Growth with Sustainability

GRI - G3 Compliant: Application Level-A
Reaching Indane LPG to remote areas from IndianOil's Leh Bottling Plant
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New age design - IndianOil’s energy efficient and eco-friendly office at New Delhi
Introduction

About IndianOil

‘IndianOil in every heart. In every part’ – perfectly encapsulates the expanse, reach and depth of IndianOil today. With a strong presence across topographies — deserts, mountains, plains, islands — IndianOil’s highly committed network is not driven by economic considerations alone. While fulfilling its mission of strengthening India’s energy security, IndianOil, during the fifty golden years of existence (1959-2009), has grown to be India’s flagship energy Company and the largest enterprise that saw spectacular performance in financial year 2008-09 in various domains with an unprecedented turnover of Rs. 2,85,337 crore with a net profit of Rs. 2,950 crore. IndianOil also steadily climbed the Fortune ‘Global 500’ listings, now placed at 105th position, as the highest ranking Indian Company.

As a leader in the business of bringing energy to life, IndianOil and its group companies, span the oil & gas sector of India with approximately 48% petroleum products market share, 34% national refining capacity and 71% downstream sector pipelines capacity. For the year 2008-09, the IndianOil group sold 62.6 million tonnes of petroleum products, including 1.7 million tonnes of natural gas, and exported 3.64 million tonnes of petroleum products.

IndianOil’s leadership is also due to the commitment and dedication of the IndianOilPeople. The Company was the only PSU that found a place of pride among India’s 25 best employers in a Hewitt Associate Study.
IndianOil's Downstream Leadership

**CORE ACTIVITIES**
- Petroleum Refining
- Pipelines - Crude Oil & Petroleum Products
- Petroleum Products Marketing
- Research & Development
- Exploration & Production
- Petrochemicals

**INTEGRATION**
- Natural Gas - Import & Marketing
- City Gas Distribution

**DIVERSIFICATION**
- Equity Oil & Gas
- Petroleum Products Marketing
- Lubricants Blending & Marketing
- Export- Petroleum Products & Petrochemicals

**OVERSEAS BUSINESS**
- Consultancy - Refinery & Pipelines Projects
- Refinery Revamp, Turnaround, O&M
- Refinery Process Technologies
- Manpower Secondment
- Training & Development

**Refining Capacity**
- IndianOil Group: 60.2 MMTPA (33.82%)
- Others: 117.77 MMTPA (66.17%)
- National Refining Capacity: 177.97 MMTPA (As on 01.04.2009)

**Product & Crude Pipelines Length**
- IndianOil Group: 9790 km (41.33%)
- Others: 13892 km (58.66%)
- Total length of product pipelines in India: 23682 km (As on 01.04.2009)

**Market Share**
- IndianOil Group: 63.81 MMT (49.2%)
- Others: 68.59 MMT (51.80%)
- Total product sales during 2008-09: 132.4 MMT (MMT = Million Metric Tonnes)
IndianOil perceives sustainable growth as an opportunity to enhance its business processes and practices, enabling it to positively impact its entire scope of business. The Corporation's values drive the belief that responsible businesses can be profitable, leading to investments in the technologies & products and new energy infrastructure that will help shape the low carbon future.

We see sustainable business practices as a defining element of competitiveness to maintain the Corporation’s status, equity and standing, both in the market and in the society in the coming decades. Our attention is on what we produce; how we buy and sell; how we affect the environment; how we recruit, train and develop our own people, how we invest in the community and respect the rights of people. IndianOil endeavors to develop its group businesses to deliver long-term strategic benefit and shareholder value by maximising synergies that sustainable development provides.

Our societal obligations stood out even in our formative years, while we supported the mission of the defence forces to preserve the integrity of the nation, kept the home fires burning in rural India, fuelled major transport undertakings and worked on being a 'national trust for economic prosperity.’ The same obligations continue with renewed vigour, as we strive year after year, to grow our business to meet the Nation's energy needs, and at the same time increase stakeholder value, exploring the prospect of alternative fuels and engaging people for optimum utilization of energy.

The Sustainability Report 2008-09 showcases the significant economic, environmental and social factors that impact the way IndianOil does business. This report attempts to throw light on the dynamic business scenario and challenges faced by the Corporation. You may visit the corporate website www.iocl.com to peruse IndianOil's Annual Report for the year 2008-09.

This report is being tabled to take along our stakeholders on the relentless journey of IndianOil to bring in an optimisation process that takes into account all significant economic, environmental and social issues.
A Word from our Chairman

It is my pleasure to present IndianOil’s Sustainability Report for 2008-09.

The fourth edition of this report showcases our continued efforts to make a meaningful difference to the society by innovating corporate strategies that enhance shareholders’ value with concern for sustainable development.

The IndianOil tradition, in creating enduring value for generations to come, has since inception been defined by its strong culture of contribution to the nation’s goal. This task requires a commitment to People and the Planet rather than Profits alone. Despite our margins coming under pressure, we have been unstinting in creating a benevolent social impact from our business initiatives. IndianOil has always been conscious of its obligation of protecting & nurturing the environment while expanding its business portfolio. We have made successful forays in solar energy initiatives and alternative fuels like bio-fuels, Hydrogen and wind energy. IndianOil has also inked a Memorandum of Understanding with the Nuclear Power Corporation of India Ltd. to partner low carbon Nuclear Energy business. Ultimately, our focus is to widen India's energy basket.

Our corporate vision is focused on delivering long-term value and success in our business is inextricably linked to the integration of environmental and social issues into our corporate strategy. The collective endeavor of our employees is to achieve optimum results in energy efficiency and deliver superior quality fuels, through sustainable business processes.
This edition of Corporate Sustainability Reporting prepared as per the guidelines of GRI-G3 has given us an effective way to communicate our unswerving commitment to sustainable growth. This report is also an expression of IndianOil’s abiding commitment to build a sustainable and secure India that shows all inclusive growth, while ensuring uninterrupted supply of fuel for its citizens at affordable prices.

(Sarthak Behuria)
Chairman

Chairman, IndianOil, receiving the Excellence Award for R&D at the World Petroleum Congress at Madrid.
50 glorious years in the service of the Nation

IndianOil celebrates fifty years in the service of the Nation

Commemorative stamp released on the occasion of IndianOil’s Golden Jubilee celebrations
Outlook For Energy

As the world economy moves on the path of economic recovery, the energy demand is also expected to recover as well. The present dominance of fossil fuels is expected to prevail into the long term. However, environment security, i.e. not only meeting energy needs but also meeting these through clean and low carbon energy, will be critical in putting the global energy system onto a sustainable path.

As the Indian economy strives to move ahead on a high growth trajectory, its energy requirements are going to be enormous. In the years to come, India will be a major contributor to the incremental global energy demand. According to the International Energy Agency, over the period 2007-2030, India will account for 15% of the global increase in energy requirements, with its share of the total expanding from 5% to 8%. Constrained by domestic availability of conventional energy resources, charting a sustainable growth path is a challenge facing the Indian economy. In this context, India’s Integrated Energy Policy and National Action Plan on Climate

\[ \text{Paradip-Haldia Crude Oil Pipeline} \]

\[ \text{Single Point Mooring (SPM)} \]

Changes, with thrust on renewable and alternative energy sources and demand side management measures are steps in meeting the challenge responsibly.

In the present scenario, as IndianOil endeavors to strike a delicate balance between the objective of meeting the growing energy challenge of the nation, it also has to address environmental concerns through proactive business practices. This calls for moving beyond the conventional understanding to integrating business practices through multi-pronged developmental strategies for ensuring sustainable operations & energy solutions.

In keeping with the policy initiatives of the Government of India that concerns the energy security of the nation, IndianOil has committed itself to a process of sustainable development through the following initiatives:

- Participating in an increased effort on exploration &
production of oil and natural gas from domestic and overseas sources

- Sourcing gas supplies from both domestic and international markets to increase the gas component in the country’s energy basket
- Value addition through downstream integration into petrochemicals business
- Significant investments in upgrading product quality in line with stringent environmental norms
- Diversifying the crude oil import base, both in terms of quality and supply sources, for effecting economy and minimising disruptions in the supply chain
- Increasing focus on energy conservation through rigorous energy audits and taking mitigating action
- Demand side management through consumer awareness drives on energy conservation
- Investing in renewable energy sources, like bio-fuels, wind, solar & nuclear power
- R&D investments and initiatives for development of cleaner technologies
Key impacts, risks and opportunities

Being a key energy supplier in one of the fastest growing economies of the world presents immense growth opportunities. IndianOil’s endeavor is to grow along with the Indian economy by creating & strengthening energy supply infrastructure through a sustainable energy system.

Its strategic planning and management is thus a dynamic and continuous process of determining goals to be achieved in the foreseeable future that consists of incisive evaluation of economic, technological, and competitive environments.

Since the Corporation sources a bulk of its crude from the international market, geo-political risks and related supply side disruptions constantly pose a threat to its smooth operations. These risks are further compounded by the high volatility in the international crude oil prices on one hand and the domestic pricing policies on the other. Development of technoeconomically viable and environment-friendly products and services for the benefit of its consumers offers another great business opportunity for us. Thus the strategic business planning at IndianOil comprises of development and deployment of strategies along with evaluation of key business opportunities and risks.

All business proposals are carefully weighed in view of the Corporation’s vision and business imperatives, its overall responsibilities as a national flagship petroleum major as well as the policy guidelines of the Government of India. A comprehensive Enterprise Risk Management (ERM) policy ensures that risk management and control are effected through carefully designed frameworks & procedures that are subjected to periodic reviews, including by the Board of Directors. The Unit heads of the Divisions and key principal executives (in consultation with legal inputs) are responsible for ensuring legal and regulatory compliance and managing risks across the Corporation.

Products and Services

Refineries & Pipelines

IndianOil owns and operates 8 of India’s twenty refineries with a combined refining capacity of 49.70 million metric tonnes per annum (MMTPA). The erstwhile Bongaigaon Refineries & Petrochemicals Ltd. is now a part of IndianOil’s Refineries Division as its eighth refinery, consequent upon its merger in March 2009. The Corporation accounts for 33.82% share of national refining capacity.

The strength of IndianOil springs from its experience of operating the largest number of refineries in India and

IndianOil’s XI Plan (2007-12) Outlay

Rs. in Crore (Percentage)
IndianOil Group Refineries and Pipelines Network

Refineries
Installed Capacities

- **IndianOil Refineries**
  - Koyali: 13.7
  - Panipat: 12.0
  - Mathura: 8.0
  - Barauni: 6.0
  - Haldia: 6.0
  - Bongaigaon: 2.35
  - Guwahati: 1.0
  - Digboi: 0.65

- **Subsidiaries’ Refineries**
  - CPCL, Chennai: 9.5
  - CPCL, Narimanam: 1.0

- **Group Total**: 60.20

  Paradip (upcoming): 15.0

(Figures in million metric tonnes per annum, equivalent to 20,000 barrels per day)
adapting to a variety of refining processes along the way. Innovative idea of sharing intermediate streams between the refineries enabled optimization and value addition in operations thereby enhancing capacity utilization and margins during the year.

IndianOil’s cross-country network spanning over 10,000 km long crude oil and petroleum product pipelines with a capacity of over 70 million metric tonnes per annum meets the demands of the customers in a safe, energy-efficient, cost-effective and environment-friendly manner. The adoption of new technologies in pipeline inspection and integrity management has enabled peak performance of pipelines during the year 2008-09.

IndianOil is currently investing Rs. 45,430.28 crore (US $10.8 billion) during XI Plan (2007-12) in augmenting refining and pipeline capacities, expanding marketing infrastructure and upgrading product quality as well as in integration and diversification projects.

**Service network**

**Petroleum products**

As the flagship national oil Company in the downstream sector, IndianOil reaches precious petroleum products to millions of people everyday, through an unmatched countrywide network.

**IndianOil’s Marketing Infrastructure (Percentage)**

- **LPG Bottling Plants**: 89 (49.2%)
- **LPG Distributorships**: 4,999 (53.5%)
- **Aviation Fuel Stations**: 101 (65.2%)
- **SKO/LDO Dealerships**: 1,963 (59.6%)
- **Bulk Storage Terminals/Depots**: 167 (45.6%)
- **Petrol/Diesel Outlets**: 18,278 (47.9%)
- **Bulk Consumer Pumps**: 7,335 (88.5%)
Kisan Seva Kendra (KSK), the unique retail outlet format pioneered by IndianOil to cater to the needs of the rural segment has gained strength with over 2500 KSKs successfully running across India. The non-fuel services being provided at these outlets, like internet kiosks, banking facilities, etc., are supplementing the government’s initiative to get the rural populace into the mainstream development process.

