

MANAGEMENT DISCUSSION AND ANALYSIS



1. HOPE AMIDST UNCERTAINTY

The year 2020-2021 will be remembered for the agony, grief and loss of lives caused by Covid-19. The world is going through extraordinary times. The pandemic has not only cost precious lives but also created economic disruption, job loss, social burden and mental trauma. It also brought about immense hardships to migrant workers and daily wage earners due to the frequent lockdowns. At the same time, we witnessed a remarkable triumph of the human spirit. Be it the tireless dedication of the frontline workers to save human lives, the assiduous efforts of the essential service providers to keep serving, even at the cost of their own lives, or the development of vaccines in record time, human resilience come to the fore.

2. ECONOMIC REVIEW

The global and Indian economies were beset with a "crisis like no other." Lockdowns, as a crucial measure to break the chain of transmission, entailed tremendous economic impact. The global economy contracted by 3.3% in 2020, with almost all economies witnessing a dip, with only a few Asian economies like China, Vietnam and Bangladesh being the only exceptions. Governments, especially in the advanced economies, went all out in tackling the economic impact caused by the lockdown and the restrictions in the form of large monetary and fiscal stimuli. After the spring lockdowns, as economies opened up gradually, economic activity started gathering pace. However, many parts of the world were hit by the second and the third waves of the pandemic. But, the economic loss in the subsequent waves, was lower as

the response to the pandemic became more nuanced and pragmatic. Inoculations had begun in advanced economies by the end of 2020 and the pace has been accelerating since then across the globe. Sizeable fiscal stimulus in advanced economies is set to drive growth in 2021, with an impressive growth of 6% projected for the year, that would more than undo the losses of 2020 at the overall global level. Yet, the recovery is expected to be fragmented and asymmetric, reflecting the uneven pace of vaccination across geographies and the risks of future outbreaks.

The Indian economy exhibited remarkable resilience with the sequential opening of the key sectors. After contracting in the first two quarters of 2020-21, the Indian economy posted a growth of 0.5% in the October-December quarter and 1.6% growth in the January-March quarter. Overall, during the year, the Indian economy contracted by 7.3%. While the contraction was seen across most economic sectors, Indian agriculture grew and prospered, providing much-needed support to a pandemic-struck economy. Towards the end of 2020-21, the country was hit by a massive second wave, and many states imposed either complete lockdown or lockdown-like restrictions to curb the spread of the infection. As a result, the outlook for 2021-22 for the Indian economy has sombered from the earlier double-digit growth projections. Notwithstanding the tragedy, the overall impact of Covid-19 on the economy in 2021-22 is expected to be less severe than its effect in 2020-21.

2.1 Energy Landscape – New Vistas

The emergence of multiple waves of the pandemic have prolonged the lockdowns in different parts of the world, resulting in restrictions in movement and delay in economic recovery. The energy sector, which is linked to human and economic activity, was also severely affected. However, stimulus packages, coupled with the vaccination drive in 2021, brought back hope for the economy, society and the energy sector as a whole.

2.1.1 Global Energy

In 2020, the global energy sector saw the largest fall in absolute demand since World War II, falling by 4%. Energy use in Q1 2021 continued to be impacted by the pandemic. In 2021 energy demand is expected to rebound by 4.6%, pushing global energy use to 0.5% above pre-Covid-19 levels. However, the recovery in demand will depend upon the success of the vaccine rollout and managing the spread of the pandemic. The recent waves of Covid-19 and the emergence and spread of new variants have remained a major concern for the recovery in energy demand.

2.1.2 Oil

The pandemic caused global demand for petroleum products to fall significantly in 2020. With restrictions on mobility due to the lockdown, global oil consumption fell by 8.7 mb/d to 91.0 mb/d in 2020, a fall of 8.7% compared to the previous year. Demand for transport fuel fell by 14% from 2019 levels. In April 2020, at the peak of the pandemic related restrictions, global oil demand fell by more than 20% compared to the pre-crisis levels.

“
Oil consumption fell
by 8.7mb/d to 91.0
mb/d in 2020
”

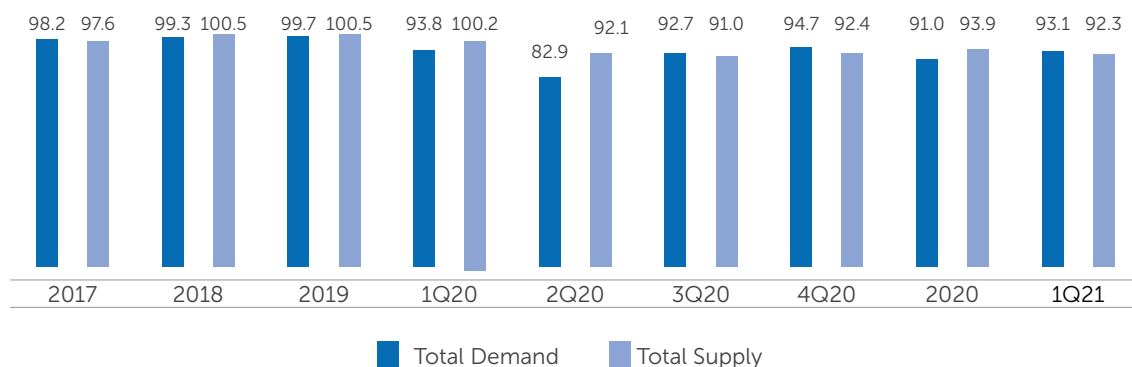
The global oil demand is expected to rebound by 6%, faster than all other fuels in 2021 relative to 2020. However, despite the strong rebound, oil demand remains 3.1 mb/d, below 2019 levels. While road transport activity is expected to recover by the end of 2021, air transport demand may stay below the 2019 levels for the entire 2021.

In the medium term, global oil demand is now projected to rise by 4.4 mb/d between 2019 and 2026. Moreover, the demand growth relative to 2019 is expected to come primarily from the emerging and developing economies. Overall, however, the dominant view remains that global oil demand is unlikely to catch up with its pre-Covid trajectory.

On the supply side, global oil production fell by 6.6 mb/d to 93.9 mb/d on account of the production cuts by OPEC+, coupled with lower output from the non-OPEC countries. Yet, the supply exceeded demand by 2.7 mb/d.

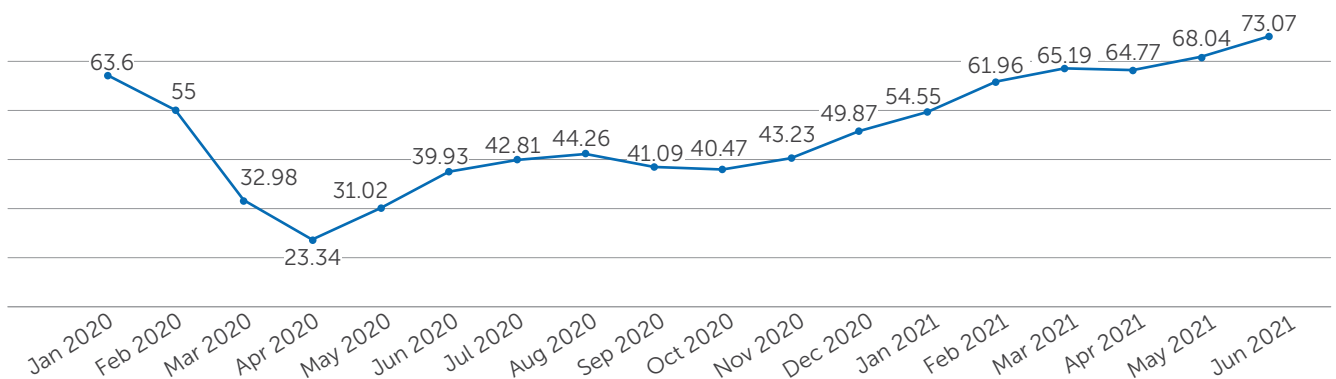
Brent prices averaged at \$42.3/bbl in 2020, a sharp decline of almost 34% from 2019 levels. Oil prices fluctuated during the year, reaching a peak of nearly \$70/bbl in January 2020 on OPEC+ supply restraints and the decline in Libyan output. The market remained oversupplied since February 2020. Oversupply and lack of storage capacity led to the crash of oil prices in April 2020. The US crude futures turned negative on 20.04.20 for the first time in history. In the second half of the year, prices hovered in the range of \$40-45/bbl before hitting \$50/bbl in December. Oil prices continued to gain momentum during 2021, averaging at around \$60.6/bbl in Q1 2021 and \$64.8/bbl in April 2021. Prices rose with the advent of cold weather in the Northern Hemisphere and were supported by the growing confidence in vaccine rollouts and the subsequent economic recovery.

World Oil Supply and Demand (mb/d)



Source : IEA

Crude Oil Price: Brent (US\$/BBL)



Source: World Bank

Further, from May 2021 onwards, crude oil prices have been buoyant, with Brent oil prices crossing \$70/bbl at the beginning of June. Bullish demand sentiments are now driving the prices as the massive stimulus in the US is set to propel global growth in 2021, though some downside risks continue to exist. While a resurgence of the Covid-19 infections in Asian economies such as India and Japan has already affected the April-June 2021 demand, with the spread of the Delta variant in Europe, the demand outlook for the second half of 2021 could be impacted. On the supply side, the sluggish return of non-OPEC production has provided legroom for OPEC+ to reduce output cuts to serve the rebound in demand. Further, in the near term, a nuclear deal with Iran is expected to be sealed, affecting the buoyancy of oil prices. In the medium term, the pace of global demand recovery, supply response from producers to this demand recovery and the development of alternate energy sources will chart the path for oil prices.

