

# EXCEEDING EXPECTATIONS

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IndianOil

ANNUAL REPORT 2006-2007



### Exceeding Expectations

IndianOil's...performance in the financial year 2006-07 was a case of 'exceeding expectations' with both turnover and profits reaching new highs, product sales registering a quantum jump, and the refineries as well as pipelines network enhancing their capacities beyond 60 MMTPA and registering record throughputs. New projects worth Rs. 10,000 crore were put on stream during the year. Among new businesses, the petrochemicals and natural gas verticals have begun adding to the bottomline, and participating interests in a clutch of oil & gas assets in India and abroad ensured expansion of the upstream portfolio. Efforts in globalisation of products and services received a fillip with overseas subsidiaries consolidating and expanding their business activities. All of these were achieved against heavy odds and turbulence in the business environment brought on by high crude oil prices in the international market and huge financial burden of net under-realisation.

*Excerpts from Chairman's Message  
(in Annual Report at Page 29)*

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## Indian Oil Corporation Limited

Registered Office: IndianOil Bhavan,  
G-9, Ali Yavar Jung Marg;  
Bandra (East), Mumbai - 400 051

### 48<sup>th</sup> Annual Report

In this Report, one lakh corresponds to 0.1 million  
and one crore to ten million.

## Notice

### Indian Oil Corporation Limited

Regd. Office : Indian Oil Bhavan,  
G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai-400 051

NOTICE is hereby given that the **48<sup>th</sup> Annual General Meeting** of the Members of **INDIAN OIL CORPORATION LIMITED** will be held at **Ravindra Natya Mandir, Sayani Road, Prabhadevi, Mumbai-400 025** on **Monday, the 24<sup>th</sup> September, 2007** at **1030 hrs.** to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2007 and the Balance Sheet as on that date together with Reports of the Directors and the Auditors thereon.
2. To confirm the payment of interim dividend and to declare the final dividend for the year 2006-07.
3. To appoint a Director in place of Shri Vineet Nayyar, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri P.K. Sinha, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri B.M. Bansal, who retires by rotation and being eligible, offers himself for reappointment.
6. To appoint a Director in place of Shri S.V. Narasimhan, who retires by rotation and being eligible, offers himself for reappointment.

#### SPECIAL BUSINESS

7. Appointment of Shri B.N. Bankapur as a Director of the Company.

To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Shri B.N. Bankapur, who was appointed as an Additional Director and designated as Director (Refineries) by the Board of Directors effective 1<sup>st</sup> October, 2006 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

8. Appointment of Shri S. Sundareshan as a Director of the Company.

To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Shri S. Sundareshan, who was appointed as an Additional Director by the Board of Directors effective 28<sup>th</sup> May, 2007 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

9. Appointment of Prof. (Smt.) Indira J. Parikh as a Director of the Company.

To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Prof. (Smt.) Indira J. Parikh, who was appointed as an Additional Director by the Board of Directors effective 30<sup>th</sup> July, 2007 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

10. Appointment of Shri Anand Kumar as a Director of the Company.

To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution**:



**"RESOLVED THAT** Shri Anand Kumar, who was appointed as an Additional Director and designated as Director(Research & Development) by the Board of Directors effective 31<sup>st</sup> July, 2007 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**11. Appointment of Shri P.K. Chakraborti as a Director of the Company.**

To consider and if thought fit, to pass, with or without modifications, the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** Shri P.K. Chakraborti, who was appointed as an Additional Director and designated as Director(Pipelines) by the Board of Directors effective 1<sup>st</sup> August, 2007 and who holds office upto the date of this Annual General Meeting and in respect of whom, the Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**12. Approval to the IOC-IBP Merger Scheme Trust.**

To consider and if thought fit, to pass, with or without modifications, the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to the Order of the Ministry of Company Affairs dated 30<sup>th</sup> April, 2007 according sanction to the Scheme of Amalgamation of IBP Co.Ltd. with IndianOil, approval of the shareholders of the Company is hereby accorded to the Trust Deed, viz., IOC-IBP Merger Scheme Trust as annexed to the notice of Annual General Meeting.

