



IndianOil

Directors' Report

To,

The IndianOil Family of Shareowners,

Dear Members,

On behalf of the Board of Directors, it is my privilege to present to you the 52nd Annual Report of the Corporation for the financial year ended 31st March 2011, along with the Audited Statement of Accounts, Auditors' Report and the Report on the Accounts by the Comptroller & Auditor General of India.

PERFORMANCE REVIEW

FINANCIAL

	2010-11		2009-10	
	US\$ Million	₹ in crore	US\$ Million	₹ in crore
Turnover (inclusive of Excise Duty)	72,125	3,28,744	57,121	2,71,095
Gross Profit (before Interest, Depreciation and Tax)	3,584	16,336	3,976	18,872
Interest Payment	586	2,673	321	1,526
Depreciation	1,002	4,567	683	3,240
Profit Before Tax	1,996	9,096	2,972	14,106
Tax Provision	363	1,651	818	3,885
Profit After Tax	1,633	7,445	2,154	10,221
Balance Brought forward from last year's account	--	--	1,118	5,305
Profit available for appropriation	1,633	7,445	3,272	15,526
Appropriations				
Add:				
Insurance Reserve utilised	3	14	4	22
Less:				
Proposed Dividend	506	2,307	665	3,156
Corporate Dividend Tax	79	359	107	509
Insurance Reserve	4	20	4	20
Bond Redemption Reserve	22	101	(56)	(269)
General Reserve	1,025	4,672	2,556	12,132
Balance carried to Balance Sheet	NIL	NIL	NIL	NIL

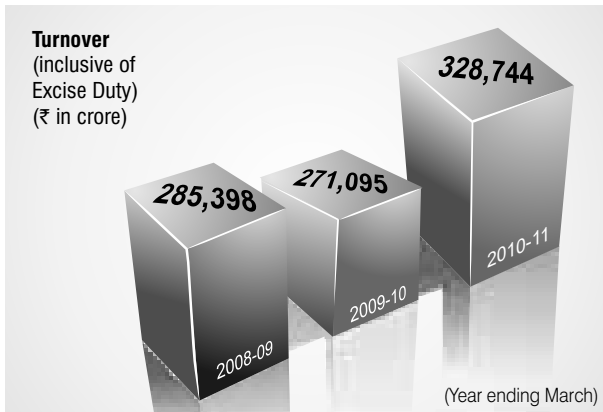
PHYSICAL

Million Metric Tonnes (MMT)

	2010-11	2009-10
Refineries Throughput	52.96	50.69
Pipelines Throughput	68.52	65.00
Product Sales (incl. of Gas, Petrochemicals & Exports)	72.92	69.92

SHARE VALUE

	2010-11		2009-10	
	US\$	₹	US\$	₹
Cash Earning per share	1.09	49.47	1.17	55.44
Earning per share	0.67	30.67	0.89	42.10
Book value per share	5.00	227.90	4.64	208.21

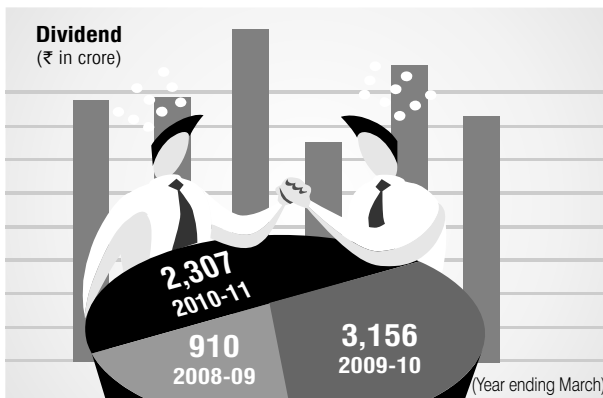


CHANGE IN AUTHORISED SHARE CAPITAL

During the year, the Authorised Share Capital of the Corporation was increased from ₹ 2,500 crore to ₹ 6,000 crore with the approval of members by a Postal Ballot Process to enable the Corporation to raise finance through the issuance of shares in the future.