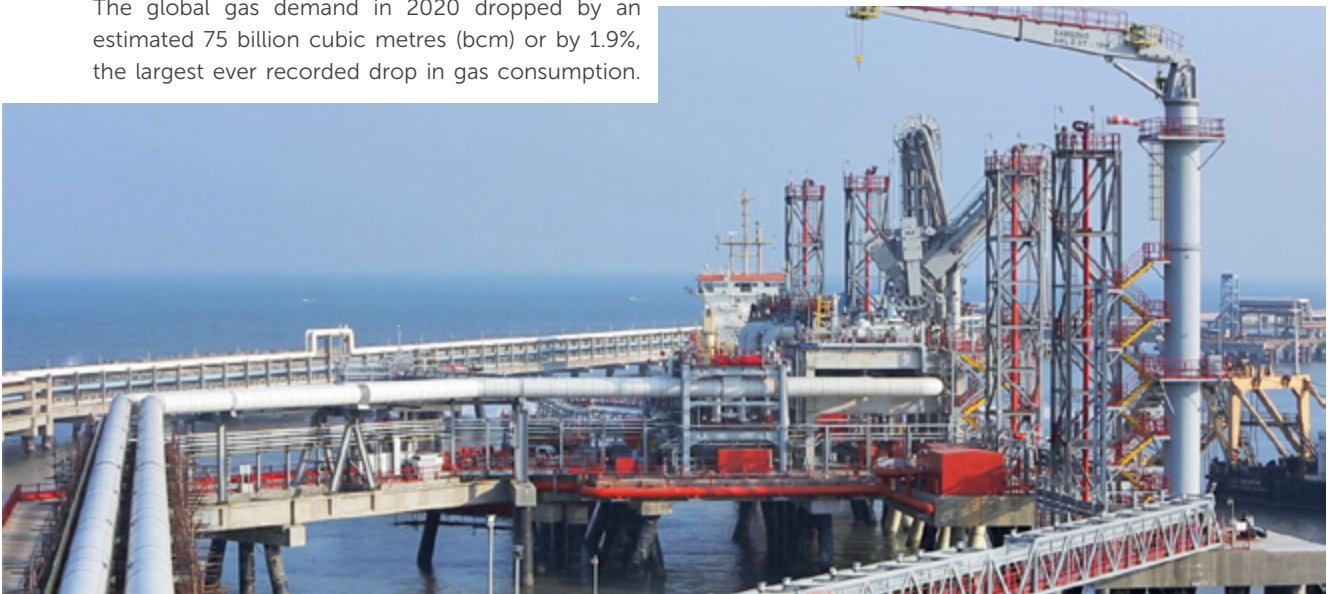
2.1.3 Natural Gas

The global gas demand in 2020 dropped by an estimated 75 billion cubic metres (bcm) or by 1.9%, the largest ever recorded drop in gas consumption.

The decline in consumption was concentrated in the first half of the year, and progressive recovery was observed third quarter onwards as lockdown measures eased.

The global gas demand is expected to recover 3.2% in 2021, erasing the losses in 2020 and pushing demand 1.3% above 2019 levels - the strongest anticipated rebound amongst fossil fuels. The recovery will be driven mainly by continued lower prices and rapid growth in economies across Asia and the Middle East.

In 2020, natural gas spot prices at Henry Hub averaged at \$2.03 per Million British thermal units (MMBtu), the lowest annual average price in decades, falling from \$2.56/MMBtu in 2019. The Henry Hub price averaged at \$1.63/MMBtu in June 2020, the lowest monthly price in decades. Prices increased in the second half of the year because of lower natural gas production and an increase in liquefied natural gas (LNG) exports. The average price for LNG Japan in 2020 also fell to \$8.31/MMBtu from \$10.56/MMBtu in 2019 driven in a majorly by low spot prices.



2.1.4 Impact of Covid-19 – A Paradigm Shift

Apart from the supply-demand shock in oil and gas sector, the pandemic had other impacts, which would chart the path of the oil and gas industry in the future.

- **CO₂ Emission:** Global carbon-di-oxide (CO₂) emissions declined by 5.8% in 2020, or almost 2 Gt CO₂ – the largest ever decline to 84.2 Gt.
- **Peak Oil:** Even a year ago, it was projected that oil will end its upward march with demand peaking by the mid-2030s. However, the effect of the pandemic on the oil sector has changed the perception. BP, in its 2020 edition of the Energy Outlook, revealed that global oil demand may not regain the levels seen in 2019, which means that global oil demand might have already peaked. It added that demand could soon fall rapidly in the face of stronger climate action. Further International Energy Agency (IEA) in its Oil 2021 report suggested that global gasoline (petrol) demand is unlikely to return to 2019 levels.
- **A World Towards Net Zero:** In 2020, global climate action was given a big impetus by the Net Zero and Carbon Neutral commitments by major economies, corporations and financial institutions. At present, countries accounting for around 70% of the global CO₂ emissions and the GDP have made Net Zero commitments. Further, in 2020, many international oil and gas companies upped the ante and made commitments towards Net Zero targets, and they were also joined by national oil companies (NOCs) like PetroChina and Petronas. Growing pressure on international oil and gas companies by courts, climate groups, shareholders and investors for deeper emission cuts is fast changing the energy landscape.
- **Investment in Green Energy:** The remarkable decline in the cost of solar and wind power over the past decade has set the stage for these technologies to take wings. Today, China, the Gulf nations, even India are investing in green energy on a scale that would have been considered improbable even a decade ago. European countries, including the United Kingdom, are transitioning away from coal and are innovating in a wide array of green technologies, such as batteries, carbon-capture methods and electric vehicles. Moreover, the sector exhibited remarkable resilience in the face of the pandemic with investment in renewable power rising in 2020, despite a fall in aggregate global energy investment in 2020.

The Global renewable generation capacity increased by 261 GW (+10.3%) in 2020. Solar energy continued to lead the capacity expansion, with an increase of 127 GW (+22%), followed



closely by wind energy with 111 GW (+18%), on account of the falling capital cost for both solar and wind. The surge in renewable capacity expansion in 2020 increased the share of renewables in total capacity expansion, which reached 82% in 2020 compared to a figure of 73% in 2019.

- **Post-pandemic Behavioural Changes:** The pandemic has changed the world, and some of its effects are expected to last long. The new, pandemic-induced trends such as work from home, virtual business conferences, lesser business travel, less preference for public transport may have a long-term impact on the work environment, socialisation and commuting. Many corporates have shifted to work-from-home models permanently. Social interactions are becoming virtual. The lockdowns and social distancing rules during the pandemic have created a surge in online shopping and the mass adoption of digital-based consumer shopping behaviours. Healthcare, too, has changed substantially, with telehealth and biopharma coming into their own.
- **Upstream Investment:** Investment in upstream oil and gas companies was hit hard by the demand shock of 2020. As per the International Energy Agency (IEA), the global oil majors slashed their upstream CAPEX by 30% in 2020, and their combined production fell by 6%. In 2021, total upstream investment is expected to rise only marginally. Many NOCs were also forced to put brakes on spending in 2020, with the CAPEX down by 20%.

The falling and lacklustre upstream investment pose a risk to oil supply availability in the future. As per the IEA, the spare capacity cushion will slowly erode in the absence of fresh upstream investments. By 2026, global effective spare production capacity (excluding Iran) could fall to 2.4 mb/d, its lowest level since 2016.

2.2 Domestic Markets

2.2.1 Energy

The pandemic caused India’s energy demand to fall for the first time in 20 years. The estimated fall was 2.5% year-on-year decline for 2020; however, the impact was not uniform across sectors.

India’s power demand was down by 1.2% in 2020-21, whereas oil consumption contracted by 19.5 MMT or 9.1%, compared to the previous year – making it the worst year for demand growth in nearly 50 years. Gas demand also fell by 5.5% during the year. For renewables, the total installed capacity increased by 7.4 GW in 2020 - 21 and renewable power generation grew by 6.4%. The share of renewable power increased to 11% in 2020-21 from 10% in 2019-20. Renewables remain a high priority despite headwinds and multi-technology auctions are expected to be the new trend in 2021. The competitiveness of renewables continues to improve. A record solar tariff of ₹ 2/kWh (US\$27/MWh) was set in 2020 despite the uncertainty and risks from Coronavirus. In addition, during the year Honorable Prime Minister of India laid the foundation stone for the world’s largest hybrid (solar and wind) renewable energy park of 30 GW capacity in Gujarat.

The long term fundamentals of India’s energy sector remain strong. India will be the leading driver of global energy over the long term. It is projected to account

for 1/4th of the incremental global energy demand during the period 2019-2040.

Despite challenges, India continued to pursue energy sector reforms and promote renewables and storage technologies. India now aims to double its refining capacity by 2025, reduce carbon emissions by 30-35% (relative to 2005) before 2030, and increase the share of gas in the energy mix to 15% from the current 6% by 2030.



