IOC
Subsidiaries	
Indian Oil Blending Limited	100.00
Indian Oil Mauritius Limited	100.00
Lanka IOC (Private) Limited	100.00
Indian Oil Technologies Limited	100.00
Bongaigaon Refinery & Petrochemicals Ltd	74.46
Chennai Petroleum Corporation Limited	51.88
IBP Co. Ltd.	53.58
Joint Ventures	
Indianoil Panipat Power Consortium Limited (IPPCL)	50.00
IndianOil Petronas Pvt. Limited (IPPL)	50.00
Lubrizol India Private Limited (LIPL)	50.00
Indian Oiltanking Limited (IOTL)	50.00
Petronet CTM Ltd (PCTML)	50.00
IndianOil TCG Petrochem Limited (ITPL)	50.00
ONGIO International Pvt. Limited (OIPL)	50.00
Petronet VK Limited (PVKL)	26.00
Petronet CI Limited (PCIL)	26.00
Avi-Oil India (P) Limited (AIPL)	25.00
Petronet India Limited (PIL)	16.00
Petronet LNG Limited (PTL)	12.50

Indian Oil Corporation and Us

Share Purchase Agreement

IOC, the Government and our Company entered into the Share Purchase Agreement on February 8, 2002 pursuant to which the Government transferred 7,437,808 of our Equity Shares of Rs. 10 each (representing 33.6% of our total issued and paid up share capital) to IOC at a price of Rs. 1,551.1 per share aggregating to a total amount of Rs. 1,1536.8 million.

The Government has indemnified IOC against any actual losses, liabilities, damages, judgements, settlements and expense, including reasonable attorneys' fees actually incurred or suffered by IOC arising out of or resulting from any breach by Government or the Company of any representation and/ or warranty contained in this agreement or any breach by Government of any of its covenants, agreements or obligations contained in this agreement, provided that Government in no event shall be liable, whether in contract, tort or otherwise for any special, indirect, incidental or consequential damages arising out of or in connection with this agreement.

Similarly, IOC has indemnified Government against any actual losses, liabilities, damages, judgements, settlements and expense, including reasonable attorneys' fees actually incurred or suffered by Government arising out of or resulting from any breach by IOC of any representation and / or warranty contained in this agreement or any breach by IOC of any of its covenants, agreements or obligations contained in this agreement, provided that IOC in no event shall be liable, whether in contract, tort or otherwise for any special, indirect, incidental or consequential damages arising out of or in connection with this agreement.

Government will be obligated or required to indemnify, defend hold IOC harmless from and against such losses under the above mentioned paragraph only if the cumulative aggregate amount exceeds 1% of the sale consideration after which Government shall pay all IOC's losses. However all amounts less than Rs. 1,000,000 shall be excluded in their entirety and Government shall have no liability for any such losses suffered by IOC.

The representation and warranties relating to regular tax filings, any actions, suits, proceedings, investigations, claims, pending or threatened against the Company, advance income tax will be valid for a period of 5 years and all other representations and warranties shall be valid for a period of 3 years.

Shareholders' Agreement

Prior to the disinvestment by Government of its shareholding in us in 2001-02, it held 59.58% of our total issued and paid up share capital. GoI transferred 7,437,808 of our Equity Shares representing 33.58% of our total issued and paid up share capital ("Purchased Shares") to IOC vide the Share Purchase Agreement.

IOC further acquired 20% of our total equity shareholding from the public pursuant to applicable provisions of the Takeover Code. With this acquisition IOC's stake in us increased to 53.58%.

Government entered into the Shareholders' Agreement with IOC on February 8, 2002 to record their respective agreement as to the manner in which our affairs shall be conducted after IOC acquires the shares from the Government and to grant to each other certain rights and obligations with respect to their ownership, directly and indirectly of our shares.

The Shareholders' Agreement provides that our Board shall consist of 12 Directors in total, of which the Government shall retain two Directors on the Board as non-executive part-time directors ("Government Nominee Directors") and IOC shall have the right to nominate the remaining Directors ("Purchaser Nominee Directors") including independent directors as are required.

The Shareholders' Agreement also provides that the Government shall have the right to nominate two Government Nominee Directors on the Board as non-executive part-time Directors as long as it holds at least 15% of our share capital.

Further, the Shareholders' Agreement provides that for a period not exceeding three years from the closing date (date from which SHA comes in force), if Government ceases to own at least 15% of our share capital and for as long as it holds at least our one share, it shall have the right to nominate one Government Nominee Director on our Board as non-executive part-time Director.

For so long as IOC owns at least 32% of our share capital, the Board shall consist of a number of directors determined by IOC and it shall have the right to nominate all Directors on our Board other than Government Nominee Director(s).

As long as Government holds at least 25% of our share capital, no obligation shall be entered into, no decision shall be made and no action shall be taken by us, in respect of the following items of business at the meeting of our Board as well as our shareholders' meeting unless approved by Government:

- i. alteration of the Articles of Association;
- ii. commencement of any new line of business outside the hydrocarbon sector;
- iii. issue further shares without pre-emptive rights to members or convert loans or debentures into shares;

- iv. reduction of share capital;
- v. approval of variation of rights of special classes of shares;
- vi. removal of registered office of the Company outside the local limits of the state, town or village in which it is situated;
- vii. keeping registers and returns at any place other than place within city, town or village in which the registered office is situated;
- viii. making loans, advances or providing guarantees or security to related parties including IOC and affiliates of IOC;
- ix. application to a court for winding up the Company;
- x. voluntary wind-up the Company;
- xi. binding the Company to a scheme of arrangement under sections 433(a), 494(1)(b), 507, 512(1), 546(1)(b), 550(1)(b) and 517 of the Companies Act, 1956.
- xii. buy-back of shares of the Company under section 77A of the Companies Act, 1956;
- xiii. granting of any security or creation of any encumbrances on the assets of the Company or guaranteeing the debts of any person which in aggregate exceeds 50% of the book value of Company's net fixed assets as per the latest audited financial statements of the Company, but excluding those necessary to secure operating lines of credit/working capital requirements of the Company with institutional investors, multilateral agencies, scheduled banks and financial institutions;
- xiv. any one or series of transaction which causes a sale, lease, exchange or disposition of the existing assets of the Company having an aggregate value exceeding 25% of the total value of the existing assets;
- xv. any agreement or commitment to do any of the foregoing.

The managing director may exercise the power with respect to the items listed above only with the affirmative vote of the Government and IOC in terms of SHA.

If the Government's shareholding is reduced below 25% of our share capital, as long as Government holds 15% of our share capital, Government shall still have a right of affirmative vote in respect of items viii, xiii and xiv above.

For a period not exceeding the expiry of three years from the closing date, if Government's shareholding is reduced below 15%, but as long as Government holds at least one share in us, it shall have a veto power in respect of items xiii and xiv above.

For a period of three years from closing (completion of transfer of shares pursuant to SPA) IOC is not entitled to transfer the Purchase Shares without the prior written consent of Government. However, this transfer restriction does not apply in case IOC transfers the Purchased Shares to its affiliate who assumes in writing all rights and obligations of IOC and executes the deed of adherence. The Government and IOC have executed a non-disposal agreement to give effect to this provision of the SHA.

For a period of five years from the closing date, Gol is not entitled to sell or transfer its shareholding in us without the prior written consent of IOC. However, no prior written consent of IOC is required if Government sells or transfers its shareholding in us through an offer for sale to the public.

For a period of five years from the closing date, if IOC desires to sell all or any of the Purchase Shares, it has to first offer to sell such shares to Government. If Government intends to acquire such offered shares, then the sale will be completed in the manner and at price more particularly described in the Shareholders' Agreement.

For a period of three years from the closing date, Government shall be entitled to issue a notice to IOC requiring it to purchase from Government some or all of our shares held by Government at a price and in the manner more particularly described in the Shareholders' Agreement.

For a period of five years from closing date, IOC shall have an option to issue notice to Gol, thereby requiring Gol to sell all but not less than all of our shares then held by Government at a price and in the manner more particularly described in the Shareholders' Agreement.

The Shareholders' Agreement shall terminate upon the written agreement of IOC and the Government or our dissolution or bankruptcy, or either of the parties ceasing to hold at least 15% of our share capital, however for a period of three years this Shareholders' Agreement shall not be terminated as long as the Government holds at

least one share in us.

IOC has executed a deed of undertaking ("Undertaking"), effective as of the date of termination of the Shareholders' Agreement, to fulfill for a period not exceeding expiry of eleven years from closing date. certain outstanding obligations relating to determination of fair value of shares, the indemnity provided by IOC, consequences of event of default committed by IOC, breach of certain representations and warranties by IOC, even if these obligations are required to be performed beyond the termination of the Shareholders' Agreement.

Notwithstanding anything to the contrary in the Shareholders' Agreement, for a period not exceeding expiry of eleven years from closing date, IOC shall not transfer its shares to any person(s) unless such proposed transferee assumes the outstanding obligations of IOC relating to determination of fair value of shares, indemnity provided by IOC, consequences of event of default committed by IOC, breach of certain representations and warranties by IOC, and is substituted to the position of IOC and executes a deed of undertaking in the form similar to undertaking in a form similar to the Undertaking, to fulfill the outstanding obligations of IOC stated in the previous point.

The parties shall also be liable to indemnify each other against any losses, liabilities, damages, etc. which may result out of the breach or violation by either party of any of their respective representations, warranties and covenants contained in the SHA.

Right of the Government under the SHA as long as it holds one share in our Company

The SHA provides that for a period not exceeding three years from the closing date if Government ceases to own at least 15% of our share capital and for as long as it holds at least one share in our Company, it shall have the right to nominate one Government Nominee Director on our Board as non-executive part-time Director.

For a period not exceeding the expiry of three years from the closing date, if the Government's shareholding is reduced below 15% but as long as the Government holds at least one share in us, the Government shall have a right to an affirmative vote in respect of following items of business at the meeting of our Board as well as our shareholders' meeting:

- granting of any security or creation of any encumbrances on our assets or guaranteeing the debts of any person which in aggregate exceeds 50% of the book value of our net fixed assets as per our latest audited financial statements, but excluding those necessary to secure operating lines of our credit/working capital requirements with institutional investors, multilateral agencies, scheduled banks and financial institutions;
- any one or series of transaction which causes a sale, lease, exchange or disposition of our existing assets having an aggregate value exceeding 25% of the total value of the existing assets.

Group Companies

Our group companies comprise of six subsidiaries and twelve joint ventures of IOC.

Subsidiaries of IOC

Indian Oil Blending Limited ("IOBL")

IOBL was incorporated on March 25, 1963 as a joint venture company between IOC and Mobil Petroleum Co. Inc., each of them holding 50% of the total equity share capital of IOBL. IOC purchased the entire equity shareholding of Mobil Petroleum Company in IOBL in July, 1974 and consequently, IOBL became a wholly owned subsidiary company of IOC.

IOBL is engaged in the business of blending lubes and greases, which are marketed by IOC.

Board of Directors as on December 31, 2003

The Directors on the Board of IOBL are:

Mr. S K Swaminathan

Mr. S S Soni

Mr. A K Mehta

Mr. B R Choudhury

Source: IOBL

Financial Performance

The financial position of IOBL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 is as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	292	332	290
Profit after tax	11	69	20
Equity share capital ¹	4	4	4
Reserves	695	685	642
Earnings per share (Rs.)	1,424	8,574	2,470
Book Value per share (Rs.)	94,987	94,749	80,890

Source: Annual Reports of IOBL for the relevant periods

¹ Face Value of Rs. 500

IndianOil Mauritius Limited ("IOML")

IOML was incorporated on October 24, 2001 under the Laws of Mauritius as a subsidiary of IOC. IOML is engaged in the business of providing terminaling facilities, marketing aviation fuel and marketing petroleum products through retail outlets in Mauritius. IOML's terminal is expected to be completed for operation in the next Fiscal year.

Board of Directors as on December 31, 2003

The Directors on the Board of IOML are:

Dr. N G Kannan

Mr. M Ramana

Mr. Narayan Prasad

Mr. Couldip Basant Lala

Mr. V Ramdeny

Financial Performance

The financial position of IOML for the fiscal year ended March 31, 2003 and March 31, 2002 is as follows:

(in Mauritian Rs. million, except per share data)

	FY 2003	FY 2002
Total turnover	-	-
Profit after tax	(17)	(3)
Equity share capital	159	.025
Reserves	(19.75)	(2.68)
Earnings per share (Mauritian Rs.)	-	-
Book Value per share (Mauritian Rs.)*	n/a	n/a

Source: Annual Reports of IndianOil (Mauritius) Limited for the relevant periods

* The company has not yet started operation

† Excluding share application money of Mauritian Rs. 159 million

Note: Figures in brackets indicate negative amounts

Lanka IOC (Private) Limited ("LIOC")

LIOC was incorporated in Colombo, Sri Lanka on August 29, 2002 under the laws of Sri Lanka. It became a subsidiary company of IOC on December 3, 2002. LIOC is engaged in the business of marketing petroleum products through retail outlets and also to takeover and operate terminalling facilities at Trincomalee in Sri Lanka for petroleum products.

Board of Directors as on December 31, 2003

The Directors on the Board of LIOC are:

Mr. N K Nayyar

Mr. R K Gupta

Mr. P K Atreya

Mr. M Nageswaran

Financial Performance

The financial position of LIOC for the fiscal year ended March 31, 2003 is as follows:

(in Srilankan Rs. million, except per share data)

	FY 2003
Total turnover	1,306
Profit after tax	78
Equity share capital	500
Reserves	78
Earnings per share (Srilankan Rs.)	1.55
Book Value per share (Srilankan Rs.)	11.56

Source: Annual Report of LIOC for the relevant period

IndianOil Technologies Limited ("ITL")

IndianOil Technologies Limited was incorporated on June 20, 2003 at New Delhi as a wholly owned subsidiary of IOC with the objective of commercializing and marketing R&D technologies. ITL has not effectively commenced business.

Board of Directors as on December 31, 2003

The Directors on the Board of ITL are:

Mr. N R Raje

Dr. Sobhan Ghosh

Dr. R P Verma

Financial Performance

Since the company has been incorporated on June 20, 2003, no audited financials are available.

Bongaigaon Refinery & Petrochemical Limited ("BRPL")

BRPL was incorporated on February 20, 1974. It commenced its business on February 20, 1974. Gol incorporated BRPL in 1974 as a Government Company with Gol holding its entire shareholding. Gol disinvested its entire shareholding in BRPL in five tranches from 1991-92. Consequent to IOC acquiring 74.46% of BRPL's shareholding from Gol on March 29, 2001, BRPL became a subsidiary of IOC.

BRPL is engaged in the business of refining crude oil and producing and marketing value added petrochemical products. The company has refinery with rated capacity of 2.35 MMTPA crude oil, a petrochemicals complex comprising of Xylene and DMT plants and a Polyester Staple Fibre Plant

Shareholding Pattern

As on December 31, 2003, the shareholding pattern of BRPL was as follows:

Shareholder	%
IOC	74.46
Mutual Funds and UTI	7.48
Indian Public	9.30
Private Corporate Bodies	4.48
Banks, Financial Institutions and Insurance Companies (Central / State Govt Institutions/ Non-Government Institution)	0.80
Foreign Institutional Investors	1.55
NRIs / OCBs	0.28
Others	1.65
TOTAL	100.00

Board of Directors as on December 31, 2003

The Directors on the Board of BRPL are:

Mr. B K Gogoi

Mr. R M Hazarika

Mr. N K Singh

Mr. R N Das

Mr. Ajay Tyagi

Mr. H S Das

Mr. R C Mahajan

Mr. P S Rao

Mr. P K Chakraborty

Mr. P K Atreya

Financial Performance

The financial position of BRPL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 is as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	18,615	11,949	12,191
Profit after tax	1,784	(1,986)	(574)
Equity share capital	1,998	1,998	1,998
Reserves	2,229	1,054	3,606
Earnings per share (Rs.)	8.93	-	-
Book Value per share (Rs.)	21.75	15.09	27.82

Source: Annual Reports of BRPL for the relevant periods

Figures in brackets indicate negative amounts

Note: Figures in brackets indicative negative amounts

Share Quotation

The details of the equity share price of BRPL on the BSE is stated below:

a) Highest and lowest price in the last six months:

Month	High (Rs.)	Low (Rs.)
September 2003	81.40	63.50
October 2003	95.70	74.50
November 2003	93.30	78.60
December 2003	92.00	74.60
January 2004	98.75	67.5
February 2004	85.50	68.00

Source: www.bseindia.com

b) As on March 3, 2004: Rs.74.6

c) Market capitalisation at BSE on March 3, 2004: Rs.14,906 million

Chennai Petroleum Corporation Limited ("CPCL")

CPCL was incorporated on December 30, 1965. It commenced its business on March 19, 1966. CPCL formerly known as Madras Refineries Limited, was incorporated as a joint venture between Gol, National Iranian Oil Company (NIOC), Iran and Amoco India Inc., USA with equity stake of 74%, 13% and 13% respectively. Amoco India Inc. disinvested its equity stake in CPCL in favour of Government of India in 1985. In March 2001, Government of India transferred its 51.81% equity stake in CPCL in favour of IOC. CPCL has two crude refineries with combined capacity of 7.5 MMTPA situated at Manali and in Cauvery Basin. Main products of these refineries are LPG, motor spirit, superior kerosene, aviation turbine fuel, HSD, naphtha and other petrochemical products.

Shareholding Pattern

As on December 31, 2003, the shareholding pattern of CPCL was as follows:

Shareholder	(%)
Indian Oil Corporation Limited	51.88*
Naftiran Intertrade Co. Ltd.	15.40
Banks, Financial Institutions and Insurance Companies	13.28
Indian Public	10.59
Private body corporates / NRIs / OCBs	4.09
Mutual Funds and UTI	3.12
Foreign Institutional Investors	1.28
Others	0.36
Total	100.00

Source: Annual Reports of CPCL for the relevant periods

*Consequent to forfeiture of shares of CPCL in October 2003, which resulted in reduction of the paid up share capital of CPCL, in turn raising the percentage of holding of IOC in CPCL.

Board of Directors as on December 31, 2003

The Directors on the Board of CPCL are:

Mr. M S Ramachandran
Mr. S V Narasimhan
Mr. K Narayanan
Mr. R. Sankaran
Mr. Prabh Das
Mr. Jaspal Singh
Mr. P S Rao
Mr. Chandan Dasgupta
Mr. S K Swaminathan
Mr. P Baskaradoss
Mr. L Sabaretnam
Mr. Mahmood Vaezi
Mr. M B Samiei Khonsari

Financial Performance

The financial position of CPCL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 is as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	86,365	61,748	69,827
Profit after tax	3,029	637	1,224
Equity share capital	1490	1490	1490
Reserves	11,463	9,022	10,995
Earnings per share (Rs.)	20.31	4.28	8.21
Book Value per share (Rs.)	86.72	69.19	82.75

Source: Annual Reports of CPCL for the relevant periods

Share Quotation

a) Highest and lowest price on the BSE in the last six months:

Month	High (Rs.)	Low (Rs.)
September 2003	89.00	63.10
October 2003	79.65	68.55
November 2003	81.25	69.15
December 2003	95.40	73.00
January 2004	96.35	72.00
February 2004	106.20	82.80

Source: www.bseindia.com

b) As on March 3, 2004: Rs. 96.45

c) Market capitalisation at BSE on March 3, 2004: Rs.14,384 million

Promise v. Performance

The last Public Issue by CPCL was made in March 1994. The details of the same as required are given below:

Objects of The Issue:

- to part finance various projects
- to repay the bridge loans taken for implementing the projects
- to meet the expenses of the issue

CPCL has fulfilled the objects of the issue within the timeframe stated in the prospectus. Further we also confirm that the proceeds of the issue have been utilised for the purpose mentioned in the prospectus dated February 11, 1994.

Profitability projections

The promise v. performance for the profitability projections given in the aforementioned prospectus is given below:

Year ending March 31	(Rs. in millions)							
	1994		1995		1996		1997	
	Promise	Performance	Promise	Performance	Promise	Performance	Promise	Performance
Gross revenues	19,855.8	17,430.6	23,126.3	24,427.6	24,444.3	21,997.0	25,733.9	24,951.1
Other income	72.5	180.6	60.0	366.6	78.5	279.3	124.0	190.9
PBDIT	2,526.6	1,705.0	3,434.7	2,404.6	4,023.3	2,675.8	4,508.4	3,312.1
PBT	1,087.1	821.3	1,600.2	828.5	2,198.4	941.1	2,656.8	1,173.5
PAT	948.8	793.3	1,370.0	921.9	1,445.9	941.1	1,593.8	1,021.8
EPS (Rs)	8.3	7.0	9.2	6.4	9.7	6.6	10.7	7.1
Cash EPS (Rs)	14.8	9.8	16.8	10.5	18.5	11.6	19.4	12.8

Reasons for shortfall in profit for Fiscal 1995, Fiscal 1996 and Fiscal 1997

Fiscal 1995

Profit after tax as per the projections in the prospectus : Rs. 1,370 million

Profit after tax: Rs. 921.9 million

Reasons for the shortfall were:

- The surrender of about Rs. 470 million to the oil industry pool account on account of the revision of standard production pattern from 5.1 MMTPA to 5.9 MMTPA retrospectively from April 1, 1993;
- Production of lube base stocks lower due to the problems associated with the initial commissioning of the plant; and

- The off-take of lube base stock and other free trade products suffered due to import duty restrictions on such products.

Fiscal 1996

Profit after tax as per the projections in the prospectus : Rs. 1,445.9 million

Profit after tax : Rs. 941.1 million

Reasons for the shortfall were:

- Lower production of lube based stocks partly due to reduced demand of higher grades because of inputs and partly due to operational problems in bright neutral stock;
- Lower capacity utilisation at Cauvery Basin refinery due to lower availability of crude, and hence lower margins;
- Unavoidable delay in the commissioning of the gas sweetening and LPG separation units at Cauvery Basin refinery;
- Lower margins for the Cauvery Basin refinery pending final approval of the revised project cost of Rs. 1960 million;
- Loss of production for about two and half months in refinery II of Manali complex due to fire; and
- Lower credit for updation margins compared to the projections made in the prospectus.

Fiscal 1997

Profit after tax as per the projections in the prospectus : Rs. 1,593.8 million

Profit after tax : Rs. 1,021.8 million

Reasons for the shortfall were:

- Lower production of lube base stocks which is, in turn, partly due to reduced demand of high grades and partly due to operational problems;
- Capacity utilisation at Cauvery Basin refinery due to lower availability of crude;
- Revised margins for the Cauvery Basin refinery pending consideration; and
- Additional interest burden due to non-release of the oil co-ordination committee outstandings to the company amounting to about Rs. 3700 million as on March 31st 1997, which made the company resort to increased bank overdraft, inter corporate deposits and deferred payment to suppliers.

Joint Ventures of IOC

IndianOil Panipat Power Consortium Limited ("IPPCL")

IPPCL was incorporated on October 06, 1999. It obtained the certificate of commencement of Business on May 14, 2001. It is a joint venture between IOC and Marubeni Corporation, Japan. It is engaged in the business of constructing and operating power generation plant at Panipat and to sell power to Haryana Vidyut Prasaran Nigam Limited.

Shareholding pattern

As on December 31, 2003, the shareholding pattern of IPPCL was as follows:

Shareholder	(%)
Indian Oil Corporation Limited	50.00
Marubeni Corporation, Japan	50.00
Total	100.00

Board of Directors as on December 31, 2003

The Directors on the Board of IPPCL are:

Mr. N K Nayyar
Mr. V P Sharma
Mr. K M Gupta
Mr. R.C. Goyal
Mr. Y Yokota
Mr. S Ogata

Financial Performance

The financial position of IPPCL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 is as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	NIL	NIL	NIL
Profit after tax	NIL	NIL	NIL
Equity share capital	203	203	203
Reserves	NIL	NIL	NIL
Earnings per share (Rs.)	-	-	-
Book Value per share (Rs.)	-	-	-

Source: Audited Annual Accounts of IPPCL for the relevant periods

IndianOil Petronas Private Limited ("IPPL")

IPPL was incorporated on December 03, 1998. It commenced its business on October 13, 2001. IPPL was incorporated as a joint venture between IOC and Petroliam Nasional Berhad, Malaysia to construct Liquid Petroleum Gas (LPG) Import / Export Terminal at Haldia, West Bengal (India). IPPL is engaged in the activities of terminalling of LPG for oil public sector units, parallel marketing of LPG and provides consultancy on various LPG engineering and operations related issues.

Shareholding pattern

As on December 31, 2003, the shareholding pattern of IPPL was as follows:

Shareholder	(%)
Indian Oil Corporation Limited	50.00
Petroliam Nasional Berhad, Malaysia	50.00
Total	100.00

Board of Directors as on December 31, 2003

The Directors on the Board of IPPL are:

Dr. N G Kannan
Mr. V K Chaudhari
Mr. Gautam Datta
Mr. Datuk Anuar Ahmad
Mr. Mohd. Rauff Nabi Bax
Mr. Nordin Ibrahim

Financial Performance

The financial position of IPPL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 are as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	383	14	NIL
Profit after tax	(18)	(59)	NIL
Equity share capital	1,200	1,200	1,200
Reserves	(76)	(58)	NIL
Earnings per share (Rs.)	-	-	-
Book Value per share (Rs.)	9.37	9.51	-

Source: Audited Annual Accounts of IPPL for the relevant periods

Note: Figures in brackets indicate negative amounts

Indian Oiltanking Limited ("IOTL")

IOTL was incorporated on August 28, 1996 and the certificate of commencement of business was obtained on October 14, 1996. IOTL was promoted initially by Oiltanking GmbH, Germany (with shareholding of 50%), IOC (with shareholding of 25%) and our Company (with shareholding of 25%). All shares of IOTL held by us were acquired by IOC pursuant to an Order of the Gol dated August 9, 2001.

IOTL is engaged in the business of operating oil terminalling facilities. They have a terminal at Navi Mumbai and are also operating various terminals of IOC, BPCL, IBP etc. in different parts of the country.

Shareholding pattern

As on December 31, 2003, the shareholding pattern of IOTL was as follows:

Name of the Shareholder	(%)
Indian Oil Corporation Limited	50.00
Oiltanking India GmbH	50.00
TOTAL	100.00

Board of Directors as on December 31, 2003

The Directors on the Board of IOTL are:

Mr. M S Ramachandran

Mr. P Sugavanam

Mr A M Uplenchwar

Dr. N G Kannan

Mr. H Weisser

Mr. A W Lokhorst

Mr. Jayanta Bhuyan

Mr. M G Bhide

Financial Performance

The financial position of IOTL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 is as follows:

(in Rs. millions, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	449	672	1,235
Profit after tax	15	113	122
Equity share capital	1,180	1,100	1,100
Reserves	77	157	44
Earnings per share (Rs.)	0.13	1.03	1.27
Book Value per share (Rs.)	10.65	11.43	10.40

Source: Audited Annual Accounts of IOTL for the relevant periods

Lubrizol India Private Limited ("LIPL")

LIPL was incorporated on July 20, 1966 as a joint venture between the GoI and Lubrizol Corporation, USA. It commenced its business on July 20, 1966. It is engaged in business of developing, manufacturing and marketing additive systems for automotive and industrial lubricants and for the treatment of fuels.

Shareholding pattern

As on December 31, 2003, the shareholding pattern of LIPL was as follows:

Name of the Shareholder	(%)
Indian Oil Corporation Limited	50.00
Lubrizol Corporation, USA	50.00
Total	100.00

Board of Directors as on December 31, 2003

The Directors on the Board of LIPL are:

Mr. J L Zutshi
 Mr. D R Teredesai
 Mr. B D Soni
 Mr. M R Kumbhani
 Mr. Gregory R. Lewis
 Mr. P Sugavanam
 Mr. Darius C. Shroff

Financial Performance

The financial position of LIPL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 are as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	3,305	3,162	3,351
Profit after tax	408	288	239
Equity share capital ¹	192	192	192
Reserves	1,812	1,834	1,797
Earnings per share (Rs.)	212.35	149.30	124.60
Book Value per share (Rs.)	1,043.70	1,054.99	1,035.89

¹Face Value of Rs. 100 each

Source: Audited Annual Accounts of LIPL for the relevant periods

Petronet VK Limited ("PVKL")

PVKL was incorporated on May 21, 1998 as a joint venture between the IOC, Petronet India Limited, Essar, Reliance Industries Limited and Infrastructure Leasing & Financial Services Limited. It commenced its business on May 21, 1998. It is engaged in business of transportation of petroleum products via pipeline from the refineries of Reliance Industries and Essar at Sikka and Vadinar, Dist. Jamnagar respectively. PVKL has laid its pipeline from Sikka to Kandla measuring 100 Km.

Shareholding pattern

As on December 31, 2003, the shareholding pattern of PVKL was as follows:

Name of the Shareholder	(%)
Indian Oil Corporation Limited	26.00
Petronet India Limited	26.00
Reliance Industries Limited	13.00
Essar Oil Limited	13.00
State Bank of India	5.00
Kandla Port Trust	5.00
Gujarat Industrial & Investment Corporation	5.00
Infrastructure Leasing & Financial Services Limited	5.00
Canara Bank	2.00
Total	100.00

Board of Directors as on December 31, 2003

The Directors on the Board of PVKL are:

Mr. A M Uplenchwar

Mr. K M Bansal

Mr. P Raghavendran

Mr. Jagdeesh M. Mehta

Mr. P K Deb

Mr. A B Chanda

Financial Performance

The financial position of PVKL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 is as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	805	832	641
Profit after tax	23	(6)	(51)
Equity share capital	1,000	1,000	1,000
Reserves	(34)	(57)	(51)
Earnings per share (Rs.)	0.23	-	-
Book Value per share (Rs.)	9.66	9.43	9.49

Source: Audited Annual Accounts of PVKL for the relevant periods

Note: Figures in brackets indicate negative amounts

Petronet CI Limited ("PCIL")

PCIL was incorporated on December 07, 2000, on the directives of Ministry of Petroleum & Natural Gas as a subsidiary of Petronet India Limited. It commenced its business on April 30, 2001. It is a joint venture between

Petronet India Limited, IOC, Reliance Industries Limited, Essar and Bharat Petroleum Corporation Limited for the implementation of Central India Pipeline Project for the transportation of liquid petroleum products from Western India (Gujarat) to the main consumption centres in central India.