DIVIDEND

The Board of Directors of your Corporation is pleased to recommend a dividend of ₹ 9.50 per equity share of ₹ 10/- each on the Paid-up Share Capital as against ₹ 13/- per share in the previous year due to lower profits. So far, your Corporation has paid a cumulative dividend of ₹ 18,575 crore, excluding a dividend of ₹ 2,307 crore payable for the current year, subject to the approval by shareholders.

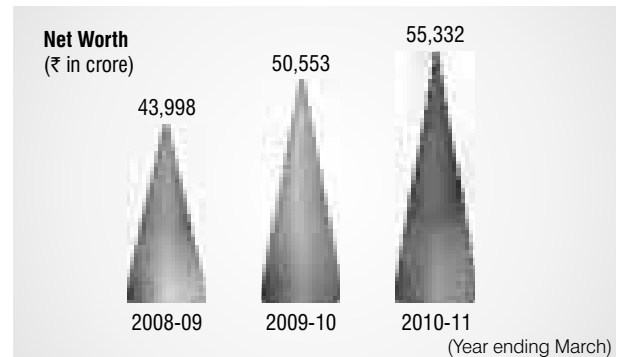
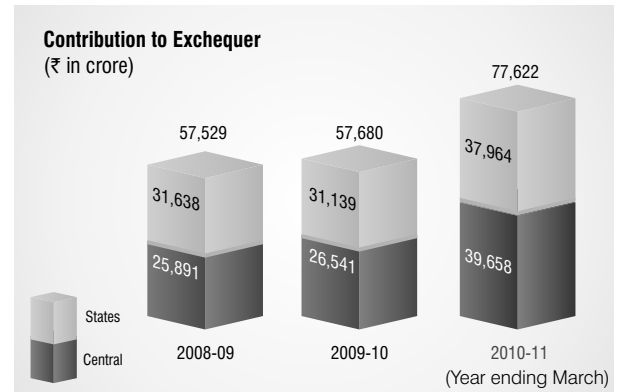


PUBLIC DEPOSIT SCHEME

The Public Deposit Scheme, which was open only for employees and ex-employees of the Corporation, was closed with effect from 31st August 2009. The total outstanding deposits were ₹ 55,000 as on 31.03.2011.

CONTRIBUTION TO EXCHEQUER

Your Corporation has been making enormous contributions to the Exchequer in the form of duties and taxes. During the year, ₹ 77,622 crore was paid to the Exchequer as against ₹ 57,680 crore in the previous year. In the current year, ₹ 39,658 crore was paid to the Central Exchequer and ₹ 37,964 crore to the States Exchequer.



IndianOil Group Refineries and Pipelines Network



(As on 31st March, 2011)

(Map not to scale)

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:

	(₹ in crore)	
	2010-11	2009-10
Turnover (inclusive of Excise duty)	3,14,711	2,59,379
Profit Before Tax	10,114	15,049
Profit for the Group (after tax)	7,831	10,713

CORPORATE GOVERNANCE

As stipulated under Clause-49 of the Listing Agreement with the Stock Exchanges, the Corporate Governance Report and Management's Discussion & Analysis Report have been incorporated as separate sections, forming part of the Annual Report. Your Corporation also complies with the Corporate Governance guidelines, enunciated by the Department of Public Enterprises (DPE), Government of India applicable for Government Companies. IndianOil also complies with most of the provisions of the voluntary guidelines on Corporate Governance issued by Ministry of Corporate Affairs and would endeavour to comply with the other provisions that are within the domain of a Government Company.



Panipat Naphtha Cracker dedication to the Nation

SECRETARIAL AUDIT

Your Corporation has carried out a Secretarial Audit of its records and documents for the year 2010-11 as a Good Corporate Governance practice. The Secretarial Audit Report confirms that the Corporation has complied with all the applicable provisions of the Corporate Laws, guidelines, rules etc. The Report, duly certified by a practising Company Secretary, is provided in the Annual Report.

CODE OF CONDUCT

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 as required under the Corporate Governance guidelines of Clause 49 of the Listing Agreement and DPE guidelines.

OPERATIONAL PERFORMANCE

Refineries

During the year, IndianOil became the number one refiner in the country after the capacity expansion at Panipat Refinery (from 12 to 15 MMTPA), taking the group refining capacity to 65.7 MMTPA.