Oil producers and injectors at Vankor Field, Russia

2.2.2 Oil

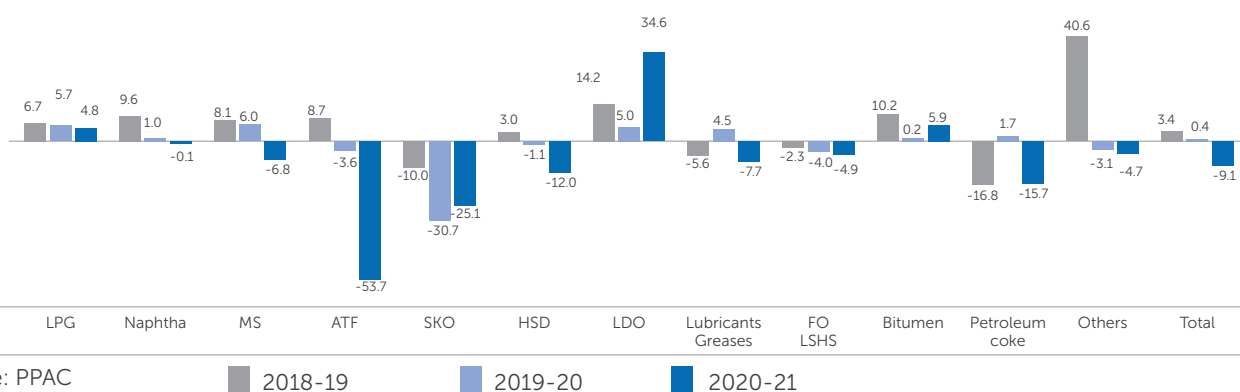
During the year, **India’s petroleum products demand** fell by 9.1% with consumption of 194.6 MMT compared to 214.1 MMT in 2019-20. Motor Spirit (MS, or Petrol) consumption fell by 6.8% in 2020-21 compared to 6.0% growth in 2019-20. High Speed Diesel (HSD) consumption declined by 12% in 2020-21 compared to the 1.1% decline in the previous year.

The civil aviation sector was the worst hit due to the pandemic, resulting in a fall in ATF demand by 53.7% during the year.

In contrast, LPG demand surged 4.8% year on year, driven by strong demand for cooking gas from the residential sector, despite a deep contraction from the commercial and the industrial sector.

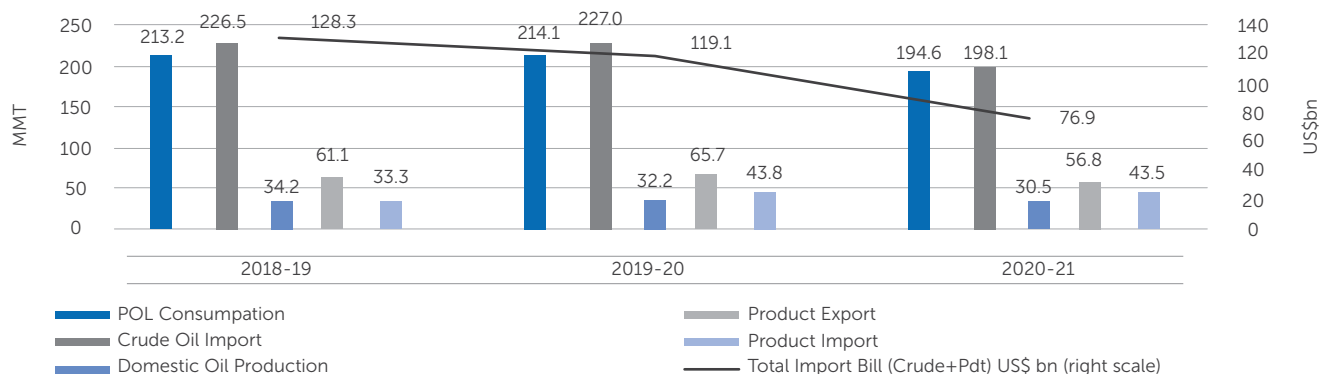
Other products that contributed to the overall decrease in demand of POL during the year were - naphtha (-0.1%), petcoke (-15.7%), furnace oil & low-sulphur heavy stock (-4.9%), lubes & greases (-7.7%), whereas light diesel oil (34.6%), bitumen (5.9%) showed positive growth compared to the previous year.

Consumption of POL (% Y-o-Y Growth)



Source: PPAC

Oil Supply-Demand Trend in India



Source: PPAC, MoP&NG

The demand for petroleum products, barring ATF, was nearly at pre-Covid levels by March 2021. However, from mid-April 2021, the second wave of infections assumed unforeseen proportions throughout the country, and it hit demand hard as most states imposed lockdowns or lockdown-like restrictions. However, as the second wave abates along with the vaccine rollout, the gradual easing of restrictions, and pent-up demand the sheer dynamism of the Indian economy, should drive petroleum demand going forward.

Oil and gas production saw major dips as the lockdown worsened the diminishing phase of many fields in 2020-21. Domestic crude oil production during 2020-21 was lower by 5.2% at 30.5 MMT.

Licensing awards during the year were dominated by the NOCs as foreign participation dried up. The oil price crash further dampened the already sombre outlook for international investments in the upstream sector.

Indian refiners processed 221.8 MMT of crude oil in 2020-21 compared to 254.4 MMT in 2019-20, a decline of 12.8%. Cheaper, high-sulphur crudes to the extent of 72.7% were processed during the year, compared to 75.6% during the previous year.

Crude oil imports in 2020-21 fell by 12.7% from the last year to 198.1 MMT from 227 MMT in 2019-20. Petroleum product imports decreased marginally by 0.7% to 43.5 MMT. Exports of petroleum products decreased by 13.6% to 56.7 MMT from 65.7 MMT in the previous year.

2.2.3 Natural Gas

India's natural gas sector is transforming rapidly, propelled by a highly ambitious policy to double its share in this decade. Critical policy support in the form of reforms such as rationalisation of tariffs, taxes, gas trading, transport system operator and viability gap funding for gas pipeline infrastructure development, and a priority focus on city gas distribution (CGD) under gas allocation policy is working to ensure that the sector remains integral to India's decarbonisation strategy.

During the year, India's natural gas consumption was 60.6 billion cubic metres (bcm), a fall from the previous year's 64.1 bcm. On the supply side, net natural gas production was 28.7 bcm, 8.2% lower than last year. LNG imports also fell by 3% to 32.9 bcm during the year, from 33.9 bcm in 2019-20.

During the year, ONGC (KG-DWN-98/2) and Reliance (KG-D6) managed to start gas production from deep-water blocks, a significant milestone in India's energy landscape for a cleaner and greener gas-based economy. Gas pricing and marketing reforms also continued during the year. An e-bidding platform was set up to allow price discovery for contracts with pricing freedom, while affiliates for gas sellers were allowed to bid for gas available for sale. Gas volumes are expected to rebound, owing to the large-scale rollout of CGD networks, setting up of fertiliser plants, expanding pan-India trunk pipelines network, the proposed launch of a gas trading hub, and the Government's thrust on a gas-based economy.



3. INDIANOIL & COVID-19 – BANKING ON CORE VALUES

IndianOil has always risen to the occasion during national emergencies or natural calamities. The strategy and vision of the Company are also aligned with the national priorities. Driven by the core values – Care, Innovation, Passion, Trust – the Company built on its resilience and commitment to maintain the supply chains that keep kitchens lit and the engines ignited all over the country. The challenges posed by the Covid-19 pandemic have made this ethos even more relevant.

3.1 Challenging Times

Operationally, these were trying times as the Company, with its 31,000 plus employees and Lakhs of contract workers and channel partners, continued working without any break even during the raging pandemic. Therefore, the health and safety of the workforce remained a key priority, along with the commitment to ensure critical fuel supplies.

The Company realises that being the leading National Oil Company in the oil and gas sector, it has to keep its supply chains resilient and robust at a pan-India level to ensure last-mile delivery and keep the nation energised even during a crisis. It also realises the need to leverage its expertise in different areas to support community well-being even beyond the business commitments.

3.2 Employees First

Protecting the employees is one of the top-most priorities of the Company. Therefore, the Company

took initiatives to educate the employees on safe practices to avoid virus transmission, covering various aspects like social distancing, introducing work-from-home, meetings over digital platforms, telemedicine, and special Covid leaves etc.

The Company has launched a nationwide network of Inter-Divisional Covid Coordination Centres for employees to help them during Covid-related emergencies by arranging for medical consultation, assisting in hospital admissions, arranging for ambulances, and coordinating access to critical Covid resources, including oxygen and medicines.

The Company took special initiatives to vaccinate all its employees and dependent family members across all age categories. In addition, the Company is also sponsoring vaccination of its extended workforce, in what could be the country's largest drive undertaken by a corporate, covering more than 31,000 employees and ~4.2 Lakhs frontline associates, including LPG delivery personnel, petrol pump attendants, tanker crew, loaders, contract personnel and security guards.

3.3 Smooth Supply Chain

The business processes were revisited in view of the changed circumstances and to ensure uninterrupted fuel supply across the country despite the disruptions caused by Covid-19. Immersed in the spirit of national service, the workforce demonstrated exemplary resilience in the new normal and continues to do so. Against all odds, the Company delivered a record 33.11 Lakhs cylinders in a single day on 30.4.2020. All 121 Aviation Fuel Stations of the Company across the country operated with optimum strength and safety

protocols to refuel defence aircraft, cargo flights, air ambulances and Vande Bharat Mission flights.

During the second wave of the pandemic in the country, the Company ensured adequate stock at all the supply locations to maintain uninterrupted POL supplies by operating all supply locations, retail outlets, LPG distributorships by following the Covid protocol.

3.4 Operational Flexibility

The refineries of the Company showed tremendous resilience to keep operating without any disruptions during the difficult times by operational optimisation to meet the skewed product demand. While the demand for major petroleum products decreased drastically, the demand for LPG increased marginally. Refinery operations were accordingly tuned, and operations of Indmax/FCCU units were optimised for LPG maximisation despite the reduction of crude throughput. However, due to the grounding of the aviation industry, ATF production had to be reduced substantially, and ATF streams were diverted to the HSD pool. Also, due to lower petroleum demand in the country, exports were planned. They were executed based on the supply-demand situation, which was reviewed continuously.