**Petrochemicals**

The petrochemicals sector is a major driver of industrial growth. IndianOil is focusing on strengthening its petrochemicals business chain through the integration of core competencies and has emerged as a major player in the market within a short span of time. IndianOil manufactures Linear Alkyl Benzene (LAB) at its Koyali Refinery, rapidly establishing itself as the most preferred supplier in the domestic detergent market, besides regular exports to 13 countries. A world-scale Paraxylene/Purified Terephthalic Acid (PX/PTA) plant at Panipat, with a capacity of 5,53,000 tonnes per annum has already established an increasing customer base.

A world-class Naphtha Cracker and downstream...
IndianOil Mauritius Ltd. - A growing world footprint
polymer units with a capacity of 800,000 tonnes of ethylene per annum, are close to completion at the Panipat Refinery and will open up huge business vistas for IndianOil.

The petrochemicals business is growing from strength to strength and IndianOil proposes to invest significant resources to set up world-scale plants for value addition to existing refinery streams.

**Oil Exploration & Production (E&P)**

Exploration & Production (E&P) is significant to enhance India’s energy landscape and to augment upstream integration. IndianOil has been pursuing E&P activities both within and outside the country in collaboration with consortium partners.

The Corporation made giant strides in this business with the award of two on-land S-Type blocks in the Cambay Basin with a 100% participating interest and operatorship in the seventh round of the New Exploration Licensing Policy (NELP), along with a deepwater block in consortium with ONGC and GSPC taking the tally of domestic blocks to 11. IndianOil’s upstream footprint expanded overseas to 9 blocks with the farming-in into deep water block in offshore Timor-Leste. The Gas discovered in Assam-Arunachal Pradesh block was successfully tested and the commerciality of gas production from the Farsi offshore block in Iran was accepted.

**Gas Marketing**

Natural gas is an attractive and competitive energy source for the future, as it is the cleanest burning fossil fuel facilitating an important bridge towards a low carbon economy.

The Natural gas business presents immense opportunities for IndianOil and has already started generating significant revenues for the Corporation. IndianOil garnered sales of 1.85 million tonnes of gas, including 0.18 million tonnes for internal consumption in refineries in the year 2008-09. To gain a larger footprint in this segment, IndianOil has plans to aggressively pursue City Gas Distribution projects. Green Gas Ltd., (a joint venture of IndianOil & GAIL Ltd) has already made major strides in selling gas in the cities of Agra and Lucknow.
IndianOil has successfully implemented the technology innovation project “LNG at the Doorstep” for the first time in the country. This has opened up an opportunity to supply Natural Gas to consumers not connected by pipeline. IndianOil’s LNG import terminal at Ennore near Chennai is proposed to be completed in 2014.

**Technology Solutions**

A wholly-owned subsidiary, IndianOil Technologies Ltd., is engaged in commercialising the innovations and technologies developed by IndianOil's R&D Centre. IndianOil has joined the league of global technology providers last year with the selection of its in-house developed INDMAX technology (for maximising LPG as yield) for the 4 MMTPA Fluidised Catalytic Cracking (FCC) unit at the Corporation's upcoming 15 MMTPA grass roots refinery at Paradip in Orissa, as well as for the FCC unit coming up at Bongaigaon Refinery.

Through technical and manpower secondment services to overseas companies, IndianOil has been engaged in knowledge-sharing for helping to develop new capacities and creating a continuous learning process. For the first time, SAP implementation / IT consultancy was provided in Sri Lanka during the year 2008-09.

Consultancy in refining processes was extended to Emirates National Oil Company (ENOC), Kenya Pipeline Company and Aden Refinery, Yemen in addition to pipelines consultancy for the Greater Nile Petroleum Operating Company (GNPOC), Sudan.

**Brand Leadership**

Brand IndianOil evokes reliability and trust for millions of its customers. It’s product and service brands, are
leaders in their own individual segments. During 2009, IndianOil won Reader’s Digest Gold for the ‘Most Trusted Brand’ in the Petrol Station Category. The primary emphasis of the Readers Digest survey is on ‘Trust’ as the key attribute in the customer’s relationship with the brand.

**Corporate Governance**

IndianOil being a Government Company under the administrative control of the Ministry of Petroleum & Natural Gas (MoP&NG), the Directors are nominated by the Government of India. The Board consists of an optimum mix of executive (whole-time functional) Directors and non-executive (part-time) Directors with proven record in diverse areas like energy policy, academics, finance, marketing, government and public sector, etc.

The Board strength was 16 as on 31st March 2009, comprising eight executive Directors (including Chairman)
There have been no materially significant related party transactions, pecuniary transactions or relationship between the Company and its Directors for the year ended 31st March 2009 that may have a potential conflict with the interests of the Company at large.

There were no cases of non-compliance by the Company and no penalties / strictures enforced on the Company by the Stock Exchange/ Securities & Exchange Board of India (SEBI) or any other statutory authority on

and eight non-executive Directors, of whom six are independent Directors & two are Government nominees.

An Audit Committee has been constituted in line with the provisions of Clause-49 of the Listing Agreement and to meet the requirements of Section 292-A of the Companies Act, 1956.

A Shareholders/Investors’ Grievance Committee examines the grievances of shareholders/investors and the system of redressal of the same. It comprises three members, with a part-time non-executive independent Director as Chairman and Director (Finance) and Director (Human Resources) as members.

The Company has constituted a Remuneration Committee of the Board to approve certain perquisites for Directors and below Board level executives. The committee comprises of six members including three independent directors.

In addition, the Board has delegated certain powers to the under-noted committees with distinct roles and responsibilities:
any matter related to the capital markets during the last three years.

The Company has framed a whistle-blower policy, wherein the employees are free to report any improper activity resulting in the violation of laws, rules, regulations or code of conduct, to the Competent Authority or Audit Committee for review, as the case may be. The confidentiality of those reporting the violations shall be maintained and they shall not be subjected to any discriminatory practice.

IndianOil has entered into a Memorandum of Understanding (MoU) with Transparency International India (TII) for an Integrity Pact Programme focussed on enhancing transparency in its business transactions, contracts and procurement processes. Four independent external monitors nominated by TII in consultation with the Central Vigilance Commission (CVC) shall monitor the activities.

Investor Service Cells are operational at the Registered Office in Mumbai and Corporate Office in New Delhi to address the grievances and queries of shareholders and a separate e-mail ID (investors@indianoil.co.in) has been created for shareholders.

The Company has complied with all the mandatory requirements of Clause-49 of the Listing Agreement as applicable, except composition of the Board of Directors, as stated earlier.

A Strategy Meet of the Board is held once a year to deliberate in detail on strategic issues, policy decisions and perspective plans for the future.

The IndianOil Board is deeply committed to delivering competitive, secure returns by applying its distinctive capabilities across the entire hydrocarbon value chain through use of an equally distinctive set of assets in the country, besides converting new business opportunities into commercial success, both within the country and overseas.

The system of ‘Memorandum of Undertaking (MoU)’ was introduced by the Government of India in 1987-88 as a part of the reform package for public sector enterprises to progressively enhance their performance. IndianOil has consistently displayed the highest level of managerial performance in all its physical and financial parameters, as evidenced in its MoU rankings. Since 2009-10, IndianOil has introduced corporate social responsibility in the MoU with Govt. of India to give emphasis to transparency & accountability in this area.

Following the liberalisation of the Indian economy, the Government of India decided to identify public sector companies that have comparative advantages and support them in their drive to become global giants. Accordingly, IndianOil was in the first batch of nine companies granted ‘Navratna’ status in July 1997 with enhanced autonomy and delegation of powers which became effective in January 1999 with the induction of Independent Directors on the Board.

IndianOil’s philosophy on Corporate Governance

IndianOil has deep faith in the fact that good corporate governance practices ensure efficient conduct of the affairs of the Company and helps maximise stakeholder value. The Corporation endeavours to uphold the principles and practice of corporate governance to ensure transparency, integrity and accountability in its
functioning, as they are vital to realising its Vision of becoming a globally admired Company.

IndianOil has a well-defined policy framework for implementing corporate governance practices that also includes inter alia the following:

**Key Sustainability Issues**

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<th>Issues affected</th>
<th>Stakeholders</th>
<th>IndianOil’s approach</th>
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<tbody>
<tr>
<td>Maintain adequate profit margin</td>
<td>Government, Employees, Shareholders</td>
<td>• Optimisation of resource utilisation and supply chain management</td>
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<td></td>
<td>• Benchmarking with the best in the industry</td>
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<td>• Diversification of the business line and integration across the value chain</td>
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<td>• Engagement with the Government for policy support</td>
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<tr>
<td>Energy security</td>
<td>Government, Industries, General public</td>
<td>• Focus on equity oil &amp; gas overseas and in domestic basins through strategic initiatives</td>
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<td></td>
<td></td>
<td>• Development of renewable, alternative fuels</td>
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<td>• Demand-side management at end-use</td>
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<td>Employee recruitment and retention</td>
<td>Employees, Academic Institutions, Organisation</td>
<td>• Manpower planning and recruitment</td>
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<td>• Motivation through upgradation of skill sets</td>
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<td></td>
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<td>• Enhancing job satisfaction, compensation package</td>
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<td>Ethical business practice</td>
<td>Employees, Customers, Suppliers, Government</td>
<td>• Transparency, values</td>
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<td>• Compliance through Company-wide Enterprise Resource Planning (ERP) implementation, e-transactions.</td>
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<td>Customers satisfaction</td>
<td>Customers, Dealers, Distributors, Government</td>
<td>• Customer feedback through surveys</td>
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<td></td>
<td>• Q&amp;Q (Quality &amp; Quantity) initiatives</td>
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<td>• Focussed response to customer requirements</td>
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<td>Environmental concern</td>
<td>Environment, Society, People</td>
<td>• Energy conservation</td>
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<td>• Mitigating environmental impact of operations</td>
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<td>• Innovations, process optimisation</td>
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<td>• Eco-friendly approach &amp; studies</td>
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<td>Social responsibility</td>
<td>Community</td>
<td>• Utilisation of CSR funds based on a well laid down policy</td>
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<td>Adoption of Technology</td>
<td>Vendors, Employees, Customers</td>
<td>• Cutting edge &amp; green technology</td>
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<tr>
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<td>• Competitive advantage</td>
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the Listing agreement, the Directors and senior management personnel of the Company have affirmed compliance with the provisions of the Code of Conduct for the financial year ended 31st March 2009.

- Code of Conduct for prevention of insider trading
- Conduct, Discipline and Appeal Rules for employees

Precautionary Approach

During the year, IndianOil was exposed to intense volatilities of the international petroleum markets. In addition to this, the nature of the Corporation’s business is such that there are constant risks that have the potential to destabilize operational & financial performances.

In this context, some of the precautionary initiatives taken by IndianOil are:

- Enterprises Risk Management Policy
- Integration and diversification of business portfolio
- Broad-basing of crude oil basket for supply security and improvement of refinery margin
- Hedging of currency exposure through selective forwards
- Thrust on occupational health, safety and environment
- Focus on growth potential of rural markets
- Progressive Human Resources policies
- Community welfare aiming at inclusive growth
- Thrust on development and commercialisation of alternative fuels.

Charters and Memberships

IndianOil takes an active leadership role in the industry to network with affiliate organizations and advocate initiatives for the enrichment of the oil & gas sector. An illustrative list of such memberships is given below:

- All India Management Association (AIMA)
- Associated Chambers of Commerce and Industry (ASSOCHAM), India
- Confederation of Indian Industry (CII)
- Council of Indian Employers (CIE), India
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Indian Institution of Industrial Engineering
- Institute of Chartered Accountants of India
- National HRD Network (NHRDN), India
comprehend the significance of individual roles in the collective destiny of our organisation and our nation on the world map.

During the year, bright and professionally qualified people were recruited at the entry level of its executive cadre through open and campus recruitment. A plethora of opportunities awaits them across more than 600 locations, including refineries, pipeline installations and the countrywide network of marketing units like LPG bottling plants, bulk storage terminals, aviation fuel station, etc. as well as in sales (retail, consumer and lubricants), technical services and R&D. Career growth opportunities are based on an individual’s performance and contribution to the common goal of sustainable growth.

Stakeholders Engagements

The major stakeholder groups for IndianOil are its employees, shareholders, customers, dealers & distributors, financial institutions, subsidiaries, joint ventures, Government departments and academic institutes.

Employees

IndianOil is a 33,998 (Officers : 13716, Non-Officers : 20282) strong family consequent to the merger of IBP (2007-08) & BRPL (2008-09) and offers a unique work culture based on openness and trust, and a commitment to innovation, creativity and consultation.

