



DIRECTORS' REPORT

Dear Members,

It gives me immense pleasure to present, on behalf of the Board of Directors, the 53rd Annual Report of the Corporation for the financial year ended 31st March 2012, alongwith the Audited Statement of Accounts, Auditors' Report and the Report on the Accounts by the Comptroller & Auditor General of India.

PERFORMANCE REVIEW

FINANCIAL

	2011-12		2010-11	
	US\$ Million	₹ in Crore	US\$ Million	₹ in Crore
Turnover (inclusive of Excise Duty)	85,550	4,09,957	72,104	3,28,652
Gross Profit (before Finance Cost, Depreciation Exceptional items and Tax)	4,508	21,600	3,585	16,339
Finance Cost	1,168	5,596	587	2,676
Depreciation	948	4,542	1,002	4,567
Profit before Tax & Exceptional Items	2,392	11,462	1,996	9,096
Exceptional Items	1,609	7,708	NIL	NIL
Profit before Tax	783	3,754	1,996	9,096
Tax Provision	(42)	(201)	363	1,651
Profit After Tax	825	3,955	1,633	7,445
Appropriations				
Add:				
Insurance Reserve	NIL	NIL	3	14
Less:				
Proposed Dividend	253	1,214	506	2,307
Corporate Dividend Tax	40	194	79	359
Insurance Reserve	4	20	4	20
Bond Redemption Reserve	131	627	22	101
General Reserve	397	1,900	1,025	4,673

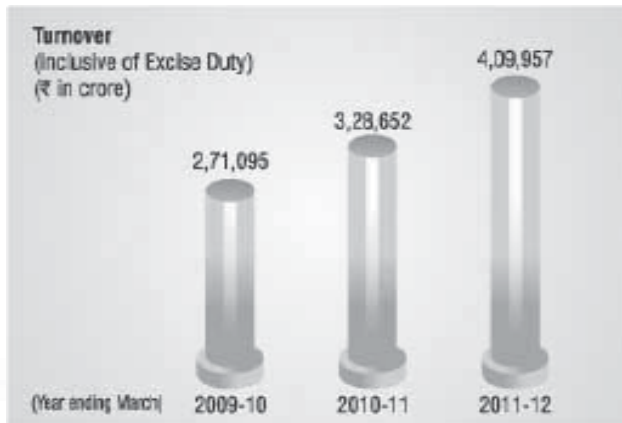
PHYSICAL

	Million Metric Tonnes (MMT)	
	2011-12	2010-11
Refineries Throughput	55.62	52.96
Pipelines Throughput	75.55	68.51
Product Sales (incl. of Gas, Petrochemicals & Exports)	75.66	72.92

SHARE VALUE

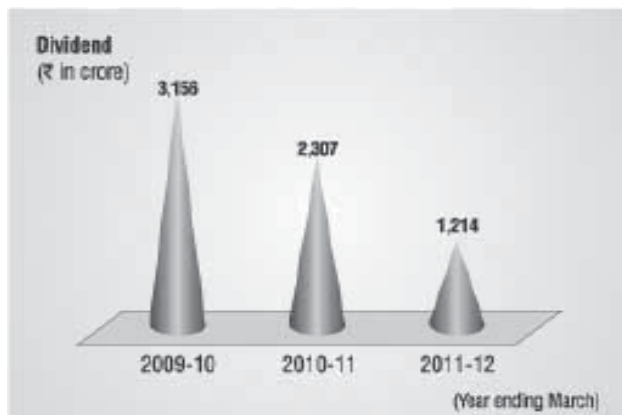
	2011-12		2010-11	
	US\$	₹	US\$	₹
Cash Earning per share	0.73	35.00	1.09	49.47
Earning per share	0.34	16.29	0.67	30.67
Book value per share	4.69	238.38	5.11	227.90

53rd Annual Report



DIVIDEND

Your Corporation has been consistently declaring dividend for the past 45 years. To meet the aspirations of shareholders and despite the lower profits during the current year, the Board of Directors has recommended a dividend of 50% i.e. ₹ 5/- per equity share of ₹ 10/- each on the Paid-up Share Capital as against ₹ 9.50 per share in the previous year. So far, your Corporation has paid a cumulative dividend of ₹ 20,882 crore, excluding the dividend of ₹ 1,214 crore payable for the current year subject to the approval by shareholders. The dividend shall be paid to the members whose names appear in the Register of Members as well as in the Beneficial Ownership Position provided by NSDL/CDSL as on 6th Sept. 2012.

