

INDIAN OIL CORPORATION LIMITED CORPORATE OFFICE – HR DEPARTMENT

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

Statement of Director (Human Resource) of Indian Oil Corporation Limited pledging continued support to Global Compact Programme of United Nations

As a global Corporate Citizen, IndianOil is cognizant of its responsibility to ensure that our future generations have a fulfilling and equitable life full of opportunities. Our present business practices and vision for the future are accordingly synergized with sustainability. We take pride that our corporate strategy is aligned to national priorities and envision a greater societal role in future to accomplish the cherished goal of a truly developed India, where all sections of citizens live with dignity.

In this backdrop, Indian Oil Corporation Limited renews its commitment to the Global Compact Programme of the United Nations and will endeavour to abide by all the ten principles of the programme. Therefore, the company continues to pledge support to the programme through its policies, processes, products, services and people.

(Sudhir Bhalla) Director (HR)

Enduring Offerings

Sustainability Report 2009-10









Profile & Scope - Sustainability Reporting	2
A word from our Chairman	3
Key Impacts, Risks & Opportunities	5
IndianOil: Over five decades in the service of the Natio	on 6
Corporate Strategy & Management Approach	
Economic	12
Environment	17
Social	26
Labour Practices	30
Human Rights	36
Corporate Governance	38
Stakeholder Engagement	42
Product Responsibility	46
Charters & Memberships	51
Recognitions	51
List of Abbreviations	52
GRI index	53
Contact Information	Back Cover

Profile & Scope -Sustainability Reporting

IndianOil's Sustainability Report for 2009-10, *Enduring Offerings*, is the fifth Corporate Sustainability Report and the third prepared in accordance with Level A of the Global Reporting Initiative (GRI), 2006 and Sustainability Reporting guidelines (GRI-G3 Guidelines).

Enduring Offerings reflects our Company's approach to sustainability issues that have relevance to our operations and have significant economic, environmental and social impact. The report covers performance of each of the Company's Divisions and functions but excludes performance of its subsidiaries and Joint Venture companies. This report is an in-house effort.

The reporting data relate to the major operational streams of IndianOil, primarily carried out through its Divisions, viz. Refineries, Pipelines, Marketing and R&D. We have also suitably covered an account of the continuing progress beyond our core business and along the expanded areas of operations, viz. Petrochemicals, 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.

However, readers are requested to keep in mind that we have significant operations at different consumer locations known as direct customers (viz. Government agencies, private industry locations) where we do not have much control; hence data pertaining to consumer locations has not been dealt with in this report. This report also aims to properly reflect the implications, risks and challenges inherent in each of the Company's business lines.

In drafting this report, IndianOil identified and selected the material aspects of its activities, within the broad scope of corporate responsibility. The Company expanded upon the approach to each issue in accordance with the various channels for dialogue, stipulations, and advices available from our majority stakeholders from time to time. The Government of India owns 78.92% of IndianOil shares and the Board of Directors of the Company discharges its responsibilities through the devolution of powers under several provisions of empowerment conferred upon them from time to time. The Government of India in turn, besides issuing administrative and functional directives, has in place several policy decisions which impact the business operations relating to socio-economic and environmental aspects of the Company. These issues have been duly considered while addressing the materiality of the 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 lines.

Report Application Levels

G3 disclosure level	С	C+	В	B+	А	A+
Profile		Report		Report	\checkmark	Report
Management Approach		externally		externally	\checkmark	externally
Performance indicators		Assured		Assured	\checkmark	Assured

A word from our Chairman



B.M. Bansal Chairman & Director (Planning & Business Development)

With the fifth edition of the Sustainability Report, *Enduring Offerings*, we continue our endeavour to capture our efforts in integrating our corporate growth plans with truly sustainable strategies for development. As a corporate entity that is consistently adding shareholder value, as an organisation that is committed to the society and as an employer that celebrates a truly unique work ethic, IndianOil has always been focused on sustainable development. This commitment permeates the entire organisation. When we sign a MoU with the Government of India committing on performance and operating parameters, we have CSR and Sustainable Development as major operational parameters. At the grassroots level, our focus has always been on ensuring that the communities who we share our lives with can aspire for a better tomorrow.