During 2008-09, the employees engaged wholeheartedly in a rigorous exercise to recreate IndianOil’s vision. It was a unique exercise as every member of the IndianOil family now owns the Vision that they have co-created. The churning within the organisation has brought forth the aspiration to be ‘The Energy of India’ and a ‘Globally Admired Company’, fervently working on the constituents of Ethics; Customers; Technology; Environment; Innovation and People. The Vision aims to inculcate and define the mindset; competencies and skill sets required to create the IndianOil of the future and help us to fully
The Chairman and functional Directors, apart from their routine interaction with employees during the course of normal work, communicate through face-to-face interactions, tele-conferencing, open forums at locations, in-house portals, e-communication and publications such as Chairman’s Straight Talk monthly column.

Shareholders

IndianOil deeply cherishes its customer relations and this philosophy has been extended to investor relations as well. The Company has constituted a Shareholders/Investors’ Grievances Committee of Directors to address complaints of investors such as transfer or credit of shares to dematerialised accounts, non-receipt of dividend / notices / annual reports, and so on.

The quarterly, half-yearly and annual financial results of the Company are published in leading newspapers in India and posted on the corporate website (www.iocl.com). Presentations are also made to institutional investors and analysts after the declaration of results.

Customers

Apart from its regular business operations, IndianOil services the bulk petroleum requirements of many Government organisations (viz., Defence, Railways, State utilities, paramilitary groups, etc.). It is also the sole canalising agent to meet the petro-goods requirements of neighbouring countries like Nepal and Bhutan.

IndianOil has been nurturing its relations with major clients through specific service commitments, as part of its relationship-building process, coordinated through a set of dedicated ‘Key Accounts Managers’ operating from different locations. It also carries out customer satisfaction surveys through independent consultants. These relationship-building initiatives have helped IndianOil build customer loyalty. The Chairman’s Panel comprising of high-performing dealers and distributors is another important forum for communication with stakeholders. It showcases important corporate information along with significant achievements on its corporate website www.iocl.com. It also provides a window to customers to express their suggestions/queries through this medium.
managers. The only one of its kind in the petroleum sector, IiPM has since been conducting world class international business management and management development programmes for executives.

IndianOil offers summer training for students pursuing professional courses from reputed institutes at its various units. Similarly, summer schools run by its training cells offer courses of choice to practising managers. IndianOilPeople are also sent to external institutes offering courses for career advancement. Professors of IITs and IIMs regularly participate in the Corporation’s management development programmes as course coordinators and faculty members. The officers themselves are nominated to advanced courses in reputed management institutes in India and abroad. Internal faculty members are often deputed to leading academic and management institutes to talk on energy management.

During 2008-09, IiPM recorded the highest ever 24,151 training mandays. In line with the theme of 2008-09 programmes, ‘Developing Leaders for Global Competencies’, IiPM conducted six long-duration programmes in addition to two hybrid certificate programmes on Project Management.

One of the Hybrid Certificate Programme on Project Management is conducted in collaboration between IiPM and U21 Global, Singapore. A unique learning programme with a globally benchmarked 15-week e-learning programme, customised to empower project management teams with proficiency to deal with wide-ranging aspects. This programme, is a fusion of online learning and classroom environment.

For the first time among any Indian Corporates, IndianOil has evolved a system to make use of Graduate Aptitude Test in Engineering (GATE)-2010 scores for the
IndianOil yet again clinched the top slot among the seven Indian companies featured in the Fortune 'Global 500' listing of the world's largest companies for 2009, at 105th position. The other significant recognitions for the Corporation are as follows:

1. Only petroleum Company among 100 other industrial giants to emerge as 'The Most Trusted Fuel Pump Brand' in Economic Time's Brand Equity annual survey for the year 2008. Among the 'Top 50 Service

---

**Partners/Suppliers**

IndianOil's partners, subsidiaries and vendors are also stakeholders in the organisation:

<table>
<thead>
<tr>
<th>Partner/Supplier</th>
<th>Key Relationship Requirements</th>
<th>Relationships</th>
<th>Communication Mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Institutions</td>
<td>Skills Update of Employees</td>
<td>Contracts, Guest Faculty</td>
<td>Through Learning Centres</td>
</tr>
<tr>
<td>Subsidiaries / Joint</td>
<td>Synergy in Operations</td>
<td>Nomination on Boards</td>
<td>Policy and operational matters</td>
</tr>
<tr>
<td>Venture</td>
<td></td>
<td></td>
<td>through the Corporate Affairs set-up</td>
</tr>
<tr>
<td>Vendor / Supplier</td>
<td>Operational matters</td>
<td>Contracts</td>
<td>Regular meetings, vendor development</td>
</tr>
<tr>
<td>Business Analysts</td>
<td>Competitive reports, industry trends</td>
<td>Meetings</td>
<td>programme</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Reports, surveys</td>
</tr>
</tbody>
</table>
Brands' of the country, it bagged the 7th position.

2. Received the coveted World Petroleum Congress Excellence Award 2008 at Madrid, Spain, in the technical development category for its path-breaking R&D work in hydro-processing technology for Green Fuels.


4. Topped the annual corporate listings of Economic Times (ET 500), Business India (Super 100), Business World (BW 500), Business Standard (BS 1000) Financial Express (FE-500) for 2008.

5. Ranked as a Best Employer by Hewitt Associates in association with Outlook Business magazine.

6. Bagged the prestigious BML Munjal Award for Excellence in Learning and Development for the year 2009 being the only award winner in the public sector category.

7. Awarded the SAP ACE AWARD (for Customer Excellence), Economics Times Smart Workplace Award for Corporate Business Technology Centre (that recognises companies using technology to enhance productivity at the work place) and CIO
10. Received the prestigious 'Most Admired Retailer of the Year - Rural Retailing' award at the India Retail Forum for Kisan Seva Kendra initiative in rural markets

9. Conferred the Indian Express Uptime Champion Award 2008 on IndianOil's Corporate Business Technology Centre in recognition of its well-designed IT infrastructure uptime strategy

8. Received the 'Oil & Gas Supply Chain Excellence' awarded by Business India & India Times Mindscape

7. Conferred the Indian Express Uptime Champion Award 2007 on IndianOil's Corporate Business Technology Centre in recognition of its well-designed IT infrastructure uptime strategy


5. Conferred the 'Business Superbrand 2008' status by the Superbrands Council of India.

Recognition for excellence in sports

11. Conferred the 'Business Superbrand 2008' status by the Superbrands Council of India.
Economic
Economic Strategy & Management Approach

India is today a land of immense opportunities. Although it has been one of the best performers in the world economy in recent years, the country has to compete ever so harder in the energy market place. The Indian Government is looking at alternatives like nuclear power to complement its continuous efforts to make energy available across all sectors of the economy in an efficient and affordable manner. Climate change concerns are challenging the existing economic development model based on the dominance of fossil fuels. In the long term, these concerns would act as a major constraint on the traditional oil industry. In the context of long-term sustainable growth, the priority for the Indian economy is to ensure energy & environment security.

IndianOil’s endeavor is to tap the burgeoning opportunities in the country to increase its presence across the entire energy value chain. For the last 5 decades, IndianOil has been an active partner in facilitating the economic transformation of India. As a major energy service provider of the nation, IndianOil shares a symbiotic relationship with the Indian economy—IndianOil fuels the growth of the economy and with it the Corporation itself grows as well. The Corporation has aligned its economic strategy with the national priorities. In addition to the core business of refining and marketing, significant investments are being made in E&P, both in India and abroad, as well as gas & alternative energy businesses. In addition to the diversification of the current energy portfolio, IndianOil’s approach has been to place thrust on energy efficiency in line with the corporate vision. Additional investments are also being made for energy efficient...
and cleaner technologies. The Corporation’s approach to the green initiatives is not limited to just our own operations but it intends to create a multiplier effect by leveraging its countrywide network of vendors, contractors & consumers and ultimately create a green supply chain.

The guiding force in IndianOil’s operations has been to deliver optimum services while maximizing the economic value generated in the entire process. While material costs (especially crude) are beyond the control of the Corporation, and price realisation for the high volume products is administered; minimising operational costs holds the key to its being a least cost supplier. In this context, IndianOil is constantly striving for optimisation of refining process, logistics and supply chain management, timely execution, safe commissioning of projects & retention of skilled manpower.

**Market Presence**

IndianOil’s recruitment policy follows the guidelines laid down by the administrative instructions and policies issued by the Department of Public Enterprises (DPE) and the Ministry of Heavy Industries, Government of India (GOI). While appointing dealers and distributors for retail sales, the Corporation adheres to a very well defined transparent selection procedure which, besides taking into consideration the commercial interests, also focuses on different social objectives criteria as envisioned by the Government from time to time. Special emphasis is placed on recruitment of individuals and selection of dealers/distributors from the weaker sections of society classified under the categories of Scheduled Castes, Scheduled Tribes, physically handicapped and women to ensure all-encompassing growth of the society.

Employees are the key resource in any organisation. To ensure fair and, above all, effective recruitment procedures, a detailed recruitment policy is in place, implemented by an appropriately trained staff. IndianOil has been continuously benchmarking its HR processes and has won recognition as a pioneer in the evolution of robust HRD systems, including succession planning and other sub-systems. IndianOil is poised to become the first in the corporate sector in India to utilise the Graduate Aptitude Test in Engineering (GATE) for recruiting engineering graduates that will effectively replace the traditionally conducted written test conducted by IndianOil. This pioneering initiative by IndianOil will increase the efficiency of the examination process and is expected to result in the recruitment of candidates of high technical caliber.

Within the oil & gas sector, IndianOil has been credited with having a skilled pool of human resources. It is to the credit of its human resources strategies that most of the top management personnel, including Board members, have been drawn from its own ranks. The shining exemplar of IndianOil being a strong employer brand was the Corporation being recognised as the only PSU to feature in the list of top 25 ‘Best Employers’ of India in a study conducted by M/s Hewit Associates in 2008-09. The compensation structure for officers and workmen, governed by extant guidelines of DPE, is among the best in the industry. The compensation structure has been revised for officers’ w.e.f. 01.01.2007 as per the DPE guidelines. The DPE has also issued guidelines for negotiations with the workers’ union on revision of their wage structure (due from 01.01.2007).
Employee Benefit Schemes

In today's competitive business environment, employees seek jobs that not only offer financial security, but also opportunity for development and advancement. IndianOil is committed to creating a supportive work environment while providing benefits and services that will help them to enhance productivity and strike a harmonious work-life balance. Various welfare measures and employee benefit schemes like subsidised canteen facilities, house building advance, conveyance advance, and medical facilities, among others are available as follows:

- Housing Facilities
- Rationalisation adjustment/skills update expenses
- Computer advance
- Service awards
- Liberal leave for women employees
- Incentive scheme for higher education

- Medical Facilities
- House building advance
- Festival advance
- Subsidised canteen
- LTC and holiday homes
- Children’s educational assistance

- Transport facility, running & maintenance expenses
- Conveyance advance
- Furniture advance
- Protective clothing
- Sports & recreational facilities

Social Security Benefits

- Contributory provident fund
- Employees' Pension Scheme
- Gratuity
- Rehabilitation scheme
- Superannuation Benefit Fund
- Group savings-linked insurance for workmen
- Compensation on death or permanent total disablement due to accident

Product Quality Improvement

IndianOil refineries are all geared to introduce the Euro-III and Euro-IV fuels as per the schedule laid down by the Auto Fuel Policy of Government of India. IndianOil has progressively upgraded the quality of auto fuels produced at its refineries in terms of emission-related...
## Indian Oil Performance at a Glance

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<tbody>
<tr>
<td><strong>FINANCIAL</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Turnover (Inclusive of Excise Duty)</td>
<td>62,030</td>
<td>61,480</td>
<td>285,337</td>
<td>247,457</td>
<td>220,779</td>
<td>183,172</td>
<td>150,729</td>
</tr>
<tr>
<td>Gross Profit *</td>
<td>2,461</td>
<td>3,561</td>
<td>11,319</td>
<td>14,334</td>
<td>14,622</td>
<td>9,931</td>
<td>8,722</td>
</tr>
<tr>
<td>Profit Before Interest &amp; Tax</td>
<td>1,800</td>
<td>2,888</td>
<td>8,281</td>
<td>11,626</td>
<td>11,990</td>
<td>7,728</td>
<td>6,538</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>941</td>
<td>2,504</td>
<td>4,329</td>
<td>10,080</td>
<td>10,485</td>
<td>6,706</td>
<td>5,955</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>641</td>
<td>1,730</td>
<td>2,950</td>
<td>6,963</td>
<td>7,499</td>
<td>4,915</td>
<td>4,891</td>
</tr>
<tr>
<td>Dividend</td>
<td>198</td>
<td>163</td>
<td>910</td>
<td>656</td>
<td>2,251</td>
<td>1,460</td>
<td>1,694</td>
</tr>
<tr>
<td>Dividend Tax</td>
<td>34</td>
<td>19</td>
<td>155</td>
<td>76</td>
<td>362</td>
<td>205</td>
<td>237</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>409</td>
<td>1,548</td>
<td>1,885</td>
<td>6,231</td>
<td>4,886</td>
<td>3,250</td>
<td>2,960</td>
</tr>
<tr>
<td>Value Added</td>
<td>6,853</td>
<td>6,128</td>
<td>31,525</td>
<td>24,667</td>
<td>24,716</td>
<td>17,132</td>
<td>16,611</td>
</tr>
<tr>
<td>Contribution To Central Exchequer (incl. Dividend paid to Central Govt.)</td>
<td>5,628</td>
<td>8,509</td>
<td>25,891</td>
<td>34,249</td>
<td>28,431</td>
<td>24,449</td>
<td>22,148</td>
</tr>
<tr>
<td>Cumulative Dividend</td>
<td>3,352</td>
<td>3,605</td>
<td>15,419</td>
<td>14,509</td>
<td>13,853</td>
<td>11,602</td>
<td>10,142</td>
</tr>
<tr>
<td>*Profit Before Depreciation, Interest Expenditure and Tax.</td>
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### What Corporation Owns