**Registered Office:**  
IndianOil Bhavan,  
G-9, Ali Yavar Jung Marg,  
Bandra (East),  
Mumbai - 400 051.

By Order of the Board of Directors

  
**(RAJU RANGANATHAN)**  
Company Secretary

**16<sup>th</sup> August, 2007**



## NOTES

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE VALID AND EFFECTIVE MUST BE DELIVERED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- (b) Explanatory Statement prepared in pursuance of Section 173 of the Companies Act, 1956 in respect of Special Business is annexed.
- (c) Members/Proxies should bring the attendance slip duly filled and signed for attending the meeting.
- (d) All documents referred to in the accompanying notice are open for inspection at the registered office of the Company on all working days except Saturdays & Holidays between 1030 hours to 1230 hours upto the date of Annual General Meeting.
- (e) The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 12<sup>th</sup> September, 2007 to Monday, the 24<sup>th</sup> September, 2007 (both days inclusive) for the purpose of ascertaining the eligibility for payment of final dividend.
- (f) The final dividend payable on Equity Shares, if approved by the members, will be paid to those members whose names appear on the Company's Register of members and as per beneficial owners position received from NSDL & CDSL as at the close of 11<sup>th</sup> September, 2007.
- (g) Pursuant to the provisions of section 205(A) of the Companies Act, 1956, the Company has transferred all unpaid dividend declared upto the financial year 1999-2000 to Investor Education & Protection Fund (IEPF) set up by the Central Government. The dividend for the financial year 2000-01 and thereafter, which remains unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. The Shareholders who have not encashed their dividend warrant/s so far for the financial year 2000-01 to 2006-07 are requested to make their claims to the Registrar & Transfer Agents, M/s. Karvy Computershare Private Limited, Hyderabad or at the registered office of the Company. It may also be noted that once the unclaimed dividend is transferred to the IEPF, Central Government, as above, no claim shall lie in respect thereof.

**Similarly, the dividend declared by erstwhile IBP Co. Ltd. (since merged with IndianOil) for the financial years 2000-01 to 2005-06 remaining unpaid will be transferred to IEPF on expiry of 7 year period. The shareholders of erstwhile IBP Co. Ltd. who have not encashed their dividend warrants so far are requested to make their claims to the Registrar & Transfer Agents, M/s. Karvy Computershare Private Limited, Hyderabad or at the registered office of the Company.**

- (h) Members are requested to bring their copy of Annual Report to the Meeting.
- (i) Shareholders holding shares in electronic form may kindly note that their Address and Bank Account details as furnished by their Depositories to the Company will be printed on their Dividend Warrants as per the applicable regulations of the Depositories. The Company will not entertain any direct request from such shareholders for change in Address / Bank Details. The shareholders who wish to change their Address / Bank Account details are therefore requested to advise their Depository Participants about such change.
- (j) Shareholders holding shares in physical form are requested to advise about any change of address/Bank Account Number to the Company or its Registrar.
- (k) The shares of IndianOil are compulsorily traded in dematerialised form and, therefore, the shareholders are requested to dematerialise their shares to facilitate trading in IndianOil shares.
- (l) As per the provisions of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Nomination form can be obtained from the registered office of the Company or from its Registrar & Transfer Agents, M/s. Karvy Computershare Private Ltd.



**Pursuant to the requirements of Corporate Governance, a brief resume of Directors who are retiring and are eligible for reappointment, is given below:**

**Item Nos. 3 to 6**

- (3) Shri Vineet Nayyar, aged 69 years, has handled an array of vastly different and critical assignments in a career spanning 40 years. As a Member of the Indian Administrative Service (IAS), he has served the Government of Haryana and Government of India in various capacities. He was Chairman & Managing Director of GAIL (India) Limited and has also served in the World Bank dealing with oil & gas, energy operations, etc.

Details of other Directorships:

Name of the Company	Position held
Tech Mahindra Ltd.	Vice Chairman and MD
Tech Mahindra (Americas) Inc.	Director
Tech Mahindra GmbH	Chairman of Supervisory Board
Tech Mahindra (R&D Services) Ltd.	Chairman
Tech Mahindra (Thailand) Ltd.	Director
Kotak Mahindra Old Mutual Life Insurance Ltd.	Director
The Great Eastern Shipping Co.Ltd.	Director
Vidya Investments Pvt.Ltd.	Director
Business Standard Ltd.	Director
CanvasM Technologies Ltd.	Chairman
Mahindra Holidays and Resorts India Ltd.	Director
Membership/Chairmanship in the Committees of other companies:	NIL
No. of Shares held in the Company:	NIL

- (4) Shri P.K. Sinha, aged 52 years, is a post graduate from Delhi School of Economics and an IAS officer of U.P. cadre. Shri Sinha also holds M.Phil in Social Sciences and a Masters Diploma in Public Administration. Shri Sinha has served both in the Central and State Governments, including as District Magistrate of Jaunpur and Agra Districts. Shri Sinha has also served in the Ministry of Power, Department of Youth Affairs and Sports in the Central Government before joining the Ministry of Petroleum & Natural Gas.

