

DIRECTORS' REPORT

Dear Members,

On behalf of the Board of Directors, it gives me immense pleasure to present the 55th Annual Report of the Corporation for the financial year ended 31st March 2014, alongwith the Audited Statement of Accounts, Auditors' Report and the Report of the Comptroller & Auditor General of India on the Accounts.

PERFORMANCE REVIEW

FINANCIAL

	2013-14		2012-13	
	US\$ Million	₹ in Crore	US\$ Million	₹ in Crore
Turnover				
(inclusive of Excise Duty)	75,666	4,57,553	76,200	4,14,909
EBITDA				
(Profit Before Exceptional Items, Finance Cost, Tax, Depreciation & Amortisation)	3,146	19,023	3,175	17,284
Finance Cost	840	5,084	1,182	6,435
Depreciation	953	5,760	956	5,201
Profit Before Tax & Exceptional Items	1,353	8,179	1,037	5,648
Exceptional Items	288	1,747	-	-
Profit Before Tax	1,641	9,926	1,037	5,648
Tax Provision	480	2,907	118	643
Profit After Tax	1,161	7,019	919	5,005
Balance Brought Forward from Last Year	399	2,174	-	-
Less: Appropriations				
Proposed Dividend	349	2,112	276	1,505
Corporate Dividend Tax	59	359	47	256
Insurance Reserve	3	20	4	20
Bond Redemption Reserve	198	1,196	97	528
CSR Reserve	(3)	(17)	4	22
General Reserve	954	5,523	92	500
Balance Carried to Next Year	-	-	399	2,174

SHARE VALUE

	2013-14		2012-13	
	US\$	₹	US\$	₹
Cash Earnings per share	0.87	52.63	0.77	42.04
Earnings per share	0.48	28.91	0.38	20.61
Book value per share	4.54	271.80	4.64	251.75

Note: Exchange Rate used:-

For 2013-14 Average Rate 1 US\$ = ₹ 60.47 and Closing Rate 1 US\$ = ₹ 59.92 as on 31.03.2014

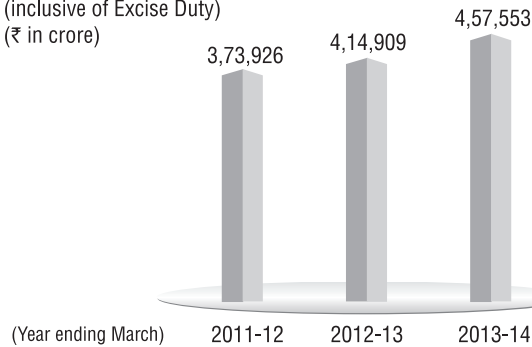
For 2012-13 Average Rate 1 US\$ = ₹ 54.45 and Closing Rate 1 US\$ = ₹ 54.29 as on 31.03.2013

PHYSICAL

	2013-14		2012-13
	Million Tonnes		
Refineries Throughput	53.13		54.65
Pipelines Throughput	73.07		75.17
Product Sales (incl. of Gas, Petrochemicals & Exports)	75.53		76.24

Turnover

(inclusive of Excise Duty)
(₹ in crore)

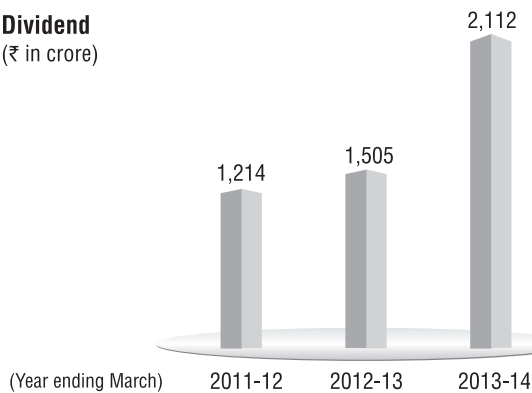


DIVIDEND

The Board of Directors of your Corporation is pleased to recommend a dividend of 87%, i.e., ₹ 8.70 per equity share of ₹ 10/- each, on the paid-up Share Capital as against ₹ 6.20 per share declared in the previous year. This is the 47th consecutive year for which your Corporation has recommended payment of dividend. So far, your Corporation has paid a cumulative dividend of ₹ 23,601 crore, excluding the dividend of ₹ 2,112 crore payable for the current year, subject to approval by shareholders. The dividend shall be paid to the members whose names appear in the Register of Members as well as the Beneficial Ownership Position provided by NSDL/CDSL as on 19th August, 2014.

Dividend

(₹ in crore)



PUBLIC DEPOSIT SCHEME

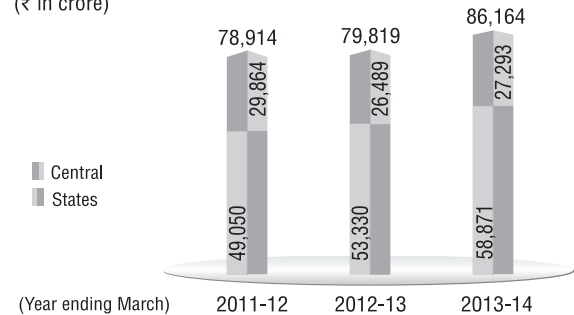
The Public Deposit Scheme of the Corporation was closed with effect from 31st August, 2009. The total outstanding deposits as on 31.03.2014 were ₹ 55,000/-.