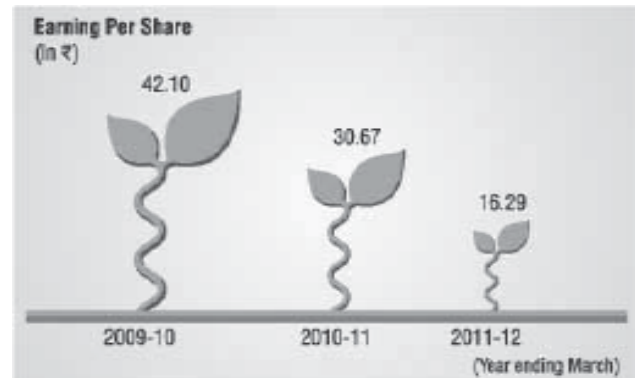
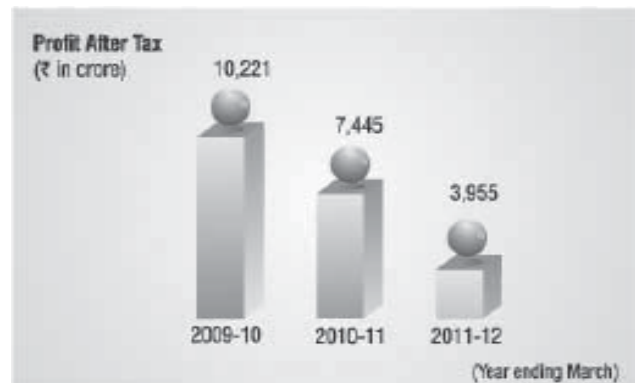
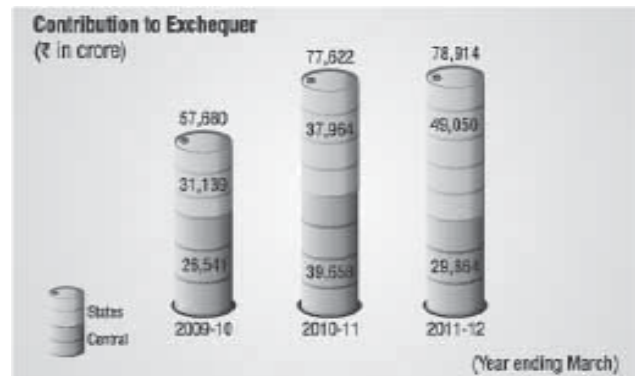


PUBLIC DEPOSIT SCHEME

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 31.03.2012.