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</tr>
</thead>
<tbody>
<tr>
<td>Gross Fixed Assets</td>
<td>12,292</td>
<td>14,169</td>
<td>62,345</td>
<td>56,832</td>
<td>54,837</td>
<td>43,695</td>
<td>39,869</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>5,435</td>
<td>5,999</td>
<td>27,567</td>
<td>24,060</td>
<td>21,467</td>
<td>18,672</td>
<td>16,488</td>
</tr>
<tr>
<td>Net Fixed Assets</td>
<td>8,857</td>
<td>8,171</td>
<td>34,778</td>
<td>32,772</td>
<td>33,370</td>
<td>25,023</td>
<td>23,381</td>
</tr>
<tr>
<td>Capital Work In Progress</td>
<td>3,586</td>
<td>2,286</td>
<td>18,186</td>
<td>9,170</td>
<td>4,395</td>
<td>9,646</td>
<td>8,734</td>
</tr>
<tr>
<td>Investments</td>
<td>6,358</td>
<td>5,372</td>
<td>32,250</td>
<td>21,546</td>
<td>19,998</td>
<td>14,526</td>
<td>5,705</td>
</tr>
<tr>
<td>Finance Lease Receivables</td>
<td>4</td>
<td>8</td>
<td>20</td>
<td>31</td>
<td>49</td>
<td>71</td>
<td>95</td>
</tr>
<tr>
<td>Working Capital</td>
<td>1,809</td>
<td>4,575</td>
<td>9,177</td>
<td>18,350</td>
<td>9,351</td>
<td>10,806</td>
<td>9,662</td>
</tr>
<tr>
<td>Misc. Expenditure</td>
<td>7</td>
<td>31</td>
<td>38</td>
<td>125</td>
<td>157</td>
<td>58</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,621</strong></td>
<td><strong>20,443</strong></td>
<td><strong>94,449</strong></td>
<td><strong>81,994</strong></td>
<td><strong>67,320</strong></td>
<td><strong>60,130</strong></td>
<td><strong>47,610</strong></td>
</tr>
</tbody>
</table>

### What Corporation Owes

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<tr>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>- Share Capital</td>
<td>235</td>
<td>297</td>
<td>1,192</td>
<td>1,192</td>
<td>1,168</td>
<td>1,168</td>
<td>1,168</td>
</tr>
<tr>
<td>- Share Suspense Account</td>
<td>4</td>
<td>-</td>
<td>22</td>
<td>-</td>
<td>24</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- Reserves</td>
<td>8,435</td>
<td>9,946</td>
<td>42,784</td>
<td>39,894</td>
<td>33,665</td>
<td>28,135</td>
<td>24,817</td>
</tr>
<tr>
<td>Total Net Worth</td>
<td>8,674</td>
<td>10,243</td>
<td>43,998</td>
<td>41,086</td>
<td>34,857</td>
<td>29,303</td>
<td>25,985</td>
</tr>
<tr>
<td>Borrowings</td>
<td>8,867</td>
<td>8,857</td>
<td>44,972</td>
<td>35,523</td>
<td>27,083</td>
<td>26,404</td>
<td>17,320</td>
</tr>
<tr>
<td>Deferred Tax Liability</td>
<td>1,079</td>
<td>1,343</td>
<td>5,474</td>
<td>5,385</td>
<td>5,380</td>
<td>4,423</td>
<td>4,305</td>
</tr>
<tr>
<td>Foreign Currency</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monetary Item</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Translation Difference Account</td>
<td>1</td>
<td>-</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,621</strong></td>
<td><strong>20,443</strong></td>
<td><strong>94,449</strong></td>
<td><strong>81,994</strong></td>
<td><strong>67,320</strong></td>
<td><strong>60,130</strong></td>
<td><strong>47,610</strong></td>
</tr>
</tbody>
</table>

*Note: Figures for the previous year have been regrouped, wherever necessary.*
### Ratios

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</tr>
</thead>
<tbody>
<tr>
<td>Debt Equity Ratio</td>
<td>1.02:1</td>
<td>0.86:1</td>
<td>1.02:1</td>
<td>0.86:1</td>
<td>0.78:1</td>
<td>0.90:1</td>
<td>0.67:1</td>
</tr>
<tr>
<td>- Total Debt To Equity</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>- Long Term Debt To Equity</td>
<td>0.36:1</td>
<td>0.28:1</td>
<td>0.36:1</td>
<td>0.28:1</td>
<td>0.31:1</td>
<td>0.39:1</td>
<td>0.27:1</td>
</tr>
<tr>
<td>Earnings Per Share</td>
<td>0.53</td>
<td>1.45</td>
<td>24.30</td>
<td>58.39</td>
<td>62.90</td>
<td>42.08</td>
<td>41.88</td>
</tr>
<tr>
<td>Cash Earnings Per Share</td>
<td>1.07</td>
<td>2.01</td>
<td>49.32</td>
<td>81.10</td>
<td>84.97</td>
<td>60.94</td>
<td>60.57</td>
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<tr>
<td>Profit After Tax To Average</td>
<td>6.93</td>
<td>18.34</td>
<td>6.93</td>
<td>18.34</td>
<td>23.38</td>
<td>17.78</td>
<td>19.95</td>
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<tr>
<td>Networth (%)</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Networth Per</td>
<td>7.15</td>
<td>8.59</td>
<td>362.43</td>
<td>344.58</td>
<td>292.34</td>
<td>250.88</td>
<td>222.47</td>
</tr>
<tr>
<td>Equity Share</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**Note: Exchange rate used:-**

- For 2008-09 Average Rate 1 US $ = Rs.46.00 and Closing Rate 1 US $ = Rs.50.72 as on 31.03.2009
- For 2007-08 Average Rate 1 US $ = Rs.40.25 and Closing Rate 1 US $ = Rs.40.11 as on 31.03.2008

### II OPERATIONS

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<tbody>
<tr>
<td>Product Sales</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Domestic</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Petroleum Products</td>
<td>60.887</td>
<td>57.548</td>
<td>53.363</td>
<td>46.217</td>
<td>48.166</td>
</tr>
<tr>
<td>- Gas</td>
<td>1.666</td>
<td>1.737</td>
<td>1.482</td>
<td>1.297</td>
<td>0.694</td>
</tr>
<tr>
<td>Total Domestic</td>
<td>62.553</td>
<td>59.285</td>
<td>54.845</td>
<td>47.514</td>
<td>48.860</td>
</tr>
<tr>
<td>Export</td>
<td>3.613</td>
<td>3.331</td>
<td>3.131</td>
<td>2.089</td>
<td>1.956</td>
</tr>
<tr>
<td>Total</td>
<td>66.166</td>
<td>62.616</td>
<td>57.976</td>
<td>49.603</td>
<td>50.816</td>
</tr>
<tr>
<td>Refineries Throughput</td>
<td>51.367</td>
<td>47.401</td>
<td>44.002</td>
<td>38.519</td>
<td>36.630</td>
</tr>
<tr>
<td>Pipelines Throughput</td>
<td>59.627</td>
<td>57.121</td>
<td>51.693</td>
<td>45.348</td>
<td>43.030</td>
</tr>
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</table>

### III MANPOWER

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<tbody>
<tr>
<td>33,998**</td>
<td>31,945</td>
<td>29,862</td>
<td>30,048</td>
<td>30,430</td>
<td></td>
</tr>
</tbody>
</table>

**Includes employees of erstwhile Bongaigaon Refinery & Petrochemicals Ltd. (BRPL) merged with IndianOil w.e.f. 25th March, 2009.**
parameters and to meet the quality requirement of new generation vehicles. At present, projects worth Rs. 12,280 crore are under implementation for product quality improvement. The endeavor to develop cleaner fuel technologies and technological processes is continuous and relentless in the Corporation.
Environment
Environment Strategy &
Management Approach

The dynamics of global needs are continuously shifting. With rising population, economic development and increasing energy demands, there is a constant search for a better quality of life. The burden on the environment is increasing to such an extent that in various parts of the world, natural resources that always have been classified as renewable viz. fresh water, clean air, soil, forests and fisheries are slowly losing their ability to regenerate and sustain growing local populations. The explosion of global electronic communication has heightened public awareness on these concerns, calling for greater transparency and accountability of governments as well as businesses.

Being sensitive to these global concerns, the oil and natural gas sector is placing greater emphasis on understanding the varied needs and expectations of the countries and communities in which they operate. This includes conducting all activities in an economically, socially and environmentally responsive manner, as well as working together with stakeholder groups, identifying & implementing constructive solutions to common problems.

At IndianOil, the corporate safety, health & environment policy establishes the framework for sound safety, health & environment management. Beyond compliance, however, excellence in safety, health & environmental performance and a commitment to good corporate citizenship are encouraged & rewarded consistent with its vision.

Environment Reporting & Performance Indicators

Raw Material

More than 75% of crude oil, which forms the major raw material in refining operations is imported from oil-
producing nations on a contractual basis. The Corporation recognizes the need to diversify energy sources and strategically spread its business tie-ups for crude oil to ensure seamless and smooth procurement of the raw material. During the year 2008-09, IndianOil refineries achieved the highest-ever crude oil throughput of 51.36 million tonnes. Optimized use of raw material and improvement of gross refining margin (GRM) has been a critical area of focus for sustained growth. Some of the major steps taken for improvement of GRM include processing of higher volumes of low-cost, high-sulphur crude oils (it is planned to increase the present level of 46.2% to 63% by the year 2011-12), sharing of streams among group refineries and increasing the distillates yield (from the current level of 75% to 78% by 2011-2012) by upgrading residues, value addition and by developing an integrated business improvement plan, etc.

IndianOil refineries are committed to supplying Euro III & IV quality products by April 2010 in compliance with the provisions of the Auto Fuel Policy of Government of India.

Water and Effluents

The refineries of IndianOil are fully compliant with the MINAS (Minimal National Standards) set by the Ministry of Environment & Forests, Govt. of India and the Central Pollution Control Board with regard to use of water resources and the quality of effluents discharged.

Data on effluent generation, recycling and discharge in 2008-09:

<table>
<thead>
<tr>
<th>Refinery</th>
<th>Generation</th>
<th>Discharge</th>
<th>Reuse</th>
<th>Reuse %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guwahati</td>
<td>203</td>
<td>78</td>
<td>125</td>
<td>62</td>
</tr>
<tr>
<td>Barauni</td>
<td>494</td>
<td>19</td>
<td>475</td>
<td>96</td>
</tr>
<tr>
<td>Gujarat</td>
<td>1164</td>
<td>69</td>
<td>1095</td>
<td>94</td>
</tr>
<tr>
<td>Haldia</td>
<td>497</td>
<td>238</td>
<td>259</td>
<td>52</td>
</tr>
<tr>
<td>Mathura</td>
<td>504</td>
<td>261</td>
<td>243</td>
<td>48</td>
</tr>
<tr>
<td>Panipat</td>
<td>882</td>
<td>189</td>
<td>693</td>
<td>79</td>
</tr>
<tr>
<td>Digboi</td>
<td>60</td>
<td>19</td>
<td>42</td>
<td>69</td>
</tr>
</tbody>
</table>

The different effluent streams from the refineries are segregated and treated through physical, chemical and biological methods with the state-of-the-art Effluent Treatment Plants (ETPs) that are upgraded on a continuous basis with advanced treatment systems like Tilted Plate Interceptor (TPI), Dissolved Air Floatation (DAF), Bio-tower, Ultra Filtration, Reverse Osmosis, etc. The refineries are also equipped with Hydrogen Peroxide Treatment / Wet Air Oxidation for treating Spent Caustic Streams. At Panipat and Mathura Refineries, Reverse Osmosis Plants for advanced treatment of ETP-treated effluents were also installed. The focus is to arrest the pollutants at
source, monitor the ETP operations & continually improve quality over the minimum regulatory limit.