CONTRIBUTION TO EXCHEQUER

Your Corporation has consistently been the largest contributor to the national exchequer in the form of duties and taxes. During the year 2013-14, ₹ 86,164 crore was paid to the exchequer as against ₹ 79,819 crore paid in the previous year. An amount of ₹ 27,293 crore was paid to the Central Exchequer and ₹ 58,871 crore to the State Exchequers as against ₹ 26,489 crore and ₹ 53,330 crore paid in the previous year to the Central and State Exchequers respectively.

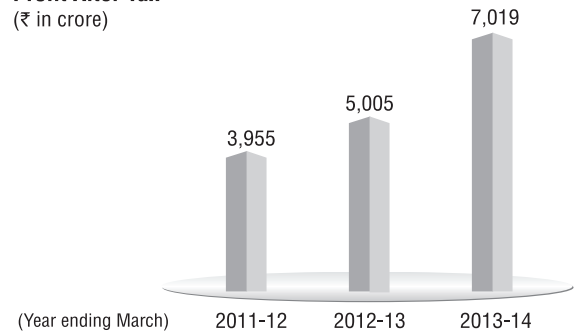
Contribution to Exchequer

(₹ in crore)



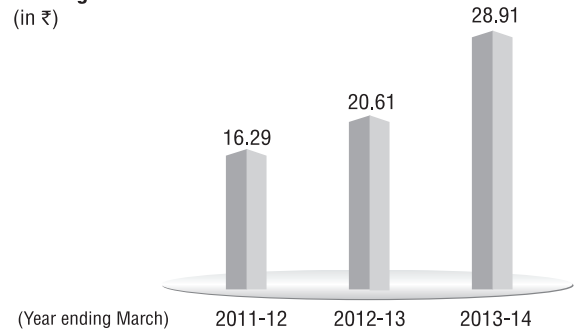
Profit After Tax

(₹ in crore)



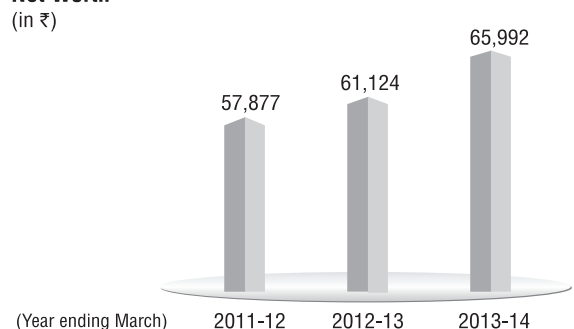
Earning Per Share

(in ₹)



Net Worth

(in ₹)



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:

	2013-14		2012-13	
	US\$ million	₹ in crore	US\$ million	₹ in crore
Turnover (inclusive of Excise Duty)	78,697	4,75,878	79,328	4,31,940
Profit Before Tax	1,650	9,978	827	4,504
Profit After Tax	1,152	6,967	666	3,627
Less: Share of minority	(20)	(119)	(151)	(822)
Profit for the group	1,172	7,086	817	4,449

Note: Exchange Rate used:

For 2013-14 Average Rate 1 US\$ = ₹ 60.47

For 2012-13 Average Rate 1 US\$ = ₹ 54.45

CORPORATE GOVERNANCE

Your Corporation consistently endeavours to adopt the best practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning. The Corporate Governance Report highlighting these endeavours has been incorporated as a separate section, forming part of the Annual Report.

MANAGEMENT'S DISCUSSION & ANALYSIS REPORT

The Management's Discussion & Analysis Report (MDA) for the year 2013-14, as required under Corporate Governance guidelines, has also been incorporated as a separate section forming part of the Annual Report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report forms part of the Annual Report in accordance with the directives of SEBI vide circular dated 13th August, 2012 mandating the top 100 listed entities (including IndianOil) to include Business Responsibility Report on initiatives taken with regard to environmental, social & governance perspectives.

SECRETARIAL AUDIT

As a good corporate governance practice, your Corporation has been conducting secretarial audit of its records and documents since 2009-10. The Secretarial Audit Report for the year 2013-14 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 separately in the Annual Report.

CODE OF CONDUCT

The Board of your Corporation has enunciated a code of conduct for the Directors and Senior Management Personnel, which has been circulated to all concerned and has also been hosted on the corporate website. The Directors and Senior Management Personnel have affirmed compliance with the code of conduct, except Shri Sudhir Bhalla, Director(HR), who was in a serious medical comatose condition since February, 2012.