IndianOil's refineries achieved the highest ever crude throughput of 52.96 million tonnes during the year, surpassing the previous best of 51.37 million tonnes achieved in 2008-09. With an overall capacity utilisation of 102% for the year, your Corporation has been consistently maintaining a capacity utilisation of over 100%. This has come in the wake of planned revamp shutdowns for implementation of quality upgradation project in all the refineries. The optimal operation of secondary units at all refineries, as well as minimizing downtime, has enabled refineries in achieving the highest combined distillate yield of 75.4 wt%.

Pipelines

IndianOil's pipelines, the largest of its kind in Asia, registered an excellent performance during the year, recording a quantum leap in its operations with the highest ever throughput of 68.52 million tonnes of crude oil and petroleum products as against 65.00 million tonnes in the previous year. With the commissioning of new pipelines, the total network of product, crude and gas pipelines increased to 10,899 km during the year.



Expanding supply network

Marketing

We continue to leverage our distribution infrastructure to ensure that our leadership is maintained. During the year, IndianOil sold over 64.1 million tonnes of petroleum products, which is an increase of 2.2 million tonnes over the previous year, registering a 4% growth. IndianOil completed the switchover to BS-III & IV compliant transportation fuels across the country well before the deadline of 1st Oct. 2010. Your Corporation commissioned 900 new retail outlets, including 575 Kisan Seva Kendra (KSK) outlets during the year, taking the total tally to 19,463 Retail Outlets.



Assurance to customers

During the year, your Corporation enrolled about 46.8 lakh new Indane LPG customers and commissioned 245 new Indane distributors taking their total to 618.3 lakh and 5,311 respectively. The LPG Bottling capacity was enhanced to 5,518 TMTPA with capacity addition of 326 TMT during the year. In order to provide LPG to rural India, your Corporation commissioned 145 distributors under the Rajiv Gandhi Gramin LPG Vitaran Yojana under the auspices of Ministry of Petroleum & Natural Gas. As a part of our CSR activity, 10,052 new connections were released to BPL families.

Your Corporation achieved 4.2% growth (17 TMT) of finished lubes during the year 2010-11 with a growth of 6.9% in Retail lube and 2.8% in Institutional lube business over the previous year. IndianOil continues to be the market leader in the aviation fuel business with a market share of 61.7% and enjoys leadership in all segments like Domestic airlines, International Airlines and Defence services.

ASSAM OIL DIVISION/IBP

The Digboi Refinery of Assam Oil Division (AOD) plays a vital role in ensuring the supply of petroleum products in east Assam. The refinery processed 0.65 million tonnes of crude oil during the year and sold about 1.2 million tonnes of products through its extensive network retaining our position as a market leader in the region. Our IBP Division, which comprises of explosives and cryogenic businesses, earned a revenue of ₹ 182.72 crore during the year registering a growth of 13% over the previous year.

RESEARCH & DEVELOPMENT

IndianOil developed 132 new product formulations during the year, of which more than 85% were commercialised. During the year, 46 Original Equipment



Going green

Manufacturers (OEMs) approvals and defence certifications were obtained. Dual mode de-asphalting technology was developed to enhance Refinery Distillate Yield using LPG as a solvent. A multi-feed fluidized bed gasification pilot plant was commissioned to support research in the area of Gas to Liquid conversion. During the year, 12 Patents were filed in India out of which two have been granted. In addition, two Patents in US, one in France and one in Russia were granted. IndianOil's Bio-remediation Technology – Oilivorous S was utilised for treating oil spills at marine locations caused by collision of ships off Mumbai coast.