Our primary concern is still energy security and how we can translate investments in energy into affordable products for our fellow citizens. We are aware that as India develops, the energy needs of the future will increase and to meet this future demand, we need to act today. We need to increasingly boost investments and step up our efforts in the international marketplace witnessing intense global competition for acquiring precious energy assets. IndianOil has been a pioneer in launching green auto fuels, energy efficiency, low emission lubricants, alternative energy options, rural retail outlets, etc. Our next step is on boosting our exploration forays in India and abroad.

Clearly sustainable development is about the future, and the choices we make today and the decisions that it would lead to, impact the next generation. And increasingly, the younger generation is even more aware of this need. Today, young professionals' believe that business should benefit both the individual and the broader society. While they want opportunities to grow, they also want their work to be meaningful and productive to society. Nothing is more rewarding than knowing that what you do for a living positively affects the lives of those within your community, the country, or even the world.

This edition of the Corporate Sustainability Report has been compiled as per the guidelines of GRI-G3. It is only a modest effort to express our abiding commitment to build a sustainable and secure India that grows inclusively while at the same time, ensuring uninterrupted supply of fuel for its citizens at affordable prices.

Making a difference



Key Impacts, Risks & Opportunities

Issue

IndianOil Initiatives

1. Product pricing

Selling of those petroleum products at a price fixed by the Government below the desired level leading to impact on profitability as well as uncertainties in revenue stream.

2. Challenges in inbound supply chain - uninterrupted supply of crude oil

Over 75% of crude oil requirement of the country is met through imports. Geo-political events across the world could lead to disruption in supplies.

3. Challenges in outbound supply chain – reaching products in far flung areas and formidable terrain

Preparedness for disruption of transportation links, damage pipelines, etc. thereby challenging our ability to ensure oil supplies across the length and breadth of the country

4. Environmental imperatives

Future regulatory regimes imposing restrictions on carbon emission, water consumption and waste management, Renewable Energy Purchase Obligation (RPO) etc.

5. Enhance operational efficiencies

Future business strategies would require adopting a low carbon path with growing awareness and concern amongst civil societies. Products & services would need to be based on optimum utilization of natural resources to remain competitive.

6. Sustainable offerings through innovative R&D solutions

Organisations would have to adopt sustainable business practices to receive patronage from customers, financial and other institutions.

7. Meeting rural aspirations

Inclusive growth efforts to reduce income inequities.

Constant engagement with the Government of India to put in place a mechanism to compensate Oil Marketing Companies for selling products at subsidised rates administered by the Government

- Diversify procurement sources; add new varieties of crude and enhance processing capabilities.
- Opportunity
 - 1. Secure E&P assets overseas
 - 2. Participating in the domestic efforts for E&P.

IndianOil has put in place an extensive programme for pre-monsoon and pre-winter stocking of petroleum products to ensure sustained supplies of petroleum products to areas that experience isolation through disruptions in transportation links. This is supplemented through emergency measures, including air lifting of POL products to affected areas.

IndianOil has created a distinct organisational set-up to address these issues. *Renewable Energy & Sustainable Development* group with its nodal offices in each Division is deeply committed to take effective pre-emptive actions on issues like carbon emission reduction, water and waste management and develop a road map through policy intervention for a sustainable business solution. It also envisages participating in emerging opportunities in the Renewable Energy space and use it as an abatement opportunity.

- Efficient use of energy and energy conservation has been a primary area of focus at IndianOil refineries. The energy Index in terms of MBN has been reduced to 62 from 64 in the previous year, and against an Industry performance of 69.
- Water conservation is another area that has been receiving considerable attention in IndianOil refineries. About 77% of treated effluents were reused in refineries during 2009-10.
- 108 rain-water harvesting facilities areas installed across IndianOil's various Divisions to re-charge aquifers.
- Responsible management and disposal of wastes is another area that receives focussed attention. Oily wastes are bioremediated or sold for reprocessing to agencies approved by State Pollution Control Boards. Spent catalysts and used batteries, etc. are also responsibly disposed.