MoU PERFORMANCE

As in the past, the Memorandum of Understanding (MoU) of your Corporation with the Govt. of India setting the performance parameters for the year 2013-14 was signed by the Chairman, IndianOil, and the Secretary (P&NG), Govt. of India, on 25th March, 2013. The thrust while arriving at the MoU targets was broadly on the long term perspective, while at the same time covering all



Transaction agreement signed with Petronas

the critical operations of the Corporation, including crude throughput, Product Pipeline throughput, Project implementation, Capital expenditure, Distillate yield, Energy Factor, Safety, Quality and new areas of Business Development. Specific weightage has also been assigned to CSR, Sustainable Development, HRM and R&D.

Despite the various challenges during the year 2013-14, the Corporation was able to meet the MoU targets under various parameters as per the MoU with the Government. The Corporation has earned "Excellent" MoU performance rating consistently from 1989-90 to 2012-13 (except in the year 2006-07). The performance rating for 2013-14 MoU is yet to be finalised by the Government.



Project 'Chetna' being launched

OPERATIONAL PERFORMANCE

Refineries

The year 2013-14 was a significant year for your Corporation's Refineries Division in terms of many initiatives taken for improving plant reliability and consolidation of operations in pursuit of excellence. The refineries achieved the combined distillate yield of 78.1 wt% during the year, which is the same as that achieved in the previous year. The eight refineries of your Corporation achieved a combined crude oil throughput of 53.13 million tonnes during the year, with an overall capacity utilisation of 98%, as against a throughput of 54.65 million tonnes and capacity utilisation of 100.8% in the previous year. The marginal fall in the throughput and capacity utilisation is mainly due to the shutdown of Mathura Refinery for a period of 45 days for project related activities. The refineries also recorded the lowest ever specific energy consumption of 55.8 MBTU/BBL/NRGF (MBN*) during the year. Nine new crude oil grades (including high-TAN crudes



Inspecting the work progress at Paradip Refinery

such as Marlim and Dalia) were processed by the Corporation's refineries for the first time during the year in order to widen the crude basket for derisking supply sources and to improve the margins.

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

Pipelines

The Corporation's pipelines network achieved a throughput of 73.07 million tonnes in 2013-14 as against a throughput of 75.17 million tonnes achieved in the previous year. The marginal drop in the throughput was due to reduction in throughput of the refineries. The product pipelines achieved a throughput of 27.21 million tonnes during the year as against 27.77 million tonnes in the previous year. Similarly, the crude oil pipelines registered a throughput of 45.86 million tonnes during the year as against 47.40 million tonnes in the previous



Best Station Award Ceremony in Pipeline Division

year. The gas pipeline recorded the highest ever throughput of 1168 MMSCM, surpassing the previous highest throughput of 960 MMSCM achieved during the previous year. The combined length of your Corporation's network of crude oil, product and gas pipelines as on 31.03.2014 was 11,214 km.

Marketing

IndianOil maintained its position as the market leader for the year 2013-14 with domestic sales of 67.14 million tonnes of petroleum products. However, the overall volumes registered a drop of 1.5 million tonnes as compared to the previous year on account of the prevailing dual-pricing policy in diesel resulting in decline in bulk sales of diesel. However, the Corporation performed well in retail sales of diesel.

To keep pace with the high growth in the retail business, 1,717 retail outlets (including 764 Kisan Seva Kendra Outlets) were commissioned during the year,



Inauguration of 100% Automated RO in Jamnagar, Gujarat

raising their total number to 23,993. The contribution of KSK outlets to total sales during the year reached a new high of 11.6% in Petrol(Retail) & 11.7% in Diesel(Retail). 1,700 ROs were brought under automation during the year, taking the total number of automated retail outlets to 6,077. The concept of NANF (No Automation, No Fuelling) was extended to over 1,150 more retail outlets during the year. The concept of city specific automation was implemented in all retail outlets of 4 cities viz. Chandigarh, Mangalore, Jamnagar and Vadodara.

IndianOil increased its market share in the LPG segment during the year and released a record number of new connections, besides augmenting its bottling and storage capacities and expanding its distributorship network, especially in the rural areas. New initiatives were launched to enhance product availability and customer convenience, such as portability of LPG connection within and across companies and sale of 5-kg free-trade LPG cylinders through select ROs and kirana stores. A record 80.3 lakh new domestic LPG connections were released, raising the Indane customer strength to 817.9 lakh. 106 regular LPG distributorships and 478 RGGLV distributorships were commissioned during the year to further expand the retail network.

Between June 2013 and January 2014, the Aadhaar based DBTL (Direct Benefit Transfer in LPG) Scheme for subsidy transfer directly to the beneficiaries was introduced in 6 phases, covering 3,732 distributors and 4.24 crore Indane consumers of IndianOil. Under this unique scheme, 12.1 million consumers were benefited and more than ₹ 2,230 crore was transferred to the Aadhaar linked bank account of individual consumers. At present, the scheme has been kept in abeyance and a committee has been constituted to review the scheme for better implementation.



