

The historic incorporation certificate

In the 50 golden years of existence, IndianOil has grown manifold.

directors' report

To
The IndianOil Family of Shareowners

Dear Members

On behalf of the Board of Directors, it is my privilege to present the 50th Annual Report on the business and operations of the Corporation for the financial year ended 31st March, 2009 alongwith the Audited Statement of Accounts, Auditors' Report and the Review of Accounts by the Comptroller & Auditor General of India.

India's flagship national oil company and downstream petroleum major, Indian Oil Corporation Ltd. (IndianOil) is celebrating the Golden Jubilee of its incorporation this year. The Corporation was incorporated on 30th June, 1959 as Indian Oil Company Limited to market petroleum products. The name of the Company was changed to Indian Oil Corporation Limited on 1st September, 1964 upon merger of Indian Refineries Limited, which was earlier established in August, 1958 to set up refineries and pipelines. From a fledgling company, the Corporation has grown several folds to attain a sales turnover of Rs. 2,85,337 crore and a net profit of Rs. 2,950 crore during 2008-09.

Your Corporation has grown to emerge as the country's largest commercial enterprise and India's highest ranked company in the prestigious *Fortune* 'Global 500' listing ranked at 105th position.

PERFORMANCE OVERVIEW

FINANCIAL

	2008-09		2007-08	
	US\$ Million	Rs. in Crore	US\$ Million	Rs. in Crore
Turnover				
(inclusive of Excise Duty)	62,030	285,337	61,480	247,457
Gross Profit				
(before Interest, Depreciation and Tax)	2,461	11,319	3,561	14,334
Interest Payment	859	3,952	384	1,546
Depreciation	660	3,038	673	2,708
Profit Before Tax	942	4,329	2,504	10,080
Tax Provision	300	1,379	774	3,117
Profit After Tax	642	2,950	1,730	6,963
Balance brought forward from last year's account	1,153	5,305	–	–
Profit available for appropriation	1,795	8,255	1,730	6,963
Appropriations				
Proposed Dividend	198	910	163	656
Corporate Dividend Tax	34	155	19	76
Insurance Reserve	2	10	2	10
Bond Redemption Reserve	118	540	54	219
General Reserve	290	1,335	173	697
Balance carried to Balance Sheet	1,153	5,305	1,319	5,305

PHYSICAL

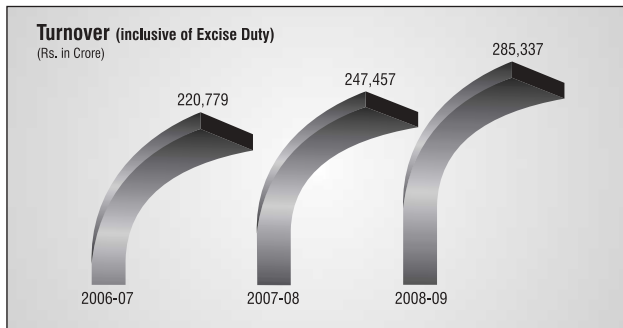
Million Metric Tonnes (MMT)

	2008-09	2007-08
Product Sales (incl. Exports)	66.166	62.616
Refineries Throughput	51.367*	47.401
Pipelines Throughput	59.627	57.121

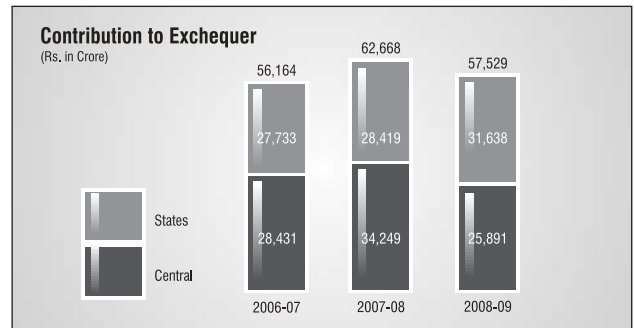
* includes 2.02 MMT of erstwhile Bongaigaon Refinery & Petrochemicals Ltd.