3.5 Beyond Business: Protecting Lives

The Company took up in-house production of hand-sanitisers wherever possible. It supplied these hand sanitisers to the district administration and law enforcement personnel. The Company augmented the existing medical infrastructure and ensured the availability of medical-grade oxygen under the CSR programme by providing 400 MTs of medical-grade liquid oxygen to various hospitals in Delhi, Haryana and Punjab from its Panipat Refinery and Petrochemical Complex. It also provided 70 ventilators, 50 monitors, and 200 syringe pumps for establishing a 100 bed ICU for treatment of Covid-19 patients in the Bargarh District of Odisha. The Company is also supporting the setting up of 12 Medical grade 960 LPM oxygen generation systems at 11 Hospitals of three states viz. Madhya Pradesh, Odisha and Uttar Pradesh under its CSR programme. The Company continuously nearly 15 MT per day of piped gaseous oxygen from its Panipat Refinery to a Covid care centre in the vicinity.

Under the Covid-19 vaccination programme, the Company is supplementing the available cold chain

equipment (CCE) infrastructure of Jammu & Kashmir, Tamil Nadu, Bihar and Manipur for the storage & transportation of vaccine.

4. STRATEGIC ADVANTAGES – CAREFULLY BUILT

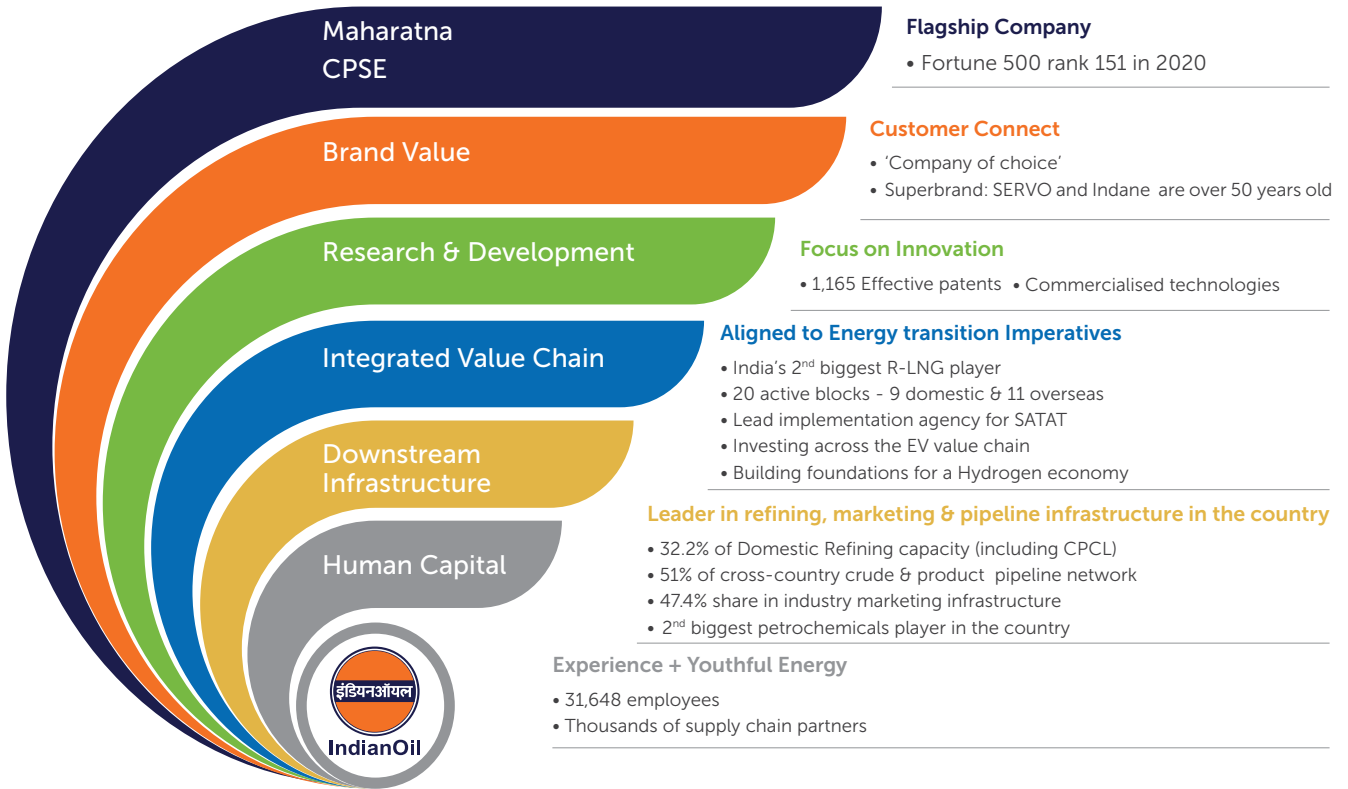
The Company's nationwide presence as the leading player in petroleum product markets across the downstream value chain is its key advantage. It positions itself for a future where India will be leading the global oil demand growth. The Company draws its strength from its carefully planned infrastructure build-up over the past 60 years, its thrust on operational excellence, its motivated workforce of more than 31,000 employees, along with lakhs of channel partners and contract workers working on its projects and ensuring the last mile delivery with a smile. Another source of constant strength and competitive advantage for the Company has been its Research & Development centre, which works hand-in-hand with its business verticals for creating research-backed products. The brand IndianOil embodies these meticulously built strengths and the trust reposed in it by the customers and partners. The brand equity of the Company is a reflection of the symbiotic relation the Company shares with all its stakeholders.

These strategic advantages form the basis of the Company's competitive strength as it forges ahead, aligning its growth path with the imperatives of the energy transition. The Company is already a significant player in the country's growing petrochemicals and natural gas markets. In addition, the Company has an increasing portfolio of on-grid and off-grid renewable energy assets.

Its R&D centre is working on scores of new technologies in the promising areas of hydrogen, electric batteries, advanced biofuels and carbon capture, utilisation and storage (CCUS). The Company has been on its digitalisation journey for a while now. Its quest for efficient operations is getting further strengthened by the ongoing digital revolution – led by frontier technologies like big data, internet of things, analytics, artificial intelligence, AR/VR etc.

“ The Company draws its strength from its carefully planned infrastructure built-up over the past 60 years ”

IndianOil: The Energy of India



5. NEW FRONTIERS

5.1 Meeting the Growing Energy Needs of a Growing Economy

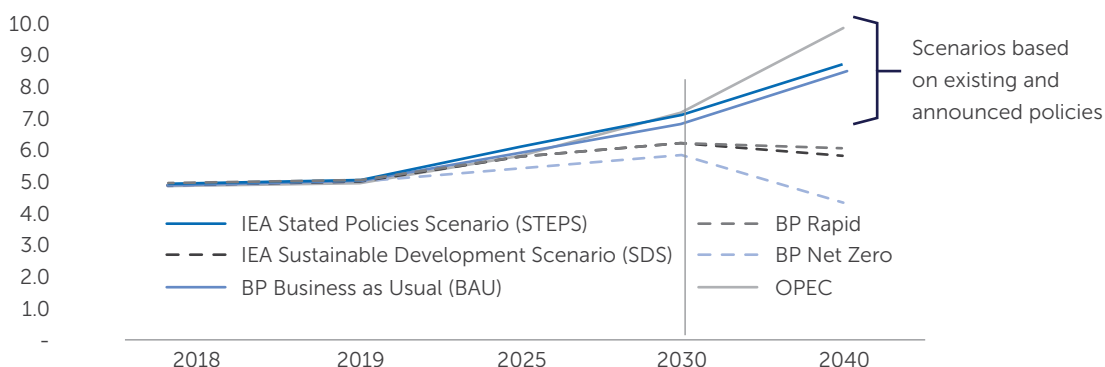
A vibrant economy, a growing population and a dream of an 'Aatmanirbhar Bharat' form the crux of the Company's opportunities matrix.

There is a consensus that oil demand in India will keep growing in this decade, across scenarios and beyond that too in most other scenarios. So over the long term, India is seen as the main propellor of global oil demand.

As India urbanises, its per capita income rises, the living standards of its citizens go up, and its villages thrive, its energy requirements are bound to grow.

“ A vibrant economy, a growing population and a dream of an 'Aatmanirbhar Bharat' form the crux of the Company's opportunities matrix ”

Long Term Oil Demand Outlook for India (mb/d)



Source: IEA 2020, BP 2020, OPEC 2020



Per capita polymer consumption-

India: 11kg

World: 35.7kg



Per capita vehicle ownership (per 1000 people)

India: 22

US: 800



133rd

India's rank in terms of airport density

108th

India's rank in terms of departures per 1000 population

The Company is currently implementing three major brownfield expansion projects at its Barauni, Gujarat and Panipat refineries, which will enhance its crude-processing capacity by over 17 MMTPA. In addition to these, a 9 MMPTA new refinery is planned in a joint venture with the Company's subsidiary Chennai Petroleum Corporation

Ltd. (CPCL) in Tamil Nadu, taking the total capacity augmentation to over 25 MMTPA.

“ **Over 25 MMTPA of capacity expansion in IndianOil group refineries** ”

Mega pipeline projects are underway to increase the network capacity and connectivity and raise the share of pipelines, which are the most efficient and economical means, in the Company's modal mix.

An area of particular focus is the cross-country LPG pipelines. Currently, the Company is operating the Paradip-Haldia-Durgapur LPG Pipeline and the Panipat-Jalandhar LPG Pipeline. Further, the Company is executing the augmentation of the Paradip-Haldia-Durgapur LPG Pipeline and its extension up to Patna and Muzaffarpur, the Muzaffarpur-Motihari LPG Pipeline and the Ennore-Trichy-Madurai LPG Pipeline. Along with BPCL and HPCL, the Company is executing the Kandla-Gorakhpur LPG Pipeline in JV mode with 50% stake. By 2026, with ongoing augmentations, the share of pipelines in LPG transportation modal mix of the Company is set to rise from 36% at present to 57%.



