



**IndianOil**

*A Maharatna Company*

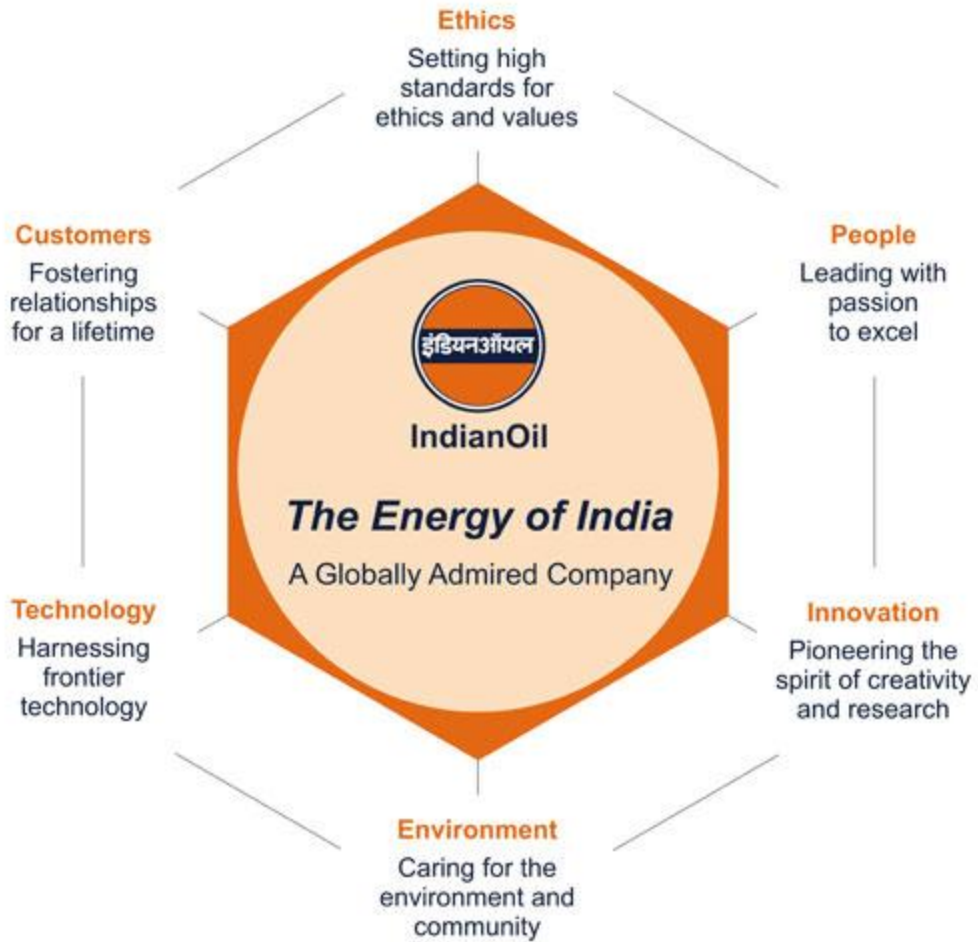
# Sustainability Report

## 2012-2013



# Widening Horizons

# VISION



# VALUES

Care • Innovation • Passion • Trust

# What's Inside

<b>A word from Chairman</b>	<b>1</b>
<b>About the Report</b>	<b>2</b>
<b>Company's Profile</b>	<b>3</b>
<b>Sustainability – Our Approach</b>	<b>4</b>
<b>Stakeholder Engagement</b>	<b>10</b>
<b>Materiality Issues</b>	<b>13</b>
<b>Governance and Values</b>	<b>14</b>
<b>Economic Performance</b>	<b>21</b>
<b>Environmental Performance</b>	<b>27</b>
<b>Research &amp; Development</b>	<b>38</b>
<b>Product Responsibility</b>	<b>41</b>
<b>Social Responsibility</b>	<b>44</b>
<b>A Great Place to Work</b>	<b>49</b>
<b>Safety and Occupational Health</b>	<b>54</b>
<b>List of abbreviations and acronyms</b>	<b>58</b>
<b>Assurance Certificate</b>	<b>61</b>
<b>GRI Indicator</b>	<b>63</b>

# The last pit stop on your way to the moon.

## Our Fuel Station at Leh.

About 125 km up west of Leh, high in the Himalayas, lies the breathtaking Moonland of Lamayuru. Complete with yellow sand, majestic granite hills and craters. And our IndianOil fuel station at Leh, the highest in the world, has always been a welcome sight for many a tourist taking that route. Meeting their fuel needs and more. For a company with over 38,000 sales points, including 22,500 fuel stations, spread across the length and breadth of the country, operating a station on the icy terrain of Leh is just another way of saying, 'We care'. For over five decades we have endeavoured to touch and transform the lives of a billion Indians. Even in the remotest parts of India. In every possible way. Through our products and services, that bring energy to their lives and smiles to their faces.



**IndianOil. In every part. In every heart.**



**IndianOil**  
*The Energy Of India*



# A word from Chairman

## Dear Stakeholders,

It is my pleasure to present to you IndianOil's 8<sup>th</sup> Sustainability Report '**Widening Horizons**'. This report delineates our resolve and proactive efforts in tapping the unprecedented opportunities that aid and assist sustainable development of our business. In the larger context, preserving and conserving the environment that is so critical for long term well being of mankind and enterprises has now become an integral part of our planning and decision making processes at all levels of organization.

For long term economic development at an accepted rate, environment conservation and harmonious coexistence with all habitants of our planet is now an accepted central theme. The scientific community is becoming increasingly convinced of the link between global warming and climate change although consensus is yet to emerge on route and speed for tackling the same. There is however near unanimity on adopting innovative, local resource dependent, non fossil-fuel based and efficient energy systems, in the coming decades, which are expected to be radically different from conventional energy systems. This direction-change will also be necessitated by growing shortage of fossil fuels and need for reduction in carbon emissions and minimizing its' adverse impact on people and planet. The overall resultant circumstances will push human ingenuity to innovate and find new technologies and processes towards sustainable fulfillment of our energy and energy based products' requirements. To summarize, we are on the verge of a historic transformation where unabated exploitation of non-renewable energy sources will be replaced by a completely new set of resources and technologies.

At IndianOil, embracing sustainability in every walk of our life is a conscious decision to demonstrate our firm commitment towards protection of environment since in the larger public perception, we get directly associated with some of the causes of modern civilization's woes. We have accordingly taken care to fine tune our business processes, system/ resource deployment, HSE and QA practices as well as our communication strategy. As a prominent energy provider to the nation we are addressing the challenges of growth and at the same time creating standards of environmental governance that develop and emerge as green benchmarks for industry.



Above backdrop of future prospects has led to IndianOil's successful forays in Exploration and Production, Gas, Alternate Energy i.e. Wind, Solar and Nuclear, Biofuels and initiating a host of R&D projects aimed at securing both energy and environment in decades ahead. We have considerably increased investment in energy conservation (ENCON) projects and sustainable development initiatives to minimize our carbon, water and waste footprints as promulgated in our Sustainability Policy.

I take this opportunity to further assure that we will considerably step up our advocacy and actions to produce products and services that are more environment friendly and also build a logistics and delivery system that aims to be the best in industry.

In this journey of Sustainability, I seek your inputs and feedback at [sustainability@indianoil.in](mailto:sustainability@indianoil.in) for making Indian Oil, India and our planet a better place for ourselves and our future generations.

JAI HIND

  
(R S Butola)  
Chairman

# About the Report

“Widening Horizons”, IndianOil’s 8<sup>th</sup> Sustainability Report for the year 2012-13 is in continuation with *its* reporting journey on the triple bottom line performance and strengthening relationship with all stakeholders. This report, published annually, reflects IndianOil’s approach to sustainability and defines a path forward aligned with its corporate sustainability stratagem. IndianOil’s previous sustainability report “Fuelling a Billion Aspirations” reflected the companies performance in 2011-12. There are no significant changes in the reporting boundary and no re-statements from previous year’s report.

The sustainability report is prepared as per GRI G3.1 OGSS framework including comprehensive outlook on the economic, social and environmental aspects. The scope of this report covers performance of IndianOil’s all business verticals and Corporate functions but excludes performance of its Subsidiaries and Joint Venture companies. The reported data relates to the major operational streams of IndianOil carried out through its Refineries, Pipelines, Marketing and R&D. We have also covered an account of our recent growth drivers beyond the core business viz., Petrochemicals, Exploration & Production, Gas Marketing, Alternate Energy & Sustainable Development.

Our stakeholders and readers are requested to keep in mind that IndianOil has significant operations at different consumer locations known

as direct customers such as Government agencies, private industry locations etc. where we do not have operational control. Hence data pertaining to direct customers has not been covered in this report.

As Government of India holds 78.92% shares in IndianOil, the administrative control of our company and its various policy decisions are in accordance with the administrative and functional directives issued by the government. These issues have been duly considered while addressing the materiality of the report.

We are constantly engaging with all our stakeholders through various channels of dialogue. This report aims to properly reflect the implications, risks and challenges inherent in our all business activities.

*Emission data Produced in this report are as per IPCC guidelines and ISO 14064 standards. SCOPE 1, SCOPE 2 emissions are reported whereas SCOPE 3 emissions are excluded from the reporting boundary.*

IndianOil attains an externally verified application level of A+

‘A’ represents the highest level of completeness in addressing core topics as identified by the Global Reporting Initiative (GRI). The “+” is achieved as a result of report assurance by internationally recognized external Assurer namely Emergent Ventures India Pvt Ltd.

## Report Boundary

The Report covers all establishments in India owned by IndianOil viz.

- Refineries
- Marketing locations
- Pipeline Installations
- R&D Centre
- All Administrative Offices, Training Institutions, Townships etc

## Limitations

- Joint Ventures and Subsidiaries not included in report boundary
- International operational locations are not included within the report boundary
- Environmental Data of pipeline Division excluded

## ...Of your Interest

As a part of sustainable business action plan to reduce paper consumption, our Sustainability Report 12-13 - Widening Horizons is released only in e-version ; however, an abridge version of Sustainability Report 12-13 has been released in printed form as *Sustainability Highlights 12-13*. Both the reports can be accessed from our website <http://www.iocl.com/Aboutus/sustainability.aspx> for reference to all our stakeholders.

**Detailed GRI Index:** At the end of the report, a full index of GRI G3.1 OGSS nomenclature is given to help navigate to your topic of interest.

**Embedded Links:** Relevant details about various topics can be found from links throughout the report.



## Company Profile:

# IndianOil-In every part. In every heart.

*The journey of IndianOil from a Marketing Company to a transnational Energy Major has been dotted with Sustainable Development drivers... **IndianOil. In every part. In every heart.***

IndianOil, 'The Energy of India' has always been fulfilling nation's energy demand, which is the basic need for any country's growth and development. Be it scorching heat or extreme cold, day or night, plains or hills, we work indefatigably so that our countrymen always maintain speed and momentum. However, global economic crisis, climate change and occurrence of frequent natural calamities compelled us to reanalyse our strategy, which is primarily growth focused. We have understood that economic growth alone can not sustain the world. We need a more sustainable approach to growth and development.

IndianOil with over 34,000 strong workforce, is meeting the growing energy needs of the nation in economically, environmentally and socially responsible way. This involves running our operations responsibly today and building a sustainable energy system for tomorrow.

IndianOil is India's highest ranked Indian corporate in the prestigious Fortune 'Global 500' listing at 88<sup>th</sup> rank in year 2013. IndianOil and its subsidiaries own and operate 10 of India's 22 refineries and its cross-country network of over 11,000 kms of crude oil, products and gas pipelines, which is the largest in the country. IndianOil has a portfolio of powerful and much-loved energy brands that include Indane, LP Gas, SERVO lubricants, XTRAPREMIUM petrol, XTRAMILE diesel, etc.

IndianOil is vertically integrated energy company through Exploration and Production activities on the upstream and Petrochemicals and gas marketing on the downstream within India and abroad.

For future growth prospects, Renewable Energy Portfolio of Wind and Solar Energy generation, Feedstock production of Bio fuels and Ethanol blending and Nuclear Energy generation in association with NPCIL have been embraced. With a world-class R&D Centre, IndianOil conducts pioneering work in lubricants formulation, refining processes, cost effective pipeline transportation and development of alternative fuels.

IndianOil's journey in E&P is gaining strength step by step with a view to establishing itself as

an operator as well as global upstream player. After acquiring stake in Carabobo, Venezuela, two oil wells have come into production. Additionally, 10% working interest in producing Shale Oil condensate asset in USA has been acquired along with Oil India Limited. As an operator in Cambay Blocks, IndianOil is gaining valuable experience.

With facilities spread over the entire nation and ever-expanding market opportunities, IndianOil has become a truly integrated energy company. Government of India holds 78.92% share in IndianOil. The administrative control of the company vests with Government of India and therefore, various policy decisions forms the underlining principles of our Corporate Governance. IndianOil has also successfully combined its corporate social responsibility agenda with its business offerings to millions of people.

Installation	Nos.
Refineries	8
Oil Depots & Terminals	135
Aviation Fuelling Stations	97
LPG Bottling Plants	90
Lube Blending Plants	15
Pipelines Terminals	83
Length of pipelines (kms)	11214
Administrative Offices	105
R&D Centre	1
Retail Outlets	16,837
Kisan Sewa Kendra (Village Rural Outlets)	5,535
LPG Distributors (including RGGLVY)	6,467
SKO/LDO Dealers	3,938
Industrial site mixed slurry explosives plant	9
Cryogenics container manufacturing unit	1
On grid Solar Power generation (MW)	5
Wind power generation (MW) *14.7 MW plant is to be commissioned in April 2013	48.3
Energy Crop Plantation - Jatropha (in hectare)	8000

# Sustainability - Our Approach

IndianOil, a globally admired Energy Company is becoming a key player in the evolution of India's strategy for sustainable development by addressing the concerns for environment, aspirations of community and creating values for stakeholders.

Our commitment to sustainability has its roots in our vision. Accordingly we have formulated our sustainability strategy that supports our communities, enhance our business relationships to create a brighter future for our next generation. Our sustainability strategy allows us to focus on long-term sustainable business opportunities, manage risks, enhance our corporate reputation and to get a competitive advantage.

In developing plans for the future, we are mindful of our influence on natural resources and their development. We understand our responsibility towards society, the role we have to play to address the menace of climate change and other sustainability challenges.

During the year, we continued to carry out eco-foot printing exercise, wherein mapping of green house gas emissions, water consumption and waste generation were carried out on 'as is' basis. Additionally, during the year, energy audit of office buildings was carried out in various locations. A number of mitigation actions, such as commissioning of rainwater harvesting systems, solarization of retail outlets, installation of organic waste converters, organizing carbon-neutral events, sustainability seminars and conducting awareness generation programmes were also carried out during the year.

With our sustainability initiatives and conducive policy environment, IndianOil has forayed into green energy generation, which is an attractive and rewarding investment to minimize interactions of our business operations with environment.

## Sustainability Strategy in Actions

- ❖ Formulate Action Plan for reduction of GHG emissions
- ❖ Policy for making major events Carbon Neutral
- ❖ Policy for installing LED/ Energy Efficient lighting
- ❖ Solar minigrid project planned for Socio-economic development
- ❖ Water and waste footprinting
- ❖ Workshops/ Seminars/ Lectures for Awareness Generation on Sustainable Development

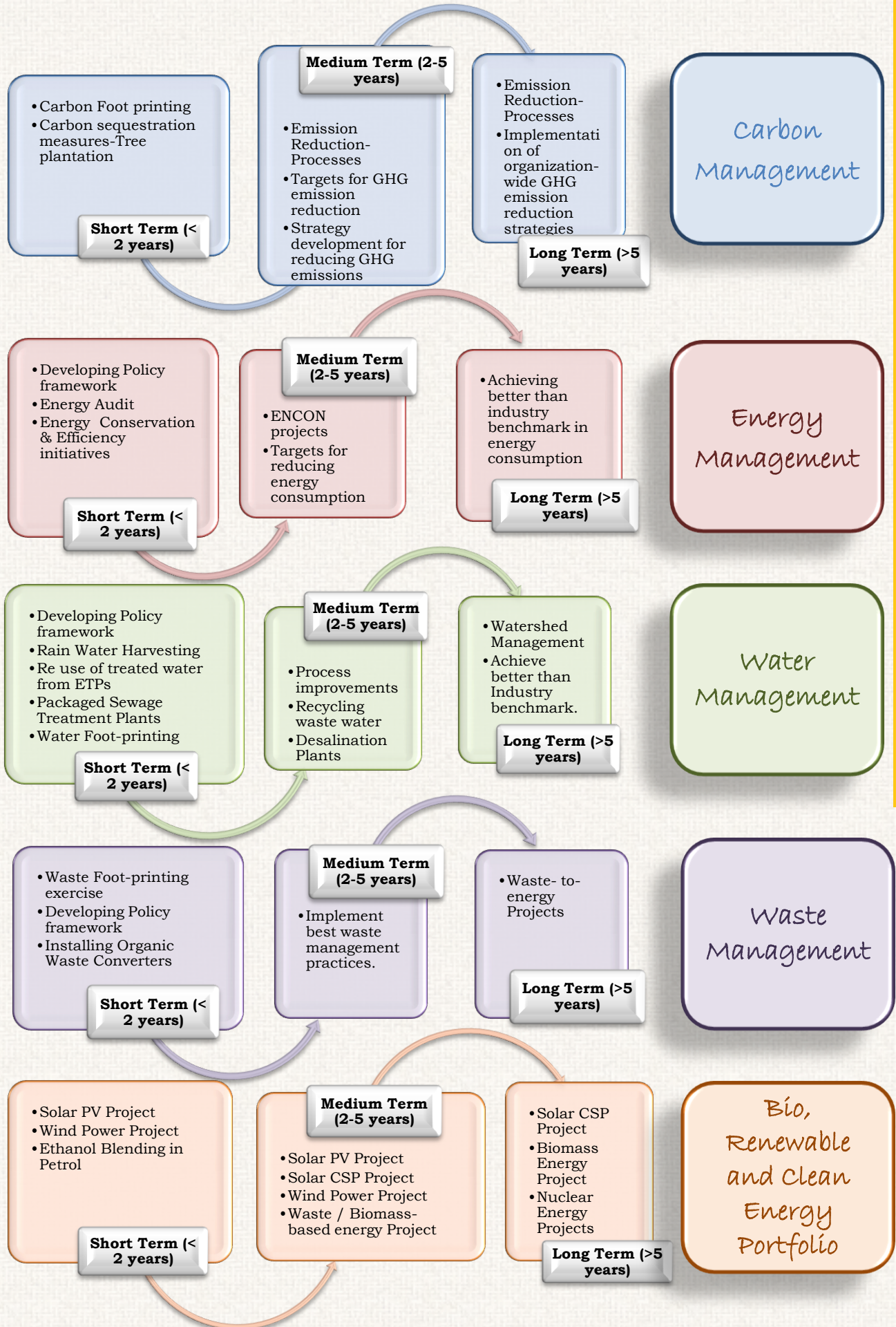
**Rs. 115.66** crore has been spent by IndianOil on Renewable Energy Initiatives during the year 2012-13... we truly call it investment not expenditure

## Sustainability Organisation Grid

In IndianOil, sustainability planning and implementation is a combination of top-down and bottoms-up approach. The philosophy and policies are designed by the board level committee whereas plans and proposals are created at the field level.







# Sustainability - Our Approach

In the fields of carbon mitigation, waste management and energy management, we have outperformed our targets for the year 2012-13. Following tables show our performance of the last year and our target for the next year.

<b>Achievement for Year 2012-13</b>		
<b>Parameter</b>	<b>Target (no. of locations)</b>	<b>Achievement (no. of locations)</b>
<b>Carbon Mitigation</b>		
Carbon foot printing exercise	30	48
Carbon neutral events	NA	6
<b>Energy Management</b>		
Energy Audit of Office Building	5	28
Retail Outlet Solarisation	100	276
<b>Water Conservation</b>		
Rain Water Harvesting System	40	66
<b>Waste Management</b>		
Organic Waste Converter	5	9
<b>Awareness Generation Programmes</b>		
Sustainability Workshops	2500 man-hours	4375 man-hours

<b>Target for Year 2013-14</b>	
<b>Parameter</b>	<b>Target (no. of locations)</b>
<b>Carbon Mitigation</b>	
Carbon foot printing exercise	60
Carbon neutral events	10
<b>Energy Management</b>	
Energy Audit of Office Building	40
Solar PV Installation at Refineries/ Offices/ Townships/ Installations/ Retail Outlets etc	400 KW
<b>Water Conservation</b>	
Rain Water Harvesting System	45
Water Footprinting Exercise	60
<b>Awareness Generation Programmes</b>	
Sustainability Workshops	40

## IndianOil organises national seminar on Sustainability

IndianOil organized National Seminar on Sustainability: Issues, Challenges and Opportunities at Tagore Chambers, SCOPE Complex. Eminent speakers from reputed institutions and ministries like Indian Institute of Corporate Affairs, Ministry of Rural Development, Ministry of Power, CPCB, IIT-Delhi, JNU, TERI, CII etc deliberated on various aspects of sustainability. Delegates from Energy Sector like ONGC, NTPC, GAIL, CPCL, OIL, BHEL, EIL, PGCIL, PPAC and DGH participated in the seminar.

In the wake of global threat arising out of climate change and the requirement of inclusive growth, the deliberations were focused on sustainability issues like policy framework, energy efficiency, water and waste management, rural livelihood, etc. The seminar was organised in an effort to spread the message to make sustainability a way of life and firm-up action plan for bringing about changes in business operations and thereby achieving sustainable development and inclusive growth.





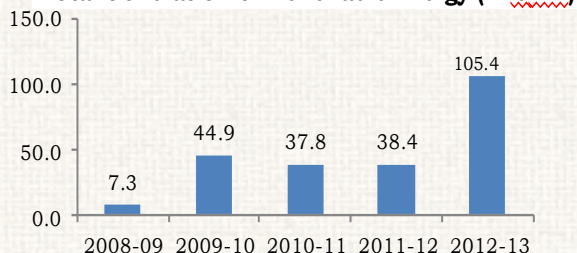
# Sustainability - Our Approach

Use of Renewable energy against the conventional source i.e. fossil fuel energy is the key business enabler to reduce GHG. Our first on-grid wind power system of 21 MW was commissioned in 2009 at Kutch, Gujarat and first on-grid solar PV power plant of 5 MW capacity in 2012 at Rajasthan. Our another on grid wind power projects of a combined capacity of 48.3 MW are commissioned at two sites in Andhra Pradesh. The grid-connected renewable energy generation during the year crossed the 100 GWh mark.