SHARE VALUE

	2008-09		2007-08	
	US\$	Rupees	US\$	Rupees
Cash Earning per share	1.07	49.32	2.01	81.10
Earning per share	0.53	24.30	1.45	58.39
Book value per share	7.88	362.43	8.56	344.58



(Year ending March)



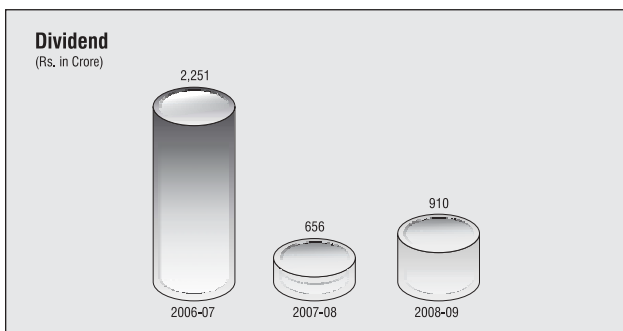
(Year ending March)

CHANGE IN PAID-UP SHARE CAPITAL

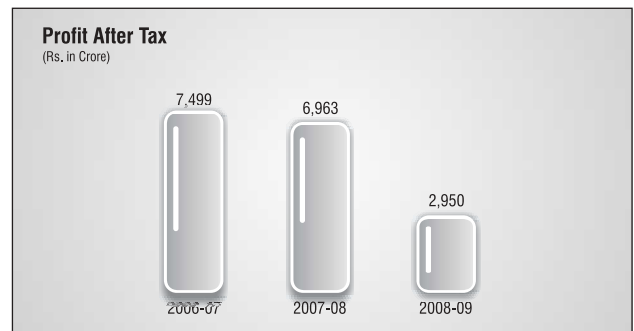
Pursuant to the Scheme of Amalgamation for merger of Bongaigaon Refinery & Petrochemicals Ltd. (BRPL) with IndianOil becoming effective on 25th March, 2009, the Corporation has issued 2,16,01,935 fully paid equity shares of Rs. 10/- each to the shareholders of erstwhile BRPL in May, 2009 in the approved swap ratio of 4:37 i.e. 4 equity shares of Rs.10/- each of IndianOil for every 37 equity shares of Rs.10/- each held in BRPL. Consequently, the Paid-up Share Capital of your Corporation has increased from Rs.1,192.37 crore to Rs. 1,213.97 crore effective 5th May, 2009. The said equity shares have since been listed and permitted for trading by the Stock Exchanges effective 18th May, 2009.

DIVIDEND

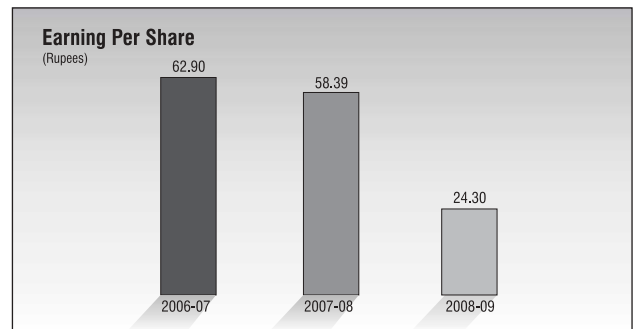
The Board of Directors of your Corporation is pleased to recommend a dividend of Rs. 7.50 per equity share of Rs. 10/- each on the paid-up share capital as against Rs. 5.50 per share in the previous year. This is the 43rd consecutive year of dividend declaration by your Corporation. So far, your Corporation has paid a cumulative dividend of Rs.14,509 crore, excluding a dividend of Rs. 910 crore payable for the current year after approval by shareholders.



(Year ending March)



(Year ending March)



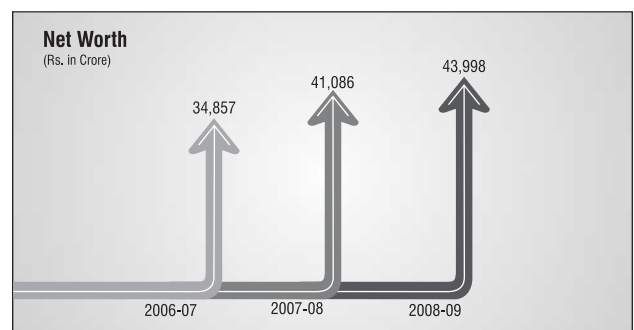
(Year ending March)

PUBLIC DEPOSIT SCHEMES

The Public Deposit Scheme, which is open only for employees and ex-employees of the Corporation, had outstanding deposits amounting to Rs.34.55 lakh as on 31st March, 2009. The rate of interest is 6% per annum.

CONTRIBUTION TO EXCHEQUER

During the year, IndianOil made a contribution of Rs.57,529 crore to the Exchequer as against Rs.62,668 crore in the previous year. Out of this, Rs.25,891 crore was paid to the Central Exchequer and Rs.31,638 crore to the State Exchequer.