Details of other Directorships:

Name of the Company	Position held
Bharat Petroleum Corporation Ltd.	Director
Hindustan Petroleum Corporation Ltd.	Director
Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	NIL

- (5) Shri B.M. Bansal, aged 56 years, is a B-Tech in Chemical Engineering from IIT, Delhi with a Post Graduate Diploma in Process Plant Engineering. Shri Bansal has a rich experience of three decades in the oil industry with varied assignments covering key portfolios of Refinery Management, Planning and Co-ordination, Technical Services and Business Development. Shri Bansal has travelled widely and presented several papers on Refining, Petrochemicals and LNG in international seminars, both in India and abroad.

Details of other Directorships:

Name of the Company	Position held
Petronet LNG Ltd.	Director
Lubrizol India Pvt.Ltd.	Director
Membership/Chairmanship in the Committees of other Companies :	NIL
No. of Shares held in the Company:	550

- (6) Shri S.V. Narasimhan, aged 56 years, is a Chartered Accountant and an MBA from the Faculty of Management Studies, Delhi. Shri Narasimhan has over three decades of experience in the oil industry, including as Managing Director of Chennai Petroleum Corporation Ltd. He has served as a member of several specialist committees of the Government of India that drafted oil sector policies. Shri Narasimhan is also credited with assisting the Oil Cost Review Committee set up by the Government to formulate the basis for pricing of petroleum products.

Details of other Directorships:	NIL
Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	1800

## EXPLANATORY STATEMENT IN PURSUANCE OF SECTION 173 OF THE COMPANIES ACT, 1956.

### Item No. 7

Shri B.N. Bankapur, was appointed as an Additional Director and designated as Director(Refineries) w.e.f. 1<sup>st</sup> October, 2006 by the Board of Directors, pursuant to Article 94(l) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri B.N. Bankapur, aged 56 years, is a Chemical Engineer from the University of Mysore. Shri Bankapur has over three decades of rich experience in the oil industry and has handled various portfolios in different refineries. He has been closely involved in strategic planning and growth of IndianOil through capacity enhancement, value addition and diversification projects. Besides introduction of new state-of-the-art technologies, he also led the commissioning of those technologies in IndianOil refineries.

Details of other Directorships:

Name of the Company	Position held
Chennai Petroleum Corporation Ltd.	Director
Engineers India Ltd.	Director

Membership/Chairmanship in the Committees of other Companies:

Name of the Committee	Position held
Audit Committee of Engineers India Ltd.	Member
No. of Shares held in the Company:	900

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri B.N. Bankapur as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri B.N. Bankapur is interested or concerned in the resolution.

### Item No. 8

Shri S.Sundareshan was appointed as an Additional Director w.e.f. 28<sup>th</sup> May, 2007 by the Board of Directors, pursuant to Article 94(l) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri Sundareshan, aged 55 years, is a post graduate in Business Administration and Political Science and an IAS Officer of Kerala cadre. Before joining Petroleum Ministry as Additional Secretary, he was Chairman of Forward Markets Commission under the Ministry of Consumer Affairs, Food and Public Distribution. He has handled various key assignments in the Ministry of Commerce & Industry, Finance and has also served in the Indian Embassy in Japan.

Details of other Directorships:

Name of the Company	Position held
Oil & Natural Gas Corporation Ltd.	Director
GAIL (India) Ltd.	Director
Indian Strategic Petroleum Reserves Ltd.	Director

Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	NIL





In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri S.Sundareshan as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri S.Sundareshan is interested or concerned in the resolution.

#### Item No. 9

Prof. (Smt.) Indira J. Parikh was appointed as an Additional Director w.e.f. 30<sup>th</sup> July, 2007 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Prof. (Smt.) Indira J. Parikh, aged 64 years, is a post graduate from the University of Rochester, USA and a Ph.D from Gujarat University. She has over 30 years of rich academic experience in Organisational Behaviour & Management, in IIM, Ahmedabad. She is also a visiting Professor in various Management Institutes in India and abroad. She has been consultant to various corporates on management programmes and has handled international assignments. She is also credited with publication of management books, papers, articles, etc. Presently, she is President of the Foundation for Liberal & Management Education in Pune.