IndianOil has completed Jatropha plantation in about 8000 ha of wasteland in the states of MP, UP and Chhattisgarh. Our joint venture company IndianOil-CREDA Biofuels Limited supplied 172kL of de-metalled and degummed Jatropha oil to Chennai Petroleum Corporation Limited for pilot studies on co-processing of vegetable oils for production of green diesel, which was successfully co-processed during the year using the technology developed by our R&D Centre. We have ventured into nuclear energy generation of 1400 MW capacity through a JV namely "NPCIL IndianOil Nuclear Energy Corporation Limited", with an equity participation of 26% in the Rajasthan Atomic Power Project. We are poised to commence power generation by 2017.

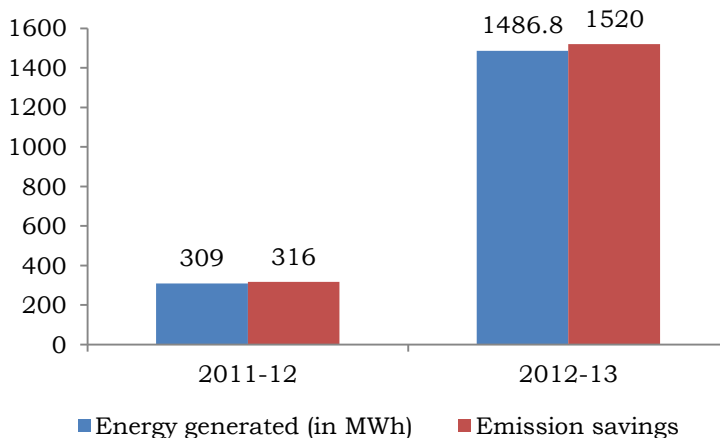
*179% increase over 2011-12 in generation of Renewable Energy*

**Total Generation of Renewable Energy (in GWh)**



## Our Success Story : RO Solarisation

Promoting Solar Photovoltaic power system for uninterrupted power to our Retail Outlets and Kissan Seva Kendras located in rural market and remote areas, has received great success. This initiative has increased the availability of electricity during long hours of power cuts in these areas besides reducing GHG emission from DG sets, resulting saving of fossil fuel. Greening of our Retail Outlets is a leap towards environment friendly and pollution free RO operations.



During the year, 276 IndianOil Retail Outlets /KSKs have been solarized, resulting in an emission saving of 1520 tCO<sub>2</sub>.

## Sustainability Policy

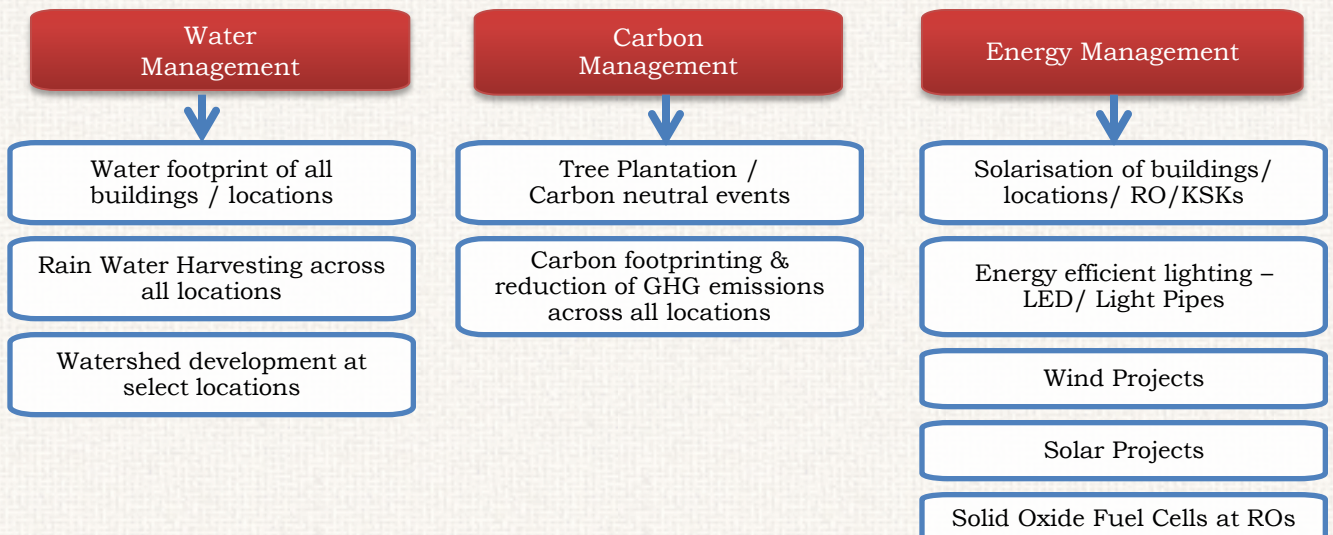
"IndianOil shall continuously strive to be the leading energy provider of the country and in that pursuit follow sustainable practices and technological processes that are safe, efficient and environmentally benign to the society."

In pursuit of this Policy, IndianOil is committed:

- To conduct business in a sustainable manner while meeting stakeholders' aspirations for value creation and growth
- To enrich quality of life of communities around its locations
- To work towards lowering waste and carbon footprint by judicious and efficient use of resources
- To engage employees & business partners as change agents for sustainable practices
- To be a partner in nation's strategy for deployment of sustainability initiatives

### Our Sustainable Development Plan for 2013-16

Reinforcing its commitment towards Sustainability, IndianOil launched its Sustainability policy<sup>[1]</sup> together with Framework, Roles and Responsibilities for Sustainable Development, Plan and Organizational structure for monitoring Sustainability performance.





## Corporate Sustainable Development Framework

At IndianOil, we endeavour to achieve our environmental, societal and economic goals through mass awareness and change of mindset leading to innovative sustainability practices across the organisation by timely ensuring:-

- ❖ **Ethical management practices:** Transparency, integrity and accountability in IndianOil's functioning
- ❖ **Shareholder Value:** Sustaining the company's profitability through value creation and efficient operations and processes
- ❖ **Prudent use of Resources:** Through efficient use of energy, water, land, input materials and any other resource
- ❖ **Process & Product Stewardship:** Supply and deployment of sustainable processes, products and services through continuous innovation and adoption
- ❖ **Bio, Renewable and Clean Energy Portfolio:** Enhanced focus to promote Bio, Renewable and Clean energy portfolio
- ❖ **Technology towards Sustainable Development:** Absorption and adoption of energy efficient and environment-friendly technology. Specific focus to develop in-house technology through R&D
- ❖ **Promotion of robust Health, Safety and Environment practices:** Provide a safe and healthy environment in and around the workplace through promotion of a strong culture of safety and care for environment
- ❖ **Biodiversity:** Projects and operations do not have significant impact on biodiversity.
- ❖ **Minimal impact on Climate Change:** Limiting the GHG and other emissions and adopting mitigation policies in line with India's climate change strategy
- ❖ **Responsible Management of Waste:** Reducing, reusing, recycling and environmentally safe disposal of waste streams
- ❖ **Awareness Generation on Sustainable Development:** Generating awareness on sustainability development amongst the employees and business associates/stakeholders
- ❖ **Societal Needs:** Safeguarding human rights within our sphere of influence, contributing to community needs, investing in training and education, promoting arts and sports
- ❖ **Monitoring & Reporting:** Periodic monitoring, reporting and disclosure of performance on sustainability parameters to stakeholders



Driving towards  
a  
Greener Future



# Stakeholder Engagement

## Stakeholder groups engaged by the organization

Government/ Regulatory Bodies	Community
Academia	NGOs
Advocacy and Advisory Groups	Business partners and Contractors
Customers	Shareholders
Employees	Industry and Trade Associates
Financial Institutions	Media

We are present in every corner of the country to serve our countrymen. Nature of our business has enabled us to engage with diverse range of stakeholders.

Stakeholder engagement takes place in a variety of ways throughout the year. Some specific examples of intentional and purposeful listening of stakeholders' issues are as following:

- ❑ The Shareholders/Investors Grievance Committee (SIGC) deals with the complaints received from the shareholders.
- ❑ Publishing half yearly/ annual reports in various leading national dailies and on the corporation's website [www.iocl.com](http://www.iocl.com).

- ❑ Investor Service Cell to address issues/ grievances/ queries of stakeholders.
- ❑ Dedicated email to address investors' grievances at [investors@indianoil.in](mailto:investors@indianoil.in).
- ❑ Organizing seminars, workshops, co-ordination meetings to seek feedback and to improve our services.
- ❑ Anyone can seek information through RTI.

## Basis for identification and selection of stakeholders with whom we engage

Stakeholder analysis helps in identifying and evaluating impact/influence process on the company's strategy/actions. We routinely engage with our stakeholders to come up with sustainable solutions to help spearhead and shape the discourse around sustainability.

## Efficient Modes of Engagement

Video Conferencing is the preferred mode of communication among officers in different locations. Opting technology has brought down employee travel time, cost and travel related emissions, significantly. Communications from top management are broadcast through video-conferencing to all offices.





# Stakeholder Engagement

## Approaches to Stakeholder Engagement

Sustainable engagement with stakeholders is based on- information sharing and disclosure, interaction/ discussion in forums or through feedback, & 'transcend and include' on issues of mutual interests.

We engage with key stakeholders through various listed ways:

- ❑ Customer Education Programmes/ Meet/ Grievance re-dressal forums organized frequently
- ❑ Dealer/ Distributor Conventions at regular interval and at different locations
- ❑ Gold Circle Dealer Conventions
- ❑ KSK Conventions
- ❑ Indane Star Distributor Conventions at the State Office level
- ❑ Chairman's Panel at National Level comprising high performing dealers and distributors

- ❑ Periodic staff meetings to address employee issues and grievances
- ❑ Transporters' Meet
- ❑ Meeting with Contractors/ Vendors at locations.
- ❑ Regular meetings with Government bodies/ Departments and Financial Institutions
- ❑ Regular meetings, seminars, workshops with our bulk customers such as Defense, Railways, Airlines, Power Plants, Cement Plants, State Utilities, Transport Undertakings, Parliamentary Groups etc.
- ❑ Capacity building workshops on health & safety, strategic management approach etc. for employees and for stakeholders
- ❑ Messages from Chairman, Directors; birthday greetings to employees; information sharing through e-magazine; celebration of national events, farewell functions for superannuating employees
- ❑ Local community meetings and Community Development Programmes with the local communities to fulfil their needs at regular interval.

## How 'We' all are benefited

Stakeholder	Benefits to Business	Benefits to Stakeholders
Customer/ Consumer	Expanding network of 22372 Retail Outlets including 5535 KSKs and more than 530 RGGLVY in the rural market.	Access to fuel and services closer to the customer including in villages.
Employees	Dissemination of important information; achievement of significant milestones in the field of operation, finance and HRD.	'Bottom up approach' to formulate strategy prioritizing stakeholders' need; Formation of Quality circles and TPM groups; incorporation of suggestion schemes.
Communities	Low risk to business because of community engagement.	Community needs are assessed and covered in Corporate Social Responsibility programmes and Community Development Projects.
Shareholders / Investors	Strengthening the Governance Mechanism to take feedback from the shareholders for improving business.	Transparency in business operations.
Business Partners	Increase in Loyalty. Proper communication of business goals, potential investment opportunities to business partners.	Easy approach to organization for feedbacks/ complaints/ suggestions.

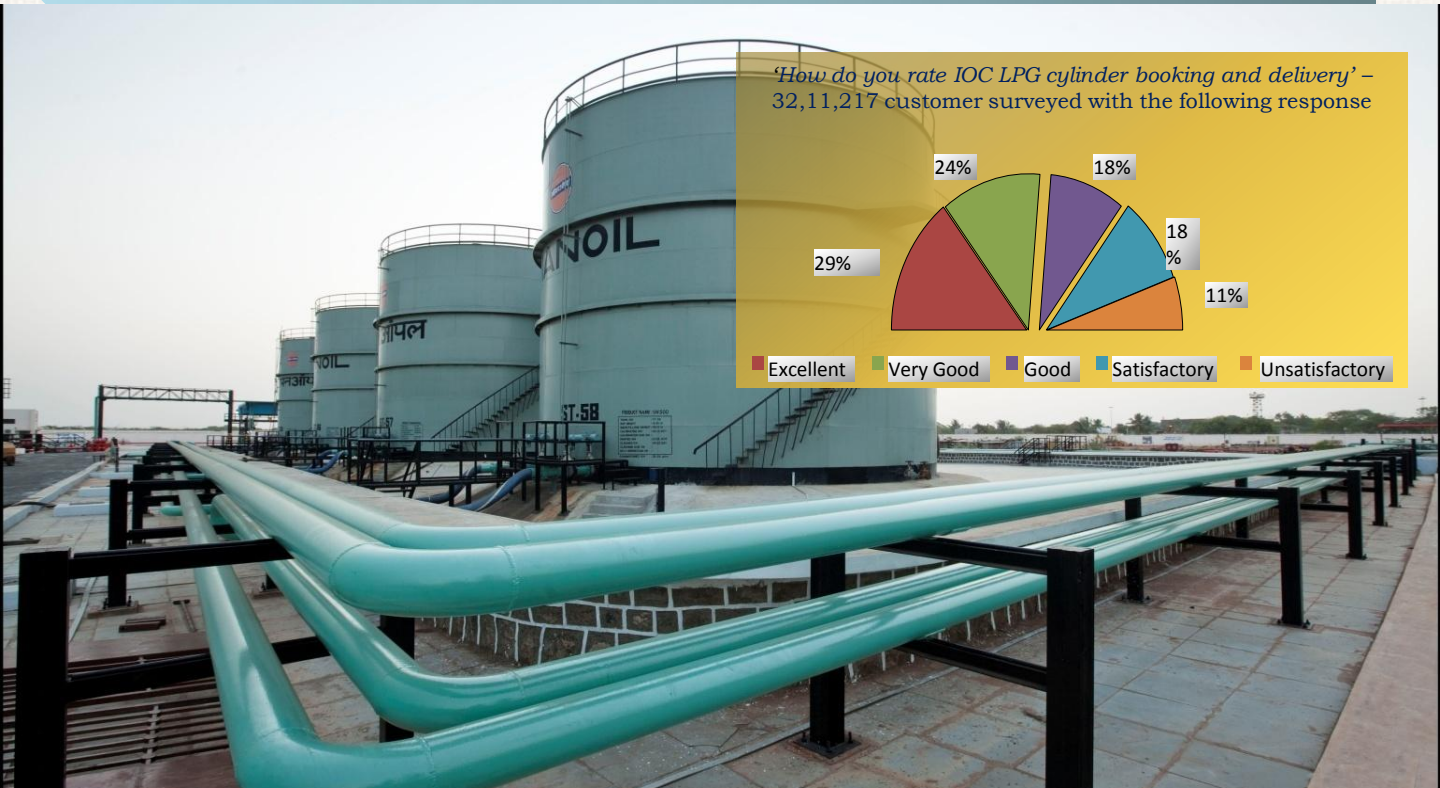
There was no case of non-compliance by the Company and no penalties / strictures were enforced on the Company by Stock Exchanges / SEBI or any other statutory authority on any matter related to capital markets during the last three years.

During the year, a total of 1710 complaints were received from shareholders and all have been settled. As on 31st March 2013, no complaint is pending. Further, during the year, 1192 requests for change of address, recording of nomination, issue of duplicate share certificates / dividend, warrant, etc. were received, out of which 39 requests were pending as on 31.03.2013, however settled subsequently.

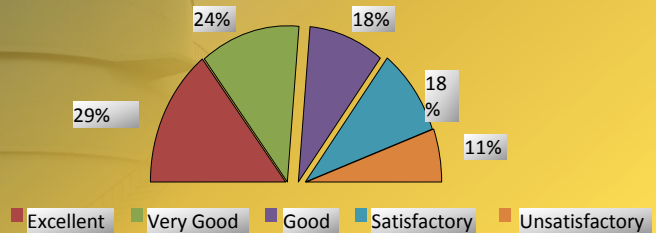
# Stakeholder Engagement

## Our Time is Yours. Your Problems are Ours.

We understand the importance of listening. It is this ability to listen that has enabled us to find newer and innovative solutions to our customers' problems. Today, senior officials encourage to meet customers and are available thrice a week on Tuesdays, Wednesdays & Thursdays between 3-4 pm at Head Office level & State Office level. Similarly, our officials at Divisional office, Area Offices and LPG bottling plants meet the customers to understand their needs and offer them customized solutions on every Monday, Wednesday and Friday.



'How do you rate IOC LPG cylinder booking and delivery' – 32,11,217 customer surveyed with the following response



## Robust system for measuring Customer satisfaction

Mechanism	Personal contact	Over phone	Through web portal
Frequency	Monthly	Once in three months	Continuous
Methodology	Standard format for 10 customer calls	Through IVRS (Interactive Voice Response System)	Through web portal
Practices in place	Customer contacts on regular basis by field officers. Special surveys by external agencies to ascertain responses on special issues	On an experimental basis one time exercise undertaken	Facility to rate distributors permanently available for consumers registered in the web site
Results	Lodging of complaints and taking corrective actions including penal actions	Customer satisfaction survey through IVRS in 39 cities and among 1172 distributors. No of customers surveyed 32,11,217.	During 2012-13, 17592 customers rated their distributors on different parameters such as timely delivery, correct weight, correct price, courteous behavior etc.



# Materiality Issues

IndianOil has carefully identified and focused on material issues for its business processes.

## Economic Issues

**Forex fluctuations:** Instability in the global economy, forex movement and increasing borrowing cost have been affecting overall performance and growth of the corporation.

**Under recovery:** Non recovery/ delays in recovery of outstanding dues resulting in blockage of working capital.

**Price fluctuation:** Price fluctuation of crude oil as well as of products, impact inventory management.

## Our Initiatives

As a part of business strategies, various lessening mechanisms are in place to deal with the adverse impact of forex fluctuation.

Our constant engagement with the Government helps obtain under recoveries. As other Oil Marketing Companies are also facing similar situation, a common approach with the Government helps our efforts in counteracting the debilitating continuance of under recovery.

Close monitoring of inventory levels of crude and finished products, selling price escalation etc helps in implementing mitigation plan to counteract the issues associated with price fluctuation.

## Environmental Issues

**Availability of Raw materials :** India continues to import major chunk of its crude intake and LPG requirements. Timely and adequate import of LPG as per requirement is a matter of concern.

**Depletion of Natural Resources:** Water availability for the operations and services at few water stressed locations is an area of concern.

## Our Initiatives

IndianOil is relentlessly putting efforts to improve energy basket by securing indigenous and overseas E&P assets.

About 80% of the total water in all our refineries is reused. Effluent Treatment Plants and Rainwater Harvesting are major methods of water conservation. Upcoming Paradip Refinery has a desalination plant to reduce the usage of ground water. Water foot printing of locations is integral part of our water management.

## Social Issues

**Safety and security of assets and people:** Ensure safe operating practices to avoid any kind of accidents.

**Geo-Politics & Speculative Activity:** Geopolitical developments, instability in certain regions, and speculative activity in oil markets pose a major risk to the Corporation. During the year, political instability in Middle East continued to play a role in building risk premium in the price of crude.

## Our Initiatives

IndianOil has adapted best in class technologies and standard operating procedures at all the locations. Training inputs on safety, health and environment are providing further reinforcement to our commitment for safe operations. IndianOil is committed to bridge all the gaps and is working towards institutionalizing safety as the first and foremost priority, at all times.

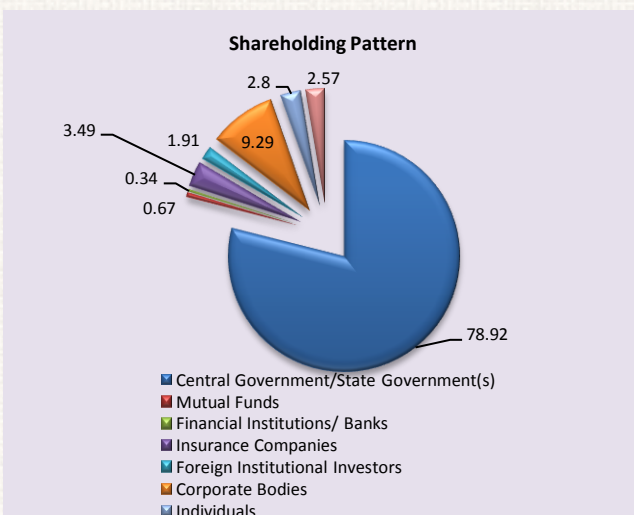
Channelizing alternate overseas crude supply points and Acquiring versatile crude processing capabilities.

# Governance and values

## Corporate Governance – Our Philosophy

We believe that good Corporate Governance practices ensure ethical and efficient conduct of the affairs of the company and also help in maximizing values for all stakeholders. We have built an environment of trust and confidence among all the constituents. The Company upholds the principles and practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning.

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



## Governance through Transparency, Integrity & Accountability

- Code of Conduct for Directors and Senior Management
- 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 Officers
- Right to Information

## e- Governance Efforts

- e-Tendering
- e- Procurement
- e-Payment
- e- Communication
- Employee Self Service Portal
- Employee Performance Management System
- File Tracking System
- e-Suggestion Scheme

## Our Values

Care  
Innovation  
Passion  
Trust

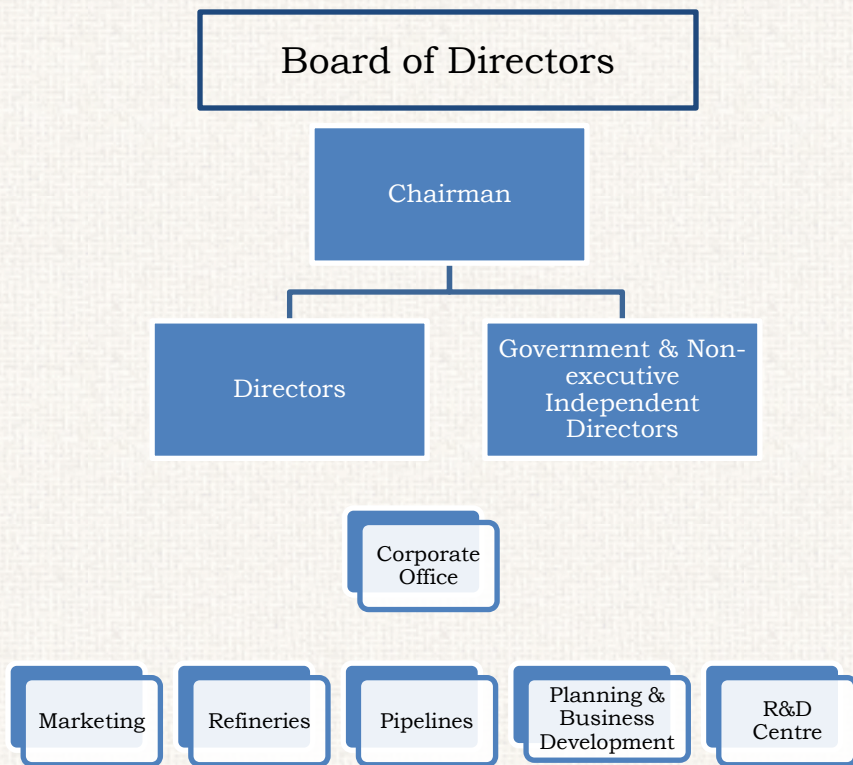
“values are not created by procedures but by ability of the organization to perform.”