(As on 31st March)

INDIANOIL GROUP REFINERIES AND PIPELINES NETWORK



Refineries

Installed Capacities

● IndianOil Refineries

Koyali	13.7
Panipat	12.0
Mathura	8.0
Barauni	6.0
Haldia	6.0
Bongaigaon	2.35
Guwahati	1.0
Digboi	0.65

◎ Subsidiaries' Refineries

CPCL, Chennai	9.5
CPCL, Narimanam	1.0

○ Group Total

Paradip (upcoming)	15.0
Group Total	60.20

(Figures in million metric tonnes per annum, equivalent to 20,000 barrels per day)

Pipelines

- Crude Oil Pipeline
- Product Pipeline
- Product Pipeline (under construction/proposed)
- R-LNG Pipeline – Dadri-Panipat (under construction)
- LPG Pipeline – Panipat-Jalandhar

Operating Pipelines

	Length (km)	Capacity (MMTPA)
Product Pipelines	5,963	33.41
Crude Oil Pipelines	4,366	38.20
Total	10,329	71.61

(As on 31st March, 2009)

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, your Corporation has prepared the Consolidated Financial Statements of its subsidiaries and joint venture entities. The highlights of the Consolidated Financial Results are as follows:

(Rs. in Crore)

	2008-09	2007-08
Turnover (inclusive of Excise Duty)	271,378	235,957
Profit Before Tax	3,649	12,489
Profit for the Group (after Tax)	2,599	7,913

CORPORATE GOVERNANCE

As stipulated under Clause-49 of the listing agreement with the stock exchanges, the Management Discussion & Analysis Report and the Corporate Governance Report have been incorporated as separate sections forming part of the Annual Report. The company also complies with the corporate governance guidelines enunciated by the Department of Public Enterprises, Government of India, for Government Companies, which has been duly certified.

The board has enunciated a code of conduct for the Directors and Senior Management Personnel of the Corporation, which has been circulated to all concerned and has also been hosted on the website of the Corporation. The Directors and Senior Management Personnel have affirmed compliance with the code of conduct.

OPERATIONS

Refineries

IndianOil's eight Refineries (including Bongaigaon Refinery) achieved highest ever refining throughput of 51.367 MMT during the year, surpassing the previous best of 49.421 MMT (including Bongaigaon Refinery) during 2007-08, registering a growth of 3.94%. The refineries together achieved a capacity utilisation of over 103% and highest ever combined distillate yield of 75.2 wt%.



PX-PTA plant of Panipat Refinery.

Pipelines

Your Corporation owns and operates the largest network of crude oil and petroleum product pipelines in India. During the year, the operational performance of Pipelines Division crossed yet another milestone of excellence with the highest ever operational throughput of 59.627 MMT of crude oil and finished petroleum products. The total network of pipelines crossed



An installation of Panipat-Bhatinda pipeline.

10,000 km mark during the year with the commissioning of Paradip-Haldia Crude Oil Pipeline System and IndianOil's first LPG Pipeline from Panipat to Jalandhar. The total network of pipelines as on 31st March, 2009 comprises a length of 10,329 km with a cumulative transportation capacity of 71.608 MMTPA.

Marketing

During the year, IndianOil maintained its dominance in the market place and clocked the highest ever sales of over 66.166 MMT of petroleum products as against 62.616 MMT in the previous year, registering a growth of 5.67%. Your Corporation commissioned 744 new retail outlets, including 496 *Kisan Seva Kendras* (KSKs) during the year, taking their total to 18,278. To facilitate interface with dealers & distributors, 64 dealer conventions, 16 KSK conventions besides Chairman's Panel Dealers Meet were held during the year.

With a focus on innovation, strong brand communication and sales promotion campaigns, IndianOil established firm leadership in the entire branded auto fuels segment with a market share of 48.6% in XtraPremium Petrol, 59.6% in XtraMile Diesel and 35% in AutoGas (LPG). The usage of XTRAPOWERTM Fleet Card by fleet owners grew by 24% in value terms with overall transactions at Rs.12,000 crore. Presently 5855 retail outlets transact the XTRAPOWERTM fleet card across the country.

In the highly competitive bulk consumer segment, IndianOil continued to be the market leader with overall volume growth of 2.1%. To further consolidate its



An Indane bottling plant

leadership, your Corporation commissioned 183 new consumer pumps during the year.