Shareholding pattern

As on December 31, 2003, the shareholding pattern of PCIL was as follows:

Name of the Shareholder	(%)
Indian Oil Corporation Limited	26.00
Petronet India Limited	26.00
Reliance Industries Limited	26.00
Essar Oil Limited	11.00
Bharat Petroleum Corporation Limited	11.00
Total	100.00

Board of Directors as on December 31, 2003

The Directors on the Board of PCIL are:

Mr. P Sugavanam
 Mr. A K Agarwal
 Mr. R P Medhekar
 Mr. J M Mehta
 Mr. P Raghavendran
 Mr. J V Shetty
 Mr. S Kapur
 Mr. R Vasudevan
 Mr. H N Belawat

Financial Performance

The financial position of PCIL for the fiscal years ended March 31, 2003 and March 31, 2002 is as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002*
Total turnover	NIL	NIL
Profit after tax	NIL	(30)
Equity share capital ¹	41	1
Reserves	(30)	(30)
Earnings per share (Rs.)	-	-
Book Value per share (Rs.)	-	-

¹Excluding Share Application Monies

* The First Annual Report for PCIL was for period ended March 31, 2002

Source: Audited Annual Accounts of PCIL for the relevant periods

Note 1: During Fiscal 2003 consequent to change in the policy, all expenses have been considered as pre-operation expenses and hence no profit and loss account has been prepared.

Note 2: Figures in brackets indicate negative amounts

Avi-Oil India (P) Limited ("AIPL")

AIPL was incorporated on November 04, 1993 as a joint venture of IOC, Balmer-Lawrie and Co. Limited and NYCO S.A. of France. It commenced its business on August 01, 1999. AIPL is engaged in business of indigenous production / supply of aviation and allied lubricants to the defence services, civil aviation and the industrial sector.

Shareholding pattern

As on December 31, 2003, the shareholding pattern of AIPL was as follows:

Name of the Shareholder	(%)
NEDEN BV, The Netherlands	50.00
Indian Oil Corporation Limited	25.00
Balmer Lawrie & Co. Limited	25.00
Total	100.00

Board of Directors as on December 31, 2003

The Directors on the Board of AIPL are:

Mr. P Lafarge
Mr. D C Shroff
Mr. P K Bishnoi
Mr. S K Swaminathan

Financial Performance

The financial position of AIPL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 are as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	267	201	190
Profit after tax	25	13	11
Equity share capital	180	180	1501
Reserves	42	28	15
Earnings per share (Rs.)	1.36	0.75	0.71
Book Value per share (Rs.)	12.36	11.57	13.02

¹Excluding Share Application Monies

Source: Audited Annual Accounts of AIPL for the relevant periods

Petronet India Limited ("PIL")

PIL was incorporated on May 26, 1997 as a joint venture between IOC, BPCL, HPCL and Infrastructure Leasing & Financial Services Limited. It commenced its business on September 23, 1997. PIL was conceived as a financial structure holding company for implementing petroleum product pipeline projects in the country through the special purpose vehicle route with PIL investing a minimum of 26% equity in each special purpose vehicle. PIL was formed as a company that would operate pipelines on a common carrier basis and bringing the advantages of common infrastructure.

Shareholding pattern

As on December 31, 2003 the shareholding pattern of PIL was as follows:

Name of the Shareholder	(%)
Indian Oil Corporation Limited	16.00
Bharat Petroleum Corporation Limited	16.00
Hindustan Petroleum Corporation Limited	16.00
IBP Co. Limited	2.00
Reliance Industries Limited	10.00
Essar Oil Limited	10.00
ICICI Bank Limited	10.00
State Bank of India	10.00
Infrastructure Leasing & Financial Services Limited	10.00
Total	100.00

Board of Directors as on December 31, 2003

The Directors on the Board of PIL are:

Mr. A M Uplenchwar

Mr. M B Lal

Mr. R Kannan

Mr. M Kochhar

Mr. J M Mehta

Mr. S A Narayan

Mr. S Radhakrishnan

Mr. P Raghavendran

Mr. C Ramulu

Ms. Bharati Rao

Financial Performance

The financial position of PIL for the Fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 are as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	10	50	48
Profit after tax	11	25	44
Equity share capital	970	968	4101
Reserves	105	92	67
Earnings per share (Rs.)	0.11	0.25	0.73
Book Value per share (Rs.)	10.75	10.60	11.61*

¹Excluding Share Application Monies

* Calculated considering partly paid shares as equivalent fully paid shares

Source: Audited Annual Accounts of PIL for the relevant periods

Petronet LNG Limited ("PLL")

Petronet LNG Limited was incorporated on April 2, 1998 as a Joint Venture Company promoted by IOC, BPCL, ONGC and GAIL (India) Ltd. Gaz de France subscribed 10% of equity of PLL in June 2001. PLL is engaged in the business of development of facilities for import and regasification of LNG at Dahej and Kochi.

Shareholding pattern

As on December 31, 2003, the shareholding pattern of PLL was as follows:

Name of the Shareholder	(%)
Indian Oil Corporation Limited	12.5
Bharat Petroleum Corporation Limited	12.5
ONGC	12.5
GAIL	12.5
Gaz de France	10.0
Others	40.0
Total	100.0

Board of Directors as on December 31, 2003

The Directors on the Board of PLL are:

Mr. B K Chaturvedi

Mr. Suresh Chand Mathur

Mr. Ashok Sinha

Mr. S Vijayraghavan

Mr. Sham Sunder

Mr. P Dasgupta

Mr. B S Negi

Mr. Y B Sinha

Mr. N K Nayyar

Mr. Jacques Gautier

Financial Performance

The financial position of PLL for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 is as follows:

(in Rs. Million, except per share data)

	FY 2003	FY 2002	FY 2001
Total turnover	Nil	Nil	Nil
Profit after tax	Nil	Nil	Nil
Equity share capital ¹	0.50	0.003	0.002
Reserves	Nil	Nil	Nil
Earnings per share (Rs.)	-	-	-
Book Value per share (Rs.)	-	-	-

¹Excluding Share Application Monies

Source: Audited Annual Accounts of PLL for the relevant periods

The Joint Ventures From Which IOC Proposes To Exit Pursuant To The Simplified Exit Scheme Under Section 560 of the Companies Act, 1956.

Petronet CTM Limited ("PCTML")

PCTML was incorporated on April 9, 1999 and promoted by IOC and PIL. PCTML was to implement the Chennai-Trichy-Madurai (CTM) Petroleum Product Pipeline. The company was not fully operative and has now become defunct. The job of implementation of CTM Pipeline project has been taken over by IOC and is being implemented separately. An application has been made under simplified exit scheme under Section 560 of the Companies Act for striking off the name of PTCML.

Board of Directors as on December 31, 2003

The Directors on the Board of PCTML are:

Maj. S C Agarwal
 Mr. P K Deb
 Mr. Siddharth Kapoor

Financial Performance

The financial position of PCTML for the fiscal years ended March 31, 2003, March 31, 2002 and March 31, 2001 are as follows:

(in Rs.)

	FY 2003	FY 2002	FY 2001
Total turnover	Nil	Nil	Nil
Profit after tax	Nil	Nil	Nil
Equity share capital	1,000	1,000	1,000
Reserves	Nil	Nil	Nil
Earnings per share (Rs.)	-	-	-
Book Value per share (Rs.)	-	-	-

Source: Audited Annual Accounts of PCTML for the relevant periods

IndianOil TCG Petrochem Limited ("ITCGPL")

ITCGPL was incorporated on December 6, 1999 and was promoted by IOC with 50% shareholding and TCG Group with 50% shareholding. The objective of ITCGPL was to acquire the Government's holding in Indian Petrochemicals Corporation Limited ("IPCL") in the disinvestment process. However, the disinvestment process was deferred from time to time and finally IPCL was acquired by Reliance Industries Limited. Consequently, ITCGPL did not do any business and has become a defunct company. An application is being made under simplified exit scheme under Section 560 of the Companies to strike off the name of ITCGPL.

Board of Directors as on December 31, 2003

The Directors on the Board of ITCGPL are:

Mr. Subhasendu Chatterjee
 Mr. P Sugavanam
 Mr. N K Nayyar
 Mr. Kishore Battacharya

ONGIO International Pvt. Limited ("OIPL")

OIPL was incorporated on June 8, 2001 and was promoted by IOC with 50% shareholding and ONGC with 50% shareholding. The objective of OIPL was to provide training and consultancy services on hydrocarbon related matters. However, OIPL did not perform well and both the promoters decided to wind up the operations. An application is being made under simplified exit scheme under Section 560 of the Companies Act for striking off the name of OIPL.

Board of Directors as on December 31, 2003

The Directors on the Board of OIPL are:

Mr. S N Jha
 Ms. Jatinder Peters
 Mr. K M Bansal
 Mr. B Guha.

Financial Performance

The financial position of OIPL for the fiscal years ended March 31, 2003 and March 31, 2002 are as follows:

(in Rs. million, except per share data)

	FY 2003	FY 2002
Total turnover	4	0.24
Profit after tax	(15)	(5)
Equity share capital	30	30
Reserves	(20)	(5)
Earnings per share (Rs.)	-	-
Book Value per share (Rs.)	3.17	8.31

Source: Audited Annual Accounts of OIPL for the relevant periods

Note: Figures in brackets indicate negative amounts

Companies with which Promoter has disassociated in the last three years

Indo Mobil Private Limited

Indo Mobil Private Limited ("IMPL") was a joint venture between IOC and Mobil of USA. It was incorporated on March 4, 1994 for importing, blending and marketing of Mobil branded lubricants and greases in India, Nepal and Bhutan. After incorporation IMPL took up activities of importing and distribution of Mobil branded lubricants through the retail chain of IOC. However, despite the best efforts from the promoters, the company witnessed declining sales and resultant erosion in the bottomline. Moreover, the administrative expenses of the company were very high. The accumulated losses on March 31, 2001 amounted to Rs. 396 million.

It was decided to terminate the joint venture and the entire equity shareholding by IOC in IMPL amounting to Rs.220 million i.e. 22 million equity shares of Rs. 10/- each were transferred in favour of IMPL. Apart from acquiring IOC's shareholding, Mobil agreed to be responsible for loan obligations of IMPL and to repay IOC an amount of Rs. 78.3 million in full and final settlement of its dues.

Accordingly, the joint venture agreement was terminated with effect from December 12, 2001 and IOC received a sum of Rs. 220 million in full and final settlement of sale of shares to IMPL as well as settlement amount of Rs. 78.3 million.

Regulatory Framework Specific to the Petroleum Sector

The petroleum sector was fully deregulated on April 1, 2002, as scheduled by the Government. Marketing of transportation fuels, which was previously carried out by only the four oil marketing companies i.e. IOC, HPCL, BPCL and us, has now been opened to new players subject to these players complying with the condition of Rs. 20 billion investment in eligible activities of the oil sector in India.

Administered Price Mechanism

The pricing of petroleum products before April 2002 was based on the recommendations of Oil Price Committee, 1976, as approved by the Government of India, vide its resolution dated December 16, 1977, bearing number P-20028/3/77- PPD, which was amended on October 23, 1986 based on recommendation of the Oil Cost Review Committee, 1984.

Oil refineries, marketing companies and pipelines were compensated based on the retention concept and allowed post tax return on net worth of 12%. The price of indigenous crude oil was also based on cost plus formula wherein the oil producing PSUs were allowed operating cost and post tax return on capital employed of 15%.

The Government of India initiated the dismantling of the Administered Price Mechanism in a phased manner vide notification issued by MoPNG dated November 21, 1997. This notification inter alia provided that:

- Cost plus pricing of indigenous crude oil shall be withdrawn and the domestic crude oil prices receivable by the indigenous crude oil producers shall be linked to the FOB price of imported crude oil in a phased manner during the transition period i.e. between 1998 to 2002.
- Retention pricing of product shall be abolished and be replaced by import parity pricing.
- Consumer prices of all other petroleum products except MS, HSD, ATF, domestic LPG and PDS kerosene shall be decontrolled.
- Duties on crude and petroleum products shall be rationalised in a phased manner.
- Regulatory framework shall be established to oversee the functioning of and enforcing a competitive framework in the petroleum sector.

The process of dismantling the APM was initiated pursuant to the above notification with effect from April 1, 1998.

Dismantling of APM

In continuation of the Government's programme for phased dismantling of the Administered Pricing Mechanism and full deregulation of petroleum sector, from April 1, 2002 marketing and pricing of all petroleum products except PDS kerosene and domestic LPG have been decontrolled vide notification, issued by the MoPNG, dated March 28, 2002 bearing number GP-20029/22/2002-PP with effect from April 1, 2002.

The above-mentioned notification inter alia proposed to introduce the following changes in previously controlled petroleum sector:

- Consumer prices of petrol and diesel became market determined. Consequently all petroleum products except PDS kerosene and domestic LPG to be sold at market-determined prices.
- PDS kerosene and domestic LPG will carry subsidy at a specified flat rate basis, which will be borne by consolidated fund of India. These subsidies are proposed to be phased out in next three to five years from the date of dismantling of APM.
- Government will provide freight subsidies for supply of PDS kerosene and domestic LPG in far flung areas namely, hilly areas in states of Jammu & Kashmir, Himachal Pradesh, Uttranchal, Sikkim, North Eastern states and Andaman & Nicobar, Lakshdeep Islands.
- The pricing of indigenous crude oil produced by ONGC and Oil India became market determined.
- The Oil Co-ordination Committee was abolished and the oil pool account has been wound up.

Petroleum Planning and Analysis Cell was created under MoPNG to assist the MoPNG in effectuating new guidelines/policies of MoPNG in post APM market. Some of the main functions of PPAC includes administering the subsidy on PDS kerosene and domestic LPG, analysing trends in international oil market and domestic prices, maintaining information data bank and communication system to deal with emergencies and unforeseen situations.

With a view to ensuring uninterrupted supply of petroleum products in various parts of the country post APM and a smooth transition to free market scenario the four OMCs entered into product/ infrastructure sharing agreement. (For details of this agreement entered into by us please see "Our Business").

Petroleum and Natural Gas Regulatory Board Bill

In the deregulated scenario, chances of exploitation of consumers by different entities cannot be ruled out. Against this backdrop, the Government has proposed to set up a Petroleum and Natural Gas Regulatory Board to oversee the downstream petroleum sector in the country. To facilitate the setting up of the Board, Government introduced the Petroleum Regulatory Board Bill, 2002 in the Lok Sabha on May 6, 2002. This bill has been later amended and renamed the Petroleum and Natural Gas Regulatory Board Bill, 2002. The basic objectives of this Bill include providing for a regulatory mechanism which would facilitate uninterrupted and adequate supply of petroleum, natural gas and petroleum products in all parts of the country including remote areas at fair prices, promote competitive markets and access to monopolistic infrastructure according to common carrier principles on a non-discriminatory basis by all entities. With respect to such petroleum, natural gas and petroleum products as may be notified by the Government from time to time, the Bill also addresses retail service obligations for retail outlets and marketing service obligations for marketing entities. To prevent exploitation of consumers in the deregulated scenario, the Regulatory Board shall ensure that each marketing entity displays for the information of customers the maximum retail prices for the notified petroleum, natural gas and petroleum products, and take steps in accordance with regulations, to prevent profiteering by the entities. Provisions have been made in this Bill to ensure redress of grievances and protection of consumer interests as well as resolution of disputes among entities or between an entity and any other person.

These objectives are intended to be achieved by:

- Setting up of a Petroleum and Natural Gas Regulatory Board to oversee and regulate the refining, processing, storage, transportation, distribution, marketing and sale of petroleum, natural gas and petroleum products. The Board would operate at an arm's length from the Government;
- Giving power to the Government to broadly lay down policy framework;
- Making provision for the Government to intervene in matters adversely affecting public interest in certain exigencies;
- Maintaining a data bank of information on activities relating to petroleum, petroleum products and natural gas to enable planning & development thereof.

Guidelines for Laying Pipelines

To ensure the smooth transition/switch over to the post deregulation market determined pricing regime, the Government has, inter alia, issued guidelines for laying petroleum product pipelines on November 20, 2002. As per these guidelines, pipelines originating from refineries up to a distance of 300 kms and the pipelines dedicated for supplying product to particular consumers will be treated as captive pipelines, the right of user in land for which will be granted in favour of applicant companies. In respect of pipelines originating from refineries exceeding 300 kms length and pipelines originating from ports, the proposal for laying common usage product pipelines will be publicised to invite expression of interest from anyone interested in the proposal, the designated pipeline capacity will be kept at least 25% more than the capacity requirement of the proposer and of interested parties. This excess capacity will be available for use on a common carrier basis to anyone interested and offering to pay the tariff. Tariffs for the pipelines of this category will be subject to control orders or regulations that may be issued by the Government/statutory authority. These guidelines will remain in force till the Petroleum and Natural Gas Regulatory Board is constituted.

Subsidy on Domestic LPG and PDS Kerosene

As part of its decision to dismantle the APM, the Government introduced the subsidy on PDS kerosene and domestic LPG on a flat rate basis. It was decided that the oil marketing companies will not increase the selling prices of these products during Fiscal 2004. The resultant under-recoveries of oil marketing companies will be absorbed and shared amongst the oil companies.

As per the broad mechanism finalised for sharing of these under-recoveries amongst the oil companies for Fiscal 2004, a part of the projected under-recoveries will be made up through settlement among oil marketing companies by way of cross subsidisation through other retail products and the balance would be shared between the public sector oil marketing companies and the public sector upstream companies (ONGC and GAIL).

Marketing

Restrictions on the marketing of petroleum products in India have been relaxed. Private companies are allowed to set up retail outlets for dispensing transportation fuels such as MS, HSD and ATF if they meet with the qualifying investment criteria to do so and follow the conditions laid down in notification dated March 8, 2002 for granting marketing authorisation. The site selection is at the discretion of the individual company and no longer dictated by the government. As per this notification:

- Companies owning and operating refineries with an investment of at least Rs. 20 bn or oil exploration and production companies producing at least 3 million tonnes of crude oil annually, are entitled to marketing rights for transportation fuels.
- Authorisation to market transportation fuels is also available to a company investing or proposing to invest Rs. 20 bn in exploration and production, refining, pipelines or terminals.
- The requirement of the specified amount of actual or proposed investment would be applicable to the total of the various investments/proposed investments by the company in the eligible activities and would not be restricted to any single activity.
- The investment made or proposed to be made in the eligible activities would be in form of equity, equity-like instruments such as convertible debentures (fully or partially), or debt with recourse to the company.
- The authorisation to market transportation fuels will not be transferable without permission of the Government.
- Till the Petroleum and Natural Gas Regulatory Board is set, MoPNG will approve the scheme for marketing transportation fuels and issue all authorisation to eligible applicants.

Dealerships

PSUs have been granted independence to set up retail outlets and to select sites for the same. However, selection of dealers and distributors is to be made by the oil companies themselves as per the guidelines to be adopted by them. We have formulated our own policy for selection of dealers which is effective from October 9, 2003.

Industry Logistics Plan

Up till Fiscal 2002 the Oil Coordination Committee (OCC) managed the distribution of the major refinery products i.e. ATF, SKO, LPG, MS and HSD, in India. After the disbanding of the OCC, the OMCs (i.e. IOC, HPCL, BPCL, and IBP) entered into an agreement in March 2002 (valid upto March 31, 2004) for product sharing and assistance to efficiently manage the offtake and distribution of MS, HSD, SKO and ATF. Based on the above agreement, Product Offtake agreements have been signed between the individual OMCs and RIL for product offtake from Jamnagar.

In addition, with regard to LPG, agreements were entered into for Sale/ Purchase, Bottling Assistance and Infrastructure Sharing. (For details of these agreements entered into by us please see "Our Business-Our Operations-Petroleum Group-Supply and Logistics").

IOC coordinates the above and as part of the ILP, IOC is the Product Coordinator, HPCL coordinates coastal movements and BPCL coordinates rail movement.

Environmental Regulations

We have to comply with the provisions of the Environmental Protection Act, Water (Prevention and Control of Pollution) Act and the Air (Prevention and Control of Pollution) Act, Hazardous Waste (Management and Handling) Rules.

In addition the Government has norms for supply and sale of fuels. As per the Auto Fuel Policy approved by Gol in October 2003, Bharat Stage II compliant fuel/vehicles and Euro III compliant fuel/vehicles would be introduced in the entire country by April 1, 2005 and April 1, 2010 respectively. In respect of 11 major cities including New Delhi, Mumbai, Kolkata, Chennai, Bangalore, Hyderabad, Ahmedabad and Pune the applicable dates have been preponed to April 1, 2003 and April 1, 2005, respectively. In addition, the Government has proposed to introduce Euro IV compliant fuel in these 11 identified cities from April 1, 2010 on an experimental basis.

Petroleum Act, 1934 read with the Petroleum Rules, 2002

We have to comply with the provisions of the Petroleum Act, 1934 which, inter alia provides that no person shall produce, refine, blend, store or transport petroleum unless in accordance with the provisions of this act.

We also have to comply with the provisions of the Petroleum Rules, 2002 which, inter alia require permission of the Chief Controller of Explosives to engage in refining, cracking, reforming or blending petroleum.

Other Information

Prohibition Of Accessing The Capital Markets

Our Company, our Directors, our Promoter, the directors and persons in control of our Promoter, our subsidiaries, our associates, our group companies, other companies or entities promoted by IOC and companies or entities with which our Company's Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Listing

The Equity Shares of our Company are listed on The National Stock Exchange of India Ltd. (the Designated Exchange), The Stock Exchange, Mumbai The Calcutta Stock Exchange Association Ltd., The Ahmedabad Stock Exchange, The Delhi Stock Exchange Association Ltd, The Gauhati Stock Exchange Ltd and The Madras Stock Exchange Ltd.

Compliance With SEBI Guidelines and the Listing Agreement

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. Our Company has made disclosures from time to time in compliance with the terms of the listing agreements with the Stock Exchanges.

Statutory Approvals required for our Business

In view of the approvals listed below, we can undertake this Offer and our current business activities and no further major approvals from any Governmental authority/RBI are required to continue the aforesaid activities.

The following major statutory approvals, certificates and licenses, set out below, are required for our business:

Depots And Terminals

The following is a list of material licenses, approvals, permissions required for operating depots / terminals. All licenses, etc. listed below are applicable for all depots / terminals.

1. No Objection Certificate from the District Magistrate/ Collector.
2. Explosives Storage license from the Chief Controller of Explosives.
3. Factory Inspectorate license issued by the State Government.
4. Consent for water issued by the State Pollution Control Board.
5. Consent for air issued by the State Pollution Control Board.
6. Central Excise Registration, from the Assistant Commissioner, Central Excise
7. Sales Tax (General Sales Tax and Central Sales tax) registration.
8. Certificates under the Standard of Weights and Measures Act issued by the District Inspector, Legal Metrology.
9. Approval for obtaining power supply from the State Electricity Board.
10. Public Liability Insurance
11. Central Electricity Authority's approval.

The following is a list of specific licenses, approvals, permissions required for operating certain depots / terminals.

1. License for bonded warehouse issued by the Commissioner of Customs.
2. License from Ministry of Telecommunications for operation of VHF sets/ frequency allocation.
3. Certificate for removal of warehouse goods from the Superintendent, Central Excise.
4. Employees State Insurance registration.
5. Approval/license from the local fire departments.
6. Certificate for use of a boiler.
7. License under the Lubricating Order, 1967.
8. License for possession and use of denatured spirit issued by the Department of Prohibition and Central Excise.
9. License from the Central Excise Department, providing a consolidated invoice for each oil company, issued by the Superintendent Central Excise.
10. Certificate of registration under section 69 of the Finance Act, 1994 issued by the Assistant Commissioner of Central Excise.
11. Motor Spirit Tax Registration issued by the Sales Tax Department.
12. Ethanol License issued by the Superintendent of Prohibition and Excise.
13. Approval for development and amalgamation issued by the Urban Development Authority.
14. No objection certificate from Commissioner of Police for obtaining CCE approval.
15. Goods Carriage Permit of company owned tank lorries issued by the RTO.
16. Fitness Certificate for carrying goods issued by the RTO.
17. License for Calibration and Stamping issued by the CPWD.
18. Mumbai Port Trust Registration issued by the Port Trust Authority.
19. License for Private/ Public Bonded Warehouse issued by the Deputy Commissioner of Customs.
20. Town and Country Planning license.
21. License for the admixture of power alcohol with petrol issued by the Power Alcohol Authority & Excise and Taxation Commissioner, U.P (for U.P.).
22. Certificate of Competency for testing, examination & inspection of lifting machine, lifting tackle and pressure plants issued by the Chief Inspector of Factories.

23. Kerosene Dealers Licensing Order issued by the District Food and Supply Controller.
24. Captive Power generating License issued by the Electricity Regulatory Commission.
25. License for the Labour Department for the contract labourers.

The following is a list of licenses, registration and permissions for operating depots and/or terminals that have expired. The Company has made or is in the process of making an application for renewal of the same:

1. Factory license from the respective Directorate/Chief Inspector of Factories for Hazira Depot, Barauni Terminal, Budge Budge Installation, Haldia Terminal, Amousi Depot, Mathura Terminal, Panipat Terminal, Partapur Depot, Cauvery Marketing Basin Terminal, Sidhpur Depot and Sangrur Terminal
2. Water consent from the respective Pollution Control Board for Cauvery Marketing Basin Terminal, Hazira Depot, Sewri Depot, Wadala Terminal, Barauni Terminal, Amousi Depot, Mathura Terminal, Partapur Depot.
3. Air consent from the respective Pollution Control Board for Hazira Depot, Sewri Depot, Sidhpur Depot, Wadala Terminal, Barauni Terminal, Budge Budge Installation, Amousi Depot, Mathura Terminal, Partapur Depot
4. License to import and store petroleum in installation from the respective Chief Controller of Explosives for Sidhpur Depot, Barauni Depot, Budge Budge Installation, Amousi Depot, Mathura Terminal, Partapur Depot and Sangrur Terminal
5. License for the admixture of Power Alcohol with Petrol from the Power Alcohol Authority and Excise and Taxation Commissioner for Panipat Terminal and Rewari Terminal.
6. License for Calibration of tanks under the Standards of Weights and Measures Act from the Legal Metrology Department for the Mathura Terminal, Cauvery Marketing Basin Terminal, Sidhpur Depot, Barauni Terminal and Budge Budge Installation.

Bulk Explosives Plants/ Bulk Explosives Support Plants

The following is a list of material licenses, approvals, permissions required for operating depots / terminals. All licenses, etc. listed below are applicable for all bulk explosives plants/bulk explosives support plants.

1. Explosives Storage license from the Chief Controller of Explosives.
2. Factory Inspectorate license issued by the State Government.
3. Consent for water issued by the State Pollution Control Board.
4. Consent for air issued by the State Pollution Control Board.

The following is a list of material licenses, registration and permissions for operating bulk explosives plants/bulk explosives support plants that have expired. The Company has made or is in the process of making an application for renewal of the same:

1. Factory license from the respective Directorate/Chief Inspector of Factories for the explosives plants/bulk explosives support plants at Talcher, Tisco (Bokaro), Ib Valley, Dhanbad and Kusmunda.
2. License from the Chief Controller of Explosives in respect of manufacturing of class-2 Explosives at the Plant at Tisco (Bokaro).
3. Water consent from the respective Pollution Control Board for the plants at Tisco (Bokaro), Rajmahal, Dhanbad and Kudremukh
4. Air consent from the respective Pollution control Board for the plants at Tisco (Bokaro), Rajmahal, Dhanbad and Kudremukh

Cryogenics Group

The following is a list of material licenses, approvals, permissions required for operating. All licenses, etc. listed below are applicable for the cryogenics plant.

1. Consent for water issued by the State Pollution Control Board.
2. Consent for air issued by the State Pollution Control Board.
3. Central Excise Registration, from the Assistant Commissioner, Central Excise
4. Sales Tax (General Sales Tax and Central Sales tax) registration.
5. Approval for obtaining power supply from the State Electricity Board.

6. Factory Inspectorate license issued by the State Government.
7. Service Tax Certificate from the deputy Commissioner, Central Excise & Customs,, Nasik

The following is a list of material licenses, registration and permissions for operating cryogenics plant that have expired. The Company has made or is in the process of making an application for renewal of the same:

1. Water and Air consent from the respective Pollution Control Board for the Cryogenic Plant located at Maharashtra.
2. MGST certificate issued from the Maharashtra Sales Tax authority for the Cryogenic Plant located at Maharashtra.
3. Factory License issued by the Directorate/Chief Inspector of factories.

Retail Outlets

The following is a list of material approvals, permissions required for operating retail outlets:

1. Explosives License from the Explosive Department.
2. Sales Tax Registration.
3. Factory License/Shops & Establishment License.
4. Weight & Measure Certificate.
5. Retail Selling License.
6. PF & ESIC / WC Policy.
7. Certificate from the District authority for land conversion from agricultural to commercial purpose.
8. No objection certificate from the District Magistrate.
9. No objection certificate from the Fire Department of the State.
10. No objection certificate from PWD/NH/NHAI for approach road.
11. Trade license from Local Authority.
12. MS/HSD selling license from District Authority.
13. Lube selling license from District Authority.