A view of IndianOil Mathura Refinery

5.2 Customer Centric Offerings - New Age Marketing

Expansion of marketing infrastructure, concomitant with the growth opportunities, is underway. The Company is excited about the future of downstream oil in India. With India being a leading global demand centre, many private and international players will enter the Indian market. This has set the stage for building a world-class downstream sector in India and particularly in the retail space. The Company welcomes the new era of fuel retailing in India. It works towards being the leading face of futuristic retail in India.

Futuristic Retail



IndianOil's Digital Interventions in the Retail Space



Fuel@Call, a cloud-based technology platform for on-demand fuel delivery service

5.2.1 Customer-centric initiatives for Indane

The Company's Indane brand, which connects to millions of Indian kitchens, is the epitome of our bond with the people of this country. The Company has been tirelessly working in this pursuit. It has brought about a slew of schemes such as **Missed-Call Facility, Cashless Transactions, Tatkal Seva, 'asking Alexa' to book refill and booking new connections through IVRS**, among others.

5.2.2 Retail Visual Identity (RVI)

The Company has started re-branding its retail outlets with the new and improved RVI design, which is now being rolled out in a phased manner at all new outlets and select strategic retail outlets.

5.2.3 Integrated Transaction Processing System – (ITPS)

The Company has already deployed ITPS at select fuel stations and plans are in place for further deployment at all urban outlets. These several features are a comprehensive first in the industry in India and possibly a global pioneer too. ITPS deployment will facilitate customer-centric initiatives at ROs with the objective of automation-payment linkage, integration with third party/ partner solution, customer acquisition and payment solutions.

The Company is continuously leveraging upon the power of digitalisation for enhancing customer experience through better services and better products.

5.2.4 Door-to-door delivery

With the amendment in Government regulations, the market for the Door-to-door delivery of petroleum products has opened up in India. After the successful pilot launched in March 2018, the Company has been aggressively taking forward the initiative of Door-to-door delivery of HSD through mobile dispensers.

5.3 Brands of the Future

There are a host of new offerings and value additions in the wings, awaiting implementation. In addition, the Company is taking the product experience to a new level by offering more technology-advanced products to the customers, which is expected to drive business growth in the future.

5.3.1 XP100

Super-premium petrol with an octane rating of 100 in the country was launched for the first time during the year. The Mathura Refinery became the first Indian refinery to dispatch XP100. At present, it has been launched in 24 cities.

5.3.2 XP95

Premium Petrol with 95 octane was launched on May 1, 2021. This high-octane fuel has been launched for modern vehicles designed to meet stringent BS-VI emission and efficiency norms through the latest engine technologies. Besides offering more power with lesser emissions, XP95 is very competitively priced and is expected to help gain market share.

5.3.3 Indane XtraTej

The Company has commenced the marketing of additised LPG under the brand name Indane XtraTej for non-domestic and industrial customers in 19 kg, 47.5 kg and 425 kg cylinder capacity from September 2020, which provides customers savings in LPG consumption of upto 7.5% and saves cooking time too.

5.3.4 Chhotu

Post branding of 5 kg FTL (Free trade LPG) as Indane Chhotu in December 2020, it has become increasingly popular. The cylinder is being marketed to cater to the needs of customers such as migrant labourers, students, food hawkers who were dependent on the grey market due to lack of address proof.

5.4 Downstream Integration into Petrochemicals

Petrochemicals present a high-value proposition for the Company's future growth. Merits of investing in this space include immense growth potential, high margins, synergy with the core business, and a hedge to the long-term slowdown in oil demand as forces of energy transition gather pace.

India trails the global per capita polymer consumption. At 11 kg, Indian per capita polymer consumption is one-third of the world average of 35.7 kg. Further, India is currently highly dependent on imports of petrochemicals and at the current rate of planned investment. It is expected to remain so in the long term. The fundamental attractiveness of petrochemicals arises from the fact that margins in the petrochemicals business have traditionally exceeded those of refining activities. Therefore, integration into petrochemicals is a logical extension for the refinery business that is perennially mired with low margins. Also, the importance of this extension for long-term business growth becomes even more relevant in the context of the ongoing energy transition. While a slowdown is expected in the demand growth for transportation fuels, petrochemicals are set to drive long term oil demand in India and globally, thereby making them a natural ally to

the refinery business. The Company is clear in its future expansion strategy - petrochemicals integration being the way forward for all refinery expansions.

The Company, the second biggest player in the domestic market, is committed to investing further in this sector by increasing its petrochemical intensity - the percentage of crude oil converted into chemicals. As a long-term strategy, the Company has plans to further enhance its petrochemical integration ratio to 14-15% by the year 2030. It is targeting a revenue share from the petrochemicals business of 12% by the end of this decade by raising its capacity from 3.2 MMTPA at present to 13 MMTPA. Projects of 3.1 MMTPA capacity with a capital outlay of around ₹ 35,000 Crore are already under implementation. Other projects have been identified and studied, with strategic focus on integrating petrochemicals with refinery expansions and inorganic growth through mergers and acquisitions and entry into niche and speciality segments. Further to enhance the value proposition, value addition in our existing products and maximisation of petrochemicals intensity from the existing refining operations will be our continuous pursuit.

“ Petrochemicals capacity to be increased from the present 3.2 MMTPA to 13 MMTPA by the end of this decade ”

5.5 Gas – Building a Gas based Economy

India is in the midst of a silent revolution as networks of gas pipelines originating from ports and gas fields get laid across thousands of kilometres, as sprawling city gas distribution grids feed gas into a growing network of CNG stations and homes, industries and commercial kitchens. India is assiduously building its natural gas infrastructure as natural gas is expected to be the bridge to the decarbonisation of the Indian economy.

Bolstered by a conducive policy environment that is committed to taking up game-changing reforms, in pursuit of an ambitious yet highly motivated target of doubling the share of gas in India's energy mix, the Company is undertaking big ticket investments in the natural gas value chain. The unleashing of CGD GA allocations after years of gridlock through the massive 9th and 10th CGD rounds and, more recently, the proposal of setting up of transport system operators are prime examples of the bold policy changes taking place in this space.

The Company targets raising its share in the RLNG market from 19% at present to 40% by the end of this decade. To meet this target, the Company envisages doubling its capacity booking of Regasification Terminals from over 9 MMTPA at present to over 18 MMTPA by the year

2030. By booking capacities in upcoming LNG terminals likely to be operational by 2022, viz. Dhamra (3 MMTPA) and Jafrabad (1 MMTPA), the Company's regasification capacity, will increase to over 13 MMTPA.

“ The Company targets raising its share in the RLNG market from 19% at present to 40% by the end of this decade ”

The Company is investing heavily in building the national gas pipeline grid and sees its share rising from 6% at present to 21% by the end of this decade in the natural gas pipeline length. With the future CGD rounds, the Company plans to raise its presence from 40 GAs to 50 GAs by 2025 & 60 GAs by 2030 by bidding aggressively.

Beyond these established businesses, the Company is steadily scaling up small scale LNG in the country through its pioneering 'LNG at Doorstep' offering. It is partnering in laying the foundations of LNG as a fuel in the country by building LNG stations across the golden quadrilateral and the North-South National Highways of India, increasing the outreach of LNG as automotive fuel in heavy-duty vehicles, mining sector, bunkering and railways.

The Company also is in collaboration with automobile manufacturers for the development of LNG fueled vehicles since 2015. With the support of the Company, TATA Motors has developed three LNG Vehicles (BS-IV model) and initiated the development of BS-VI model LNG Trucks. The Company has also provided support to Volvo-Eicher Commercial Vehicles, Pithampur, to introduce the LNG LCV model.

Additionally, the Company is collaborating with regulatory bodies such as Ministry of Road Transport & Highways, Automotive Research Association of India and Petroleum Explosives Safety Organisation to create an enabling framework to promote LNG in transport vehicles.

5.6 Upstream Integration – Value Creation

Oil has not lost its lustre, especially for India. The upstream integration continues to make strategic sense for the Company, which has a downstream heavy portfolio. It is estimated that to replace global oil consumption and offset natural field declines, the global oil and gas industry needs to invest over \$500 billion annually. On the other hand, the investment cuts of 2020 reflect the phase of chronic underinvestment that the upstream sector may be entering into. The rising oil prices and indications of the upcoming commodity supercycle, wherein prices are expected to rise steadily, make upstream investment a value creating opportunity proposition for the Company.

“ Upstream integration continues to make strategic sense for the Company, which has a downstream heavy portfolio ”

The Company envisages enhancing its footprints globally in the upstream business. It plans to achieve the production of 6.26 MMTPA by 2023-24 and 9.68 MMTPA by 2029-30. The Company's strategy focuses on the acquisition of producing or near-term producing assets worldwide with sizeable liquid hydrocarbon reserves, low production costs and the possibility to bring equity oil to India.



5.7 The Energy Transition - Going Green

New vistas of exciting opportunities have been opened up by the global quest for green energy. Although still sharing a small share in the overall energy basket, the high growth, surging investment flows, falling costs, the ever-growing market and policy support along with greater global climate resolve make these a compelling choice for the Company.

The Company's approach for a climate compliant future is thus two-pronged. One, it is strengthen its core business by offering value-added petroleum products and meeting the national developmental agenda; two, it is exploring business opportunities in the low carbon domain. The Company is diversifying its product portfolio to offer a basket of clean and green energy solutions that contribute towards a more robust and energy secure India. Focus is also towards improving operational efficiencies through technology up-gradation and digitalisation.

“ The Company is working on the vision of being *The Energy of India* with focus on Renewables, Advanced biofuels, Hydrogen, CCUS, and battery technology ”

The Company has been an early investor in the solar and wind energy space in the country and has renewable energy installations at many locations. The Company's R&D has set up a Solar Cooker Laboratory to develop a low-cost indoor solar cooking solution. R&D is also developing Concentrated Solar Power (CSP) Technologies to use solar energy to make electricity and use it to produce hydrogen.