During the year, your Corporation enrolled about 26 lakh new *Indane* (LPG) customers and the cumulative Indane population reached 529 lakh. 18 new Indane distributorships were commissioned, raising their total number to 4,999. In an innovative measure, 47.5 kg LPG cylinders were launched during the year to facilitate bulk LPG supplies. To cater to the growing demand of AutoGas, 66 dispensing stations were commissioned during the year taking their tally to 223 stations in 118 cities across the country.

Your Corporation registered a 2.3% gain in market share in the finished lubes segment during the year. IndianOil's world-class *SERVO* Lubricants were formally launched in Oman through its wholly owned subsidiary, IOC Middle East FZE.

Despite drop in overall aviation fuel volumes owing to downturn in aviation business for the last part of the year, IndianOil continued to be the market leader with a market share of 63.3% meeting the aviation fuel requirements of the defence services, national carriers, scheduled private airlines and international airlines. IndianOil met the entire aviation fuel requirement of the Navy, Army and over 88% of Indian Airforce. A new-dedicated aviation fuel pipeline (95 km) was commissioned from Chennai Petroleum Corporation Ltd. (CPCL) to Chennai Aviation Fuel Station - the longest dedicated aviation pipeline in the country.

ASSAM OIL DIVISION

The Digboi Refinery of Assam Oil Division (AOD) processed 0.623 MMT of crude oil during the year. The Division sold about 1.067 MMT of products and retained its position as the market leader in the North-east. The marketing operations of AOD and Marketing Division of IndianOil in the North-east were rationalised and integrated from 1st April, 2008.

RESEARCH & DEVELOPMENT

IndianOil's Research & Development Centre developed 186 new lubricant formulations during the year, out of which 153 were commercialised. The Centre filed 17 patents during the year, of which 10 (ten) were approved, including 6(six) US patents. The year was marked with 47 approvals from Original Equipment Manufacturers (OEMs). As part of its efforts to promote hydrogen as an alternative fuel, IndianOil set up the nation's first commercial Hydrogen-CNG dispensing station at Delhi. The Corporation has tied up with National Renewable Energy Laboratory (NREL), U.S. for a pilot project to produce second generation bio-fuel from cellulosic biomass or degradable agricultural waste or wood.



A scientist at work at IndianOil's R&D Centre, Faridabad.

IBP DIVISION

IBP Division, which comprises the Explosives and Cryogenics Business Groups, sold 51,201 MTs of explosives. The Cryogenics Business Group achieved an all time high production of 19,251 Cryo containers during the year.

PROJECTS

Project implementation without time and cost over-runs have been accorded the highest priority by your Corporation. The status of the projects, as on date, is as under:

Completed Projects

- Paradip-Haldia Crude Oil Pipeline System
- Koyali-Ratlam Product Pipeline
- Augmentation of Mundra-Panipat Pipeline
- Panipat-Jalandhar LPG Pipeline
- New Aviation Turbine Fuel Pipeline between CPCL Refinery and Chennai Airport
- New terminal at Cherlapalli (A.P)
- Crumb Rubber Modified Bitumen Plant at Mathura
- Flare Gas Recovery facilities at Guwahati and Haldia Refineries
- 21 MW Wind Power Project at Gujarat
- Marketing Terminal at Ratlam

Major on-going Projects

- Capacity expansion of Panipat Refinery from 12 to 15 MMTPA
- Naphtha Cracker & Downstream Polymer Project at Panipat
- Installation of facilities for improvement in diesel quality and distillates yield at Haldia Refinery
- Residue Upgradation and MS/HSD Quality Improvement Project at Gujarat Refinery
- 15 MMTPA Grass Root Refinery at Paradip, Orissa
- MS Quality Upgradation Projects at Panipat, Mathura, Barauni, Guwahati, Digboi and Bongaigaon Refineries
- Diesel Hydro Treatment (DHDT) Project at Bongaigaon Refinery
- Dadri-Panipat R-LNG Spur Pipeline
- Chennai-Bangalore Product Pipeline
- Mathura-Bharatpur Spur Pipeline
- Branch Pipeline from Koyali-Dahej Pipeline to Hazira
- Bijwasan-Panipat Naphtha Pipeline
- Branch Pipeline from KSPL, Viramgam to Kandla

New Projects

- High Sulphur Crude Maximisation Project at Barauni Refinery
- Paraxylene Project at Gujarat Refinery
- Indmax Project at Bongaigaon Refinery
- Delayed Coking Unit at Haldia Refinery