Outstanding Litigation And Material Developments

Our contingent liabilities not provided for were as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for in the aggregate amount of Rs. 38 million;
- in respect of law suits and other claims, which are being contested by the Company and the liabilities whereof, are not admitted by our Company in the aggregate amount of Rs. 200 million;
- counter guarantees given to banks in respect of bank guarantees/letters of credit issued by them on behalf of our Company in the aggregate amount of Rs. 50 million; and
- in respect of various excise and sales tax appeals, liabilities whereof are not admitted by our Company in the aggregate amount of Rs. 1,172 million.

The contingent liability in respect of lawsuits includes Rs. 12.3 million demanded by the Municipal Corporation of Delhi as property tax at higher rates for 27 retail outlets in Delhi.

The contingent liability in respect of lawsuits also includes Rs. 6.5 million payable by us as additional compensation towards purchase of land at Kondapalli, which has been acquired under Land Acquisition Act by the State of Andhra Pradesh.

The contingent liability in respect of lawsuits also includes Rs. 1.5 million payable by us as additional compensation towards purchase of land at Hazira from Gujarat Industrial Development Corporation.

Other than the above, there are no contingent liabilities not provided for in respect of outstanding litigation, disputes, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII of the Companies Act, 1956) against our Company except the following:

1. Litigation Relating to Petroleum Group

1.1 Civil Cases Against Our Company Involving Financial Liability Exceeding Rs. 1 million

We have the following civil cases pending against our Company where financial liability involved exceeds Rs. 1 million:

Land Acquisition Cases

Dispute relating to land acquired for Sidpur depot: Land at Sidpur was acquired under the Land Acquisition Act, 1894, by the State of Gujarat and allotted to our Company for the purpose of setting up a depot. The land owners, having accepted the compensation as decided by the State Government under protest, approached the lower court at Mehsana demanding higher compensation. The lower court awarded higher compensation of Rs. 40 million to the land owners. We have filed an appeal before the Gujarat High Court against the award of the lower court after depositing Rs. 22.53 million being 50% of the total enhanced compensation of Rs. 40 million including interest and cost. Our appeal has been admitted and is at hearing stage. If the case is decided against us, we shall be liable to pay the balance amount of Rs. 25 million to the landowners together with interest and cost if directed by the Gujarat High Court.

Dispute relating to land acquired for Cochin depot: Land at Cochin was acquired under the Land Acquisition Act, 1894, by the State of Kerala and allotted to our Company for the purpose setting up terminal. 43 cases have been filed against us in Sub-Court at Ernakulam seeking higher compensation for the land acquired. The Court awarded higher compensation in 22 cases out of the total 43 cases. We have approached the High Court, Kerala, against this order of the Sub-Court. Out of these 22 cases wherein higher compensation has been granted 16 cases have been referred to District Collector by the High Court. Further, Sub-Court has directed us to deposit 50% of the enhanced compensation amount in respect of these 16 cases. Accordingly, we have deposited Rs. 2,315,013/- before the Sub-Court through

Special Tahsildar (LA). In respect of one more case out of the 22 cases, demand draft of Rs. 112,015/- has been deposited with Special Tehsildar (LA). If the case is decided against us, we shall be liable to pay the balance amount of Rs. 4.9 million to the land owners together with interest and cost.

Dispute relating to land acquired for Rewari terminal: Land at Rewari was acquired under the Land Acquisition Act, 1894, by the State of Punjab and Haryana and allotted to our Company for the purpose of setting up a terminal. 9 court cases have been filed against our Company by former landowners claiming higher compensation for the land acquired. The lower court has decided the case against us on January 6, 2001 and has awarded additional compensation to the landowners amounting to Rs. 24.4 million. We have filed an appeal against this order before the Chandigarh High Court. As per the direction of the High Court, we have deposited Rs. 14.2 million. If the case is decided against us, we shall be liable to pay an amount of Rs. 10.2 million after adjusting the amount already deposited.

Rent and Eviction Cases:

Dispute relating to retail outlet at Koliwada: Mr. Motwani, the landlord of retail outlet at Lucky Auto, Koliwada, Mumbai, had filed a suit against us in the Small Causes Court, Mumbai for eviction from the retail outlet in September 2000. Pursuant to this in September 2001, he sold the land to another person. The new owner is also included as a party to the suit. The original land owner demanded lease rent of Rs. 150,000 per month whereas the new land owner has demanded Rs. 75,000/- per month as against the existing rent of Rs. 500 per month. We are in the process of filing an additional written statement in the court. If the case is decided against us, we shall be liable to pay higher rent demanded by the landlord from September 2000 onwards, which shall aggregate to Rs. 4.2 million.

Dispute relating to retail outlet at Kanpur: Mr. Manohar Lal Dudeja, the landlord of retail outlet at Kanpur, had filed suit in the Court of Additional District Magistrate ("ADM") Kanpur Nagar in 1990 for enhancing the rent from Rs. 375.5 per month to Rs. 19,528.5 per month. The Court passed the judgement in favour of the landlord on December 31, 1993. We moved a review application against the judgement and the same was dismissed by the ADM on September 15, 1994. We filed a writ petition for grant of stay against the order of ADM before the Allahabad High Court. The High Court granted the stay and also passed an interim order directing us to deposit a rent of Rs. 10,000 per month pending the hearing and final disposal of the suit and in case of default, the stay shall stand vacated. We did not abide by the interim order and therefore the stay granted by the High Court was vacated. We have since been depositing the rent of Rs. 375.5 per month with Income Tax Department as it has been attached by Income Tax Department on account of dues from Mr. Dudeja to the Income Tax Department. The attachment was released by the Income Tax Department on November 14, 1996. Subsequently we obtained a stay from Allahabad High Court on November 28, 2001 against the order of the ADM. In the event the case is decided against us, we shall be liable to pay Rs. 3.41 million to the land owners.

Environmental Cases

The following are the cases filed against our Company relating to environmental issues:

- A writ petition has been filed before the Bombay High Court by Smoke Affected Residents' Forum against the Municipal Corporation of Greater Bombay against the vehicular pollution in the city of Mumbai. The Court has passed an interim order directing all the oil marketing companies to make available certain retail outlets for setting up CNG facilities. We have adhered to this order of the Bombay High Court.
- A suit has been filed against the Union of India and oil companies. In this case, the plaintiff has requested the Union of India and oil companies to give details of the parties to whom naphtha has been allotted, nature of their products, basis of allotment, proof of product not being misused. We have stopped dealing in naphtha since Fiscal 2001 onwards, the details sought by the petitioner are not applicable to us.

1.2 Civil Cases Instituted By Our Company Involving Financial Claim Exceeding Rs. 1 Million

We have the following civil cases instituted by our Company where financial claim involved exceeds Rs. 1 million:

Rent and eviction cases

Dispute relating to retail outlet at Fort, Mumbai: The retail outlet land at Fort, Mumbai, belongs to the State of Maharashtra. The lease of this land expired on November 20, 1975. The collector had demanded rental arrears of Rs.

43.60 million for a period of twenty-three years upto 1998 and annual rental of Rs. 1.09 million thereafter as against the existing annual rent of Rs. 8,852 per annum. We have filed a writ petition before the Bombay High Court against demand of the Collector. The High Court directed us to pay Rs. 109,003 being 10% of the yearly rental of Rs. 1.09 million from 1999 onwards and passed an interim order to this effect in August 2001. We have made the payment as ordered by the Court. The case is yet to be listed for further hearing. In the event the Court passes an adverse order against us, we may have to pay the rentals as demanded by the Collector of Mumbai amounting to Rs. 48.50 million.

Dispute relating to retail outlet at Byculla, Mumbai: The retail outlet located at Byculla, Mumbai, on the land belonging to IBP was re-located on the Mumbai-Pune highway. The dealer's transport contractor unauthorisedly continued to occupy the retail outlet premises at Byculla, Mumbai. We have declared the defendants as the unauthorised occupants under the Public Premises Act, 1971, and have filed a suit for his eviction as well as damages upto an amount of Rs. 11.70 million till the vacant possession of the land is handed to us. The suit is pending hearing and the witness is being cross examined.

Suit for damages

We have filed a suit against Paschim Petrochem Limited for damages. Paschim Petrochem Limited was our customer for naphtha at Baroda, Gujarat. Its director was arrested for misusing naphtha and there was lot of negative publicity in the newspapers alleging misuse of naphtha by the defendant. We have since stopped the supply of naphtha to this customer. We filed a case for damages amounting to Rs. 121.57 million caused to us on account of loss of reputation, loss of business due to irregularities and misuse. This case has been admitted by the Bombay High Court and is pending hearing.

1.3 Labour Disputes

Cases relating to termination of service

There are 10 cases filed by the employees against our Company challenging their respective orders of termination of service issued by us. Out of the said 10 cases, 8 cases have financial implications of less than Rs. 1 million each, aggregating to an amount of Rs. 3.82 million and two cases have financial implications of more than Rs. 1 million each, aggregating to a total of Rs. 9.06 million.

The two cases having financial implication of more than Rs. 1 million are:

- An appeal has been filed in the Labour Court, Bandra by employees' union for reinstatement of 3 workmen, who were dismissed from service for misconduct after completing domestic enquiry against them. The Labour Court has held that the domestic enquiry was legal, fair and in accordance with the principles of natural justice. The case is now pending for decision on the quantum of punishment awarded to them. The amount involved is approximately Rs. 6.65 million.
- One employee was dismissed from service by us vide our letter dated March 20, 1991, since he was not relieved by his previous employer before joining us. This termination was challenged by this employee in a writ petition filed in the Allahabad High Court. This writ petition was dismissed for default on July 26, 1999. The employee thereafter made an application for restoration of his writ petition, which was allowed. Although the writ petition was restored, the earlier interim order was not restored.

The total financial implications of cases relating to termination of services of employees is Rs. 16.48 million.

Cases relating to regularisation of contract labour

There are nine cases filed by the employees against our Company for the regularisation of contract labour. Of these, one case has financial implication of Rs. 1.2 million and eight cases of financial implications of less than Rs. 1 million each, aggregating to an amount of Rs. 1.08 million. The total financial implication of cases relating to regularisation of contract labour is Rs. 2.28 million.

The case with financial implication of Rs. 1.2 million is pending before the Central Government Industrial Tribunal for regularisation of 12 contract labourers which is pending. If the tribunal decides against us, we will be liable to pay approximately Rs. 1.2 million to these contract labourers.

Cases relating to project affected employment claims

There are 3 cases filed by the employees against our Company for the project affected employment claims. Of these one case has financial implication of Rs. 42 million and two cases of financial implications of less than Rs. 1 million each, aggregating to an amount of Rs. 1.8 million. The total financial implication of cases relating to project affected employment claims is Rs. 43.8 million.

The case with financial implication of Rs. 42 million is filed in the Chennai High Court by R. Senthil Kumar and 20 others against us for absorption of the 21 petitioners on the ground that they are displaced project affected people at Cavery Basin Marketing Terminal, Nagapattinam. Chennai High Court has granted stay in this petition in favour of our Company. The Petition is pending.

Cases relating to the minimum wages payment

There is one case filed by the employees against our Company relating to minimum wages payment having financial implication of Rs. 2.11 million filed before the Bhubaneswar Regional Labour Commissioner by Labour Enforcement Officer, Rourkela for a direction on the estimated value of difference between the wages payable under the Minimum Wages Act and wages actually being paid as compensation.

There is no case filed by the employees relating to minimum wages payment having financial implication of less than Rs. 1 million.

Cases relating to claims of promotion on the basis of seniority

There is one case filed by the employee(s) against our Company relating to claims of promotion on the basis of seniority having no financial implication. There are no other cases filed in this regard against our Company.

Cases relating to motor accident claims

There is one case filed by the employee(s) against our Company relating to motor accident claims having no financial implication. There are no other cases filed in this regard against our Company.

Cases relating to House Building Loan recovery

There are two cases filed by the employees against our Company relating to House Building Loan recovery having financial implication of less than Rs. 1 million each, aggregating to an amount of Rs.0.6 million. There are no other cases filed in this regard against our Company.

1.4 Arbitration

We have the following matter pending before an arbitrator wherein the financial liability involved exceeds Rs. 1 million:

M/s. Kakali Enterprises was awarded the tender for execution of work for construction of highway retail outlet at Kolaghat District, West Bengal. A work order was issued by us detailing the necessary formalities for mobilisation of manpower and materials for completion of work within six months of the letter of intent i.e. on September 27, 1999. However, M/s. Kakali Enterprises exceeded the time frame for construction and caused loss to us. We withheld their demand of Rs. 2.37 million in connection with the work. M/s. Kakali Enterprises in turn filed the claim of Rs. 6.87 million before the sole arbitrator Mr. J Pal. We have filed the rejoinder. We have also made a counter claim against M/s. Kakali Enterprise of Rs. 7 million. In the event the matter is decided against us, we may have to pay Rs. 6.87 million to M/s. Kakali Enterprises.

We have the following matter pending before an arbitrator wherein the financial liability involved does not exceed Rs. 1 million:

Shakti Cylinders Private Limited supplied cylinders to us against contracts dated February 8, 2000 and February 28, 2001 on a provisional price at Rs. 694. Prices were subsequently finalised based on report from Price Water House, which determined the prices as Rs. 645 w.e.f. July 1, 1999 and Rs. 662 w.e.f. April 4, 2000. The prices were implemented and necessary recoveries amounting to Rs. 0.26 million were made from Shakti Cylinders Private Limited. Shakti Cylinders Private Limited has now invoked the arbitration provision of the contract disputing the basis of fixing up of the

final price. This case is still pending before the arbitrator.

1.5 Other Civil Suits Filed Against our Company Involving Financial Liability below Rs. 1 million

Cases related to dealer selection/appointment

We have in all 38 cases pending against us challenging selection/appointment of dealers. The plaintiffs have not claimed any monetary compensation from us in relation to these cases.

Cases related to setting up retail outlets

We have in all 27 cases pending against us challenging installation/operation of retail outlets. The plaintiffs have not claimed any monetary compensation from us in relation to these cases.

Cases related to inspection of retail outlets and action taken against dealers

We have in all 30 cases filed by the dealers against us challenging the action taken against them by our Company on account of irregularities/ malpractice detected by us. The plaintiffs have not claimed any monetary compensation from us in relation to these cases.

Cases related to market discipline and other guidelines

We have in all 27 cases filed against us challenging the marketing discipline and other guidelines of our Company and/ or Government. The plaintiffs have not claimed any monetary compensation from our Company in relation to these cases.

Cases related to termination of dealership

We have in all 31 cases filed against us challenging the termination of dealership. The plaintiffs have not claimed any monetary compensation from our Company in relation to these cases.

Cases related to SKO/LDO quota cases

We have in all 10 cases filed against us challenging the reduction in quota of SKO/LDO. The plaintiffs have not claimed any monetary compensation from our Company in relation to these cases.

Cases relating to disputes of lease rentals and renewal of lease filed against our Company

We have 22 cases pending against us which relate to renewal of lease and enhancing of rentals wherein the financial liability amounts to Rs. 0.5 million.

Other civil cases filed against our Company

We have in all 42 cases filed against our Company relating to various cause of action such as eviction from premises of retail outlets wherein total financial liability amounts to Rs. 0.82 million.

1.6 Other Civil Suits Filed By Our Company Where The Financial Claim is Below Rs. 1 Million

Cases relating to disputes of lease rentals and renewal of lease

We have four cases filed by us relating to renewal of lease and lease rentals.

Other civil cases filed by our Company

We have 11 other cases filed by us relating to various cause of action such as eviction of unauthorised persons from our premises and other civil suits. The total financial claim in relation to suits filed by us amounts to Rs. 75,000.

Dishonour of Cheque

We have filed a case against one Mr. Satish Tiwary for dishonour of cheque paid by him against the purchase of products of our Company. This case is pending before the Sub-judge at Muzaffarpur. The total amount claimed by us amounts to Rs. 123,452.

Complaints pending before Railway Claims Tribunal

We have filed in all 98 complaints against Indian Railways alleging short receipts in respect of goods transported by

railways. The total claim made by us in this respect aggregates to Rs. 9.75 million. All these complaints are pending before the Railway Claims Tribunal at Lucknow and so far no order has been passed.

2. Litigation Relating to Explosives Group

2.1 Civil Cases Against our Company Involving Financial Liability Exceeding Rs. 1 million

Land Acquisition Case

Dispute relating to land at Manesar, Haryana: The land at Manesar, Haryana, was acquired by the State of Haryana under the Land Acquisition Act, 1894 and was handed over to our Company to set up a plant in 1989. Three land owners have instituted a suit against the State of Haryana before the District Court, Gurgaon, seeking Rs. 25 million as compensation for the acquired land. This case is pending hearing and our Company has been impleaded as a necessary party.

Other Civil Suit Relating to Land

Dispute relating to land at Manesar, Haryana: The plaintiff had constructed four explosive warehouses on a land belonging to the panchayat of Manesar. The land was acquired by the State of Haryana and handed over to our Company. Pursuant to taking possession of this land by the Company, the plaintiff instituted a suit for damages of Rs. 1.8 million on account of loss of the warehouses before the District Court, Gurgaon. The District Court decided the case in favour of our Company. The plaintiff has appealed to the High Court, Chandigarh against the judgement of the District Court. The case is yet to be listed for hearing in the High Court.

2.2 Labour Disputes

The following cases related to employees have been filed against our Company wherein the financial liability involved exceeds Rs. 1 million:

- One of the employees' union has filed a case against us challenging the date of implementation of hardship allowance to the employees. The IBP Union has demanded Rs. 1.35 million as hardship allowance to be paid by our Company. The case is pending before the Industrial Court, Raipur.
- 7 contract workers have filed a case against our Company seeking regularisation of their employment as permanent. They are also demanding Rs. 1.8 million per year as wages for each from 2000 onwards.
- One of the employees' union has filed a case against us challenging that the performance linked incentive scheme of the business group explosives is not at par with other business groups. The union is demanding more than Rs. 1 million as profit linked incentive to be paid by our Company. This case is pending before the Labour Court, Bilaspur.
- We have filed a writ petition on the Delhi High Court with regard to the mode of calculation of ex-gratia amount on the basis of 30 days instead of 26 days. The writ petition is pending in the High Court.

The following cases relating to employees have been filed against our Company wherein the financial liability involved is less than or equal to Rs. 1 million:

- There are six cases filed by the employees/employees' union against our Company where the aggregate financial liability of our Company amounts to Rs. 3.4 million. In these cases the employees/employees' unions have demanded enhanced payment from our Company on various grounds like arrears of retrenched badli workers, arrears of interim relief to workmen etc. These cases are pending before various forums including the labour courts, industrial tribunals etc.

The following cases relating to employees have been filed by our Company wherein the financial claim made by our Company is less than or equal to Rs. 1 million:

- There are three cases filed by our Company relating to the labour disputes wherein the aggregate claim by our Company amounts to Rs. 1.7 million. These cases include a suit wherein we have contested the order passed by the Provident Fund Commissioner levying penalty of Rs. 0.6 million for delayed payment which arose due to long term settlement signed with the unions.

3. Litigation Relating to Cryogenics Group

3.1. Civil Case Against Our Company Involving Financial Liability Exceeding Rs. 1 Million

We have the following civil cases pending against us where the financial liability involved exceeds Rs. 1 million:

We placed an order for fabrication and supply of vacuum chamber with Efforts Private Limited. The product was to be delivered within one year from the date of order. However, the chamber was delivered after the expiry of 18 months from the due date of delivery. Extra work was required to be done as per the Defense Research and Development Organisation's instruction for which extra payment was made. However, Efforts Private Limited was not satisfied with the extra payment made to them and it filed a suit in the Civil Court at Nadiad, Gujarat, claiming additional payment of Rs. 1,121,233 apart from Rs. 136,000 as court stamp charges. This suit is pending for hearing and cross-examination.

As per the terms of the purchase order, Efforts Private Limited was required to transport and commission the chamber at its own cost. It paid Rs. 94,500 towards excise duty and claimed Rs. 283,500 as basic and special excise duty from us, which we paid under compulsion since they were not ready to deliver the chamber.

Due to this breach of contractual obligation by Efforts Private Limited, their bank guarantee was invoked by us. They approached the Civil Court at Nadiad, Gujarat, against the invocation of bank guarantee. The court granted the stay on the invocation of the bank guarantee. The financial liability amounts to Rs. 180,000. This case has not yet come up for hearing.

3.2 Other Civil Suits Filed Against Our Company Where The Financial Liability Is Below Rs. 1 Million

There are two suits pending before the Civil Court at Nasik. In both the cases, Nasik Municipal Corporation had demanded a claim of Rs. 191,351 and Rs. 164,000 for the years 1989 and 1992 respectively towards octroi duty. The lower court held in favour of the Nasik Municipal Corporation. We have filed an appeal against the order of the lower court. The hearing of the appeal is yet to commence.

3.3 Criminal Cases Against Our Company

A case has been filed before the Joint Division Judge, Nadiad by Efforts Private Limited against our Company, and our employees Satish Bansal, P. P. Kulkarni, M. R. Vyawahare, D. P. Sadhwani and C. D. Nikam, alleging breach of trust. We applied to Gujarat High Court for stay of this proceedings but the application was dismissed by default. This case is pending before the Joint Division Judge, Nadiad.

Another case has been filed before the Joint Division Judge, Nadiad by Efforts Private Limited against our Company and our employees Satish Bansal, P. P. Kulkarni and M. R. Vyawahare alleging that the Company and its employees have failed to perform their obligation under contract. We applied to Gujarat High Court for stay of proceedings but the application was dismissed by default. This case is pending before the Joint Division Judge, Nadiad.

3.4 Labour Cases Against Our Company

There are five labour cases filed against our Company by employees claiming various relief from us including enhanced voluntary retirement scheme benefits, contract workers seeking permanent employment in our Company. The aggregate liability involved in these cases amounts to Rs. 587,483.

3.5 Civil Cases Instituted By Our Company Involving Financial Claim Exceeding Rs. 1 Million

We have filed a suit against Gujarat Aqua Industries for recovery on account of revocation of performance bank guarantee towards supply of freeze drying machine though machine has been performing well. The amount claimed by us amounts to Rs. 1,318,040. The case is pending before the Civil Court at Ahmedabad.

4. Excise Cases Filed By Our Company

Excise Cases filed by our Company involving financial liability exceeding Rs. 1 million

Sr. No.	Pending Before Court/ Authority	Parties	Brief Facts	Current status of the case	Amount involved in the case in Rs. Millions
1.	Excise & Taxation Tribunal Chandigarh	IBP vs. Haryana Tax Tribunal, Chandigarh	The joint excise & taxation commissioner, Haryana, reopened the assessments for the year 1994-95 and imposed additional tax @ 4% for inter-state movement of product from Haryana State to Punjab, Chandigarh and Parwanoo Retail Outlets by rejecting form E 1 issued by IOC in our favour	Stay Petition and appeal filed with the tribunal. The stay petition was finally heard and rejected but the orders are yet to be received. The case will be heard on merits in due course	2.78
2.	CEGAT, Tamil Nadu	IBP vs. State Excise Authority, Cheralapally, AP	RPO surcharge and freight were not considered in assessable value for excise duty as per the instruction from OCC Duty was demanded on these elements by the authority	Pending with CEGAT, Tamil Nadu	2.23
3.	Asst. Commissioner of Central Excise Mumbai IBP vs. Asst. Commissioner of Central Excise Mumbai	IBP vs. Commissioner of Central Excise Mumbai	Demand of excise duty on account of Retail Pump outlet charges and surcharge included as part of assessable value, for the period March 1, 1994 to July 16, 1996	Appeal pending with the Asst. Commissioner Central Excise for reconsideration as per the Directives of Commissioner of Central Excise	6.88
4.	Central Excise Tribunal Mumbai	IBP vs. Commissioner of Central Excise Mumbai	Demand of differential duty on imported Petroleum products	Tribunal has remanded the case to Commissioner to review the case after considering all the evidence/record presented before him. No further response from the authority	9.68
5.	Deputy Commissioner, Customs & Central Excise, Meerut	IBP vs Deputy Commissioner, Customs & Central Excise	The Deputy Commissioner, Customs & Central Excise has demanded duty on sale duty paid stock of MS and HSD on the day of price revision during the period November 1, 1998 to August 1, 2000. we have paid excise duty of Rs. 1.34 million, penalty of Rs. 1.54 million and interest of Rs. 0.35 million under protest	We have represented to the High Power Committee on February 7, 2002 to grant permission to contest the case. Decision of the Committee is awaited	3.23

In addition to the above, there is one appeal filed by us before Central Excise and Sales Tax Appellate Tribunal, Bangalore, against the order of the Commissioner of Central Excise III, Hyderabad, demanding differential duty on MS and HSD on the transportation charges which is not includable in the assessable value for excise duty. The amount of liability involved is 0.46 million.

5. Sales Tax Cases Filed By Our Company

Sales tax cases filed by our Company where the financial liability involved exceeds Rs. 1 million

Sr. No.	Pending Before Court/ Authority	Parties	Brief Facts	Current status of the case	Amount involved in the case in Rs. Millions
1.	Additional Commissioner (Appeals), Delhi	IBP vs. Delhi Sales Tax Authority	Tax imposed due to non-submission of form E-1 by IOC. Appeal & stay petition filed.	E-1 submitted. Stay granted and the case remanded to Sales Tax Officer. No further notice received from Sales Tax Officer	4.76
2.	Trade Tax Tribunal, Lucknow	IBP vs. DC Trade Tax, Uttar Pradesh	Sales Tax imposed on: -LFR recovered by IBP on MS/HSD sales;-Non submission of Form 3B for sale of lubes to Industrial consumers at lower rate of sales tax against concession forms;-Non submission of C Forms for inter-state sales by us	Pending with tribunal	1.94
3.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Stock transfer outside Tamil Nadu of the stock exempted purchases are subject to purchase tax. We have paid tax on such transfers @ 5% however, the authority is asking for 20%	The higher rate was charged as our name was not appearing in the notification granting lower rate of tax. The principal commissioner of sales tax has made necessary recommendation to the Govt. for amending the notification and also advised to Sales Tax Officers to complete the assessment accordingly	2.76
4.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Subsidies received from MOP&NG were considered as part of sales turnover and subjected to sales tax	Our appeal to Supreme Court in this matter has been in our favour. The case has been remanded to the DC (Appeals) for disposal of the appeal in line with the Supreme Court order	66.78
5.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Stock transfers outside the state have been treated as sales and tax demanded thereon	Form F and other evidence submitted to the department of sales tax to prove the stock transfer. The case was remanded to assessing officer for passing necessary orders on the basis of these documents	62.22

Sr. No.	Pending Before Court/ Authority	Parties	Brief Facts	Current status of the case	Amount involved in the case in Rs. Millions
6.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Stock transfer outside Tamil Nadu of the stock exempted purchases are subject to purchase tax. IBP has paid tax on such transfers @ 5% however, the sales tax department is asking for 20%	The higher rate was charged as our name was not appearing in the notification granting lower rate of tax. The principal commissioner of sales tax has mad necessary recommendation to the Govt. for amending the notification and also advised to Sales Tax Officers to complete the assessment accordingly	61.68
7.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Stock transfers outside the state have been treated as sales and tax demanded thereon	Appeal yet to come up for hearing	81.35
8.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Stock transfer outside Tamil Nadu of the stock exempted purchases are subject to purchase tax. We have paid tax on such transfers @ 5% however, the authority is asking for 20%.	The higher rate was charged as our name was not appearing in the notification granting lower rate of tax. The principal commissioner of sales tax has made necessary recommendation to the Government for amending the notification and also advised to Sales Tax Officers to complete the assessment accordingly	25.42
9.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Stock transfers outside the state have been treated as sales and tax demanded thereon	Appeal not yet heard	64.63
10.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Stock transfer outside Tamil Nadu of the stock exempted purchases are subject to purchase tax. We have paid tax on such transfers @ 5% however, the authority is asking for 20%	Appeal not yet heard	15.92
11.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Stock transfers outside the state have been treated as sales and tax demanded thereon	Appeal not yet heard	82.24
12.	Dy. Commissioner Appeals, Tamil Nadu	IBP vs. Tamil Nadu Sales Tax Authorities	Stock transfer outside Tamil Nadu of the stock exempted purchases are subject to purchase tax. We have paid tax on such transfers @ 5% however, the authority is asking for 20%	Appeal not yet heard	45.25