- Mr. R. S. Butola, Chairman, on Corporate Governance



## Board Profile

As on 31<sup>st</sup> March 2013 the strength of the Board of Directors was 15 comprising of 8 executives (Whole-time Functional) Directors (including Chairman), and 7 part time Non Executive Directors, out of which 5 are Independent Directors. IndianOil, being a PSU, government nominates Directors and as on 31<sup>st</sup> March 2013, two Government Nominee Directors were in the Board. Women representative in the Board is 6.67%. All our Directors belong to General category and are above 50 years of age. The Board members are persons with proven record in diverse areas like energy, law, academics, finance, economics, marketing, administration, etc. The Board is the highest governance body for guiding the overall strategy, policies and oversee their implementation. To facilitate smooth and efficient flow of decision, various Board Committees have been constituted. The agenda placed before the Board on various issues and details of the Board meetings held during 2012-13 are depicted in our annual report.



## Board Committees

- CSR & Sustainable Development Committee
- Audit Committee
- Contracts Committee
- LNG Sourcing Committee
- Remuneration Committee
- Establishment Committee

- Oil Price Risk Management Committee
- Health, Safety & Environment Committee
- Project Evaluation Committee
- Spot LNG Purchase Committee

- Planning & Projects Committee
- Marketing Strategies Committee
- Shareholders' / Investors Grievance Committee
- De-leasing of Immoveable Properties Committee

## Ethics & Code of Conduct

IndianOil is an equal opportunity employer. There is no discrimination for employment or growth and development on the basis of caste, color, gender, religion or region. IndianOil focuses on improving the skills of its human asset.

IndianOil has a structured grievance handling procedure for employees. A Grievance/Complaint Record is also maintained for registering grievances/ representations received from OBC/SC/ST employees and grievances so registered are promptly considered for resolution. A well defined and strictly implemented policy on prevention of sexual harassment at the workplace is in place. During the year, 2 complaints related to sexual harassment were filed and were dealt as per rules. During the reporting period, no cases of indigenous rights and discriminatory practices reported. No financial and in-kind contributions were given to political parties, politicians, and related institutions.

## Sustainable Procurement

IndianOil encourages participation in its business procurement process from small and medium enterprises as per Public Procurement Policy for MSMEs issued by Govt. of India. We do not prefer any local vendors for our procurement process as it is done on competitive bidding. Also, we have sound e-procurement practices based on the principles of competitiveness and such procurement practices are executed in a manner that is transparent, fair, competitive and cost effective.

## Transparency, Integrity & Accountability

IndianOil has entered into a Memorandum of Understanding (MoU) with Transparency International India (TII) in January 2008, for implementing an Integrity Pact Programme focussed on enhancing transparency in its business transactions, contracts and procurement processes. Under the MoU, IndianOil is committed to implement the Integrity Pact (IP) in all its major procurement and work contract activities. Three Independent External Monitors (IEM), being persons of eminence, are nominated by TII in consultation with the Central Vigilance Commission (CVC) to monitor the activities. So far 48 IEM meetings have been held since inception of the IP in IndianOil and 975

tenders of the value of 10 Crore and above have been covered. 5 complaints were received during the year with regard to tender floated by the company which were suitably resolved. As a part of transparency initiatives, IndianOil shares information on different issues under the 'Right to Information Act' to a cross section of socially committed individuals, NGOs and various stakeholders.

## Risk Management

IndianOil has laid down the Enterprise Risk Management Policy and Procedures for risk assessment and mitigation. As per the 'Risk Management Policy' of IndianOil, a 'Risk Management Compliance Board' is established. A meeting of Senior Officials is convened once every quarter to assess various risks (both internal & external, including climate change related risks) and are categorized as 'A' and 'B' category risks. This committee debates these issues threadbare and devises action plans to mitigate them. These are presented to the Executive Committee, which consists of Chairman and functional Directors of the Board.

## Human Rights

IndianOil follows high standards of human right values. All of our General Conditions of Contract with our suppliers and contractors meet human rights requisites. It mainly covers gender sensitive approaches like separate toilets, washing and bathing places, providing crèches to mothers bearing children of age below 6 years. Canteen facilities and medical precautions are must for both women and men. No discrimination in the payroll is allowed on the basis of gender, caste, creed, religion and race. All our locations are monitored and reviewed to reduce human right risks. Under Community Development Programme for deprived section of the society, development funds towards Special Component Plan (SCP) and Tribal Sub Plan (TSP) are already implemented.





Liaison officers are appointed at various locations/units/ installations all over the country to ensure implementation of Government directives. IndianOil scrupulously follows the presidential directives and guidelines issued by GoI regarding reservation in services for SC/ ST/ OBC/ PH, etc to promote inclusive growth. IndianOil has implemented the provisions of the Disabilities Act 1995 by way of 3% reservation for physically challenged and disabled persons. In addition, various concessions and relaxations are being extended to the physically challenged in the recruitment process.

## Anti-Corruption and Anti-Competitive Behaviour

IndianOil consistently works against corruption in all its forms. Our Conduct, Discipline and Appeal rules outline our approach to assessing fraud risks, reporting, investigating and responding to suspected incidents of fraud and corruption which is mandatory for all our employees to comply with. As a responsible corporate citizen, IndianOil undertakes and implements widely accepted initiatives like the Grievance Re-dressal mechanism and the Whistle Blower policy.

Our Vigilance Cell carries out preventive activities like increasing awareness regarding the Central Vigilance Commission (CVC) rules /guidelines, ensuring quality and quantity of products in transit as well as sales points across the country, conducting system studies to bring out irregularities/ inconsistencies, bringing transparency and economy in awarding as well as execution of contracts. 100% of our units are analysed for anti-corruption and related risks. Number of training programs and workshops are held for spreading knowledge related to checking and identifying corruption. IndianOil has an inbuilt mechanism to check anti competitive behavior and complies with all government policies. Since last 5 years, two cases have been filed against the company relating to an anti-competitive behavior. One case is pending before the Competition Commission of India (CCI) wherein complainant has alleged cartelization by Oil Marketing Companies, for collusive bidding against tender of NACIL for ATF supplies. The Delhi High Court has stayed the proceedings before CCI. In another case a party has alleged non- competitive price due to cartelization by Sugar Manufacturers & joint tendering by OMCs for ethanol. The CCI dismissed the proceedings and an appeal by the party is pending before the appellate authority.

## Child Labour

IndianOil is fully committed to abolition of child labour. To implement the child labour policy, the General Conditions of Contract (GCC) make it mandatory for all bidders to submit a written declaration that they do not engage child labour. IndianOil also ensures that no child is allowed to work in any of its establishments. IndianOil has prescribed the minimum age limit of 18 years for employment/contract labour. IndianOil does not support business from industries deploying child labour. No complaints were reported related to child labour during the year.

## Forced or Compulsory Labour

IndianOil supports the elimination of all forms of forced or compulsory labour. During the reporting year, no instance of forced/compulsory or bonded labour was reported.

As per IndianOil's compensation policy, each category of employees is paid salary much above the minimum wages prescribed as per Government guidelines without any distinction between male and female employees. IndianOil, in accordance with the provisions of Minimum Wages Act, 1971 fixes the minimum rates at regular intervals, payable to employees employed in specified industries/ employment covered under the Act as defined under the statute in respective states.

## External Commitments and Public Policy Participation

IndianOil proactively advocates for public welfare with an aim to bring positive change in governance and compliant behaviour among key stakeholders such as employees, customers and business partners.

IndianOil continued its support to Global Compact in implementing the ten guiding principles in United Nations' agenda on human rights, labour standards, environment and anti-corruption. As an active founder member and now a permanent member, IndianOil has also actively participated in the meetings and conferences of the Global Compact Society. IndianOil is also actively involved with the committees formed by the Government of India and other organizations for advancement or improvement of public good by contributing to Economic Reforms, Sustainable Business Principles, Energy Security, Inclusive Development Policies, etc.

IndianOil has actively contributed to the other government forums. Some of the major contributions include National Mission for Enhanced Energy Efficiency, DPE guidelines for Sustainable Development and CSR, Expert Group on "Low Carbon Strategy for Inclusive Growth".

## Compliance

IndianOil has carried out a Secretarial Audit of its records and documents for the year 2012-13 as a Good Corporate Governance practice. The Secretarial Audit Report confirms that we have complied with all the applicable provisions of the corporate laws, guidelines, rules etc. The report, duly certified by a practicing Company Secretary, is provided in the Annual Report. IndianOil has a strong system in agreement to comply with the statutory requirements of government bodies and stakeholders representing organizations.



*Sitting (from left to right): Smt. Shyamala Gopinath, Prof. V.K. Bhalla, Shri Shyam Saran, Shri Rajive Kumar, Shri R.S. Barola, Dr. S.C. Khuntia, Dr. Sudhakar Rao, Prof. Debang Khakhar  
Standing behind (from left to right): Dr. R.K. Malhotra, Shri Rajkumar Ghosh, Shri P.K. Goyal, Shri M.Nene, Shri V.S. Okhde, Shri A.M.K. Sinha*



*Shri Sudhir Bhalla (in absence)*



## GIFT - AN RTI FULLFILLMENT WORKFLOW

GIFT stands for Give Information for Transparency. This is a software for tracking and consolidating the RTI replies for all cases of IndianOil from all over India. GIFT is installed on the IOCL Intranet and so is accessible all over IOCL offices.

### Features

- User-friendly customized software encompassing the requirements, across all Divisions, of all types of RTI cases.
- Software installed to provide access through “INTRANET” (across entire IndianOil). Access secured through password, only to pre-identified officers dealing with RTI cases.
- Standard SAP Codes used for Location and Employees (Users), which will enable regular updation/ integration with other SAP modules, as & when required.
- Various levels of report generation i.e. Division level, and Region/State Office/Unit level.
- Corp. Affairs to maintain desired single-point secured control for (a) trouble shooting, (b) ensuring periodic data updations,(c) liaison with IS group for periodic data transfer from SAP, (d) facilitating data analysis, (e) maintenance i.e. updating “Masters”, Back-up, etc.
- Centralized Corporate monitoring of all RTI cases.

### IndianOil conferred with ICSI National Award for Excellence in Corporate Governance 2012

In a scintillating award ceremony at the plush hotel Ashoka, New Delhi, Mr. R.S Butola, Chairman IndianOil was conferred with the prestigious Institute of Company Secretaries of India (ICSI) award for Excellence in Corporate Governance 2012.



*“Values are not created by procedures but by ability of the organisation to perform”  
- Mr. Butola on Corporate Governance*

Praising his team at IndianOil, he said, “IndianOil has its Corporate Governance intact since its inception and the transparent 360 degree evaluation for leadership assessment followed at IndianOil is a glaring example of good Corporate Governance and its revelation in the PSU circuit”.

## Our Group Companies & Joint Ventures

### Joint Ventures

- Avi-Oil India Pvt. Ltd.
- Delhi Aviation Fuel Facility Pvt. Ltd.
- Green Gas Ltd.
- GSPL India Transco Ltd.
- GSPL India Gasnet Ltd.
- Indio Cat Pvt. Ltd.
- IOT Infrastructure & Energy Services Ltd.
- IndianOil Ruchi Biofuels LLP
- IndianOil Skytanking Ltd.
- Indian Synthetic Rubber Ltd
- Lubrizol India Pvt. Ltd.
- NPCIL-IndianOil Nuclear Energy Corporation Ltd.
- IndianOil Petronas Pvt. Ltd.
- Petronet LNG Ltd.
- Petronet india Ltd.
- Petronet VK Ltd.
- Suntera Nigeria 205 Limited

### Group Companies

- Chennai Petroleum Corporation Ltd.
- IndianOil (Mauritius) Ltd.
- Lanka IOC PLC
- IOC Middle East FZE
- IndianOil – CREDA Biofuels Ltd.
- IOC Sweden AB IOCL (USA) Inc.

# Awards & Accolades

IndianOil received the Gold Trophy of "SCOPE Meritorious Award for Corporate Governance" for the year 2012.

IndianOil was awarded the prestigious "ICSI National Award – 2012" for excellence in Corporate Governance instituted by Institute of Company Secretaries of India.

International Financing Review Asia (IFR Asia), one of the most coveted capital markets agencies in Asia, awarded the 'Indian Capital Market Deal of the Year 2012' to IndianOil's Singapore Dollars (SGD) denominated long term bonds and included the deal in its Roll of Honour for 2012.

Dun & Bradstreet, the world's leading source of global business information has awarded IndianOil with the Corporate Award 2012 in the Oil-Refining and Marketing sector.

IndianOil became the highest ranked Indian company (88th) in the prestigious Fortune Global 500 listing. The Company also topped the Financial Express 500, Economic Times 500 and Fortune India 500 listings.

IndianOil has also featured in the top 100 of the Platts Global ratings (Rank 82), Business India Super 100 companies (Rank 8), BW Real 500 (2nd biggest company) and Forbes Global 2000 (Rank 4 among Indian companies).

IndianOil swept the PetroFed -2011 awards by emerging winner in following categories- Leading Oil & Gas Corporate of the Year, Oil & Gas –Marketing Company of the Year, Project management - Company of the Year and Women Executive of the Year in Oil & Gas sector.

IndianOil's household brands SERVO and Indane have been voted Consumer Superbrands for the year 2012. SERVO also retained its Master Brand status by winning it at the World Brand Congress.

IndianOil bagged the second prize in the Best Enterprise (Maharatna/ Navratna) category by Women in Public Sector. IndianOil also won Best Women Employee awards in Officer and Non-Officer category during the year 2012-13

## National Association

FICCI  
ASSOCHAM  
PETROTECH  
National HRD Network (NHRD)  
Council of Indian Employers (CIE)  
Confederation Indian Industry (CII)  
All India Management Association (AIMA)  
Institute of Chartered Accounts of India (ICAI)  
Petroleum Federation of India (PetroFed), India  
Indian Institution of Industrial Engineering (IIIE)  
Standing Conference of Public Enterprises (SCOPE), India  
TERI-Business Council for Sustainable Development (TERI-BCSD)

## Charters & Memberships

### International Association

World LP Gas Association, Paris  
Transparency International India (TII)  
United Nations Global Compact (UNGC)  
International collaborations (U21 Global Universities, Singapore, IFP France, etc.)



# How to ensure 1500 happy journeys across India everyday?

## Stay invisible.

Before the travellers take their seats. And much before the pilot switches on the engine. Our IndianOil Aviation team finishes refuelling the plane. So quietly and efficiently that no one notices it. Quite like our fuel that silently helps people reach their destinations across India and beyond everyday. From the icy Himalayan outposts of Leh and Thoise in the north to the far-flung island of Car Nicobar in the south, and from the arid deserts of Kutch in western India to the hilly terrains of Aizawl in the east, our refuelling makes business deals, reunions, vacations and a million other joyful moments possible. Our groundwork literally takes you sky high. For over five decades we have endeavoured to touch the lives of a billion Indians. In every possible way. Even in the remotest parts of India. Through our products and services, that bring energy to their lives and smiles to their faces.

**IndianOil. In every part. In every heart.**

Petroleum Refining and Marketing | Pipeline Transportation | Research & Development | Technology Solutions | Petrochemicals | Gas Sourcing & Marketing | Exploration & Production | Alternative Energy



**IndianOil**  
The Energy Of India



# Economic Performance

## Economic Environment

The year 2012-13 was marked by challenging economic environment both globally & domestically. Global economic growth decelerated to 3.1% in 2012 from 3.9% recorded in 2011. While US & Japan witnessed mild acceleration in their growth, the overall performance of the advanced economies deteriorated with output declining in the Euro Area as it continued to be in the clutches of the Sovereign debt crisis. Another setback to the global growth was the broad-based deceleration for a second year in a row in the Emerging Economies Group.

For the Indian economy, the year was marked by slowing growth and concerns over macro-economic stability. GDP growth slipped to 5 percent-the lowest India has seen in over a decade. Industrial slowdown and slump in investment aggravated during the year on account of infrastructural bottlenecks, high interest rates, delay in clearances and acted as major drag on the growth. High oil, coal and gold imports coupled with decline in exports contributed significantly in the spiking of CAD from 4.2 percent in 2011-12 to 6.7 percent of GDP in Q3 of 2012-13, which was contained to 4.8 percent of GDP for the full year 2012-13 through abatement measures. The depreciation of Rupee, which has intensified lately has further added to these concerns. Inflation did show signs of moderation though it continued to elevate. During the year, WPI inflation stood at 6 percent as compared to 8 percent in the previous year. Fiscal deficit during the year provisionally estimated at 4.9 percent of GDP was lower than the Budget Estimate of 5.1 percent of GDP.

## Energy Sector

During 2012, global energy consumption growth slowed down to 1.8 percent from 2.5 percent recorded in 2011 on account of deceleration in global economic activity. On the supply side, the overall situation was mixed, while on one hand, geo-political uncertainties and supply outages did continue to disturb the energy markets, on the other hand, there were positive developments such large scale gas finds in East Africa, steady progress on the unconventional hydrocarbons production front, especially in

the US and the boom in the global LNG sector. Crude oil prices also moderated on an average during the year and while natural gas prices fell in USA, they rose in Europe & Asia. On the demand side, consumption in OECD countries declined by 1.2 percent led by a decline of 2.8 percent in the US. As regards, the Non-OECD countries, consumption growth decelerated to 4.2 percent from 5.3 percent in 2011.

## Strategy

Indian energy market has a sizeable potential for growth. In fact, India is projected to be a frontrunner in the global energy demand over the long term, with its energy demand projected to grow at a CAGR of 3.2 percent (2010-2035) as compared to the CAGR of 1.2 percent for the world.

## Core Business

Petroleum products, after coal are the largest source of meeting energy needs in India. Petroleum products are the mainstay of the Indian transportation sector, have a large market in the household sector, agriculture and industry as well. The Corporation's strategy with respect to its core business operations is a two-pronged one, where while it focuses on expansion, it also focuses on raising the efficiency bar of the existing and new ventures.

In the refining space, the Corporation has been continuously upgrading and expanding its refineries to meet the changing product demand patterns, environmental norms and increasing demand. In addition, a major focus is on setting up new grass-root refineries with world scale capacity having higher complexity in Coastal locations to cash on the growing petroleum products demand in India. In line with that Corporation's 15 MMTPA refinery at Paradip in Odisha is upcoming. On the operational front focus is on cost optimization, and accordingly the crude basket is being expanded steadily to include cheaper opportunity crudes. IndianOil has not received any financial assistance from the Government of India during the reporting period.



# Economic Performance

On the marketing front, the Corporation has a stronghold over the market, with its pan India sales network being its major strength. The year witnessed significant changes in the policy domain, which are set to bring about structural changes in the petroleum products market in the country. This new paradigm will be defined by high levels of Competition as the retail market opens up to the dynamics of market forces. The Corporation's strategy for maintaining its leadership in the retail business rests on the two Cs of Customer Loyalty & Cost Optimization. Technology solutions such as automation of infrastructure, GPS enabled vehicle tracking systems, modernization of the dispensing units, improving Retail Visual Identities of retail outlets, imparting training to dealers and pump attendants, Infrastructure rationalization and retail network expansion are key focus areas in pursuit of this.

As regards its pipeline network focus on the crude pipelines front is to enhance capability of pipelines to transport heavier crude oil, on product pipelines front focus is on scaling up the LPG pipelines network and as regards gas, focus is to establish a significant position in the upcoming national natural gas grid.

## Beyond Core

Beyond its core business, the Corporation has been straddling across the energy value chain in line with its vision.

## Petrochemicals

The Corporation has established itself as the second largest player in the Indian Petrochemicals market. Indian Petrochemicals market has high growth potential and has been growing at impressive rates. The Corporation has sizeable investment plans lined up for the Petrochemicals space. A major thrust is to enter the import substitution market. The Corporation's Butadiene Extraction Unit and Butene -1 project at Panipat are under steady progress. The Corporation is also setting up country's first Styrene Butadiene Rubber (SBR) unit in Panipat, which has reached advanced stages of implementation. In the market for polymers, where your Corporation has recently ventured thrust is to enter niche & specialized markets.

## Exploration & Production

The global E&P scene has brightened over the last few years with the coming in of newer fuels and newer geographies. The Corporation is gaining valuable experience as an operator in its Cambay blocks and also from its producing assets where it has participating interest. The Corporation's journey in Exploration & Production is gaining strength step by step with a view to establishing itself as an operator as well as a global upstream player.

## Gas Business

The Corporation's gas business has been growing steadily and awaits taking on the next level as opportunities are replete. The Corporation envisages building its presence along the entire value chain of gas business in the country. The Corporation is in the process of setting up an LNG import terminal at Ennore in Tamil Nadu and is also participating in building cross-country natural gas pipelines and City gas distribution networks.

## Renewable Energy

The Corporation has been making inroads into the renewable and alternative energy space through investments in Bio-fuels, Wind, Solar & Nuclear Power.

## Research & Development

The Corporation places significant thrust on knowledge and research based growth. In context of the vagaries of the international crude oil prices and changing domestic pricing regime R&D is viewed as a key competitive advantage driver for the Corporation. Investment in proprietary research in lubricants, catalyst, refinery and pipelines operations, and product offerings is viewed as a thrust area for the Corporation. R&D for its new businesses, especially, petrochemicals and alternative energy is emerging a major focus area for the corporation.