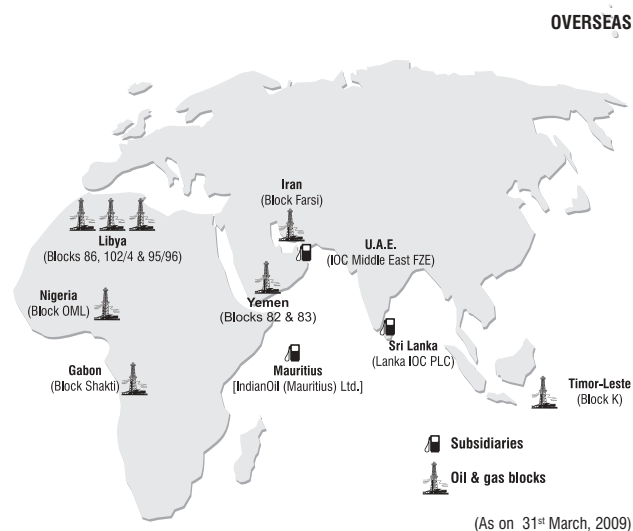
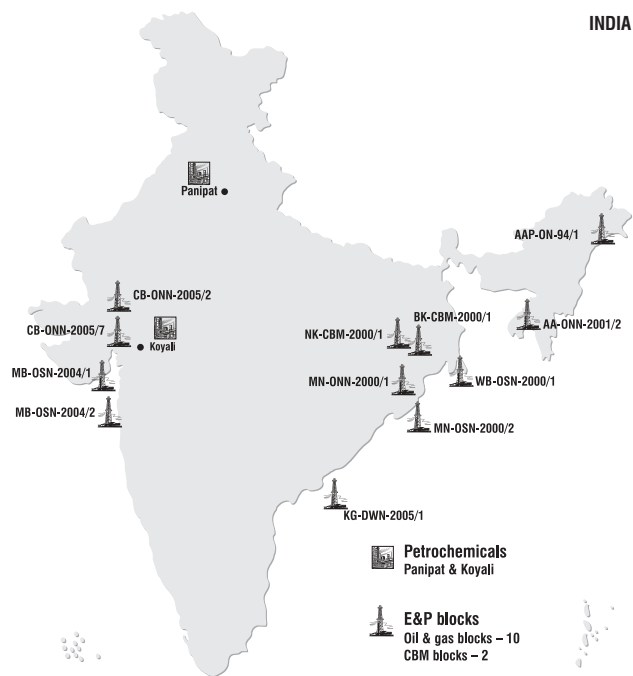
BUSINESS DEVELOPMENT

The strategic initiatives of your Corporation in the entire value chain of the hydrocarbon sector were guided by IndianOil's long-term vision. The year 2008-09 witnessed some major achievements.

Exploration and Production (E&P)

Your Corporation achieved a significant milestone in its E&P efforts, when it was awarded two on-land Type-S blocks, in the Cambay basin, with

NEW BUSINESSES FOR SUSTAINED GROWTH



100% participating interest and operatorship, in the 7th round of New Exploration Licensing Policy (NELP) of the Government of India. In addition, a Consortium of IndianOil (20% Participating Interest), ONGC and GSPC have been awarded one deepwater block in the KG basin under the 7th NELP round.

Overseas, the National Iranian Oil Company (NIOC) accepted the commerciality of the gas discovery made by your Corporation alongwith ONGC Videsh & Oil India in the Farsi offshore exploration block in Iran. IndianOil also signed production-sharing agreements for Block 82 and 83 in Yemen as well as Area 95-96 in Libya. IndianOil entered into farm-in agreement with Reliance E&P DMCC for 12.5% participating interest in the deepwater exploration Block-K in Timor Leste, as well.

In all, your Corporation presently has participating interest in 12 domestic blocks and 9 overseas blocks.

Consultancy Services

In a visible recognition of IndianOil's expertise, the Manpower Secondment Agreement and Technical Services Agreement with Emirates National Oil Company, Dubai, was extended for the 11th and 12th consecutive year respectively.

Gas Business

During the year, IndianOil recorded sales of 1.859 MMT of regasified LNG (which includes 0.18 MMT of internal refinery consumption).

IndianOil signed an MoU with Oil India Limited for pursuing various gas related activities including City Gas Distribution Projects in various parts of the country. IndianOil also entered into Franchise Agreements with City Gas Distribution players like Indraprastha Gas Limited, Mahanagar Gas Limited, Adani Energy Limited, Great Eastern Energy Corporation Limited, SITI Energy and Gujarat State Petroleum Corporation Limited for sale of CNG through IndianOil Retail Outlets.