Sr. No.	Pending Before Court/ Authority	Parties	Brief Facts	Current status of the case	Amount involved in the case in Rs. Millions
13.	Dy. Commr. Appeals, Kerala	IBP vs. Kerala	Disallowance of sales tax exemption for 100% export oriented unit	Appeal not yet heard	7.55
14.	Dy. Commissioner Appeals, Andhra Pradesh	Sales Tax Authorities	There was an element called state surcharge in our price build up. This amount was surrendered to OCC. This element was considered in sales value and sales tax paid on it. However the authority has demanded the amount of state surcharge as due to them	Appeal not yet heard	54 .15
15.	Appellate and Revisional Board, WestBengal Commercial Taxes, Kolkata	IBP vs. Andhra Pradesh Sales Tax Authorities	Tank Wagons purchased by us and then given on lease to Railways was treated as sale by us to Railways by the department of sales tax and tax was demanded on this	Appeal not yet heard	4.49
16.	Dy. Commissioner of Commercial Taxes	IBP vs. Sales Tax Authorities, West Bengal	Purchase Tax : 1.On lubes manufactured in West Bengal and stock transfer outside the state, 2. Sales Tax on Tank Wagons leased to Railways	Remanded to Asst. Commissioner for recalculation of purchase tax. Next hearing to be fixed	1.00 0.21
17.	Dy. Commissioner of Commercial Taxes	IBP vs. Sales Tax Authorities, West Bengal	Purchase Tax on lubes manufactured in West Bengal and stock transfer outside the state	Remanded to Assistant Commissioner for recalculation of purchase tax. Next hearing to be fixed	1.83
18.	Dy. Commissioner (Appeal)	IBP vs. Sales Tax Authorities, West Bengal	As per local sales tax act, sales tax is levied at multi-point in case the selling price of the reseller is more than 40% of the purchase price subject to certain other conditions. As our selling price vis-à-vis the purchase price exceeded 40% sales tax was demanded by reassessing the closed assessment	Obtained stay order against the demand notice. Case not yet heard	22.87
19.	Dy. Commissioner (Appeal)	IBP vs. Sales Tax Authorities, Assam	As per sales tax act, sales tax is levied at multi-point in case the selling price of the reseller is more than 40% of the purchase price subject to certain other conditions. As IBP's selling price vis à-vis the purchase price exceeded 40% sales tax was demanded by reassessing the closed assessment	Obtained stay order against the demand notice. Case not yet heard.	26.41

Sr. No.	Pending Before Court/ Authority	Parties	Brief Facts	Current status of the case	Amount involved in the case in Rs. Million
20.	Assam Sales Tax Authorities	IBP vs. Sales Tax Authorities	As per Section 18(1) of AGST sales tax is levied at multi-point in case the selling price of the reseller is more than 40% of the purchase price subject to certain other conditions. As our selling price vis-à-vis the purchase price exceeded 40% sales tax was demanded by reassessing the closed assessment	Obtained stay order against the demand notice. Case not yet heard	10.29
21.	West Bengal Dy.Comml. Taxes (Appeal)	IBP vs. West Bengal Sales Tax	Sales Tax demanded on stock transfers by IBP for the year 2000-01 due to non submission of Form F	All form F now secured. Appeal has been filed. Hearing yet to be fixed	75.35
22.	Gujarat Sales Tax tribunal, Ahmedabad	IBP vs. Gujarat Sales Tax tribunal, Ahmedabad	Additional Demand under Maharashtra Sales Tax treating the interstate sales as local sales	Appeal has been filed. Hearing yet to be fixed. Part payment of Rs 2.5million made	15.41
23.	Gujarat Sales Tax tribunal, Ahmedabad	IBP vs. Gujarat Sales Tax tribunal, Ahmedabad	Additional Demand under MST treating the interstate sales as local sales	Appeal has been filed. Hearing yet to be fixed. Part payment of Rs. 0.9 million made	4.55
24.	Commissioner of Sales Tax	IBP vs. Commissioner of Sales Tax, Maharashtra	Demand of sales tax alongwith interest and penalties for disallowance of concessional form A submitted by Fisheries Societies for assessment year 1987 to 1996	Revision application has been filed against the order of Asst. Collector of Motor Spirit, Mumbai upholding the order of Sales Tax Officer. Matter is yet to be heard. Part payment of Rs.14.49 million made	295.53
25.	Dy. Commissioner of Sales Tax (AppealII), Mumbai	IBP vs. Dy. Commissioner of Sales Tax (Appeal II), Mumbai	Demand of sales tax alongwith interest and penalties for disallowance of interstate sales for assessment year 2000	Hon'ble Tribunal stayed the demand. Appeal is pending with appellate authority. Part payment of Rs.1 million made	89.00

Sr. No.	Pending Before Court/ Authority	Parties	Brief Facts	Current status of the case	Amount involved in the case in Rs. Millions
26.	Excise & taxation tribunal, Chandigarh	IBP vs. Haryana tax Tribunal, Chandigarh	The taxation commissioner, Haryana, reopened the assessments for the year 1995-96 and imposed additional tax @4% for inter-state movement of product from Haryana State to Punjab, Chandigarh and Parwanoo Retail Outlets by rejecting form E 1 issued by IOC in our favour	Stay Petition and appeal filed with the tribunal. The stay petition was finally heard and rejected but the orders are yet to be received. The case will be heard on merits in due course	3.03
27.	Additional Commr. (Appeals) Delhi	IBP vs. Delhi Sales Tax Authority	Non submission of ST-35 for sale of lubes by IBP at concessional rate of tax during Fiscal 2001	Stay granted	2.28
28.	Excise & taxation tribunal Chandigarh	IBP vs. Haryana Tax Tribunal Chandigarh	The Taxation Commissioner, Haryana, reopened the assessments for the year 1996-97 and imposed additional tax @4% for inter-state movement of product from Haryana State to Punjab, Chandigarh and Parwanoo Retail Outlets by rejecting form E 1 issued by IOC in our favour	Stay petition and appeal filed with the tribunal The stay petition was finally heard and rejected but the orders are yet to be received. The case will be heard on merits in due course	4.55
29.	Trade Tax Tribunal, Lucknow	IBP vs. Deputy Commissioner, Trade Tax, U.P	Sales tax imposed on: <ul style="list-style-type: none"> - LFR recovered by IBP on MS/HSD sales - Non submission of form 3B for sale of lubes to industrial consumers at lower rate of sales tax against concession forms - Non submission of C forms for inter state sales 	Pending before the tribunal	1.5

Sales tax cases filed by our Company where the financial liability involved does not exceeds Rs. 1 million

Sr. No.	Pending Before Court/ Authority	Parties	Brief Facts	Current status of the case	Amount involved in the case in Rs. Million
1.	Additional Commissioner (Appeals), Delhi	IBP vs. Delhi Sales Tax Authority	Non-submission of E-1 form by IOC to IBP and by IBP to the tax authorities in case of in-transit interstate sales from Delhi.	Stay Granted. No amount paid to tax authorities. Case yet to come up for hearing.	0.88
2.	Dy. Comm. Trade Tax Lucknow	IBP vs. DC Trade Tax, UP	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Stay granted, Case remanded to Assessing Authority Lucknow	0.05
3.	Dy. Comm. Trade Tax Lucknow	IBP vs. DC Trade Tax, UP	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Stay granted, Case remanded to Assessing Authority Lucknow	0.06
4.	Dy. Comm. Trade Tax Lucknow	IBP vs. DC Trade Tax, UP (1989-90)	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Stay granted, Case remanded to Assessing Authority Lucknow	0.08
5.	Trade Tax Tribunal, Lucknow	IBP vs. DC Trade Tax, UP	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Case pending with Tribunal	0.11
6.	Trade Tax Tribunal, Lucknow	IBP vs. DC Trade Tax, UP	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Case pending with Tribunal	0.27
7.	Trade Tax Tribunal, Lucknow	IBP vs. DC Trade Tax, UP(1994-95)	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Case pending with Tribunal	0.33
8.	Trade Tax Tribunal, Lucknow	IBP vs. DC Trade Tax, UP (1995-96)	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Case pending with Tribunal	0.33
9.	Trade Tax Tribunal, Lucknow	IBP vs. DC Trade Tax, UP	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Case pending with Tribunal	0.37

Sr. No.	Pending Before Court/ Authority	Parties	Brief Facts	Current status of the case	Amount involved in the case in Rs. Million
10.	Trade Tax Tribunal, Lucknow	IBP vs. DC Trade Tax, UP	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Case pending with Tribunal	0.45
11.	Trade Tax Tribunal, Lucknow	IBP vs. DC Trade Tax, UP	Sales Tax imposed on -LFR recovered by IBP on MS/HSD sales; -.Non-submission of Form-3B for sale of lubes to Industrial consumers at lower rate of sales tax against concession forms	Case pending with Tribunal	0.39 0.06
12.	Dy. Comm. Trade Tax Lucknow	IBP vs. DC Trade Tax, UP(1990 91)	Sales Tax imposed on LFR recovered by IBP on MS/HSD sales	Sales Tax imposed on LFR recovered by IBP on MS/HSD sale	0.08
13.	Trade Tribunal Lucknow	IBP vs. Deputy Commissioner, Trade Tax, UP	Sales tax imposed on LFR recovered by IBP on MS/HSD sales	Case pending before the tribunal	0.10

6. Income Tax Cases Filed By Our Company

The Company has filed an appeal in the tribunal against demand notice from Income Tax authorities, Mumbai. The Income Tax Department has conducted survey in October 2002 and has issued an order demanding Rs. 4.04 million on account of short deduction in respect of vehicle running expenses alongwith interest on such non-payment. We have filed an appeal with Commissioner of Income Tax (Appeals), Mumbai, against the demand. Appeal was heard in September 2003 and the Commissioner granted relief at the rate of Rs. 800/- per employee per month. The Commissioner has advised the concerned Income Tax official to revise the demand by considering the relief. We have received the revised demand from Income Tax office for Rs. 3.55 million. We are in the process of appealing against this revised demand.

7. Show Cause Notices ("SCN") Issued Against Our Company

Sr. No.	No. Date	Issued by court Authority	Nature	Status	Amount (Rs. Millions)
1.	CE-20/CERA-IBP R-2/BB-1/2003/74 dated October 15, 2003	Superintendent Central Excise, Budge Budge	Duty demanded on the licence fee recovery charges recovered for the period of October 1,2002 to July 31, 2003 on HSD	SCN replied. Awaiting further response from the Department	0.15
2.	CE-20/CERA-IBP R-2/BB-1/2003/77 dated October 15, 2003	Superintendent Central Excise, Budge Budge	Duty demanded on the licence fee recovery charges recovered for the period of October 1,2002 to July 31, 2003 on MS	SCN replied. Awaiting further response from the Department	0.08
3.	V(30)12/BB-1/BP 03-04/198 dated September 25, 2003	Superintendent Central Excise, Budge Budge	Duty demanded on Delivery Charges for the period of October 1, 2002 to June 30, 2003 for HSD & MS	SCN replied. Awaiting further response from the Department	0.46

Sr. No.	No. Date	Issued by Court Authority	Nature	Status	Amount (Rs. Million)
4.	CE-2/CERA/IBP/R 2/BB-1/2002/15 dated August 7, 2003	Superintendent Central Excise, Budge Budge	Differential duty demand for the clearance of stock of lower rate duty paid HSD received from Numaligarh as on February 28, 2003	SCN replied. Awaiting further response from the Department	2.24
5.	CE-2/CERA/IBP/R 2/BB-1/2002/14 dated August 7, 2003	Superintendent Central Excise, Budge Budge	Differential duty demand for the clearance of lower rate duty paid HSD received from NRL during the period of April, 2002 to March, 2003	SCN replied. Awaiting further response from the Department	60.43
6.	CE-2/CERA /IBP/R B/6/2002/64 dated November 11, 2002	Superintendent Central Excise, Budge Budge	Additional duty demanded by the authority by applying higher valuation in case of inter unit transfer of raw material done by IBP at cost	SCN replied. Awaiting further response from the Department	1.12
7.	CE-2/CERA/IBP/R B/6/2002/63 dated November 11, 2002	Superintendent Central Excise, Budge Budge	Differential duty demand for the clearance of stock of lower rate duty paid HSD received from Numaligarh as on February 28, 2003	SCN replied. Awaiting further response from the Department	1.58
8.	CE-2/CERA/IBP/R B/6/2002/62 dated November 11, 2002	Superintendent Central Excise, Budge Budge	Duty on delivery charges on sale of MS/HSD for the period of July 1, 2002 to September 30, 2002	SCN replied. Awaiting further response from the Department	1.89
9.	CE-2/CERA/IBP /RB 6/2002/61 dated November 11, 2002	Superintendent Central Excise, Budge Budge	Duty on delivery Charges/free delivery zone charges on sale of MS & HSD for the period of July 2002 to September 2002	SCN replied. Awaiting further response from the Department	2.25
10.	V/15/23/Draft SCDN/IBP /HAL-II 03/ 3231 dated July 4, 2003	Superintendent Central Excise, Haldia	Demand on account of transportation charges of Rs. 44 along with equal amount of penalty & commensurate interest for sale of MS & HSD for the period July 2000 to January 2003	SCN replied. Awaiting further response from the Department	1.67
11.	V/15/22/Draft SCDN/IBP /HAL-II 03/ 3226 dated July 4, 2003	Superintendent Central Excise, Haldia	Duty on licence fee recovery charges recovered on MS & HSD for the period July 2000 to March 2003	SCN replied. Awaiting further response from the Department	0.93
12.	2.PF/IBPCL/R-I/S 111/99/566 dated September 23, 2003	Central Excise, Range 1, Division - Meerut	Differential Duty on sale of MS HSD on price increase for the period October 1, 2002 to June 1, 2003	SCN Replied. Awaiting further response from the authority	2.34

Sr. No.	No. Date	Issued by Court Authority	Nature	Status	Amount (Rs. Million)
13.	1999	Commissioner of Central Excise Mumbai	Demand of excise duty on account of difference between excise duty recovered and countervailing duty paid on imported petroleum products, for the period March 1994 to March 1996	SCN reply. No further response from the authority	5.57
14.	1998	Assistant Commissioner of Excise Mumbai	Demand of excise duty on account of difference of duty for duty paid at 15 deg C and duty recovered at Natural quantity, for the period September 20, 1991 to February 28, 1994	Reply to Show cause notice was given. No further demand / progress of the case	1.31
15.	2001	Commissioner of Central Excise Mumbai	Demand of differential duty payable on free delivery zone delivery	Reply to Show Cause Notice already given and personal hearing took place during August 2002. Additional information sought by Commissioner has been submitted during September 2002. No further response from the authority	5.77
16.	2002	Commissioner of Central Excise Mumbai	Demand of Excise Duty on licence fee recovery from the dealers	Reply submitted. No personal hearing has taken place	7.16
17.	2002	Commissioner of Central Excise Mumbai	Recovery of duty u/s 11 in view of enhancement of rates on excise on midnight of 11th / 12th January 2002	Reply submitted. No personal hearing has taken place	2.96
18.	CNo. V(15)25 ADJN/CE KOL/VII/03 10771 Dated 11 12/2003	Jt. Commissioner of Central Excise, Budge Budge.	Duty demanded on LFR Charges recovered for the period of 01/07/2000 to 30/09/2002	Reply submitted	9.29
19.	C.No.V(CH 27)(15)50CE CAL-I 2000/523B Dt 30/03 2000	Commissioner of Central Excise	Addl. Excise Duty demanded on imported stock of HSD as on 28/02/1999	Reply submitted	60.36

Sr. NO.	No. Date	Issued by Court Authority	Nature	Status	Amount (Rs. Million)
20.	C.No.V(CH 27)(15)50CE CAL-I 2000/518B Dt 30/03 2000	Commissioner of Central Excise	Excise Duty (Differential) demanded on imported Custom Duty paid MS cleared during June to August 1998	Reply submitted	76.16
21.	C.No.V(CH 27)(15)32 CE/CAL-I 2000/676B Dt.17/04 2000	Jt. Commissioner of Central Excise	Excise Duty imposed on Sale of Scrap Additive Barrels during the period of 31/03/96 to 30/10/02	Reply submitted	19.82
22.	C.No.V(CH-27,34,38)(15)52 CE/CAL-I 2000/585B Dt.10/04 2000	Commissioner of Central Excise	Demand made for excess Excise Duty collected on imported HSD stock as on 2802/1999	Reply submitted	14.47
23.	V(15)OFF 106/2002 DT. 28.10.02	Central Excise, Range 1, Division - Meerut.	Differential Duty on sale of MS HSD on price increase for the period 01.11.01 to 31.03.02.	Reply submitted	0.92
24.	V(30)/DIV 43/03 DT. 28.04.03	Central Excise, Range 1, Division - Meerut.	Differential Duty on sale of MS HSD on price increase for the period 01.04.02 to 30.09.02	Reply submitted	7.09

Outstanding Litigation Involving IOC, Our Promoter

Contingent liabilities not provided for as on March 31, 2003:

1. Claims against IOC not acknowledged as debts are Rs.43,771 million. These include:
 - (i) Rs. 4,427 million, including Rs.1431 million claimable from Government of India on payment, if any, being the demands raised by the Central Excise/Customs authorities.
 - (ii) Rs.26,376 million, including Rs. 4,821 million claimable from Government of India on payment, if any, in respect of Sales Tax demands.
 - (iii) Rs.4,674 million, including Rs. 2,524 million on account of Projects for which suits have been filed in the Courts or cases are lying with arbitrators.
 - (iv) Rs. 2,829 million in respect of Income Tax demands.
 - (v) Rs.785 million relating to projects.
2. Customs duty demand amounts to Rs. 9,784 million, which includes:
 - (i) Customs duty demands of Rs.24 million are pending for final disposal due to quantity disputes. Such quantity disputes in similar cases have been decided in favour of IOC.

- (ii) Customs duty demand of Rs.9,760 million along with penalty and interest on the elements of demurrage and bank charges, raised by Calcutta Customs Authorities during Fiscal 2000 has been decided in favour of IOC by Larger bench of CEGAT, New Delhi. Subsequent to the above decision, the Customs Department has filed an appeal before Hon. Supreme Court against the order of CEGAT. Final decision in the matter is awaited.
3. Demands of excise duty of Rs.468 million on the alleged grounds of non-inclusion of certain elements of price as part of assessable value for the period March 1, 1994 to July 2, 1996 are pending at various appellate stages. On a similar issue of another oil company, Customs, Excise & Gold (Control) Appellate Tribunal (CEGAT), Chennai during Fiscal 1999 had passed judgement in favour of the oil company. During Fiscal 2001, in a similar case, an order has been passed by CEGAT in favour of IOC.
 4. Central Excise Authorities have raised demands of Rs.1,625 million on the alleged ground of non-payment of excise duty collected in respect of sale of imported petroleum products on which customs duty has already been paid. An amendment has been made with retrospective effect in the Finance Act, 2000, that Section 11D of the Central Excise Act applies only to excisable goods. CEGAT, Chennai, has decided similar cases in favour of IOC.
 5. IOC, along with three other promoters, has issued corporate guarantee in favour of banks and financial institutions for short term loans taken by the Petronet LNG Limited ("PLL") from banks and financial institutions. IOC's share in the guarantees issued is Rs.3500 million, being one-fourth share of the total guarantees of Rs.14,000 million issued as on March 31, 2003. PLL has given counter guarantees in favour of its promoters for the above amounts. The short-term loan outstanding in the books of PLL as on March 31, 2003 is Rs.10,195 million plus outstanding interest.
 6. IOC along with two other consortium members has been awarded an exploration service contract for exploration in the offshore Farsi Block in the Islamic Republic of Iran by the National Iranian Oil Co. (NIOC). In terms of the contract, bank guarantee for an aggregate amount of Rs. 257 million has been furnished to NIOC. IOC's share in the said bank guarantee is Rs. 103 million being 40% participating interest in the venture.
 7. An amount of Rs. 6 million towards Terminalling Charges to IndianOil Petronas Pvt. Ltd. has not been reckoned pending approval from MoPNG which has no impact on the profit since the same is claimable from Petroleum Planning and Analysis Cell.
 8. An amount of Rs. 218 million towards pipeline charges to Petronet VK Limited has not been reckoned pending finalisation of tariff by MoPNG. Out of this, an amount of Rs. 105 million pertaining to the period up to March 31, 2002 is claimable from Government of India and hence has no impact on the profit.
 9. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 66,953 million.
 10. Pending renewal and execution of lease and other agreements for land and residential apartments for Rs. 1,586 million.

Outstanding litigation as on September 30, 2003

Arbitration / Court Cases

- (a) There are 27 court cases and arbitration (with financial implication of Rs. 10 million) pending in which the claim made by IOC is in the aggregate amount of Rs. 374.9 million and USD 1.8 million.
- (b) There are 11 court cases and arbitration (with financial implication of Rs. 10 million) pending in which the claim made against IOC is in the aggregate amount of Rs. 1924 million and USD 0.6 million.

Sales Tax

- Disputed Sales Tax liability of IOC as on September 30, 2003 is in the aggregate sum of Rs. 29,398 million

Excise and Customs

- Disputed Excise and Customs liability of IOC as on September 30, 2003 is in the aggregate sum of Rs. 4,807 million.

Income Tax

- Disputed Income Tax liability of IOC as on September 30, 2003 is in the aggregate sum of Rs. 2,823 million

Outstanding litigations involving subsidiaries of IOC

Indian Oil Blending Limited (“IOBL”)

Contingent liabilities not provided for as on March 31, 2003 (in millions):

Claims against IOBL not acknowledged as debts are Rs. 3 million. They include:

- (a) Rs. 1 million in respect of appeals by Income Tax Department. Interest, if any, on some of the claims is unascertainable.
 - (b) Rs. 2 million for which suits have been filed against IOBL to compensation/damages.
 - (c) Suits filed against IOBL for permanent employment by contract labourers. The liability to IOBL is indeterminable.
2. Estimated amount of contract remaining to be executed on capital account and not provided for Rs. 2 million.

Outstanding litigation as on September 30, 2003

- (a) Rs. 1 million in respect of appeals by Income Tax Department. Interest, if any, on some of the claims is unascertainable.
- (b) Rs. 2 million for which suits have been filed against IOBL to compensation/damages.
- (c) Suits filed against IOBL for permanent employment by contract labourers. The liability to IOBL is indeterminable.

Indian Oil Technologies Limited (“IOT”)

Contingent liabilities not provided for as on March 31, 2003 (in millions):

Not applicable as Indian Oil Technologies Limited was incorporated on June 20, 2003

Bongaigaon Refinery and Petrochemicals Limited (“BRPL”)

Contingent liabilities not provided for as on March 31, 2003 (in millions):

1. Claims not acknowledged as debts:
 - (a) Income Tax demand disputed in Appeal: Rs. 592 million
 - (b) Sales Tax demand: Rs. 329 million
 - (c) Excise Duty claims: Rs. 51 million
 - (d) Customs Duty: Rs. 22 million
 - (e) Legal claims: Rs. 27 million
2. Outstanding Letter of Credit: Rs. 3 million
3. Estimated amount of contracts remaining to be executed on capital account: Rs. 15 million.

Outstanding litigation as on September 30, 2003

1. Arbitration and Court cases and other legal claims: Rs. 22 million
2. Excise Duty: Rs. 146 million
3. Sales Tax: Rs. 329 million
4. Income Tax: Rs. 551 million
5. BIFR / AAIFR: Cases filed by BRPL: Rs. 22 million
6. Labour Cases: There are presently 30 labour cases pending against BRPL from which there is no monetary quantification.

Chennai Petroleum Corporation Limited (“CPCL”)

Contingent liabilities not provided for as on March 31, 2003:

1. Claim against CPCL not acknowledged as debts Rs. 1,063 million, which include the following:
 - (a) Rs. 612 million being the demands raised by the Central Excise / Customs authorities.
 - (b) Rs. 23 million in respect of sales tax demand.
 - (c) Rs. 175 million in respect of income tax demands.
 - (d) Rs. 247 million relating to projects.
2. Demands of Excise Duty of Rs. 543 million included in point 1 above on the alleged ground of captive consumption of slack wax / refinery fuel oil, etc. for manufacture of final products are pending before various authorities.
3. Interest / penalty, if any, on the above claims is unascertainable.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 10,270 million

Outstanding litigation as on September 30, 2003

1. Sales Tax: Rs. 3,061 million.
2. Central Excise: Rs. 166 million.
3. Income Tax: Rs. 864 million. The Income Tax department has preferred an appeal from the Order passed in favour of CPCL.

Outstanding Litigations Involving Joint Ventures Of IOC

Indian Panipat Power Consortium Limited (“IPPCL”)

Contingent liabilities not provided for as on March 31, 2003:

- Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 60 million

IndianOil Petronas Private Limited (“IOPPL”)

Contingent liabilities not provided for as on March 31, 2003:

- Bank Guarantee of Rs. 8 million
- Claims against the Company not acknowledged, as debt is Rs. 7 million

Lubrizol India Private Limited (“LIPL”)

Contingent liabilities not provided for as on March 31, 2003:

1. Income Tax demands: Rs 128 million
2. Customs / Excise: Rs. 74 million
3. Bank guarantees and Letter of credit: Rs. 30 million
4. Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs 34 million
5. Others: Rs 6 million

Outstanding litigation as on September 30, 2003

1. Income Tax demands: Rs. 128 million
2. Customs / Excise: Rs. 74 million
3. Others: Rs 6 million

Indian Oiltanking Limited (“IOTL”)

Contingent liabilities not provided for as on March 31, 2003:

1. Claims against IOTL not acknowledged as debts: Rs. 15 million
2. Right of way, charges, rent and other matters: Rs. 7 million
3. Estimated amount of contracts remaining to be executed on capital account and not provided for: Rs. 189 million.

Petronet VK Limited

Contingent liabilities not provided for as on March 31, 2003:

1. Monies for which the Petronet VK Limited is contingently liable: Rs. 6 million
2. Capital Commitments aggregates to Rs. 40 million

Statutory Dues

Pending overdue interest / Principal amount to Standard Chartered Bank, Mumbai: Rs. 31 million.

Petronet CI Limited (“PCIL”)

Contingent liabilities not provided for as on March 31, 2003

1. Estimated amounts of contracts remaining to be executed: Rs. 37 million

AVI-OIL Private Limited

Contingent liabilities not provided for as on March 31, 2003:

1. Bank Guarantee of Rs. 21 million

Petronet India Limited (“PIL”)

Outstanding litigation as on September 30, 2003:

1. There is no pending legal suit filed by or against PIL in the court of law. However, PIL has served a legal notice to initiate legal action to the owner of a flat taken on lease by PIL for the release of security deposit of Rupees 3 million paid to him. The landowner has paid Rs. 2 million and promised to pay the balance by month end.

Petronet LNG Limited (“PLL”)

Contingent liabilities not provided for as on March 31, 2003:

1. Claims against PLL not acknowledged as debts: Rs. 4 million.
2. Guarantees given by banks are as under:
 - (a) Custom authorities: Rs. 74 million
 - (b) Others: 1,113 million

The above Guarantees have been counter guaranteed by PLL in favour of banks.

3. PLL has given counter guarantees in favour of its four promoter companies against Commitment Letter provided by them to the Consortium Lenders / LNG supplier / LNG shipper.
4. Disputed Income Tax Demand aggregating to Rs. 26 million for assessment year 2000 to 2002 not provided for. The matter is under appeal before the Appellate authority.
5. Estimated amount of contract to be executed on capital account is Rs. 6,608 million

Outstanding litigation as on September 30, 2003:

1. Labour case

One labour dispute filed against PLL which is pending before the Additional District and Sessions Judge and the Presiding Officer, Labour Court, New Delhi being ID No. 42/2002, challenging his termination as being allegedly illegal, and claiming reinstatement with back wages. PLL has filed its written statement. The employee has yet to file a reply to PLL's written statement.

2. Income tax claim: Rs. 54 million

Against Our Directors

There are no cases pending against any of the Directors of our Company.

Dividend Policy

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders, in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial condition. The dividends paid by our Company in relation to the current fiscal year and the last five fiscal years have been presented below.

	FY2004*	FY2003	FY2002	FY2001	FY2000	FY1999
Face value of equity shares (in Rs. per share)	10	10	10	10	10	10
Dividend (in Rs. million)	221.5	310.1	221.5	221.5	101.9	95.2
Dividend rate (%)	100	140	100	100	46	43
Dividend tax (in Rs. million)	28.4	39.7	Nil	22.6	22.4	10.5

*Interim dividend

However, the amounts paid as dividends in the past are not necessarily indicative of our dividend amounts, if any, our dividend policy, in the future.

Other Particulars about Our Company

Stock Market Data for our Equity Shares

Year	High	No. of equity shares traded on the date when the high price was recorded	Low	No. of equity shares traded on the date when the low price was recorded	Average	Total of shares traded on BSE
2001	461.0	4,676	145.4	424	313.6	1,975,442
2002	989.0	769,647	214.0	10,119	480.1	9,515,523
2003	897.0	42,329	188.0	1,570	503.8	8,148,530

Source: www.bseindia.com and CMIE

Month	High	No of equity shares traded on the date when the high price was recorded	Low	No of equity shares traded on the date when the low price was recorded	Average	Total of shares traded on BSE
Sep-03	897.0	42,329	587.0	18,182	769.2	1,141,271
Oct-03	890.0	10,569	709.3	4,229	796.8	195,065
Nov-03	873.0	18,624	743.9	11,894	813.0	241,699
Dec-03	888.0	39,140	760.0	4,699	788.7	187,682
Jan-04	905.0	16,179	626.0	6,113	770.0	151,939
Feb-04	770.0	18,050	650.0	9,126	701.2	138,746

Source: www.bseindia.com and CMIE

Market price of our Equity Share immediately after the date on which the resolution of the Board of Directors approving the offer issue was passed: Rs. 790.6

Particulars Regarding Public Issues during the Last Five Years

We have not made any public issue of any kind of securities in the last five years.

In April 1993, we had made an issue of 77,27,899 14% debentures of Rs. 120 each for cash at par, fully convertible into equity shares of Rs. 10 each at premium of Rs. 110 per share aggregating to 927.3 million.

The object of this issue was :

- a) To raise funds for investment in the share capital of our proposed subsidiary "Numaligarh Refinery Ltd";
- b) To finance the expansion/diversification program including establishment of various bulk depots under the Additional Product Tankage (APT) Program at Lucknow, Wadala and Allahabad and the Cauvery Basin Marketing Terminal Project; and
- c) Meeting the requirement of normal capital expenditure.