# Economic Performance

## Human Capital

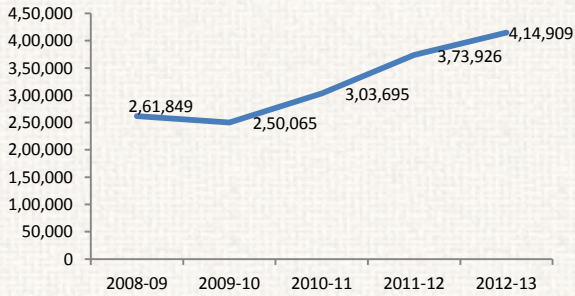
Human Resource is the mainstay of any organization. Attracting and retaining the required talent is a continuing challenge for the Corporation. As Corporation's business in areas beyond its core expands, it has been working towards diversification of its talent pool as well. Initiatives for bringing in greater transparency, fairness and equity for the employees in respect to their career paths are thrust areas for the Corporation. A major challenge that has emerged in the context of the changing business realities that are set to play in, as competition in the market increases is to equip, train, facilitate, motivate and rationalize its manpower.



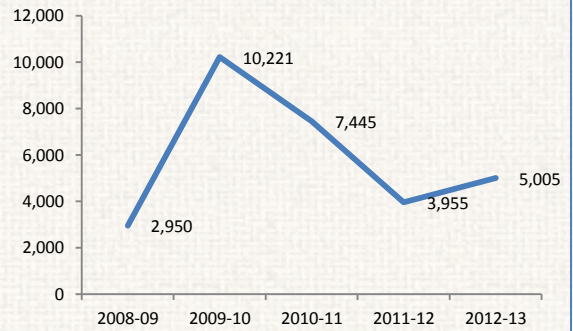


# Operational & Financial Highlights

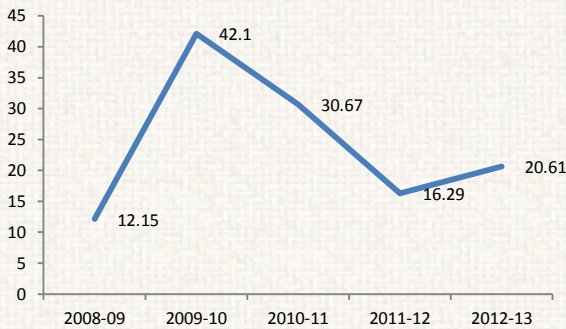
**Turnover (Inclusive of Excise Duty) Rs Crore**



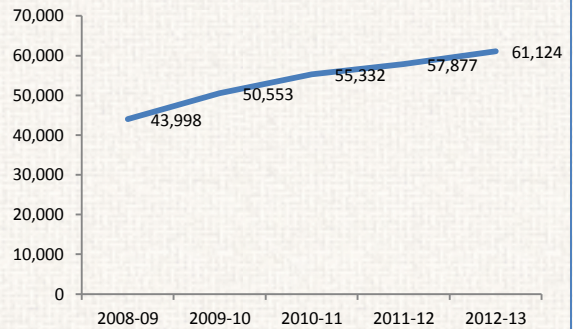
**Profit After Tax (Rs Crore)**



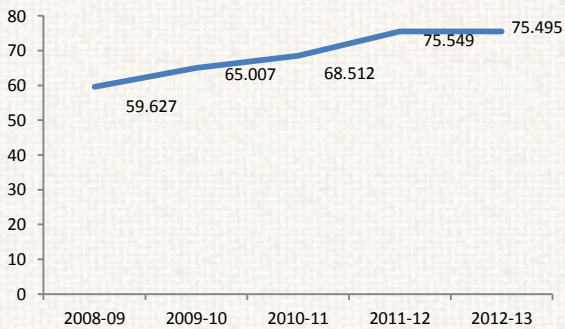
**Earnings Per Share (Rs.)**



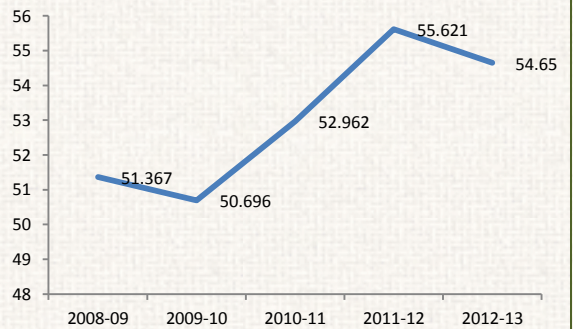
**Net Worth (Rs Crore)**



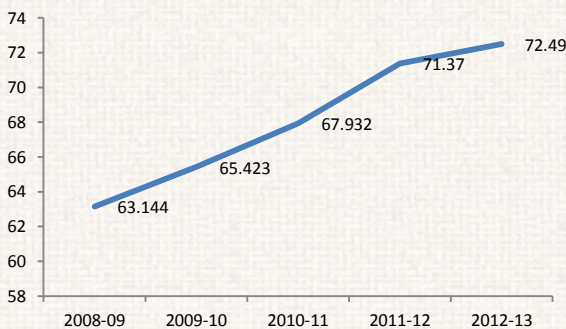
**Pipelines Throughput (Million Tonnes)**



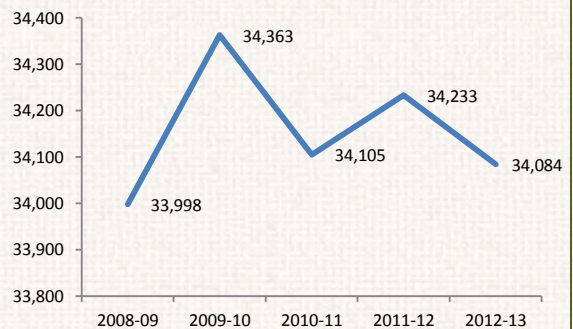
**Refineries Throughput (Million Tonnes)**



**Total Domestic Sales (Million Tonnes)**



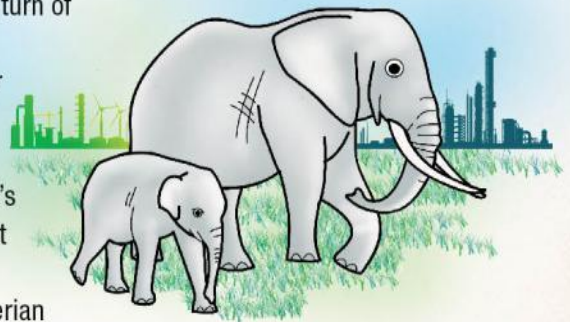
**Manpower (no.)**



# You've heard of jumbo refineries. Ever heard of jumbos in a refinery?

**At our Digboi Refinery, nature and industry blend in perfect harmony.**

Digboi. The cradle of India's oil industry. Where the world's oldest and the pearl among IndianOil's 10 refineries celebrated its centenary at the turn of the millennium. And where it's not uncommon to find wild elephants crossing the road, or even visiting the fringes of your home at night to munch on the greens. Not just elephants, other wild animals like deer, civet cats, leopards, pythons and more reside in its leafy environs. Digboi is also an ornithologist's delight, with over a hundred species of birds. Not just Digboi, at other IndianOil refineries too, well-developed ecological parks attract a wide variety of fauna from far and near. Including Siberian cranes. A testimony to the world-class environmental standards that our refineries conform to. Today, IndianOil is the country's largest refiner, reaching green fuels that meet international standards to every nook and corner of the nation through a well-orchestrated distribution network that is hard to beat. Its products are exported worldwide, whenever surplus. For over five decades, we've endeavoured to touch and transform the lives of millions of Indians. In every possible way. Even in the remotest parts of India. Through our products and services that bring energy to their lives and smiles to their faces.



**IndianOil**  
*The Energy Of India*

**IndianOil. In every part. In every heart.**



# Environmental Performance

## Addressing Climate Change

One of the greatest challenges for the 21st century is the increasing temperature of the planet. Carbon dioxide levels have reached its highest throughout human history, as per the National Oceanic and Atmospheric Administration (NOAA), Mauna Loa observatory in Hawaii. The 9th May 2013 reading of the observatory was first notified to break the symbolic milestone of 400 parts per million which was later revised to 399.89. This might be taken in the context that at 450 PPM, it is predicted that the global temperatures will rise by 2°C above pre industrial levels by the International Energy Agency bringing about widespread climate change effects. We are moving closer to adverse impacts of climate change - changing landscapes, stronger storms and increased storm related damages, higher temperatures, increased risk of drought, rising seas, more heat related illness and diseases and wildlife at risk.

As a major supplier of energy, IndianOil believes it has a responsibility to take lead in finding and implementing plans to counteract climate change. We recognise preservation of ecological balance as a core commitment for ensuring a better world for the future generations.

## Energy Conservation (ENCON) Projects

A total of 120 schemes with estimated savings of 1,20,000 SRFT have been implemented during the year which have resulted in operational efficiency improvement. The impact of additional savings with major ENCON investments in 2013-14 would be approx. 83000 SRFT. Some of the major Energy Saving projects during 2012-13 were:

✓Optimisation of Hydrogen use and improved recovery through PSA (Pressure Swing Adsorption) systems has enabled idling of one

Hydrogen Generation Unit each at three of the refineries

✓Pre-heat improvements in AU (Atmospheric Unit)-4 at Gujarat refinery and AU (Atmospheric Unit)-I/II at Barauni refinery for savings in energy consumption

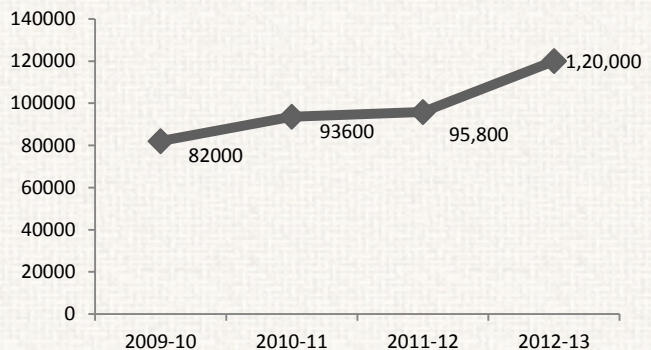
✓Better process integration for improved heat recovery at Guwahati refinery (kerosene-1 and (Coker Gas Oil)-CR (Circulating Reflux) streams) and Panipat refinery (Naphtha Splitter) and MSQ (Motor Spirit Quality Up-gradation Unit)

✓Savings in power consumption by installation of step-less controllers for compressors in DHDT (Diesel Deep Hydro-treating Unit) at Mathura refinery and Once Through Hydrocracker Units (OHCU) at Haldia refinery

✓Optimisation in Gas/Oil ratios in DHDT at Barauni refinery and OHCU in Haldia refinery for lower power consumption of recycle gas compressors

✓Full back pressure mode operation of TG1(Turbo-generator1) at Barauni refinery, improvement in operating efficiency of GT(Gas Turbine)-2 at Gujarat refinery and STGs (Steam Turbo-generator) at Panipat and condenser cleaning for increased power generation efficiency at these refineries.

Estimated savings of Standard Refinery Fuel in Tonnes (SRFTs)



# Environmental Performance

- ✓ The use of variable frequency drive for mainline pumping unit and use of Drag Reducer Agent (DRA) in mainline to increase the flow of the product in pipeline facilities.
- ✓ Other activities that are spread extensively across organisation such as solar powered equipments, energy efficient gadgets, use of light pipes for day-lighting etc.

IndianOil's relentless efforts towards Energy Conservation resulted in reduction of overall specific energy consumption to 56.3 MBTU/BBL/NRGF (MBN) during 2012-13 against the earlier lowest of 57 in 2011-12. This has been possible through implementation of various energy saving schemes and close monitoring of energy parameters.

## Operational Performance

Operational performance represents performance of our refineries, pipeline facilities, and marketing facilities. IndianOil always endeavours to increase its efficiency by adopting new cutting edge technologies to optimize its operating efficiency, thus causing minimum damage to the environment.

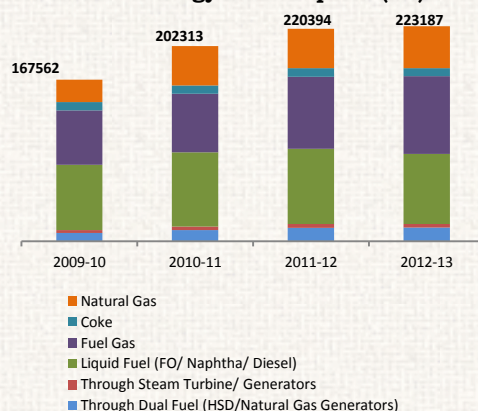
## Energy Consumption

Direct energy consumption includes Fuel Gas, Coke, Natural Gas and Liquid Fuels and electricity consumed from the grid.

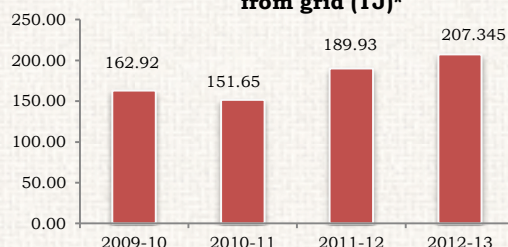
In order to enhance the gross refinery margins and to reduce the GHG (Green House Gases) emissions, LNG (Liquefied Natural Gas) is used increasingly as feed fuel in HGUs (Hydrogen Generation Unit) and GTs of the refineries.

Out of the direct energy consumed, approximately 1-2 % is generated internally through captive co-generation plants using steam turbines. This sustainable method of energy generation is increasing year on year.

**Direct Energy Consumption (TJ)\***

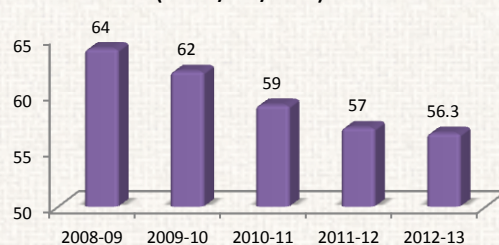


**Indirect Energy Consumption - Electricity from grid (TJ)\***



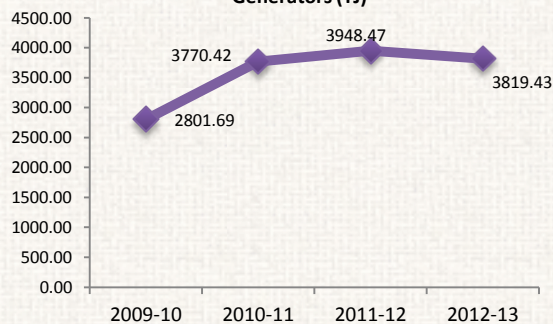
\*Data pertains to Refinery Division

**Specific Energy Consumption - MBN (MBTU/BBL/ENGF)\***



Six projects are registered as CDM (Clean Development Mechanism) projects under UNFCCC (United Nations Framework Convention on Climate Change) with total CERs (Certified Emission Reductions) of 96,943 units. Four projects are under technical review and issuance of CERs is expected by Aug'13 under the aegis of UNFCCC.

**Energy generated through Steam Turbine/Generators (TJ)\***



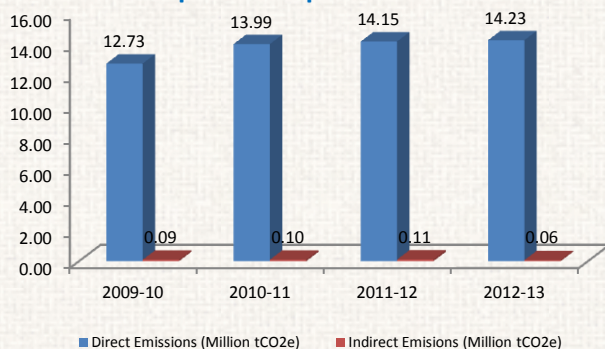
Source (MWH)	liPM	R&D
Grid	1245.30	3111.05
DG(Set)	323.12	5841.67
Solar	3	107.58
Total	1571.57	9060.30



## Emissions

The crude processed for the year has decreased by 1.65% and consequently the CO<sub>2</sub> emissions have increased by 0.64% during this year. Although tCO<sub>2</sub> emission per MT of crude processed has increased slightly from last year; 0.256 tCO<sub>2</sub> per MT of crude processed in 2011-12 to 0.260 tCO<sub>2</sub> per MT in 2012-13. This is attributed to our new technologies and ENCON projects that needed some time to stabilize. Our Scope 1 emissions include the emissions rising due to the generation of electricity, heat or steam, flaring, physical and chemical processes, transport emissions and fugitive emissions, generated on site. Scope 2 emissions are the indirect emissions consisting of emissions due to consumption of electricity purchased from the grid.

**Scope 1 & Scope 2 emissions\***



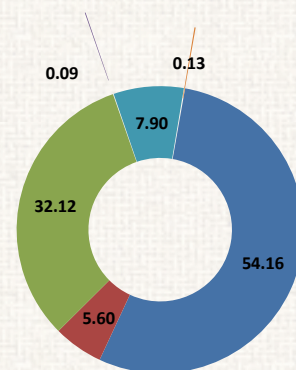
Air Pollutant*	2012-13
SO <sub>2</sub> (Tonnes)	30621.25
NO <sub>x</sub> (Tonnes)	11470.68
Flare Gas (MT)	43724

Emissions are reported according to the internal guidelines, which follow international protocols and industry guidelines. IndianOil also discloses to public about its carbon emissions through the Carbon Disclosure Project (CDP).

## Ozone Depleting Substances

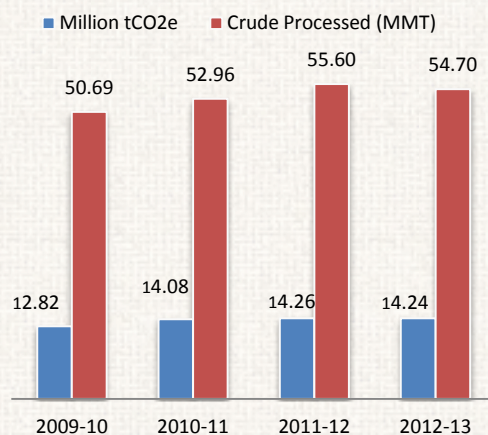
IndianOil is consistently working towards phasing out the use of machinery using Ozone Depleting Substances (ODS). For the year 2012-13, the Refinery's consumption of the ODS stood at 7.58 tonnes.

**Composition of Scope 1 Emissions (%)**

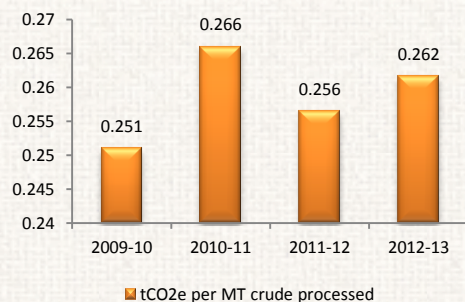


- Generation of electricity, heat, or steam
- Other combustion processes such as flaring
- Physical or chemical processing
- Transportation of materials, products, and waste
- Venting
- Fugitive emissions

**Emission Vs Crude Processed\***



**Normalised Emissions**



# Environmental Performance

## Emission Measures

## Reduction

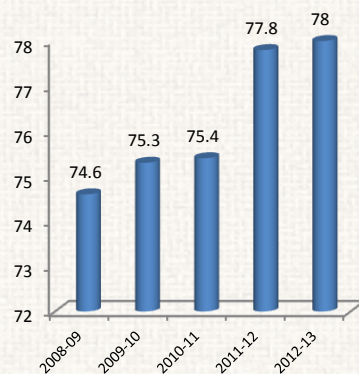
All the refineries, pipeline locations and marketing locations of IndianOil are certified for Energy Management Systems, Quality Management systems, Occupational Health and Safety Advisory Services. IndianOil has accorded utmost importance to protection of the environment and eco-system through no. of emission reduction measures.

- ❖ Use of low sulphur fuel oil/ sweet natural gas/ de-sulphurized refinery gas in our boilers and heaters to minimize SO<sub>2</sub> emission.
- ❖ Hydrogen Sulphide generated during desulphurisation of refinery gas is converted to elemental sulphur in Sulphur Recovery Unit.
- ❖ Sulphur dioxide emissions from Catalytic Crackers are controlled by effective feed sulphur management.
- ❖ Cyclone separators are provided in FCCU regenerators to arrest catalyst fines.
- ❖ Low NO<sub>x</sub> burners are provided in furnaces.
- ❖ Use of floating roof tanks for crude and other light product services & provision of primary and secondary seals in floating roof tanks for minimizing fugitive emission of hydrocarbons.
- ❖ Use of mechanical seal in pumps.
- ❖ Use of closed blow down vessels & safety release to flare system for arresting any emission of hydrocarbons during all situations-normal, abnormal as well as emergencies.

## Initiatives to Reduce SCOPE 3 Emissions

- ✓ IndianOil has deployed **Video Conferencing** System at major locations to reduce travel expenditure.
  - ✓ Employees pro-actively participate in **Car pooling and hiring of Bus services** wherever possible .
- Such initiatives help in reduction of IndianOil's SCOPE 3 emissions.

Distillate Yield (% wt)



## Resource utilisation & its Restoration

## Productive use of Materials

IndianOil Refineries achieved the crude throughput of 54.60 MMT surpassing the target of 54.25 MMT. Overall capacity utilisation of 100.7% was marked by the refineries and was more than 100% for the sixth year in a row. Highest ever combined distillate yield of all the IndianOil refineries is recorded at 78 wt %, surpassing the previous best of 77.8 wt % last year.

Slop and catalysts are reprocessed in the refining process, thereby reducing the resource materials consumption.



### Raw Materials used in Petrochemicals

In tonnes

Raw Material used viz. Lube Base oil, additives and other chemicals used for lubes and grease manufacturing	4,82,660
Quantity of packaging material used such as containers, HDPE and LDPE materials, Corrugated box	14,030

\*HDPE - High Density Polyethylene, LDPE - Low Density Polyethylene

### Raw Material Components

### Consumption of Raw Materials Total Quantity (MTs in lakh)

Raw Material Components	Consumption of Raw Materials Total Quantity (MTs in lakh)		
	2010-11	2011-12	2012-13
Crude Oil	529.61	544.29	530.61
Base Oil	4.32	4.31	4.01
Ethanol	0.68	1.10	0.98
Benzene	0	0.08	0.16
Natural Gas/ RLNG	2.83	3.85	3.44
Additives	0.48	0.52	0.49
Steel coils/ Sheets/ Stores/ Components and Spare Parts	0.08	0.07	0.06
Raw Materials for Explosives	0.58	0.57	0.63



## Conserving Water

IndianOil refineries fully comply with the MINAS (Minimal National Standard) set by the Ministry of Environment & Forests, Government of India, and Pollution Control Board with regard to use of water resources and the quality of effluents discharged. The refineries are equipped with elaborate, well-designed effluent treatment plants (ETPs). Liquid effluent is collected through underground network of Oily Water Sewer (OWS), Contaminated Rainy Water Sewer (CRWS) and Sanitary Sewer. The treatment comprises of physical, chemical, biological and tertiary treatment sections. Simultaneously, our refineries regularly conduct Water Pinch studies and come up with opportunities to reduce their water footprint. The treated effluent is reused/recycled for various purposes within the unit such as firewater & cooling towers make-up, coke cutting in Delayed Coker Units and also for developing and maintaining green belts, eco-parks and eco-ponds in the premises. This has helped reduce discharge outside the unit as also fresh water consumption for normal operations to that extent.