IndianOil successfully commissioned the innovative project "LNG at Doorstep" for distributing LNG directly to the consumers.

Petrochemicals

During the year, your Corporation continued to strengthen its petrochemicals business. IndianOil consolidated its business of Linear Alkyl Benzene (LAB) as a major supplier to many national and international customers. The export market of IndianOil's LAB expanded to 12 countries and the LAB plant of the Corporation achieved more than 107% capacity utilisation. The domestic market for IndianOil's Purified Terephthalic Acid (PTA) expanded significantly exhibiting 9% year-on-year growth. A quantity of 5.0 TMT Paraxylene produced at Panipat Refinery was exported to Indonesia during the year. IndianOil's biggest petrochemical project of Naphtha Cracker & Downstream Polymer Unit in Panipat is expected to be commissioned during 2009-10.

Bio-Fuels

A major milestone was reached with the formation of a Joint Venture Company with Chattisgarh Renewable Development Authority (CREDA) for carrying out biodiesel activity in Chhattisgarh. The project envisages producing 30,000 MTPA of Bio-diesel by 2015 by undertaking plantation on 30,000 hectares of revenue wasteland. A pilot project for plantation of energy crops on revenue wasteland in Madhya Pradesh was also started during the year. The first phase Pilot plantation of Jatropa on 600 hectares is underway. IndianOil signed an MoU with M/s Ruchi Soya Industries Limited to jointly explore feasibility of forming a consortium for establishing a model Biodiesel value chain in Uttar Pradesh.



Renewable Energy

The thrust of the Corporation on green energy received a major boost during the year with the commissioning of its 21 MW wind power project at Surajbari near Kandla in Gujarat. IndianOil also ventured into solar energy business with the commissioning of two pilot projects of Solar Charging Stations for charging solar lanterns in two *Kisan Seva Kendras* in UP.

INTERNATIONAL TRADE

To meet the country's growing demand for petroleum products, IndianOil arranged to import crude oil, fuel products and lubricants through a judicious and diversified mix of supply sources. It also exported surplus petroleum products during 2008-09. The details of imports and exports are as under:

	Quantity (Million Tonnes)	Value (Rs. in Crore)
Imports		
Crude Oil	47.779	131150.55
Petroleum Products	3.594	12361.77

The Corporation also exported petroleum and petrochemical products amounting to Rs. 14,785.57 crore during 2008-09.

OPTIMISATION & INFORMATION SYSTEMS

During the year, the Transport Scheduling (Tx) Package developed by the Optimisation Group was successfully implemented in the Marketing Division. Optimisation model continued to be utilised during the year to facilitate decision making. IndianOil's ambitious SAP Enterprise Resource Planning (ERP) solution offers an integrated environment for transaction processing across all business verticals. The centralised computing and communication infrastructure at Gurgaon designed to provide high availability, non-interruptive access to business across India resulted in 100% uptime of business applications.

SAFETY, HEALTH & ENVIRONMENT

Your Corporation is committed to conducting business with a strong environment conscience for sustainable development, safe workplace and enrichment of quality of life of employees, customers and the community we serve. Best practices and procedures of the industry are in place at all operating units of the Corporation to take care of safety, occupational health and environmental hazards. These facilities are periodically reviewed, audited and upgraded for continued excellence. The environment management systems at the refineries, pipelines and major marketing installations are certified under ISO-14001 standards. In a major greening initiative, about 15, 500 tonnes of oily sludge was liquidated during the year from refineries. Over 40 marketing locations have set up the rain water harvesting system.

ENERGY CONSERVATION

Energy Conservation continues to receive the requisite thrust at all IndianOil refineries through continuous in-house process monitoring and keeping abreast with latest technological developments. As a result of various energy conservation measures undertaken, the energy index in terms of Thousand British Thermal Units / Barrel / Energy Factor of IndianOil refineries during the year is down to 64 as against the energy index of 67 in the previous year. Similarly, energy conservation schemes implemented during the year resulted in fuel savings to the tune of about 73, 000 MT/year valued at about Rs.168 crore.

HUMAN RESOURCES

Employee Profile

The Corporation's employee strength as on March 31, 2009 was 33,998 including 13,716 officers and 2,588 women employees.

Presidential Directives regarding representations of SCs / STs and OBCs

Your Corporation has been meticulously following the Presidential Directives and other guidelines issued from time to time regarding reservation in services for Scheduled Castes, Scheduled Tribes and Other Backward Classes. In accordance with para-29 of the Presidential Directive, a note about the Corporation's activities which have direct relevance to the advancement of SC/ST category of employees along with the statistics relating to representation of SCs/STs in the prescribed proforma – SC/ ST / OBC Report-I and SC/ST/OBC Report-II is enclosed as Annexure-II.

