

## REPORT ON CORPORATE GOVERNANCE

The objective of Corporate Governance is to enhance and maximize shareholder's value and protect the interest of other stakeholders like customers, employees and society at large in order to build an environment of trust and confidence among all the constituents, which may have competing as well as conflicting interest.

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

IndianOil believes that good Corporate Governance practices ensure ethical and efficient conduct of the affairs of the Company and also help in maximizing value for all its stakeholders. The Company endeavours to uphold the principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning which are vital to achieve its Vision of being the Energy of India and a Globally Admired Company.

IndianOil recognises that good Corporate Governance is a continuous exercise and reiterates its commitment to pursue the highest standards of Corporate Governance in the overall interest of all its stakeholders. For effective implementation of the Corporate Governance practices, IndianOil has a well-defined policy framework inter alia consisting of the following:-

- Code of Conduct for Directors and Senior Management Personnel
- Code of Conduct for prevention of Insider Trading
- Enterprise Risk Management Policy
- Integrity Pact to enhance transparency in business
- Whistle Blower Policy
- Conduct, Discipline and Appeal Rules for employees

### 2. BOARD OF DIRECTORS

#### (a) Composition of Board of Directors

The Board of IndianOil comprises of an optimum combination of Executive (Whole-time) and Non-Executive (Part-time) Directors. Non-Executive (part-time) Independent Directors are persons with proven record in diverse areas like energy, law, academics, finance, marketing, administration, etc.

The strength of the Board of IndianOil was 16 Directors as on 31.03.11 comprising of 8 Executive (Whole-time Functional) Directors (including Chairman) and 8 Part-time Non-Executive Directors, out of which 6 are Independent Directors and 2 are Government Nominee Directors. The Company has not been able to comply with the requirement of 50% Independent Directors on its Board, as IndianOil, being a Government Company under the administrative control of the Ministry of Petroleum & Natural Gas (MoP&NG), the Directors are nominated by the Government of India. The Company has been pursuing with the Government of India to induct requisite number of Independent Directors as required under clause 49 of the Listing Agreement.

The composition of the Board of Directors as on 31.03.11 is given below:-

Sl. No.	Name	Category
1.	Shri R. S. Butola	Chairman w.e.f. 28.02.2011
2.	Shri S. V. Narasimhan	Director (Finance)
3.	Shri G. C. Daga	Director (Marketing)
4.	Shri B. N. Bankapur	Director (Refineries)
5.	Shri K. K. Jha	Director (Pipelines)
6.	Dr. R. K. Malhotra	Director (Research & Development) w.e.f 05.08.2010
7.	Shri Sudhir Bhalla	Director (Human Resources) w.e.f. 27.10.2010
8.	Shri A. M. K. Sinha	Director (Planning & Business Development) w.e.f 16.03.2011
9.	Shri P. K. Sinha	Government Nominee Director
10.	Shri Sudhir Bhargava	Government Nominee Director
11.	Prof. (Dr.) Indira J. Parikh	Independent Director
12.	Shri Anees Noorani	Independent Director
13.	Dr. (Smt.) Indu R. Shahani	Independent Director
14.	Prof. Gautam Barua	Independent Director
15.	Shri Michael Bastian	Independent Director
16.	Shri Nirmal Kumar Poddar	Independent Director

### (b) Board Meetings

The Board of Directors is the apex body which oversees the overall functioning of the Company. The Board of IndianOil has set strategic goals in order to achieve its Vision Statement. The Board defines the Company's policy and oversees its implementation in attaining its goal. The Board has constituted various committees to facilitate the smooth and efficient flow of the decision making process.

The dates of the Board Meetings are fixed well in advance and intimated to the Board members so as to enable the Directors to plan their schedule accordingly. The meetings of the Board of Directors are generally held once in a month. During the financial year 2010-11, eleven such Board Meetings were held. The agenda papers are circulated to the Directors well in advance before the meeting. However, certain exigent matters are tabled at the Board Meeting with the approval of the Chairman. The agenda items are comprehensive and informative in nature to facilitate deliberations and appropriate decision at the Board Meeting.

Presentations are made to the Board on various functional and operational areas of the Company like Refinery, Pipelines and Marketing operations, major projects, financial highlights etc. The agenda placed before the Board inter alia includes the following:-

- Annual operating plans and Capital and Revenue budgets
- Quarterly and Annual Financial results of the Company
- Dividend declaration
- Quarterly report on borrowings and treasury operations
- Constitution of Board committees with terms of reference
- Minutes of meetings of Audit Committee and other Committees of the Board, as also resolutions passed by circulation
- Proposals for amalgamation, mergers and acquisitions
- Details of investment in any joint venture / subsidiary
- New projects and expansion plans
- Status of various projects
- Risk management and minimization process
- HR related issues
- Safety / Security related matters
- General notices / matters of interest of Directors
- Periodic reports to the Board on :-
  - Treasury Operations
  - Project status
  - Risk Management
  - Secretarial Audit / reports
  - Compliance of laws
  - Disciplinary cases
  - Action Taken Report (ATR) on decisions of the Board
  - Foreign tour report of Whole-time Functional Directors / officials

The Board Minutes are prepared within a day of the Board Meeting and endeavour is made to obtain the clearance of the Whole-time Functional Directors and approval of the Chairman at the earliest. Thereafter, the minutes are circulated to the concerned department / group for implementation. ATR is obtained and put up to the Board periodically. Details of the Board Meetings held during the year 2010-11 are as under:-

Sl. No.	Date	Board Strength	No. of Directors Present
1.	27-04-2010	15	10
2.	28-05-2010	15	14
3.	25-06-2010	15	14
4.	24-07-2010	14	13
5.	30-08-2010	14	14
6.	20-09-2010	14	12
7.	13-11-2010	15	13
8.	22-12-2010	15	12
9.	25-01-2011	15	14
10.	10-02-2011	14	13
11.	29-03-2011	16	14