**Water Conservation**

Treated effluents at the refineries are reused/recycled for fire water & cooling tower make up, coke cutting in Delayed Cokers, captive irrigation in the green belts, eco-parks and eco-ponds. This has led to a huge reduction in the discharge of treated effluents outside the units and has also helped in decreasing fresh water consumption for operations. Local farmers near Mathura and Gujarat refineries have been traditionally using our treated effluent for irrigation.

---

### Effluent quality data for IndianOil refineries for 2008-09

**MINAS Quality (mg/litre except pH)**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Standard</th>
<th>Guwahati</th>
<th>Barauni</th>
<th>Koyali</th>
<th>Haldia</th>
<th>Mathura</th>
<th>Panipat</th>
<th>Digboi</th>
</tr>
</thead>
<tbody>
<tr>
<td>pH</td>
<td>6.0 – 8.5</td>
<td>7.0</td>
<td>7.5</td>
<td>7.5</td>
<td>7.2</td>
<td>7.4</td>
<td>7.8</td>
<td>7.0</td>
</tr>
<tr>
<td>Oil &amp; Grease</td>
<td>10 (Max.)</td>
<td>6.0</td>
<td>7.0</td>
<td>2.5</td>
<td>7.4</td>
<td>5.0</td>
<td>7.1</td>
<td>7.6</td>
</tr>
<tr>
<td>Phenol</td>
<td>1 (Max.)</td>
<td>0.30</td>
<td>0.10</td>
<td>0.1</td>
<td>0.60</td>
<td>0.05</td>
<td>0.33</td>
<td>0.43</td>
</tr>
<tr>
<td>Sulphides</td>
<td>0.5 (Max.)</td>
<td>0.20</td>
<td>0.50</td>
<td>0.20</td>
<td>0.1</td>
<td>0.13</td>
<td>0.05</td>
<td>0.06</td>
</tr>
<tr>
<td>BOD*</td>
<td>15 (Max.)</td>
<td>13.0</td>
<td>14</td>
<td>7.1</td>
<td>13</td>
<td>8</td>
<td>11.7</td>
<td>13</td>
</tr>
<tr>
<td>TSS**</td>
<td>20 (Max.)</td>
<td>17</td>
<td>18</td>
<td>12.7</td>
<td>16</td>
<td>10</td>
<td>14.6</td>
<td>16</td>
</tr>
</tbody>
</table>

**MINAS Quality (kg/1000 tonnes)**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Standard</th>
<th>Guwahati</th>
<th>Barauni</th>
<th>Koyali</th>
<th>Haldia</th>
<th>Mathura</th>
<th>Panipat</th>
<th>Digboi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Grease</td>
<td>7 (Max.)</td>
<td>4</td>
<td>0.16</td>
<td>0.22</td>
<td>2.32</td>
<td>1.78</td>
<td>0.66</td>
<td>1.75</td>
</tr>
<tr>
<td>Phenol</td>
<td>0.7 (Max.)</td>
<td>0.2</td>
<td>0.002</td>
<td>0.009</td>
<td>0.19</td>
<td>0.012</td>
<td>0.031</td>
<td>0.99</td>
</tr>
<tr>
<td>Sulphides</td>
<td>0.35 (Max.)</td>
<td>0.13</td>
<td>0.01</td>
<td>0.018</td>
<td>0.032</td>
<td>0.03</td>
<td>0.003</td>
<td>0.014</td>
</tr>
<tr>
<td>BOD*</td>
<td>10.5 (Max.)</td>
<td>8.2</td>
<td>0.32</td>
<td>0.62</td>
<td>4.16</td>
<td>1.89</td>
<td>1.09</td>
<td>3</td>
</tr>
<tr>
<td>TSS**</td>
<td>14 (Max.)</td>
<td>11</td>
<td>0.41</td>
<td>1.13</td>
<td>5.12</td>
<td>2.37</td>
<td>1.36</td>
<td>3.7</td>
</tr>
</tbody>
</table>

*BOD - Biological Oxygen Demand; **TSS - Total Suspend Solid

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### Total Water Sourced

<table>
<thead>
<tr>
<th>Functions</th>
<th>2007-08</th>
<th>%</th>
<th>2008-09</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total water</td>
<td>Ground Water</td>
<td>Total water</td>
<td>Ground Water</td>
</tr>
<tr>
<td>Refineries</td>
<td>87.483</td>
<td>38.421</td>
<td>78.428</td>
<td>35.329</td>
</tr>
<tr>
<td>Marketing</td>
<td>1.149</td>
<td>1.014</td>
<td>1.184</td>
<td>1.045</td>
</tr>
<tr>
<td>Pipelines</td>
<td>0.290</td>
<td>0.257</td>
<td>0.335</td>
<td>0.299</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>0.146</td>
<td>0.146</td>
<td>0.182</td>
<td>0.182</td>
</tr>
<tr>
<td>Total</td>
<td>89.079</td>
<td>39.830</td>
<td>80.129</td>
<td>36.856</td>
</tr>
</tbody>
</table>
Scientific studies conducted by the Aligarh Muslim University at Mathura for over 14 years have revealed that the use of treated effluents has had no adverse effect on the quality and yield of the crops. An ETP with Ultra Filtration/RO facilities is shortly coming up at Haldia Refinery to reuse major quantity of water for cooling water make up & DM Plant. IndianOil’s R&D Centre reuses 100% of treated effluent and maintain zero discharge.

During the year 2008-09, there has been a 11.7% reduction in fresh water consumption and a 2.5% increase in reuse of treated effluent in the refineries as compared to the previous years. The specific water consumption (M³/MT of crude processed) during 2008-09 was 2.7 as compared to 3.08 during 2007-08. The total water cess paid by refineries during 2008-09 was Rs.1,04,02,588 as compared to the expenditure of Rs.1,06,49,430 in the year 2007-08.

IndianOil has undertaken rainwater harvesting as an effective tool to recharge the ground water table in more than 100 source points and work is at an advanced stage at 30 source points. Approximately, 90,000 M³ of rain water was harvested during 2008-09.

Emissions

The refineries pay extensive attention to reducing emissions of several pollutant gases released during production process from stacks namely sulphur dioxide and nitrogen oxide. Various advanced measures have been adopted to control emissions and effectively disperse the flue gases from boilers & heaters, FCC regenerators and Sulphur Recovery Units. Hydrocarbon leaks and evaporation during storage, handling and transportation of petroleum products and crude oil are also potential sources of emissions to air.

Some of key measures being undertaken are:

- Use of low sulphur fuel oil/ sweet natural gas/ desulphurised refinery gas in boilers and heaters to minimize SO₄ emission.
- Hydrogen Sulphide generated during desulphurisation of refinery gas is converted to elemental sulphur in Sulphur Recovery Units.
- Sulphur dioxide emissions from Catalytic Crackers are controlled by effective feed sulphur management.
- Flue gas scrubbing at FCC units at Haldia & Barauni Refineries for arresting emission of sulphur dioxide and particulate matters.
- Cyclone separators are provided in FCCU regenerators to arrest catalyst fines.
- Carbon monoxide from FCCU regenerator is incinerated in CO Boilers and the resultant energy is utilized for steam generation.
- Low NO₃ burners are provided in furnaces.
- Use of floating roof tanks for crude and other light product services & mechanical seals in pumps for minimizing fugitive emission of hydrocarbons.
- 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.
- Continuous reduction in fuel consumption by ENCON measures.

IndianOil refineries are fully compliant with the applicable emission standards for process units as well as the total Sulphur dioxide emission limit prescribed by statutory bodies.
Continuous watch is maintained on ambient air quality at designated monitoring stations, along with mobile vans fitted with monitoring equipment at various refineries. An Air Quality Monitoring Van, which is utilised for carrying out monitoring of ambient air quality in the vicinity of petrol pumps in and around Delhi was flagged off in June 2008 by the R&D Centre.

During 2008-09, the monitoring of fugitive emissions from Volatile Organic Compound (VOC) sources was also carried out in the refineries units under the Leak Detection & Repair (LDAR) Programme. For continuous monitoring of opacity in flue gas through INDMAX Unit Stack, Guwahati Refinery is in the process of installing an Opacity Meter along with a continuous ambient air quality monitoring station fitted with automatic analyzers to monitor SO₂, NOₓ, SPM, RSPM, CO & NH₃ in ambient air. In addition, four high volume samplers have been installed at different places in the Guwahati Refinery to monitor ambient air quality.

Sixty six Auto LPG Dispensing Stations (ALDS) have been commissioned during 2008-09 which will lead to reduction in automobile emissions as LPG is a cleaner auto fuel.

**Waste Management**

IndianOil is continually improving the resource productivity of its business processes in order to ensure that the resources are used effectively. Our business is to our focus on recycling resources at our installations. Around 17,500 MT of oily sludge from crude tanks, chemical sludge and bio sludge were safely disposed and about 2,500 MT of spent catalyst was disposed off to authorised agencies.

**Energy Conservation**

IndianOil thrust on energy conservation at all of its eight operating refineries continues through in-house process monitoring and induction of latest technologies. As a result of various energy conservation measures undertaken, the energy index in terms of MBTU/BBL/NRGF (MBN) of IndianOil refineries in the year 2008-09 has come down to 64, which is much lower than the industry average of 69 indicating better energy performance. More than 37 energy conservation schemes were implemented during 2008-09 resulting in savings to the tune of 73,500 SRFT (Standard Refinery Fuel Tonnes) per year.

**Power Consumption (KWH)**

<table>
<thead>
<tr>
<th>Function</th>
<th>2007-08</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refineries</td>
<td>2926026.11</td>
<td>2581332.68</td>
</tr>
<tr>
<td>Marketing</td>
<td>58124.64</td>
<td>61425.07</td>
</tr>
<tr>
<td>Pipelines</td>
<td>72181.63</td>
<td>84498.34</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>6364.92</td>
<td>6146.70</td>
</tr>
<tr>
<td>Total</td>
<td>3062697.30</td>
<td>2733402.78</td>
</tr>
</tbody>
</table>
In the year 2008-09, total power consumption has been reduced to 2733402.78 X 10^3 KWH from 3062697.30 X 10^3 KWH power consumed in 2007-08. There is 10.75% reduction in power consumption in the year 2008-09 as compared to power consumption in the year 2007-08.

The Corporation’s targets for reduction of energy index (MBN) at all its refineries are:

<table>
<thead>
<tr>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>63</td>
<td>62</td>
<td>61</td>
<td>60</td>
</tr>
</tbody>
</table>

During the year, the carbon dioxide emission from IndianOil Refineries in terms of MT/MT of crude oil processed came down to 0.223 from 0.265 during the previous year (16% reduction in emission).

The major energy conservation measures undertaken at refineries during 2008-09 are:

- Flare gas recovery system at Guwahati Refinery
- Stepless control in make up gas compressor of HDT unit at Guwahati Refinery
- Yield & energy improvement in AVU-1 at Barauni Refinery
- Commissioning of GT-II along with HRSG at Haldia Refinery
- Flare gas recovery system in Haldia Refinery
- Foggy cooler for gas turbines at Mathura Refinery; Stepless control in make up gas compressor of DHDT unit at Mathura Refinery
- Pre-heat improvement in AVU through heat exchanger train optimisation at Digboi Refinery
- Enhancing waste heat boiler capacity in SSRU at Panipat Refinery.

The initiatives taken in Pipeline operations are:

- Conversion of switching control of industrial lighting system from photocell to programmable CMOS timer driven
- Heating of crude oil before centrifuge by solar water heaters instead of electric heater
- Auto start/stop facility of mainline engine radiator motors linked with temperature jacket water of the engines
- Replacement of conventional tube lights with fluorescent tube lights in control Room buildings and administration buildings
- Replacement of 400W HPSV lamps with 250W metal halide lamps in High Mast Towers
- Replacement of GLS lamps with CFL
- Use of solar energy for heating at Sendra installation, have all been accomplished.

At the Marketing Division the proactive steps are:

- Capacitor banks have been installed at locations for better utilization of power
- Conventional lighting is progressively being replaced with CFLs and variable drive motors have been installed in automated locations.