Status on Implementation of Disabilities Act, 1995

Your Corporation has been implementing the provision of 3% reservation for physically challenged and disabled persons diligently.

Welfare of weaker sections

The Presidential Directives and various instructions / guidelines issued by the Government of India regarding reservation in services for various categories of personnel were scrupulously followed. Your Corporation has endeavoured to utilise 25% of Community Development funds towards Special Component Plan (SCP) and Tribal Sub Plan (TSP) for meeting the needs of weaker sections.

Industrial Relations and Employees' Participation in Management

The Industrial Relations climate in the Corporation remained harmonious and peaceful except for a 3 day strike in January, 2009 by the IndianOil Officers' Association in support of the strike call given by Officers' Association of All Oil Sector PSUs on pay revision issues which were beyond the jurisdiction of the management of the Corporation and needed redressal at the Government level. The strike was, however, called off unconditionally.

Your Corporation continued its efforts to promote employees' participation in various activities like Suggestion Scheme, Quality Circles, Welfare, Safety, Total Productive Maintenance (TPM), etc. during the year. Quality Circles functioning in various units are actively engaged in problem solving activities to improve quality, productivity, cost effectiveness and system improvement.

Face2Face is a unique, first-of-its-kind interactive initiative in IndianOil, enabling IndianOil employees to interact with the Chairman through the video conference mode.

Human Resource Development

Your Corporation has made rapid strides since formulating its Vision in 1999 and has achieved significant milestones in the entire spectrum of hydrocarbon value chain. Therefore in order to uphold and protect its leadership position, IndianOil revisited the existing Vision Statement, to evolve a new and contemporary Vision, which was undertaken after a massive organization-wide exercise during the year.

In pursuance of the best practices of Corporate Governance and to ensure greater transparency in the Corporation's functioning, a 'Whistle Blower Policy' was framed.

IndianOil continues to provide scholarships for meritorious students from economically weaker sections of the society for pursuing various professional courses / disciplines. IndianOil emerged as the only PSU to figure in the list of top '25 Best Employers' announced by M/s Hewitt Associates. To meet the need of manpower in unanimous new and growing businesses, IndianOil recruited more than 900 Engineering & Management Graduates and Chartered Accountants.

Presidential Directives regarding Pay Revision

The Ministry of Petroleum & Natural Gas (MoP&NG) in exercise of the powers conferred by Article 144(b) of the Articles of Association of IndianOil, issued a Presidential Directive vide its letter dated 21st April, 2009 to implement the pay

revision of Board level and below Board level executives as per the guidelines issued by the Department of Public Enterprises vide Office Memorandums dated 26th November, '08, 9th February, '09 and 2nd April, '09 and the same have been implemented.

Sports

IndianOil's sportspersons continued to excel in national and international sporting events in various disciplines during the year. The Sports Scholarship Scheme for promising young sports persons was continued with a view to encourage talent and create a pool of sportspersons. Shri Aditya Mehta was runner-up in the Asian Snooker Championship held in Dubai and was also selected by the Asian Confederation of Billiards & Snookers to take part in the World Professional Snooker tour played in England. Shri Yogesh Paradeshi won the 12th SAARC Carrom Championship at Sri Lanka.

Shri Prabhjot Singh, hockey player was conferred the Arjuna Award and Shri Sharat Kamal represented India in Table Tennis events in the Beijing Olympics. Shri Rohit Sharma was selected to represent India, in cricket in One-day and Test teams.

Corporate Social Responsibility (CSR)

IndianOil's present business practices and vision for the future are synergised with sustainability. Our strong commitment and sense of corporate social responsibility is reiterated in our increased budget allocation for Corporate Social Responsibility activities from the year 2008-09. IndianOil continued its endeavour to make a positive contribution to the underprivileged communities in and around the major units by supporting a wide range of social-economic initiatives – our focus areas being Clean Drinking water, Health & Medical Care and Education with a special emphasis on the Scheduled Castes and Scheduled Tribes. The third edition of our Sustainability Report for 2007-08 was published in the current year conforming to the "Global Reporting Initiatives – G3" guidelines.