R&D efforts on alternate energy sources, environment friendly products and services have been stepped up with research work on bio-fuel, bio-remediation of wastes, nano-technology etc.

IndianOil's initiative on setting up rural format Retail Outlets, Kisan Seva Kendras (KSKs) are fuelling the growth story in rural India.

IndianOil: Over five decades in the service of the Nation

ndianOil is a key player in the Indian energy sector, a *Maharatna*, meeting 47% of petroleum consumption (2.77 million barrels/day) and contributes 6% of the revenues to the Nation's exchequer. Established as an oil marketing entity on 30th June 1959, Indian Oil Company Ltd. was renamed Indian Oil Corporation Ltd. on 1st September 1964 when Indian Refineries Ltd. (established in August 1958) was merged with it.

The integrated refining & marketing entity has since grown into the country's largest commercial enterprise and India's No.1 Company in the prestigious *Fortune* 'Global 500' listing of the world's largest corporates, ranked at the 125th position in the year 2010. With over 34,000-strong workforce, IndianOil has been helping to meet India's energy demands for over half a century.

IndianOil is India's flagship national oil company with business interests straddling the entire hydrocarbon value chain – from refining, pipeline transportation and marketing of petroleum products to exploration & production of crude oil & gas, marketing of natural gas and petrochemicals. With a corporate vision to be the *Energy of India*, IndianOil closed the year 2009-10 with a sales turnover of Rs.271,074 crore and profits of Rs.10,221 crore.

At IndianOil, the operations are strategically structured along business verticals - Refineries, Pipelines, Marketing, R&D Centre and Business Development – E&P, Petrochemicals and Natural Gas. IndianOil and its subsidiaries account for approximately 48% petroleum products market share, 34.8% national refining capacity and 71% downstream sector pipelines capacity in India. IndianOil has a countrywide marketing network of over 35,600 sales points. Its world-class R&D Centre has won recognition for its pioneering work in lubricants formulation, refinery processes, pipeline transportation and alternative fuels.

To seek growth beyond traditional areas of competence, IndianOil's business development efforts are now



focussed on vertical integration – both upwards into oil exploration & production and downward into petrochemicals –besides diversification into gas marketing and alternative energy, and globalisation of downstream operations. Having set up subsidiaries in Sri Lanka, Mauritius and the United Arab Emirates (UAE), IndianOil is simultaneously scouting for new business opportunities in the energy markets of Asia and Africa.

Alternative Energy

Renewable energy is expected to be a game-changer in the medium to long term. As a spin-off, these projects generate major environmental and social benefits.

To leverage an emerging business opportunity as well as reduce its carbon footprint, IndianOil has forayed into alternative energy options such as wind, solar, biofuels, Hydrogen and nuclear energy. A Renewable Energy & Sustainable Development Department has been set up at Corporate Office to spearhead renewable energy and sustainable development initiatives.

Wind Energy

IndianOil's first Wind Power project (21 MW installed capacity) in Kutch, Gujarat was commissioned on 5th January 2009 to supply power to five pipeline



locations in the state and to the State grid. Costing Rs. 132 crore, the project has generated over

7.22 crore kwh of electricity and revenues of Rs. 28.22 crore till September 2010. It is estimated to generate about 34,000 CERs (Certified Emission Reduction) annually under Clean Development Mechanism.

Solar Energy

IndianOil launched its Solar Lantern project with an objective of replacing kerosene as fuel for lighting in rural areas. Besides providing quality lighting to facilitate studying and pursuit of economic activities beyond sunset, the improved smoke-free environment obviates health hazards.

IndianOil commissioned two pilot Solar Charging Stations (SCS) at its Kisan Seva Kendras at Sathla and Chokoni in Uttar Pradesh in the year 2008 where villagers, who cannot afford to purchase lanterns, can also rent them. Sale of solar LED lanterns from our Retail



Outlets (RO) and LPG Distributorships was launched in the States of Odisha and Karnataka in 2009. Presently, solar lanterns are being marketed across 20 states and will gradually be taken to the remaining States.