**(c) Attendance of each Director at Board Meetings held during 2010-11, last Annual General Meeting and Number of other Directorships and Chairmanship / Membership of Committees of each Director in various companies is as under:-**

Name of the Director	No. of Board Meetings attended out of 11 meetings held	Attendance at the AGM on 21.09.2010 (Yes / No)	No. of Directorship in other companies as on 31.03.11	Membership of committees in other companies as on 31.03.11	Chairmanship of committees in other Companies as on 31.03.11
<b>Whole-time Functional Directors</b>					
Shri R. S. Butola, Chairman <sup>1</sup>	1	NA	2	-	-
Shri B. M. Bansal, Chairman & Director (P&BD) <sup>2</sup>	9	Yes	3	-	-
Shri S. V. Narasimhan, Director (Finance)	11	Yes	2	2	-
Shri G. C. Daga, Director (Marketing)	11	Yes	4	-	-
Shri B. N. Bankapur, Director (Refineries)	10	Yes	3	2	-
Shri K. K. Jha, Director (Pipelines)	11	Yes	1	-	-
Dr. R. K. Malhotra, Director (Research & Development) <sup>3</sup>	7	Yes	2	-	-
Shri Sudhir Bhalla, Director (Human Resources) <sup>4</sup>	5	NA	-	-	-
Shri A. M. K. Sinha, Director (Planning & Business Development) <sup>5</sup>	1	NA	-	-	-
Shri Anand Kumar, Director (Research & Development) <sup>6</sup>	3	Yes	2	-	-
Shri V. C. Agrawal, Director (Human Resources) <sup>7</sup>	4	Yes	1	-	-
<b>Part-time Non-Executive Directors (Govt. nominees)</b>					
Shri P.K. Sinha	9	Yes	2	-	-
Shri Sudhir Bhargava	8	Yes	2	-	-
<b>Part-time Non-Executive Independent Directors</b>					
Prof. (Dr.) Indira J. Parikh	8	Yes	4	-	-
Shri Anees Noorani	10	Yes	2	1	-
Dr. (Smt.) Indu R. Shahani	5	No	2	1	-
Prof. Gautam Barua	10	Yes	1	-	-
Shri Michael Bastian	9	Yes	4	2	3
Shri N. K. Poddar	11	Yes	-	-	-

\* The details of Directorship on Board of other companies and committee position is as on the date of cessation from the Board of IndianOil.

**Remarks:-**

1. Shri R. S Butola was inducted on the Board as Chairman w.e.f. 28.02.2011
2. Shri B. M. Bansal ceased to be Chairman on 31.01.2011
3. Dr. R. K. Malhotra was inducted on the Board w.e.f. 05.08.2010
4. Shri Sudhir Bhalla was inducted on the Board w.e.f. 27.10.2010
5. Shri A. M. K. Sinha was inducted on the Board w.e.f. 16.03.2011
6. Shri Anand Kumar ceased to be Director on 30.06.2010.
7. Shri V. C. Agrawal ceased to be Director on 31.07.2010.

None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he / she is a Director. All the Directors have made requisite disclosures regarding Directorship / Committee position occupied by them in other companies.

A brief resume of the Directors, who are being re-appointed at the forthcoming AGM, is given in the notice of the AGM.

**(d) Code of Conduct**

The Code of Conduct for the Directors and Senior Management Personnel of the Company has been laid down by the Board, which has been circulated to all concerned and the same is also hosted on the website of the Company 'www.iocl.com'. The Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the IndianOil's Code of Conduct for the Financial year ended 31.03.11.

**3. AUDIT COMMITTEE**

The Audit Committee has been constituted in line with the provisions of Clause 49 of the Listing Agreement and also meets the requirements of Section 292A of the Companies Act, 1956. The members of the Audit Committee have requisite financial and management expertise. The Audit Committee was reconstituted on 28.05.2010 to include Prof. Gautam Barua, Independent Director, as a member of the Committee. The Audit Committee comprises of following four Part-time Non-Executive Independent Directors as members.

(1) Shri Michael Bastian	-	Chairman
(2) Shri N.K.Poddar	-	Member
(3) Dr. (Smt.) Indu R. Shahani	-	Member
(4) Prof Gautam Barua	-	Member

The Terms of Reference of Audit Committee covers all matters specified under Clause 49 of the Listing Agreement of the Stock Exchanges, which inter alia includes the following:-

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing with management the quarterly and annual financial statements alongwith related party transactions, if any, before submission to the Board.
- Reviewing with the management and statutory and internal auditors, the adequacy of internal control systems.
- Discussion with internal auditors on Annual Internal Audit Program, Significant Audit Findings and follow up on such issues.
- Discussion with statutory auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- Reviewing with the management, the observations / comments / assurances of the Comptroller & Auditor General of India (CAG).
- Review with the management, the follow-up action taken on the recommendations of the Parliamentary Committee on Public Undertaking (CoPU).
- Review of Cost Audit Report

The attendance at the eight meetings of the Audit Committee held during the year 2010-11 is given below:-

Dates of the Meetings	Shri Michael Bastian (Chairman)	Shri N. K. Poddar (Member)	Dr. (Smt.) Indu R. Shahani (Member)	Prof. Gautam Barua (Member)
27-05-2010	Yes	Yes	No	NA
10-07-2010	Yes	Yes	Yes	No
24-07-2010	Yes	Yes	Yes	Yes
30-08-2010	Yes	Yes	Yes	Yes
13-11-2010	Yes	Yes	No	Yes
07-12-2010	Yes	Yes	No	Yes
09-02-2011	Yes	Yes	Yes	Yes
23-03-2011	Yes	Yes	Yes	Yes

The Audit Committee meetings are also attended by the Director (Finance) and the Head of Internal Audit as invitees. The representatives of the Statutory Auditors are also invited to the meetings while considering the quarterly / annual financial statements and discussion on nature & scope of Audit. The Cost Auditors are invited when the Cost Audit Reports are considered by the Audit Committee.