Dealer Convention at Trichy

IndianOil's finished lube sales registered a decline of 1.7% over the previous year. Constraints in availability of base oil from Chennai Petroleum Corporation (CPCL) Refinery and non-availability of rubber process oil over a four-month period affected the overall sales volumes for the year 2013-14. Besides launch of a new lubricant for gearless scooters during the year, long-term tie-ups were concluded with major customer groups for marketing a wide range of products and approvals obtained for the SERVO range products from leading Equipment

PROJECTS

IndianOil has always accorded top priority to timely completion of projects and its dedicated project teams ensure that the construction and commissioning of the projects is done seamlessly. The list of the major projects, both completed and ongoing is as under:-

Completed Projects

- Butadiene extraction unit at Panipat Naphtha Cracker Complex.
- Styrene Butadiene Rubber (SBR) plant at Panipat through a JV company.
- Revamp of Fluidized Catalytic Cracking Unit (FCCU) at Mathura Refinery.
- Butene-1 Unit at Panipat Naphtha Cracker Complex.
- Marketing terminal at Chittoor.
- Automation of 20 bulk product storage terminals.
- Automation of 1700 retail outlets.

Ongoing Projects

- 15 million tonnes per annum grassroots refinery at Paradip, Odisha.
- Installation of a demonstration unit of INDAdapt[®] at Guwahati Refinery.
- Reverse Osmosis (RO) unit for ETP water at Gujarat Refinery.
- Installation of a new gas turbine alongwith heat recovery steam generator at Gujarat Refinery.
- Coke chamber replacement at Coker-A at Barauni Refinery.
- Distillate yield improvement (Coker) project at Haldia Refinery.
- Polypropylene project at Paradip Refinery.
- Installation of feed preparation unit at Haldia Refinery.
- Pet Coke evacuation project at Paradip Refinery.
- Debottlenecking of Salaya-Mathura crude oil pipeline.
- Augmentation of the Paradip-Haldia-Barauni crude oil pipeline.
- Cauvery Basin Refinery - Trichy product pipeline.
- Paradip-Raipur-Ranchi product pipeline and associated tap-off point.
- Paradip-Haldia-Durgapur LPG pipeline.
- Mourigram-Kolkata Airport ATF pipeline.
- New tap-off point at Jasidih, Jharkhand, on the Haldia-Barauni-Kanpur pipeline.
- Product evacuation facilities at Paradip.
- Tap-off point at Mohanpura, Rajasthan on the Koyali-Sanganer pipeline
- Ennore-Trichy-Madurai LPG pipeline
- Patna-Motihari-Baitalpur pipeline
- Revamping of fire water system at crude oil tank farm locations
- Modernisation of lube blending plant at Trombay.
- LPG import terminal at Kochi.
- LPG bottling plants at Mysore and Tirunelveli.

Builder Approver (EBA) / Original Equipment Manufacturers (OEMs) in India and abroad. A breakthrough was achieved in overseas marketing with export of 165 kl of marine engine oils to Madagascar, Yemen and Nigeria.

IndianOil's Aviation Service maintained its leadership position during the year by improving its market share to an all-time high of 64.5%. Against the Industry growth of 4.4%, IndianOil aviation fuel sales registered a volume growth of 6% during the year. The improvement in market share was largely aided by aggressive bidding in the international sector and strong tie-ups with major players in the domestic sector.

Assam Oil and IBP Divisions

The Assam Oil Division (AOD) continued to play a vital role in ensuring supply of petroleum products in the north-east region. The Digboi Refinery processed 0.65 million tonnes of crude oil during the year.

During the year, the Explosives and Cryogenics businesses of IBP Division continued with its robust performance and recorded the highest ever production and sales of explosives and cryocans. The Explosives group manufactured and sold 85,264 MT of explosives during the year, recording growth of 6.16% over previous year's volume of 80,313 MT. The Cryogenics group sold 23,747 units of cryocans during 2013-14, recording 28.83% growth over the previous year's sale of 18,433 units. The Cryogenics group designed and manufactured a liquid oxygen storage tank and delivery system alongwith PLC controls for the Naval Materials Research Laboratory (NMRL), DRDO, Ministry of Defence, Government of India. This was the country's first indigenous land based prototype for fuel cell powered submarines.

RESEARCH & DEVELOPMENT

During the year, your Corporation's R&D Centre at Faridabad made significant progress in the demonstration and commercialisation of some of the technologies developed inhouse. The Centre expanded the OEM approval base



Inauguration of Refining Technology Block (North) at R&D Centre, Faridabad

of SERVO lubricants with the development of new formulations of low-viscosity and energy-efficient lubricants. During the year, 130 lubricant formulations were developed and 48 product approvals were obtained from OEMs & Defence services. The IndMax technology developed by the Centre is being actively considered by refineries of other Oil Companies besides the 4.17 million tonnes per annum IndMax unit at your Corporation's Paradip Refinery. The demonstration unit of INDAdapt[®], another technology developed by IndianOil's R&D Centre with low Hydrogen consumption for Sulphur reduction in Motor Gasoline, is being implemented at the Corporation's Guwahati Refinery. The R&D Centre has developed a process "OCTAMAX" for upgradation of C4 hydrocarbons from refinery LPG stream to high-octane gasoline blending stock. The Bio-Energy Research Centre has signed an agreement with Lanzatech to develop a micro-algae technology that entails development of an acetate-to-lipid pathway and evaluation of its viability for CO₂ gas fermentation technology.