R&D - Making a difference



Leading through commitment

PROJECTS

The timely execution of Projects is a priority for your Corporation and multifunctional teams constantly monitor them to prevent cost overruns. Our project teams have been ensuring that construction and commissioning of the projects are done seamlessly. Your Corporation's project management expertise is widely acclaimed by the oil industry. The list of the various completed, ongoing and upcoming projects is as under:-

Completed Projects

- Capacity Augmentation of Panipat Refinery to 15 MMTPA.
- Residue Upgradation & MS/HSD quality improvement project at Gujarat Refinery.
- MSQ Improvement Projects at Guwahati, Barauni and Digboi Refineries.
- Flare Gas Recovery facilities at Panipat and Gujarat Refineries.
- Mathura- Bharatpur spur Pipeline.
- Branch Pipeline to Hazira from Koyali- Dahej Pipeline.
- Automation of various product storage terminals.
- Automation of 300 Retail Outlets.

Ongoing Projects

- 15 MMTPA grassroot refinery at Paradip, Orissa.
- Capacity Revamp of FCCU at Mathura from 1.3 to 1.5 MMTPA.
- Coke chamber replacement & DCU modernisation at Guwahati Refinery.
- Use of Natural Gas in balance four GTs at Panipat Refinery.
- Installation of 6th Gas Turbine along with HRSG at Gujarat Refinery.
- Butadiene Extraction Unit (BDEU) at Panipat Refinery.
- Additional Sulphur Recovery Unit & Sulphur Pelletising Unit at Mathura Refinery.
- MS Quality Improvement Project and Diesel Hydrotreater (DHDT) Project at Bongaigaon.
- Augmentation of Chennai-Trichy-Madurai Pipeline.
- Augmentation of Chennai-Bangalore Pipeline.
- Construction of tanks and blending facility at Vadinar.
- Branch pipeline from Viramgam to Kandla.
- Paradip- Raipur- Ranchi Product Pipeline.
- Debottlenecking of Salaya- Mathura Pipeline.
- Integrated Crude Oil handling facilities at Paradip.
- Paradip-Haldia-Durgapur LPG Pipeline.
- Modernisation of Lube Blending plant and Lube Complex at Mumbai.
- Additional tankage facilities at various storage locations.
- LPG Marketing Terminal at Paradip.

Upcoming Projects

- Distillate Yield Improvement project at Haldia Refinery.
- INDMAX project at Bongaigaon Refinery.
- Mundra-Viramgam Crude Oil Pipeline.
- Augmentation of Paradip- Haldia- Barauni Pipeline.
- LPG Pipeline from Kandla to Panipat.
- Augmentation of Salaya-Mathura Pipeline.

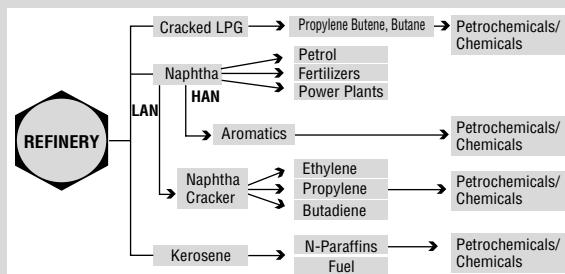
EXPANDING BUSINESSES

Your Corporation has a participating interest in 23 blocks which includes 13 domestic and 10 overseas blocks in Libya, Yemen, Nigeria, Iran, Gabon, Timor-Leste and Venezuela. The year marked a major step in efforts of your Corporation to build E&P operator capabilities as operator activities were initiated in Cambay blocks. In the Mahanadi offshore block, the commerciality of gas discovery made earlier was accepted by Director General of Hydrocarbons. During the year, formalities relating to the heavy oil project in Carabobo region of Venezuela were finalized with the execution of all contract documents and publishing of the Transfer Decree in the official gazette of Venezuela.

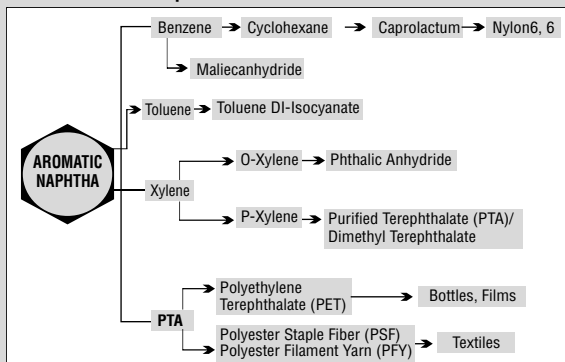
The year saw the commencement of gas supplies to Panipat Refinery through the Corporation's first gas pipeline between Dadri and Panipat, which was commissioned in July, 2010. In a bid to scale up its gas infrastructure, a 5 MMTPA LNG Import & Re-gassification Terminal Project has been planned at Ennore, Tamil