Refinery water is sourced mainly from surface water such as canals, lakes, rivers and ponds. 21.84% of water is sourced from ground and 71.84% of water is sourced from surface water at refineries. Pipeline and Marketing division rely mainly on the ground water and municipality supplies. Withdrawal of water are within the limits prescribed by the State Authorities and other regulatory bodies. No significant impacts found on water sources due to our operations during the year.

Increasing number of locations are installing Rainwater Harvesting facilities of aquifer recharge type. The net volume of rainwater harvested during 2012-13, is 285 thousand KLS which is 0.35% of total water consumed.

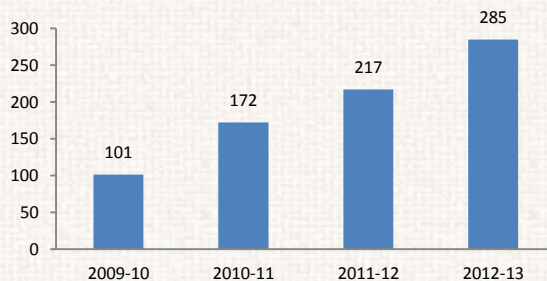
The combined water consumption by all refineries has recorded a reduction of 2.7% from previous year's consumption level

IndianOil is making efforts for conservation of water in our facilities by ETP, STP, rainwater harvesting and water conservation techniques at locations. Our specific water consumption at refineries per metric tonne of crude processed is reduced from 1.14 to 1.10 by adopting 3 R approach.

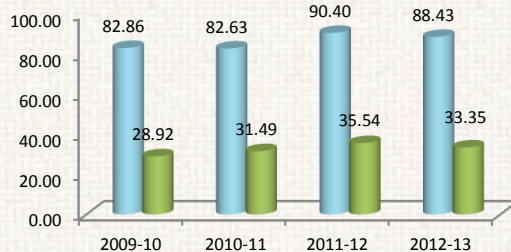
Waste Water Treatment at Refineries		
Quantity of Effluent Generated	Million M <sup>3</sup>	41.34
Quantity of Reused Water	Million M <sup>3</sup>	33.29
Total water discharged	Million M <sup>3</sup>	8.05
Percentage of Water Reused	%	80.52
Discharge of treated waste water from ETP/STP	Treated waste water from ETP is discharged to outfall channels	

Assumption: working of refineries is assumed to be 24\*7 while calculating the gross effluent.

Rainwater Harvested (in '000 kls)



Water Consumption and Recycled\*



\* Pipeline Division data for 2012-13 not included



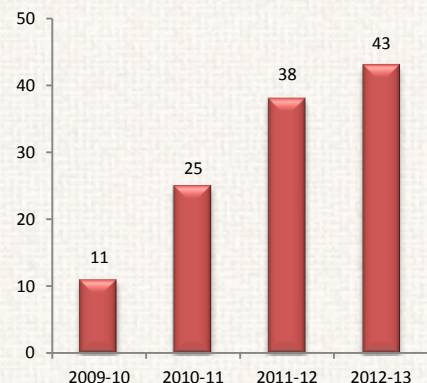
## Effluent and Waste Management

IndianOil has made continuous efforts to improve the resource productivity through initiatives like installations of Effluent Treatment Plants, Sewage Treatment Plants, Organic Waste Converters and other sustainable practices like bio-remediation and responsible disposal of oily sludge and spent catalyst. The emissions/ waste generated during the course of operations are generally within the permissible limits given by CPCB/SPCB norms. However, two environmental violations were reported during the year, which are being addressed.

At the refineries, 19780 MT of oily sludge was treated for oil recovery. 2784 MT spent catalyst was disposed off to CPCB/ SPCB approved parties during the year. At the marketing locations, 2464.62 KL of sludge was generated, 1248.12 KL was treated through bio-remediation.

Our R&D centre has developed a 'bio-innoculant' for efficient removal of oil & grease, phenol & sulphides that are produced in Effluent Treatment Plants (ETP) and its successful application at refineries is yielding high results. This enhances the performance of ETP efficiency as well.

Quantity of Organic Waste treated (in Tonnes)





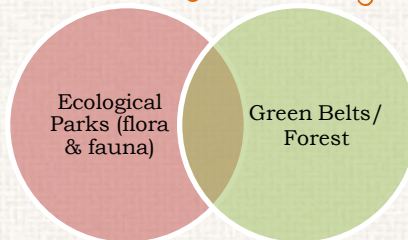
Marketing & Pipeline terminals have Oil-Water separator systems which comprise of oily water separator control panel, process pump and electro pneumatic system design to meet the requirements of separation of oily storm water to oil content of less than 10 ppm. Discharge from oil water separators is regularly monitored and are maintained within State Pollution Control Board norms. Most of the locations have got ISO-14001 certification. Also, pipeline terminals have polishing ponds with aeration of the stagnant water in order to improve the Biological Oxygen Demand (BOD). The servicing facilities available at retail outlets have a provision of Oil Trap, from where the oil is picked up by the local municipal body and the water is re-used for servicing.

## Restoring Biodiversity

On the environmental front, all IndianOil's refineries, marketing terminals, pipelines divisions and R&D centre fully comply with the environmental statutory requirements. IndianOil does not have any significant activities, products and services that may have an impact on protected areas of high Biodiversity value and water bodies and related habitats.

To maintain the rich biodiversity, in and around our installations, development of green belts and ecological parks have always been an important part of IndianOil's plans. Tree plantation in the surrounding areas is undertaken on an extensive basis to develop green belt which not only looks aesthetic but also acts as a pollution sink. All the 'ECOLOGICAL PARKS', as they are referred to, by the people maintaining them, have been scientifically designed on the inputs from known botanists and environmentalists. Due to the diversity in the various refineries and marketing terminals in terms of the terrain and climatic conditions, there is a wide diversity in the kind of flora and fauna that enhance the beauty of the eco-parks. More than 300 species of resident and migratory birds thrive in these Eco Parks. Over 285 species of native and exotic plants and trees are growing there. Neem, Arjun and Siris are among few of the trees that are common to all the areas. As far as the fauna is concerned, the range includes terrestrial as well as aerial creatures, the Common Kingfisher and the Egyptian Vulture to name a few. The fact that our well-developed ecological parks attract a wide variety of fauna from far and near is a testimony to the world-class environmental standards that our refineries conform to.

## Maintaining Biodiversity



## Biodiversity at Barauni Refinery

Eco-park houses 5 Vihars depicting the five elements of life:

- ‘JAL VIHAR’ invites hundreds of migratory birds in winters and a large variety of local birds along with other marine species round the year.

- ‘JANTU VIHAR’ houses a large no. of rabbits etc.

- ‘KALA VIHAR’ inspires local sculptors to show their creativity by using scrap materials to depict the symbiotic relationship between life and nature .

- ‘PUSHPA VIHAR’ has 31 varieties of roses apart from innumerable variety of flowering and non-flowering plants enveloping the entire park . There are a large number of fruit bearing trees of all seasons attracting a large variety of seasonal birds.

- ‘PRABHAT VIHAR’ its lakshman-jhula is a main attraction to the visitors . It is built by using scrap material providing an excellent landscaping. The park is frequented by domestic animals symbolizing eco-diversity in its true sense.

## Helping Egyptian vultures to Survive

Egyptian Vulture populations have declined in most parts of its range. Indian subcontinent plays host to a number of migratory birds in summers as well as winters. It is estimated that over hundred species of migratory birds fly to India, either in search of feeding grounds or to escape the severe winter of their native habitat. The numerous wildlife sanctuaries set up in the country serve as their temporary habitat.

The eco-park in the Barauni refinery is a home to a lot of migratory birds due to its preferable climatic conditions. Egyptian vulture’s are often spotted in the vicinity in winters. Egyptian Vulture populations have declined in most parts of its range. Indian subcontinent plays host to a number of migratory birds in summers as well as winters. It is estimated that over hundred species of migratory birds fly to India, either in search of feeding grounds or to escape the severe winter of their native habitat.

## Biodiversity at Gujarat Refinery

A bridge built out of waste wood and steel, transports visitors to an island in the middle of the pond. An open log hut on the island provides the visitors an panoramic view. A village hut, called Chaupal in ethnic style has been built in this area, which sets an ambience for social gathering and meetings.

## Biodiversity at Mathura Refinery

Mathura Refinery is located near the Sur sarovar Bird Sanctuary registered under National Board for Wildlife (NBWL), MoEF which is 26 kms (403 hectare) from Mathura Refinery.

## Biodiversity at Bongaigaon Refinery

As per the study conducted, the refinery complex area under the Reserve Forests accounts for less than 5 percent. These forests are Nakatti, Kakajana and Bhumeswar located at 7.5, 9.5, 7.8 km distance from the plant in South, South - East and South - West directions respectively.

Due to green initiatives of the refinery, more than 40% of the complex is under green cover. The complex has many low lying sites forming natural water bodies during the rainy season which attract different varieties of migratory birds. An ecological park inside the complex comprising of artificial water body (lake) is developed to regulate and control peripheral drains. The refinery attracts more than 1300 different bird species, 7000 known endemic (found only in a single niche habitat) plant species, and 50 endemic amphibians and mammals. Nandan Kanan a herbal and orchid garden was developed which has almost 100 varieties of herbs and medicinal plants.



# Environmental Performance

## Tree Plantation

Tree plantation and greening has always been a focus area of IndianOil. Till date we have planted more than 17 lakh trees at our locations. In 2012-13 we have planted 62,724 trees at our locations including trees planted to make events carbon neutral. However, with more number of trees planted every year, availability of area for tree plantation is on constant decline at our installations.

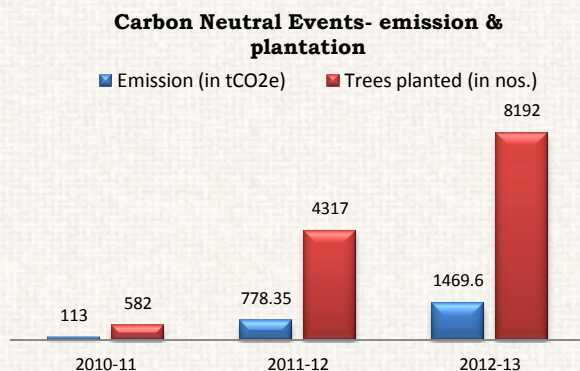
## Environment Impact Analysis (EIA)

EIA is performed at all of our installations depending upon new projects, revamp of existing facilities, etc. It is carried out as per Environment Protection (EP) Rules by MoEF. EIA study also includes the impact assessment and risk analysis on biodiversity. Based on EIA Study Report and its recommendations, Environment Management Plan is reviewed and implemented. Any new project/revamp is approved by the Expert Appraisal Committee (EAC) of MoEF and taken up only after Environment Clearance is awarded for the revamp/new project.

## Carbon Neutral Events

Carbon Mitigation at IndianOil is done through tree plantation, energy efficiency and use of renewable energy. Since 2010 IndianOil has been making its flagship events carbon neutral through tree plantation. Till date, IndianOil has planted more than 13000 trees in an effort to neutralise emissions from the events it organises.

In an effort to formalize the process and have pan-IndianOil implementation, a policy on making events carbon neutral is being formulated. This will be augmented by a suitable Tree Plantation Policy.





## Green Building

As a part of sustainability drive Indian Oil is making its office buildings green and energy efficient. Leadership in Energy and Environmental Design (LEED), an international green building rating system providing a green building status / certification from Indian Green Building Council (IGBC) or US Green Building Council (USGBC). Our recently commissioned Administration Building and Learning Center Building of the Panipat Naphtha Cracker Project have been awarded the 'Green Building Certification and Gold rating' under LEED system of rating by IGBC.

The Award heralds a new era and the first major step of IndianOil towards greening of its habitats, since these are among the first buildings of IndianOil, ever to be Green certified with a 'Gold Rating'. The Green rating has been awarded considering several environment related attributes defined by LEED, which includes: sustainability of site, water efficiency, energy efficiency, eco-friendly materials and resources, indoor environmental quality, innovation and design process. Some of the features that were instrumental in achieving this rare accolade include the superior architectural design, use of recyclable material such as tiles, glass, and gypsum board, building management system for controlling thermal comfort etc.

## Solarisation of Office Complex

The 75 kWp off grid solar photovoltaic system commissioned on the rooftop of the IndianOil Bhavan, Pipelines HO, Noida, has generated 1,01,544.744 units of energy during last year (as of 18 Nov 2012), which is 5.78% above the target. The entire energy generated in the system is utilized directly during the day time and a small amount of energy (5-7%) is for usage during night time for lighting.

## Energy Efficient Lighting

Energy Efficient Lighting initiatives is implemented at several locations resulting in saving of 14.5 MWh/ year.

## 5 MW solar PV plant records highest generation

IndianOil, entered into the grid connected solar energy sector with a 5 MW solar photo-voltaic project at Rawra, Rajasthan. The solar power project was a strategic pilot project to gather experience and expertise in this new field. IndianOil was the only PSU to be awarded this project under Jawaharlal Nehru National solar Mission Phase I - Batch I against stiff competition from 300 bidders.

The plant performance continued to improve over time and has recorded highest capacity utilization factor of 18.34% with highest daily generation of 29335 units. The cumulative generation has crossed 74.4 lac units till February 2013.



Barauni Refinery has won Best Kaizen award in 'Senior Manager Category' at 20th National Kaizen conference for Kaizen theme 'Improvement in efficacy of steam distribution system for reduction in energy loss by converting the existing 50 years old Russian condensing-cum-extraction turbine into back pressure turbine'.

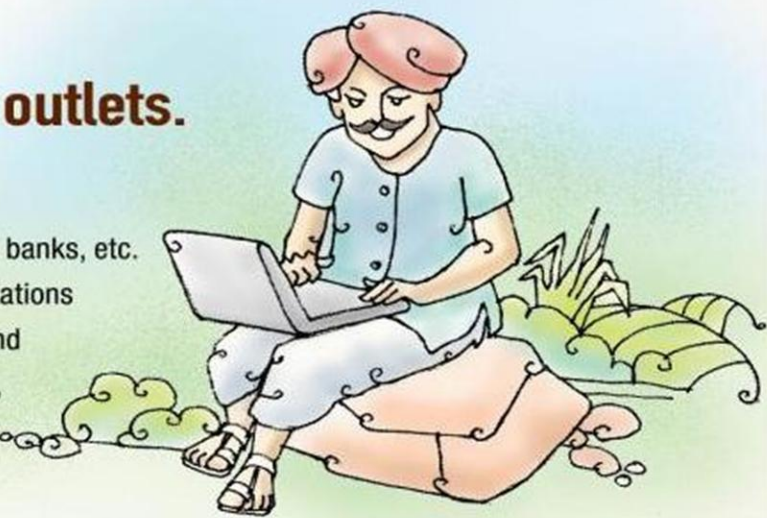
Refinery has institutionalised the innovative culture for its sustained technical growth and productivity. It gets validated with the achievement by winning three Kaizen awards at National level in last three years. Barauni Refinery has also won the 'Sona Kaizen Award', the most coveted award in the field of innovation.



# We have some fuel stations where people don't come for fuel.

## Our Kisan Seva Kendra outlets.

Seeds, fertilisers, farm implements, spare parts, banks, etc. At our 5000 and more Kisan Seva Kendra fuel stations across India, you can get more than just fuels and lubricants. Dotting the dusty roads of rural India, these 'hubs of hope' constantly strive to enrich the lives of people, even in the smallest of Indian villages, by engaging with people in the neighbourhood and by offering a bouquet of merchandise beyond fuels. For over five decades we have endeavoured to touch the lives of a billion Indians. In every possible way. Even in the remotest parts of India. Through our products and services, that bring energy to their lives and smiles to their faces.



**IndianOil. In every part. In every heart.**



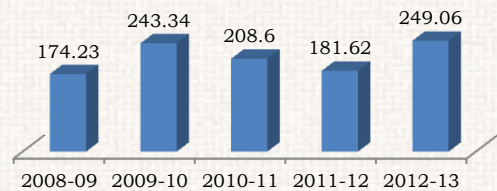
**IndianOil**  
*The Energy Of India*

# Research & Development

At IndianOil, Research & Development is a special dimension of our efforts in pursuit of long term competitive edge and today it is broadening its scope also to diversified activities such as petrochemicals and green fuels. Our R&D efforts are increasingly striving for amalgamation of environmental and economic sustainability objectives by developing energy-efficient processes, technologies and eco-friendly product formulations.

IndianOil's world class R&D Centre, established in 1972, has state-of-the-art facilities and has delivered pioneering results in lubricants technology, refining process, pipeline transportation, bio-fuels and fuel-efficient appliances.

**Expenditure on R&D (Rs Cr)**



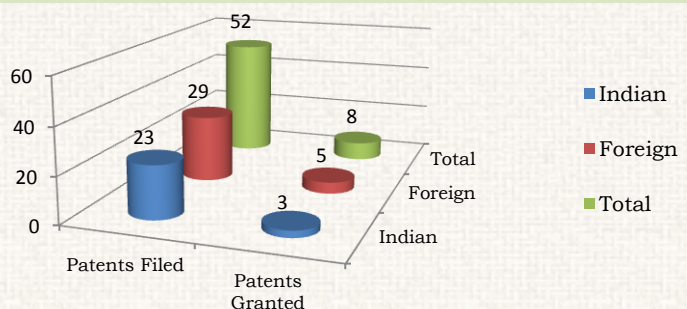
## Scaling new heights of Innovation

It is a matter of great pride that during the year 2012-13, a record number of 52 patents were filed- on an average one per week- which reflects the collective innovative zeal of team R&D. While this is a splendid achievement, IndianOil is committed to sustain similar level of creativity and enthusiasm in reinforcing its intellectual wealth.

## R&D Policy

“IndianOil-R&D shall strive to develop, demonstrate and deploy novel, innovative, environment friendly, customer centric products and process technologies for addressing energy related issues of national importance with sustained emphasis on rendering technical support to its sister divisions to achieve business goals. IndianOil-R&D will endeavour to make the organization future ready by actively pursuing research in alternate energy and cleaner technologies, in partnership with the government, academia, and private industry. Long-term strategies and mid & short-term actions will be in accordance with the corporate core values. All this will be accomplished by providing dynamic and challenging environment to all employees by creating an atmosphere of optimism, teamwork, creativity & resourcefulness with an aim to create a centre of excellence in the country that is admired as a benchmark petroleum downstream R&D Centre.

Record number of 52 Patents were filed; 8 Patents were granted





In the present scenario of high international crude oil prices and the price control in domestic market, where margins are under pressure, investment in proprietary research in lubricants, petrochemicals, catalyst, gas & refinery operations and product offerings is viewed as a thrust area. We understand the importance of R&D as a key competitive advantage driver for our new businesses, especially, petrochemicals and alternative energy and has been working in building knowledge based growth in these areas. While formulating products and services, Life cycle assessment is undertaken to analyze and reduce the environmental impacts.

## Product performance

### Auto-Fuel Quality Improvement

- ❖ In addition to 13 cities already covered till now, Bharat Stage grade IV fuel were introduced in 17 more cities as part of the MoPNG plan to extend their availability to 50 cities by march 2015.
- ❖ Auto-gas (LPG) as a clean-burning fuel is now available at Indian Oil outlets covering across the country
- ❖ CNG is being marketed from select IndianOil outlets in Mumbai and Delhi as a franchisee of Mahanagar Gas Ltd., Mumbai, and Indraprastha Gas Ltd., Delhi, respectively

## Green Products & Alternate Energy

### Biodiesel trans - esterification process

Our R&D has examined and optimised the synthetic processes for the preparation of bio-diesel from various vegetable oils; which includes oil from Rice bran, Jatropha Curcas, Palm, Sunflower etc. The process has been patented and scaled up to pilot plant level.

### Hydrogen Energy

HCNG demonstration unit based on in-house developed low severity Steam Methane Reforming process for production of HCNG mixture in a single step from NG has been installed and commissioned.

The process has been successfully demonstrated and scale up data has been generated.

HCNG fuel mix of different composition has been produced for conducting efficiency improvement and emission studies. MoU is being signed with M/s. IGL for putting one demo cum commercial unit at one of their retail outlets.

In our endeavour to develop Oil shale as alternative energy source, a new pilot plant facility for shale oil extraction using super critical CO<sub>2</sub> and water has been commissioned.

## Development of lubricity improver for Ultra Low Sulphur Diesel

Reduction in Sulphur content in diesel reduces its lubricity, as hydroprocessing reduces the polar content of diesel. IndianOil has developed diesel with high lubricity as well as Ultra Low Sulphur content to make it more environment friendly.

## Eco-friendly Lubricants

IndianOil has developed following grades of eco-friendly, biodegradable lubricants:

### Textile Oils:

- ❖ Scourable Knitting Machinery Oils with excellent biodegradability
- ❖ Servo knit clean BD 32 having more than 70% biodegradability

### Hydraulic Oils & Grease

- ❖ Biodegradable Antiwear Hydraulic Oils – Servo system BD 46 having more than 70% biodegradability
- ❖ Biodegradable Hydraulic cum Machine tool way lubricant – Servo way H 68 BD having more than 70% biodegradability
- ❖ Biodegradable Greases for environment sensitive applications
- ❖ Biodegradable Agricultural Spray Oil



## Solar Energy

A Solar LED Lamp was designed and developed for multi utility (5-in-1) applications such as room lamp, portable lantern, bulb, torch and mobile charging. This Lamp is a cost-effective, green and environment friendly device.

Sun Simulator, a device that provides controllable indoor test facility to measure solar module parameters like current-voltage (I-V) characteristics, Maximum power, Open circuit voltage, Short circuit current, Maximum power voltage, Maximum power current, Fill factor etc. has been installed.