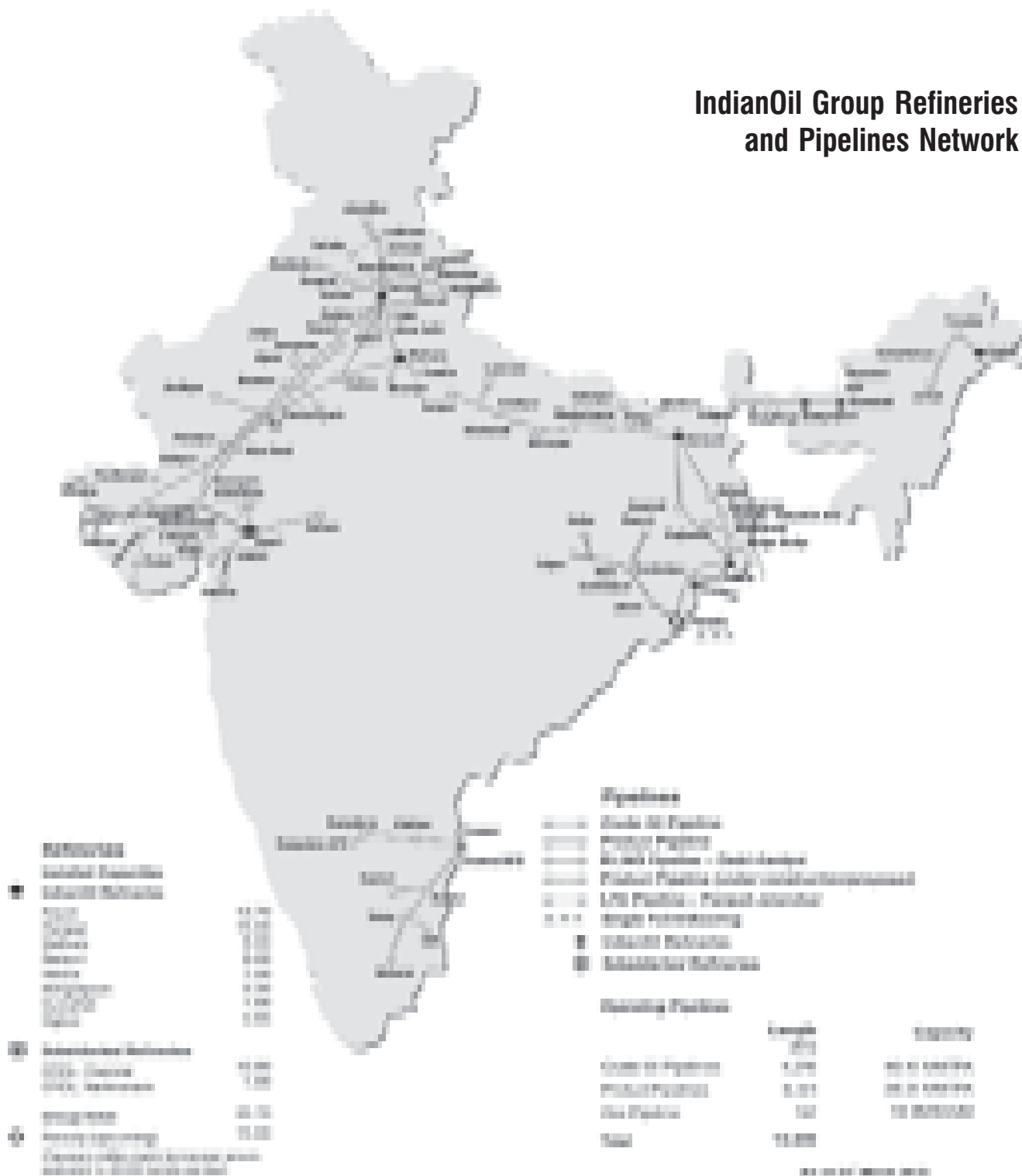
CONTRIBUTION TO EXCHEQUER

Your Corporation is the largest contributor to the National Exchequer by way of duties and taxes. During the year, ₹78,914 crore was paid to the Exchequer as against ₹77,622 crore in the previous year comprising of ₹29,864 crore paid to the Central Exchequer and ₹49,050 crore paid to the States Exchequer as against ₹39,658 crore and ₹37,964 crore paid in the previous year to Central and State Exchequer respectively.





IndianOil Group Refineries and Pipelines Network



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 Statement of its subsidiaries and joint venture entities. The highlights of the Consolidated Financial Results are as follows:

	2011-12		2010-11	
	US \$ million	(Rs. in crore)	US \$ million	(Rs. in crore)
Turnover (inclusive of Excise duty)	80,977	3,88,044	69,026	3,14,621
Profit Before Tax	834	3,995	2,219	10,114
Profit after tax	882	4,226	1,718	7,831

CORPORATE GOVERNANCE

The Corporate Governance Report and Management's Discussion & Analysis Report have been incorporated as separate sections forming part of the Annual Report. Your Corporation complies with the Corporate Governance guidelines stipulated by the Stock Exchanges and Department of Public Enterprises (DPE), Government of India.



Inauguration of DHD T at Bongaigaon Refinery

SECRETARIAL AUDIT

Your Corporation has carried out a Secretarial Audit of its records and documents for the year 2011-12 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

IndianOil's refineries achieved the highest ever crude throughput of 55.62 million tonnes during the year, surpassing the previous best of 52.96 million tonnes achieved in 2010-11. With an overall capacity utilisation of 102.6% for the year, your Corporation has consistently attained a capacity utilisation of over 100% since last five years. The optimum operation of secondary units at all refineries, as well as minimised downtime, has enabled the refineries in achieving the highest combined distillate yield of 77.8 wt%. During the year, high sulphur crude processing was maximised at 49.2% of total crude processed as compared to 45.1% of total crude processed in 2010-11.



International Aviation Conference

Pipelines

IndianOil's pipelines recorded excellent operational performance during the financial year 2011-12, surpassing all previous records. The pipelines achieved highest ever throughput of 75.55 million tonnes of crude oil and petroleum products as against 68.51 million tonnes in the previous year. The gas pipelines achieved a throughput of 671 MMSCM in 2011-12 vis-a-vis 344 MMSCM in 2010-11. The total network of product, crude and gas pipelines under operation as on 31st March, 2012 is 10,909 KMs.

Marketing

IndianOil continued to retain its market leadership during the year and achieved domestic sales of 68.10 million tonnes of petroleum products (including 1.30 million tonnes sold by AOD) vis-a-vis 65.31 million tonnes in 2010-11 (including 1.22 million tonnes sold by AOD) registering a growth of 4.3%. The retail outlet network crossed the 20,000 mark with the commissioning of 1,205 retail outlets during the year including 731 Kisan Seva Kendra (KSK) outlets totalling 20,575 retail outlets including 4,225 KSKs. Sales through the KSK network registered a growth of 33% in Petrol and 28% in Diesel during the year.

During the year, your Corporation enrolled 57.55 lakh new Indane LPG customers and commissioned 128 new regular LPG distributorships taking their total to 668.2 lakh customers and 5,412 distributors. The Corporation's focus on reaching out to rural customers gained momentum with the commissioning of 377 RGGLV (Rajiv Gandhi Gramin LPG Vitaran) distributorships during the year. LPG bottling plant capacity too was augmented by 667 TMTPA from 5,511 TMTPA in 2010-11 to 6,178 TMTPA in 2011-12.



Signing of Heads of Agreement with TIDCO



IndianOil sweeps PetroFed awards

Your Corporation sold 435 TMT of finished lubes during the year 2011-12 as compared to 424 TMT in 2010-11, registering a growth of 2.6% over the previous year. The growth in lubes market share was 0.5% amongst the Industry. SERVO Lubes reached 20th global destination with its launch in Bahrain in September 2011.

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, defence services and scheduled airlines.