The Minutes of the meetings of the Audit Committee are circulated to the members of the Audit Committee and to all concerned for necessary action and are also submitted to the Board.

The Chairman of the Audit Committee was present at the last Annual General Meeting.

The Company Secretary acts as the Secretary of the Audit Committee.

#### 4. REMUNERATION COMMITTEE

IndianOil being a Government Company, the remuneration of the whole-time Functional Directors is decided by the Government of India. The Part-time Non-Executive Independent Directors are not paid any remuneration except sitting fees of ₹ 20,000/- for attending each meeting of the Board or Committees thereof. However, the Board has constituted a Remuneration Committee to approve certain perquisites for Whole-time Functional Directors and below Board level Executives, which are within the powers of the Board. Moreover, the company is required to have a Remuneration Committee as per the latest DPE Guidelines of Government of India. The Committee comprises the following Directors.

1. Prof (Dr) Indira J. Parikh	-	Independent Director (Chairperson)
2. Shri Anees Noorani	-	Independent Director
3. Shri Michael Bastian	-	Independent Director
4. Shri P.K.Sinha	-	Government Nominee Director
5. Shri S.V.Narasimhan	-	Whole-time Functional Director
6. Shri Sudhir Bhalla	-	Whole-time Functional Director

The attendance at three meetings of the Remuneration Committee held during 2010-11 is given below:

Name of Director	Designation	Attendance at meeting held on		
		04-05-2010	24-07-2010	24-01-2011
Prof. (Dr.) Indira J. Parikh	Chairperson	No	Yes	Yes
Shri Anees Noorani	Member	Yes	Yes	Yes
Shri Michael Bastian	Member	Yes	Yes	Yes
Shri P. K. Sinha	Member	Yes	Yes	Yes
Shri S. V. Narasimhan	Member	Yes	Yes	Yes
Shri Sudhir Bhalla <sup>1</sup>	Member	NA	NA	Yes
Shri V.C. Agrawal <sup>2</sup>	Member	Yes	Yes	NA

#### Remarks

1. Shri Sudhir Bhalla was inducted on the Board w.e.f. 27.10.2010
2. Shri V. C. Agrawal ceased to be Director on 31.07.2010.

Remuneration paid to whole-time Functional Directors during the financial year 2010-11 is as under:-

(₹ in crore)

Name of the Director	Designation	Salaries & Allowances	Contribution to PF & other Funds	Other Benefits & Perquisites	Total Remuneration
Shri R. S. Butola	Chairman w.e.f. 28.02.2011	0.02	-	-	<b>0.02</b>
Shri S. V. Narasimhan	Director (Finance)	0.34	0.02	0.09	<b>0.45</b>
Shri G. C. Daga	Director (Marketing)	0.34	0.02	0.06	<b>0.42</b>
Shri B. N. Bankapur	Director (Refineries)	0.34	0.02	0.09	<b>0.45</b>
Shri K. K. Jha	Director (Pipelines)	0.33	0.02	0.08	<b>0.43</b>
Dr. R. K. Malhotra	Director (R&D) w.e.f 05.08.2010	0.22	0.01	0.02	<b>0.25</b>
Shri Sudhir Bhalla	Director (HR) w.e.f. 27.10.2010	0.10	0.01	0.03	<b>0.14</b>
Shri A. M. K. Sinha	Director (P&BD) w.e.f 16.03.2011	0.01	-	-	<b>0.01</b>
Shri Anand Kumar	Director (R&D) upto 30.06.2010	0.36	-	0.19	<b>0.55</b>
Shri V. C. Agrawal	Director (HR) upto 31.07.2010	0.32	0.01	0.17	<b>0.50</b>
Shri B. M. Bansal	Chairman & Director (P&BD) upto 31.01.2011	0.40	0.01	0.21	<b>0.62</b>
<b>TOTAL</b>		<b>2.78</b>	<b>0.12</b>	<b>0.94</b>	<b>3.84</b>

**Note:-**

- Performance Linked Incentives are payable to the Whole-time Functional Directors as employees of the Company as per the policy applicable to all employees of the Company.
- During the year, no Stock Options have been issued to Whole-time Functional Directors.
- The terms of appointment of the Whole-time Functional Directors, as issued by the Government of India, provides for 3 months notice period or salary in lieu thereof for severance of service.
- The remuneration does not include the provision made on actuarial valuation of retirement benefit schemes and provision made during the year towards post retirement benefits as the same is not separately ascertainable for individual Directors.

The sitting Fees paid to Part-time Non-Executive Independent Directors during the financial year 2010-11 is as under:-

<b>Name of the Director</b>	<b>Sitting Fees (₹ in crore)</b>
Prof. (Dr.) Indira Parikh	0.02
Shri Anees Noorani	0.04
Dr. (Smt.) Indu R. Shahani	0.03
Prof. Gautam Barua	0.05
Shri Michael Bastian	0.05
Shri N. K. Poddar	0.05
<b>TOTAL</b>	<b>0.24</b>

**Notes :-**

- None of the Part-time Non-Executive Independent Directors was holding any shares of Company as on 31st March 2011. However, a Family Trust of Shri Anees Noorani was holding 4862 shares of IndianOil.
- There were no other materially significant pecuniary relationships or transactions of the Non-Executive Independent Directors vis-à-vis the Company.