## R&D, Where we have edge over Competitors

- Development of Refinery process technologies
- Licensing and commercialization of refinery technologies
- Technical services to refineries
- Catalysts development for refining processes
- Refinery Process Modeling
- Crude assay and transportation
- Trouble shooting, revamp and optimization in refineries
- Petrochemicals & Polymers
- Material failure Analysis, Corrosion and remaining life assessment
- Development of Intelligent and Caliper pigs for monitoring health of crude oil and petroleum product pipelines.
- Product development – Lubricant, Greases and Specialities
- Boundary Lubrication and Metal Working Tribology
- Specialty bituminous products
- Development of fuel additives
- Fuel and Emission Studies
- Alternative fuels - HCNG, 2<sup>nd</sup> & 3<sup>rd</sup> Generation bio-fuels, Solar Energy
- Biotechnology interventions for refinery ETP process
- Nano-technological interventions for developing superior fuels and lubricants

## Sustainability with SERVO in Petrochemical and Refining Sector

Modern Refinery and Petrochemical Units deploy wide use of Screw and Reciprocating compressors for compressing hydrocarbon gases like Propane, LPG, hydrogen and tail gases. These compressors use synthetic oils of PAO or PAG base depending upon application and gases compressed. This had been the domain of multinational oil companies who have marketing this oils at premium prices. IndianOil have made in roads into this business through performance selling of our synthetic lubricants Servosynco E Series and Servocress Series of Oils. They have not only established in fulfilling the performance requirements but also improved the reliability of the equipment by lowering bearing temperatures and life of Seals. Due to factors such as these, improved filterability and prevention of intermittent stoppages, these oils have improved both productivity and reliability of the equipments. Tail gas recovery plant using screw compressors in ONGC's gas processing plant has been able to extend the oil drain periods up to 20000 hrs. There are other benefits like filter life, seal compatibility, and drop in bearing temperatures which indicate substantial value in terms of **reduction in life cycle costs.**





# Product Responsibility

Product responsibility forms our critical area focusing on consistent product quality and a continuous upgradation of product profile. For us, product responsibility means offering as much customer utility as possible while at the same time maintaining the highest safety standards and setting benchmarks when it comes to environmental and climate compatibility. No complaints were reported during the year for non-compliance with laws and regulations concerning the provision and use of products and services.

## Product Transport

IndianOil's products are transported from the refineries to marketing terminals, depots, bottling plants through pipelines as well as by road transport. From these locations, retail outlets and KSKs receive the product by tank trucks. Transporters are one of our stakeholders. Regular interaction takes place with them during Transporters meets. Truck tanks are protected by tank locks eliminating the possibility of product adulteration. More and more transportation is being done through pipelines instead of tank trucks to reduce the carbon footprint. On various considerations like laying new pipelines, capacity enhancement and supply logistics, the augmentation of facilities are carried out which resulted into closure of 4 depots and terminal during the year. No cases of involuntary resettlement have been reported. No import and export of hazardous waste is involved in our operations and product transportation.

Vehicle-tracking system was fully implemented in all States, except Northeast and J&K, during the year. Tank-truck monitoring through the new system has commenced and corrective action is being taken on exception reports as per the ITDG (Industry Transport Discipline Guidelines).

## Product Information & Labelling

Our products like lubricants and petrochemicals are subject to product information and labelling. All packed lubricants carry necessary safety and disposal instruction on them. Petrochemical products adhere to corresponding Food Grade Certificates, compliance to Restriction of Hazardous Substances, Durability properties, BTU/lb i.e. heat capacity details, Material Safety Data Sheet. Products manufactured in line with BIS specifications which in turn is developed based on Safety, Health and end use requirement of the consumers. Products such as Petrol, Diesel and Kerosene are as per BIS specifications. However, certain products are used for further value addition as per consumer applications eg. naphtha. We are not reclaiming any of our sold products and their packaging material. However, 100% of our domestic and commercial LPG cylinders are reused. No incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling were reported during the year.

## Marketing Communication

All marketing communications from IndianOil are designed to inform a cross section of customer segments. Periodic media campaigns provide a window to IndianOil's products and services portfolio range and are targeted at capturing both mindshare and market share in an increasingly competitive market. Such initiatives like the selection of dealers & distributors, details of customer service cell and emergency service cells operating in different areas, branding of products and services, legal matters, stakeholder communiqués and statutory notices play an important role in strengthening the close connect that IndianOil has with all its stakeholders.

## Customer Satisfaction

Third-party audit and certification has been taken up at outlets selling more than 100 kl per month on defined parameters such as customer service, equipment maintenance, housekeeping, etc. The Marketing Division team achieved excellent performance levels on all Government MOU parameters. Version IV of eCFS, a single-point electronic customer feedback system with enhanced features, has been launched for better customer experience. Our research and development (R&D) division helps us develop the advanced technologies to unlock energy resources more sustainably, improve efficiency and offer customers better products. There is no complain reported during the year regarding breaches of customer privacy and losses of customer data.





## Technological Breakthrough

In petrochemicals, IndianOil offers a wide range of products which includes Linear Alkyl Benzene (LAB), Purified Terephthalic Acid (PTA) and an extensive range of polymers. The per capita consumption of plastics in India (7kg) is far below the world's average (29kg). However, the last two decades have seen an average growth of 13-15% in the Indian Petrochemicals industry, offering large potential for the future. IndianOil has implemented Petrochemical projects worth around Rs.20500 Crore (US\$ 4.12 billion) upto 2011-12. Further plans are on anvil for various petrochemical projects touching capex to Rs. 32000 Crores (US\$6.4 billion) by 2016-17. A world class naphtha cracker and downstream polymer unit has been set up at the Panipat refinery. It is designed to produce 857 KTA of Ethylene (from naphtha) and 650 KTA of Propylene, using technology from M/s. ABB Lummus, USA.

*Several Information Technology initiatives such as web and mobile based data access applications for field officer and centralised Indsoft software package for LPG distributors, helped us to further improve our business processes.*



## Sustainable Technology Development – Enhancing our Productivity, Planning, Accuracy and Reporting

### On-line stock visibility and In-transit Monitoring

- Current Stock position as well as stock on a particular date can be viewed any time. Standard and Custom Reports are available in SAP for this.

### Central Pricing

- Pricing is maintained at central level instead of location level. This avoids delay in maintaining price. Pricing in SAP is highly flexible and changes can be incorporated swiftly to take care of business needs.

### C Form Process

- Implemented across India w.e.f. 1st April 2010. The C form control has helped bring down pendency of C forms drastically. It has also resulted in financial gain for the Corporation.

### B2B with BPC/HPC/ONGC

- This ensures seamless electronic data flow between IOCL and the transacting companies. This has resulted in quicker and more accurate reconciliation with OMCs.

### Automation of uploading of strapping data of storage tanks

- All tanks are having their strapping data in SAP. This would reduce time delay because instead of sending data to us, user would be able to do it online.

### On-line stock check for all locations

- This has ensured correct stock visibility in the system with correct and prompt transactions being done by the users.

### Stock card for HO S&D

- Stock card report was provided for HO S&D after developing checks in SAP to ensure accuracy of stocks data in SAP.



### IndianOil's SAP support centre certified as 'Customer Centre of Excellence'

IndianOil's SAP Support Desk with central operations from Corporate IS, Gurgaon has been adjudged among the best 10% in the world. The ratings have been provided by M/s SAP, China in their audit report for certification of IndianOil's Customer Centre of Excellence (CCoE) for SAP Support and Operations. IndianOil's CCoE is also continuously engaged in providing regular training to end-users, implementation of innovative SAP solutions to bring value in company's Business operations. It also plays an active role in championing the requirements of Oil Industry and India specific customisation as well as using the domain knowledge of its expertise in taking consulting assignments to bring revenue and leadership position for the company in SAP software arena.

# Social Responsibility

## Approach towards Corporate Social Responsibility (CSR)

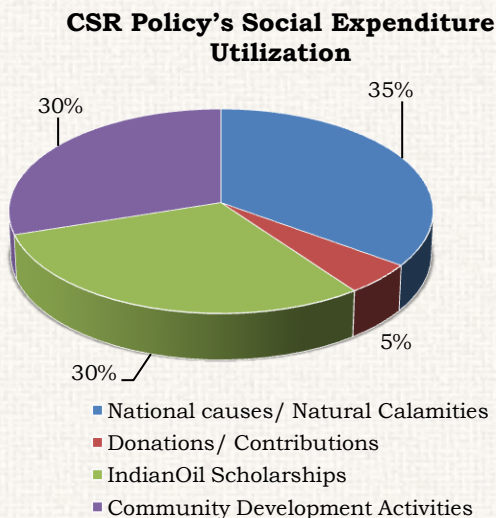
IndianOil's CSR related objectives are aptly enshrined in its CSR goals is "...to help enrich the quality of life of the indigenous communities and preserve ecological balance and heritage through a strong environment conscience...". At present, IndianOil has a policy of setting aside upto 2% of its retained profit of the previous year towards CSR activities. Health & Medical Care, Education and Clean Drinking Water are the CSR thrust areas of IndianOil. The key objectives of IndianOil CSR initiatives are as under:

- Initiatives to enrich quality of life in the communities around IndianOil's operating locations.
- Efforts towards sustainability of CSR projects.
- To positively impact economic conditions and livelihood.
- Foster a culture of 'CSR' amongst employees, business associates and stakeholders.
- Make business associates responsible for undertaking CSR activities around their workplaces/ operational areas.
- Create community goodwill for IndianOil through CSR initiatives and help establish/ retain image of IndianOil as a Responsible Corporate Citizen.
- Provide leadership and industry benchmark in CSR initiatives.

Policy guidelines provided by the Board Committee on CSR and Sustainable Development (SD) are implemented in a focused and structured manner. A dedicated CSR cell is functioning at Corporate Office to specifically plan and monitor/co-ordinate the CSR activities. Additional manpower in middle management and senior management cadre have been deployed at Divisional, Regional and Unit levels to implement CSR activities.

All CSR programmes / projects are implemented with impact assessment carried out in line with CSR guidelines issued by Department of Public Enterprises, Government of India. Various social welfare initiatives viz. health & medical care, education and clean drinking water with focus on welfare of the economically and socially deprived sections of society are implemented, mostly in the vicinity of installations/establishments for improving quality of life of the community. No case is reported during the year where indigenous communities are affected by our operations. During 2012-13, IndianOil's CSR investment was Rs. 78.97 crore. No significant fines were reported for non-compliance with laws and regulations during the reporting year.

*Socio economic status has improved due to development of region around installations. Environmental impacts are also within the stipulated limits.*



IndianOil's 27 year old Assam Oil School of Nursing, Digboi, Assam.



**IndianOil Sachal Swasthya Seva: Mobile Medical Unit stationed at a Kisan Seva Kendra near Kusinagar, UP**



## Various CSR Schemes in operation during 2012-13

IndianOil Sachal Swasthya Seva in Andhra Pradesh & Uttar Pradesh	52 Mobile Medical Units (MMU) cover 672 villages in 13 districts; 10,76,385 patients were checked by these MMUs during 2012-13.
Assam Oil School of Nursing, Digboi, Assam	Since inception in 1986, 334 students have successfully completed 4½ year diploma in General Nursing & Midwifery. IOC bears the entire expenditure for 20 girls selected for the course each year.
AOD Hospital, Digboi, Assam	This 107 year old 200-bed modern hospital, catering to a population of 2 lakh, treated 1.06 lakh patients (non-employee patients: 17,377) in 2012-13.
Swarna Jayanti Samudaik Hospital, Mathura, Uttar Pradesh	This 14 year old 50-bed hospital treated 55,595 patients (OPD:52,490; IPD: 3,105) during 2012-13.
IndianOil Education Scholarship Scheme	During 2012-13, 2600 scholarships were awarded (from about 38,000 applications ) on merit-cum-means basis: [300 Engineering (4 yrs), 200 MBBS (4 yrs), 100 MBA (2 yrs) @ Rs.3000/month and 2000 10+/ITI (2 yrs) @ Rs.1000/month.
IndianOil Sports Scholarship Scheme	150 scholarships (19 sports) are awarded to upcoming junior players (14-19 years of age).
MoC with Tata Institute of Social Science (TISS), Mumbai	MoC was signed with TISS-Mumbai for conducting Baseline Survey in about 280 villages, conduct Impact Assessment of various CSR projects, etc.
Contribution to LPG Scheme of MoP&NG	As per MoP&NG guidelines, Rs.15.82 crore (20% of 2% previous year's Net Profit) was contributed towards new LPG connection to BPL families under RGGLVY.
IndianOil (AOD) Industrial Training Centre (ITC), Digboi, Assam	ITC has 68 seats in various trades. During 2012-13, 63 students were admitted & 22 completed various courses. So far, 1148 students have successfully completed various courses.
Automated (computer) Learning Centre (ALC), Digboi	ALC offers 13 computer courses viz. MS Office, Tally, C, C++, JAVA, HTML, Visual Basic, etc. So far, 741 students have successfully completed various courses.
IndianOil Shikshak Dakshata Vikas Abhiyan (ISDVA)	ISDVA, organized in coordination with district education department, Govt. of Assam, aims to improve soft skills of government school teachers. During 2012-13, 61 teachers were trained and so far, 87 teachers have been trained.
Sarve Santu Niramaya	This unique project was launched in villages near Digboi in Dec-2012 with an aim of "Good health to all". This project's objective is to provide free health consultation and medicines for human beings and livestock population. During 2012-13, 284 human beings and 3064 animals were treated. So far, 860 human beings and 6478 animals have been treated under this program.
Solar lanterns distribution in villages near Guwahati	154 IOCL co-branded solar lanterns with mobile charging facility were donated to villagers of Ramching Chapori near Guwahati refinery.

- Drinking Water Project at Mathura, Uttar Pradesh
- Water Distribution Network in Nashik, Maharashtra
- Provision of Arsenic Free Drinking water
- Drinking water project in Ramgarh, Rajasthan
- Drinking Water Project in Kriparam pura, Rajasthan
- Drinking Water Project in Naliya Timbo, Gujrat

**Physical Infrastructure & Livelihood Creation**



- IndianOil Sachal Swastha Seva in AP & UP
- Swarna Jayanti Samuhik Hospital, Mathura, UP
- IndianOil's Assam Oil Division Hospital, Digboi
- IndianOil Tata Care Centre, Kolkata
- Sarve Santu Niramaya

**Healthcare**



- IndianOil Education Scholarship Scheme
- Assam Oil School of Nursing, Digboi
- IndianOil Sports Scholarship Scheme
- IndianOil Industrial Training Center, Digboi
- Automated (Computer) Learning Centre (ALC), Digboi
- IndianOil Shikshak Dakshata Vikas Abhiyan

**Education & Skill Development**





**IndianOil Sachal Swasthya Seva in operation**



## Generating awareness about CSR activities amongst officers/staff

IndianOil CSR policy has been made available at IndianOil website ([www.iocl.com](http://www.iocl.com)) as well as at the intranet site.

IndianOil communicates its CSR activities through a separate CSR section in its Annual Report.

IndianOil publishes Sustainability Report every year (which meets GRI-G3 guidelines).

IndianOil communicates about its CSR activities to its employees through its in house daily e-journal, IndianOil Xpress.

IndianOil conducts in house workshops on CSR for its employees with in-house faculty, assistance from leading Institutes/PSUs/Private sector, etc.

Employees are often nominated for workshops and training program on CSR conducted by external agencies.



IndianOil Education Scholarship Scheme



Swarna Jayanti Samudaik Hospital, Mathura, UP



Industrial Trade Centre, Digboi, Assam



Sarve Santu Niramaya project, Digboi, Assam

Public Relations Society of India National Award for CSR Project - Assam Oil School of Nursing (AOSN), Digboi

Subir Raha Centre Award for Corporate Governance to 'Concern for Health' by Institute for Public Enterprises, Hyderabad

CSR Corporate Governance Award 2012 for significant contribution in various areas of CSR by Institute for Public Enterprises, Hyderabad



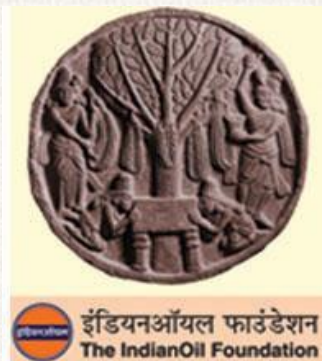
## Preserving our Past: Indian Oil Foundation

IOCL's Indian Oil Foundation (IOF) formed in alliance with Archaeological Survey of India (ASI) and National Culture Fund (NCF) of the Government of India, was formed with the objective to protect, preserve and promote national heritage. Having initially taken up the project of installing a Swatantrya Jyot (flame of freedom) in the Cellular Jail at Port Blair, Andaman & Nicobar Islands in remembrance of hundreds of brave Indians who suffered incarceration in this jail during the freedom struggle, IOF has been assisting ASI & NCF in maintaining and upgrading facilities at Konark (Odisha), Khajuraho (MP), Vaishali (Bihar) and Warangal Fort (AP). Simultaneous efforts are also being made to involve students of class 9th and 10th through heritage awareness programs, imbibing the importance of heritage and the need to preserve it among the participants.



Swatantrya Jyot in Cellular Jail, Andaman & Nicobar Islands

History and our cultural heritage give us directions and lessons to many of the problems we still face. The knowledge is passed from generations to generations and often diluted in the process. The need is to preserve the past in the form of books, artifacts and monuments, which will remain a beacon of inspiration for our future generations.







## The smiles we multiply

**IndianOil**, India's # 1 energy brand with presence across the entire hydrocarbon value chain, is spreading smiles in the lives of over a billion people. And we multiply these smiles through well-defined, concerted, social responsibility programmes that are aimed at inclusive growth. Today, we are partnering with communities in several activities:

**Healthcare** - Mobile healthcare scheme (*Sachal Swasthya Seva*) in rural India; IndianOil Tata Care Centre for cancer treatment; Assam Oil Division hospital to cater to people in the northeast; drinking water facilities in remote & rural areas; etc.

**Nurturing Talent** - Academic and sports scholarships for deserving, young talent.

**Women Empowerment** - Managing the Assam Oil School of Nursing in the northeast since 1986; financial assistance for girls to pursue diploma in nursing and midwifery.

**IndianOil Foundation** - Preserving the rich cultural heritage of India and creating tourist-friendly facilities at heritage sites.

**In the Service of the Nation** - Community initiatives during natural calamities and other national exigencies.

Backed by the collective dedication of 34,000 people, IndianOil is a force that is fast emerging as *the energy of India*.



**IndianOil**

Petroleum Refining and Marketing • Pipeline Transportation • Research & Development • Technology Solutions  
• Petrochemicals • Gas Marketing • Exploration & Production • Alternative Energy

[www.iocl.com](http://www.iocl.com)



# A Great Place to Work

## A Premier Employer

Country's best people working together to make a difference. *IndianOil* provides an environment that attracts and motivates competent employees

### Workplace Performance

IndianOil has made rapid strides to achieve significant milestones in the entire spectrum of human resource development. IndianOil's work culture encourages transparency and trust combined with a commitment to enhance the triple-bottom-line performance. IndianOil has been continuously benchmarking HR processes and has won recognition as a pioneer in evolution of the robust human resource development system for recruiting, training & development, employee engagement and succession planning. In pursuance of the best practices of Corporate Governance and to ensure greater transparency in the functioning, a 'Whistle Blower Policy' and 'Right To Information (RTI)' are in place.

### The Big family

With increasing demand of competent manpower, the Indian Oil family has been growing big in size and number. As of 31<sup>st</sup> March 2013, we had 34084 permanent employees. Part time/contract labour are generally hired at local level in accordance with labour laws. IndianOil awards job contracts to contractors at its various locations for its several ongoing projects as well as operational needs. The contractors in turn engaged 70,215 contract workers during the year. IndianOil as a principle employer ensures that all statutory requirements are duly complied with.

To meet the need of manpower in new and growing businesses, IndianOil recruits from respective talent from premier institutions all over the country.

### Recruitment

With business interests traversing the core areas of refining, marketing and extending to newer verticals such as exploration & production, petrochemicals, natural gas, alternate energy, etc., there is a mounting need for manpower in IndianOil, especially in the new and emerging areas. IndianOil mostly recruit engineering & management graduates and chartered accountants through open and campus recruitment.

### Ethics:

Setting high standards for ethics and values

### People:

Leading with passion to excel

### Innovation:

Pioneering the spirit of creativity and research





## Remuneration and Allowances

IndianOil employee's welfare measures are recognized as among one of the best in public sectors. As a caring organization, it also provides exciting opportunities to employees and full welfare coverage to retired persons. There is no difference in remuneration of women and men employees. In IndianOil, job contracts are awarded in non-core/ non-perennial activities relating to civil construction & maintenance, housekeeping, security, material handling, shut down/ revamp jobs, lifting & movement of materials, providing transport services, catering services, etc. For all these activities, contract workers are engaged by various contractors within the purview of Contract Labor (Regulation & Abolition) Act, 1970 and their service conditions are regulated as per the terms and conditions of engagement by their respective employer i.e. contractors. The terms and conditions of the contract stipulate coverage of contract labor under various Social Securities Schemes, such as PF, ESI etc. As a principal employer, the locations ensure strict adherence by the contractors to the provisions of EPF & MP Act, 1952/ ESI Act 1948 etc. and to other schemes.

### Employee Category - Age group wise

Age Group	<30 year	30-50 year	>50 year
Nos	4600	16178	13306

### Employee Category : Gender and Type of Contract

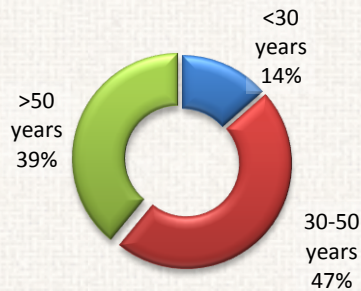
Employee Type	Total	Male	Female
Permanent Employees	34084	31441	2643
Contract Employees	59*	54	5

\* Figures pertain to persons engaged directly by IndianOil as Special Consultants/Liaison officers/ Specialist Doctors etc

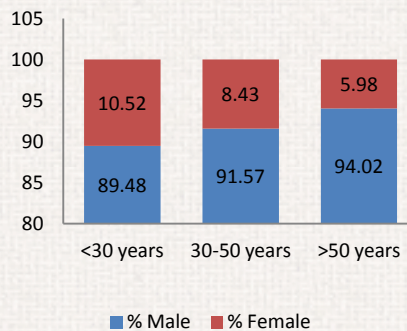
## Inclusive Manpower

IndianOil encourages women employees to represent and lead organization in national and international fora and platforms. Regular workshops, training programs and talks by eminent women rights activists on gender sensitivity, prevention of sexual harassment at workplace etc are organized in the offices and units of IndianOil. Female employees are also entitled for many additional benefits other than general allowances and benefits.

### Age group wise break up



### % Gender by Age Group



## Gender Mainstreaming

- 135 days maternity leave
- 2 years child care leave without pay, once in entire service.
- Leave without pay for 3 years once in entire service.