IndianOil has drawn up plans to put up a 5 MW scale solar power plant at Barmer, Rajasthan. It has selected BHEL to provide the technology and solar panels.

Biofuels

In the year 2007, IndianOil amended its Memorandum and Articles of Association to include agricultural activities necessary for Biofuels production. IndianOil's biofuels initiative is aimed at producing green fuel and reducing greenhouse gas emission. In addition, it will also uplift rural communities and create environmental benefits.



Over 5000 hectares of Jatropha plantations has been undertaken in three states – Chhattisgarh, MP and UP, making IndianOil the owner of India's largest captive energy crop plantation. The project has generated about 2.32 lakh mandays of rural employment and is estimated to generate about 1.1 lakh CERs yearly upon maturity.

Biodiesel from Algae

A MoU for collaborating on commercial production of biodiesel from algae has been signed with Petro Algae LLC, USA.

Nuclear Energy

To partner low-carbon energy business, IndianOil has signed an MoU with the Nuclear Power Corporation of India Ltd (NPCIL) to set up Nuclear Power plants. A JV company is proposed to be formed for the purpose.

IndianOil. The Energy of India

As a leading public sector enterprise of India, IndianOil has successfully combined its corporate social responsibility agenda with its business offerings, meeting the energy needs of millions of people everyday across the length and breadth of the country, traversing a diversity of cultures, difficult terrains and harsh climatic conditions. The Corporation takes pride in its continuous investments in innovative technologies and solutions for sustained energy flow and economic grow th and in developing techno-economically viable and environment-friendly products & services for the benefit of its consumers.





Group Synergy

IndianOil acquired Government's stake and management control of stand-alone refiners Chennai Petroleum Corporation Ltd. (CPCL) and Bongaigaon Refinery & Petrochemicals Ltd. (BRPL). BRPL has since been formally merged with parent company. IndianOil acquired IBP and seamlessly merged it with the parent company, leading to the formation of a larger and more formidable marketing network.

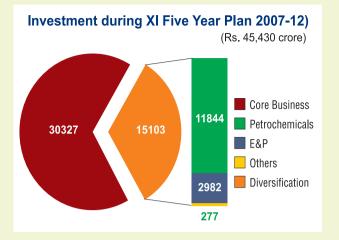
IndianOil has set up three overseas subsidiaries - Lanka IOC Ltd. in Sri Lanka, IndianOil (Mauritius) Ltd. in Mauritius and IOC Middle East FZE in the United Arab Emirates.

In addition, IndianOil has active joint ventures in operation with reputed Indian and overseas partners in the areas of aviation refuelling, city gas marketing, LPG and LNG imports and storage, specialty lubricants and additives, terminalling services, etc.

Future Plans

IndianOilPeople have been at the forefront in adapting to changing environment and enhancing the organisation's capabilities to provide innovative and value-added offerings to the customers.

In the backdrop of a rapidly changing business environment, IndianOil is focussing on certain key issues for sustained growth in the deregulated market. These are: prudent finance and projects management, optimum capacity utilisation of refineries and pipelines network, competitive business strategies, customer-



focussed innovations in product and service offerings, streamlining of business processes, and achieving greater synergy with group companies for enhanced efficiency and effectiveness in the market place.

Investing in the Future

The year 2009-10 witnessed singular focus on efficiency improvement, and development, demonstration & commercialisation of environment-friendly green technologies at IndianOil's R&D Centre.

In this direction, demonstration of in-house developed DHDS/DHDT catalyst - INDICAT-DH-IV at CPCL's Manali Refinery has been very successful in producing Bharat Stage-IV compliant diesel.

A single-step compact reforming process for production of Hydrogen-CNG has been developed for direct dispensing into vehicles, thus eliminating the need for separate production storage and blending of Hydrogen.