**Shareholding of Whole Time Directors (as on 31.03.2011)**

The following Directors are holding shares of IndianOil as on 31.03.2011 as per disclosure made by them:

<b>Name</b>	<b>Designation</b>	<b>No. of shares</b>
Shri R. S. Butola	Chairman	NIL
Shri S. V. Narasimhan	Director (Finance)	3642
Shri G. C. Daga	Director (Marketing)	3200
Shri B. N. Bankapur	Director (Refineries)	1800
Shri K. K. Jha	Director (Pipelines)	1000
Dr. R. K. Malhotra	Director (R&D)	3600
Shri Sudhir Bhalla	Director (Human Resources)	3620
Shri A. M. K. Sinha	Director (P&BD)	2400

**5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**

The Shareholders / Investors Grievance Committee (SIGC) examines the grievances of shareholders / investors and the system of redressal of the same and also to approve issuance of share certificates. The Company accords top priority to resolve complaints/grievances/queries of shareholders within a reasonable period of time.

The SIGC was reconstituted on 24.07.2010 with the induction of Dr. (Smt.) Indu Shahani. The Committee comprises of four members with two Part-time Non-Executive Independent Directors and Director (Finance) and Director (Human Resources) as shown below:-

- |                               |   |                                 |
|-------------------------------|---|---------------------------------|
| 1. Shri Anees Noorani         | - | Independent Director (Chairman) |
| 2. Dr. (Smt.) Indu R. Shahani | - | Independent Director            |
| 3. Shri S. V. Narasimhan      | - | Director (Finance)              |
| 4. Shri Sudhir Bhalla         | - | Director (Human Resources)      |

The attendance at the meeting of SIGC held during the year 2010-11 is given below:-

Sl.No.	Name of the Director	Attendance at Meeting held on	
		25-06-2010	25-01-2011
1.	Shri Anees Noorani	Yes	Yes
2.	Dr. (Smt.) Indu R. Shahani	NA	Yes
3.	Shri. S. V. Narasimhan	Yes	Yes
4.	Shri Sudhir Bhalla <sup>1</sup>	NA	Yes
5.	Shri V. C. Agrawal <sup>2</sup>	Yes	NA

### Remarks

- Shri Sudhir Bhalla was inducted on the Board w.e.f. 27.10.2010
- Shri V. C. Agrawal ceased to be Director on 31.07.2010.

The Company Secretary is the Compliance Officer.

### Details of complaints received and redressed during the year ended 31<sup>st</sup> March, 2011:-

During the year, 1732 complaints were received and all have been settled. As on 31<sup>st</sup> March 2011, no complaints were pending. Further, during the year, 1181 requests for change of address, recording of nomination, issue of duplicate share certificates / dividend warrant, etc. were received, out of which 44 requests were pending as on 31.03.2011, which were subsequently dealt with.

### 6. OTHER COMMITTEES OF THE BOARD

In addition to the above Committees, the Board has delegated certain powers to various committees with distinct roles and responsibilities, the details of which are as under:-

Sl. No.	Name of Committee	Role and Responsibilities	Members
1.	Planning & Projects Committee	For approval of capital investments upto ₹ 100 crore.	Chairman and all Whole-time Functional Directors.
2.	Contracts Committee	For award of contracts.	Chairman and all Whole-time Functional Directors.
3.	Projects Evaluation Committee	For evaluating and recommending for Board approval, projects costing over ₹ 250 Crore and above.	Three Part-time Non-Executive Independent Directors, one Part-time Non-Executive Government Director, and Director (Finance).
4.	Establishment Committee	To take decisions in respect of creation, selection, appointment and promotion to the posts of General Managers and above and Conduct, Discipline and Appeal Rules.	Chairman and all Whole-time Functional Directors, one Part time Non-Executive Government Director and one Part-time Non-Executive Independent Director.
5.	Committee for Deleasing of Immoveable Properties	For Deleasing of Company leased immoveable properties.	Chairman, Director (Human Resources), Director (Finance) and one Part-time Non-Executive Government Director.
6.	Health, Safety & Environment Committee	To review compliance of safety systems, procedures, rules & regulations on safety, occupational health and environment protection and to review the safety audit in various Divisions.	Three Part-time Non-Executive Independent Directors, Director (Marketing), Director (Refineries), Director in-Charge of Safety, Health & Environment.
7.	CSR Committee	To monitor and administer CSR activities.	One part time non-executive Government Director & Two Part-time Non-Executive Independent Directors, Director (Marketing) & Director (Human Resources).
8.	Marketing Strategies Committee	To evolve the strategies, policies, guidelines and take decisions on all matters relating to marketing activities of the Corporation including revival of Retail Outlet dealerships.	Two Part-time Non-Executive Independent Directors, Director (Finance), Director (Marketing) and Director (Planning & Business Development)
9.	Oil Price Risk Management Committee	To approve the derivative transactions above USD 50 million on 'mark to market' basis.	Chairman, Director (Finance) and Director (Refineries)

## 7. GENERAL MEETINGS

The Annual General Meetings of the Company are held at Mumbai where the Registered Office of the Company is situated. The details of the AGM held for the past three years are as under:-

	2007-08	2008-09	2009-10
Date & Time	19.09.2008, 10:30 A.M.	14.09.2009, 10:30 A.M.	21.09.2010, 10:30 A.M.
Venue	Ravindra Natya Mandir, Prabhadevi, Mumbai - 400 025	Nehru Centre Auditorium, Discovery of India Building, Worli, Mumbai – 400 018.	Nehru Centre Auditorium, Discovery of India Building, Worli, Mumbai – 400 018.
No. of Special Resolutions Passed	Nil	Nil	Nil

No Extraordinary General Meeting of the Members was held during the year.

## 8. POSTAL BALLOT

Approval of the shareholders on the following items was sought through Postal Ballot:

- For increase in the Authorised Capital of the company from ₹ 2,500 Crore to ₹ 6,000 Crore (Ordinary Resolution).
- Consequent amendment to the Memorandum and Articles of Association of the Company (Special resolution).
- Issue of equity shares through further public offer under section 81 (1A) of the Companies Act 1956 (Special Resolution).