Petrochemicals - Product Flow Chart

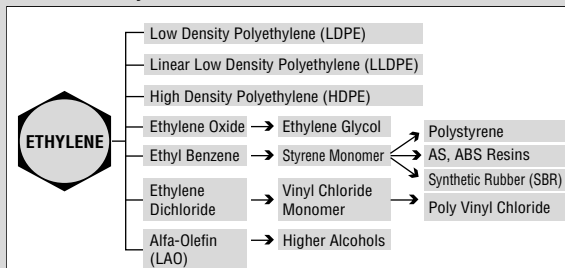
Refinery Streams for Petrochemicals/Chemicals



Aromatic Naphtha Based Petrochemicals/Chemicals



Ethylene Based Petrochemicals/Chemicals



Nadu. A consortium of IndianOil, GSPC, HPCL & BPCL emerged as a successful bidder for the three cross-country Gas Pipeline bids invited by the Petroleum & Natural Gas Regulatory Board (PNGRB).

During the year, the total sales volume of Linear Alkyl Benzene (LAB) was 124 TMT, which includes domestic sales of 107 TMT and export sales of 17 TMT. LAB is now being exported to 20 countries in six continents. The LAB unit at Gujarat Refinery achieved a capacity utilization of 105% during the year. Sale of 447 TMT of PTA was made to domestic customers, covering all major manufacturers of Polyester Film and PET. Aggressive strategies are in place to achieve a significant growth in sales in 2011-12.

During the year, sales commenced from the Naphtha Cracker and downstream polymer units of Panipat Refinery for catering to domestic as well as international markets. Polymer sales of 217 TMT were achieved during the year including export of 8 TMT to eight countries. 38 Del Credre Associates cum Consignment Stockists for the domestic market and 3 Overseas Commission Agents one each in Nepal, Pakistan and Bangladesh were appointed during the year for Polymer Marketing. Your Corporation has become the largest supplier of Mono Ethylene Glycol (MEG) in the domestic market with a monthly supply ranging between 16,000 – 22,000 MT. Glycols sales of 151 TMT was achieved during the year.

During the year, IndianOil continued with its long standing Technical Services Agreement (TSA) and Manpower Secondment Agreement (MSA) with Emirates National Oil Company (ENOC). Under the TSA, IndianOil provided consultancy services for carrying out the de-bottlenecking feasibility study of LPG Amine Treatment and Regeneration facilities at ENOC's condensate Refinery in Dubai.

Exploring Energy Alternatives

With the success of its first Wind power project of 21 MW in Gujarat, your Corporation is considering further investments in Wind power projects. During the year, the Corporation won a bid for setting up a 5 MW Solar Photo Voltaic power plant in Rajasthan under the Jawaharlal Nehru National Solar Mission. IndianOil's endeavour to provide green energy solutions in the rural areas through its vast rural Kisan Seva Kendra (KSK) network began in 2009 with the launch of Solar LED Lanterns. During the year, more than 30,000 solar lanterns were sold through its KSK outlets. During the year, a joint venture company was formed with Nuclear Power Corporation of India Ltd. (NPCIL) for setting up Nuclear power plants.

Your Corporation has bio-diesel (Jatropha) plantation projects in three states, viz. Chhattisgarh, Madhya Pradesh and Uttar Pradesh. Further, efforts are on for exploring second generation bio-fuels with the Corporation's R&D Centre actively undertaking research on the production of second generation Bio-Diesel from Algae, in collaboration with International Research Agencies.