## Performance Related Pay

- Performance Linked Incentive (PLI)
- Performance Incentive Scheme (PIS)

## Social Security Benefits

- Contributory Provident Fund
- Gratuity
- Group Linked Insurance Scheme
- EPS 1995
- Compensation on death
- Super Annuation Benefit Fund Scheme





## Learning @ Workplace

IndianOil is known for the training capabilities and state of the art training infrastructure provided throughout the career of its employees. A well defined training policy that is custom designed to remain aligned to the fast changing dynamics of business is adopted. Training processes are institutionalized with need identification, evaluation and feedback, post course quiz, project work and action planning as a means to implement learning at the workplace. We have 20 in-house centers of learning for meeting the Training & Development needs of the employees. Of these, seven are located at its various Refineries, four at respective marketing regional offices, three at pipeline regions, one at R&D Centre Faridabad. Besides other learning centers, we have three premier centers for higher learning:

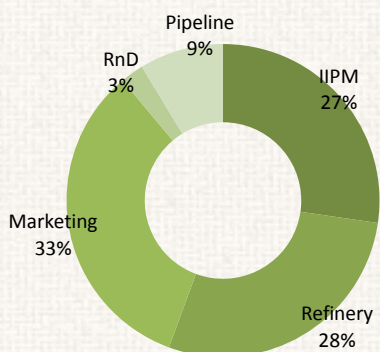
- IndianOil Institute of Petroleum Management (IIPM), Gurgaon
- IndianOil Management Centre for Learning (IMCL), Mumbai
- IndianOil Management Academy (IMA), Haldia

In house and external training is imparted to various stakeholders besides employees like contract workers, security personnel, retail outlet operators, transporters etc.

About 1140 training programmes were conducted for the employees during the year resulting in 6.13 lakh training manhours. Approximately, 18 average hours of training were given to each employee during 2012-13.

IndianOil employees on an average receive about three to five days of training per year, which is comparable with the best companies quarters of Refineries and Pipelines.

Training : Division-wise total man-hours



To further enhance the scope of training, e-learning initiatives are made available to the entire workforce to provide access of knowledge bank.

We have collaboration with leading international institutions such as Universitas-21 Global (U-21) of Singapore, iFP-France, IIMs, MDI, etc. for developmental and functional need of IndianOil employees.

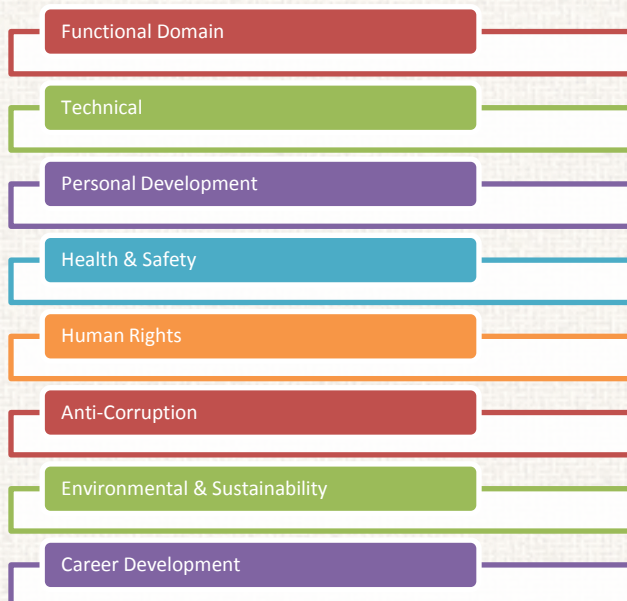
Sessions on addressing concerns of retirement and old age, psychological aspects of retirement, investment and tax planning, post retirement benefits are offered by IndianOil. Leading a healthy lifestyle are regularly conducted for ex-employees as well as for employees.



## Mentoring Programme

One year long unique mentoring programme is provided for new recruits, guided by mid level managers to promote professional excellence, leadership development and career exploration. The mentor/mentee relationship is designed to meet the personal and professional development needs of the mentee. Mentoring inherently involves personal change and growth. As such changes occur, friendships also grow. These friendships last a lifetime.

## Training Areas



## IndianOil Woman Power to the fore!

IOCians were conferred with 'Outstanding Woman' Award 2012, Best Women Employee in the Officers Category and WIPS award for the Best Women Employee in the non-officer category for their contribution in the oil industry by IWPA (Indian Women Pilots Association).

### Employee Engagement

Through Collective Bargaining, the emphasis has always been on sharing information with the collectives in seeking their continuous support and co-operation at various levels in managing the challenges being faced by the Corporation. Over 99% of the employees (non-executive and executive) are members of the recognised unions and officers association.

IndianOil has always encouraged collectives' participation in Management. The participative culture is augmented through the constitution of various fora and committees like Joint Management Council, Works Committee, Management Safety Committee, Grievance Committee, Canteen Committee, Total Productive Maintenance (TPM) etc among others in which the employees/collectives nominate their representatives. The unions/collectives are 'recognized' as per the Code of Discipline. There are 23 recognized unions in IndianOil representing workmen from independent establishments, refinery units and plants. To develop an inclusive, collaborative and shared mindset amongst the employees, the management holds Structured Communication Meeting with both Workers' Unions and Officers' Association at regular intervals. The information shared in these meetings is about Corporate and Financial Performance highlights, future plan outlay, progress of major projects, new frontiers, globalization and diversification, key corporate

challenges and expectations from collectives in achieving the goals. Major demands of the recognized unions like revision of wages and allowances are negotiated with all the recognized unions at Divisional level and settled through a tripartite Long Term Settlement (LTS). The employees' right to exercise freedom of association or collective bargaining is taken care of and is regulated under the Trade Union Act 1926. Collective bargaining is bilateral and also tripartite under the Industrial Dispute Act, 1947. As per statute in this regard, under section 9A of Industrial Disputes Act, 1947, employer can propose to effect any change in the conditions of service applicable to any workman in any matter within 21 days of giving such notice.

Employee engagement usually takes place in 'Open House' sessions during which, the collectives raise queries or make suggestions related to business strategies, employee related issues etc. The queries are directly responded to by the Chairman and Directors. These meetings are also webcast for the benefit of a large number of employees connected online. There is no operation where the right to exercise freedom of association and collective bargaining may be at significant risk.

### Benefits to Female Employees

#### Maternity Leave

- Maternity leave for a period of 135 days

#### Child Care Leave

- Child Care Leave for a period not exceeding 2 years in entire service (in spells of 6 months or more), without pay.

#### Child Adoption Leave

- Child Adoption leave with pay for a period of 135 days in order to facilitate them to take care of the adopted child.

#### Husband Joining Leave

- To join their husbands at outstations/abroad for period not exceeding three years

### Benefits to OBC/SC/ST employees

Reservation in Recruitment and Promotions

Relaxation/ Concession in Recruitment and Promotions

Pre promotional inputs for Grade VI to Grade A promotions in Marketing Division

SC/ST cell, Complaint Register, Liaison Officer to address issues

Specific Trainings

### Employee Performance Management System

Indian Oil brought in new structural changes to the existing PMS in order to enhance transparency. IOCL has been able to successfully link the departmental promotions, incentives for individuals and the PRP to the ratings of the PMS. In following the guidelines of the DPE, IOCL had modified its PMS by aligning the performance year with the financial year. The IOCL e-PMS is transparent, involves goal setting across all grades through KRAs with specific weightages and the appraisal is based on role based KRA and competencies and level based values and potential. All employees are covered under performance management system. Performance link incentives are payable to whole time functional directors as employees of the companies as per the policy applicable to employees.



There are initiatives taken for the implementation of Total Productive Maintenance (TPM) in the Refineries for leveraging the inherent strengths of the people, changing the work culture and improving operating & maintenance practices.

A well-designed system for acceptance, evaluation and rewarding the creative ideas coming from employees has been laid out under the 'IndianOil Suggestion Scheme'. During the year, employee suggestion scheme generated about 2,800 suggestions, out of which 57 are implemented. Saving of Rs 85,38,124 could be realized through 185 awarded suggestions, for which an overall amount of Rs 4,30,452 was disbursed among the winning entry contributors.

Employees' families are invited to participate in functions like IndianOil Day, Republic Day, Independence Day, where Long Service Awards, meritorious children awards are given to eligible employees and their children. These functions are held each year covering all the units and employees. IndianOil also engages with a wide range of organizations like Industry Bodies, Government Bodies, NGOs, and Charitable Trusts to help provide a focus and leadership in different areas. Moreover, we work with a host of organizations through engagement. IndianOil is nominated by the Government of India on numerous occasions as a nodal agency to work on an industry basis in different research works and implementation of projects of national interests.

## Benefits to Physically Challenged employees

Reservation in Recruitment and Promotions

Relaxation/ Concession in Recruitment and Promotions

Various Allowances such as Conveyance allowance, medical equipment

Special training, special equipment aid

Provision of Barrier free access'

Preference in terms of posting to the extent possible

## Manpower Summary

Total no. of Employees hired in 2012-13	Male	Female
	1386	89

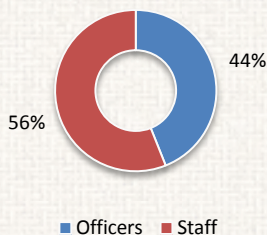
## Total no. of Employees hired by Division in 2012-13

Pipeline	139
Marketing	880
Refinery	355
R&D	5
Corporate Office	96

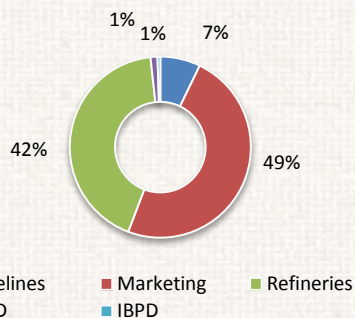
## Total no. of Employees hired by Age Group

<30 years	1186
30-50 years	287
>50 years	2

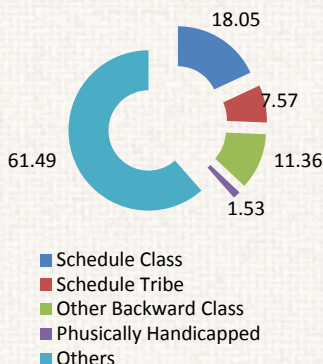
## Employment Category for Total Employees



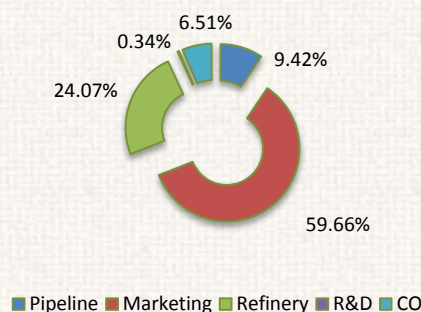
## Division wise % of Total Employees



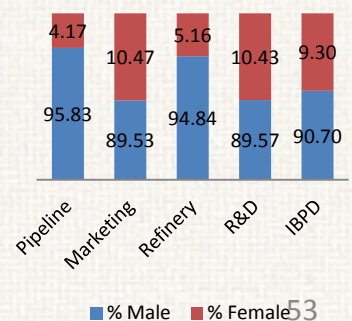
## Equal opportunity



## Division wise Category for Employees hired



## % Gender by Division



# Safety and Occupational Health

At IndianOil, safety of the personnel at the work places is of utmost importance and our Integrated Safety Management System focuses on the elimination and minimization of risks for all stakeholders. All IndianOil refineries are accredited for Occupational Health and Safety assessment Series (OHSAS – 18001) and also rated under International Safety Rating Systems (ISRS). Panipat and Gujarat Refineries are also rated “Level9” in the scales of 1 to 10.

## Occupational Health

IndianOil believes that the man behind the machine is very important and considers their health as an asset to the Corporation. The aim of occupational health management system is to detect any adverse effect of various hazardous substances on the health of the employees when the condition is still reversible. In the event of sickness or injury relating to Occupational workplace, there is bound to be man-hours loss, loss in production, increase in medical costs and loss of goodwill but IndianOil ensures care to all its employees. All IndianOil refinery units have well equipped Occupational Health Centers. Doctors and paramedics are specially trained to monitor health of employees working in hazardous areas. At locations where these facilities are not available, employees’ health check up is carried out through retainer doctors. All Occupational Health Centers are certified under Occupational Health and Safety Assessment Series OHSAS-18001. The employees are regularly exposed to training programmes in work-related hazards and ways and means of protection from such hazards. The health care personnel regularly interact with shop floor and staff in the shop floor meetings on health and safety issues. Various media of communication like House Journals, Posters, Video Films, etc. are extensively used for creating awareness.

Health, Safety and Environment department is a well established department across IndianOil. HSE department establishes and maintains good standards for safety of the people, the processes and the assets of IndianOil installations. It also complies with all rules and regulations on safety, occupational health and environmental protection.

Category of Employees	% of employees given safety & skill up-gradation training
Permanent Male employees	74.2
Permanent Female employees	61.6
Permanent Employees with Disability	21.03
Casual/ Temporary/ Contractual Employees	94.03

	Education/ Training	Counseling	Prevention /Risk Control	Treatment
Program recipients	Y	Y	Y	Y
Workers	Y	Y	Y	Y
Workers' families	Y	Y	Y	Y
Community members	Y	Y	Y	Y

Assistance programs for family members of workers



Hazira Bottling Plant (BP) received the prestigious certificate of appreciation from Gujarat Safety Council (GSC) and Directorate, Industrial Safety & Health, Gujarat State for **achieving milestone of one million accident free man-hours** during the year 2011 among the State level industrial units. Hazira BP has been receiving the award from the Gujarat Safety Council for the last 20 years.



2012-13 Nos.	Refineries & PNCP	Marketing	Pipelines & R&D	Total
Fatal Accidents	5	8	1	14
Fatalities	9	15	4	28
Near miss	53112	470	39	53621
Mandays lost	331	299	0	630
No of loss time accidents	2	10	0	12
Major Fire incidents	3	3	1	7
Minor fire incidents	2	8	1	11



## Safety Committee

To co-ordinate the Health, Safety and Environment activities of all the divisions, a department is headed by Executive Director (HSE) who directly reports to the Chairman of the Corporation. The refineries, pipelines, marketing divisions and R&D centre have independent HSE departments. A designated Safety Officer is placed at all the marketing and pipelines installations.

IndianOil has two tiers Safety Committee: Management Safety Committee & Shop-floor Safety Committee. Management safety Committee is headed by unit head consisting of other members upto HOD levels and workmen representatives. Shop floor committees are formed at various sections in the refinery with intensive participation from the workmen side. To ensure continuity and personnel involvement, designated person from the non-executive cadre represent the shop floor committees. 100% of our employees are represented by Safety committees.





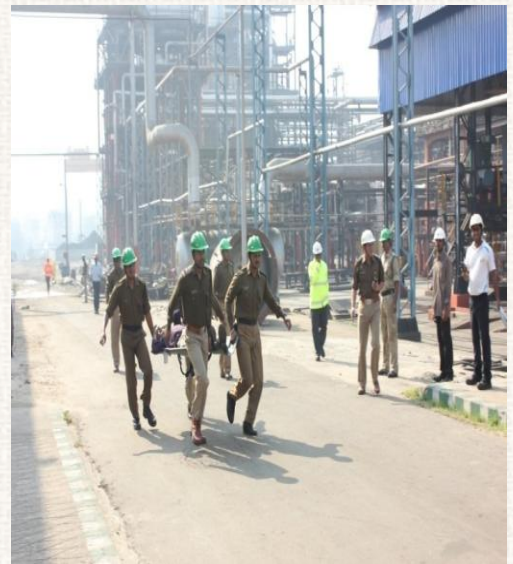
## Oil Spills

In the business like Refining & Marketing of Crude Oil, Oil spills are inevitable. IndianOil has placed measures for Oil spill response. Oil spill response facilities are provided at IndianOil port locations. Tier I facilities are being maintained by respective Port Trusts. For Tier II (1000 tonnes) and Tier III (beyond 1000 tonnes), the services of East Asia Response Limited, Singapore are being used. In refinery and NPC 36 on site drills and 8 off site drills were conducted during the year.

Oil spill response facilities such as oil dispersant liquid & absorbent pads are made available at all installations. Oil spill mock drills are conducted on high seas at the Single Point Mooring (SPM) system. Associated oil spill equipments like

skimmers, floating tanks, OSD spray arms, beach cleaning equipments, etc. are demonstrated.

No significant Oil Spills reported during the year.





## Fire & Safety

National Safety Day and Fire Service Day are observed on 4th March and 14th April each year, respectively at all our installations. On site and off site mock drills are carried out at all our locations as per the schedule. These drills are aimed at assessing the in-house preparedness and alertness during the crisis situation. A scenario of leakage of crude oil and subsequently culminating into minor fire are also envisaged. Operation and maintenance of fire extinguishers, ensuring electrical safety at pump island, sales building, regular checks of equipments like air compressor are some of the topics covered during the training modules, both classrooms as well as mock drill session.

Operations having significant potential are provided with safety and security measures to Prevent and mitigate negative impacts on local communities, employees, or property.

Our all establishments are provided with security arrangements inline with threat perception. Our major establishments like refineries, R&D etc are guarded by CISF security

personnel. The security arrangements at all Marketing & Pipeline locations is through Directorate General Resettlement except for Hyper sensitive Locations, which are manned by CISF or State Guards. All security personnel are trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations. External Safety Audit (ESA) in all the refineries, pipelines and marketing installations is carried out by Oil Industry Safety Directorate (OISD) to audit the compliance of Safety Systems and Procedures as per the norms set by the Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB), identify areas of specific potential hazards, if any, and suggest necessary corrective actions.

Near Misses are often less obvious than accidents. Despite their limited impact, near misses provide insight into potential accidents that could happen. At IndianOil each and every incident including near- miss incident is analyzed to ascertain the underlying causes. Such findings are not only disseminated among the concerned personnel but also shared with all others units.

## Disaster Management

Pre-monsoon and pre-winter stocking of petroleum products at designated storage points located in difficult hilly terrain areas ensures product availability in the areas which experience isolation through seasonal disruptions in transportation links. We have a transport emergency management plan to effectively handle supply crisis situations. As a part of our commitment towards defence services, we maintain adequate supplies during normal as well as for emergency situations.

### Emergency Response & Disaster Management Plan (ERDMP)



# LIST OF ABBREVIATIONS AND ACRONYMS

AFS	Aviation Fuel Station
AIMA	All India Management Association
AOSN	Assam Oil School of Nursing
AR	Annual Report
ASSOCHAM	Associated Chambers of Commerce and Industry
AU	Atmospheric Uit
BOD	Biological Oxygen Demand
CC	Corporate Communication
CCI	Competition Commission of India
CDM	Clean Development Mechanism
CDP	Carbon Disclosure Project
CERs	Certified Emission Reductions
CIE	Council of Indian Employers
CII	Confederation Indian Industry
CISF	Central Industrial Security Force
CPCB/SPCB	Central Pollution Control Board/ State Pollution Control Board
CPSE	Central Public Sector Enterprise
CR	Circulating Reflux
CREDA	Chhattisgarh Renewal Energy Development Authority
CSP	Concentrated Solar Power
CSR	Corporate Social Responsibility
CVC	Central Vigilance Commission
DHDT	Diesel Deep Hydro-treating
DPE	Department of Public enterprises
DRA	Drag Reducer Agent
E & P	Exploration and Production
EBP	Ethanol blended Petrol
Eco Parks	Ecological Parks
ED	Executive Director
ENCON	Energy Conservation
EPF & MP Act	Employees Provident Funds and Miscellaneous Provisions Act
ERM	Enterprise Risk Management
ESA	External Safety Audit
ESI	Employees' State Insurance
ETP	Effluent Treatment Plants
FCC	Fluidised Catalytic Cracker
FICCI	Federation of Indian Chambers of Commerce and Industry
FO	Fuel Oil
GCC	General Conditions of Contract
GHG	Greenhouse Gases
GoI	Government of India
GRI	Global Reporting Initiatives
GRM	Gross Refining Margin
GT	Gas Turbine
GWh	Gigawatt hour
HBA	House Building Advance
HCNG	Hydrogen-Compressed Natural Gas
HDPE	High-density polyethylene
HGU	Hydrogen Generation Unit
HRD	Human Resource Development
HSD	High Speed Diesel
HSE	Health, Safety and Environment
ICAI	Institute of Chartered Accounts of India
ICSI	Institute of Company Secretaries of India
IEM	Independent External Monitors
IGL	Indraprastha Gas Limited
IIIE	Indian Institution of Industrial Engineering
IIM	Indian Institute of Management
IIPM	Indian Institute of Petroleum Management, Gurgaon
IMA	IndianOil Management Academy, Haldia
IMCL	IndianOil Management Centre for Learning, Mumbai
IndianOil	IndianOil Corporation Ltd
ISRS	International Safety Rating Systems
ITDG	Industry Transport Discipline Guidelines



ITI	Industrial Training Institutes
IVRS	Interactive Voice Response System
IWPA	Indian Women Pilots Association
KSK	Kishan Seva Kendra
KW –	Kilowatt
LAB	Linear Alkyl Benzene
LDO	Light Diesel Oil
LDPE	Low-density polyethylene
LED	Light-emitting Diode
LFA	Leave Fare Assistance
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LTC	Leave Travel Concessions
LTS	Long Term Settlement
MBTU/BBL/NRGF (MBN) - MBTU	It refers to total heat value of fuel and loss in thousand BTU, BBL refers to barrel of crude processed and NRGF is a derived factor that depends upon actual intake in both primary and secondary processing units as per industry standard
MDI	Management Development Institute
MINAS	Minimal National Standard
MMT	million metric tons
MoP&NG	Ministry Of Petroleum and Natural Gas
MoU	Memorandum of Undertaking
MoU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprises
MSQ	Motor Spirit Quality
MT	Metric Tonne
MW	Mega Watt
NELP	New Exploration Licensing Policy
NGO	Non Governmental Organisations
NHRD	National Human Resource Development Network
NOAA	National Oceanic and Atmospheric Administration
NREL	National Renewable Energy Laboratory
OHCU	Once Through Hydrocracker Unit
OHSAS	Occupational Health and Safety assessment
OISD	Oil Industry Safety Directorate
OMC	Oil Marketing Company
PetroFed	Petroleum Federation of India
PF	Provident Fund
PIS	Performance Incentive Scheme
PLI	Performance Linked Incentive
PPM	Parts per million
PSA	Pressure Swing Adsorption
PTA	Purified Terephthalic Acid
PV	Photovoltaic
R & D	Research and Development
RE&SD	Renewable Energy & Sustainable Development
RGGLVY	Rajiv Gandhi Gramin LPG Vitran Yojana
RO	Retail Outlets
RTI	Right To Information
S,H&E	Safety, Health & Environment
SC / ST / OBC	Scheduled Caste / Scheduled Tribe / Other Backward Castes
SCOPE	Standing Conference of Public Enterprises
SCP	Special Component Plan
SD	Sustainable Development
SEBI	Securities and Exchange Board of India
SIGC	Shareholders' / Investors Grievance Committee
SKO	Superior Kerosene Oil
SRFT	Standard Refinery Fuel in Tonnes
STEPS	Sustainable Transportation Energy Pathways Program
STG -	Steam Turbo-generator
TBL	Triple Bottom Lime
TERI	The Energy Research Institute
TERI-BCSD	TERI- Business Council for Sustainable Development
TG	Turbo-generator
TII	Transparency International India
TPM	Total Productive Maintenance
TSP	Tribal Sub-Plan
UNFCCC	United Nations Framework Convention on Climate Change
UNGC	United Nations Global Compact
WIPS	Forum of Women In Public Sector

# How to take an ocean tanker thousands of kilometres inland?

## Take it underground.

When ocean tankers carrying crude oil or finished petroleum products touch our country's shores, a new journey has just begun. Moving them to the refineries and high-consumption centres, thousands of kilometres inland, has been a challenge of a different kind. One that we handle every day with our 12,000-km cross-country pipeline network, that carries both crude oil and products through underground highways. Above them, several thousand tank trucks, rail wagons and ocean tankers complement our logistics infrastructure. Just making sure that vital petroleum products like petrol, diesel, kerosene, LPG, aviation fuels and more are delivered to customers across the country. Wherever needed. During day or night, rain or shine. And round the year. For over five decades, we have endeavoured to touch and transform the lives of a billion Indians. Even in the remotest parts of India. In every possible way. Through our products and services, that bring energy to their lives and smiles to their faces.