5.7.1 Biofuels – The Green Fuel

Biofuels have low carbon footprint, are an indigenous resource, and can be integrated with refinery production. Hence, in view of the climate change challenge, biofuels present themselves as a natural ally to liquid transportation fuels. Many oil and gas majors are investing in the biofuels business - biodiesel, ethanol, biogas, bio LNG, and integrating biofuels into refineries. The Company, in collaboration with the US-based LanzaTech, is setting up the world's first refinery off gas-to-bioethanol production facility at Panipat.

Ethanol-blending in gasoline has been rising steadily. At industry level, it stands at over 7% at present and as per recent government directives it is to be scaled up to 20% in the near future. In addition to this, under the Sustainable Alternative Towards Affordable Transportation (SATAT)

initiative, the country is targeting a production of 15 MMT (Million Tonnes) of compressed biogas (CBG) by 2023 from 5000 plants. As the lead implementation agency of SATAT, the Company is committed to meeting this target. It has started retailing CBG under the brand name 'IndiGreen'. Other boons of CBG include impetus to rural prosperity besides setting up a robust biomass supply chain that will prevent surplus agricultural residue from being burnt in the fields. The overall lifecycle greenhouse gas savings of biomethane compared to natural gas are typically 80 to 85%. This underscores the importance of CBG production and marketing as a vital step towards carbon neutrality.

The National Biofuel Policy, 2018 provides a thrust to the development of 2G ethanol, used cooking oil (UCO) for biodiesel production and the development of new feedstocks for biofuels. The Company is setting up three 2-G ethanol plants, of which one is under implementation. The Company's R&D has developed an in-house 2-G ethanol technology, a demo plant for the same is under construction and has plans of scaling it up commercially. The technology has a novel 2G Enzyme to replace the imported options to enable the production of 2G-Ethanol from lignocellulosic biomass.

The Company has initiated sourcing UCO-based biodiesel along with non-UCO based biodiesel. The Company plans to set up 1G-Ethanol bio-refineries in Chhattisgarh and Odisha to convert surplus rice stocks available with the Food Corporation of India (FCI) to 1G Ethanol for blending with petrol.

5.7.2 Hydrogen – The fuel of the future

IndianOil is one of the first companies to recognise the potential of hydrogen as the ultimate green fuel and started its research in this area a decade-and-a-half-ago. Hydrogen has its advantages because it is a molecule and not an electron, thus becoming a more appropriate choice than other e-mobility options. India can be the driving force in green hydrogen production because of the variety of available resources, be it solar energy, wind energy or biomass.

At present, most of the hydrogen production globally is for feedstock for chemical and petrochemical industries. The Company's refineries already have Hydrogen Generation Units, which underscores the inherent synergies with a hydrogen economy. The Company's R&D Centre is pursuing research in this area with a vision to indigenously develop and commercialise the fuel cell stack/system and hydrogen production solutions targeting heavy-duty mobility applications. The Company has undertaken extensive research in fuel cells and plans operating 15 fuel cell-based buses in the Delhi-NCR region. It is also assessing multiple hydrogen production pathways. Besides fuel cells, another focus area is HCNG, or hydrogen-purged CNG, which reduces tailpipe emissions and has fuel economy benefits. The Company recently launched the trial of 50 HCNG-fuelled buses in Delhi. Further, in collaboration with IIT Kharagpur, the Company is also

developing and indigenising the Type-3 High-pressure hydrogen cylinder technology, which will increase the energy storage density over existing cylinders.

5.7.3 Electric Vehicles & Batteries – Focus on e-mobility value chain

Falling battery costs, rising energy densities, fast-paced development of charging infrastructure coupled with a new EV model launches by automobile majors in the backdrop of supportive measures across the globe have unleashed high growth prospects in the EV space. In its quest to embrace emerging energy alternatives and firm up viable, customer-convenient EV technology options, the Company is exploring business opportunities across the e-mobility value chain.

The Company is working on new battery technologies such as metal-air pathway that can address many challenges for EVs typical in the Indian context and is trying to forge alliances wherever possible. The Company is working aggressively on aluminium air batteries along with an Israeli startup, Phinergy. These batteries can be charged mechanically, for which demonstration projects are in the pipeline.

The Company has tied up with power suppliers, cab aggregators and auto companies to install EV charging stations & battery-swapping stations at retail outlets and have set up charging facilities at 286 fuel stations (EVCS- 257 & Battery Swapping-29) as of 01.04.2021. The Company plans to have 3000 EV-charging stations by the end of this decade.

5.7.4 Carbon capture, utilisation and storage – A crucial milestone in the road to decarbonisation

The Company sees carbon capture, utilisation, and storage (CCUS) as crucial in its transition strategy. The landmark special report by the United Nations' Intergovernmental Panel on Climate Changes (IPCC) which talked of global warming of 1.5 Degrees Celsius, and geared the world towards Net Zero by 2050, singled out carbon capture and storage (CCS) for its ability to "play a major role in decarbonising the industry sector in the context of 1.5C & 2.0C pathways." Carbon capture, utilisation and storage (CCUS) is an area that can bring in sizeable emission reduction from heavy energy-intensive industries like refineries. The Company is already into R&D in CCUS. It seeks collaboration on a global scale in pursuit of the commitment of the global community to the Paris goals.

5.7.5 Plastic neutrality – Eco-friendly initiative

As a leading petrochemical player in the country, the Company recognises its responsibility towards addressing plastic pollution. As a long-term strategy, it aspires to work towards plastic neutrality and is taking various steps to achieve it. The Digboi Refinery successfully demonstrated IndianOil's vision of becoming a 'Plastic Neutral Company'

by processing waste plastic in the DCU using the novel INDEcoP2F (IndianOil Eco-friendly plastic to fuel conversion) technology developed by the R&D Centre of the Company. The pilot project was commissioned in August 2020, and two trials have since been conducted. The Company signed an MoU on in November 2020 with NextChem, a subsidiary of Maire Tecnimont of Italy, dedicated to green chemistry and technologies for energy transition, to develop industrial projects using NextChem technologies for fostering the institutionalisation of a circular economy in India.

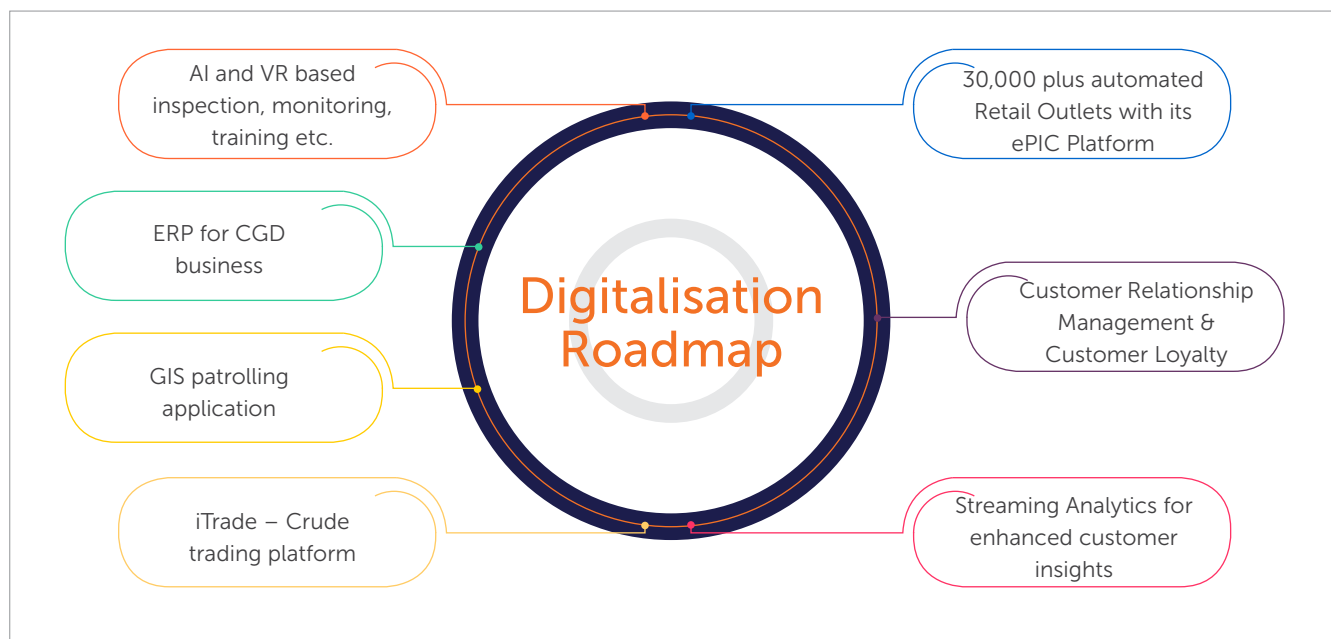
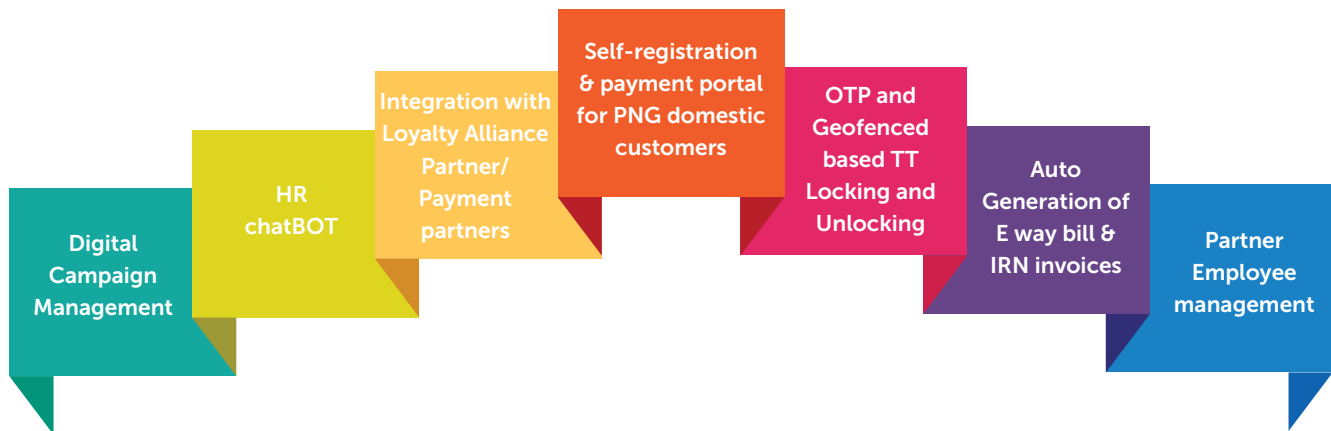
5.8 New Frontier - Cryogenics