Supply Chain Optimisation – Leveraging Information Technology

Your Corporation imported 50.440 million tonnes of crude oil and 5.568 million tonnes of petroleum products during the year, amounting to ₹ 1,45,983 crore and ₹ 19,565 crore respectively, to meet its requirements through a carefully selected and diversified mix of supply sources. IndianOil also exported 4.988 million tonnes of petroleum and petrochemical products worth ₹16,781 crore, during the year. In order to monitor day-to-day key parameters, a web based portal which provides vital information like stock position and prices of crude and products, marketing and



Energy to rural India

pipelines operations was launched. Optimisation efforts helped in better planning, execution and taking corrective actions to maintain supply chain in an optimal manner, keeping corporate profitability under consideration. Your Corporation has commissioned a state-of-the-art Business Continuity Centre at Bengaluru which would ensure SAP service availability at all times.

Human Resource

The Corporation's employee strength as on March 31, 2011 was 34,105 including 14,497 officers. There are 2,637 women employees, constituting 7.73% of the total workforce. A Memorandum of Settlement (MoS) on pay revision for workmen was signed with all the 23 recognised unions on 29th July, 2010. The pay revision has been implemented for workmen in accordance with the policy of the Department of Public Enterprises (DPE).

The industrial relations climate in the Corporation remained peaceful and cordial during the year. IndianOil has always supported a participative culture in its management through a consultative approach with the collectives by establishing harmonious relations. Your Corporation's efforts to promote employees' participation in various activities such as Collective bargaining, Suggestion Scheme, Quality Circles, Welfare, Total Productive Maintenance, Mentoring etc. were continued during the year. IndianOil's suggestion scheme has contributed



Making a difference to society



Leveraging Technology

immensely to productivity, profitability and safety as well as in many other areas of excellence across the organisation.

In order to harness the full potential of human resources, IndianOil continues to align its HR strategy with the organisational strategy. An enterprise wide manpower study for the executives has been undertaken to carry out scientific workforce planning to establish norms for manpower positioning and developing a staffing dashboard for the executive's future use. To strengthen our leadership pipeline and making our leaders future ready, a separate study on succession planning is under consideration. In order to improve the quality of talent at the entry level and to simplify the recruitment system, your Corporation had introduced the concept of utilising Graduate Aptitude Test in Engineering (GATE) score, which has proved successful.

IndianOil Institute of Petroleum Management (IIPM), the apex learning institute, has planned and conducted new online programmes for non-finance Executives in financial management skills, in association with U-21 Global Universitas, Singapore and also on Sustainable Development including Energy Efficiency, Emission Mitigation etc.

Your Corporation has been scrupulously following the Presidential Directives and other guidelines issued by the Ministry of Petroleum & Natural Gas and the DPE from time to time, regarding reservation in services for Scheduled Castes, Scheduled Tribes, Physically Challenged and OBCs. It has been the endeavour of your Corporation to utilise 25% of Community Development funds towards the Special Component Plan (SCP) and the Tribal Sub Plan (TSP), for meeting the needs of the weaker sections. The Presidential Directives and other guidelines issued by the Government of India with regard to reservation in services are meticulously followed by your Corporation. A report relating to representation of SCs/STs, in the prescribed proforma - SC/ST/OBC Report-I and SC/ST/OBC Report-II, is annexed.

Your Corporation has been diligently implementing the provision of 3% reservation for physically challenged and disabled persons as per the Disabilities Act, 1995. With the enactment of the above Act w.e.f. 7.2.96, the reservation for Physically Handicapped persons has been extended to Group 'A' and 'B' posts as well. In compliance with 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 to enhance the progressive use of Hindi in official work. The 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.

Foreign Tours

IndianOil officers undertook a total of 416 foreign tours during 2010-11 for business purposes, including for attending conferences, seminars and training programmes. The total expenditure on foreign tours was ₹ 6.80 crore.

Vigilance

In order to ensure maintenance of the highest level of integrity throughout the Corporation, the Vigilance group carries out preventive and punitive functions with greater emphasis on the preventive aspect. During the year, 49 Vigilance Awareness Programmes were conducted. A training programme on 'Fostering Ethical Management through Vigilance' was organised on an all India basis. A large number of joint surprise inspections were conducted, along with the oil industry, on the dealers / distributors network to check Quality & Quantity. Under the MoU with Transparency International, IndianOil is committed to implementing the Integrity Pact in all its major procurement activities to further enhance transparency in all its transactions.