The Postal Ballot was circulated to all the members on 27<sup>th</sup> September and 28<sup>th</sup> September 2010 and the last date of receipt of the duly Postal Ballot Form was 28<sup>th</sup> October 2010. The resolutions were approved by the shareholders with requisite majority and result was announced on 01.11.2010. The Postal Ballot exercise was conducted by Shri B. V. Dholakia, Practicing Company Secretary of M/s. Shah Dholakia & Associates, Mumbai.

## 9. DISCLOSURES

### a. Materially significant related party transactions

The Company has not entered into any materially significant related party transactions with the Directors or the Senior Management Personnel or their relatives as well as its subsidiaries / Joint Ventures etc. except for those disclosed in the financial statements for the year ended 31<sup>st</sup> March '11.

### b. Details of non-compliance during the last three years

There were no cases of non-compliance by the Company and no penalties / strictures were enforced on the Company by Stock Exchanges / SEBI or any other statutory authority on any matter related to capital markets during the last three years.

### c. Whistle Blower Policy

The Company has framed a whistle blower policy wherein the employees are free to report any improper activity resulting in violations of laws, rules, regulations or code of conduct by any of the employees, to the Competent Authority or Chairman of the Audit Committee, as the case may be. Any such complaint is reviewed by the Competent Authority or Chairman of the Audit Committee. The confidentiality of those reporting violations shall be maintained and they shall not be subjected to any discriminatory practice. No employee has been denied access to the Audit Committee.

### d. Compliance with mandatory and adoption of non-mandatory requirement of Clause 49

The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement as well as DPE guidelines as applicable except with regard to composition of the Board of Directors for which the Company, being a Government Company, is pursuing with the Government of India to induct requisite number of Independent Directors.

The Company has also adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement:-

- Remuneration Committee
- Unqualified financial statements
- Whistle Blower Policy
- Training of Board Members

The newly appointed Directors of the Company are familiarized with the various aspects of the Company like Constitution, Vision & Mission Statement, core activities, board procedures, strategic directions, etc. by way of a detailed presentation. Information material like Code of Conduct, Insider Trading Code, Performance Highlights, etc. are provided to supplement the above presentation. Periodic presentations are made at the Board and Committee Meetings to update them on all business-related issues and new initiatives undertaken. Strategy meet of the Board is held generally once in a year to deliberate in detail the strategic issues, policy decisions and prospective plans for the future. The Directors are also nominated for training programs / seminars conducted by SCOPE and other government authorities.

**e. Risk Management Policy**

The Company has also laid down the Enterprise Risk Management Policy and Procedures thereof for periodically informing Board Members about the risk assessment and minimising procedures.

**f. CEO / CFO Certification**

Chairman and Director (Finance) of the Company have given the 'CEO / CFO Certification' to the Board.

**g. Integrity Pact**

IndianOil has a Memorandum of Understanding (MoU) with Transparency International India (TII) for implementing an Integrity Pact Programme focused on enhancing transparency in its business transactions, contracts and procurement processes.

Under the MoU, IndianOil is committed to implementing the Integrity Pact in all its major procurement and work contract activities. Four Independent External Monitors being persons of eminence nominated by TII in consultation with the Central Vigilance Commission (CVC) monitor the activities. The Integrity Pact has strengthened the established systems and procedures by creating trust and has the full support of the Central Vigilance Commission.

**h. Relationship between Directors**

None of the Directors are inter-se related to other Directors of the Company.

**i. Presidential Directives**

The details of the Presidential Directives received by the Company and compliance thereof have been provided in the Directors' Report.

**10. MEANS OF COMMUNICATION**

**a. Financial Results**

The quarterly unaudited financial results / audited financial results of the Company are announced within the time limits prescribed by the listing agreement. The results are published in leading newspaper like The Times of India, Maharashtra Times (Marathi Newspaper), etc. and are also hosted on company's website **www.iocl.com**. The Company also issues news releases on significant corporate decisions / activities and posts them on its website as well as notifies stock exchange as and when deemed necessary.

**b. News Releases**

Official press releases, detailed presentations made to media, analysts, institutional investors, etc. are displayed on the Company's website **www.iocl.com**.

**c. Website**

The Company's website **www.iocl.com** provides a separate section for investors where relevant shareholders information is available. The Annual Report of the Company is available on the website in a user-friendly and downloadable form.

**d. Annual Report**

Annual Report is circulated to members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report and Corporate Governance Report form separate part of the Annual Report.

**e. Chairman's Speech at AGM**

Chairman's speech is distributed to the shareholders at the Annual General Meeting. The same is also placed on the website of the Company for information of the shareholders residing in various parts of the country.

**f. Investor Service Cell**

Investor Service Cell exists at the registered office in Mumbai and the Corporate Office, New Delhi to address the grievances / queries of shareholders. In order to enable Investors to raise queries and grievances, the Company has created a separate email ID **investors@indianoil.co.in**. M/s Kary Computershare Pvt. Ltd., Registrar & Transfer Agent, have offices across the country, wherefrom the queries / grievances of the investors are also addressed.

**g. Green initiative – reaching important communication to shareholders through email**

In terms of the Green initiative launched by the Ministry of Corporate Affairs, to allow service of documents to the members through electronic mode, IndianOil would send the copy of the Annual Report for the year 2010-11 alongwith the notice convening the Annual General Meeting through email to those shareholders who have registered their email id with the DP's / R&T agents and have opted not to receive the Annual report in physical form.