At R&D Centre, 60% lights have been changed with CFL leading to vast savings. IndianOil has also taken the Clean Development Mechanism (CDM) initiative to reduce carbon dioxide emission from its Refineries to reduce CO₂ emission into atmosphere and trade the Certified Emission Reduction (CER) to annex-I countries. Two such projects of Digboi & Haldia Refineries have been registered with UNFCCC. The Certified Emission Reduction (CER) for these projects is 2693 MTPA & 17000 MTPA respectively. Five additional projects under CDM have been taken up in Refinery units.
Green Belts

In consultation with eminent botanists & through scientific planning, major locations and all the IndianOil refineries are landscaped with green belts and award-winning ecological parks. During the year 2008-09, more than 50,000 trees were planted, adding to the existing belt of more than 10 lakh trees thriving across IndianOil locations. The various plants and trees in greenbelts serve as organic sponges for various forms of pollution, and as storehouses of carbon dioxide to help offset global warming. The ecological parks set up at refineries are akin to mini wildlife sanctuaries, attracting migratory birds to set up temporary homes. In the winter season, enthusiastic bird lovers can locate a Ruff (Russia), Black winged Stilt, Common Teal & Common Greenshank (Himalayan belt), Northern Pintail, Yellow Wagtail, Shoveler, Coots (China), Gadwall, Wood Sandpiper, Starling, Blue throat, etc. While in the summers one can spot birds like the Asian

Koel, Black crowned Pied Cuckoo, Night Heron, Eurasian Golden Oriole, Blue-tailed Bee-Eater, etc.

Green Initiatives at liPM

The Corporation’s apex learning center at Gurgaon, near Delhi, IndianOil Institute of Petroleum Management (iiPM), has been engaged in promoting green initiatives.

The learning center has replaced the conventional lamps with energy efficient fluorescent tubes, segregated and automated façade lights, automated the car parking shed lights achieving greater energy efficiency, providing higher illumination leading to a substantial saving in the energy bill and replacement cost. The projected energy savings due to these constructive measures is almost 60,000 units per year.

Rainwater Harvesting plays a very important role in conservation of fresh water usage, a new rain water harvesting pit has been constructed in the campus strengthening the existing water harvesting network already present.

Other Thrust Areas

Alternative Fuels

IndianOil, in its quest for continuous investments in innovative technologies and solutions for sustainable energy, is keenly diversifying its energy portfolio to include wind & solar energy, Gas, Bio-fuels, Hydrogen fuel, nanotechnology as well as forays into nuclear energy. As part of this persistent effort, a dedicated renewable energy group has been set up that is keenly exploring new energy initiatives.
Wind Energy

IndianOil commissioned its first Wind Power Project with 21 MW installed capacity in Kutch, Gujarat, to feed its substantial facilities located in the region on 5th January, 2009. The power generated from the wind project is being wheeled to five pipeline locations of IndianOil in Gujarat, viz, Radhanpur, Mundra, Vadinar, Viramgam and Sidhpur. The project has been implemented at a cost of approx. Rs. 130 crore through M/s Suzlon Energy Ltd., a pioneer in end-to-end wind power solutions.

This project has so far generated more than 3.7 crore Kwhr of green electricity, part of which has been used for captive consumption and balance has been fed into the Gujarat grid. The energy generation from the project is expected to reduce CO₂ emissions to the extent of 34,700 metric tonnes per annum and once the project is declared a CDM project, it would generate about 34,000 CERs per annum. Several other CDM projects are in various stages of registration with UNFCCC.

Hydrogen Energy

IndianOil’s R&D Centre has been mandated by the Ministry of Petroleum & Natural Gas (MoP&NG) as the nodal agency of the hydrocarbon industry to coordinate research on Hydrogen as an energy carrier. After
commissioning India’s first pilot Hydrogen-CNG dispensing station in October 2005, a Memorandum of Understanding has been signed with international agencies for sharing and exchanging information in the area of hydrogen production, storage, transportation, safety codes/standards, fuel cell development, vehicle performance and emission data for vehicles running on LNG & H-CNG blend respectively. Currently, the Hydrogen programme is exploring the viabilities to implement hydrogen related technologies and applications which can reduce transport emissions and move towards energy security. A Hydrogen and CNG dispensing Unit for private vehicles was installed at Dwarka, New Delhi during the year 2009.

**Bio-diesel**

To straddle the complete bio-fuel value chain, IndianOil has formed a joint venture with the Chhattisgarh Renewable Development Authority (CREDA), with an equity holding of 74% and 26% respectively. IndianOil CREDA Bio Fuels Limited has been formed for carrying out farming, cultivating, manufacturing, production and sale of bio mass, bio fuels and allied products and services. A pilot project of *Jatropha* plantation on 600 hectares of revenue waste land is underway in Jhabua district in Madhya Pradesh, to ascertain the feasibility of revenue land – based commercial bio diesel units and to develop benchmarks for plantation costs and output.

**Ethanol-blended petrol**

IndianOil, along with other PSU oil marketing companies, markets 5% ethanol-blended petrol (EBP) in 14 states and 3 union territories and is in the process of introducing EBP in the rest of the notified states.

**Coal gasification/Liquefaction**

Recognising the significance of coal as an energy source in the future, the research programmes of IndianOil are currently focused on investments in coal gasification/liquefaction as well.

**Solar Energy**

IndianOil launched a solar lighting pilot project in Uttar Pradesh to make available energy efficient illumination at an affordable cost to the rural populace that are presently using kerosene/LPG based lighting systems. The project has enabled improved illumination; smoke-free environment & reduction in smoke-related health hazards; reduction of potential risks of fire/accidents from kerosene *dbris*, crude lighting devices. The project will help in reduction of green house gas emissions due to reduced usage of kerosene. One lantern (using 1 litre kerosene/wk, i.e. 52 litres per annum) can reduce CO₂ emissions by 0.1 ton/yr.

Most importantly, the solar lighting project is supporting extended study hours for the children and economic activity for the adults.

Under the pilot project, two Solar Charging Stations
(SCS) have been commissioned at Kisan Seva Kendras (KSK) at Sathla (near Meerut) and Chokoni (near Bareily) in Uttar Pradesh in 2008. Solar LED Lanterns (for direct sale) were launched in Orissa & Karnataka in 2009. More than 2000 lanterns have been sold in both these States. IndianOil’s first commercial SCS was commissioned in December 2009 at IndianOil’s retail outlet at Puri. Shortly the solar lanterns will be launched in North Eastern States & Andhra Pradesh and gradually extend across India.

**Nuclear Energy**

To capitalise on the potential for nuclear power, IndianOil signed a Memorandum of Understanding (MoU) with Nuclear Power Corporation of India Ltd (NPCIL), to invest in a 1,000-Mw nuclear power plant. Nuclear power is estimated to offer about 15% assured return on investment, unlike the volatility in the Company’s refining business.

**Safety**

In order to enhance safety awareness, knowledge and operating practices within the organisation and its emerging management preparedness, the following activities were undertaken:

- Safety Films on Work at Height, Use of Respiratory Equipment and Use and Maintenance of Fire Fighting Equipment & Appliances were developed.
- Safety film “Learning from Incidents in LPG Bottling Plants” developed.
- Quarterly and Annual Offsite Emergency drills carried out at Refinery Units.
- Off site Disaster Drill conducted by all Pipeline Installations.
- Emergency Response Drill conducted by all Marketing installations.
- Oil spill response mock drill conducted at Vadinar in November 2008.
- Training programmes on Safety conducted in all the Divisions.
- Advanced training on Personal Fall Protection Equipment (PFPE) organized for participants from all the Divisions including BRPL & CPCL in September 2008, at Panipat Refinery in October 2008 and at Digboi Refinery in February 2009.
• Advanced training on Personal Fall Protection Equipment (PFPE) organized for 200 front line officers of Panipat Refinery at Panipat in October 2008.

• Advanced training on Scaffold Safety organized for participants from all the Divisions including BRPL & CPCL in November 2008.

• Safety training programme on Job Safety Analysis and Tool Box Talk organized at Panipat Refinery in February 09.

• Road Safety seminar for transport contractors was conducted at Ahmedabad in November 2008.

• Comprehensive HAZOP and Risk Analysis study was carried out for following new projects:
  ◦ Construction of tanks and blending facility at Vadinar
  ◦ Bijwasan-Panipat Naphtha Pipeline
  ◦ Mathura-Bharatpur spur pipeline
  ◦ Hook up of Tikrikalan terminal with MJPL

Recognitions

• Safety Innovation award-2008 from Safety & Quality Forum of the Institution of Engineers (India) for the fourth consecutive year

• National Energy Conservation Award-2008 for Panipat Refinery for Excellence in Energy Conservation and Management in Refineries sector

• Golden Peacock Eco-Innovation award for ‘Lube Marker System.’

• SCOPE Meritorious award for Environment Excellence & Sustainable Development Gold Trophy for 2006-07 presented in November 2008


• NRPL, Panipat received International Safety Award-2007 from British Safety Council, UK

• WRPL, Koyali received Gujarat State Safety Award-2007
Labour Practices
Labour Practices Strategy & Management Approach

A major challenge for an organization is to offer an ambience or environment that will attract, motivate and retain competent employees who are willing to give their best to the organization. Such employees also need to be adaptive and innovative to dynamic shifts in the market, rising competition and technological advances. IndianOil’s work culture encourages openness and trust combined with a commitment to enhancing the bottomline. The organization ethos is focused on providing opportunities for skill development, enhancing exposure to a wide range of job roles as well as mentoring of young recruits. A constant dialogue between employees being assigned new responsibilities and existing processes in their workplace helps them perform to the highest level of expectations.

Employee engagement

The Company’s work environment abounds with opportunities to learn, implement and grow which are key ingredients to employee engagement. An employee engagement survey, undertaken in association with the International Management Institute (IMI) to measure the level of commitment of the employees in the organization, showed high levels of commitment. The survey was followed up by a second one conducted by M/s Hewitt Associates as part of their “Best Employers’ Survey” and the overall engagement level in IndianOil was found to be more than 80%. It was adjudged as one of the top 25 best employers in the country.

‘Mentoring’ is an integral part of IndianOil’s employee growth plan. It is a vital tool for retention of talent since it increases engagement and plays an important role in the grooming of the employee and integrating the person to the values of the organization. The various functional groups of IndianOil undertake this keeping in mind specific operational requirements.

To facilitate the transition of new recruits from the theoretical ambience of the classroom to the real world of work challenges, a mix of sessions is scheduled as the Corporate Induction Module. To improve the engagement of newly recruited executives, emphasis has been given to such sessions including onboarding.
During the year 2008-09, a record number of 900 new recruits participated in the Corporate Induction module. The prestigious CCIM programme also has Top Management focus with the Chairman and Functional Directors taking time out from their busy schedules to interact with the new recruits.

**New Vision**

A new Vision that encapsulates the collective aspirations of the IndianOilPeople was formulated on the occasion of the Golden Jubilee year. The new vision envisages IndianOil as the ‘Energy of India’ and a globally admired Company. Six elements namely Ethics, People, Innovation, Environment, Technology and Customers are the corner stones of the new Vision.

**Suggestion Scheme & Quality Circles**

The organization has a very rewarding suggestion scheme that invokes response from a large section of employees and also harnesses the latent creativity in every employee. Depending upon the feasibility of the suggestions, the suggestions are implemented.

Quality Circles are integral part of the IndianOil organization structure and are operational at various offices and work areas. Executives in junior cadres as well as non-officers meet at regular intervals to identify, analyse and resolve work related problems. Some of our Quality Circles have earned laurels at the national level, while others have participated in international events and earned appreciation and commendation.

**Employees Participation in Management**

Since the implementation of the workers’ participation in management scheme, the emphasis has been on sharing information with the various collectives in seeking their continuous support and co-operation at various levels in managing the challenges being faced by the Corporation. The Collectives are also engaged in dialogue with the Management on areas of mutual concern with an objective to arrive at productive solutions. Bilateralism is an established way of working in IndianOil and decisions with regard to pay scales, benefits and service conditions are normally arrived at under settlement with collectives. The participative culture is further augmented in the form of Works Committee, Canteen Committees, Grievance Committees, Safety Committees, House Allotment Committees, Superannuation Benefit Fund Trust, EPF Trust, Joint Management Councils and other similar committees.

**Employee collectives**

There are 23 recognized unions in the Corporation representing workmen and they submit their charter of demands on major issues such as pay revision, work-related allowances revision etc. The Management constitutes committees for carrying out negotiation /
collective bargaining and accordingly a Long Term Settlement (LTS) / Memorandum of Understanding (MoU) is signed with recognized unions. In case of officers, there is an Officers’ Association but their pay revision & allowances are implemented as per DPE Guidelines received under Presidential Directives.

**Safety & Occupational Health**

Safety Management is an integral part of the overall management ethos of the Company and the highest priority is accorded to Safety & Occupational Health. IndianOil diligently follows the standards laid down by the Oil Industry Safety Directorate (OISD) on matters of safety & occupational health and the norms set by the Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCB) for environmental protection.