**IndianOil. In every part. In every heart.**



**IndianOil**  
*The Energy Of India*



## INDEPENDENT ASSURANCE STATEMENT

Indian Oil Corporation Ltd. (IOCL) has commissioned Emergent Ventures India Private Ltd. (EVI) to undertake an independent assurance of its Corporate Sustainability Report for the year 2012-13. The assurance process has been conducted in accordance with AA1000AS (2008). The assurance principles of Inclusivity, Materiality and Responsiveness, as outlined in AA1000AS (2008) and GRI G3.1 guidelines & GRI Oil & Gas Sector Supplement (OGSS) guidelines have been used as criteria against which to evaluate the Report.

The intended users of this assurance statement are the readers of IOCL's Sustainability Report 2012-13. The management of IOCL is responsible for engagement with stakeholders, identification of material issues and the collection and presentation of the information contained in the report. In performing the assurance activities, EVI's responsibility is to the management of IOCL only and in accordance with the terms of reference agreed with the company. We do not therefore accept or assume any responsibility to a third party for decisions, whether investment or otherwise, based on this assurance statement.

### SCOPE OF ASSURANCE

EVI has been engaged to provide Type 2 Moderate level of assurance as set out in AA1000AS (2008). The scope of the assurance includes the following:

1. Evaluate the adherence to the AA1000AS (2008) principles of inclusivity, materiality and responsiveness and the principles of Global Reporting Initiative G3.1 guidelines & GRI Oil & Gas Sector Supplement (OGSS) guidelines.

### OUR APPROACH

The assurance process was planned and carried out in September - October 2013. Our conclusions are based on the review of processes & practices for identification and collation of relevant information, report content and performance data, which included a review of the stakeholder engagement and materiality determination process followed by IOCL. Relevant documentation, our observations with respect to process and systems in place and interaction with respective departments engaging with different stakeholders have formed the basis of our assurance on the principles of Inclusivity, Materiality and Responsiveness required for assurance under AA1000AS (2008).

We undertook the following key steps:

**1. Site Visits:** The EVI team visited a representative set of IOCL's facilities comprising Corporate Office, Refinery at Panipat, Hindon AFS, Marketing Terminal and Pipeline Terminal at Bijwasan, Lube Blending Plant at Asaoti, Research and Development Centre at Faridabad, LPG Bottling Plant and IndianOil Institute of Petroleum Management (IIPM) at Gurgaon.

**2. Interviews:** In addition to interviewing data owners at the sites we visited, we also interviewed the sustainability team at head-quarters to understand the process of stakeholder engagement and materiality determination at IOCL.

### LIMITATIONS AND EXCLUSIONS

1. Scope of assurance is limited to the boundary defined in the report and the period of 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013.
2. Assurance relied on the documentation maintained by the company or provided to the company by another third party.
3. The scope of assurance does not cover the statements in the report that describe companies approach, strategy, aim, expectation, aspiration or beliefs or intentions.

## CONCLUSION

Based on our review we have come to the following conclusions:

In our opinion, IOCL's sustainability report gives an appropriate representation of the sustainable development initiatives undertaken by the company. IOCL has built processes that allow them to identify the material aspects of the company, collect performance data for majority of its facilities and report the information in adherence to the principles of GRI G3.1 guidelines and GRI Oil & Gas Sector Supplement (OGSS).

Our observation on the adherence of the three principles under AA1000AS (2008) is as follows:

**Inclusivity:** We have not come across any material evidence that would lead us to conclude that IOCL has not applied the principle of inclusivity in engaging with its stakeholders. Different departments engage regularly with their relevant stakeholders through multiple engagement channels.

**Materiality:** IOCL has followed a structured process of materiality determination. Based on our scope of work and the activities undertaken for the purpose like interactions and observations, we have not come across any material aspect of sustainability performance that has been excluded from the report.

**Responsiveness:** Based on our observation, interviews and documentation we believe that IOCL has applied the principle of responsiveness with respect to its stakeholders. We have not come across any material evidence that would lead us to believe that responsiveness principle is not being applied in dealing with the stakeholders.

### GRI G3.1 Guidelines & GRI Oil & Gas Sector Supplement

Based on the information in the report and the independent assurance sought from us we have found that the company meets the requirement of A+ level of reporting as specified by GRI G3.1 Guidelines & GRI Oil & Gas Sector Supplement.

### Observations and Recommendations

Without affecting our overall conclusions on the sustainability report, we would like to bring to notice the following observations and recommendations for the report:

- As IOCL prepared its sustainability reports, it has potential to include a broader base of stakeholders in the reporting process for two-fold benefits, namely capacity building and enhanced inclusivity.
- IOCL should work towards enhancing the understanding of GRI aspects and overall sustainability issues amongst the employees of the organisation for the purpose of sustainability reporting.
- It is suggested that IOCL should review the process of defining the boundary of the sustainability report in accordance with the GRI Reporting Guidance For Boundary Setting.
- IOCL should work towards the improvement of data management systems to increase the accuracy and efficiency of data collection process.

For Emergent Ventures India Private Ltd.  
Ashutosh Pandey  
Chief Executive Officer  
Emergent Ventures India Private Ltd.  
Gurgaon, 22nd of October, 2013



## GRI INDEX

GRI Reference		Reported	Report Reference	SR Page No.	AR Page No.
<b>Strategy &amp; Analysis</b>					
1.1	CEO Statement	Fully	A word from Chairman	1	
1.2	Key Impacts	Fully	A word from Chairman, Sustainability- Our Approach,, Governance & Values - Risk Management	1, 4, 16	
<b>Organisation Profile</b>					
2.1	Name of reporting organization	Fully	Front Page		
2.2	Major brands & products	Fully	Company's Profile	3	
2.3	Operational structure	Fully	Company's Profile	3	
2.4	Location of headquarters	Fully	Back Page		
2.5	Countries of operation	Fully	Company's Profile	3	
2.6	Nature of ownership and legal form	Fully	Company's Profile , Governance and values - Shareholding Pattern	3, 14	
2.7	Markets served	Fully	Company's Profile, Stakeholder Engagement	3, 10	
2.8	Scale of organization	Fully	Operational and Financial Highlights	25	
2.9	Major changes to operation	Fully	About the Report, Company's Profile, Product Responsibility - Product Transport	2, 3, 41	
2.10	Awards received in Reporting Period	Fully	Awards & Accolades	20	
<b>Report Parameters Governance, Commitments &amp; Engagement</b>					
3.1	Reporting period	Fully	About the Report	2	
3.2	Date of previous report	Fully	About the Report	2	
3.3	Reporting cycle	Fully	About the Report	2	
3.4	CR Contact person	Fully	A word from Chairman	1	
3.5	Defining report content	Fully	About the Report	2	
3.6	Boundaries of report	Fully	About the Report	2	
3.7	Limitations on report scope	Fully	About the Report	2	
3.8	Basis for reporting on joint ventures	Fully	About the Report - Limitations	2	
3.9	Data measurement techniques	Fully	About the Report	2	
3.10	Restatements of information	Fully	About the Report	2	
3.11	Significant changes from previous report	Fully	About the Report	2	
3.12	Tables for standard disclosures	Fully	GRI Index	63	
3.13	Assurance	Fully	Assurance Statement	61	
<b>GRI Reference</b>					
4.1	Governance structure	Fully	Governance & Values – Board Profile	15	
4.2	Chair/executive officer status	Fully	Governance & Values – Board Profile	15	
4.3	Number of independent/non-executive members	Fully	Governance & Values – Board Profile	15	
4.4	Mechanisms for providing recommendations	Fully	Stakeholder Engagement	12	

4.5	Link between compensation and performance	Fully	A Great Place to Work - Employee Performance Management System	51	72
4.6	Determining board qualifications	Fully	Governance & Values- Governance through Transparency, Integrity & Accountability	14	
4.7	Process to address conflict of interest	Fully	Governance & Values - Board Profile	15	68-76
4.8	Internal mission/values statement	Fully	Back side of the front page	2	
4.9	Procedures of the highest governance Body	Fully	Governance & Values - Board Profile	15	
4.10	Evaluating board performance	Fully	A Great Place to Work - Employee Performance Management System	51	
4.11	Precautionary approach	Fully	Materiality Issues	13	
4.12	External initiatives endorsed	Fully	Awards & Accolades	20	
4.13	Principal membership	Fully	Awards & Accolades	20	
4.14	List of stakeholders	Fully	Stakeholder Engagement	10	
4.15	Basis for identification	Fully	Stakeholder Engagement	10	
4.16	Approaches to engagement	Fully	Stakeholder Engagement	11	
4.17	Key issues raised through engagement	Fully	Materiality Issues	13	

#### **Disclosure of Management Approach - Aspects**

	Economic	Fully	Economic Performance	22	
	Environment	Fully	Sustainability – Our Approach : Sustainability Policy	27	
	Labour Practices	Fully	A Great Place to Work	49	
	Human Rights	Fully	Governance & Values, Sustainability – Our Approach : Sustainability Policy	17, 27	
	Society	Fully	Social Responsibility	44	
	Product Responsibility	Fully	Product Responsibility	41	



## Economic Performance Indicator

\* Rows highlighted in grey depicts Core Indicators

EC1	Direct economic value generated and distributed, including revenue, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments	Fully	Social Responsibility - Approach towards CSR	44	
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Partially reported	Environmental performance	27	
EC3	Coverage of the organisation's defined benefit plan obligations	Fully	A great place to Work- Remuneration and Allowances	50	
EC4	Significant financial assistance received from government	Fully	Corporate Governance – Our Philosophy	14	
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	Fully	Governance & Values- Forced or Compulsory Labour	17	
EC6	Policy, practices, and proportion of spending on locally-based suppliers as significant locations of operation	Fully	Governance & Values- Sustainable Procurement	16	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation	Partially	A Great Place to Work – Recruitment	49	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Fully	Social Responsibility- Approach towards CSR	44	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	Fully	Social Responsibility - Approach towards CSR	44	
OG1	Volume and type of estimated proved reserves and production.	Fully	About the Report	2	

## Environmental Performance Indicators

\* Rows highlighted in grey depicts Core Indicators

EN1	Materials used by weight or volume	Fully	Environmental Performance,-Resource utilisation & its restoration	30	
EN2	Percentage of materials used that are recycled input materials	Fully	Environmental Performance- Resource utilisation & its restoration, Environmental Performance- Conserving Water,	30, 31	
EN3	Direct energy consumption by primary energy source	Fully	Environmental Performance- Operational Performance	28	
EN4	Indirect energy consumption by primary source	Fully	Environmental Performance- Operational Performance	28	
OG2	Total amount invested in renewable energy.	Fully	About the report	2	
OG3	Total amount of renewable energy generated by source.	Fully	Sustainability Performance - Our Approach	4	
EN5	Energy saved due to conservation and efficiency improvements	Fully	Our Approach – ENCON Projects	27	
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives	Fully	Sustainability Performance - Our Approach; R&D - Product Performance	7, 39	

**Environmental Performance Indicators**
*\* Rows highlighted in grey depicts Core Indicators*

EN7	Initiatives to reduce indirect energy consumption and reduction achieved	Fully	Environmental Performance – Initiatives to reduce SCOPE 3 emission, Carbon Neutral Events	30,35	
EN8	Total water withdrawal by source	Fully	Environmental Performance - Conserving Water	31	
EN9	Water sources significant affected by withdrawal of water	Fully	Environmental Performance - Conserving Water	31	
EN10	Percentage and total volume of water recycled and reused	Fully	Environmental Performance - Conserving Water	31	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Fully	Environmental Performance- Restoring Biodiversity	33	
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Fully	Environmental Performance- Restoring Biodiversity	33	
EN13	Habitats protected or restored	Fully	Environmental Performance- Restoring Biodiversity	33	
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Fully	Sustainability - Our Approach - Sustainability policy	8	
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.	Fully	Environmental Performance - Environmental Impact Analysis	34	
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Fully	Environmental Performance- Restoring Biodiversity, Egyptian Vulture	33, 35	
EN16	Total direct and indirect greenhouse gas emission by weight	Fully	Environmental Performance- Operational Performance, Emissions	29	
EN17	Other relevant indirect greenhouse gas emission by weight	Fully	About the report	2	
EN18	Initiatives to reduce greenhouse gas emission and reductions achieved	Fully	Environmental Performance - Energy Conservation Projects; R&D - Product Performance	27, 39	
EN19	Emission of ozone-depleting substances by weight	Partially Reported	Environmental Performance - Emissions	29	
EN20	NO, SO, and significant air emission by type and weight	Fully	Environmental Performance- Operational Performance, Emissions	29	
EN21	Total water discharge by quality and destination	Fully	Environmental Performance - Conserving Water	31	
EN22	Total weight of waste by type and disposal method	Partially	Environmental Performance - Effluent and Waste Management	32	
OG5	Volume of formation or produced water.	Not Applicable	About the report- Out of the boundary	2	
EN23	Total number and volume of significant spills.	Fully	Safety and Occupational Health - Oil Spills	56	
OG6	Volume of flared and vented hydrocarbon.	Fully	Environmental Performance - Operational Performance, Emissions	29	
OG7	Amount of drilling waste (drill mud and cuttings) and strategies for treatment and disposal.	Fully	About the report	2	
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I,II,III & IV, and percentage of transported waste shipped internationally.	Fully	Product Responsibility - Product Transport	41	



Environmental Performance Indicators			* Rows highlighted in grey depicts Core Indicators		
EN 25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	Fully	Environmental performance - Restoring Biodiversity	33	
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	R&D - Product Performance	39	
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category	Fully	Product Responsibility - Product Information & Labelling	41	
OG8	Benzene, Lead and Sulfur content in fuels.	Fully	R&D - Product Performance	39	
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	Environmental Performance - Effluent and Waste Management	32	
EN29	Significant environmental impact of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Fully	Environmental Performance - Initiatives to Reduce SCOPE 3 Emissions, Product Responsibility - Product Transport	30,41	
EN30	Total environmental protection expenditures and investments by type.	Partially	Sustainability - Our Approach	4	

Labour Practices and Decent Work Performance Indicators			* Rows highlighted in grey depicts Core Indicators		
LA1	Total workforce by employment type, employment contract, and region.	Fully	A Great Place to Work - The Big family	49	
LA2	Total number and rate of employee turnover by age group, gender, and region	Partially	A Great Place to Work - Inclusive manpower	50	
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Fully	A Great Place to Work - The Remuneration & Allowances	50	
LA4	Percentage of employees covered by collective bargaining agreements	Fully	A Great Place to Work - Employee Engagement	51	
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Fully	A Great Place to Work - Employee Engagement	51	
LA6	Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs	Fully	Safety & Occupational Health - safety Committee	55	
LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region	Partially	Safety & Occupational Health - safety Committee	55	
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Safety & Occupational Health - safety Committee, A Great Place to Work - Learning @ Workplace	55,52	
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	Safety & Occupational Health - safety Committee	55	
LA10	Average hours of training per year per employee by employee category	Fully	A Great Place to Work - Learning @ Workplace	52	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Fully	A Great Place to Work - Learning @ Workplace	52	
LA12	Percentage of employees receiving regular performance and career development reviews	Fully	A Great Place to Work - Employee Engagement	51	
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group members, and other indicators of diversity	Fully	Governance and Values - Board Profile	15	
LA14	Ratio of basic salary of men to women by employee category.	Fully	Governance and Values - Ethics & Code of Conduct	16	
LA15	Return to work and retention rates after parental leave, by gender.	Partially	A Great Place to Work - Inclusive manpower		

## Human Rights Performance Indicators

\* Rows highlighted in grey depicts Core Indicators

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Fully	Governance & Values - Human Rights	17	
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and action taken.	Fully	Governance & Values - Transparency, Integrity & Accountability	16	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Partially	A Great Place to work- Learning @ Workplace	52	
HR4	Total number of incidents of discrimination and actions taken	Fully	Governance & Values- Ethics and Code of Conduct	16	65
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and action taken to support these rights.	Fully	A Great Place to work- Employee Engagement	51	
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Fully	Governance & Values- Child Labour	17	
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour.	Fully	Governance & Values- Forced & Compulsory Labour	17	
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	Safety & Occupational Health- Fire & safety	57	
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Fully	Governance & Values- Ethics and Code of Conduct	16	
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	Governance & Values- Human Rights	17	
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.	Fully	Social Responsibility - Approach towards CSR	44	
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	Governance & Values- Ethics and Code of Conduct	16	



## Society Performance indicators

\* Rows highlighted in grey depicts Core Indicators

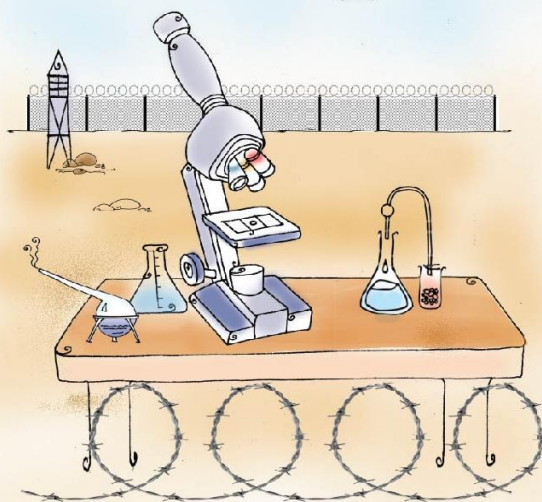
S01	Nature, scope and effectiveness of any programs and practices that access and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	Social Responsibility - Approach towards CSR	44	
S02	Percentage and total of business units analyzed for risk related to corruption.	Fully	Governance & values - Anti-corruption & anti-competitive behaviour	17	
S03	Percentage and employee trained in organisation's anti-corruption policies and procedures.	Fully	Governance & values - Anti-corruption & anti-competitive behaviour	17	
S04	Action taken in response to incidents of corruption.	Fully	Governance & Values - Transparency, Integrity & Accountability	16	
S05	Public policy positions and participation in public policy development and lobbying.	Fully	Governance & Values - External Commitments and Public Policy Participation	17	
S06	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	Fully	About the Report	2	
S07	Total number of legal actions for anticompetitive behaviour, ant-trust, and monopoly practices and their outcomes.	Fully	Governance & values - Anti-corruption & anti-competitive behaviour	17	
S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	Social Responsibility- Approach towards CSR	44	
S09	Operations with significant potential or actual negative impacts on local communities.	Fully	Social Responsibility- Approach towards CSR	44	
S010	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	Social Responsibility- Approach towards CSR	44	
OG9	Operations where indigenous communities are present or affected by activities and where specific engagement strategies are in place.	Fully	Social Responsibility - Approach towards CSR	44	
OG10	Number and description of significant disputes with local communities and indigenous peoples.	Fully	Ethics & Code of Conduct	18	
OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned.	Fully	Product Responsibility - Product Transport	41	
OG12	Operations where involuntary resettlement took place, the number of households resettled in each and how their livelihoods were affected in the process.	Fully	Product Responsibility - Product Transport	41	
OG13	Number of process safety events, by business activity.	Fully	Safety & Occupational Health - Oil Spills	56	

<b>Product Responsibility Performance Indicators</b>				<i>* Rows highlighted in grey depicts Core Indicators</i>	
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Fully	R&D	39	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	Product Responsibility	41	
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements	Fully	Product Responsibility - Product Information	41	
PR4	Total number of incidents of non-compliance with regulations voluntary codes concerning product and service information and labelling, by type of outcomes.	Fully	Product Responsibility - Product Information and Labelling	41	
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Fully	Product Responsibility - Customer Satisfaction	41	
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communication, including advertising, promotion, and sponsorship by type of outcomes	Fully	Product Responsibility - Marketing Communication	41	
PR7	Total number of incidents of non-compliance with regulations voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Fully	Product Responsibility -Product Information & Labelling	41	
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses customer data.	Fully	Product Responsibility - Customer Satisfaction	41	
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	Product Responsibility	41	
OG14	Volume of Biofuels produced and purchased meeting sustainability criteria.	Fully	Sustainability - Our Approach	7	



# This battleground has no guns.

In our sprawling world-class Research & Development centre, there's a raging battle to push the boundaries of innovation and invention even further. Where our scientists hunker down to create some sterling research work that ends up getting patented across the globe. IndianOil's R&D efforts have translated into immense benefits for several critical customers including the Defence Services, Railways, besides other sectors like marine and core industries, etc., offering them a wide range of efficacious lubricant formulations, alternative fuels, and even technology solutions. For over five decades, we've endeavoured to touch and transform the lives of a billion Indians. In every possible way. Even in the remotest parts of India. Through our products and services, which bring energy to their lives and smiles to their faces.



**IndianOil. In every part. In every heart.**





# GOLDEN PEACOCK A W A R D S

Winner *of* Sustainability 2013



**Indian Oil Corporation Limited**

Corporate Office:

3079/3, Sadiq Nagar, J.B. Tito Marg, New Delhi-110049

[www.iocl.com](http://www.iocl.com)