Assam Oil and IBP Divisions

The Assam Oil Division (AOD) continued to play vital role in ensuring the supply of petroleum products in Assam. The Digboi refinery processed 0.62 million tonnes of crude oil during the year and sold about 1.30 million tonnes of products in comparison to 0.65 million tonnes of crude processed and 1.22 million tonnes of product sales in 2010-11.

The IBP Division, which comprises explosives and cryogenic business, earned revenue of ₹215.14 crore during the year registering a growth of 18% over the previous year.



MoA being signed with Department of Bio-Technology, Government of India

RESEARCH & DEVELOPMENT

The year 2011-12 was a very eventful year for IndianOil's R&D Centre as two units based on the in-house technologies developed by R&D Centre were successfully commissioned in Bongaigaon Refinery, one being the DHDТ technology for production of diesel and the other being the Isomerisation unit for production of MS. Further, two other in-house developed technologies viz. Indalin technology and INDAdept technology developed by R&D Centre have been accepted in-principle for demonstration trials at Panipat Refinery and Guwahati Refinery respectively. During the year, 15 Patents were filed. Six Patents were granted, which includes two Indian, one U.K., one U.S.A., one Chinese and one Singapore Patent.

In the lubricant technology development area, endeavours were continued to maintain primacy of the flagship brand - SERVO. The R&D Centre developed 154 product formulations during the year and obtained 63 approvals/recertifications from Original Equipment Manufacturers (OEMs) / customers / Defence.

Pipeline research group made definitive strides during the year by successfully employing the R&D developed IPIG and CPIG Technologies to inspect pipelines.

During the year, impetus was given to research work in the areas of Bio-fuels and Bio-energy with the execution of a Memorandum of Agreement with the Department of Bio-technology, Govt. of India for setting up an advanced Bio-energy Research Centre. In solar thermal area, tri-partite MOC has been signed with IIT- Rajasthan and BHEL.

EXPANDING BUSINESSES

Exploration & Production

Your Corporation has not only been increasing its presence in the upstream sector, but has also been enhancing its capability in E&P field. Presently, your Corporation has participating interest (PI) in 13 domestic and 9 overseas blocks. In some of these blocks discoveries have been made and in many others geological and geophysical (G&G) studies are in progress. Under NELP-IX, your Corporation, in consortium with ONGC Ltd., as operator, has been awarded one Cambay on-land exploration block. In line with your Corporation's endeavour to establish itself as an upstream operator in its two Cambay on-land blocks

PROJECTS

Your Corporation accords topmost priority to timely completion of project and the project teams have been ensuring that construction and commissioning of the projects are done seamlessly. The list of the various completed, ongoing and upcoming projects is as under:

Completed Projects

- Diesel Hydro Treatment (DHDT) Project at Bongaigaon Refinery
- MS Quality Upgradation Project at Bongaigaon Refinery
- Sulphur Recovery Unit IV at Mathura Refinery
- Augmentation of Chennai-Trichy-Madurai Pipeline from 1.8 MMTPA to 2.3 MMTPA
- Pipeline from North Oil Jetty to Paradip - Haldia - Barauni Pipeline, Paradip.
- Automation of various product storage terminals.
- Automation of Retail Outlets.

Ongoing Projects

- 15 MMTPA Grassroot Refinery at Paradip, Odisha
- Revamp of Fluidised Catalytic Cracking Unit (FCCU) at Mathura Refinery.
- Coke chamber replacement & DCU modernisation at Guwahati Refinery.
- Butadiene Extraction Unit (BDEU) at Panipat Refinery.
- Butene-1 Project at Panipat
- Cauvery Basin Refinery Trichy Product Pipeline
- Viramgam-Kandla Branch Pipeline
- Augmentation of Paradip-Haldia-Barauni Pipeline
- Augmentation of Chennai-Bangalore Pipeline
- Construction of tanks and blending facility at Vadinar.
- Paradip- Raipur- Ranchi Product Pipeline and associated ToP.
- Debottlenecking of Salaya- Mathura Pipeline.
- Integrated Crude Oil handling facilities at Paradip.
- Paradip-Haldia-Durgapur LPG Pipeline.
- Mourigram-Kolkata Airport ATF Pipeline
- Noonmati-Guwahati Airport ATF Pipeline
- New Tap Off Point at Jasidih, Jharkhand
- Modernisation of Lube Blending Plant, Trombay
- Remodelling & Automation for Allahabad Terminal

Projects under consideration

- Distillate Yield Improvement project at Haldia Refinery.
- INDMAX project at Bongaigaon Refinery.
- Capacity Expansion of Gujarat Refinery to 18 MMTPA
- LPG Pipeline from Kandla to Panipat.
- Paradip-Cherlapalli Pipeline
- Ennore-Pondicherry-Trichy LPG Pipeline



Inauguration of HCNG plant at R&D Centre

with 100% participating interest, the first ever IndianOil's own E&P data interpretation centre "ANWESHAN" has been set up.