Partnering Social Progress

Your Corporation is committed to global benchmarks in Corporate Governance, covering the full gamut of Sustainable Development, Safety and Conservation. The Board of the Corporation had constituted a Committee of Directors for Corporate Social Responsibility, to monitor the overall functioning as well as guide and suggest improvements in our CSR activities in consonance with IndianOil's Vision Statement and CSR Policy.

Starting with community development programmes for SC/ST communities in the vicinity of our major installations, our Corporate Social Responsibility Programme has also grown towards a strategic alignment with the business goals as well as the sustainable growth of the Corporation. Your Corporation envisions a greater societal role in the future to accomplish the cherished goal of a truly developed India, where all sections of citizens live with dignity. Our strong commitment is reflected in our Corporate Social Responsibility policy, which allocates 2% of retained Profit of the previous year, towards Corporate Social Responsibility activities. IndianOil has provided common LPG kitchen facilities in villages and released grants to BPL families availing of new LPG connections, under the Rajiv



Focus on sustainability

Gandhi Gramin LPG Vitaran Yojana.

During the year, the fund allocation towards IndianOil Educational Scholarships meant to benefit deserving poor students was increased from 450 to 2,600. The number of Sports Scholarships to promising young sportspersons has also been increased from 77 to 150 scholarships. IndianOil's sportspersons continued to excel in national and international sporting events in various disciplines during the year. Three of our Scholarship players represented India in athletics in the Commonwealth Games 2010, Asian Games and Asian Junior Championship.

The IndianOil Rural Mobile Healthcare Scheme has been developed on a pan-India basis to increase the reach of medical services in the rural areas. The scheme is proposed to be implemented through IndianOil's Kisan Seva Kendras (KSKs) as a pilot project in Andhra Pradesh, Assam and Uttar Pradesh and will eventually cover all major KSKs.

IndianOil responds proactively to provide aid and relief to the victims of natural calamities like floods, tsunami, earthquake, cyclones etc. IndianOil also contributes to national causes for the benefit of the nation like setting up educational institutions of national importance (Rajiv Gandhi Institute of Petroleum Technology), National Children's Fund, Jansankhya Sthirtha Kosh etc. During the year, IndianOil constructed 50 pre-fabricated houses for the rehabilitation of people affected due to a cloudburst on 5th & 6th August, 2010 in the Leh Valley.

The IndianOil Foundation (IoF), a non-profit Trust, was formed to protect, preserve and promote National Heritage sites in collaboration with the Archaeological Survey of India, NGOs of repute (ASI) and the Nature Culture Fund (NCF) of the Government of India. Presently, the IoF has undertaken various projects for the development of tourist friendly facilities at Konark Sun Temple (Orissa), Khajuraho (Madhya Pradesh), Kanheri Caves (Maharashtra), Warangal Fort (Andhra Pradesh) and Vaishali (Bihar). At Konark, the development of tourist friendly facilities like interpretation centre, main avenue, landscaping, parking etc. will be executed in due course.

IndianOil continued to make a positive impact to the underprivileged communities in and around our major installations, by supporting a wide range of socio-economic initiatives, like providing Clean Drinking water, Health & Medical Care and Education. Our community development activities, in the vicinity of our major installations, are undertaken with a special emphasis on welfare of Scheduled Castes and Scheduled Tribes, under the Special Component Plan (SCP) and Tribal Sub-Plan (TSP) respectively. Some of the activities undertaken under the Tribal



World class infrastructure

Sub-Plan include initiatives for non-formal education for tribals, providing infrastructure for schools in tribal areas etc.

The fifth edition of our Sustainability Report for 2009-10, called "Enduring Offerings", was published in the current year conforming to the "Global Reporting Initiatives-G3" guidelines. During the year, a pilot environmental foot-printing exercise on Carbon, Water and Waste was carried out at seven representative locations of the Corporation.

Your Corporation accords high priority to conduct business in a safe and environmentally sustainable manner to ensure incident free operations at its various units and locations. Audits for increased reliability and continuous improvement of safety, environment management, health and hygiene system were conducted during the year. A Committee of the Board on Health, Safety and Environment periodically reviews the HSE activities of the Corporation. Several capability building workshops and training programmes on safety topics were conducted at various levels. Rainwater harvesting schemes were implemented and extensive tree plantation was carried out at IndianOil installations across the country.

