



Economic Aspects- Inclusive growth & profitability

With an overall improvement in the global business environment in the last year, the world economy is coming out of the recessionary mode. However, transition from recovery to expansion seems to be a major policy challenge, especially in the advanced economies. While the developing economies played a dominant role in the global growth recovery and continued to grow at high rates, the flaring inflation rates in most of the emerging economies, presents a potent risk to the sustenance of the growth momentum.

The turnaround in global economic growth reflected in a rebound in energy demand. The growth in energy consumption was broad-based across energy types. Emerging economies in particular contributed to the high demand growth.

In 2010, world oil consumption was at around 88 million barrels per day exceeding its pre-crisis peak. The supply side registered higher production but the market remained tight as rise in production did not fully match the rise in consumption, resulting in drawing down of inventories. With demand outrunning production, during the year, crude oil prices continued their ascent. Towards the end of 2010-11, the upward trajectory steepened as the political turmoil in Middle East & North Africa (MENA) region accompanied by supply outages from Libya hit the oil market. In less than two years, oil prices are back to the plus US\$100/bbl domain and are reshaping energy policy & business. With high oil prices, focus is once again turning to Bio-fuels, Shale gas, Oil sands, other unconventional Oil sources and renewables.

The Indian energy market is amongst the largest in the world. Further, the sector is expected to grow at high rates, way above the global average largely propelled by the fast growth of the Indian economy, rapid rate of urbanization and the need to supply energy to millions of Indians trapped in energy poverty. As a key supplier

in such a market, the corporation assesses ample growth opportunities for itself, which are further enhanced by the increasing thrust of the policy initiatives for energy sector development. The Corporation's vision is to become the 'Energy of India', and business strategies are focused on strengthening core business.

Rural Energy Deficit & Potential:

Within the domestic market, the Corporation looks at the rural space as presenting unique growth opportunities. It is our endeavor to dovetail our business initiatives with the goal of energy inclusion in the country. The corporation's rural marketing model is based on low cost, no frills retail outlets, named Kisan Seva Kendras (KSKs) for providing fuel and non fuel services to the rural market. The renewed thrust of the Government towards the basic energy needs of the Below Poverty Line (BPL) families through focused schemes such as Rajiv Gandhi Gramin LPG Vitaran Yojana in which the Corporation is partnering, gives further impetus to the corporation's efforts in this area. The sale of solar lanterns through the corporation's retail network and LPG distributionship supplements these efforts.

International Downstream Marketing Opportunities:

In the international petroleum product market, the Asia-Pacific Region has emerged as the leading growth center for petroleum demand and is expected to turn into the largest importer of petroleum products in the near future. In addition, the emerging markets are experiencing rapid growth in petroleum product demand. The Corporation aims to explore opportunities presented by these fast growing demand centers through appropriate business models.

Business Integration:

Downward Integration in Petrochemicals:

The Corporation has made significant strides in downward integration into petrochemicals in the recent past. The

ground strength of India's manufacturing base has created robust growth in petrochemicals demand. Supported with our future investments plans, we have moved up the petrochemicals value chain, garnering opportunities presented by the growing petrochemicals demand in the country. In addition, IndianOil also aims to expand its petrochemicals export market.

Upward Integration into Exploration & Production:

With the objective of enhancing the energy security of the country and backward integration of its business, the Corporation has been in pursuit of tapping E&P opportunities and through a consortium approach entrenching its upward integration for over a decade now. Having built up a portfolio of blocks, within and outside the country, the Corporation awaits a significant breakthrough.

Beyond Petroleum: Growing Gas Supply Opportunities: Improved gas supply in the country

and existing limited gas supply infrastructure, present a considerable investment opportunity in developing gas transportation infrastructure and marketing of gas. In this context, participation in construction of pipeline networks both cross country & city gas distribution will be a focused area for the corporation. Prospects of LNG imports to the country have turned positive in the last couple of years and to seize the opportunity presented, the corporation plans to build LNG Import Terminals.

Further, there is growing policy thrust on initiatives in the domain of Sustainability. Through its Memorandum of Understanding (MoU) with the Public Sector Undertakings, the Government of India has been bringing enhanced focus to CSR activities and Sustainable Development. This is a welcome step and the corporation has already incorporated targets pertaining to these areas in its MoU with the Government. Thrust on these areas will go a long way in establishing a long-term competitive edge to the corporation.