Gas

During the year, gas sales registered a significant growth of 27% with sales of 2.90 MMT (includes 1.18 MMT for internal consumption) as against 2.28 MMT (includes 0.64 MMT for internal consumption) in the previous year. Ownership of gas receiving terminal, storage and transportation infrastructure is critical to gas business. Consequently, a major milestone was achieved by signing of Heads of Agreement with Tamil Nadu Industrial Development Corporation Limited (TIDCO) for the formation of a JV for IndianOil's first LNG Terminal at Ennore in Tamil Nadu with 5 MMTPA capacity. Your Corporation is also one of the participants in a consortium alongwith GSPL, BPCL & HPCL to build three cross-country gas pipelines through a joint venture for which Joint Venture Agreements have been executed. The gas pipelines will have initial gross capacity of 96 MMSCMD and will have a combined length of 4,150 KMs. LNG Sales through 'LNG at Doorstep' model, pioneered by your Corporation, has recorded encouraging performance and during the year, the sales volumes increased to 14.6 TMT, registering a year-on-year growth of 82%.

Petrochemicals

India is amongst the fastest growing petrochemicals markets in the world and your Corporation views Petrochemicals as a prime driver of future growth. The Corporation has already established world scale mega petrochemicals plants -



Petrochemical Conclave



IndianOil

LAB, PX/PTA and Naphtha Cracker at its Refineries. During the year, IndianOil sold 1.473 MMT of petrochemical products in the domestic market, registering a 62% growth. During the year, four new grades of polymers were launched and 15 OEM approvals were obtained for Polymer products. IndianOil's petrochemicals export witnessed record sales of 76 TMT in 2011-12 against 30 TMT during 2010-11. IndianOil's petrochemical products like LAB, Polymers and PTA were exported to various countries. The export of Polymer to Pakistan by road during the year was the first movement of Polymer export consignment to Pakistan from any Indian supplier. A robust logistics model and various customer-centric marketing initiatives have resulted into your Corporation's growing market presence in the Petrochemicals sector. During the year, a world class Product Application & Development Centre (PADC) became fully functional. The 120 KTA Styrene Butadiene Rubber (SBR) plant at Panipat in



Innovating products - PADC

Joint Venture with TSRC of Taiwan & Marubeni of Japan is in advance stage of implementation.

Consultancy

Your Corporation continues to provide expertise to Emirates National Oil Company (ENOC) under the Manpower Secondment Agreement (MSA) with



Agreement with SOCAR

ENOC and has also been awarded a consultancy assignment from Kuwait National Petroleum Company (KNPC). Through International bidding process, your Corporation bagged order to conduct training programmes at Kuwait Petroleum Corporation (KPC), Kuwait on downstream hydrocarbon sector.

Exploring Energy Alternatives

Your Corporation aims to contribute to the National energy security and reducing the eco footprints (carbon, water and waste) of its operations by exploiting the domestic renewable energy resources and participating in the country's nuclear energy initiatives. During the year, the Corporation's GRI-G3 compliant Sustainability Report - 'Inclusive Offering' was released.

Your Corporation has successfully commissioned a 5 MW Solar PV Power Project under the Jawaharlal Nehru National Solar Mission (JNNISM), Phase-I at Village Rawra, Jodhpur, Rajasthan. The Corporation's second wind power project of 48.3 MW capacity is under implementation in Andhra Pradesh. During the year, first wind power project of 21 MW in Gujarat was registered as Clean Development Mechanism Project under the United Nations Framework Convention on Climate Change (UNFCCC).



Chairman & Directors at Mathura Refinery



Leveraging fundamentals

Your Corporation continued with bio-diesel (Jatropha) plantation projects in three states, viz. Chhattisgarh, Madhya Pradesh and Uttar Pradesh and 1.3 lakh man days were generated through plantation initiatives during the year.

INTERNATIONAL TRADE

To meet its requirements of Crude Oil and Petroleum products through a carefully selected and diversified mix of supply sources, the Corporation imported 52.64 million tonnes of crude oil amounting to ₹ 2,09,715 crore as against 50.44 million tonnes amounting to ₹ 1,45,983 crore in previous year. The import of petroleum products during the year was 4.58 million tonnes amounting to ₹ 20,885 crore as against 5.57 million tonnes amounting to ₹19,565 crore in the previous year. IndianOil also exported petroleum and petrochemical products worth ₹19,636 crore during the year as against ₹16,781 crore in the previous year.

BUSINESS PROCESS OPTIMIZATION

The Business Process Optimization Group has been playing an important role in fine-tuning the supply chain management of your Corporation. To reduce input costs, several initiatives were taken to process new and cheaper crudes and in the process improving the existing crude basket through procurement

of opportunity crudes. Investment proposals were rigorously evaluated under various scenarios of demand and prices with the help of models providing the net impact of the investment on the total corporate profitability. To reduce logistics costs and improve infrastructure, optimization studies were carried out on new pipelines and existing bottling plants.