Inauguration of TAXSYS-Tax Management Software

In order to harness futuristic energy sources, your Corporation took the initiative of setting up IndianOil Centre for Alternative & Renewable Energy (i-CARE) at Manesar, near Delhi. Besides, Bio-Energy, this Centre will also focus on gasification technology, solar, thermal and hydrogen energy, including fuel cells.

Research activities carried out during the year resulted in filing of 54 new patents, surpassing the previous year's record of 52 patents. Eleven patents were granted during the year including overseas patents taking the number of patents owned by the Centre to 292 as on 31.03.2014.

EXPANDING BUSINESS

Beyond the core business of refining, transportation and marketing of petroleum products, your Corporation has been working towards strengthening its presence in the oil & gas value chain. The Corporation's endeavours in diversified businesses such as Petrochemicals, E&P, Gas and Alternative Energy sources have over the years consolidated, establishing it as a major player in some of these new areas. These diversified businesses have made the Corporation's portfolio more vibrant and have also begun contributing to its bottomline.

Petrochemicals

Your Corporation has emerged as the second largest petrochemicals player in the country. During the year, your Corporation's petrochemicals business



Petrochemical Conclave 2014

scaled new heights and achieved the highest ever sales since its inception. The Corporation sold 2.12 million tonnes of petrochemicals (including exports) against 2.08 million tonnes during the previous year. New overseas markets, covering 16 countries in Africa, Latin America & Europe, were added to the export list during the year.

During the year, your Corporation developed six new polyethylene and polypropylene grades with a view to increase its customer base. Besides this, nine Original Equipment Manufacturer (OEM) approvals were obtained during the year for the Corporation's polymer products.

During the year, your Corporation's persistent endeavours in the petrochemicals space helped it extend its frontiers with the commissioning of 138 kta Butadiene Extraction Unit (BDEU) and 120 kta Styrene Butadiene Rubber (SBR) plant at Panipat. This SBR plant, set up as a joint venture, is India's first for import substitution.

Gas

Gas business presents a major opportunity for your Corporation to maximize its prospects across the gas value chain. During the year, the Corporation's gas sales grew by 5.7%, reaching 1.94 million tonnes against sales of 1.83 million tonnes achieved in the previous year. LNG sales through 'LNG at the Doorstep' business model increased to 30,036 MT, registering a growth of 16%.

Your Corporation's endeavours in strengthening its presence in the gas infrastructure and delivery capability in the country received a major boost as its consortium with other partners was awarded authorisation for city gas distribution projects in the cities of Chandigarh & Allahabad. The Corporation has also booked 1.5 million tonnes per annum additional LNG capacity at Dahej Terminal of Petronet LNG Limited. The Corporation is also currently setting up its maiden 5-million tonnes per annum LNG import, storage and regasification terminal at Ennore, which is targeted for completion in 2016-17. The work is progressing in three pipeline projects being implemented through two joint ventures (GSPL India Gasnet Limited and GSPL India Transco Limited) in which IndianOil has 26% of equity participation.

Exploration & Production (E&P)

Your Corporation has a portfolio of 13 domestic and 11 overseas blocks currently. Among the domestic blocks, the Corporation is the operator with



Drilling site of exploratory well in Gujarat

100% participating interest in 2 onshore exploration blocks in Cambay basin and holds non-operating participating interest in the range of 20% to 44% in the remaining blocks. In the overseas blocks located across eight countries, the Corporation holds non-operating participating interest in the range of 3.5% to 50%. Your Corporation had acquired 10% working interest in the producing Niobrara Shale Oil Asset in the State of Colorado, USA, in October, 2012.

During the year, your Corporation expanded its overseas portfolio with the acquisition of 10% interest in new integrated upstream & LNG project- the Pacific North West LNG, based on unconventional gas, in British Columbia, Canada. This interest was acquired through a wholly owned subsidiary of the Corporation incorporated in Netherlands, which in turn incorporated a wholly owned subsidiary in Canada. This is a producing asset with total gross 2P reserves of 8.35 tcf and has generated a gross revenue of CAD 1.56 million during the year. The Corporation will have access to assured LNG supply of 1.2 million tonnes per annum from this project for a minimum period of 20 years.

Alternative Energy

Your Corporation has been expanding its presence in the alternative energy space. During the year, the Corporation commissioned a 14.7 MW capacity wind energy project at Gandikota in Andhra Pradesh. With this, total renewable installed capacity of the Corporation reached 68 MW, which includes 63 MW of wind and 5 MW of solar energy.