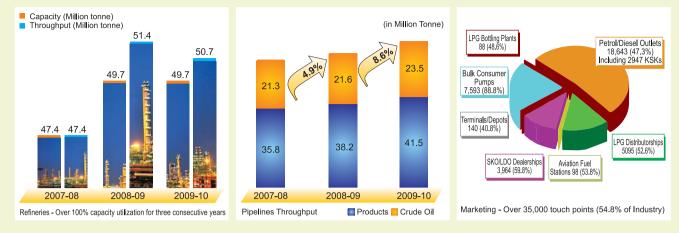
A demonstration unit at pilot plant scale for this technology is being set up at the R&D Centre at Faridabad.

IndianOil has developed less carbon intensive technologies for deep desulphurisation of diesel and gasoline through the adsorption route that consumes less hydrogen. Efforts are being made to commercialise this technology at Cauvery Basin and Guwahati refineries.

In the future, gasification is likely to get integrated with petroleum refining due to its environmental benefits and ability to facilitate processing of a variety of feedstock. Keeping this in view, IndianOil has initiated research in gasification and Gas-to-Liquid (GTL) technologies.

Work has been initiated on Algal Development / Lignocellulosic Ethanol / Bio-hydrogen from organic waste / Bio-butanol production. IndianOil has been extensively promoting co-processing of non-edible vegetable oil in existing refining infrastructure. The technology for de-metallation of vegetable oil has been perfected, patented and process is underway for conducting plant trials. The setting up of the pilot plant for conversion of ligno-cellulosic biomass to ethanol is expected to give fillip to the development of alternative fuels.

Life cycle assessment of bio-diesel from Jatropha was completed in collaboration with NREL, USA. The study is now being extended to its application in the road transport sector.



Detailed studies have been undertaken on a fleet of vehicles using 10% Ethanol-blended petrol in collaboration with the Society of Indian Automobile Manufacturers (SIAM) and ARAI, Pune.

Indian's first semi-commercial H-CNG dispensing station was set up in Delhi and demonstration projects on use of H-CNG blends in automotive vehicles (light duty & heavy duty vehicles) were undertaken in collaboration with SIAM and the Ministry of New & Renewable Energy.

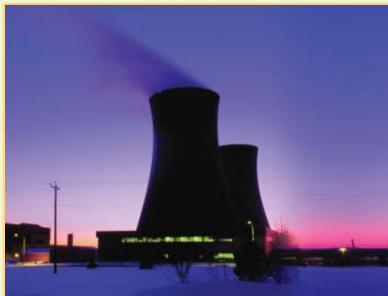
The year 2009-10 also marked our resolve to overcome challenges of our refineries in meeting new Minimal National Standards (MINAS) of oil content in treated effluent, etc. The Oilivorous-S technology was successfully extended to marine applications to bioremediate oil spill from a sunken vessel for the first time.

IndianOil achieved major successes in the area of development of environment friendly, emission

compliant, energy efficient and long drain oils such as the long drain gear box oil for Voith gear boxes of Delhi Metro Rail Corporation, Bharat Stage-IV compliant diesel engine oils, low pour transformer oils, etc. We are also the first Indian company to have commercially launched food grade lubricants with NSF International, USA listing. Work has also been initiated to develop lubricants for alternative fuels, nuclear power plants and aircraft using synthetic base materials for longer drain capabilities.

IndianOil has volunteered to develop the Delhi Driving cycle, an initiative which is a step towards redefining and replacing the conventional pattern of measuring the automotive exhaust emissions and fuel economy in India. This will also help in measurement and prediction of the fuel economy and emission level of Indian automobiles on Delhi roads.





Corporate Strategy & Management Approach

(Economic)

Economic Strategy & Management Approach

IndianOil has been the key supplier of petroleum products to the Indian economy for over five decades now. In the post liberalization period, petroleum products consumption growth in the country has averaged at around 5% per annum and IndianOil has catered to a majority share of this growth. When we compare this to the world average growth of 1% during the same period, one is able to appreciate the scale of growth that India's petroleum market has witnessed. Looking into the future, even faster growth rates are projected for the Indian economy and petroleum products would continue to be key fuels to sustain this growth. Besides, other growing demand centers in South East Asia are expected to emerge as major export markets for Indian refiners.