## 11. GENERAL SHAREHOLDER INFORMATION

### (a) Annual General Meeting:

Date, Time & Venue of the Annual General Meeting	27 <sup>th</sup> September 2011 at 1030 hrs at Nehru Centre Auditorium Discovery of India Building, Worli, Mumbai - 400 018.
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### (b) Financial Calendar for 2011-12 to approve quarterly / annual financial results:

Quarter ending 30 <sup>th</sup> Jun '11	On or before 14.08.2011
Quarter ending 30 <sup>th</sup> Sep '11	On or before 14.11.2011
Quarter ending 31 <sup>st</sup> Dec '11	On or before 14.02.2012
Quarter and Audited Annual Financial Results ending 31 <sup>st</sup> March '12	On or before 30.05.2012

### (c) Book Closure Dates for Dividend:

Book Closure for Dividend	19.09.2011 to 27.09.2011, inclusive of both days.
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### (d) Dividend Payment Date:

A dividend of ₹ 9.50 per share (95%), as recommended by the Board of Directors, if approved at the AGM, shall be paid to the eligible shareholders well before the stipulated 30 days period after the AGM as provided under the Companies Act.

### (e) Listing on Stock Exchanges:

The shares of the Company are listed on the Bombay Stock Exchange Ltd. and the National Stock Exchange of India Limited.

The debt securities issued by the Company are listed on the Wholesale Debt Market (WDM) segment of NSE.

The Company has paid Listing fees to both the stock exchanges.

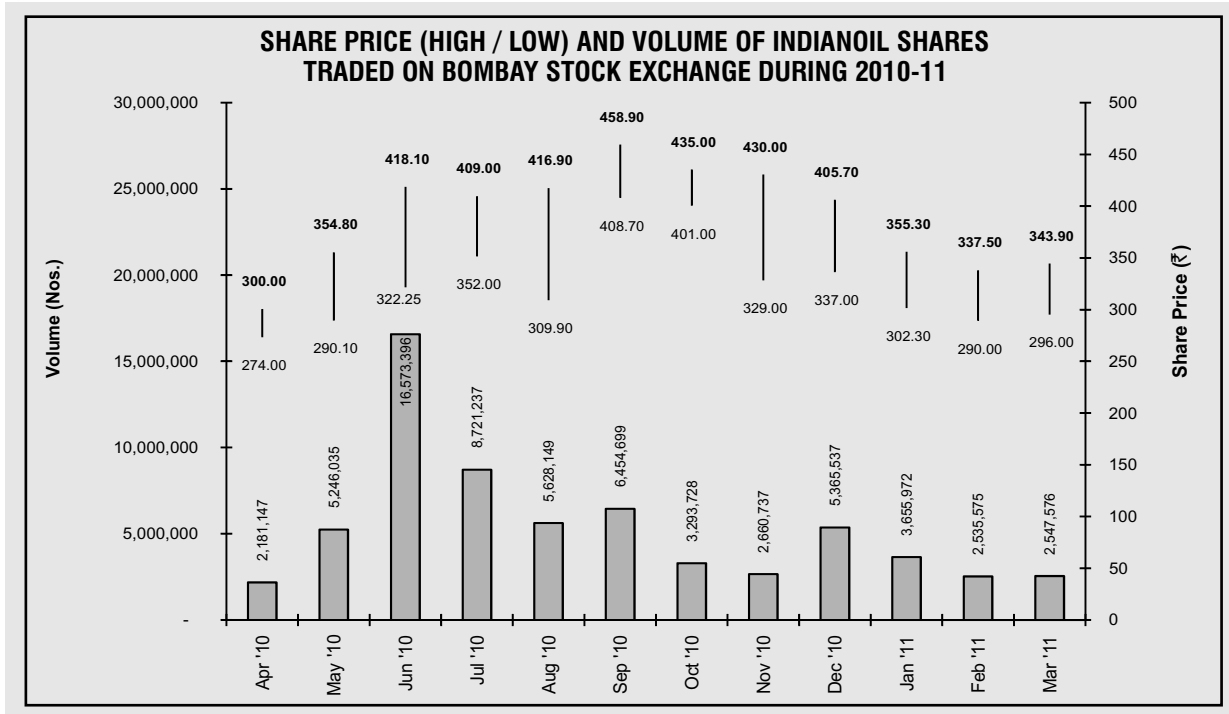
### (f) Corporate Identity Number (CIN):

The Company is registered with the Registrar of Companies (RoC) in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is **L23201MH1959GOI011388**.

- (g) **Stock Code at Bombay Stock Exchange Ltd.** : **530965**  
 (h) **Stock Code at National Stock Exchange** : **IOC**  
 (i) **Demat ISIN Number at NSDL / CDSL** : **INE 242A01010**  
 (j) **Stock Market Data:**