Sustainable Development

Sustainable Development is a key tenet of the business philosophy of your Corporation. During the year, the Corporation solarised 887 retail outlets taking the total number of solarised retail outlets to 1265. During the year, solar PVs were installed at 13 repeater-cum-cathodic protection stations of Southern Region Pipelines, Orissa State Office building and Divisional Office at Indore. With a view to reduce the water footprint of the organisation and to increase water availability for daily operations through rainwater harvesting, the Corporation commissioned rainwater-harvesting systems in 54 locations during the year. Energy audit was completed for 51 office buildings in various locations. The Corporation's Sustainability Report 2012-13 in e-version as well as an abridged printed version of highlights were released during the year. The report is compliant with the Global Reporting Initiative, GRI G3.1 and OGSS with A+ rating from an external assurance agency.

Consultancy Services

Leveraging its vast experience in core business activities, your Corporation has been providing consultancy services, especially to refiners in other developing countries. During the year, it continued having structured interactions with

prospective countries and received offers for consultancy services in various refinery projects.

INTERNATIONAL TRADE

Your Corporation imported 42.55 million tonnes of crude oil valued at ₹ 2,02,492 crore during the year, as against 42.53 million tonnes valued at ₹ 1,84,559 crore in the previous year, to meet its crude oil requirements through a carefully selected and diversified mix of supply sources. The import of petroleum products during the year was 3.74 million tonnes, valued at ₹ 21,414 crore, as against 4.26 million tonnes valued at ₹ 21,289 crore in the previous year. The Corporation also exported petroleum and petrochemical products worth ₹ 21,525 crore during the year as against ₹ 18,549 crore in the previous year.

BUSINESS PROCESS OPTIMISATION

Your Corporation's Business Process Optimisation group continues to play key role in improving refinery margins through reduction in crude input cost for



IndianOil Pavilion at GASTECH 2014

which several initiatives were taken to process new and cheaper crudes. Further, crude and product inventories were managed through optimum purchases. Investment proposals for new projects were evaluated under various scenarios of demand and prices through optimisation models, which helped in assessing the net impact of the investment on the overall corporate profitability.

INFORMATION SYSTEMS

Your Corporation maintained 100% uptime of its centralised online SAP operations during the year. An SMS indenting system was introduced for LPG as well as other consumer groups, for enhanced customer satisfaction. The purchase functions of the Corporation spread across the country use the e-tendering application for purchase of goods and services. During the year, several IT-enabled marketing initiatives were launched, such as *X-Sparsh*, *X-Snehash*, Dealer Annual Return and Retail Dashboard to facilitate interaction with and reporting by retail outlet dealers.

HEALTH, SAFETY & ENVIRONMENT (HSE)

Your Corporation is committed to conduct its business with a strong environment conscience, ensuring sustainable development, safe workplaces and enrichment of the quality of life of its employees, customers and the community at large. All IndianOil refineries are certified to ISO:14064 standards for sustainable development as well as for the Occupational Health & Safety Management System (OHSMS/OHSAS-18001), besides operating fully equipped occupational health centres. Compliance with safety systems and procedures and environmental laws is being monitored at the unit level, division level and corporate level. The HSE activities of the Corporation are reviewed in every Board meeting. During the year, planned and surprise safety audits were carried out at various offices and locations. A safety culture improvement project



World Environment Day celebration at R&D Centre, Faridabad

named 'SEED' – Safety in Each & Every Deed' was launched during the year at Gujarat Refinery. M/s. DuPont – the global leader in employee safety have been engaged for the purpose for a period of three years.

ENERGY CONSERVATION

Your Corporation continuously gives thrust on Energy conservation through extensive performance monitoring at all its refineries and units. Keeping abreast with the latest technological developments and global best practices is a major thrust area for your Corporation in achieving energy conservation. As a result of the various energy conservation measures undertaken on a continuous basis, the energy performance parameter in terms of MBN* of IndianOil refineries during the year is down to 55.8, which is the best ever achieved, as also against the energy index of 56.3 in the previous year. The energy conservation schemes implemented during the year resulted in an estimated fuel savings of 1,02,800 MT of Standard Refinery Fuel (SRF), valued at about ₹ 420 crore. In addition, various initiatives are taken to highlight the importance of energy conservation through seminars and campaigns for retail and bulk consumers.

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

HUMAN RESOURCES

The employee strength of the Corporation was 33,793 as on 31.03.2014; consisting of 15,407 executives and 18,386 non-executives. This includes 2,642 women employees comprising 7.82% of the total workforce. Besides, maintaining a cordial industrial relations climate during the year, your Corporation continued to provide comprehensive welfare facilities to all members of the IndianOil family.

Your Corporation has always encouraged participative culture in the management by adopting a consultative approach with the collectives, establishing a harmonious relationship for industrial peace and higher productivity. Employees' participation is ensured through information-sharing with the collectives and employees on a regular basis while seeking their support, suggestions and co-operation. The efforts to promote employees' participation in management were continued during the year through activities such as Suggestions Scheme, Quality Circles, Total Productive Maintenance (TPM), Mentoring, etc.