Cryogenics go hand in hand with applications of LNG as a transport fuel and in the small scale LNG model. India's ambition to double the share of natural gas in its energy mix, therefore offers huge potential for growth of cryogenics demand. Cryogenics are also expected to play a crucial role in supporting varied applications of hydrogen since liquefaction of hydrogen for storage requires sub-zero temperatures. The energy transition is, therefore, expected to spur growth in demand for cryogenic vessels and cylinders. Cryogenics is definitely amongst the sunrise industries of the ongoing energy transition. The Company has a small but significant cryogenics portfolio, which it plans to nurture to seize the growth opportunities in the area. The Cryogenics Business Group of the Company played a crucial role during the recent second wave of the pandemic by manufacturing tankers for liquid oxygen to cater to the nationwide oxygen demand.

5.9 Digitalisation - Driving Efficiency

Strong IT infrastructure is the backbone of any organisation. And going forward, digitalisation is set to be a significant value driver. The pandemic has highlighted the utility and reliability of digital working as a substantial proportion of the workforce switched to the work-from-home mode in the face of the rising infections. Besides, at the technological frontiers, advances in AR/VR, IoT, AI, drones, increasingly present opportunities for high-value applications for the Company. Digitising operations can boost refinery yields and throughputs. In transportation, digitisation can streamline the movement of crude and products to and from refineries by determining the timing and optimising the mode of transport (from pipeline to a truck, rail, or ship). Refineries of the Future will be digitally connected facilities with improved process optimisation, reliable operations, minimised energy consumption and emissions, eliminating waste products and better water management. Further, in the marketing space, digital solutions have the potential to unleash an altogether new form of customer experience. The Company has been actively pursuing new-age digital initiatives of varied kind.

Digitalisation Initiatives



5.10 Research & Development – Supporting 'Aatmanirbhar Bharat'

The Company's world-class R&D Centre, which is celebrating its golden jubilee year, has been working to firm up the foundations of 'Aatmanirbhar Bharat' in the field of energy. Apart from carrying out path-breaking research in core petroleum activities like lubricants, refining, petrochemicals and pipelines, the Company's R&D hub is pursuing pioneering work in alternate energy segments like bioenergy, solar energy, hydrogen, energy storage, battery technologies etc.

The Company today has a bouquet of commercialised refining technologies, a true epitome of 'Make in India'

initiative. The R&D Centre's sustained effort in the field of lubricants has helped to achieve self-sufficiency to meet domestic requirements. Company's SERVO lubricant brand is approved by major global OEMs.

The Company is working to develop, deploy, and harness different alternative energy sources like biofuels, hydrogen/HCNG, solar energy, green diesel, carbon capture, and utilisation, etc. Extensive research in alternate energy has resulted in developing technologies to produce bio-diesel and 2G ethanol to support the Government initiative of reducing crude imports.

5.11 Start-ups - Building synergies

Globally, the startup ecosystem has become a powerhouse of innovation. In the energy sector, startups play a crucial role in advancing climate and consumer-friendly technologies and business models. This is in contrast to a scenario where the energy sector was solely a domain of big Companies. Today, there are synergies to be built between the experience of big players and the vitality of startups.

After two successful rounds, the Company launched the third round of the IndianOil Start-up Scheme in March 2021 to continue supporting promising startups and nurture an ecosystem conducive for innovations in the domestic hydrocarbon sector.

Supporting and collaborating with startups has particular relevance in the context of a Post Covid-19 world. The Company aims to take up several strategic investments with startups to encourage 'Make in India' & 'Aatmanirbhar Bharat'. So far, a total of 24 projects have been onboarded spanning two rounds (Round 1 – 11 projects & Round 2 – 13 projects), with a committed fund value of ₹ 43.34 Crore. The startups supported by the Company have won several accolades and awards, and many of

them are being commercialised. These commercialised projects are not restricted to the oil and gas domain since many of these initiatives are for social and environmental benefits.

5.12 Charting growth - Strategic Partnerships

The Company has invested in several joint venture companies and subsidiaries to expand its energy business and related supply chain businesses. The Company has investments in several overseas E&P assets like downstream subsidiaries in Sri Lanka, the UAE & Mauritius. Now it has its representative offices in Nepal, Bangladesh, Myanmar and Singapore to explore business opportunities.

The Company, through its JVs and subsidiaries, has a presence in city gas distribution, lubricating oils, grease, hydraulic fluid and specialties, additives for fuels, terminal services and EPC activities, import terminal and regasification of LNG facilities, styrene, butadiene rubber production, construction and operation of aviation fuel farm for aircraft fuelling, natural gas and LPG pipelines, manufacturing and marketing of bitumen derivatives, fertiliser business, manufacturing and marketing of FCC catalyst & additives, build and operate power generation plant through its JVs and subsidiaries.



6. RISK MANAGEMENT - EQUIPPED FOR THE FUTURE

The Company recognises that risks are integral to business and is committed to managing risks in a proactive and effective manner. In addition to risks defined by the nature of its business, the risks of the Company are also intersected by broader global, national and societal risks over the short to long-term horizon. The dynamic risk landscape of the current times presents a unique challenge

to the Company which, is committed to managing with resilience.

The risks identified for the Company inter-alia include:

- Economic Risks arising from international crude oil and products market fluctuations;

- Competition Risks arising from competitors within the existing businesses and new businesses such as alternative energy sources, electric mobility
- Operational Risks such as pipeline pilferages, labour unrest, unplanned shutdown of refineries;
- Financial Risks such as foreign exchange rate fluctuations, exposure to borrowings, non-recovery/ delays in recovery of outstanding dues;
- Security and Fraud Risks, including cyber-security, data leakage and physical security risks;
- Reputational Risks such as brand value risk;
- Compliance Risks such as tax disputes and litigation; and
- Change in Government policies, etc., impacting profitability and ability to do business.

At the core of effective Risk Management is the ability to understand and manage the tail events. While the Company's resilience in maintaining business continuity

in the face of the Covid-19 pandemic has reaffirmed the soundness of its risk management abilities, it continues to be vigilant of the evolving risks in its external and internal business environment and take timely decisions to manage those.

A detailed analysis of risk management is explained in the Integrated Report.

FINANCIAL REVIEW – RESILIENT MARGINS

FINANCIAL REVIEW

The Year 2020-21 saw resumption of economic activities as well as demand for petroleum products in second half after a steep fall in first half due to Covid-19 pandemic. The demand for various transportation and domestic fuels edged to the pre-pandemic levels with the exception of aviation fuel. The crude and product prices in the international market also recovered but the margins remained subdued. The Singapore benchmark GRM got reduced by 83% during the year from \$3.21/bbl in previous year to \$0.54/bbl in current year. However, there was a healthy demand as well as margins on petrochemical products in the Financial Year

The Standalone financial performance of the Company and the various segments is summarised below:

Particulars	₹ in Crore		
	2020-21	2019-20	Variation
Revenue from Operations	5,14,890	566,354	(51,464)
EBITDA	42,614	22,356	20,258
Profit before Exceptional Items & tax	29,716	7611	22,105
PBT	29,716	(3694)	33,410
Net Profit	21,836	1313	20,523
Cash Profit	31,640	10,079	21,561
Borrowings	1,02,327	1,16,545	(14,218)
Revenue from Operations (Segment Wise)			
Petroleum	4,84,610	5,37,443	(52,833)
Petrochemicals	19,150	15,703	3,447
Other Businesses*	11,130	13,208	(2,078)
EBIT (Segment Wise)			
Petroleum	23,854	10,483	13,371
Petrochemicals	5,218	2,008	3,210
Other Businesses*	(123)	891	(1,014)
Other un-allocable (expenditure)/income-net	3,861	208	3,653

*Other Business comprises Sale of Natural Gas, Explosives, Cryogenics, Wind & Solar Power and Oil & Gas E&P activities.