Hindi Implementation

In compliance of the Official Language Act, 1963, Official Language Rules, 1976 and orders issued by the Government of India from time to time, efforts were continued during the year for increasing the progressive use of Hindi in official work. Official Language Implementation Committees functioning at IndianOil units regularly review the progress of implementation of official language policies and the annual programme as circulated by the Department of Official Language, Ministry of Home Affairs. The Committee of Parliament on Official Language inspected fourteen locations during the year and also a team of officials from the Ministry of Petroleum and Natural Gas inspected three locations of IndianOil to review the progress in use of Hindi. IndianOil has published a Petroleum Glossary under the aegis of Ministry of Petroleum & Natural Gas. An IndianOil Website as well as individual WebPages by Refinery units have been created in Hindi during the year.

Foreign Tours

IndianOil officers undertook a total of 498 foreign tours during 2008-09 for various business purposes and for attending conferences, seminars and training programmes. The total expenditure on foreign tours was Rs.8.24 crore.

Vigilance

During the year, IndianOil's Vigilance Group conducted a number of vigilance training courses/workshops and awareness programmes for the benefit of the employees. A Vigilance Awareness Week was also held across various locations of the Corporation in November, 2008. As a part of preventive vigilance, special emphasis was laid on system studies aimed at making the system transparent and a large number of surprise inspections of Dealers/Distributors Network were carried out.

REMUNERATION TO THE AUDITORS

The Auditors' remuneration for the year 2008-09 has been fixed at Rs. 69 lakh plus applicable service tax. In addition to this, reasonable out-of-pocket expenses actually incurred are also reimbursable.

ENTERTAINMENT EXPENSES

The entertainment expenses for the year 2008-09 were Rs. 1.98 crore.

MERGERS

Bongaigaon Refinery & Petrochemicals Ltd. (BRPL)

The Ministry of Corporate Affairs (the competent authority to approve mergers of Government companies) accorded sanction to the Scheme of Amalgamation of BRPL with IndianOil vide its Order dated 9th March, 2009, which became effective on 25th March, 2009. Consequently, BRPL ceased to exist, effective 25th March, 2009. All the assets & liabilities of BRPL now vest with IndianOil and all the employees of BRPL have become employees of IndianOil. The shares of IndianOil in the prescribed swap ratio of 4: 37 were issued to the eligible shareholders of erstwhile BRPL.

SUBSIDIARIES

The Corporation has the following subsidiaries, whose financial performance for 2008-09 is as under:

Subsidiary	(Rs. in Crore)	
	Total Turnover	Net Profit
Chennai Petroleum Corporation Ltd.	36,490	(397)
IndianOil (Mauritius) Ltd.	818	30
Lanka IOC PLC.	1,922	(50)
IndianOil Technologies Ltd.	2	1
IOC Middle East FZE	50	2



Launch of SERVO lubricants in Oman.

REPORT ON ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS

In accordance with the Companies (Disclosure of Particulars in the report of Board of Directors) Rule, 1988, a report on Energy Conservation, Technology Absorption and Foreign Exchange earnings is annexed at Annexure-1.

PARTICULARS OF EMPLOYEES

The particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 and Rules framed there under are annexed.



Shri Pranab Mukherjee, Minister of Finance (the then Minister of External Affairs) inaugurating the PETROTECH-2009 Conference organised by IndianOil.

BOARD OF DIRECTORS

There were no changes in the Board of Directors subsequent to the appointment of five Independent Directors effective 1st June, 2008 which was disclosed in the Annual Report of 2007-08.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under the Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2009, all applicable accounting standards had been followed, along with proper explanations relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2009 on a 'going concern' basis.

ACKNOWLEDGEMENTS


IndianOil has made rapid strides in the first 50 years of its existence and has crossed several milestones and emerged as India's flagship national oil company. The achievements of the Corporation would not have been possible without the unstinted and dedicated efforts of all its stakeholders including employees, both past and present. In its Golden Jubilee year, the Board of Directors hereby records its deep appreciation for the valuable services and untiring efforts of all its stakeholders, which enabled the Corporation to attain greater heights of glory.



Chairman, IndianOil welcoming the Minister of Petroleum & Natural Gas and the Minister of State for Petroleum & Natural Gas at CEO's Conclave for 'Oil Sector PSUs - Vision-2015'.

The Board also wishes to thank the Government of India, particularly the Ministry of Petroleum & Natural Gas, and the various State Governments, regulatory and statutory authorities for their valuable guidance and support from time to time. The Board is also grateful to the Corporation's bankers, investors, customers and vendors for their continued support and confidence reposed in the Corporation.

For and on behalf of the Board


(S. BEHURIA)
 Chairman

Place : New Delhi
 Dated : 15th July, 2009