It is gas, the other hydrocarbon that is set to take the lead. IndianOil in the recent years has invested in the gas business in the country and in the future too will try to tap opportunities in this area. With increase in sourcing opportunities, especially with the commercialisation of shale gas, the sector holds significant growth prospects.

Across the world, Oil & Gas sector is under regulatory and societal pressure to reduce both direct & indirect CO₂ emissions, and in the coming years we will increasingly be expected to provide solutions and make investments in this area. IndianOil understands its responsibility in this regard. Energy efficiency has generally been a focus area for IndianOil as an energy cost minimization strategy, and now in the context of climate change considerations it acquires even more importance and IndianOil's investments in this area would continue.

In the core business of petroleum products, a pressing issue has been that of price subsidization of some petroleum products. While Petrol has been taken out of the subsidisation net, Diesel, LPG & Kerosene continue to create under-recoveries for IndianOil.

Being a major player in the Indian Hydrocarbon sector, IndianOil as per its new vision sees itself in the future as the *Energy of India*'. This vision brings along with it a lot of responsibilities, especially given the crucial link between energy sector & sustainable development. The main focus areas are:

- Increasing presence in the renewable & alternative fuel spaces
- Producing green & environmental norms compliant products & making production processes energy efficient by employing and developing (through in-house R&D) such technologies.
 - Expansion of presence in the E&P of oil & gas through both conventional & non-conventional methods both within & outside the country.
 - Greening of supply chain through an organization wide environmental mapping exercise.
 - Strengthening core businesses by increasing value addition through downward integration into the petrochemicals business.



Financial & Operational Performance

	2009-10 (US \$ M	2008-09 (illion)	2009-10	2008-09	2007-08 (₹ in Crore)	2006-07	2005-06
	(00 \$ 1						
	57 440	00.040	074 074	005 000	047 457	000 770	100 17
Turnover (Inclusive of	57,116	62,043	271,074	285,398	247,457	220,779	183,172
Excise Duty)							
Gross Profit *	3,976	2,461	18,872	11,319	14,334	14,622	9,93
Profit Before Interest & Tax	3,294	1,800	15,632	8,281	11,626	11,990	7,72
Profit Before Tax	2,972	941	14,106	4,329	10,080	10,485	6,70
Profit After Tax	2,154	641	10,221	2,950	6,963	7,499	4,91
Dividend	665	198	3,156	910	656	2,251	1,46
Dividend Tax	107	34	509	155	76	362	20
Retained Earnings	1,382	409	6,556	1,885	6,231	4,886	3,25
Value Added Contribution	6,895	6,849	32,725	31,507	24,667	24,716	17,13
to Central Exchequer (incl. Dividend paid	5,592	5,628	26,541	25,891	34,249	28,431	24,44
to Central Govt.)							
Cumulative Dividend	3,914	3.352	18,575	15,419	14,509	13,853	11,60
* Profit Before Depreciation	l,	0,002	10,575	10,419	14,509	10,000	11,00
Interest Expenditure and T	lax.						
What Corporation Owns							
Gross Fixed Assets	16,055	12,292	72,089	62,345	56,832	54,837	43,69
Depreciation & Amortisation		5,435	30,508	27,567	24,060	21,467	18,67
Net Fixed Assets	9,261	6,857	41,581	34,778	32,772	33,370	25,02
Capital Work In Progress	4,737	3,576	21,269	18,140	9,170	4,395	9,64
Investments	4,982	6,355	22,370	32,232	21,536	19,991	14,52
Working Capital	3,260	1,826	14,637	9,261	18,391	9,407	10,88
Misc. Expenditure	4	7	18	38	125	157	5
Total	22,244	18,621	99,875	94,449	81,994	67,320	60,13
What Corporation Owes							
Net Worth							
- Share Capital	541	235	2,428	1,192	1,192	1,168	1,16
- Share Suspense Account	-	4	-	22	-	24	
- Reserves	10,718	8,435	48,125	42,784	39,894	33,665	28,13
- Total	11,259	8,674	50,553	43,998	41,086	34,857	29,30
Borrowings	9,926	8,867	44,566	44,972	35,523	27,083	26,40
Deferred Tax Liability	1,059	1,079	4,756	5,474	5,385	5,380	4,42
Foreign Currency							
Monetary Item							
Translation							
Difference Account	-	1	_	5	-	-	
Total	22,244	18,621	99,875	94,449	81,994	67,320	60,13