Promise vs. Performance

The promise vs. performance for the profitability projections given in the prospectus is given below:

(Rs. in millions)

Year ending March 31,	1994		1995		1996		1997	
	Promise	Performance	Promise	Performance	Promise	Performance	Promise	Performance
Gross sales	21,415.8	21,517.4	24,528.1	25,306.4	28,154.3	29,472.4	32,319.2	32,592.6
Other income	227.2	212.0	223.6	301.2	223.6	330.4	223.6	301.2
Total income (gross)	21,643.0	21,729.4	24,751.7	25,607.6	28,377.9	29,802.8	32,542.8	32,893.8
PBDIT	393.7	497.0	661.2	600.1	832.2	662.7	937.4	799.2
Profit before tax	97.4	186.7	268.5	208.9	324	253.0	414.1	317.1
Profit after tax	73	128.3	201.4	188.9	243.0	235.3	310.6	244.2
EPS (Rs)	9.92	17.43	27.36	25.67	16.10	15.94	20.58	16.54

The proceeds of the issue have been utilised for the propose mentioned in the letter of offer except that instead of Allahabad, an APT was installed at Meerut in Uttar Pradesh.

Out of the total proceeds of the issue Rs. 300 million had been utilised for investing in the share capital of Numaligarh Refineries Limited. On March 31, 2001, these shares have been transferred to BPCL pursuant to the directive of the Ministry of Petroleum and Natural Gas dated September 13, 2000.

Companies Under the Same Management

There are no companies under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act 1956, other than the subsidiaries and group Companies, details of which are provided in the section entitled "Group Companies".

Redressal of Investor Grievances

The Selling Shareholder has authorised the Company Secretary to redress all complaints, if any, of investors participating in this Offer.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Offer, MCS and our Company will provide for retention of records with the Registrar to the Offer for a period of at least one year from the last date of dispatch of refund orders / date of demat credit in order to enable investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

We estimate that the average time required by us or the Registrar to the Offer for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The Selling Shareholder has authorised Mr. Amit Ghosh, Company Secretary and Compliance Officer of the Company to redress all complaints of the investors participating in this Offer. He may be contacted in case of any pre-Issue or post-Issue-related problems at 3rd Floor, "IBP House", 34A, Nirmal Chandra Street, Kolkata - 700 013, Tel no.: +91-33-2236 2374, Fax no.: +91-33-2221 5930, Email: co.secy@ibpoil.com

Statement of Tax Benefits

We append in the Annexure stating the tax benefits available to IBP Co. Limited (the "Company") and its shareholders under the provisions of the Income Tax Act, 1961 and Wealth Tax Act, as stated in paragraphs A to D of the said Annexure under different situations.

The contents of this Annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company under different situations.

In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

For SARMA & CO.
Chartered Accountants

(R.L. Das Sarma)
Partner

Place: Kolkata
Date : January 27, 2004

ANNEXURE TO THE STATEMENT OF TAX BENEFITS

A. To the Company - As per the Income Tax Act, 1961 under the present condition of the Company:

- In accordance with and subject to the provisions of Section 35, the company would be entitled to deduction in respect of expenditure laid out or expended on Scientific research related to the business.
- By virtue of section 10(34) of the IT Act, dividend income referred to in section 115-O of the IT Act, are exempt from tax in the hands of the Company from the financial year 2003-04.
- Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains (not covered under section 10(36) of the Act) arising on transfer of shares in the Company, as and when it is listed, i.e. if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) [after indexation as provided in the second proviso to section 48; indexation not available if investments made in foreign currency as per the first proviso of Section 48 stated above] or at 10% (plus applicable surcharge) without indexation at the option of the company.
- Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(36) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian Company forming part of a eligible public issue, within a period of 6 months after the date of such transfer.
- Under section 86 of the Income Tax Act, 1961, where the assessee is a member of an association of persons or body of individuals (other than a company or a co-operative society or a society registered under the Societies Registration Act, 1860(21 of 1860), or under any law corresponding to that Act in force in any part of India), income-tax shall not be payable by the assessee in respect of his share in the income of the association or body computed in the manner provided in section 67A:

Provided that, -

- (a) where the association or body is chargeable to tax on its total income at the maximum marginal rate or any higher rate under any of the provisions of this Act, the share of a member computed as aforesaid shall not be included in his total income;
- (b) In any other case, the share of a member computed as aforesaid shall form part of his total income :

Provided further that where no income tax is chargeable on the total income of the association or body the share of a member computed as aforesaid shall be chargeable to tax as part of his total income and nothing contained in this section shall apply to the case.

B. To the Company - As per the Income Tax Act, 1961, if conditions of the relevant sections of the Income Tax Act are fulfilled by the Company in future:

- In accordance with and subject to the conditions specified in Section 80HHC of the Income Tax Act, 1961, the Company would be entitled to deduction of :
- 30% for financial year 2003-04 of the profits derived from the export of goods, if any, for the relevant financial year.
- And no deduction shall be allowed in respect of the assessment year beginning on the First day of April, 2005 and any subsequent assessment year.
- In accordance with and subject to the conditions specified in Section 80 IA of the Income Tax Act, 1961, the Company is entitled to deduction of the entire profits derived from its undertaking explosives for a period of 10 consecutive years, failing within the first 15 years, beginning with the initial assessment year it started manufacturing explosives.
- In accordance with and subject to the conditions specified in Section 80IB of the Income Tax Act, 1961, the Company would be entitled to deduction of 30% of profits derived from Industrial Undertaking for a period of 10

consecutive years beginning with the initial assessment year it had started production.

- By virtue of insertion of new section 10(35) of the IT Act, the following income shall be exempt in the hands of the company:
 - a) income received in respect of the units of a Mutual Fund specified under clause 23(D); or
 - b) income received in respect of units from the Administrator of the specified undertaking; or
 - c) income received in respect of units from the specified company;

Provided that this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified company or of a mutual fund, as the case may be. For the purposes

- a) “Administrator” means the Administrator as referred to in clause (a) of section 2 of the Unit Trust of India(Transfer of Undertaking and Repeal) Act, 2002;
 - b) “specified company” means a company as referred to in clause(h) of section 2 of the Unit Trust of India(Transfer of Undertaking and Repeal) Act, 2002;
- By virtue of insertion of new section 10(36) of the IT Act, any long terms capital gain arising to the company from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would be not be liable to tax in the hands of the Company.

For this purpose “eligible equity share” means

- a) an equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on 1.3.2003 listed in a recognized stock exchange in India and the transaction of purchase and sale of such equity share are entered into on a recognized stock exchange in India; or
 - b) an equity share in a company allotted through a public issue on or after 1.3.2003 and listed in a recognized stock exchange in India before 1.3.2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India,
- Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(36) of the Act) arising on the transfer of shares of the company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of 3 years in bonds issued by
 - National Bank for Agriculture and Rural Development established under section 3 National Bank for Agriculture and Rural Development Act, 1981;
 - National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
 - National Housing Bank established under section 3(1) of the National Housing Act, 1987; and
 - Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
 - Under section 74 of the Income Tax Act, 1961
 - (1) Where in respect of any assessment year, the result of the computation under the head “Capital gains” is a loss to the assessee, the whole loss shall, subject to the other provisions of this Chapter, be carried forward to the following assessment year and -
 - (a) in so far as such loss relates to a short term capital asset, it shall be set off against income, if any, under the head “Capital gains” assessable for that assessment year in respect of any other capital asset ;
 - (b) in so far as such loss relates to a long term capital asset, it shall be set off against income, if any, under

the head "Capital gains" assessable for that assessment year in respect of any other capital asset not being a short-term capital asset;

- (c) if the loss cannot be wholly so set off, the amount of loss not so set off shall be carried forward to the following assessment year and so on
- (2) No loss shall be carried forward under this section for more than eight assessment years immediately succeeding the assessment year for which the loss was first computed.

C. To the Members of the Company, under the Income Tax Act, 1961

C.1 Resident Members / Mutual Funds

- In terms of section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by "the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the Company.
- By virtue of section 10(34) of the IT Act, dividend income referred to in section 115-O of the IT Act, are exempt from tax in the hands of the shareholders from the financial year 2003-04.
- By virtue of insertion of new section 10(36) of the IT Act, any long term capital gain arising to the shareholder from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003, and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the shareholder.

For this purpose "eligible equity share means -

- a) an equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on 1.3.2003 listed in a recognized stock exchange in India and the transaction of purchase and sale of such equity share are entered into on a recognized stock exchange in India; or
- b) an equity share in a Company allotted through a public issue on or after 1.3.2003 and listed in a recognized stock exchange in India before 1.3.2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.
- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act) arising on the transfer of shares of the Company will be exempted from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of 3 years in bonds issued by
 - National Bank for Agriculture and Rural Development established under section 3 National Bank of Agriculture and Rural Development Act, 1981;
 - National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987 ; and
 - Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
- Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 19(36) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempted from capital gains tax if the capital gain are invested in shares of an Indian Company forming part of a eligible public issue, within a period of 6 months after the date of such transfer.

- Under section 54F of the Income Tax Act, 1961 long term capital gains (in cases not covered under section 10(36) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempted from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, long term capital gains arising (in cases not covered under section 10(36) of the Act), i.e., if shares are held for a period exceeding 12 months, on transfer of shares in the Company, as and when it is listed, shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge) without indexation, at the option of the shareholder.

C. 2 Non-Resident Indians / Non Residents members (Other than FIIs and Foreign venture capital investors) as defined under Indian Income Tax Act.

- By virtue of section 10(34) of the I T Act, dividend income referred to in section 115-O of the IT Act, are exempt from tax in the hands of the shareholders from the financial year 2003-04.
- By virtue of insertion of new section 10(36) of the IT Act, any long term capital gain arising to the shareholder from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would be not be liable to tax in the hands of the shareholder.

For this purpose “eligible equity share” means -

- a) an equity share in a company being a constituent of BSE 500 index of the Stock Exchange, Mumbai as on 1.3.2003 listed in a recognized stock exchange in India and the transaction of purchase and sale of such equity share are entered into on a recognized stock exchange in India; or
 - b) an equity share in a company allotted through a public issue on or after 1.3.2003 and listed in a recognized stock exchange in India before 1.3.2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.
- A non-resident Indian (i.e. individual being a citizen of India or person of Indian origin) has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. “Special Provisions Relating To Certain Incomes of Non-Residents”.
 - Under section 115E of the Income Tax Act, 1961, where shares in the company are subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months shall (in cases not covered under section 10(36) of the Act) be concessionaly taxed at the flat rate of 10%. (Without indexation benefit and protection against foreign exchange fluctuation plus applicable Surcharge).
 - Under provisions of section 115F of the Income Tax Act, 1961 long term capital gains (not covered under section 10(36) of the Act) arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempted from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
 - Under provisions of section 115G of the Income Tax Act, 1961 it shall not be necessary for a Non-Resident Indian to furnish his return of income if his only source of Income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted therefrom.
 - Under section 115-I of the Income Tax Act, 1961, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under section 139 of the Income Tax Act

declaring therein that the provisions of the chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions of the Act shall apply.

- Under the first proviso to section 48 of the Income Tax Act, 1961, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.
- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(36) of the Act) arising on the transfer of shares of the Company will be exempted from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of 3 years in bonds issued by:
 - National Bank for Agriculture and Rural Development established under section 3 National Bank for Agriculture and Rural Development Act, 1981 ;
 - National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - Small Industries Development Bank of India established under section 3 (1) of the Small Industries Development Bank of India Act, 1989;
- Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(36) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempted from capital gains tax if the capital gain are invested in shares of an Indian Company forming part of a eligible public issue, within a period of 6 months after the date of such transfer.
- Under section 54F of the Income Tax Act, 1961 long term capital gains (not covered under section 10(36) of the Act) arising to an individual or Hindu Undivided Family(HUF) on transfer of shares of the company will be exempted from capital gain tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- Under section 112 of the Income Tax Act , 1961 and other relevant provisions of the Act, long term capital gains (not covered under section 10(36) of the Act) arising on transfer of shares in the Company, as and when it is listed, i.e. if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) [after indexation as provided in the second proviso to section 48; indexation not available if investments made in foreign currency as per the first proviso of Section 48 stated above] or at 10% ([plus applicable surcharge) [without indexation], at the option of the shareholder.

C.3 Foreign Institutional Investors (FIIs)

- By virtue of section 10(34) of the IT Act, dividend income referred to in section 115-O of the IT Act, are exempt from tax in the hands of the shareholders of the Company from the financial year 2003-04.
- By virtue of insertion of new section 10(36) of the IT Act, any long term capital gain arising to the shareholder from the transfer of a long term capital asset being an eligible equity share in a company purchased on or after the 1st day of March 2003 and before 1st day of March 2004 and held for a period of 12 months or more would not be liable to tax in the hands of the shareholder.

For this purpose “eligible equity share” means -

- a) an equity share in a company being a constituent of BSE-500 Index of the Stock Exchange, Mumbai as on 1.3.2003, listed in a recognized stock exchange in India and the transaction of purchase and sale of such equity share are entered into on a recognized stock exchange in India; or

- b) an equity share in a company allotted through a public issue on or after 1.3.2003 and listed in a recognized stock exchange in India before 1.3.2004 and the transaction of sale of such share is entered into on a recognized stock exchange in India.
- The Income by way of short term capital gains or long term capital gains (not covered under section 10(36) of the Act) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Income Tax Act, 1961.
 - Short term capital gains - 30% (Plus applicable surcharge)
 - Long term capital gains - 10% (without cost indexation Plus applicable Surcharge)
(Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months)
- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(36) of the Act) arising on the transfer of shares of the Company will be exempted from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of 3 years in bonds issued by :-
 - National Bank for Agriculture and Rural Development established under section 3 National Bank for Agriculture and Rural Development Act, 1981 ;
 - National Highway Authority of India constituted under section 3 of National Highway Authority of India Act, 1988;
 - Rural Electrification Corporation Limited, the company formed and registered under the Companies Act 1956;
 - National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - Small Industries Development Bank of India established under section 3(10) of the Small Industries Development Bank of India Act, 1989
- Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (not covered under section 10(36) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempted from capital gains tax if the capital gain are invested in shares of an Indian Company forming part of a eligible public issue, within a period of 6 months after the date of such transfer.

D. Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957, hence Wealth Tax Act, 1957, will not be applicable.

Notes:

- All the above benefits are as per the current tax law as amended by the Finance Act, 2003 and will be available only to the sole/first named holder in case the shares are held by joint holders.
- In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.

Statutory And Other Information

Changes in Auditors during the last three years

Sarma & Co., Chartered Accountants, have been appointed as our statutory auditor by the Comptroller and Auditor General of India in place of U. Narain & Co., Chartered Accountants, with effect from November 21, 2002.

Commission and Brokerage on Previous Issues

Except as stated elsewhere in the Final Sale Document, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our equity shares since our inception.

Previous Rights and Public Issues

We have not made a public issue of securities in the preceding five years. In April 1993, we have made an issue of 77,27,899 14% debentures of Rs. 120 each for cash at par fully convertible into equity shares of Rs. 10 each at premium of Rs. 110 per Equity Share aggregating to 927.3 mn. The details of the issue has been included in the section entitled "Other Particulars about our Company - Particulars Regarding Public Issues during the Last Five Years"

Out of the total proceeds of the issue, Rs. 300 million had been utilised for investing in the share capital of Numaligarh Refineries Limited. In the year 2000-01 these shares have been transferred to BPCL pursuant to the directive of the Ministry of Petroleum and Natural Gas.

Outstanding Debentures or Bond Issues

As on December 31, 2003, 95 FCDs are yet to be converted into equity shares on payment of unpaid call money.

Outstanding Preference Shares

As of December 31, 2003, we do not have any outstanding preference shares.

Capitalisation of Reserves or Profits

We have not capitalised our reserves or profits at any time except for the purpose of issue of bonus shares.

Issues otherwise than for Cash

Except as stated above and in the section entitled "Capital Structure", we have not issued any equity shares for consideration otherwise than for cash.

Option to Apply

Equity shares being offered through this Final Sale Document, can be applied for in the dematerialised form only.

Purchase of Property

There is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Final Sale Document, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Offer nor is the Offer contemplated in consequence of the contracts; or
- The amount of the purchase money is not material; or
- The relevant disclosures have been made in the Preliminary Sale Document

Except as elsewhere stated in this Final Sale Document, we have not purchased any property in which any of our Promoter and/or Directors, have any direct or indirect interest in any payment made thereof.

Remuneration of Managing Director/ Whole-Time Director

Mr. Arun Jyoti, Managing Director

Mr. Arun Jyoti was appointed as Managing Director of the Company with effect from February 19, 2002 for a period of five years or till the date of superannuation, whichever is earlier, by the Board of Directors of the Company at their meeting held on February 19, 2002.

Mr. Arun Jyoti, Managing Director, is entitled to draw his salary and benefits pursuant to an agreement dated August 22, 2002 entered into between the Company and Mr. Arun Jyoti. As per the agreement, Mr. Jyoti shall be entitled by way of remuneration to the following:

- Basic Pay: In the pay scale of Rs. 23,750-28,550 per month.
- Allowance towards Special pay: Rs. 1,180 per month.
- Allowance towards Protected Pay: Rs. 2,165 per month.
- Annual Increments: Rs. 1,140 per year on January 1 every year.
- Dearness Allowance: In accordance with the scheme spelt out in the office memorandum dated June 25, 1999 from the Department of Public Enterprises.
- Company leased accommodation/ self-lease rental: Entitlement to company leased accommodation/ self-leased rental with effect from the date of appointment at the rate of 70 % of the maximum of his pay scale. Provided that where the space occupied in such accommodation is less than 1,900 square feet, the rental shall be calculated on pro-rata basis.
- Maintenance expenditure: In the event of his opting for self-leased accommodation, he would be entitled to such amount as may be due to him from time to time under the rules of the Company.
- Rent Recovery: On the basis of standard rent fixed by the Company from time to time.
- House Rent Allowance/ City Compensatory Allowance: Regulated as per the rates indicated in the Department of Public Enterprises dated June 25, 1999 based on the classification of cities with effect from. October 7, 1999.
- Deputation allowance: Entitlement at the rate of 10% of his basic pay.
- Perquisites: Perquisites worth Rs. 76,000 were provided to Mr. Arun Jyoti for the financial year 2002-03.
- Remuneration by way of Commission: Mr. Jyoti would be entitled to such remuneration as a percentage of profits if and to the extent such remuneration is in accordance with the provisions of the Companies Act to the extent applicable and such payment is also approved by the Government of India.

Mr. Ajit Kumar Sinha, Director (Finance)

Mr. Ajit Kumar Sinha was appointed as Director (Finance) of the Company with effect from February 19, 2002 for a period February 19, 2002 to June 2, 2006 (both dates inclusive), by the Board of Directors of the Company at their meeting held on February 19, 2002. Mr. Ajit Kumar Sinha, is entitled to draw his salary and benefits pursuant to an agreement dated August 22, 2002 entered into between the Company and Mr. Ajit Kumar Sinha. As per the agreement, Mr. Sinha shall be entitled by way of remuneration to the following:

- Basic Pay: In the pay scale of Rs. 22,500-600-27,300
- Allowance towards Personal Pay/Protected Pay: Rs. 2,860 per month. This allowance is to be treated as part of his basic pay. This decision will be implemented as and when such pay is implemented for its Directors by Indian Oil Corporation Limited.
- Dearness Allowance: In accordance with the scheme spelt out in the office memorandum dated June 25, 1999 from the Department of Public Enterprises. The dearness allowance will be treated as part of his salary.
- Company leased accommodation/ self-lease rental: Entitlement to company leased accommodation/ self-leased rental with effect from the date of appointment at the rate of 70 % of the maximum of his pay scale. Provided that where the space occupied in such accommodation is less than 1900 square feet, the rental shall be calculated on pro-rata basis.

- Maintenance expenditure: In the event of his opting for self-leased accommodation, he would be entitled to Rs. 42,120 or such amount as may be due to him from time to time under the rules of the Company.
- Rent Recovery: On the basis of standard rent fixed by the Company from time to time.
- House Rent Allowance/ City Compensatory Allowance: Regulated as per the rates indicated in the Department of Public Enterprises office memorandum dated June 25, 1999 based on the classification of cities with effect from October 7, 1999.
- Deputation allowance: Entitlement at the rate of 10% of his basic pay.
- Perquisites: Perquisites worth Rs. 79,000 were provided to Mr. Sinha for the financial year 2002-03.
- Remuneration by way of Commission: Mr. Sinha would be entitled to such remuneration as a percentage of profits if and to the extent such remuneration is in accordance with the provisions of the Companies Act to the extent applicable and such payment is also approved by the Government of India.

Interest of Promoter and Directors

Except as stated in “Related Party Transactions” , the Promoter, the Promoter Group companies and other related parties do not have any interest in our business except to the extent of investments made by them in our Company and earning returns thereon.

The Managing Director and the Whole time Directors are interested to the extent of remuneration paid to them for services rendered as our officers or employees.

The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted/ transferred to the companies, firms and trust, in which they are interested as Directors, Members, partners and/ or trustees.

All Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by us with any company in which they hold Directorships or any partnerships in which they are a partner.

Except as stated otherwise in this Final Sale Document, we have not entered into any contract, agreements or arrangement during the preceding two years from the date of the Final Sale Document in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Borrowing Powers of Directors

Article 62 of the Articles of Association provides that the Board of Directors may, from time to time, at their discretion, subject to the provisions of Sections 292 and 370 of the Act, raise or borrow either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company; provided that the Board shall not, without the sanction of a General Meeting, so borrow any sum of money which will make the amount borrowed by the company (exclusive of temporary loans obtained from the Company’s bankers in the ordinary course of business) and then outstanding exceed the aggregate for the time being of the paid up capital of the company and its free reserves, that is to say, reserves not set aside for any specific purpose.

In terms of the resolution passed at our annual general meeting on September 23, 1997, the Board is authorised to borrow from time to time, any sum(s) of money which together with moneys already borrowed by us (apart from temporary loans obtained from the our Bankers in the ordinary course of business) may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, provided that the moneys borrowed and/or to be borrowed and outstanding at any one time shall not exceed the limit of Rs. 10 bn.

Article 66 provides that subject to Section 117 of the Act, any debentures, debentures stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of directors and otherwise. Debentures, debenture stocks, bonds and other securities may be made assignable free from any equities between our Company and the person to whom the same may be issued.

Revaluation of Assets

We have not revalued any of our assets since inception.

Classes of Shares

Our authorised capital is Rs. 1 bn, which is divided into 99.5 million equity shares of Rs. 10 each and 50,000 preference 14% taxable cumulative shares.

Payment or Benefit to Promoter or Officers of our Company

Except as stated otherwise in this Final Sale Document, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to our Promoter or officers except the normal remuneration for services rendered as directors, officers or employees.

Main Provisions of Articles of Association of IBP Co. Limited

Pursuant to Schedule II of the Companies Act, the main provisions of the Articles of Association of IBP relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of equity shares/debentures and/or on their consolidation /splitting are detailed below:

Main Provisions of the Articles of Association of IBP Co. Limited

Company not to purchase its own shares: -

Save as permitted by Section 77, 77A, 77AA and 77B of the Act, the funds of the Company shall not be employed in the purchase of, or lent on the security of, shares of the Company and the Company shall not give directly or indirectly, any financial assistance, whether by way of loan, guarantee, the provision of security or otherwise, for the purpose of or in connection with any purchase of or subscription for shares in the Company or any Company of which it may, for the time being, be a subsidiary.

This Article shall not be deemed to affect the power of the Company to enforce repayment of loans to members or to exercise a lien conferred by Article 32.

5A. Option to Dematerialise Securities: -

Notwithstanding anything contained herein, the Company shall be entitled to dematerialise its Securities including Shares and Debentures pursuant to the Depositories Act, 1996 and to offer its Shares, Debentures and other Securities for subscription in a dematerialised form. The Company shall further be entitled to maintain a Register of Members and holders of Debenture and other Securities with the details of holding of Shares/Debentures and other Securities both in material and dematerialised form in such media as may be permitted by law including any form of electronic media. All securities including Shares and Debentures held by the Depository shall be in fungible form.

Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members/Debenture holders as the holder of any Share/Debenture or whose name appears as the beneficial owner of Shares/Debentures in the records of the Depository as the absolute owner thereof and accordingly shall not (except as may be ordered by a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equity or equitable, contingent or other claim or Interest in such Shares/Debentures on the part of any other person whether or not the Company shall have express or implied notice thereof.

5B. Every holder or subscriber of Securities of the Company including its Shares and Debentures shall have the option to receive Security Certificates or to hold the Securities with a Depository. The Beneficial Owner of the Securities can at any time opt out of a Depository in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required Certificate for the Securities.

5C. The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purposes of these Articles. Every person whose name is recorded as the Beneficial Owner of any share in the records of the Depository shall be deemed to be a member of the Company who shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his shares which are held by the Depository.

Forfeiture And Lien

24. If Call or installment not paid notice may be given: -

If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call or installments remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

25. Form of Notice: -

The Notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time, and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

26. If notice not complied with shares may be forfeited: -

If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

27. Notice after forfeiture: -

When any share shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

28. Forfeited share to become property of the Company: -

Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same in such manner as they think fit.

29. Power to annul forfeiture: -

The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.

30. Liability on forfeiture: -

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall notwithstanding, remain liable to pay and shall forthwith pay to the Company, at calls, or installments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at 5 per cent per annum and the Board may enforce payment thereof or any part thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.

31. Evidences of forfeiture: -

A duly verified declaration in writing that the declarant is a Director of the Company, and the certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares; and the person to whom the shares are sold shall be registered as the member in respect of such shares and shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture, sale or disposition.

32. Company's lien on shares: -

The Company shall have a first and paramount lien upon all the shares not being fully paid up registered in the name of each member (whether solely or jointly with others), and upon the proceeds of sale thereof for moneys called or payable at a fixed time in respect of such shares whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and condition that the Article 12 hereof is to have full effect. Such lien shall extend to all dividends from time to time declared in respect of such shares.

Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

33. As to enforcing lien by sale: -

For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as they think fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or administrator or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such shares, for seven days after the date of such notice.

34. Application of proceeds of sale: -

The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the share at the date of the sale.

35. Validity of sales in exercise of lien and after forfeiture: -

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

36. Board may issue new certificates: -

Where any shares under the power in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares, the Board may issue a new certificate for such shares; distinguishing it in such manner as they may think fit from the certificate not so delivered up.

Transfer And Transmission

37. Execution of transfer, etc.: -

Save as provided in Section 108 of the Act, no transfer of shares shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the Letter of Allotment of the shares. The instrument of transfer of any share shall specify the name of the transferor and the name, address and occupation (if any) of the transferee, and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.

38. Applications by transferor: -

Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company give notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.

39. Form of Transfer: -

The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.

40. In what cases, the Board may decline to register Transfer or Transmission: -

Notwithstanding anything contained in Article 39 and subject to the provisions of Section 111 and other applicable provisions, if any, of the Act and the provisions of the Securities Contracts (Regulation) Act, 1956 and the rules & regulations made thereunder, the Directors may, in their absolute and uncontrolled discretion, decline to register any transfer of shares and shall not be bound to give any reason for such refusal, in particular, may so decline in respect of the shares upon which the Company has a lien or whilst any monies in respect of the shares desired to be transferred or any of them remain unpaid and such refusal shall not be effected by the fact that the proposed transferee is already a member. Registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on the share.

40A. Restriction on transfer of shares below denomination of 50: -

Without prejudice to the generality of foregoing Article 40 the Board shall not accept any application for transfer of less than 50 (fifty) shares of the Company provided however that this condition shall not apply to:

- A transfer of Equity Shares made in pursuance of any statutory provision or an order of a competent court of law.
- A Transfer of the entire Equity Shares by an Existing Equity Shareholder holding less than 50 Equity Shares by a single transfer Deed to a single transferee in sole or joint names.
- The Transfer of the entire Equity Shares of an existing Equity Shareholder holding less than 50 Equity shares to one or more transferee(s) whose holding in the Company after registration of transfer will not be less than 50 Equity Shares each.

The Transfer of not less than 50 Equity Shares in the aggregate in favour of the same transferee in two or more transfer deeds submitted together, within which one or more relate to the transfer of less than 50 Equity Shares.

- The Transfer of such number of Equity Shares of an existing Equity shareholder as exceeds 50 equity Shares or a multiple thereof where the said excess represents shares allotted to him out of a Rights or Bonus Issue by the Company provided the transfer is made by a single Transfer Deed to a single transferee (in sole or joint names).

Nothing herein contained shall apply to transmission of Shares pursuant to Article 45 or to transfer of Shares under extraordinary circumstances to be decided by the Board.

41. No transfer to minor, etc.: -

No transfer shall be made to a minor or person of unsound mind.

42. Transfer to be left at Office when to be retained: -

Every instrument of transfer shall be left at the Office for registration, accompanied by the certificate of the shares to be transferred or if no such certificate is in existence by the Letter of Allotment of the shares and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the shares. All instruments of transfer, which shall be registered, shall be retained by the Company, but any instruments of transfer, which the Board may decline to register, shall be returned to the person depositing the same. Provided that the registration of transfer of a share shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.

43. Notice of refusal to register transfer or transmission: -

If the Board refuse to register the transfer of any shares or the transmission by operation of law of the right to any shares, the Company shall within two months from the date on which the instrument of transfer was lodged with or the

intimation of such transmission given to the company send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be.

44. Fee on registration of transfer, probate etc.: -

Unless otherwise determined by the Board, no fee shall be charged for the registration of transfer of a share, grant of probate, grant of letters of administration, certificate of death or marriage, power of attorney or other instrument.