Financial & Operational Performance

	2010-11	2009-10	2010-11	2009-10	2008-09	2007-08	2006-07
	---- (US \$ Million) ----		----- (₹ in crore) -----				
I FINANCIAL							
Turnover (Inclusive of Excise Duty)	72,125	57,121	3,28,744	2,71,095	2,85,398	2,47,457	2,20,779
Gross Profit *	3,584	3,976	16,336	18,872	11,319	14,334	14,622
Profit Before Interest & Tax	2,582	3,294	11,769	15,632	8,281	11,626	11,990
Profit Before Tax	1,996	2,972	9,096	14,106	4,329	10,080	10,485
Profit After Tax	1,633	2,154	7,445	10,221	2,950	6,963	7,499
Dividend	506	665	2,307	3,156	910	656	2,251
Dividend Tax	79	107	359	509	155	76	362
Retained Earnings	1,048	1,382	4,779	6,556	1,885	6,231	4,886
Value Added	7,123	6,866	32,466	32,586	31,507	24,667	24,716
Contribution To Central Exchequer (incl. Dividend paid to Central Govt.)	8,701	5,592	39,658	26,541	25,891	34,249	28,431
Cumulative Dividend	4,581	3,914	20,882	18,575	15,419	14,509	13,853
*Profit before Depreciation, Interest Expenditure and Tax.							
What Corporation Owns							
Gross Fixed Assets	20,883	16,055	93,137	72,089	62,345	56,832	54,837
Depreciation & Amortisation	7,836	6,794	34,950	30,508	27,567	24,060	21,467
Net Fixed Assets	13,047	9,261	58,187	41,581	34,778	32,772	33,370
Capital Work In Progress	2,836	4,737	12,648	21,269	18,140	9,170	4,395
Investments	4,382	4,982	19,545	22,370	32,232	21,536	19,991
Working Capital	5,383	3,260	24,008	14,637	9,261	18,391	9,407
Misc. Expenditure	3	4	15	18	38	125	157
Total	25,651	22,244	1,14,403	99,875	94,449	81,994	67,320
What Corporation Owes							
Net Worth							
- Share Capital	544	541	2,428	2,428	1,192	1,192	1,168
- Share Suspense Account	-	-	-	-	22	-	24
- Reserves	11,862	10,718	52,904	48,125	42,784	39,894	33,665
Total	12,406	11,259	55,332	50,553	43,998	41,086	34,857
Borrowings	11,824	9,926	52,734	44,566	44,972	35,523	27,083
Deferred Tax Liability	1,421	1,059	6,337	4,756	5,474	5,385	5,380
Foreign Currency Monetary Item Translation Difference Account	-	-	-	-	5	-	-
Total	25,651	22,244	1,14,403	99,875	94,449	81,994	67,320

Note: Figures for the previous year have been regrouped, wherever necessary.

	2010-11	2009-10	2010-11	2009-10	2008-09	2007-08	2006-07
Ratios							
Debt Equity Ratio							
- Total Debt To Equity	0.95:1	0.88:1	0.95:1	0.88:1	1.02:1	0.86:1	0.78:1
- Long Term Debt To Equity	0.34:1	0.36:1	0.34:1	0.36:1	0.36:1	0.28:1	0.31:1
Profit After Tax To Average Networth (%)	14.06	21.62	14.06	21.62	6.93	18.34	23.38
	2010-11	2009-10	2010-11	2009-10	2008-09	2007-08	2006-07
	----- (US \$) -----		----- (₹) -----				
Earnings Per Share*	0.67	0.89	30.67	42.10	12.15	29.20	31.45
Cash Earnings Per Share*	1.09	1.17	49.47	55.44	24.66	40.55	42.49
Net Worth Per Equity Share	5.00	4.64	227.90	208.21	181.22	172.29	146.17
* Earnings Per Share, Cash Earnings Per Share and Net Worth per Equity Shares for all the periods have been adjusted for Bonus Issue in November 2009							
Note: Exchange rate used:-							
For 2010-11 Average Rate 1 US \$ = ₹ 45.58 and Closing Rate 1 US \$ = ₹ 44.60 as on 31.03.2011							
For 2009-10 Average Rate 1 US \$ = ₹ 47.46 and Closing Rate 1 US \$ = ₹ 44.90 as on 31.03.2010							

II OPERATIONS

	2010-11	2009-10	2008-09	2007-08	2006-07
Operating Performance					
Product Sales					
Domestic					
- Petroleum Products	Million Tonnes	65.314	63.030	60.887	57.548
- Gas	Million Tonnes	1.638	1.683	1.666	1.737
- Petrochemicals	Million Tonnes	0.909	0.652	0.540	0.528
- Explosives	Million Tonnes	0.071	0.058	0.051	0.042
Total Domestic	Million Tonnes	67.932	65.423	63.144	59.855
Export	Million Tonnes	4.988	4.497	3.613	3.331
Total	Million Tonnes	72.920	69.920	66.757	63.186
Refineries Throughput	Million Tonnes	52.962	50.696	51.367	47.401
Pipelines Throughput	Million Tonnes	68.523	65.007	59.627	57.121

III MANPOWER NUMBERS

	2010-11	2009-10	2008-09	2007-08	2006-07
	34,105	34,363	33,998	31,945	29,862



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