INFORMATION SYSTEMS

Your Corporation has ensured 100% uptime of SAP Operations during the period in the payroll project incorporating uniform practices across the organisation. The existing e-Payments process has been extended to more Banks and over 98.5% of payments were made through the electronic mode. Similarly, around 85% of total collections from the customers were made through an e-Collection module. The e-Tendering application was also adopted as a procurement solution which enabled significant efficiencies.

As a step towards better customer service, SMS / IVRS based indenting system was successfully launched for seamless sales operations. The entire planning process for Lube sales is being managed through an optimised package connecting Lube Plants to the supply chain. With the prestigious ISO/IEC 27001 Certification for Information Security Management System and ISO/IEC 20000 Certification for IT Services Management, your Corporation has been benchmarking its Information System practices to international standards.

HEALTH, SAFETY & ENVIRONMENT

Your Corporation's leadership in Health, Safety & Environment (HS&E) is demonstrated by the effective implementation of its HS&E policy. The implementation of HSE policy is vigorously pursued and driven by the departments constituted at the Divisional level. All IndianOil Refineries are certified for ISO:14064 standards for sustainable development as well as for the Occupational Health & Safety Management System (OHSMS/OHSAS-18001), besides having fully equipped Occupational Health Centres. The safety systems are audited and all IndianOil refineries have environmental management systems certified to ISO-14001. The Corporation is the only petroleum company in India with largest network of ISO accreditations, which include accreditation for refineries, pipelines, R&D, aviation fuel stations, quality control laboratories, LPG bottling plants and tap-off terminals.



Release of Project Data Bank



Our commitment to conduct business with a strong environment conscience ensures sustainable development, safe workplaces and enrichment of the quality of life of employees, customers and the community. Compliance of safety systems and procedures and environmental laws is monitored at the Unit level, Divisional level and the Corporate level. The facilities are continuously upgraded to meet future needs in the pursuit of lowest possible discharge. The Board Committee on Health, Safety & Environment periodically reviews the HS&E activities of the Corporation. Several capability building workshops and training programmes on a range of safety topics were conducted in all Divisions. A book on 'Corporate Guidelines on Healthy Lifestyle, Nutrition and Occupational Health' was also released during the year. The Corporation also offers its consultancy services to clients' who intend to build a safe, healthy and clean work environment.

ENERGY CONSERVATION

Your Corporation continuously gives thrust on energy conservation at all its refineries and units through extensive performance monitoring and by keeping abreast with the latest technological developments and global best practices. As a result of various energy conservation measures undertaken, the energy



Maharatna status by the Hon'ble President of India.

index in terms of MBN of IndianOil refineries during the year came down to 57, the best ever achieved and as against the energy index of 59 in the previous year. The energy conservation schemes implemented during the year resulted in fuel savings of about 95,800 Standard Refinery Fuel Tonne (SRFT), valued at about ₹340 crore. In addition, your Corporation also spreads the message of energy conservation through meets and seminars besides conducting campaigns for retail and bulk consumers.

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

HUMAN RESOURCES

The strength of employees of Corporation stood at 34,233 as on 31.03.2012; comprising 14,851 executives and 19,382 non-executives. This includes 2,682 women employees comprising 7.83% of the total work force.

The successful journey of IndianOil during last five decades conjures up to a kaleidoscope of exciting stories dedicated to the services rendered by our human resources. IndianOilPeople over the years have created a unique culture distinguished by its venerable tradition and capability to withstand the unceasing hardships with deep-rooted passion.

The industrial relations in the Corporation continued to remain harmonious and peaceful during the year.

Employees' Participation in Management is an essential ingredient of Industrial democracy, which implies mental and emotional involvement of employees in



the management of enterprise. IndianOil has always supported the participative culture in the management through consultative approach with the collectives for industrial peace and harmony leading to higher productivity. The efforts to promote employees' participation in various activities like Suggestion Scheme, Quality Circles, Welfare, Safety, Total Productive Maintenance (TPM) etc. were continued during the year. IndianOil Suggestion Scheme aims at harnessing the latent creativity in every individual, thereby fostering amongst the employees a sense of achievement, a feeling of participation and involvement in the growth of the organization. To improve performance & monitoring of the suggestion scheme and to make it more user friendly, the suggestions are accepted online through e-suggestion portal.

To infuse fresh talent, the Corporation recruited about 700 executives in 2011-12. Professionals were recruited from varied specialised fields with a view to meet the specialised skill requirement. A manpower study was undertaken for scientific workforce planning and for establishing norms for manpower deployment.

Succession Management study was conducted to identify different leadership positions, define competencies for them and evaluate the competency level of the executives through assessment centres.

A study has been initiated on "Woman Development initiatives in the Corporation to assess the impact on professional growth of woman in IndianOil". The study will also attempt to develop a multiple criteria for measuring success in true integration of women in their multiple roles.