44A. Applicability of Articles 14 to 16: -

Nothing contained in Articles 14, 15, 15A and 16 ("the said Articles") shall apply where any person holds shares, debentures or other marketable securities of the Company as Beneficial Owner pursuant to the Depositories Act.

Nothing contained in Section 108 of the Act and the said Articles as also in Article 37, 38, 39, 40, 40A, 41, 42, 43 and 44 shall apply to the transfer of shares, debentures or other marketable securities of the Company effected by the transferor and the transferee, both of whom are entered as beneficial owner in the records of the Depository.

44B. Applicability of Depositories Act. : -

In case of transfer of shares, debentures or other marketable securities where such shares, debentures or other marketable securities are being held in an electronic and dematerialised form, the provisions of the Depositories Act shall apply. Provided that nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of Securities held by it on behalf of a beneficial owner.

45. Transmission of registered shares: -

The executor or administrator of a deceased member (not being one of several joint-holders) shall be the only person recognised by the Company as having any title to the shares registered in the name of such member, and, in case of the death of any one or more of the joint-holders of any registered shares, the survivor shall be the only person recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation, as the case may be, from some competent Court in India and having effect in Calcutta: Provided nevertheless that in any case where the Board in their absolute discretion think fit it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as Board, in their absolute discretion may consider adequate.

46. As to transfer of shares of insane, minor, deceased, or bankrupt members: -

Any committee or guardian of a lunatic or minor member or any person becoming entitled to or to transfer shares in consequence of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of his title as the Board think sufficient, may, with the consent of the Board (which the Board shall not be bound to give), be registered as a member in respect of such shares, or many, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as The Transmission Article".

47. Election under the Transmission: -

If the person so becoming entitled under the Transmission Article shall elect to be registered as a member in respect of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

If the person aforesaid shall elect to transfer the shares, he shall testify his election by executing an instrument of transfer of the shares.

All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of shares shall be applicable to any such notice or transfer as aforesaid as if the death, lunacy,

bankruptcy or insolvency of the members had not occurred and the notice or transfer were a transfer signed by that member.

48. Rights of persons entitled to shares under the Transmission Article: -

A person so becoming entitled under the Transmission Article to shares by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 84 and of Section 206 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the member registered in respect of the shares.

Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the shares, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares, until the requirements of the notice have been complied with.

48A. Nomination of Shares: -

Subject to the provisions of the Act and notwithstanding anything to the contrary contained in these Articles, every holder of Shares in or Debentures of the Company may at any time pursuant to Section 109A of the Act, nominate a person to whom his shares, in, or debentures of, the Company shall vest in the event of his death. Such nominee shall, upon production of such evidence as may be required by the Board and subject to provisions contained in Section 109B of the Act elect either (a) to be registered himself as holder of the Shares or Debentures or (b) to make such transfer of the shares or debentures as the case may be as the deceased holder thereof could have made. In respect of Shares or Debentures held jointly, the nominee can exercise the rights in relation to the said Shares or Debenture only upon the death of all the joint holders.

Alteration Of Capital

52. Power to increase capital: -

The Company in General Meeting may from time to time increase the Capital by the creation of new shares of such amount as may be deemed expedient.

53. On what conditions new shares may be issued: -

Subject to the provisions of Section 88 of the Act and subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.

54. Provisions relating to the issue: -

Before the issue of any new shares, the Company in General Meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance and whether at par or at a premium or, subject to the provisions of Section 79 or Section 79A of the Act, at a discount; in default of any such provisions, or so far as the same shall not extend, the new shares may be dealt with as if they formed part of the shares in the Original Capital, and the provision of Article 5 shall then apply.

55. How far new shares to rank with shares in Original Capital: -

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the Original Capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien and otherwise.

56. Inequality in number of new shares: -

If, owing to any inequality in the number of new shares to be issued, and the number of shares held by members

entitled to have the offer of such new shares, any difficulty, shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in General Meeting, be determined by the Board.

57. Reduction of capital, etc.: -

The Company may from time to time by Special Resolution reduce its capital and any capital redemption reserve fund or share premium account in any manner and with and subject to any incident authorised and consent required by law.

58. Power to subdivide and consolidate shares: -

The Company in General Meeting may -

- consolidate and divide all or any of its shares capital into shares of larger amount than its existing shares;
- sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum so however than in the sub-division the proportion between the amount paid and the amount, if any unpaid on each reduced shares shall be the same as it was in the case of the share from which the reduced share is derived.
- Cancel any shares, which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

59. Subdivision into Preferred and Ordinary :-

The resolution whereby any share is sub-divided may determine that, as between the members registered in respect of the shares resulting from such subdivision, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting, or otherwise over or as compared with the others or other, subject, nevertheless, to the provisions of Sections 87, 88 and 106 of the Act.

60. Surrender of shares :-

Subject to the provisions of Section 100 to 105 inclusive of the Act. The Board may accept from any member the surrender, on such terms and conditions as shall be agreed of all or any of his shares.

Modification of Rights

61. Power of modify rights :-

Whenever the capital (by reason of the issue of Preference Shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Sections 106 and 107 of the Act, be modified, commuted, affected, abrogated, varied or dealt with by agreement between the Company and any persons purporting to contract on behalf of that class, provided such agreement is (A) consented to in writing by the holders of at least three-fourths of the issued shares of that class or (B) sanctioned by a resolution passed at separate General Meeting of the holders of shares of that class in accordance with Section 106(1)(b) of the Act, and all the provisions hereinafter contained as to General Meetings shall, mutatis mutandis, apply to every such meeting except that the quorum thereof, shall be two members holding or representing by proxy one fifth of the nominal amount of the issued shares of the class.

This article is not by implication to curtail the power of modification, which the Company would have if this Article were omitted. The Company shall comply with the provisions of Section 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar.

Borrowing Powers

62. Power to Borrow: -

The Board may, from time to time, at their discretion, subject to the provisions of Sections 292 and 370 of the Act. Raise or borrow either from the Directors or from elsewhere and secure the payment of any sum or sums of money for

the purposes of the Company; provided that the Board shall not, without the sanction of a General Meeting, so borrow any sum of money which will make the amount borrowed by the Company (exclusive of temporary loans obtained from the Company's bankers in the ordinary course of business) and then outstanding exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

63. Conditions on which money may be borrowed :-

The Directors may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and, in particular, by the issued of bond, perpetual or redeemable debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company, both present and future, including its uncalled capital for the time being.

64. Charge on the uncalled Capital of the Company :-

If any uncalled capital of the Company is included or is charged by any mortgage, or other security, the Directors may be instrument under the Company's Seal authorise the person in whose favour such mortgage or security is executed or any other person as trustee for him to make calls on the members in respect of such uncalled capital and such authority may be made exercisable either conditionally or unconditionally either presently or contingently and either in exclusion of the Director's powers or otherwise and the provisions hereinbefore contained as to calls shall mutatis mutandis apply to calls made under such authority and such authority shall be assignable, if expressed so to be.

66. Issue at discount, etc. or with special privileges :-

Any debentures, debenture-stock, bonds or other securities may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise, provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the consent of the Company in the General Meeting. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same be issued.

67. Instrument of transfer :-

Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of the debentures.

68. Notice of refusal to register transfer :-

If the Board refuse to register the transfer of any debentures the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

General Meetings

69. When Annual General Meetings to be held :-

In addition to any other meetings, General Meetings of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and, subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Such General Meetings shall be called "Annual General Meetings" and shall be specified as such in the notice convening the meeting. All other meetings of the Company shall be called "Extraordinary General Meetings".

70. When Extraordinary General Meetings to be called :-

The Board may whenever they think fit call an Extraordinary General Meeting, and they shall, on the requisition of such

number of members as hold, at the date of the deposit of the requisition, not less than one-tenth of such of the paid up capital of the Company as at that date carried the right of voting in regard to the matter to be considered at the meeting, forthwith proceed to call an Extraordinary General Meeting, and in the case of such requisition the following provisions shall apply:

The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Office. The requisition may consist of several documents in like form each signed by one or more requisitionists.

Where two or more distinct matters are specified in the requisition, the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members hereinbefore specified.

If the Board do not, within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty-five days from the date of deposit, the requisitionists or such of them as are enabled so to do by virtue of Section 169(6)(b) of the Act may themselves call the meeting but any meeting so called shall not be commenced after three months from the date of deposit.

Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board but shall be held at the Office.

Where two or more persons hold any shares jointly a requisition or notice calling a meeting signed by one or some only of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as are in default.

71. Circulation of Members' resolutions:

The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

72. Notice of Meeting:

Save as provided in sub-section (2) of Section 171 of the Act not less than twenty-one days' notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of "special business" as hereinafter defined there shall be annexed to the notice a statement complying with Section 173(2) and (3) of the Act.

Notice of every meeting of the Company shall be given to every member of the Company, to the Auditors of the Company and to any person entitled to a share in consequence of the death or insolvency of a member in any manner hereinafter authorised for the giving of notices to such persons.

The accidental omission to give any such notice to or the non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings of the meetings.

Proceedings At General Meeting

73. Business of Meetings:

The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the Reports of the Directors and of the Auditors, to elect Directors in the place of those retiring by rotation, to appoint Auditors and fix their remuneration and to declare dividends. All other business transacted at an

Annual General Meeting and all business transacted at any Extraordinary General Meeting shall be deemed special business.

74. Quorum to be present when business commenced: -

No business shall be transacted at any General Meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members personally present shall be a quorum.

75. Resolution to be passed by Company in General Meeting: -

Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in General Meeting shall be sufficiently so done or passed if effected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act.

76. Chairman of General Meeting:

The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act, the members present shall choose another Director as Chairman, and if no Director be present, or if all the Directors present decline to take the chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their number, being a member entitled to vote, to be chairman.

77. When, if quorum not present, meeting to be dissolved and when to be adjourned: -

If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week, at the same time and place, or to such other day and such time and place as the Board may by notice appoint and if at such adjourned meeting a quorum be not present, those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.

78. How questions to be decided at meetings. Casting vote: -

Every question submitted to a meeting shall be decided, in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting vote in addition to the vote to which he may be entitled as a member.

79. What is to be evidence of the passing of a resolution when poll not demanded: -

At any General Meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman of his own motion, or by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of such resolution, or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on such resolution, being shares on which an aggregate sum of not less than Rs.50,000 has been paid-up, a declaration by the Chairman that the resolution has or has not been carried, or has or has not been carried either unanimously, or by a particular majority, and an entry to that effect in the Book containing the Minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes, cast in favour of, or against the resolution.

80. Poll: -

If a poll be demanded as aforesaid it shall be taken forthwith on a question of adjournment or election of a Chairman and in any other case in such manner and at such time, not being later than forty-eight hours from the time when the demand was made, and at such place as the Chairman of the meeting directs, and subject as aforesaid, either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.

The demand of a poll may be withdrawn at any time.

Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, one at least of whom shall be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed, to scrutinise the votes given on the poll and to report to him thereon.

On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

81. Power to adjourn General Meeting and determine right to vote:-

The Chairman of a General Meeting may with the consent of the Meeting adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Votes of Members

82. Vote of Members: -

On a show of hands every member present in person shall have one vote and upon a poll every member present in person or by proxy shall have one vote for every share held by him; PROVIDED that the holders of the Preference shares shall be entitled to attend and vote at General Meetings of the Company only on any question directly affecting any of the rights or privileges attached to such shares or in the event of the payment of any dividend on such shares being in arrears.

83. Procedure where a company is a member of the Company: -

Where a company or a body corporate (hereinafter called "member company") is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company, shall not, by reason of such appointment, be deemed to be a proxy, and the production at the meeting of a copy of such resolution duly signed by one Director of such member company and by the Secretary (if any) and certified by him or them as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence of the validity of his appointment. Such a person shall be entitled to exercise the same rights and powers, including the right to vote by proxy on behalf of the member company which he represents, as that member company could exercise.

84. Votes in respect of deceased, insane and insolvent members: -

Any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or non compos mentis, he may vote whether by a show of hands or at a poll by his committee, curator bonis or other legal curator and such last-mentioned persons may give their votes by proxy.

85. Joint-holders: -

Where there are joint registered holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint-holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of this Article be deemed joint-holders thereof.

86. Proxies permitted: -

On a poll, votes may be given either personally or by proxy, or in the case of a body corporate, by a representative duly authorised as aforesaid.

87. Instrument appointing proxy to be in writing: -

The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a body corporate be under its Common Seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called a Special Proxy. Any other proxy shall be called a General Proxy.

Proxies may be general or special: -

A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.

88. Instrument appointing a proxy to be deposited at the Office: -

The instrument appointing a proxy and the Power-at-Attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of proxy shall not be treated as valid.

89. When vote by proxy valid though authority revoked: -

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, provided no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office before the vote is given, provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

90. Form of instrument appointing a Special Proxy: -

Every instrument appointing a Special Proxy shall be retained by the Company and shall, as nearly as circumstances will admit, be in the form or the effect following:

IBP CO. LIMITED

I/We of being a member of IBP Co. Limited, hereby appoint..... Of (or failing him of) as my/our Proxy to attend and vote for me/us and on my/our behalf at the (Annual or Extraordinary, as the case may be) General Meeting of the Company to be held on the Day of And at any adjournment thereof.

As witness my/our hand(s) this day of 19

Signed by the said.

Provided always that an instrument appointing a Proxy may be in any of the forms set out in Schedule IX to the Act.

91. Restrictions on voting: -

No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not

been paid or in regard to which the Company has, and has exercised, any right of lien.

92. Admission or rejection of votes: -

Any objection as to the admission or rejection of a vote, either, on a show of hands, or, on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.

No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

Directors

93. Number of Directors: -

The number of Directors of the Company shall not be less than three and unless otherwise determined by the Company in General Meeting not more than twelve.

94. Proportion to retire by rotation: -

Not less than two-thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

96. Qualification of Directors: -

A Director need not hold any share as his qualification.

97. First Directors: -

At the date of adoption of these Articles, the following persons are the Directors of the Company: -

Mr. Wilfred Hutchinson (Chairman)

Mr. Percival William Gordon Adair

Mr. Mohammed Ismail KeeKeeBhai

Mr. Philip George Price.

97A. Notwithstanding anything to the contrary contained in these Articles, so long as any monies remain owing by the Company to the Industrial Finance Corporation of India (I.F.C.I.), Industrial Development Bank of India (I.D.B.I.) and Life Insurance Corporation of India (L.I.C.) (each of which I.F.C.I., I.D.B.I. and L.I.C. is hereinafter in this article referred to as 'the Corporation'), out of any loans granted by them to the Company or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, (which Director or Directors is/are hereinafter referred to as 'Nominee Director/s') on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any persons or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from Office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only so long as any monies remain owing by the Company to the Corporation, or so long the liability of the Company arising out of any Guarantee is outstanding and the Nominee Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the monies owing by the Company to the Corporation is paid off or on the satisfaction of the liability of the Company arising out of any guarantee furnished by the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General

Meetings, Board Meetings, and of the Meetings of the Committee of which the Nominee Director/s is/are member/s and also the minutes of such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses which the other Directors of the Company are entitled, but if any other fees, commission, monies or remuneration in any form is payable to the Directors of the Company, the fees, commission, monies and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is an officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation.

Provided further that if such Nominee Director/s is an officer of the Reserve Bank of India, the sitting fees in relation to such Nominee Director/s shall also accrue to I.D.B.I. and the same shall accordingly be paid by the Company directly to I.D.B.I.

97B. Power of President of India to appoint Directors: -

Notwithstanding anything to the contrary contained in these Articles so long as the Company remains a Government Company within the meaning of Section 617 of the Act, the President of India shall subject to the provisions of Articles 93, 94 and 108 hereof and of Sections 255 and 256 of the Act, be entitled to appoint one or more person or persons to hold office as Director or Directors on the Board and also to appoint one or more Director or Directors (so appointed) as Managing/Wholetime Director or Directors of the Company and in either case to remove from such office any person or persons or Managing/Wholetime Director or Directors so appointed; in the event of such removal or in the event of a Director or Directors or a Managing/Wholetime Director or Directors so appointed dying, resigning or otherwise vacating his or their office or offices to appoint other or others in his or their place or places. An appointee under this Article shall hold office for such period and upon such terms and conditions as the President of India may from time to time stipulate and shall not be required to hold any qualification share.

In the event of any conflict between Article 97B(1) and Article 97A and/or Article 127, Article 97B(1) shall prevail over Article 97A and/or Article 127 and in the event of any conflict between Article 97A and Article 127, Article 97A shall prevail over Article 127.

98. Power of Directors to add to their number: -

The Directors shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for re-election.

99. Directors' fees, remuneration and expenses: -

Unless otherwise determined by the Company in General Meeting, each non-official member on the Board of the Company shall be entitled to receive out of the funds of the Company for his services in attending meetings of the Board or Committee thereof such sum as may be prescribed by the Bureau of Public Enterprises, Government of India, from time to time for each meeting attended by him. All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their actual travelling and hotel and other expenses incurred whether in consequence of their attending at Meetings of the Board and any Committee thereof or otherwise in the execution of their duties as Directors.

Provided that subject to statutory provisions the Company may pay to such of the Part-time Directors as may be determined by the Board, including such Directors who are Independent Directors in the judgement of the Board, such remuneration only by way of a fee for each meeting of the Board or a committee thereof attended by any such director and the amount of such fee shall not, without the approval of the Central Government, exceed such amount as is or may be prescribed under Section 310 or any other applicable provision(s) of the Act or the Rules made thereunder.

100. Remuneration for extra services: -

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from Calcutta for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then, subject to Section 198, 309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration may be either in addition to or in substitution for any other remuneration to which he may be entitled.

101. Board may act notwithstanding vacancy: -

The continuing Directors may act notwithstanding any vacancy in their body; but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.

102. Vacation of office of Director: -

- (1) The office of a Director shall "*ipso facto*" be vacated if:
 - (a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act, or at any time thereafter ceases to hold, the share qualification if any necessary for his appointment; or
 - (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
 - (c) he applies to be adjudicated an insolvent; or
 - (d) he is adjudged an insolvent; or
 - (e) he is convicted by a Court of any offence and is sentenced in respect thereof to imprisonment for not less than six months; or
 - (f) he fails to pay any calls in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call; or
 - (g) he absents himself from three consecutive meetings of the Board or from all meetings of the Board for a continuous period of three months, whichever is the longer, without obtaining leave of absence from the Board ; or
 - (h) he, or any firm of which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
 - (i) he acts in contravention of Section 299 of the Act; or
 - (j) he becomes disqualified by an order of Court under Section 203 of the Act; or
 - (k) he be removed from office in pursuance of Section 284 of the Act; or
 - (l) by notice in writing to the Company he resigns his office; or
 - (m) he, or any partner or relative of his, or any firm of which he or his relative is a partner, or any private company of which he is a director or member, without the previous sanction of the Company accorded by Special Resolution, accepts or holds any office or place of profit under the Company or under any subsidiary of the Company in contravention of Section 314 of the Act.
- (2) Notwithstanding any matter or thing in sub-clauses (d), (e) and (j) of clause (1), the disqualification referred to in those sub-clauses shall not take effect :-
 - (a) for thirty days from the date of adjudication, sentence or order; or
 - (b) where an appeal or petition is preferred within the thirty days aforesaid against the adjudication, sentence or

conviction resulting in the sentence, or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or

- (c) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order, and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.

103. Directors not to hold office of profit under the Company or its subsidiary:-

Any Director or other person referred to in Section 314 of the Act, may be appointed to hold any office or place of profit under the Company or under any subsidiary of the Company in accordance with the provisions of Section 314 of the Act.

104. Directors may be Directors of companies promoted by Company :-

Subject to the provisions of Section 314 of the Act, a Director of this Company may be or become a Director of any company promoted by this Company or in which it may be interested as a vendor, member or otherwise and no such Director shall be accountable for any benefits received as Director or member of such company.

105. Conditions under which Directors may contract with Company :-

Subject to the provisions of Section 297 of the Act a Director shall not be disqualified from contracting with the Company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director be avoided nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.

106. Disclosure of a Director's interest :-

Every Director who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, entered into or to be entered into, by or on behalf of the Company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company, that a Director is a director or a member of any specified body corporate or is a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure of concern or interest in relation to any contract or arrangement so made, and, after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

107. Discussion and voting by Director interested :-

No Director shall, as a Director, take any part in the discussion of, or vote on any contract or arrangement in which he is in any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. The prohibition shall not apply to (a) any contract of indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company; or (b) any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private company which is a subsidiary of a public company, in which the interest of the Director consists solely in his being a Director of such company and the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company.

Rotation Of Directors

108. Rotation and retirement of Directors :-

At each Annual General Meeting of the Company one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office. An Additional Director appointed by the Board under Article 98 hereof shall not be liable to retire by rotation within the meaning of this Article.

109. Which Directors to retire :-

The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day those to retire shall, in default of and subject to any agreement among themselves, be determined by lot.

110. Appointment of Directors to be voted on individually :-

1. Save as permitted by Section 263 of the Act, every resolution of a General Meeting for the appointment of a Director shall relate to one named individual only.
2. Subject to the provisions of the Act the Company in General Meeting may from time to time increase or reduce the number of Directors within the limits fixed by Article 93.

111. Meeting to fill up vacancies :-

The Company at the Annual General Meeting at which a Director retires by rotation in manner aforesaid may fill up the vacated office by appointing the retiring Director or some other person thereto.

If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless :

- (a) at the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the vote and lost ; or
- (b) he retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be re-appointed ; or
- (c) he is not qualified or is disqualified for appointment; or
- (d) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act; or
- (e) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

112. Power to remove Director by Ordinary Resolution on Special Notice :-

The Company may, subject to the provisions of Section 284 of the Act, by Ordinary Resolution of which Special Notice has been given, remove any Director before the expiration of his period of office and may by Ordinary Resolution of which Special Notice has been given, appoint another person in his stead, if the Director so removed was appointed by the Company in General Meeting or by the Board under Article 113. The person so appointed shall hold office until the date up to which his predecessor would have held office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed the Board may at any time thereafter fill such vacancy under the provisions of Article 113.

113. Directors may fill up casual vacancies :-

If the office of any director appointed by the Company in General Meeting is vacated before his term of office will expire in the normal course the resulting casual vacancy may be filled up by the Board, but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from the office of Director under Article 112.

114. When candidate for office of Director must give notice :-

No person not being a retiring Director shall be eligible for appointment to the office of Director at any General Meeting unless he or some member intending to propose him has, not less than fourteen days nor more than two months before the meeting, left at the office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office as the case may be along with a deposit of Rs.500 or such other sum as may be prescribed by law from time to time, which amount shall be refunded to such person or, as the case may be to such member, if the person succeeds in getting elected as a Director at that meeting.

Alternate Director

115. Power to appoint Alternate Director :-

The Board may appoint any person to act as Alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly; but he shall not require any qualification and shall *ipso facto* vacate office if and when the absent Director returns to the State in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.

Proceedings Or Directors

116. Meeting of Directors :-

The Board shall meet together at least once in every three months for the despatch of business and may adjourn and otherwise regulate their meetings and proceedings as it thinks fit; provided that at least four such meetings shall be held in every year. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director. Unless otherwise determined from time to time and at any time by the consent of all the Directors for the time being in India, meetings of the Board shall take place at the Office.

117. Director may summon meeting :-

A Director may at any time, and the Secretary, shall, upon the request of a Director made at any time, convene a meeting of the Board.

118. Chairman:-

The Directors may elect a Chairman of their meetings and determine the period for which he is to hold office but if no such Chairman is elected or if at any meeting of the Board the Chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of their number to be Chairman of such meeting.

119. Quorum:-

The quorum for a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time as the Chairman of the Board shall appoint.

120. Powers of quorum :-

A Meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles for the time being vested in or exercisable by the Board.

121. How questions to be decided :-

Subject to the provisions of Sections 316, 372A(2) and 386 of the Act, questions arising at any meeting shall be decided by a majority of votes, and, in case of an equality of votes, the Chairman shall have a second or casting vote.

122. Power to appoint Committees and to delegate :-

The Board may, subject to the provisions of the Act, from time to time and at any time delegate any of its powers to a Committee consisting of such Director or Directors as they think fit, and may from time to time revoke such delegation. Any Committee so formed shall, in exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

123. Proceedings of Committee :-

The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations made by the Board under the last preceding Article.

124. When acts of a Director valid notwithstanding defective appointment, etc. :-

Acts done by a person as Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

125. Resolution without Board Meeting :-

Save in those cases where a resolution is required by Sections 262, 292, 297, 316, 372A(2) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual as if it had been passed at a meeting of the Board or Committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee of the Board, as the case may be then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them, as are entitled to vote on the resolution.

Minutes**129. Minutes to be made :-**

- (1) The Board shall in accordance with the provisions of Section 193 of the Act cause Minutes to be duly entered in books provided for the purposes :-
 - (a) of the names of the Directors present at each meeting of the Board and of any Committee of the Board and in the case of each resolution passed at the meeting, the names of the Directors, if any, dissenting from or not concurring in, the resolution ;
 - (b) of all orders made by the Board and Committees of the Board ;
 - (c) of all appointments of Directors and other officers of the Company; and
 - (d) of all proceedings of General Meetings of the Company and of meetings of the Board and Committees of the Board.

(e) The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

PROVIDED that no matter need be included in any such Minutes which the Chairman of the meeting; in his absolute discretion, is of opinion :-

- (a) is, or could reasonably be regarded as, defamatory of any person;
 - (b) is irrelevant or immaterial to the proceedings; or
 - (c) is detrimental to the interests of the Company.
- (2) Any such Minutes of any meeting of the Board or of any Committee of the Board or of the Company in General Meeting, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall be evidence of the matters stated in such Minutes. The Minute Books of General Meetings of the company shall be kept at the Office and shall be open to inspection by members on business days (except Saturday) between the hours of 11 a.m. and 1 p.m.

Powers of Directors

130. General Power of Company vested in Directors:-

Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do:

Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any such act or thing, the Board shall be subject to the provisions in that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder, including regulations made by the Company in General Meeting, but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

131. Specific Powers of Directors :-

Without prejudice to the general powers conferred by the last preceding Article and the other powers conferred by these Articles it is hereby expressly declared that the Directors shall have subject to the provisions of the Act the following powers :-

- (1) To pay all the brokerages (if any) payable in respect of the placing or assisting to place or guaranteeing the placing of any of the shares in the Company's Capital or any debentures or other securities of the Company.
- (2) To purchase or otherwise acquire for the Company any property rights or privileges which the Company is authorised to acquire at such price or for such consideration and generally on such terms and conditions as they think fit.
- (3) At their discretion, but subject always to the provisions of these Articles as to the issue and transfer of shares and otherwise, to pay for any rights acquired or services rendered to the Company either wholly or partly in cash or in shares, bonds, debentures or other securities of the Company and any such shares may be issued as either fully paid up or with such amount credited as paid thereon as may be agreed upon and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (4) To sell any of the assets of the Company for such consideration and upon such terms as they may think fit.
- (5) To secure the fulfilment of any contract or any engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they may think fit.
- (6) To appoint and at their discretion remove and suspend such secretaries, managers, officers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine

their duties and powers and fix their salaries or emoluments and to require securities in such instances and to such amount as they think fit.

- (7) To accept from any member on such terms as shall be agreed a surrender of his shares or stock or any part thereof.
- (8) To appoint any person or persons to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trust.
- (9) To institute, conduct, defend, compound or abandon any suits or other proceedings by and against the Company or its or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company.
- (10) To refer any claims or demands by or against the Company to arbitration and observe and perform the awards. To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company.
- (12) To determine who shall be entitled to sign bills, notes, receipts, acceptances, endorsements, hundies, cheques, releases, contracts and documents on behalf of the Company.
- (13) From time to time to provide for the management of the Company's affairs abroad in such manner as they think fit and in particular to appoint any persons to be the attorneys or agents of the Company with such powers (including power to sub delegate) and upon such terms as may be thought fit.
- (14) To invest and deal with any of the moneys of the Company not immediately required for the purposes thereof upon such securities and in such manner as they may think fit, and from time to time to vary or realise such investments.
- (15) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or may be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit. And any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon.
- (16) To give to any person employed by the Company a commission on the profits of any particular business or transaction or a share in the general profits of the Company and such commission or share of profits shall be treated as part of the working expenses of the Company.
- (17) Before recommending any dividend to set aside out of the profits of the Company such sums as they shall think fit for a bonus fund to be applied for the benefit of or given to all or any of the employees of the Company or their families or dependents or of officers or servants of the Company retired in bad health or for any charitable purposes in the discretion of the Directors.
- (18) From time to time to make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants or the members of the Company or any section thereof.
- (19) To enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company.

132. Delegation of Powers to Managing Director:-

Subject to the provisions of the Act and in particular to the provisions of Section 292 thereof, the Board may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents by the Board as they may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they think expedient and they may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

133. Appointment of Agents for sale of the Company's products, etc.:-

Subject to the provisions of the Act and to the terms of the Agreement referred to in Article 135 the Board may from time to time appoint Agents for the sale of the Company's products and for the purchase of Machinery, Stores and other goods required by the Company and to be procured from countries other than India on such terms as to remuneration or otherwise as the Board may think fit.

133A. Power of President of India to issue Directives:-

Notwithstanding anything to the contrary contained in these Articles, so long as the Company remains a Government Company within the meaning of Section 617 of the Act, the President of India shall be entitled to issue from time to time such directives or instructions as may be considered necessary in regard to the conduct of business and affairs of the Company. Provided that all instructions from the President of India shall be in writing addressed to the Chairman & Managing Director of the Company.