**Safety**

There were three major incidents of fire during the year in comparison to two during 2007-08 and nine fatal accidents involving 14 contract workmen (as compared to six fatal accidents involving one employee and five contract workmen in 2007-08) at IndianOil units and project sites. A detailed analysis of the occurrences have been carried out and the recommendations that have emerged are being strictly implemented. The tragic loss of lives has only strengthened our resolve to further enhance safety systems and procedures and improve awareness and knowledge levels among our employees and contractor workmen.

During the year, several AV films on Safety were produced like – ‘Work at Height’, ‘Use of Respiratory Equipment’, ‘Use and Maintenance of Fire Fighting Equipment & Appliances’ and ‘Learning from Incidents in LPG Bottling Plant’. An advanced Training Programme on Personal Fall Protective Equipment (PFPE) and Scaffold Safety was organized for Officers while a Comprehensive HAZOP and Risk Analysis study was also carried out for four new projects.

In order to monitor the health of personnel working in a work environment prone to exposure, full fledged Occupational Health Centres (OHCs) have been provided at all Refineries. All these measures are aimed to ensure safe work environment & maintain highest standards of physical, mental and social well being of the employees.

All Refineries are accredited for Occupational Health and Safety Assessment Series (OHSAS - 18001) and all Refineries are rated under International Safety Rating System (ISRS). Panipat and Gujarat Refineries have been rated “level 9” under ISRS in the scale of 1 to 10 and IndianOil is one of the first few PSU companies to participate in the ISO certification process.

**Occupational Health**

All IndianOil refineries have well equipped occupational
health centres and Occupational Health & Safety Management systems certified to the ISO-18001 of M/s. DNV, The Netherlands. IndianOil is one of the first few public sector companies to participate in the ISO certification process.

**Workforce diversity and opportunities**

IndianOil is an equal opportunity organization and makes no distinction on the basis of caste, creed, colour, gender and religion. The Company is firmly committed to affirmative action, to bring the ‘disadvantaged’ people into the mainstream of life.

The regular guidelines and instructions issued by the Govt. of India regarding the implementation of the reservation policy are scrupulously adhered to in IndianOil. At present, percentages of reservation are prescribed for Scheduled Castes (SC), Scheduled Tribes (ST) and Other Backward Classes (OBC) and Physically Handicapped (PH) in Direct Recruitment and for Scheduled Castes (SC) and Scheduled Tribes (ST) in promotion up to a certain grade.

IndianOil has been providing equal opportunity to women employees and minorities at all levels ever since its inception. It ensures that no distinction is made between male and female employees. Minorities are offered equal developmental and growth opportunities. IndianOil is one of the largest employers of women in the public sector with 7.62% of the workforce comprising of women.

**Total Productive Maintenance**

Total Productive Maintenance (TPM) is a globally accepted concept by industries for improving productivity through improved methods and related practices. TPM calls for the culture of ownership among employees and is a continuous process of improvement that strives to maximize equipment efficiency by creating a perfect relationship between people, process
Encouraged by the success of TPM, its implementation was initiated in all the seven refineries of IndianOil including its 8th refinery, Bongaigaon which has also initiated the implementation process.

IndianOil’s Barauni and Panipat Refineries have been awarded the coveted ‘Total Productive Maintenance’ (TPM) Excellence Award 2008 by the Japan Institute of Plant Maintenance (JIPM). The award was conferred in acknowledgement of the improvement in the production system efficiency achieved by implementing TPM in these units. Efforts are also being made across the refineries to sustain the implementation process so as to achieve the desired level of cultural change.

Employment and Retirement Benefits

IndianOil employee welfare measures have been recognised as among one of the best in the public sector. As a caring organisation it also provides for exciting opportunities to employees and full welfare coverage to retired persons. Protective clothing, transport facility and subsidy, etc. are also provided to the employees.
in-class training and development resources. Employees/prospective employees are supported with excellent systems of recruitment, on-the-job training, career development, assessment and finally post-retirement schemes. Training processes at IndianOil are institutionalized with need identification, evaluation & feedback, post-course quiz, project work and action planning as a means to implement learning at the workplace.

IndianOil has 21 centers of learning for meeting the Training & Development needs of its employees, in-house. The major learning centres are:

- The IndianOil Management Academy (IMA) at Haldia
- IndianOil Management Center for Learning (IMCL) at Mumbai
- IndianOil Institute of Petroleum Management (IIPM) at Gurgaon

**Recognitions**

- The IndianOil Institute of Petroleum Management (IIPM) was conferred with the prestigious Golden Peacock National Training Award 2009 instituted by the Institute of Directors (IOD), New Delhi.
- IndianOil’s Corporate Business Technology Centre (CBTC) was awarded the Economic Times Acer Intel Smart Workplace award 2008 instituted with the objective of recognising companies which have used technology to enhance productivity at the work place.

*All IndianOil locations are designed for eco-friendly and safe operations.*
Human Rights
Human Rights Strategy & Management Approach

As a Company that fosters an environment of equality at the workplace and ensures the recognition of the equal and inalienable rights customers and employees - IndianOil conducts itself in congruence with its deeply imbibed core values. As a founder member of the Global Compact Society (India) and as a Company that became a permanent member of this prestigious society in 2007-08, IndianOil has been playing a leadership role in ensuring the propagation of values that a growing breed of new generation global corporates espouses.

Suppliers

IndianOil’s supply chain is one of the largest of its kind in the world and while the entire intricate link of vendors, sub-vendors, suppliers, transporters, contractors, associates, dealers, distributors is not completely within the Company’s network, it fully acknowledges its responsibility, thereby demanding a statutory compliance from every member of the supply chain and even holds up a code of conduct as a guide for action.

Ethics, Conduct and Discrimination

Being an organization that conforms to universal human rights principles according the highest priority to prevent human-rights violations, IndianOil also has an approved policy for handling grievances of employees and customers. Issues raised by various stakeholders like contractors, dealers, vendors and the general public in the community around are swiftly attended to and resolved. Being a transparent Company, IndianOil...
regularly shares information on different issues under the ‘Right to Information Act’ to a cross section of socially committed individuals, NGOs and various stakeholders.

**Gender Sensitivity**

Being an organisation that has been pursuing progressive gender equality culture, IndianOil regularly sensitizes employees on the transactional relationships that would lead to a more harmonious workplace constituted of both male and female employees. Regular workshops and training programmes on Gender Sensitivity are conducted by the Company’s training department besides contributions from IndianOil’s various cells of the Women in Public Sector forum, all of which have resulted in ensuring a conducive working environment. IndianOil has established 17 Women’s Cells across the Company, each of which is headed by an organizational level person known as the Apex Level WIPS Leader. These cells provide a platform for their development under the “Forum of Women In Public Sector” (WIPS).

**Child Labour**

In the General Conditions of Contract (GCC), the guidelines for any contract drawn with IndianOil by all contractors/vendors, the organization has prescribed the minimum age limit of 18 years for employment/contract labour. The organization bans child labour of any kind and no person below the age of 18 years is engaged by the Corporation in any area of work. Entry at IndianOil locations is regulated through a system of gate passes issued by the Central Industrial Security Force and due caution is exercised to ensure that gate passes are not issued to persons below the age limit prescribed as per regulation.

**Training of security personnel**

Being a part of India’s strategic industrial landscape, IndianOil has a stringent security network which is periodically bolstered by cutting edge training in the latest techniques from the Security domain. During the year, over 12450 personnel were employed by IndianOil to look after the security of its Refineries, R&D Centre, LPG Bottling Plants, Depots & Terminals, Aviation Fuel Stations (AFS), Pipeline installations, Lube Plants and various offices spread all over the country. The multi-tier security apparatus is manned by a formidable phalanx constituting of personnel drawn from CISF, DGR, Home Guards and Private Security groups.

These personnel are regularly trained and briefed on current happenings and potential threat perceptions so as to ensure a high level of alertness and vigilance. The training of security personnel also focuses on frisking &
checking of personnel entering Corporation's premises keeping in mind personal sensibilities and courteous behavior while dealing with employees, visitors and contract laborers. Regular interactions are undertaken to identify and resolve grievances of security personnel with respect to provision of protective clothing, regular wage payment, PF contributions, medical facilities and fulfilment of contractual agreements by vendors.

Motivated human resources achieving excellence
Community
IndianOil has the unique distinction of balancing the need to be a commercially oriented corporate and at the same time meet its corporate social responsibility (CSR) goals. With a rich heritage as an iconic brand that meets the fuel needs of over a billion Indians, IndianOil takes great pride in its position as an energy provider to a growing nation. It has been playing a remarkable role as an enabler in sustainable development of a cross section of Indians, across different consuming segments.

The growth and success of IndianOil over the past five decades can be attributed to the unstinted commitment and devoted dedication of its energetic work force. Human resources have always been at the core of IndianOil’s existence and the values that the entire IndianOil family stands for is a blend of contemporary skill-sets, and traditional ethical values that have stood the test of time.

Making a difference to the society at large and contributing to nation building has been the cornerstone of the Company’s Corporate Social Responsibility initiatives. At IndianOil, we take pride that our corporate strategy is aligned to national priorities and envisions a greater societal role in the future to accomplish the cherished goal of a truly developed India, where all sections of citizens live with dignity. Over the years, IndianOil has supported several social and community initiatives in different parts of India touching the lives of millions of people through investments in health-care projects and social, cultural and educational programmes.

Vigilance

The concept of preventive and proactive vigilance is a
vital ingredient in all decision making in IndianOil. The Vigilance cell in IndianOil periodically sensitizes the organization by increasing awareness regarding the CVC rules/guidelines, ensuring quality and quantity of products in transit as well as sales points across the country, besides conducting studies to bring out irregularities/inconsistencies, thereby bringing transparency and economy in awarding and execution of contracts.

Over 75 training courses and workshops on vigilance awareness were also conducted in which over 1595 employees across different levels participated. IndianOil has an extremely vibrant Whistle Blower Policy which actively supplements the Public Interest Disclosure and Protection of Informers’ Resolution introduced by the Central Vigilance Commission.

In addition, a perspective Vigilance approach lays special emphasis on studies to find out whether existing rules, regulations, instructions etc. are allowing various operations of the Corporation to function in an efficient, cost effective and transparent manner or any additional measures are needed to effect changes in procedures/manuals to achieve the desired results. All press tenders are uploaded on the website of IndianOil. All reports have been computerized and all duly updated Vigilance circulars are made available on the IndianOil Vigilance website. The IndianOil website acts as an excellent interface providing complete information regarding rules, procedures, issue of licenses, clearances, application status for dealership selections and other regulatory needs, besides hosting the application forms in downloadable form.

Participation in Public Policy

IndianOil has been playing an important role in the formulation of policies in a wide range of issues impacting the society. Whether it is in the formulation of the new generation Auto fuels, alternative fuels, infrastructure, health; IndianOil through its association with several professional bodies in India and abroad, participates in providing inputs that have significant impact on the formulation of public policy. Several references received from different ministries of the Government of India on issues such as National Sanitation Policy, Corporate Social Responsibility, HIV/AIDS workplace policy, Project Visa for foreign personnel coming to execute projects/contractual works in India etc. undergo detailed analysis before the submission of recommendations.

Competition Issues

The Petroleum and Natural gas regulatory board enforces the various obligations in the oil and gas sector. The Board has a mandate for ensuring
The Bikers for Integration and Conservation of Environment (BICE) - a trans Himalayan motorbike expedition has been backed by IndianOil for many years now.
uninterrupted supplies of petroleum products & natural gas and all operations of IndianOil comes under the purview of the Board and the Ministry of Petroleum & Natural Gas.

Community Welfare Programmes

Right from stepping in to provide succor to affected people during natural calamities to making substantial contributions every year through its integrated Community Development Programme, IndianOil also adopts welfare programmes that benefit the immediate community living in the vicinity of its major units and installations.

Ingrained in the corporate commitment to community welfare is the annual allocation of funds towards undertaking corporate social responsibility activities. The funds are allocated in a structured fashion and are designed to cater to the specific needs of the community benefiting from it. About 25% of the total allocation under the Community Development Programme is made under the Special Component Plan (SCP) and Tribal Sub-Plan (TSP) for SC/STs.

The various community development programmes adopt a multi-disciplinary approach that includes activities related to provision of drinking water & sanitation, health & family welfare, education including adult education, empowerment of women, environment protection, underprivileged and economically weaker sections of society and other marginalized groups.

During the year, the IndianOil Board accorded approval for enhancement of annual expenditure for CSR from the existing level of 0.75% of the Net Profit registered during the previous year to 2.00% of the retained Profit of the previous year. There is also a provision to carry forward any unspent amount during the year.