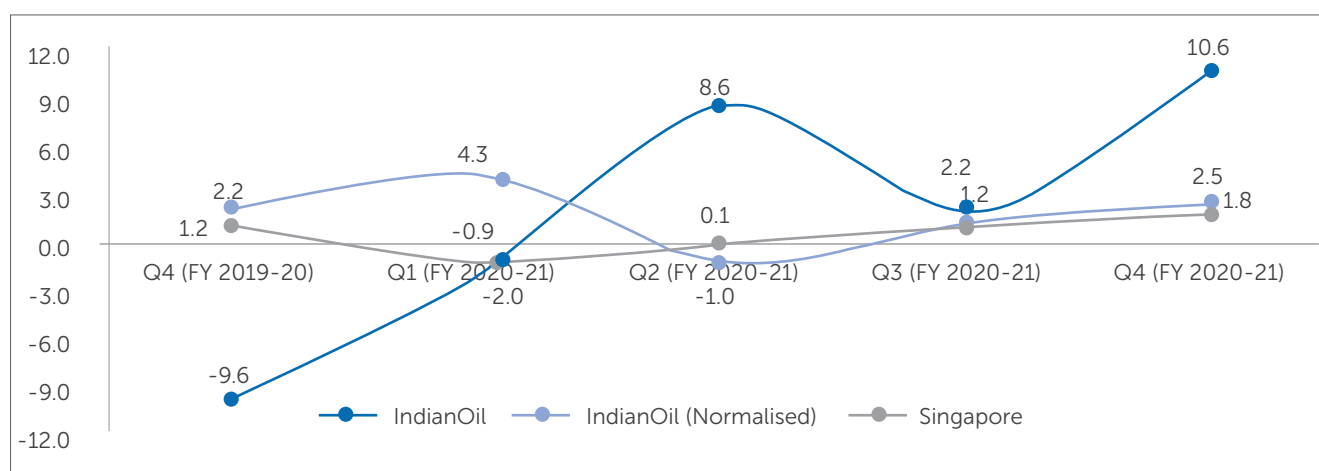
Standalone Financial Performance

The Revenue from Operations fell by about 9% during the year (from ₹ 5,66,354 Crore during 2019-20 to ₹ 5,14,890 Crore during 2020-21). This was mainly on account of a decrease in sales volume in the first half of the year due to the nationwide lockdown. Average crude prices of the Indian Basket for 2020-

21 registered a decline of 26%, from \$60.47/bbl in the previous year to \$44.84/bbl in the current year. The petroleum segment revenue declined by 10%, mainly due to sales volume lost due to the lockdown. On the other hand, the revenue in the petrochemical segment increased by 22% due to the increase in petrochemical product prices and higher availability of the PX-PTA plant during the current year.

The Company's EBITDA, Operating Profit and Net Profit margin for the current year are at 11.08%, 7.34% and 5.68%, respectively, compared to 4.57%, 2.05% and 0.27% the previous year. The increase in EBITDA, operating profit and net profit is mainly on account of the inventory gains, better petrochemical margins, exchange gains and reduced finance cost in the current year. Riding on these factors, the Company's return on average capital employed and return on net worth improved from 7.72% in the previous year to 18.21% in the current year and from 1.46% during the last year to 23.24% in the current year respectively. The EBITDA margin for the petroleum segment is about 9%, and the petrochemical segment is 32% in financial year 2020-21 compared to 4% and 18% in the previous year, respectively.

At the beginning of the year, crude prices were about \$20/bbl, which touched a low of \$14/bbl in April 2020 and went up to \$68/bbl in March 2021 and closed at \$63/bbl. The average HSD crack spread decreased from about \$11/bbl in the previous year to \$3/bbl during the current year with high volatility. They even went negative during the first half of May 2020. Similarly, MS crack spread, which was about \$6/bbl in the previous year, decreased to \$3/bbl during the current year and even reported negative figures during the month of April 2020. The quarter-wise movement in refining margins is shown in the chart below:



As can be seen, the benchmark Singapore for Refining Margin fell significantly during the year on account of the lower spread between international prices of petroleum products and crude. IndianOil's Current Price refining margin (i.e. normalised) during the year has moved in tandem with international margins, except for in Q1 of 2020-21. The inventory holding by IndianOil is high on account of inland refineries, due to which inventory gain/loss becomes significant during the fluctuating price scenario, and greater volatility is seen in reported margins. Normalised GRM of IndianOil reduced from \$2.64/bbl in 2019-20 to \$2.31/bbl in 2020-21 compared to the fall in the Singapore GRM from \$3.21/bbl to \$0.54/bbl.

The ratio of Current Assets to Current Liabilities continues to be more than 1, and the Debt-Equity ratio was at 0.93 at the end of the year against 1.24 at the beginning. This is mainly on account of higher profits and higher CAPEX met through internal generations. The Company has a better interest coverage ratio of 11 times and debt coverage of 5 times, mainly due to increased profits in the current year. The inventory-holding period is about 53 days, and the Company's average collection period is 10 days. The Company has paid an interim dividend of ₹ 9,640 Crore for the financial year 2020-21. The EPS of the company for 2020-21 is ₹ 23.78, and the interim dividend paid during the year translates to ₹ 10.50 per share. In addition final Dividend of ₹ 1.50 per share has been recommended by the Board. Detailed financial indicators

and ratios for the last five years are provided in the section 'Performance at a Glance', forming a part of the Annual Report.

Group Financial Performance

The Group's Revenue from Operations was at ₹ 5,20,237 Crore during the year compared to ₹ 5,75,990 Crore in the previous year, and a Net Profit was ₹ 21,638 Crore compared to the loss amounting to ₹ 893 Crore in the previous year. The detailed profit walkthrough from standalone to the Group is provided in Note 46 to the Consolidated Financial Statements.

The details of major subsidiaries and joint ventures are provided in Note 33A and 33B to Consolidated Financial Statements. During the year subsidiaries, Chennai Petroleum Corporation Limited reported a profit of ₹ 257.26 Crore and Total Comprehensive Income of ₹ 251.93 Crore, and Lanka IOC PLC reported a Profit of Sri Lankan ₹ 88.26 Crore and Total Comprehensive Income of Sri Lankan ₹ 87.68 Crore which translated to Profit ₹ 0.96 Crore and Total Comprehensive Income of ₹ (70.70) Crore after adjustments as per Ind AS. Under Joint Ventures, Indian Oiltanking Limited reported a profit of ₹ 112.88 Crore and Total Comprehensive Income of ₹ 112.13 Crore and Indian Oil Petronas Private Limited reported a profit of ₹ 205.81 Crore and Total Comprehensive Income of ₹ 205.63 Crore.

INTERNAL CONTROL SYSTEMS – PROCESS EXCELLENCE

The Company has put in place Internal Control Systems comprising rules, policies, and procedures that provide direction and increase efficiency and strengthen the adherence to policies while ensuring smooth and efficient business processes. The Company has laid down various policies and detailed manuals, which cover almost all the aspects of the business. The internal processes and policies are reviewed from time to time to align them with the changing business requirements. Organisation-level controls, Operational-level controls, anti-fraud controls and general IT controls have been put in place to ensure that business operations are carried out efficiently and effectively, and chances of errors/frauds are minimised. The internal control systems are commensurate with the size and operations of the Company. The Company has an independent Internal Audit Department headed by an Executive Director, who reports to the Chairman. The department has officers from Finance as well as other various technical functions. The audit assignments are carried out as per the Annual Audit Programme approved by the Chairman and the Audit Committee. The Internal Audit carries out extensive audits throughout the year covering every business process. The Statutory Auditors are also required to issue the Independent Auditor's Report on the Internal Financial Controls over Financial Reporting for the Company under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013. The report issued thereupon is attached to the Standalone and Consolidated Financial Statements, respectively. The

Audit Committee carries out a detailed review of the Financial Statements and deliberations with the Internal Auditors and Statutory Auditors before the same is recommended to the Board for approval.

HUMAN RESOURCES – COHESIVE WORKFORCE

IndianOil believes in holistic and meaningful employee engagement and the development of its human resources. The Company engages with the employees to tap their highest potential for the growth of the business. The Company assigns great importance to develop its Human Resources with a focus on its core values of Care, Innovation, Passion and Trust in building a cohesive workforce. The Company believes that the challenges surrounding the business environment can be best mitigated by a workforce that is motivated, adaptive to change, innovative and fast in learning. Integrated HR practices through focused recruitment, career path and learning & development have contributed to the future readiness of the workforce. The Company has a structured and robust succession planning framework for the identification and development of talent for the leadership pipeline. IndianOil has not only groomed several visionary leaders who led and transformed the Company over the years but also groomed leaders for both the public and the private sectors.

During the ongoing Covid-19 pandemic, the Company took several initiatives to ensure the safety & well-being of the employees as well as its frontline workers engaged with its business partners.



IR CLIMATE – COLLABORATIVE VALUE

The industrial relations (IR) climate in the Company has traditionally been harmonious. A collaborative IR climate has been maintained in the Company over the years to always be ready for the challenges. This has been reflected by the tireless efforts of the employees of the Company as well as its business partners during the Covid-19 pandemic to ensure the supply of petroleum products across the country even during the lockdowns. The Company constantly shares the changes in the business environment, the consequent changes required in strategy and business models of the Company, the resultant impact on the current business and people, along with future plans with the collectives and takes their views and suggestions into consideration. Regular structured meetings are held between the management and the collectives to discuss and deliberate on issues like productivity, welfare and the need to build a responsive and responsible organisation. The collectives have always steadfastly supported the management in overcoming challenges faced by the Company. As of March 31, 2021, the employee strength of the Company was 31,648, which comprised 17,762 executives and 13,886 non-executives, including 2,775 women employees.

OTHER INFORMATION

The details regarding the Company's CSR programmes, environment protection & conservation initiatives, technology absorption & adoption efforts, forays into renewable energy and foreign exchange conservation, etc., are provided in the Directors' Report and the annexure.

CAUTIONARY STATEMENT

The information and statements in the Management's Discussion & Analysis regarding the objectives, expectations or anticipations may be forward-looking within the meaning of applicable securities, laws and regulations. The actual results may differ materially from the expectations. The various critical factors that could influence the operations of the Company include global and domestic demand & supply conditions affecting the selling price of products, input availability and prices, changes in Government regulations/tax laws, economic developments within the country and factors such as litigation and industrial relations.