Dividends And Reserves

151. Reserves:-

The Board may from time to time before recommending any dividend, set apart any such portion of the profits of the Company as they think fit as a reserve or reserves to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in their absolute discretion think conducive to the interests of the Company; and may, subject to the provisions of Section 372A of the Act, invest the several sums so set aside upon such investments (other than shares of the Company) as they may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company, and may divide the reserve into such Special Funds as they think fit with full power to employ the reserve or any parts thereof in the business of the Company, and that without being bound to keep the same separate from the other assets.

152. Investment of money:-

All moneys carried to the reserve shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual loss or depreciation, for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company, may, subject to the provisions of Section 372A of the Act, be invested by the Board in or upon such investments or securities as they may select or may be used as working capital or may be kept at any Bank on deposit or otherwise as the Board may, from time to time, think proper.

153. How profits shall be divisible:-

Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the Equity shares of the Company but so that a partly paid up share shall only entitled the holder with respect thereto to such a proportion of the distribution upon a fully paid up share as the amount paid thereon bears to the nominal amount of such shares and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

154. Declaration of Dividends :-

The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

155. Restrictions on amount of dividends :-

No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

156. Dividend out of profits only and not to carry interest :-

No dividend shall be payable except out of the profits of the Company or of moneys provided by the Central or a State Government for the payment of the dividend in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.

157. What to be deemed net profits :-

The declaration of the Board as to the amount of the net profits of the Company shall be conclusive

158. Interim dividends :-

The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.

159. Debts may be deducted :-

The Board may deduct from any dividend payable to any member all sums of moneys, if any, presently payable by him to the Company on account of a calls or otherwise in relation to the shares of the Company.

160. Dividend and call together :-

Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call.

161. Dividend in cash :-

No dividend shall be payable except in cash: Provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on the shares held by the members of the Company.

203. Indemnity

Every Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Manager, Secretary or Officer or Auditor in defending any proceedings, whether civil or criminal, in which judgement is given in his favour, or in which he is acquitted or in connection with any application under section 633 of the Act in which relief is granted to him by the Court.

Unconsolidated Financial Statements

Auditors' Report under SEBI Guidelines as per SEBI Act, 1992

**Ministry of Disinvestment
Government of India
Re: IBP Co. Limited, Kolkata**

Dear Sirs,

1. We have reviewed the statement of accounts of IBP Co. Limited, in terms of our appointment received from the company on behalf of Department of Disinvestment, Government of India for the financial year ended March 31, 2003, as audited by us as Statutory Auditors under the Companies Act, 1956 and for the nine months period commencing from 1st April 2003 to 31st December 2003 as audited by us in terms of our appointment received under letter no. 7(48) 2003 - MODI dated 9th January 2004 issued by the Department of Disinvestment, Government of India under SEBI Regulation and also the said accounts for the financial years ended on March 31, 1999, 2000, 2001 and 2002 as were audited by M/s. U. Narain & Co. Chartered Accountants being the Statutory Auditors of the company for those years. Both of these firms were appointed by The Comptroller of Auditor General of India as per section 619(2) of the Companies Act, 1956 as statutory auditors for the years ended on 31st March 1999, 2000, 2001, 2002 and 2003 mentioned above.
2. All of the above audited accounts referred to above together with the respective reports were reviewed by us on the basis of audited statements of accounts and reports for each of the financial years mentioned above in compliance to requirements of: -
 - (a) Paragraph 1 & 2 of item B financial information in Part II of Schedule II of the Companies Act, 1956 report of financial information mentioned therein in paras 1 & 2 thereof.
 - (b) "SEBI" GUIDE LINES being the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 issued by SEBI on January 19, 2000 in pursuance of section 11 of "SEBI Act, 1992" in particular to Part II thereof as applicable to the company having no subsidiary
 - (c) Instruction dated November 19, 2003 received from IBP Co. Limited, on behalf of Department of Disinvestment, Govt. of India appointing us for preparation of report document for incorporation in the offer document for sale of 26% (Twenty six) equity shares in IBP Co. Limited held by Government of India.
3. We report that the Summary of Profit and Loss Account and Summary of Assets and Liabilities of the Company for each five financial years ended on 31st March 1999, 2000, 2001, 2002 and 2003 and nine months period ended 31st December 2003 respectively, are re-stated in Annexure-1 & 2 (expressed in millions of rupees) which have been arrived at after adjustments, grouping and re-grouping carried out in compliance of SEBI GUIDELINES. These statements are read with Notes appearing in Notes on Accounts (Annexure-5) and other Notes appearing in various Annexures thereto and also read with Accounting Policy (Annexure-4) of the Company which forms part of our report.

4. We have also examined the following statements and found correct by us-

Summary of Dividends	Annexure-3
Significant Accounting Policies	Annexure-4
Notes on Accounts	Annexure-5
Contingent Liabilities	Annexure-6
Impact of change in Accounting Policies/Prior Period Items	Annexure-7
Details of Extra-ordinary Items	Annexure-7A
Secured Loans	Annexure-8
Unsecured Loans	Annexure-9
Sundry Debtors	Annexure-10
Value of Quoted Investments	Annexure-11
Loans and Advances	Annexure-12
Cash flow statement	Annexure-13
Segment Results prepared from Restated financial statement	Annexure-14
Related Party Disclosure	Annexure- 15

5. We have further examined the following financial information relating to IBP Co. Limited proposed to be included in the offer document.

- (i) Summary of accounting ratios based on the adjusted profits relating to earnings per share, net asset value and return on net worth is enclosed as Annexure - 16.
- (ii) Capitalisation statement as on 31st December 2003 of the company is enclosed as Annexure-17.
- (iii) Statement of taxation is enclosed as Annexure-18.
- (iv) Details of items of other income are enclosed as Annexure- 19.

6. This report is intended solely for your information and for inclusion in the offer document in connection with the offer for sale of the company's share and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully
For Sarma & Co.
Chartered Accountants

(R. L. Das Sarma)
Partner

City: Kolkata; Country: India
Date: 27.01.2004

SUMMARY OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rs. in millions)

	Financial Year/period ended					
	Dec-31 2003	Mar-31 2003	Mar-31 2002	Mar-31 2001	Mar-31 2000	Mar-31 1999
Income/Revenue						
Sales:						
Of Products traded by the Company	73,692	84,622	81,483	80,716	65,330	53,939
Of Products manufactured by the Company(net)	2,013	2,909	3,043	3,209	2,818	2,813
	75,705	87,531	84,526	83,925	68,148	56,752
Subsidy from Government - LPG & SKO	862	1,730	-	-	-	0
Net Claim from /(Surrender to)Industry Pool A/c	(625)	-	(3,871)	2,314	(1,800)	(7,718)
Other Income/Interest	488	648	557	454	373	437
Increase/(Decrease) in Stock	(1,350)	1,472	(925)	878	1,676	457
Total	75,080	91,381	80,287	87,571	68,397	49,928
Expenditure						
Purchase of Petroleum & other Trading Items	66,414	80,893	67,405	77,449	59,097	41,659
Consumption of Raw Material & Components	1,343	1,502	1,622	1,651	1,757	1,683
Excise Duty	2,059	3,393	4,170	3,471	2,978	2,392
Employees Remuneration & Benefits	872	929	912	1,137	877	638
Manufacturing, Selling & Distribution, Administration and Other Expenses	2,262	2,802	2,392	2,097	2,228	2,308
Financial Expenses	1	5	295	474	466	490
Depreciation	302	444	349	332	344	167
Total	73,253	89,968	77,145	86,611	67,747	49,337
Net Profit before Extraordinary Items & Prior Period Adjustments	1,827	1,413	3,142	960	650	591
Add: Net Prior Period Adjustments	-	(5)	73	5	62	1
Profit Before Tax & Extraordinary Items	1,827	1,408	3,215	965	712	592
Less: Taxation - Current	502	412	938	70	60	61
- Deferred	114	118	4	-	-	-
Net Profit/(Loss) after Tax but before Extraordinary Items /Adjustments	1,211	878	2,273	895	652	531
Extraordinary Items (Refer Annexure 7A)		-	(315)	(353)	(235)	(179)
Net Profit/(Loss) after Tax as per Audited Statement of Accounts (A)	1,211	878	1,958	542	417	352

(Rs. in Millions)

	Financial Year/period ended					
	Dec-31 2003	Mar-31 2003	Mar-31 2002	Mar-31 2001	Mar-31 2000	Mar-31 1999
Impact on account of changes in accounting policies(Refer Annexure - 7(i))		-	-	(41)	(108)	(146)
Impact of prior period items (Refer Annexure -7(ii))		3	(50)	45	(26)	27
Impact of material adjustments relating to prior years (Refer Annexure -7 (iii))		-	(1,352)	260	753	200
Total Adjustment (B)	-	3	(1,402)	264	619	81
Adjusted Profit /(Loss) (A+B)	1,211	881	556	806	1,036	433
Transfer from Burma Current Account	-	1	-	-	-	1
Profit available for appropriation	1,211	882	556	806	1,036	434
Less:						
Devaluation Exchange Difference Reserve	-	1	-	-	-	1
General Reserve	961	531	334	561	912	(18)
Proposed/Interim Dividend	222	310	222	222	102	95
Corporate Dividend Tax	28	40	-	23	22	11
Deferred Tax Adjusted in General Reserve		-	-	-	-	345
Balance Carried Forward to Balance Sheet	-	-	-	-	-	-

ANNEXURE - 2

SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Millions)

	Financial Year/period ended					
	Dec-31 2003	Mar-31 2003	Mar-31 2002	Mar-31 2001	Mar-31 2000	Mar-31 1999
A. Fixed Assets						
Gross Block	9,736	8,741	7,939	7,602	6,174	4,862
Less: Accumulated Depreciation	(2,484)	(2,188)	(1,761)	(1,436)	(1,122)	(819)
Net Block	7,252	6,553	6,178	6,166	5,052	4,043
Add: Capital Work in Progress	1,029	487	189	219	469	412
Total	8,281	7,040	6,367	6,385	5,521	4,455
B. Investments	153	153	143	643	2,294	2,947
C. Finance Lease Receivable	101	115	132	-	-	-
D. Current Assets, Loans and Advances						
Inventories	3,466	4,747	3,192	4,164	3,315	1,581
Sundry Debtors	739	1,321	1,056	1,246	974	912
Cash & Bank balances	9,597	3,285	1,285	1,000	885	951
Other Current Assets - Interest Accrued	35	3	-	-	-	-
Loans & Advances	1,236	1,098	835	3,521	4,125	1,988
Total	15,073	10,454	6,368	9,931	9,299	5,432
E. Liabilities & Provisions						
Current Liabilities & Provisions	16,924	12,152	8,050	7,601	6,548	3,957
Deferred Tax (Asset)/Liability	876	762	644	640	599	491
Secured Loans	-	-	-	690	419	189
Unsecured Loans	-	-	-	3,719	5,800	5,361
Total	17,800	12,914	8,694	12,650	13,366	9,998
F. Net worth (A+B+C+D-E)	5,808	4,848	4,316	4,309	3,748	2,836
Net Worth Represented by :						
G. Share Capital	222	222	222	222	222	222
Total	222	222	222	222	222	222
H. Reserves & Surplus						
Capital Reserves	47	47	47	47	47	47
Share Premium	887	887	887	887	887	887
Devaluation Exchange Difference Reserve	7	8	7	7	7	7
Sub Total(a)	941	942	941	941	941	941
General Reserve	4,645	3,684	3,480	3,146	2,585	1,673
Less: Disinvestment of Balmer Lawrie & Co Ltd			(327)			
Sub Total (b)	4,645	3,684	3,153	3,146	2,585	1,673
Total (a+b)	5,586	4,626	4,094	4,087	3,526	2,614
I. Miscellaneous Expenditure to the extent not written off	-	-	-	-	-	-
J. Net Worth (G+H-I)	5,808	4,848	4,316	4,309	3,748	2,836

DIVIDENDS

(Rs. in Millions)

Particulars	For nine months period ended December 31, 2003	Financial Year ended March 31, 2003	Financial Year ended March 31, 2002	Financial Year ended March 31, 2001	Financial Year ended March 31, 2000	Financial Year ended March 31, 1999
Equity Share Capital	222	222	222	222	222	222
Rate of Dividend*	100%	140%	100%	100%	46%	43%
Amount of Dividend	222	310	222	222	102	95
Corporate Dividend Tax	28	40	-	23	22	11

* Interim Dividend at 100% for 2003-04 declared in 2003-04

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**1. FIXED ASSETS****1.1 Land**

Land acquired on lease for over 99 years and on perpetual lease is treated as freehold land. Cost of Right of Way for laying pipelines is capitalized.

1.2 Expenditure during construction period

Revenue expenses including expenses for crop compensation for acquiring Right of Way exclusively attributable to projects incurred during construction period are capitalized.

1.3 Depreciation

1.3.1 Depreciation on Fixed Assets is provided in accordance with the rates specified in Schedule XIV of The Companies Act, 1956 on straight line method up to 95% of the cost of fixed asset. Depreciation is charged pro-rata on quarterly basis on assets from/up to the quarter of capitalization/sale, disposal and dismantled during the year.

1.3.2 Cost of leasehold land for 99 years or less is amortized during the lease period.

2. INVESTMENTS

All long term investments are valued at cost and provision for diminution in value, thereof is made, wherever such diminution is not temporary. All current investments are valued at lower of cost or fair market value.

3. CURRENT ASSETS AND PROVISIONS**3.1 Inventories****3.1.1 Raw Materials**

Raw materials are valued at weighted average cost or net realizable value whichever is lower. Stock in process is valued at raw materials cost and allocated overheads at the factory cost level or net realizable value whichever is lower. Stock in process of containers is determined on FIFO basis.

3.1.2 **Stores and Spares**

Stores and Spares are valued at weighted average cost. In case of surplus/obsolete stores and spares, provision is made for likely loss or gain and charged to revenue.

3.1.3 **Finished Goods**

Finished products are valued at cost or net realizable value whichever is lower. Cost of petroleum products/ cryogenic containers & cryo-vessels are valued on FIFO basis. Cost of explosives, lubes & greases are determined at weighted average cost.

3.2 **Claims and Provisions**

Claims on Petroleum Planning Analysis Cell / Government are booked on the basis of entitlement or acceptance in principle / approval thereof. Such claims and provisions are booked on the basis of available instructions/ clarifications subject to final adjustment as per separate audit. Other claims are accounted when there is certainty that the claims are realizable.

4. **CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

Show-Cause Notices received from various Government Authorities are not considered as contingent liabilities. When the demand notices are raised against such show cause notices, after considering Company's views, these demands are either paid or treated as liabilities, if accepted by the Company and are treated as contingent liability, if disputed by the company.

Capital commitments and contingent liabilities are those which exceed Rs.0.5 million in each case.

5. **PROFIT AND LOSS ACCOUNT**

5.1 **Sales of Products**

Adjustments pertaining to purchase of raw materials/finished products, sales and others as admissible under the erstwhile Administered Pricing Mechanism are accounted as "net claim from/(surrender to) Industry Pool Accounts"/Government.

5.2 **Retirement Benefits**

5.2.1 **Gratuity**

Payment of gratuity is made through trust and the amount of contribution, based on actuarial valuation, is charged to Profit and Loss Account.

5.2.2 **Leave Encashment/Post Retirement Medical Benefits**

Accruing liability is charged to Profit and Loss Account based on actuarial valuation.

5.2.3 **Payment under Voluntary Retirement Scheme**

Compensation paid under Voluntary Retirement Scheme is charged off in the year of accrual.

5.3 **Prepaid Expenses**

Prepaid expenses up to Rs.0.1 Million in each case are charged to revenue.

5.4 **Previous Year Adjustments**

Income & expenditure upto Rs. 0.5 Million in each case pertaining to prior years are accounted for in the current year.

5.5 **R & D Expenditure**

All expenditure, other than on capital account on research and development are charged to Profit & Loss account.

5.6 **Borrowing Cost**

Borrowing costs, on weighted average basis, that are attributable to construction of qualifying assets are capitalized as part of the cost of such assets. Qualifying assets is the one that necessarily take substantial period of time to get ready for intended use.

5.7 **Revenue Grants (Subsidy)**

Revenue grants are reckoned as per the scheme notified by Government of India from time to time.

6. **Foreign Exchange Transactions**

6.1 Transactions in foreign currency are converted at the exchange rates on the respective dates of transactions. Variation, if any, on actual realization/payment are considered in the Profit and Loss Account.

6.2 Current Assets and Current Liabilities are translated at the exchange rates prevailing on the date of the Balance Sheet (except transactions with forward cover) and difference, if any, is charged to Profit and Loss Account.

6.3 Liabilities on account of acquisition of Fixed Assets are translated at the exchange rates on the date of the Balance Sheet. The variation is added to or reduced from historical cost of the Fixed Asset.

ANNEXURE - 5

NOTES ON ACCOUNTS

A. Notes - General :-

1. Sales exclude Sales Tax but include excise / customs duties wherever applicable. Also the value of Closing Stock of finished products is inclusive of excise duty wherever applicable.
2. As per accounting policy of the Company, income and expenditure up to Rs.0.5 Million in each case pertaining to prior years are accounted for in the current year, the quantum of which is not ascertainable.
3. Figures for the previous year have been re-arranged, re-grouped, re-adjusted and / or re-classified to make them comparable with the figures of the current year wherever necessary except in case of minor items.
4. The Company has accounted for Deferred Tax assets / liabilities for earlier years in order to comply with provision of Accounting Standard - 22 "Taxes on Income" issued by The Institute of Chartered Accountants of India and consequently the cumulative net deferred tax liability as on 01-04-1999 amounting to Rs.345.00 Million has been adjusted against the revenue reserve.
5. In absence of information regarding prior period items exceeding Rs.0.5 Million only, those items identifiable has been adjusted in the accounts in the year to which they relate, balance amount has been adjusted in the accounts in the immediately preceding year.
6. The change in the accounting policies made by the Company in the various years, the effects of such changes in earlier years to give uniform accounting policy in these years was not possible due to lack of information. The changes are listed in notes specifically for the year mentioned [Notes No.B{1 (a), 2 (c), 4 (a) and 4 (b)}]
7. Since the Company has had no subsidiary Company during the financial year ended 31st March, 2003 we have adopted SEBI-Guidelines number 6.18.2 for preparation of financial information.
8. The Company has continuous transactions with other Oil Marketing Companies on a day-to-day basis and reconciliation is an on-going process. As such the balance with other Oil Marketing Companies, including stocks held by them are subject to confirmation.
9. Material adjustments relating to prior years made in the restated Profit and Loss Account and Assets and Liabilities Account regarding OCC claims are based on the information available.

B. Notes specifically for the year mentioned :-

1. FOR NINE MONTHS PERIOD ENDED DECEMBER 31, 2003

- a) As per guidelines/mechanism communicated by PPAC for sharing of industry under recoveries of SKO and LPG arising out of non-revision in the selling prices of PDS/Kerosene and domestic LPG during 2003-04, surrender on account of over recovery on MS and HSD works out to Rs.1105.08 Millions and recovery from ONGC/GAIL through IOC on account of under recovery in SKO & LPG works out to Rs.480.40 Millions, resulting in net surrender of Rs.624.68 Millions.

2. YEAR- 2002-2003

- a) Consequent to the change in Accounting Policy on depreciation, the method of calculation of providing depreciation has resulted in decrease in profit amounting to Rs. 10.70 Million.
- b) From 1st April, 2002 the Administered Pricing Mechanism has been dismantled by the Govt. of India

3. YEAR - 2001-2002

- a) The company has disinvested its 25% equity holding in Indian Oil Tanking Limited in favor of Indian Oil Corporation Ltd. at a price of Rs.440.00 Million as against the cost of Rs.275.00 Million pursuant to the decision of Government of India.
- b) The Company's investment in equity shares of Balmer Lawrie & Co. Ltd. has been de-merged in favor of Balmer Lawrie Investments Limited through a scheme of arrangement and reconstruction pursuant to sections 391-394 of the Companies Act, 1956. Accordingly, the cost of investments amounting to Rs.326.78 Million has been adjusted against revenue reserve during the year.
- c) Consequent to the change in the accounting policy of the company in regard to stores and spares to be charged off in the year of purchase, the valuation of stores and spares at the end of the year has resulted in increase in profit amounting to Rs. 0.73 Million.
- d) The Company had offered voluntary Retirement Scheme to its employees and made payment of Rs. 480.00 Million.
- e) Pursuant to the decision of Government of India (GOI) on disinvestment of the company, Indian Oil Corporation Limited (IOC) acquired 33.58% shares of GOI on 19th February 2002 and further 20% on 13th June 2002 through open offer to public as required under SEBI regulations. GOI's shareholding in the company as on the Balance Sheet date stands at 26%.

4. YEAR - 2000-2001

- a) The Ministry of Petroleum & Natural Gas has conveyed the approval of Government of India, vide its communication No.G-34011/13/2000 - Fin.II dated March 19, 2001, in respect of transfer of IBP Co. Limited as 19% holding in equity of Numaligarh Refinery Ltd. in favour of Bharat Petroleum Corporation Limited at a price of Rs.10 per share. Accordingly I B P has received Rs.1725.60 Million on March 31, 2001 from Bharat Petroleum Corporation Ltd. towards transfer of its holding in Numaligarh Refinery Ltd.
- b) The Company had offered voluntary Retirement Scheme to its employees and made payment of Rs. 2.00 Million.

5. YEAR - 1999-2000

- a) As per accounting policy, deposits paid other than trade deposit not exceeding Rs.0.01 Million and pre-paid expenses in each case not exceeding Rs.0.10 Million have been charged to revenue. This has resulted in reduction of profit by Rs. 2.58 Million during the current year.

- b) The valuation of closing stock of inventories has been done in line with Accounting Standard 2 (Revised) and as a result the adverse impact on profitability is Rs.11.82 Million.
- c) The Company had offered Voluntary Retirement Scheme to its employees and made payment of Rs. 47.00 Million.

ANNEXURE - 6

CONTINGENT LIABILITIES AS AT:

(Rs. in Millions)

Particulars	For Nine Months Period April 1, 2003 to December 31, 2003	As At March 31, 2003	As At March 31, 2002	As At March 31, 2001	As At March 31, 2000	As At March 31, 1999
1) Contingent Liabilities on account of						
A) Claims against the Company not acknowledged as debts:						
- Sales Tax demands	1,129	972	620	780	544	278
- Excise Demands	43	44	53	19	29	73
- Un-expired Lease Rent of Assets under Lease Finance Scheme	-	-	-	1	4	
- Other Disputed claims against the company lodged by various parties, pending litigation	200	435	406	224	65	56
B) Guarantees:						
(i) Counter Guarantee given to the Banks in respect of Bank Guarantee/Letter of Credit issued by them on behalf of the Company	50	13	10	25	21	31
(ii) Counter Guarantee given to Export-import Bank of India in respect of loan against Post Shipment suppliers' credit to Balmer Lawrie & Co. Ltd.	-	-	-	-	-	52
2) Estimated Amount of contracts remaining to be executed on Capital Accounts and not provided for	38	1,070	108	102	481	318

IMPACT OF CHANGE IN ACCOUNTING POLICIES/PRIOR PERIOD ITEMS/PROFORMA ADJUSTMENTS

(Rs. in Millions)

Particulars	For nine months period ended Dec 31, 2003	Financial Year ended March 31, 2003	Financial Year ended March 31, 2002	Financial Year ended March 31, 2001	Financial Year ended March 31, 2000	Financial Year ended March 31, 1999
Adjustments on account of:						
(i) Changes in Accounting Policies						
a) Deferred Tax Adjustments		-	-	(41)	(108)	(146)
Tax Impact of Adjustments		-	-	-	-	-
Total of Adjustments Net of Tax Impact (A)	-	-	-	(41)	(108)	(146)
(ii) Prior Period Items						
a) Sales		-	-	-	(63)	59
b) Sales Tax adjustment		-	-	-	-	(3)
c) Miscellaneous Income		(12)	(89)	96	5	-
d) Rent		-	-	-	1	-
e) Depreciation and Amortisation		2	(1)	(1)	-	-
f) Other expenses		15	12	(28)	-	5
Total of Adjustments		5	(78)	67	(57)	61
Tax Impact of Adjustments		(2)	28	(26)	22	(21)
g) Provision for Tax for earlier years		-	-	4	9	(13)
Total of Adjustment Net of Tax Impact (B)	-	3	(50)	45	(26)	27
(ii) Material adjustments relating to prior year						
a) OCC Claims		-	(2,103)	430	1,225	308
Tax Impact of Adjustments		-	751	(170)	(472)	(108)
Total of Adjustment Net of Tax Impact (C)	-	-	(1,352)	260	753	200

ANNEXURE - 7A**DETAILS OF EXTRAORDINARY ITEMS**

(Rs. in millions)

Particulars	As At Dec 31, 2003	As At March 31, 2003	As At March 31, 2002	As At March 31, 2001	As At March 31, 2000	As At March 31, 1999
NON-RECURRING NATURE:						
1. Profit on Sale of Investments		-	165	-	109	-
2. Voluntary Retirement Compensation		-	(480)	(2)	(47)	-
3. Interest Cost on NRL Investment		-	-	(351)	(297)	(179)
TOTAL	-	-	(315)	(353)	(235)	(179)

ANNEXURE - 8**SECURED LOANS**

(Rs. in millions)

Particulars	As At Dec 31, 2003	As At March 31, 2003	As At March 31, 2002	As At March 31, 2001	As At March 31, 2000	As At March 31, 1999
From Banks						
On hypothecation of Stocks and Book Debts	-	-	-	690	419	189
Total	-	-	-	690	419	189

ANNEXURE - 9**UNSECURED LOANS**

(Rs. in millions)

Particulars	As At Dec 31, 2003	As At March 31, 2003	As At March 31, 2002	As At March 31, 2001	As At March 31, 2000	As At March 31, 1999
Term Loans						
Oil Industry Development Board	-	-	-	3,719	5,800	5,361
Total	-	-	-	3,719	5,800	5,361

ANNEXURE - 10**SUNDRY DEBTORS AS ON DECEMBER 31, 2003****(Rs. in millions)**

1. Debts outstanding for a period exceeding six months:		
a) Unsecured, Considered Good	34	
b) Unsecured, Considered Doubtful	22	
	56	
Less: Provision for Doubtful Debts	22	34
2. Other Debts:		
a) Unsecured, Considered Good	705	
b) Unsecured, Considered Doubtful	-	
	705	
Less: Provision for Doubtful Debts	-	705
TOTAL *		739

* Total Debtors includes Rs.14 Millions which are secured.

ANNEXURE - 11**VALUE OF QUOTED INVESTMENTS**

The Book Value and Market Value of quoted investments of the Company as on December 31, 2003 is as below

(Rs. in millions)

Name of the Company	Classes of Shares	Number of Shares	Book Value	Market Value
LONG TERM QUOTED INVESTMENTS				
Non-trade Investments :				
a) ICICI Bank Limited	Equity	831,488	36	246
b) HDFC Limited	Equity	376,380	5	243
c) HDFC Bank Limited	Equity	500	-	-
TOTAL			41	489

LOANS AND ADVANCES AS AT DECEMBER 31, 2003

(Rs. in millions)

1. Loans and Advances Recoverable in Cash or in kind or for Value to be Received :		
From Others :		
a) Secured, Considered Good	468	
b) Unsecured, Considered Good	650	
c) Unsecured, Considered Doubtful	15	
	1,133	
Less: Provision for Doubtful Advances	15	1,118
2. Claims Recoverable :		
a) Unsecured, Considered Good	73	
b) Unsecured, Considered Doubtful	10	
	83	
Less: Provision for Doubtful Claims	10	73
3. Recoverable from Government (including OCC Claims)		-
4. Balance with Customs, Port Trust and Excise Authorities: Unsecured, Considered Good		26
5. Sundry Deposits (Including amount adjustable on receipt of final bill) Final Others :		
a) Secured, Considered Good	-	
b) Unsecured, Considered Good	19	
c) Unsecured, Considered Doubtful	-	
	19	
Less : Provision for Doubtful Deposits	-	19
TOTAL		1,236

CASH FLOW STATEMENT PREPARED FROM THE RESTATED FINANCIAL STATEMENTS FOR THE PERIOD/YEAR ENDED DECEMBER 31, 2003, MARCH 31, 2003, MARCH 31, 2002 AND MARCH 31, 2001

(Rs. in millions)

	For the nine months period ended Dec 31, 2003	For the Year ended March 31, 2003	For the Year ended March 31, 2002	For the Year ended March 31, 2001
A. Cash Flow from Operating Activities				
1. Profit Before Tax	1,827	1,413	719	1,109
2. Adjustments for :				
Depreciation	302	442	351	333
Loss/(Profit) on Sale of Assets (Net)	8	4	(1)	-
Loss/(Profit) on Sale of Investments (Net)	-	-	(165)	-
Interest Income on Deposits, Loans and Advances	(230)	(247)	(216)	(200)
Dividend Income on Investment	(10)	(5)	(36)	(25)
Interest Expenditure	1	5	295	825
Foreign Exchange Difference Gain/(Loss)	-	1	-	-
B. Operating Profit before Working Capital Changes (1+2)	1,898	1,613	947	2,042
C. Change in Working Capital (Excluding Cash & Bank Balances)				
Trade and other Receivables	425	(532)	2,705	357
Inventories	1,281	(1,555)	972	(849)
Trade and Other Payables	5,043	3,914	1,247	739
<i>Change in Working Capital</i>	6,749	1,827	4,924	247
D. Cash Generated From Operations (B+C)	8,647	3,440	5,871	2,289
E. Less: Taxes Paid	432	337	913	106
F. Net Cashflow from Operating Activities (D-E)	8,215	3,103	4,958	2,183
G. Cash flow from Investing Activities :				
Sale of Assets	2	14	214	10
Sale/ Maturity of Investments	-	-	440	1,726
Interest income on Deposits, Loans and Advances	230	247	216	199
Dividend Income on Investments	10	5	36	37
Purchase of Assets	(977)	(829)	(545)	(1,207)
Share in Accumulated Surplus of Petronet India International	-	(10)	(81)	-
Expenditure on Construction WIP	(576)	(305)	(1)	-
Investment/ Advance for Investments	-	-	(6)	(75)
<i>Net Cash used in Investing Activities</i>	(1,311)	(878)	273	690
H Net cash flow from Financing Activities :				
Proceeds from /(Repayment of Long Term Borrowings)	-	-	(3,719)	(2,081)
Proceeds from /(Repayment of short Term Borrowings)	-	-	(690)	271
Interest Paid	(1)	(5)	(295)	(826)

	For the nine months period ended Dec 31, 2003	For the Year ended March 31, 2003	For the Year ended March 31, 2002	For the Year ended March 31, 2001
<i>Dividend Paid/ Dividend Tax Paid</i>	(591)	(220)	(242)	(122)
Net Cash Generated/(Used) from Financing Activities:	(592)	(225)	(4,946)	(2,758)
I. Net Change in Cash & Cash Equivalent (F+G+H)	6,312	2,000	285	115
J. Cash and Cash Equivalents as at End of the Financial Year	9,597	3,285	1,285	1,000
K. Less: Cash and Cash Equivalents as at Beginning of the Financial Year	3,285	1,285	1,000	885
NET CHANGE IN CASH & CASH EQUIVALENTS (J-K)	6,312	2,000	285	115

NOTE:

The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard - 3 on Cash Flow Statement issued by Institute of Chartered Accountants of India.