IndianOil's apex learning centre at Gurgaon

Your Corporation has adopted forward-looking strategies such as women development and gender equality in pursuit of its commitment to diversity and inclusiveness. Women employees are rendered support through various initiatives to deal with their dual obligations with optimum results, both for



Work in progress at PADC Lab, Panipat

them and for the organisation. All women employees have equal opportunities, equal rights and equal responsibilities. In addition, there are women-oriented policies, viz. child adoption leave, child care leave, special leave without pay. WIPS cells (formed under Forum for Women in Public Sector) strive to empower women by undertaking numerous developmental activities not only for the women employees of the Corporation but also for those in the neighbourhood of its units.

A number of strategic interventions were initiated during the year to rejuvenate the organisation through a dynamic hierarchy of executives covering the entire employee lifecycle. Some of the key initiatives that were implemented for the executives include a comprehensive transfer policy and career path model; succession planning – through leadership centres and multi-rater feedback mechanism; new accelerated career progression scheme; recruitment of a new grade A₀, etc.

The Presidential Directives and various instructions / guidelines issued by the Government of India with regard to reservation in services for SCs/STs/PH/OBCs, etc, were meticulously followed. Your Corporation endeavors to utilise 25% of its community development funds towards Special Component Plan (SCP) and Tribal Sub Plan (TSP) for meeting the needs of the weaker sections. Liaison officers were appointed at various locations/units/installations all over the country to ensure implementation of the Government directives. Reports in the prescribed form relating to representation of SCs/STs/OBCs are provided in the Annual Report as Report I & II.

Your Corporation is implementing the provisions of the Disabilities Act 1995 by way of 3% reservation for physically challenged and disabled persons. In addition, various concessions and relaxations are being extended to physically challenged persons in the recruitment process.

Efforts were continued during the year for increasing the progressive use of Hindi in official work in compliance with the Official Language Act, 1963, Official Language Rules, 1976 and related orders issued by the Government of India from time to time. In all offices/units/locations of the Corporation, committees are functioning for implementing Official Language work effectively and to review the progress of implementation of Official Language policies in the offices as also the Annual Programme as circulated by the Department of Official Language, Govt. of India.

VIGILANCE

The objective of Vigilance is to ensure maintenance of the highest level of integrity throughout the Corporation. To achieve this objective, the Vigilance group carries out preventive and punitive functions, with greater emphasis on the preventive aspects. During the year, 48 vigilance awareness programmes were conducted, which were attended by over 1300 employees. In order to promote transparency and efficiency in the working of the Corporation, various initiatives like e-tendering, bill watch system, standardisation of schedule of rates, file tracking system, etc., have been implemented.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility has been the cornerstone of success for your Corporation right from inception. The Corporation sees itself as an essential part of society and is well aware of its responsibilities beyond financial considerations towards improving quality of life of the communities at large. A report on your Corporation's CSR activities has been incorporated as a separate section forming part of the Annual Report.

REMUNERATION TO THE AUDITORS

The Auditors' remuneration for the year 2013-14 has been fixed at ₹ 90 lakh plus applicable taxes. In addition, reasonable out-of-pocket expenses at actuals incurred are also reimbursable.



Medical Camp at Digboi, Assam

PUBLIC PROCUREMENT POLICY FOR MSMEs 2012

Necessary steps have been initiated by the various divisions of the Corporation for implementation of the Public Procurement Policy of the Govt. of India for procurement from MSMEs. All efforts are being made to procure items specified for procurement from MSMEs. Necessary provision has been made in all the tenders stating the eligibility of MSMEs to participate in the tender. The MSMEs are exempted from payment of tender fees and earnest money deposit. As against the target of 20% for procurement from MSMEs, the actual procurement of your Corporation from MSMEs during the year was around 32%.

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, lube blending plants and other units of the Corporation for the year 2013-14. The cost audit for the year 2012-13 was carried out for the refineries, lube plants, etc. and the cost audit report was filed by the Central Cost Auditor with the Central Govt. in the prescribed form within the stipulated time period. A remuneration of ₹ 16.50 lakh and applicable taxes has been fixed by the Board for payment to cost auditors for the year 2013-14.

SUBSIDIARIES AND JOINT VENTURES

Your Corporation has formed various subsidiaries and joint ventures for exploiting business opportunities across the hydro-carbon value chain. The financial performance of major operating subsidiaries and joint venture companies of the Corporation during 2013-14 is annexed to the Directors' Report.

In accordance with the General Exemption granted by the Ministry of Corporate Affairs, the balance sheet, statement of profit and loss and other documents of the subsidiary companies have not been attached with the balance sheet of the Company. A summary of the financial information of the Company's subsidiaries for the financial year ended March 31, 2014 has been incorporated separately in the Annual Report. The Annual Accounts of the subsidiaries and the related information will be made available to any member of the Company/ its subsidiaries seeking such information and are available for inspection at the Registered Office of the Company.