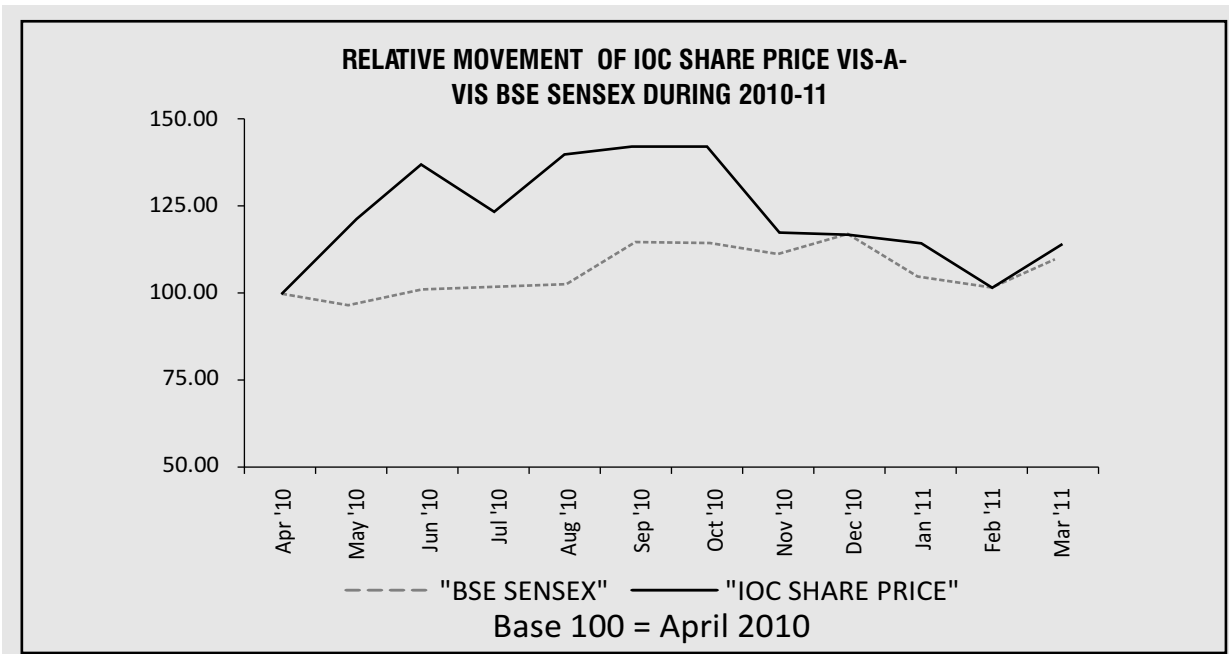
Month	Bombay Stock Exchange			National Stock Exchange		
	High (₹)	Low (₹)	Volume	High (₹)	Low (₹)	Volume
April 2010	300.00	274.00	21,81,147	309.95	273.05	1,09,85,824
May 2010	354.80	290.10	52,46,035	354.90	289.80	2,14,21,110
June 2010	418.10	322.25	1,65,73,396	417.50	317.70	5,84,21,126
July 2010	409.00	352.00	87,21,237	409.00	352.30	3,57,45,086
August 2010	416.90	309.90	56,28,149	416.70	356.05	2,72,14,366
September 2010	458.90	408.70	64,54,699	456.90	409.05	3,19,12,880
October 2010	435.00	401.00	32,93,728	435.00	399.15	2,00,35,291
November 2010	430.00	329.00	26,60,737	427.90	326.50	1,65,63,083
December 2010	405.70	337.00	53,65,537	407.20	335.15	2,48,49,257
January 2011	355.30	302.30	36,55,972	355.45	301.25	2,02,06,980
February 2011	337.50	290.00	25,35,575	337.50	290.10	1,29,35,271
March 2011	343.90	296.00	25,47,576	342.00	295.00	1,42,79,618
	<b>458.90</b>	<b>274.00</b>		<b>456.90</b>	<b>273.05</b>	

The share price movement (high and low) of IndianOil shares and the volume of shares traded on BSE during 2010-11 is shown in the following chart:-



**(k) Stock Price Performance in comparison to broad-based BSE Sensex:**

The relative comparison of monthly closing share price of IndianOil with monthly closing BSE Sensex during the period April '10 - March '11 is given below:





IndianOil

**(l) Registrar & Transfer Agents (R&T) :**

Karvy Computershare Private Limited  
 Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081  
 Tel. Nos.: (040) 44655000, Fax No.: (040) 44655024  
 email Address : einward.ris@karvy.com  
 Website : www.karvycomputershare.com

**(m) Share Transfer System:**

The shares of the Company are compulsorily traded in dematerialised form. Shares received in physical form are transferred within a period of 30 days from the date of lodgement subject to documents being valid and complete in all respects. In order to expedite the process of share transfer and in line with Clause 49 of the Listing Agreement, the Company has delegated the power of share transfer to R&T Agent "M/s Karvy Computershare Pvt. Ltd." There are no overdue share transfers pending as on date.

**(n) Distribution of shareholding as on 31<sup>st</sup> March 2011:**

Sl. No.	Nominal Value of Equity Shares (₹)	No. of Shareholders	% of Shareholders	Amount (₹)	% of Amount
1.	1 - 5000	191657	87.05	150299260	0.62
2.	5001 - 10000	8521	3.87	63541480	0.26
3.	10001 - 20000	7338	3.33	111189080	0.46
4.	20001 - 30000	4086	1.86	104090890	0.43
5.	30001 - 40000	7385	3.35	263743180	1.09
6.	40001 - 50000	360	0.16	16238520	0.07
7.	50001 - 100000	406	0.18	28056930	0.12
8.	100001 & Above	428	0.19	23542365480	96.96
	<b>Total</b>	<b>220181</b>	<b>100.00</b>	<b>24279524820</b>	<b>100.00</b>

**(o) Categories of Shareowners as on 31<sup>st</sup> March 2011:**

Sl. No.	Category	Shareholders		Shares	
		No.	%	No.	%
1.	President of India	1	0.00	1916155710	78.92
2.	Governor of Gujarat	1	0.00	2700000	0.11
3.	Government Company (ONGC Ltd.)	1	0.00	212906190	8.77
4.	Corporate Bodies	2253	1.02	18997881	0.78
5.	FII's/NRI	2713	1.23	22138328	0.91
6.	Banks	43	0.02	2823628	0.12
7.	Mutual Funds	122	0.06	45257093	1.86
8.	Insurance Companies	9	0.00	74764705	3.08
9.	Public	214578	97.46	73150453	3.01
10.	Trusts	44	0.02	58491534	2.41
11.	Others	416	0.19	566960	0.03
	<b>Total</b>	<b>220181</b>	<b>100.00</b>	<b>2427952482</b>	<b>100.00</b>

**(p) Top 10 shareholders as on 31<sup>st</sup> March 2011:**

Sl. No.	Name	No. of Shares	% to Equity
1.	President of India	1916155710	78.92%
2.	Oil and Natural Gas Corporation Ltd.	212906190	8.77%
3.	Life Insurance Corporation of India	60718787	2.50%
4.	IOC-BRPL Merger Scheme Trust	32171638	1.33%
5.	IOC-IBP Merger Scheme Trust	26107976	1.08%
6.	General Insurance Corporation of India	7129495	0.29%
7.	Bajaj Allianz Life Insurance Company Limited	6697584	0.28%
8.	Life Insurance Corporation of India - Profit Plus	3508008	0.14%
9.	LIC of India Money Plus	3390585	0.14%
10.	Wisdomtree India Investment Portfolio Inc	3179961	0.13%