WIPS best enterprise award



Rural Healthcare Scheme

The Presidential Directives and various instructions/guidelines issued by Government of India regarding reservation in services for SC/ST/PH/OBCs etc. are scrupulously followed. It has been our endeavour to utilize 25% of Community Development funds towards Special Component Plan (SCP) and Tribal Sub Plan (TSP) for meeting the needs of weaker sections. Liaison Officers were carefully chosen and appointed at various locations/units/installations all over the country to ensure implementation of Government Directives. A report in the prescribed form relating to representation of SCs/STs/OBCs are annexed as Report I & II.

In compliance of the Official Language Act, 1963, Official Language Rules, 1976 and orders issued by Government of India from time to time, efforts were made during the year for increasing the progressive use of Hindi in Official work. Official Language Implementation Committees are functioning in all Offices/Units/locations of IndianOil for implementing Official Language effectively and to review the progress of implementation of Official Language policies in the offices as also the Annual Programme as circulated by the Deptt. of Official Language.

Foreign Tours

IndianOil officers undertook 524 foreign tours during 2011-12 for business purposes and for attending conferences, seminars and training programmes. The total expenditure on foreign tours was ₹9.86 crore.



AOD Nursing School

VIGILANCE

The objective of Vigilance as an organisational function is to ensure maintenance of the highest level of integrity throughout the Corporation. To achieve this objective, the Vigilance group carries out both preventive and punitive functions and while doing so places greater emphasis on the preventive aspects. During the year, 42 Vigilance Awareness Programmes were conducted. Training programmes on 'Fostering Ethical Management through Vigilance' were organised on all-India basis. With a view to enthuse and provide a fillip to the customer confidence a large number of joint surprise inspections were also conducted, along with the oil industry, on the dealers/distributors network to check Quality & Quantity of products.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) has been the cornerstone of success right from inception stage of IndianOil and its entire corporate strategy is aligned to national priorities and envisions a greater societal role in future to accomplish the cherished goal of a truly developed India, where all sections of society live with dignity.



Drinking water facilities for the underprivileged

IndianOil's CSR Policy Evolution: Since inception in 1964, IndianOil has been supporting large number of social welfare and community developmental initiatives. Currently, the Corporation has an avowed policy of setting aside upto 2% of its Retained Profit of the previous year towards Corporate Social Responsibility activities.

During the year 2011-12, your Corporation's CSR expenditure was ₹82.73 crore. The key CSR initiatives of the Corporation are as under:

1. Health & Medical Care

Flagship Health and Medical care CSR initiative - IndianOil's flagship rural healthcare CSR initiative IndianOil Sachal Swasthya Seva, aims to bring primary healthcare closer to the rural India and provide free consultation and free medicines through Mobile Medical Units (MMUs) linked to Kisan Seva Kendras (KSKs), small format rural petrol pumps of IndianOil. Each MMU travels to the villages in the vicinity of each of the assigned KSKs and treats about 100 patients every day.



IndianOil



Providing Educational Infrastructure

About 1.5 million patients will be benefited each year through these MMUs. The MMUs will also create awareness through Information, Education and Communication modules on various issues like Family Planning, Health & Hygiene, HIV/AIDs, etc. This Scheme is being operated in villages where no adequate health care facility is currently available. IndianOil is implementing the scheme through M/s Wockhardt Foundation.

IndianOil-TATA Care Centre, Kolkata: IndianOil has partnered with Tata Medical Center, Kolkata to construct a new Cancer Care Centre named as IndianOil - TATA Care Centre with a capacity of 250 beds at its existing hospital. The project will primarily benefit the underprivileged cancer patients from East and North-Eastern States, who cannot afford treatment.

50-bed Swarna Jayanti Samudaik Hospital, Mathura: In the year 1999, IndianOil set up a 50 bed Swarna Jayanti Samudaik Hospital at Mathura, Uttar Pradesh (near Mathura Refinery of IndianOil) for providing medical assistance to the residents of the area. In addition, two mobile dispensaries have been set up to provide primary medical care in the nearby villages of Mathura Refinery.

200-bed Hospital at Digboi, Assam: In the year 1906, Assam Oil Division of IndianOil set up a 200-bed hospital at Digboi for the benefit of the people of the area. It also serves as a tertiary referral hospital in the districts of Tinsukia and Digboi and also parts of Arunachal Pradesh, right upto the areas bordering

nearby Myanmar. It is the only hospital of its size with specialized medical facilities in this part of the country.

Other initiatives in Health & Medical Care: Other health and medical care areas, for which IndianOil has been extending support, include Medical/Health Camps on Family Planning, Immunization, HIV/AIDs awareness, Pulse Polio, Eye, Blood Donation, ambulances to Medical Centers/Hospitals/NGOs, hearing aids/ wheel chairs to physically challenged, financial assistance /medical equipments to hospitals, etc.

2. Education

Assam Oil School of Nursing, Digboi: Assam Oil School of Nursing, established in the year 1986, offers a three year diploma course in General Nursing and Midwifery, recognized by the Indian Nursing Council. Till date, about 300 girls have obtained diploma in Nursing and Midwifery courses.