During 2008-09, some of the programmes undertaken by IndianOil are as under:

- Construction of classrooms, boundary walls, laboratories and other infrastructure at 53 schools across the country
- Provision of kitchen machinery and equipment at Ali
IndianOil Scholarships
Energising Success

IndianOil announces

450 ACADEMIC SCHOLARSHIPS
FOR STUDENTS OF
10+/ITI, ENGINEERING,
MBBS & MBA COURSES

and

SPORTS SCHOLARSHIPS
FOR UPCOMING JUNIOR-LEVEL PLAYERS

For eligibility, scheme guidelines and for downloading the application forms, log on to www.locl.com

Last date for submission of application forms: 30th September, 2009

Indian Oil Corporation Limited
Values at the core of our business
Care • Innovation • Passion • Trust
Village, Mathura Road, Delhi for ISKCON, Food Relief Foundation, Delhi for the Mid-Day Meal Scheme at a cost of Rs. 27.50 lakh.

- Construction of a flood shelter at Khesaor, Margram Gram Panchayat, West Bengal at a total cost of Rs.25 lakh.

- Maintenance of “IndianOil Udayan Ghar” - a shelter home at Sant Nagar, Delhi for destitute girls and sponsorship of the education of the girls staying at IndianOil Udayan Ghar in partnership with NGO Udayan Care.

- Sponsoring the education of 275 underprivileged girl students through ‘Nanhi Kali’, an initiative by the K.C. Mahindra Education Trust and Naandi Foundation.

- Skill Development programme for mentally challenged children in collaboration with DISA, Baroda.

- Organized vocational training programmes for economic empowerment of marginalized youth and women living in and around the plant area in Noonmati, Guwahati, Assam through Alok Prayas.

- Conducted two skill development training programmes on mobile phone repairing and electronic consumer goods repairing & maintenance for 120 poor & unemployed youth of safai karamcharis at Panipat and Mathura through National Safai Karamcharis Finance & Development Corporation, Delhi.

The IndianOil Annual Scholarships are awarded to 450 meritorious students on merit cum means basis in select categories to nurture and support talent among the deserving students. 50% of the scholarships are reserved for SC/ST/OBC students whereas 25% of the Scholarship is earmarked for girl students and 10% for Physically Handicapped students in each category/sub-category. Presently, 1180 scholars are enjoying the benefits of IndianOil scholarship.

IndianOil Sports Scholarship Scheme rewards promising young sportspersons in various games like Cricket, Table Tennis, Badminton, Tennis, Chess, Hockey, Golf, Carrom etc.
Product Responsibility
Product Responsibility Strategy & Management Approach

Consistent product quality and a continuous upgradation of product profile is vital for IndianOil's strategy. As a part of this endeavour, the Corporation has undertaken product quality improvement projects at the refineries investing several thousand crores of rupees. Our R&D efforts are also aimed at improving the quality of our product offerings and reducing their environmental impact for the overall benefit of the world's fragile eco-system.

IndianOil is committed to the safe manufacture, distribution and handling of its products. The process of production of petroleum products is benchmarked to global standards and best utilizes given resources and at the same time ensures the safety of people and environment by actively identifying potential risk factors.

Quality Management System

As per the guidelines of the Ministry of Petroleum and Natural Gas, Government of India, the Oil Industry has evolved a uniform Quality Control procedure for handling of petroleum products. The Industry quality control manual covers the entire spectrum of supply and distribution of petroleum products. The procedures outlined in the manual are a basic requirement in order to ensure product quality of the petroleum products.

Therefore, standard operating procedures with regard to safety in handling of petroleum products in general have to be followed as laid down in the respective Safety and Operations Manuals and also as enumerated in the Industry Manual on Acceptance of Product by Marketing Companies and Related Issues. IndianOil has developed a robust system to monitor such standard procedures which are followed at all times at its refinery, pipelines and marketing installations.

Refineries

All IndianOil refineries have ISO 9001:2000 systems certifications, which ensures that the right kind of product quality processes are adopted and the operations and product batches are further certified to meeting the stringent industry quality norms at the marketing locations for further despatches to the market.
Marketing locations

Utmost care is taken to ensure that petroleum products, whether indigenously produced at local refineries or imported, are received in accordance with the respective specifications and that they enter the marketing & distribution system in a condition that meets the stringent stipulations laid down in IndianOil’s operations philosophy guided by its quality control manual.

A detailed system of quality control checks and documentation exists to ensure that adequate care is taken to maintain product quality at every step of the supply chain. In all the above activities, effective laboratory support is vital and hence these lab facilities are continuously upgraded with respect to the testing methodology and their capability to efficiently test the requisite number of samples submitted by user departments.

Research and Development

IndianOil’s R&D Centre is a state-of-the-art hub focused on cutting edge research in the field of energy and allied areas. It has contributed to several pioneering results in lubricants formulation, refining processes, pipeline transportation models, bio-fuels and fuel-efficient appliances. It has, for over three decades now, developed over 2,200 lubrication and grease formulations, meeting the varied needs of diverse sectors in the Indian industry. With 17 patents filed during 2008-09, the total number of active patents of IndianOil has gone upto 214 (including 113 international patents).

Customer Feedback

The Customer Satisfaction Index is the most crucial performance indicator for IndianOil and as India’s flagship corporate, the mandate for the Company, which is also a part of our MoU commitment to the Government of India, is to strive continuously to maintain the highest score for customer satisfaction.
A comprehensive customer feedback system - a robust resource in the quest for service excellence
Customer Satisfaction Surveys

Annually, IndianOil conducts an all-India Customer Satisfaction Survey that covers the areas of quality, value, timeliness, efficiency, ease of access, environment, response, frontline service behavior, commitment to customer, innovation etc. The results of the survey is utilized to fine-tune customer offerings in the future with an emphasis on continuous improvement and for further enhancing the organic customer feedback architecture.

Other Initiatives

Besides the above, IndianOil has initiated a number of steps across different market segments:

- Enhancing the marketing network covering remote and distant locations and reaching the nooks and corners of the vast sub-continent.
- Continuing to strengthen the Quality & Quantity (Q&Q) proposition by leveraging the benefits of technology through Retail Automation.
- Improvement of sales force efficiency and effectiveness through skills updation
- Establishing emergency service cells for LPG customers
- Promoting higher service standards in LPG retailing network by recognising ‘Star Distributors’ in different markets
- Providing customised product-service solutions to domestic and international airlines
- Establishing IndianOil as a distinct brand with diverse product portfolios in the market place

- To enhance customer service IndianOil has introduced SMS based booking of LPG refills

Marketing Communication

All marketing communications from IndianOil are designed to inform a diverse 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.

Recognitions

- IndianOil, the only petroleum Company among 100 other industrial giants to emerge as 'The Most Trusted Fuel Pump Brand' in ET's Brand Equity annual survey for the year 2008. Among the 'Top 50 Service Brands' of the country, it bagged the 7th position.
- IndianOil received the 'Oil & Gas Supply Chain Excellence' award at the Second Express, Logistics & Supply Chain Conclave (Asia-Pacific) organised by Indiatimes Mindscape along with Business India group.
- In recognition of its Kisan Seva Kendra initiatives in the rural markets, IndianOil received the prestigious 'Most Admired Retailer of the Year - Rural Retailing' award at the India Retail Forum.
IndianOil has been conferred the 'Business Superbrand 2008' status by the Superbrands Council of India.

IndianOil has been ranked no. 1 in the ET500 rankings as well as the BW500 rankings and figures in the top five in the Business India's Super 100

IndianOil leads India Inc in Fortune Global 500 listing for 2009-10th position

IndianOil is the only PSU among India's 25 best employers

IndianOil is frontrunner in the Oil and Gas category in the FE 500 listing of India's top corporates

IndianOil is No.1 in Business Standard’s ‘BS 1000’ list
Innovations with a focus on R&D
The fourth edition of IndianOil’s Sustainability Report is special. The edition is brought out against the backdrop of the Corporation’s Golden Jubilee Celebrations (1959-2009). It is even more special since this year (2009), IndianOil unveiled its recreated vision statement that is a consolidation of its past 50 years of achievement and experience, accommodating the Corporation’s aspirations and ambitions for the future. The new Vision is a matrix with identified elements of Vision; People, Innovation, Environment, Technology, Customers and Ethics.

The Vision is a beacon for IndianOil's continuous journey to explore new & responsible business processes to ensure a growth path that is sustainable for People, Planet and Profit.

CSR is increasingly recognised as key to sustainable commercial success. IndianOil too has been very sensitive to broader CSR issues impacting M&A transactions. The 360 degrees measure employed by IndianOil ensured a seamless and smooth integration of Bongaigaon Refineries & Petrochemical Ltd with IndianOil, as its 8th Refinery and has been a major accomplishment in our Golden Jubilee year. The merger has brought in synergy in infrastructure facilities, safety, social and environmental factors along with optimization of operating costs and human resources deployment.

It gives us a great deal of satisfaction to accommodate the several constructive suggestions that we have received from many of our stakeholders for our 4th edition of the Corporate Sustainability Report. It has made the current edition more interactive and substantive. This edition is prepared by an in-house team on the basis of GRI-G3 guidelines, aimed at Application Level-A.

IndianOil’s commitment to the corporate sustainability matrix is inclusive of building India’s capabilities in energy self sufficiency, working for the benefit of the communities in which we operate, supporting arts, academics and sports. The panoply of IndianOil's engagement in community development encompasses health, education, women-children welfare, creating livelihoods from Dhubri in Assam to Adhoi in Gujarat, from Perunthottam in Tamil Nadu to Ubhawal in Punjab — touching a multitude of Indians across the land. IndianOil Board gave a whole-hearted endorsement to enhance the annual expenditure for Corporate Social Responsibility up to 2.0% of its retained profit in 2009 fuelling our dreams to spread more smiles and cheer.

As we continue in our relentless path to encompass in true letter and spirit the triple bottom-line commitment (People-Planet-Profit) in our day-to-day working, we look forward to ideas and views that will offer another window of learning. I look forward to hearing from you at agrawalvc@iocl.co.in.

V.C. Agrawal
Director (Human Resources)
Scope of the Report

SCOPE OF THE REPORT

The fourth edition of IndianOil’s Sustainability Report which is also the second edition based on the GRI-G3 (Global Reporting Initiative) guidelines, gives an expansive outlook including statistics, on the Corporation’s proactive initiatives on social, economic and environmental aspects for the year 2008-09. The endeavors and compliances showcase the sincere collective efforts of the IndianOil team that is steadfast on the path and process of sustainable development.

The reporting takes the discerning reader through the domestic business horizon of IndianOil, primarily carried out through its four functions, viz., Refineries, Pipelines, Marketing and R&D. We have also given a peek into the Corporation’s recent growth drivers beyond the core business viz., Petrochemicals, Oil Exploration & Production (E&P) and Gas Marketing. The reporting data is based on the recordable database of the activities carried out in the various operational areas. This report does not accommodate the performance of IndianOil’s joint ventures and subsidiaries.

While perusing through the report, our readers may appreciate the following observations;

i) IndianOil has vast and significant operations at different consumer locations known as direct customers (viz., Government agencies and private industry locations) where we do not have much control. Hence, the data pertaining to consumer locations has not been dealt within this report.

ii) The earnest intention through the publication of this report is to suitably reflect the implications, risks and challenges inherent in each of the Company’s business functions.

Materiality, Boundary, Limitations and Completeness

While compiling this report, IndianOil has judiciously focused on the material aspects of its vast gamut of activities that come within the scope of corporate responsibility. The Company has substantiated each line of approach in continuous engagement with its various stakeholders through various channels of dialogue, stipulations, and advice from time to time. The Government of India owns a majority of IndianOil shares at 80.35%. The Board of Directors of the Company discharges its responsibilities through the devolution of powers under several provisions of empowerment conferred upon it from time to time. The Government of India, besides issuing administrative and functional directives, has also formulated several policy guidelines that significantly impact the Company’s operations and its socio-economic-environmental programmes. These issues have been paid assiduous attention to while drawing the blue print for the materiality of the report.

The accident at Jaipur installation in the month of October 2009 has not been included in this scope of report as it does not pertain to the time span of this Corporate Sustainability Report. We are yet to come to terms with the tragic loss of precious lives and there were important learning’s from the mishap. However, the impact and evaluation of the unfortunate mishap will be duly focused in the next report.

The completeness principle requires that the assurance process evaluate the extent to which the reporting organisation can identify and understand its sustainability performance associated with activities, products and services, for which it has management and legal responsibility. This report aims to properly reflect the implications, risks and challenges inherent in each of the Company’s business functions.

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Our Core Team on Corporate Sustainability

- Executive Director (Safety, Health and Environment)
- Executive Director (Corporate Finance)
- Executive Director (Human Resources)
- Executive Director (Corporate Planning and Economic Studies)
- General Manager (Corporate Communications)