**(q) Dematerialisation of Shares and Liquidity:**

The shares of the Company are compulsorily traded in dematerialised form. In order to facilitate the shareholders to dematerialise the shares, the Company has entered into an agreement with NSDL and CDSL. The summarised position of shareholders in Physical and Demat segment as on 31.03.11 is as under:-

Type of Shareholding	Shareholders		Shareholding	
	No.	%	No.	%
Physical	9611	4.37	15169302	0.62
Demat	210570	95.63	2412783180	99.38
<b>TOTAL</b>	<b>220181</b>	<b>100.00</b>	<b>2427952482</b>	<b>100.00</b>

**(r) Corporate Action:**

**i) Dividend payment history since 2000-01:**

Financial Year	Rate (%)	Remarks
2000-01	95%	-
2001-02	110%	-
2002-03	210%	Includes interim of 50%
2003-04	210%	Includes interim of 50%
2004-05	145%	Includes interim of 45%
2005-06	125%	-
2006-07	190%	Includes interim of 60%
2007-08	55%	-
2008-09	75%	-
2009-10	130%	-

**ii) Bonus issue since listing of the shares:**

Financial Year	Ratio
1999-00	1:1
2003-04	1:2
2009-10	1:1

**(s) Unpaid Dividend**

Section 205 of the Companies Act, 1956 provides that any dividend that has remained unpaid / unclaimed for a period of seven years be transferred to the Investor Education and Protection Fund (IEPF) setup by Central Government. The Company annually sends a communication to the concerned shareholders, advising them to lodge their claim with respect to unclaimed dividend. Shareholders are also advised that once unclaimed dividend is transferred to IEPF, no claim shall lie in respect thereof.

The summarized details of dividend declared by IndianOil and its erstwhile subsidiaries i.e. IBP Co. Ltd. and Bongaigaon Refinery & Petrochemicals Ltd. (both subsidiaries since merged with IndianOil) which remains unpaid are given below:-

	Year	Unpaid Dividend Amount (₹)
Indian Oil Corporation Ltd.	2003-04 to 2009-10	6,42,63,309
IBP Co. Ltd. (merged w.e.f. 02.05.07)	2003-04 to 2005-06	73,35,092
Bongaigaon Refinery & Petrochemicals Ltd. (merged w.e.f. 25.03.2009)	2003-04 to 2007-08	98,05,564

The shareholders, who have not yet encashed their dividend for the aforesaid years, may write to the Company or its R&T Agent in this regard.

**(t) Plant locations**

The addresses of the plant locations are given in the Annual Report.

**(u) Address for Correspondence**

Company Secretary  
 Indian Oil Corporation Limited  
 IndianOil Bhavan, G-9, Ali Yavar Jung Marg  
 Bandra (East), Mumbai - 400 051  
 Tel. No. : (022) 26447616 / 26447528  
 Fax : (022) 26447961  
 email ID : investors@indianoil.co.in

## COMPLIANCE CERTIFICATE

To the Members of Indian Oil Corporation Ltd.

We have examined the compliance of conditions of Corporate Governance by Indian Oil Corporation Ltd. for the year ended 31<sup>st</sup> March, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination, as carried out in accordance with the Guidance Note on Corporate Governance issued by the Institute of Chartered Accountants of India, was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement *except for the number of Independent Directors on the Board which was less than half of the total strength of Board as required under Clause 49 of the Listing Agreement*. The Company has informed that the matter of increase in the number of Independent Directors on the Board has been taken up with the Government of India, as it is a Government Company.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the Certificate of the Registrar and Transfer Agents of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **V. K. Dhingra & Co.**  
Chartered Accountants  
(Firm Regn. No. 000250N)

Sd/-  
**(CA. Vipul Girotra)**  
Partner  
M. No. 084312

for **P K F Sridhar & Santhanam**  
Chartered Accountants  
(Firm Regn. No. 003990S)

Sd/-  
**(CA. J. Ramanarayanan)**  
Partner  
M. No. 220369

for **B M Chatrath & Co.**  
Chartered Accountants  
(Firm Regn. No. 301011E)

Sd/-  
**(CA. P. R. Paul)**  
Partner  
M. No. 051675

**Date:** 29<sup>th</sup> June, 2011

**Place:** Mumbai

To the Members of Indian Oil Corporation Ltd.

We have examined the compliance of conditions of Corporate Governance by Indian Oil Corporation Ltd. for the year ended 31<sup>st</sup> March, 2011, as stipulated in the guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 as enunciated by the Department of Public Enterprises (DPE).

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the DPE guidelines *except for the number of Independent Directors on the Board which was less than half of the total strength of Board as required under the said guidelines*. The Company has informed that the matter of increase in the number of Independent Directors on the Board has been taken up with the Government of India, as it is a Government Company.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the Certificate of the Registrar and Transfer Agents of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

for **V. K. Dhingra & Co.**  
Chartered Accountants  
(Firm Regn. No. 000250N)

Sd/-  
**(CA. Vipul Girotra)**  
Partner  
M. No. 084312

for **P K F Sridhar & Santhanam**  
Chartered Accountants  
(Firm Regn. No. 003990S)

Sd/-  
**(CA. J. Ramanarayanan)**  
Partner  
M. No. 220369

for **B M Chatrath & Co.**  
Chartered Accountants  
(Firm Regn. No. 301011E)

Sd/-  
**(CA. P. R. Paul)**  
Partner  
M. No. 051675

**Date:** 29<sup>th</sup> June, 2011

**Place:** Mumbai