IndianOil Scholarship Schemes: Since 1984-85, IndianOil has been operating a Scholarship Scheme for the poor and deserving students. IndianOil awards 2600 Scholarships on merit-cum-means basis to students pursuing full-time courses in 10+/ITI, Engineering, Medical and Business Administration to nurture and support talent among the deserving students belonging to families with less than ₹ 1 lakh gross joint annual income. 50% scholarships are reserved for SC, ST and OBC students, 25% for girl students and 10% to Persons with Disabilities (PWD) in each category/sub-category.

IndianOil Sports Scholarship Scheme: IndianOil instituted the Sports Scholarship Scheme from the year 2006-07 for promising young sports persons representing State in team games and National ranking in others. At present, 150 scholarships in 10 games/sports are awarded to upcoming junior players up to 19 years of age.

Other Educational initiatives: Expansion of education is one of the CSR thrust areas in IndianOil, which include construction of school buildings/hostels, providing furniture, financial assistance, computers, books, laboratory equipment, distribution of mid-day meals to Govt. School children etc.

3. Clean Drinking Water

Activities undertaken under "Clean drinking water" include installation of submersible pumps, tube wells, construction of elevated water tanks, providing water tap connection, water purifiers / water coolers to schools/ community centre etc. in the villages around IndianOil's installations.



AOD Hospital



Konark Temple

4. IndianOil Foundation

IndianOil Foundation (IOF), a non-profit Trust, was formed in the year 2000 to protect, preserve and promote the national heritage, in collaboration with

Archaeological Survey of India (ASI) and National Culture Fund (NCF) of the Government of India.

Currently, work for development of tourist friendly facilities at Sun Temple at Konark, Odisha and Khajuraho, MP are in progress. The development plans for other monuments Vaishali and Warangal fort are in various stages of planning.

5. LPG Scheme

IndianOil has contributed 20% of 2% of previous year's Net Profit towards release of one-time grant to Below Poverty Line (BPL) families in the rural areas for release of new LPG connection under Rajiv Gandhi Gramin LPG Vitaran Yojana.

6. National Cause/Natural calamities

IndianOil responds proactively to provide aid and relief to the victims of natural calamities like floods, earthquake, cyclones etc. During the year, IndianOil contributed to Sikkim and Odisha Chief Minister's Relief Funds. IndianOil also contributes for national causes in the benefit of the nation viz setting up of educational institutions of national importance like the Rajiv Gandhi Institute of Petroleum Technology (RGIPT).

REMUNERATION TO THE AUDITORS

The Auditors' remuneration for the year 2011-12 has been fixed at ₹93 lakhs plus applicable taxes. 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 the Cost Audit of IndianOil's Refineries and Lube

Blending Plants for the year 2011-12. The Cost Audit for the year 2010-11 was carried out for the refineries and lube plants and the Cost Audit reports were filed by the Cost Auditors with the Central Govt. during September, 2011, i.e., within the prescribed time period of 180 days from the close of financial year 2010-11.

Entertainment Expenses

The entertainment expenses for the year 2011-12 were ₹2.39 crore as compared to ₹2.34 crore last year.

SUBSIDIARIES

The financial performance of following subsidiaries of the Corporation during 2011-12 is as under:

(₹ in Crore)

Subsidiary	Total Turnover	Net Profit	Dividend
Chennai Petroleum Corporation Ltd.	45,385	62	20%
IndianOil (Mauritius) Ltd.	1,192	37	6%
Lanka IOC Plc.	2,557	38	-
IOC Middle East FZE	95	4	20%

Summary of Financial Information of Subsidiary Companies for the Financial Year 2011-12 has been incorporated separately in the Annual Report.





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 & 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 B.N. Bankapur, Director (Refineries) on 31.08.2011.
- Shri G.C. Daga, Director (Marketing) on 30.09.2011.
- Shri K.K. Jha, Director (Pipelines) on 31.01.2012.
- Shri P.K. Sinha, Govt. Nominee Director on 29.02.2012.
- Prof. (Dr.) Indira J. Parikh, Independent Director on 29.03.2012

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

- Shri Rajkumar Ghosh, Director (Refineries) w.e.f. 01.09.2011.
- Shri M.Nene, Director (Marketing) w.e.f. 05.10.2011.
- Prof. V.K.Bhalla, Independent Director w.e.f. 30.01.2012.
- Shri V.S.Okhde, Director (Pipelines) w.e.f. 01.02.2012.
- Smt. Shyamala Gopinath, Independent Director w.e.f. 29.03.2012
- Smt. Sushama Nath, Independent Director w.e.f. 29.03.2012
- Shri Shyam Saran, Independent Director w.e.f. 29.03.2012

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 2012, all applicable accounting standards have 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 2012 on a 'going concern' basis.

ACKNOWLEDGEMENTS

The Board of Directors would like to place 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 2011-12. 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.N.Bankapur, Shri G.C.Daga, Shri K.K.Jha, Shri P.K.Sinha and Prof. (Dr.) Indira Parikh during their tenure on the Board.

For and on behalf of the Board

(R.S. Butola)
Chairman

Place : New Delhi
Dated : 27.07.2012