SEGMENT RESULTS PREPARED FROM THE RESTATED FINANCIAL STATEMENTS

The following table presents Segment Profit, Assets and Liabilities information relating to the business for the period/year ended December 31, 2003, March 31, 2003, March 31, 2002 and March 31, 2001

Information about Business Segment

	For April 1, 2003 to December 31, 2003					2002-2003					2001-2002					2000-2001				
	Petro-leum	Explo-sives	Cryog-enics	Total		Petro-leum	Explo-sives	Cryog-enics	Total		Petro-leum	Explo-sives	Cryog-enics	Total		Petro-leum	Explo-sives	Cryog-enics	Total	
SEGMENT REVENUE																				
Sales	74,916	672	117	75,705		86,375	969	187	87,531		83,317	1,096	113	84,526		82,465	1,239	222	83,926	
Other Income/Industry	463	18	4	485		2,059	33	23	2,115		(5801)	39	4	(5,758)		3,051	16	3	3,070	
Pool A/C	75,379	690	121	76,190		88,434	1,002	210	89,646		77,516	1,135	117	78,768		85,516	1,255	225	86,996	
Segment Result	1,640	(55)	3	1,588		1,184	(30)	13	1,167		919	(245)	(77)	597		1,890	(167)	(13)	1,710	
Dividend, Interest Income and Profit on Sale of Investment				240					252					417					224	
Interest Expenses				1					5					295					825	
Income Taxes				616					532					163					303	
Net Profit				1,211					882					556					806	
Other Information																				
Segment Assets	21,292	1,634	682	23,608		16,467	933	362	17,762		11,926	783	283	12,992		15,730	859	327	16,916	
Unallocated Assets	-	-	-	-		-	-	-	-		-	-	-	18		-	-	-	43	
Total Assets	21,292	1,634	682	23,608		16,467	933	362	17,762		11,926	783	283	13,010		15,730	859	327	16,959	
Segment Liability	16,380	362	56	16,798		11,760	284	51	12,095		7,717	287	46	8,050		11,429	475	106	12,010	
Unallocated Liability	-	-	-	1,002		-	-	-	819		-	-	-	644		-	-	-	640	
Total Liability	16,380	362	56	17,800		11,760	284	51	12,914		7,717	287	46	8,694		11,429	475	106	12,650	
Capital Expenditure	1,004	5	2	1,011		822	11	3	836		541	32	3	576		1,424	27	6	1,457	
Depreciation	281	17	4	302		414	23	5	442		322	23	5	350		307	22	4	333	

ANNEXURE - 15

RELATED PARTY DISCLOSURE (ACCOUNTING STANDARD - 18)

(Rs. in Millions)

Name of Related Party	Nature of Transaction	Amount of Transaction During the Year		
		Apr-Dec 2003	2002-03	2001-02
A. Joint Venture Company Indian Oil Tanking Limited (Upto 13/11/2001)	Operation and Maintenance Contract	Nil	Nil	8.05
B. Key Management Personnel Whole Time Directors Shri S.N. Mathur (Up to 19.02.2002) Shri Arun Jyoti (From 19.02.2002) Shri A.K. Sinha Shri R S Guha				
C. Details Relating to Persons Referred to in (B) above				
Remuneration		2.55	2.82	4.75
Interest income on Loans Given		Nil	Nil	Nil
Rent paid for residential Flat		0.43	0.46	0.85
Outstanding Loans Receivable		0.18	0.30	0.54

ANNEXURE - 15 A

INTER-COMPANY TRANSACTION WITH INDIAN OIL CORPORATION LTD (IOC) AND CHENNAI PETROLEUM CORPORATION LTD (CPCL)

(Rs. in Millions)

Particulars of Transactions	Apr - Dec 2003		2002-03		2001-02	
	IOC	CPCL	IOC	CPCL	IOC	CPCL
	Nine Months	Nine Months	Full Year	Full year	19-Feb-02 to 31/Mar/02	19-Feb-02 to 31/Mar/02
<u>Income</u>						
1 Sales	3,594	-	6,167	-	1,116	-
2 Interest Income	-	-	61	-	-	-
3 Miscellaneous Income	7	-	7	-	-	-
Total	3,601	-	6,235	-	1,116	-
<u>Expenses</u>						
1 Purchase of Products	43,704	304	54,359	1,455	3,972	831
2 Repairs & Maintenance- Plant and Machinery	3	-	6	-	-	-
3 Interest Expenses	-	-	-	-	-	-
4 Insurance	-	-	-	1	-	-
Total	43,707	304	54,365	1,456	3,972	831

SUMMARY OF ACCOUNTING RATIOS

Particulars	As At Dec 31, 2003	As At March 31, 2003	As At March 31, 2002	As At March 31, 2001	As At March 31, 2000	As At March 31, 1999
KEY RATIOS						
Earning Per Share (Rs.)	54.69	39.77	39.32	52.33	57.38	27.63
Net Asset value Per Share(Rs.)	262.21	218.87	194.85	194.54	169.21	128.04
Return on Net Worth (%)	20.85	18.17	20.18	26.90	33.91	21.58
Weighted Average Number of Equity Shares Outstanding During The year	2,21,47,369	2,21,47,269	2,21,47,269	2,21,47,269	2,21,47,269	2,21,47,269

Formula Used:

$$\text{Earning Per Share (Rs.)} = \frac{\text{Net profit after tax and before extraordinary items}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Net Asset value Per Share(Rs.)} = \frac{\text{Net worth excluding Revaluation Reserve}}{\text{Weighted average number of equity shares outstanding during the year}}$$

$$\text{Return on Net Worth (\%)} = \frac{\text{Net profit after tax but before extraordinary items}}{\text{Net worth excluding Revaluation Reserve}}$$

Note : The above ratios have been computed on the basis of the restated Profits / Losses and restated Assets / Liabilities for the respective years.

ANNEXURE - 17**CAPITALISATION STATEMENT****(Rs. in millions)**

Particulars	Pre-issue as at December 31, 2003
Short Term Debt	-
Long Term Debts	-
Total Debts	-
Shareholders Funds	
Share Capital	222
Reserves & Surplus	5,586
Total Shareholders Funds	5,808
Long Term Debt / Equity	-

(Rs. in millions)

Particulars	Post-issue as at December 31, 2003*
Short Term Debt	-
Long Term Debts	-
Total Debts	-
Shareholders Funds	
Share Capital	222
Reserves & Surplus	5,586
Total Shareholders Funds	5,808
Long Term Debt / Equity	-

* The Government of India is selling part of its stake in the Company . Therefore, there is no change in capitalisation statement, pre-issue and post-issue.

STATEMENT OF TAX SHELTERS

(Rs. in millions)

Particulars	For nine months period ended Dec 31 2003	Financial Year ended March 31, 2003	Financial Year ended March 31, 2002	Financial Year ended March 31, 2001	Financial Year ended March 31, 2000*	Financial Year ended March 31, 1999 *
Profit/(Loss) before Tax but after Extraordinary items as per Audited Statement of Accounts (A)	1,827	1,408	2,900	612	477	413
Tax on actual rate on profits	655	517	1,035	242	184	145
Adjustments						
Permanent Differences (B)						
Dividend exempt u/s 10(33)	(10)	-	(36)	(25)	(86)	(11)
Donations	-	1	2	11	16	1
Deduction U/S 80G	-	-	-	(11)	(16)	(1)
Deduction U/S 80 IA	-	-	(4)	-	(5)	(8)
Deduction U/S 80 M	-	(5)	-	-	-	-
Profit/(Loss) on sale or disposal of asset	8	5	3	-	23	(1)
Profit/(Loss) on Sale of Investment	-	-	(165)	-	(109)	-
Share of Income from AOP U/S 86	(5)	(10)	(87)	(1)	-	-
Accounting for Lease on Tank wagon	-	-	21	-	-	-
Total Permanent Differences (B)	(7)	(9)	(266)	(26)	(177)	(20)
Timing Differences (C)						
Difference between tax depreciation and book depreciation	(414)	(279)	(369)	(468)	(314)	(282)
Capital Expenditure debited to profit and loss account in books	-	-	1	1	-	-
Deduction U/S 35	-	(1)	(2)	(1)	(4)	(1)
Voluntary Retirement Scheme	(50)	(66)	265	2	-	-
Disallowance U/S 43 B	23	42	21	15	6	54
Provision for doubtful current assets and Contingent liabilities debited to P&L Account net of write back	1	(22)	1	5	22	4
Total Timing Differences (C)	(440)	(326)	(83)	(446)	(290)	(225)
Net Adjustments (B+C)	(447)	(335)	(349)	(472)	(467)	(245)
Tax Savings thereon	(160)	(123)	(125)	(187)	(180)	(86)

Particulars	For nine months period ended Dec 31 2003	Financial Year ended March 31, 2003	Financial Year ended March 31, 2002	Financial Year ended March 31, 2001	Financial Year ended March 31, 2000*	Financial Year ended March 31, 1999 *
Profit/(Loss) as per Income Tax Returns (D) = (A+B+C)	1,380	1,073	2,551	140	10	168
Brought Forward Losses adjusted (E)	-	-	-	-	-	-
Taxable Income/(Loss)	1,380	1,073	2,551	140	10	168
Taxable income as per MAT	-	-	-	-	123	-
Tax as per Income Tax as returned/ assessed	495	394	910	55	47	59
Tax credit due U/S 115 JAA	-	(28)	(9)	(5)	-	-
Net Tax as per Return	495	366	901	50	47	59
Interest U/S 234	6	13	33	-	3	2
Total Tax as per Return	501	379	934	50	50	61
Carried Forward Capital Loss	(974)	(974)	(974)	(1,078)	(663)	-
Total Carried Forward Loss as per Return	(974)	(974)	(974)	(1,078)	(663)	-

* Figures as per Assessment Order.

ANNEXURE - 19

DETAILS OF OTHER INCOME / REVENUE

(Rs. in millions)

Particulars	For the Period						Nature of Income
	Apr 1 to Dec 31 2003	Apr 1 to Mar 31 2003	Apr 1 to Mar 31 2002	Apr 1 to Mar 31 2001	Apr 1 to Mar 31 2000	Apr 1 to Mar 31 1999	
1. Interest on:							
(a) Loans and Advances (Gross) (Includes TDS)	4	19	21	131	29	15	Recurring
(b) Short Term Loan to Indian Oil Corporation Ltd.(Gross) (Includes TDS)	-	61	-	-	-	-	Recurring
(c) Short Term Deposits with Banks (Gross) (Includes TDS)	199	161	174	53	35	64	Recurring
(d) Others	26	8	20	15	24	15	Recurring
2. Dividend From Other Companies (Gross)	10	5	21	15	41	111	Recurring
3. Dividend From Subsidiary Company(Gross)	-	-	15	10	46	32	
4. Profit on Sale and Disposal of Assets	1	4	1	-	-	1	Recurring
5. Unclaimed/Unspent liability Written Back	16	3	26	-	29	50	Recurring
6. Provisions for Doubtful Debts, Advances, Claims, Stock and Stores Written Back	-	30	1	10	2	2	Recurring
7. Recoveries from Employees	12	11	24	6	-	-	Recurring
8. Retail Outlet Licence Fees	51	57	57	59	59	59	Recurring
9. Miscellaneous Income	169	289	197	155	108	88	Recurring
Total	488	648	557	454	373	437	

* The above income exceeds 20% of the net profit before tax and recurring in nature and has arisen other than normal business activities.

Summary of Significant Differences between Indian GAAP and US GAAP

The summarized financial information and unconsolidated financial statements included in this Final Sale Document have been prepared in accordance with the requirements of the Indian Companies Act and accounting principles generally accepted in India (collectively "Indian GAAP"), which differ in certain respects from the accounting principles generally accepted in the United States (or "US GAAP").

The following table summarises significant measurement differences between US GAAP and Indian GAAP insofar as they affect financial information reported in this Final Sale Document.

No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions and events are presented in the financial statements and the notes thereto.

The Company has not prepared financial statements in accordance with US GAAP. Accordingly, there can be no assurance that the table below is complete, or that the differences described would give rise to the most material differences between our unconsolidated financial statements prepared under Indian GAAP and our financial statements if they were prepared under US GAAP. In addition, the Company cannot presently estimate the net effect of applying US GAAP on its results of operations or financial position; such adjustments may be material.

Various US GAAP and Indian GAAP pronouncements have been issued for which the mandatory application date is later than the reporting dates in this Final Sale Document. These, together with standards that are in the process of being developed in both jurisdictions, could have a significant impact on future comparisons between US GAAP and Indian GAAP.

No.	Subject	Indian GAAP	US GAAP
1.	Contents of financial statements	Companies are required to present balance sheets, profit and loss accounts and, if listed or proposing a listing, cash flows for two years together with accounting policies, schedules and notes. Companies seeking a listing are required to present five years of adjusted financial information.	All companies are required to present balance sheets, income statements, statements of shareholders' equity, cash flows and comprehensive income, together with accounting policies and notes to the financial statements. The extent of disclosures in the notes to financial statements generally is far more extensive than under Indian GAAP.
2.	Interests in joint ventures or jointly controlled assets	AS 27, Financial Reporting of Interests in Joint Ventures, applies to the Company and requires interests in jointly controlled operations of a venturer to be recognized in its separate and consolidated financial statements on a proportionate consolidation basis.	A joint venture is treated as either a subsidiary or an affiliate, depending on the level of control of the joint venturer, and either consolidated or accounted for using the equity method, respectively. Proportional consolidation is permitted in very limited circumstances.
3.	Borrowing costs and interest capitalised	Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.	Interest cost is capitalised as part of the cost of an asset that is constructed or produced for an enterprise's own use. The capitalisation period begins when activities to ready the asset for use commence, and ends when the asset is ready for use. The capitalised interest is expensed over the estimated useful life of the asset as part of the depreciation charge.
4.	Research and development	Indian GAAP makes a distinction between research costs and development costs. The former is expensed, whereas development costs may be deferred and amortised over their estimated useful lives. In addition, fixed assets used for research and development purposes may be capitalised and depreciated in the same manner as other similar assets.	All research and development costs are expensed as incurred except for fixed assets which have an alternative production use within the enterprise.

No.	Subject	Indian GAAP	US GAAP
5.	Issuance and redemption costs for borrowings	<p>Debt issuance costs may be amortized, charged as an expense or charged to the Share Premium Account. In practice, such costs are generally charged to the Share Premium Account.</p> <p>Redemption premiums payable on the redemption of debt may be accrued over the life of the debt or recognized in the period in which the redemption occurs.</p>	<p>Debt issuance costs are treated as a deferred charge and amortised using the effective interest rate method over the life of the debt. Redemption premiums are accrued as a yield adjustment over the life of the debt.</p>
6.	Accounting by lessors	<p>Leases are classified into finance leases or operating leases based on the extent to which risks and rewards incidental to ownership of the asset lie with the lessor or the lessee.</p> <p>For an investment in finance leases, the leased assets are not capitalised and instead a financial asset is recognized.</p> <p>Lease rentals are apportioned between their principal and interest components, and the investment in finance leases is reduced for principal repaid by the lessee. Income is recognized for interest as earned.</p>	<p>US GAAP provides specific criteria to determine whether a lease is a capital (finance) or an operating lease.</p> <p>For a lessor, USGAAP also distinguishes capital leases between sales type leases, direct financing leases and leveraged leases, depending on the nature of the transaction, and provides guidance for each category of lease.</p> <p>The accounting for direct financing leases is essentially similar to Indian GAAP.</p>
7.	Asset impairment		<p>Whenever events or changes in circumstances indicate that the carrying amounts of long lived assets may not be recoverable, companies are required to compare undiscounted net cash flows estimated to be generated by those assets with the carrying amount of those assets. If the undiscounted cash flows are less than the carrying amounts of the assets, companies are required to record impairment losses to write the asset down to fair value.</p>

No.	Subject	Indian GAAP	US GAAP
8.	Investments in securities	<p>Investments are classified as long-term or current.</p> <p>Current investments are readily realisable, not intended to be held for more than one year from the date of purchase and are carried at the lower of cost or fair market value. Unrealised losses are charged to the income statement; unrealised gains are not recorded except to restore previously recorded unrealised gains that may have reversed.</p> <p>A long-term investment is an investment other than a current investment and is valued at cost, subject to a write-down for impairment on permanent diminution in value.</p>	<p>Investments in marketable equity securities and all debt securities are classified according to management's holding intent, into one of the following categories: trading, available for sale ("AFS"), or held to maturity ("HTM").</p> <p>Trading securities are marked to fair value, with the resulting unrealised gain or loss recognised currently in the income statement.</p> <p>AFS securities are marked to fair value, with the resulting unrealised gain or loss recorded directly in a separate component of equity until realised, at which time the gain or loss is reported in income.</p> <p>HTM debt securities are carried at amortised cost.</p> <p>Other than temporary impairments in the value of HTM and AFS investments are accounted for as realised losses.</p>
9.	Foreign exchange	<p>Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Monetary items are restated at year-end exchange rates. Exchange differences arising on transactions and translation of monetary items are recognised as income or expense in the year in which they arise, except in respect of liabilities for the acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the fixed assets.</p>	<p>Under US GAAP all gains or losses arising from foreign currency transactions are included in determining net income.</p> <p>The use of an appropriation account for foreign exchange losses would not be permitted.</p>
10.	Deferred taxation	<p>AS 22 on "Accounting for Taxes on Income" applies to the Company.</p> <p>AS 22 requires deferred taxes to be provided for the tax effect of timing differences between taxable income and accounting income.</p>	<p>Deferred tax liabilities and assets are recorded for the tax effect of all temporary differences between the tax and book bases of assets and liabilities and operating loss carryforwards, at</p>

No.	Subject	Indian GAAP	US GAAP
		<p>Deferred tax assets arising due to unabsorbed depreciation or carry forward of losses are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p> <p>Other deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.</p>	<p>currently enacted tax rates. Charges in tax rates are reported in the income statement in the period of enactment.</p> <p>A valuation allowance is made against deferred taxes if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax asset will not be realised.</p>
11.	Deferred revenue expenditure	<p>Deferred revenue expenditure includes revenue expenses that benefit more than one period. Such expenses are deferred and amortized over the expected period of benefit.</p> <p>Deferred revenue expenditure includes items such as pre-operative expenses, advertising costs, product development costs.</p> <p>There is considerable variation in the recognition of costs relatingg to voluntary retirement schemes, including recognition when paid or deferral.</p> <p>Expenditure incurred from the date of incorporation to the date of commencement of commercial operations not directly attributable to fixed assets is treated as deferred revenue expenditure.</p> <p>Expenditure incurred from the date of incorporation to the date of commencement of commercial operations and directly attributable to fixed assets, is capitalised as part of the cost of the respective asset.</p>	<p>Costs in respect of any start up are expensed as incurred.</p> <p>Costs for advertising and product development are expensed as incurred.</p> <p>The cost of voluntary retirement schemes is expensed in the period in which employees accept the terms of the plan.</p>

No.	Subject	Indian GAAP	US GAAP
12.	Vacation accrual	Leave encashment, is viewed as a retirement entitlement and is generally reported at the actuarially determined present value of future benefits.	Vacation earned but not taken is reported as a liability based on the number of days entitlement, priced at the balance sheet salary rate.
13.	Retirement benefits and post retirement medical benefits	The liability for defined benefit retirement plans is reported at an actuarial valuation. Several alternative methodologies are considered acceptable for the purposes of the valuation, and the actuary has considerable latitude in selecting assumptions to be used.	The liability for defined benefit retirement plans is reported at the present value of future benefits using the projected unit cost method, with a stipulated method to determine assumptions.
14.	Post retirement medical benefits	The liability for post retirement medical benefits is reported in practice on either the "pay as you go" basis or based on an actuarial valuation. Several alternative methodologies are considered acceptable for the purposes of the valuation, and the actuary has considerable latitude in selecting assumptions to be used.	The liability for post retirement medical benefit plans is reported at the present value of future benefits with a stipulated method to determine assumptions.
15.	Depreciation	Depreciation is generally charged at minimum rates prescribed by the Companies Act. and at higher rates where the useful life is shorter than provided in the Act.	Depreciation is provided in a systematic and rational manner over the useful economic life of the assets.
16.	Proposed dividend	Proposed dividends are recognized in the financial statements in the period to which they relate, even if declared after the balance sheet date.	Dividends payable are recorded when declared and the liability to pay has been established.
17.	Off-balance sheet items	There is no specific guidance or the accounting and reporting for off-balance sheet items. Commitments and contingencies are required to be disclosed.	SEC registrants are required to provide extensive disclosures of material off-balance sheet items, contingent liabilities and financial guarantees. Commitments and contingencies are required to be disclosed.
18.	Fair values of financial instruments	There is no requirement to disclose the fair value of financial instruments.	Extensive disclosures are required of the fair values of financial instruments and the methodologies or determining fair values.

Material Contracts and Documents for Inspection

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Final Sale Document) which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Final Sale Document, delivered to the Registrar of Companies, West Bengal at Kolkata for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company situated at from 10.00 a.m. to 4.00 p.m. from the date of the Preliminary Sale Document until the Bid Closing Date.

Material Contracts

1. Letter of appointment to ICICI Securities Ltd from the Government dated October 30, 2003 appointing them as BRLMs
2. Letter of appointment to Kotak Mahindra Capital Company Ltd from the Government dated October 31, 2003 appointing them as BRLMs
3. Memorandum of Understanding dated January 10, 2004 amongst the Government, the Company and BRLMs.
4. Letter dated January 9, 2004 from the Government appointing MCS Ltd as Registrar to the Offer.
5. Letters from Government appointing the Escrow Collection Bankers and Bankers to the Offer bearing No. 7(2)/2004-MODI dated January 23, 2004.

Material Documents

1. Our Memorandum and Articles of Association as amended from time to time.
2. Our certificate of incorporation dated February 8, 1909
3. Resolution of the Board of Directors dated January 12, 2004
4. Resolution of the Committee of Directors dated February 14, 2004
5. Letter no. G-34011/14/2003-Fin II dated January 9, 2004 from Ministry of Petroleum and Natural Gas, Government of India authorising the Offer for Sale
6. The Report of the Auditors, Sarma & Co., Chartered Accountants (a) dated January 9, 2004 and (b) dated January 27, 2004 relating to the Company's restated financial statements, the latter of which is included herein
7. Copies of the Annual Reports for the Fiscal years ended March 31, 1999, 2000, 2001, 2002 and 2003 of the Company
8. A copy of the tax benefit report dated January 27, 2004 from our Auditors, M/s Sarma & Co., Chartered Accountants
9. Permissions of: (a) Auditors, Bankers to the Company and (b) Book Running Lead Managers, syndicate members, Domestic legal counsel for the Offer, International legal counsel to the Offer, Legal Counsel to the Underwriters, Directors, Company Secretary, Registrar and Bankers to the Offer, as referred to in their respective capacities.
10. General Power of Attorney executed for signing documents for this Offer.
11. Due Diligence Certificate dated January 14, 2004 to SEBI from ICICI Securities Ltd and Kotak Mahindra Capital Company Ltd.
12. SEBI guidance letter dated February 13, 2004 addressed to the Joint Secretary, Government of India.
13. Approval from GoI, Ministry of Finance (Department of Economic Affairs) pursuant to its letter no. FC.II.15(2004)/15(2004) dated January 28, 2004 for the transfer of Equity Shares in this Offer to eligible non-resident investors, NRIs and FIIs. In terms of the approval of GoI, OCBs have not been permitted to participate in the Offer.
14. Approval from the RBI for transfer of shares in this Offer to Non Resident Indians, FIIs and Foreign Venture Capital Funds registered with SEBI and Multilateral and Bilateral Development Financial institutions, pursuant to its letter no. EC.CO.FID/6458/10.01.07.02.200(529)/2003-04 dated February 6, 2004.

15. Annual Reports/accounts of the Group Companies
16. Letter from SEBI to Ministry of Disinvestment, Government of India dated January 29, 2004.
17. Letter from the Ministry of Disinvestment to the BRLMs with copy to the Company dated February 10, 2004 bearing No. 7(28)/2003-MODI
18. Tripartite Agreement between the NSDL, us and MCS Ltd dated October 9, 2003
19. Tripartite Agreement between the CDSL, us and MCS Ltd dated October 18, 2003
20. Letters from NSE, BSE, CSE, ASE, DSE, GSE and MSE
21. Due Diligence Certificate dated February 14, 2004 to the Government of India from ICICI Securities Limited and Kotak Mahindra Capital Company Limited
22. Letter from the Ministry of Disinvestment to the Department of Company Affairs dated February 7, 2004 for the offer for sale of Indian Petrochemicals Corporation Limited.
23. Letter from the Department of Company Affairs, Ministry of Finance, Government of India to the Ministry of Disinvestment, Government of India and endorsed to the Company dated February 10, 2004 bearing No. (D.O. NO. 1/32/01-D. Cell) for the offer for sale of Indian Petrochemicals Corporation Limited.
24. Letter no. 7(28)/2003-MODI dated February 13, 2004 from the Ministry of Disinvestment to the BRLMs
25. Letter from the Ministry of Disinvestment to the Company.
26. Letter from Ministry of Disinvestment authorising the Company Secretary and the Compliance Officer to handle investor complaints.
27. Syndicate Agreement dated February 20, 2004 amongst the Government, the Company, the BRLMs and the Syndicate Members.
28. Escrow Agreement dated February 20, 2004 amongst the Government, the Company, the BRLMs, the Registrar, the Syndicate Members and the Escrow Banks.
29. Underwriting Agreement dated March 4, 2004 between the Government, the Company, the BRLMs, the Syndicate Members and the Registrar.
30. Letters from Ministry of Disinvestment to the BRLMs dated February 21, 2004 and March 3, 2004
31. Resolution of the Committee of Directors dated March 5, 2004

Declaration

SEBI in its letter dated January 29, 2004 has advised that, "The relevant SEBI (DIP) Guidelines are applicable to an offer for sale by an unlisted company only. Thus the SEBI (DIP) Guidelines do not envisage a listed company facilitating one of the shareholders to dispose off his holdings through an offer for sale." Further, SEBI in its letter dated February 13, 2004 has advised that, "It may be specifically understood that the shares offered under this sale offer being already listed on the stock exchanges, the SEBI guidelines for public issues/offers are not applicable to this sale offer by the selling shareholder". However, the Selling Shareholder has vide its letter dated February 10, 2004 addressed to the BRLMs stated that, "Government would voluntarily adopt the SEBI DIP Guidelines particularly guidelines for the 100% Book Building Process for IBP Public Offer. Further, the processes, procedures and practices, which are generally followed in the 100% Book Building Process save deviations indicated in the subsequent paragraphs would be adopted for IBP Public Offer." SEBI by its letters dated January 29, 2004 and February 13, 2004 has stated also that this "Preliminary Sale Document does not constitute an offer document or prospectus in terms of the SEBI Guidelines" and that Preliminary Sale Document "is not a document issued by or on behalf of the Company and the document may be filed with Registrar of Companies only if required." Therefore, the following declaration/confirmation is being made voluntarily in the above context only:

Declaration

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Final Sale Document is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be.

Confirmation

All the provisions of the Securities Contract (Regulation) Act, 1956 and the provisions of the Securities Contracts (Regulation) Rules, 1957, as applicable, and the terms of the listing agreements have been complied with and continuous disclosures have been made thereunder.

Signed By The Directors

Mr. M S Ramchandran*
Mr. Arun Jyoti
Mr. A K Sinha
Mr. Prabh Das
Mr. N K Nayyar*
Mr. Saugata Ray*
Mr. N G Kannan*
Mr. A K Srivastava*

*through their duly constituted attorney, Mr. Amit Ghosh, Company Secretary and Compliance Officer, IBP Co. Limited.

Signed By The Selling Shareholder

Mr. Prabh Das

Joint Secretary

Ministry of Petroleum and Natural Gas
The Government of India

Date: March 5, 2004

Place: Kolkata