Details of other Directorships:

Name of the Company	Position held
M.P.Power Transmission Company Ltd.	Director
Anil Products Ltd.	Director
Mahindra Gujarat Tractor Ltd.	Director
STI India Ltd.	Director
Sintex Industries Ltd.	Director
Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	NIL

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Prof. (Smt.) Indira J. Parikh as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Prof. (Smt.) Indira J.Parikh is interested or concerned in the resolution.

#### Item No. 10

Shri Anand Kumar was appointed as an Additional Director and designated as Director(R&D) w.e.f. 31<sup>st</sup> July, 2007 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri Anand Kumar, aged 57 years, is a Chemical Engineer from B.I.T., Sindri. He joined IndianOil in 1974 and worked on the modernisation of refinery units at Guwahati, Mathura and Barauni. He has varied experience covering all aspects of oil refining business. He was a founding member of the Centre for High Technology and was also Advisor (Planning & Economics) to the Port Harcourt Refinery of Nigeria. Prior to his elevation as Director, Shri Anand Kumar was head of the IndianOil Institute of Petroleum Management.

Details of other Directorships:	NIL
Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	500

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri Anand Kumar as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri Anand Kumar is interested or concerned in the resolution.

**Item No. 11**

Shri P.K. Chakraborti was appointed as an Additional Director and designated as Director(Pipelines) w.e.f. 1<sup>st</sup> August, 2007 by the Board of Directors, pursuant to Article 94(I) of the Articles of Association of the Company and Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting.

Shri Chakraborti, aged 58 years, is a Civil Engineer. Before joining as Director, Shri Chakraborti has been involved in the Corporation's effort in pursuing specific ventures pertaining to refineries & pipelines in Turkey, Libya & Nigeria as Executive Director (Business Development). He has rich experience of 27 years in the Pipelines Division of the Company in planning, design and construction of major pipeline projects of IndianOil.

Details of other Directorships

Name of the Company	Position held
IndianOil Technologies Ltd.	Director
Membership/Chairmanship in the Committees of other Companies:	NIL
No. of Shares held in the Company:	NIL

In terms of Section 257 of the Companies Act, 1956, the Company has received a notice in writing from a member signifying his intention to propose Shri P.K.Chakraborti as a candidate for the office of Director.

The Directors, therefore, recommend the Ordinary Resolution. None of the Directors of the Company except Shri P.K.Chakraborti is interested or concerned in the resolution.

**Item No. 12**

Approval to the IOC-IBP Merger Scheme Trust


IndianOil was holding 11867262 number of equity shares constituting 53.58% of the equity share capital of IBP Co.Ltd., which has since merged with IndianOil. As per the Scheme of Amalgamation of IBP Co.Ltd. with IndianOil, the said shares held by IndianOil in IBP are to be transferred to a Trust created for this purpose alongwith all additions/ accretions thereto for the benefit of the Company. The Ministry of Company Affairs vide its Order dated 30<sup>th</sup> April, 2007, while according sanction to the Scheme of Amalgamation, has directed the Company to obtain the approval of the shareholders of the Company for the Trust Deed by a Special Resolution before the Trust exercises its functions, powers, rights and obligations with regard to the Trust shares. The Company has created a Trust which has been registered on 28<sup>th</sup> May, 2007. The Trust is presently holding 13053988 equity shares of IndianOil issued to the Trust consequent upon merger of IBP with IndianOil in the approved swap ratio of 110 : 100. The Trustees have not exercised their powers, rights & obligations with regard to the Trust shares in line with the Order of Ministry of Company Affairs. Copy of the Trust Deed is enclosed with this notice.

Approval of the Members is sought to the Trust Deed as per the Order of Ministry of Company Affairs. The Directors, therefore, recommend the Special Resolution. None of the Directors of the Company are interested or concerned in the resolution.

**Registered Office:**

IndianOil Bhavan,  
G-9, Ali Yavar Jung Marg,  
Bandra (East),  
Mumbai - 400 051.

By Order of the Board of Directors

  
(RAJU RANGANATHAN)  
Company Secretary

16<sup>th</sup> August, 2007