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 & outgo is annexed.



The Petrotech baton being handed over to IndianOil

PARTICULARS OF EMPLOYEES

As per Notification No. GSR 289(E) dated 31st March, 2011 issued by the Ministry of Corporate Affairs, Govt. of India, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of Section 217(2A) of the Companies Act, 1956, Government companies are not required to include the statement of particulars of employees drawing remuneration of ₹ 60 lakhs or more per annum, if employed throughout the financial year or ₹ 5 lakhs per month, if employed for part of the financial year. The information has not been included as part of the Directors Report as per the said Notification as IndianOil is a Government Company.

BOARD OF DIRECTORS

During the year, the following persons ceased to be Directors on the Board of the Corporation:-

- Late Prof. V. K.Bhalla, Independent Director w.e.f. 06.08.2013
- Late Shri Sudhir Bhalla, Director(HR) w.e.f. 23.05.2014
- Dr. Sudhakar Rao, Independent Director w.e.f. 30.05.2014
- Shri R.S.Butola, Chairman w.e.f. 01.06.2014
- Dr.R.K.Malhotra, Director (R&D) w.e.f. 01.07.2014
- Shri Rajkumar Ghosh, Director(Refineries) w.e.f. 01.07.2014

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

- Shri K.Jairaj, Independent Director, w.e.f. 20.03.2014
- Shri Nesar Ahmad, Independent Director, w.e.f. 20.03.2014
- Shri Sunil Krishna, Independent Director, w.e.f. 20.03.2014
- Shri Sayan Chatterjee, Independent Director, w.e.f. 20.03.2014
- Shri Sanjeev Singh, Director(Refineries), w.e.f. 01.07.2014
- Shri B. Ashok, Chairman, w.e.f. 16.07.2014

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under 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 2014, 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 2014 on a 'going concern' basis.

ACKNOWLEDGEMENTS

The Board of Directors would like to express its appreciation for the dedicated efforts and valuable services rendered by the members of the IndianOil family in the Corporation's achievements during the year 2013-14. The Board would also like 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 grateful to all its stakeholders like bankers, investors, customers, consultants, technology licensors, contractors, vendors, etc, for their continued support and confidence reposed in the Corporation.

The Board wishes to place on record its appreciation of the valuable guidance and significant contribution made by late Prof.V.K.Bhalla, late Shri Sudhir Bhalla, Dr. Sudhakar Rao, Shri R.S. Butola, Dr. R.K. Malhotra and Shri Rajkumar Ghosh during their tenure on the Board.

For and on behalf of the Board


(B Ashok)
Chairman

Place : New Delhi
Date : 17th July 2014

FINANCIAL PERFORMANCE OF MAJOR OPERATING SUBSIDIARIES AND JOINT VENTURE COMPANIES

Subsidiaries

(₹ in Crore)

Name of the Company	Area of Business	Total Turnover	Net Profit	Dividend (in %)
Chennai Petroleum Corporation Limited	Refining of petroleum products	53,923.70	(303.85)	-
IndianOil (Mauritius) Ltd.	Terminalling, Retailing & Aviation refuelling	1,579.25	40.86	6%
Lanka IOC PLC.	Retailing, Terminalling & Bunkering	3,793.02	223.21	15%
IOC Middle East FZE	Lube blending & marketing of lubricants	77.42	3.30	30%
IndianOil - CREDA Biofuels Limited	Plantation of Jatropha and extraction of oil for Bio-diesels	0.17	(3.46)	-
IOCL (USA) Inc.	Participation in Shale Gas Asset Project	52.20	(5.46)	-
IndOil Global BV	Investment company for integrated upstream and LNG Project in Canada	8.43	3.37	-

Joint Ventures

(₹ in Crore)

Name of the Company	Area of Business	Total Turnover	Net Profit	Dividend (in %)
Avi-Oil India Pvt. Ltd.	Speciality lubricants	44.25	0.54	-
Delhi Aviation Fuel Facility Private Limited	Operation of Aviation Fuel Facility at Delhi Airport.	99.01	30.10	12.50%
Green Gas Ltd.	City gas distribution	183.17	22.63	-
IOT Infrastructure & Energy Services Ltd.	Terminalling services	2,370.06	(324.36)	-
IndianOil Petronas Pvt. Ltd.	Terminalling services and parallel marketing of LPG	1,596.71	105.00	30%
IndianOil Skytanking Ltd.	Aviation fuel facility projects	335.62	23.78	30%
Indian Synthetic Rubber Limited	Styrene Butadiene Rubber manufacturing facility at Panipat	7.26	(39.89)	-
Lubrizol India Pvt. Ltd.	Lube Additives	1,067.77	113.44	300%
Petronet LNG Ltd.	LNG Imports/distribution	37,747.58	711.92	20%



IndianOil Mauritius - A subsidiary company