Your Corporation continuously gives thrust on oil conservation at all of its refineries and other units, through extensive performance monitoring and keeping abreast with latest technological developments and best practices. As a result of various energy conservation measures undertaken, the energy index in terms of MBN* of IndianOil refineries during the year is down to 59, which is the best ever achieved, as against the energy index of 62 in the previous year. The Energy conservation schemes implemented during the year resulted in fuel savings to the tune of about 93,600 Standard Refinery Fuel Tonne (SRFT) per annum, valued at about ₹ 240 crore.

*MBN—Thousand British Thermal Unit/ Barrel/ Energy Factor (MBTU/BBL/NRGF)

Remuneration to the Auditors

The Auditors' remuneration for the year 2010-11 has been fixed at ₹ 75.50 lakh plus applicable service tax. In addition to this, reasonable out-of-pocket expenses actually incurred are also reimbursable.

Cost Audit Report

In accordance with the directives of the Central Government, Cost Auditors were appointed for conducting a cost audit of IndianOil's Refineries and Lube Blending Plants for the year 2010-11. The Cost Audit for the year 2009-10 was also carried out for the refineries and lube plants and the Cost Audit reports were filed by the Cost



Recognitions for performance

Auditors with the Central Government between 17th Sept. 2010 and 23rd Sept. 2010 i.e. within the prescribed time period of 180 days from the close of financial year 2009-10.

Entertainment Expenses

The entertainment expenses for the year 2010-11 were ₹ 2.34 crore as compared to ₹ 2.23 crore last year.

Subsidiaries

The financial performance of following subsidiaries of the Corporation during 2010-11 is as under :-

(₹ in crore)			
Subsidiary	Total Turnover	Net Profit	Dividend
Chennai Petroleum Corporation Ltd.	38,128	512	120%
IndianOil (Mauritius) Ltd.	841	17	4%
Lanka IOC Plc.	2,090	35	-
IOC Middle East FZE	77	3	10%

Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings

In accordance with the Company's (Disclosure of Particulars in the Report of Board of Directors) Rule, 1988, a report on Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo is annexed.

Particulars of Employees

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

Board of Directors

The following Directors ceased to be Directors on the Board of the Corporation consequent upon their superannuation / completion of term:

- Shri V.C. Agrawal, Director (Human Resources) on 31.07.2010.
- Shri B.M. Bansal, Chairman & Director (PIng. & BD) on 31.01.2011.
- Shri S.V. Narasimhan, Chairman & Director (Finance) on 30.04.2011.

The following Directors were appointed on the Board of the Corporation:

- Dr. R.K. Malhotra, Director (Research & Development) w.e.f. 05.08.2010
- Shri Sudhir Bhalla, Director (Human Resources) w.e.f. 27.10.2010
- Shri R.S. Butola, Chairman w.e.f. 28.02.2011
- Shri A.M.K. Sinha, Director (Planning & Business Development) w.e.f. 16.03.2011
- Shri P.K. Goyal, Director (Finance) w.e.f. 02.05.2011.
- Shri Sudhakar Rao, Independent Director w.e.f. 30.05.2011.

Directors' Responsibility Statement

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

- that in the preparation of the annual accounts for the financial year ended 31st March 2011, all applicable accounting standards have been followed along with proper explanations relating to material departures;
- 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;
- 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;
- that the Directors had prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

ACKNOWLEDGEMENTS

The Board of Directors places on record its deep appreciation of the valuable services and dedicated efforts of the members of the IndianOil family in the Corporation's achievements during the year 2010-11. 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. The Board is also grateful to the Corporation's bankers, investors, customers, consultants, technology licensors, contractors and vendors for their continued support and confidence reposed in the Corporation. The Board wishes to place on record its appreciation for the commendable performance and significant contribution made by Shri B.M. Bansal, Shri S.V. Narasimhan and Shri V.C. Agrawal during their tenure on the Board.

For and on behalf of the Board



Place : New Delhi
Date : 03-08-2011

(R.S. Butola)
Chairman