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



Financial & Operational Performance (Contd.)

	2009-10	2008-09	2009-10	2008-09	2007-08	2006-07	2005-06
Ratios							
Debt Equity Ratio							
- Total Debt To Equity	0.88:1	1.02:1	0.88:1	1.02:1	0.86:1	0.78:1	0.90:1
- Long Term Debt To Equity	0.36:1	0.36:1	0.36:1	0.36:1	0.28:1	0.31:1	0.39:1
Profit After Tax To Average	21.62	6.93	21.62	6.93	18.34	23.38	17.78
Networth (%)							
	2009-10	2008-09	2009-10	2008-09	2007-08	2006-07	2005-06
	(US	\$)			(₹)		
Earnings Per Share*	0.89	0.26	42.10	12.15	29.20	31.45	21.04
Cash Earnings Per Share*	1.17	0.54	55.44	24.66	40.55	42.49	30.47
Networth Per Equity Share*	4.64	3.57	208.21	181.22	172.29	146.17	125.44

* Earnings Per Share, Cash Earnings Per Share and Net Worth per Equity Shares for all the periods have been adjusted for Bonus Issue in November 2009

Note: Exchange rate used:

For 2009-10 Average Rate 1 US \$ = ₹ 47.46 and Closing Rate 1 US \$ = ₹ 44.90 as on 31.03.2010 For 2008-09 Average Rate 1 US \$ = ₹ 46.00 and Closing Rate 1 US \$ = ₹ 50.72 as on 31.03.2010

II OPERATIONS

	Million Metric Tonnes (MMT)				
	2009-10	2008-09	2007-08	2006-07	2005-06
Operating Performance					
Product Sales					
Domestic					
- Petroleum Products	63.030	60.887	57.548	53.363	46.217
- Gas	1.683	1.666	1.737	1.482	1.297
- Petrochemicals	0.652	0.540	0.528	0.305	0.107
- Explosives	0.058	0.051	0.042	0.048	-
Total Domestic	65.423	63.144	59.855	55.198	47.621
Export	4.497	3.613	3.331	3.131	2.089
Total	69.920	66.757	63.186	58.329	49.710
Refineries Throughput	50.696	51.367	47.401	44.002	38.519
Pipelines Throughput	65.007	59.627	57.121	51.693	45.348
III MANPOWER Nos.	34363	33998	31945	29862	30048

Corporate Strategy & Management Approach

(Environment)



Environment Strategy & Management Approach

The world is changing in many ways and so is the oil & natural gas Industry. With a rising world population and economic development, increased energy use is a need to support the desire for a better quality of life. At the same time, the burden on this environment is increasing to the extent that in various parts of the world, natural resources that always have been renewable-fresh water, clean air, soil, forests and fisheries are losing their ability to replenish and sustain growing local populations. Tensions arising from economic development and environmental conservation are major contributors to social pressures and conflicts. The explosion of global electronic communication heightens public awareness to these problems calling for greater transparency and accountability of Governments as well as Business.

In response to these pressures, the oil and natural gas industry is placing greater emphasis on understanding the varied needs and expectations of the countries and communities in which they operate. This not only means to conduct oil & gas activities in an economically, socially and environmentally responsible manner, but also working together with stakeholder groups to identify and implement constructive solutions to shared problems.





At IndianOil, compliance with laws and regulations established to promote Safety, Health & Environment are accorded the highest priority. Beyond compliance, however, excellence in Safety, Health & Environmental Performance and a commitment to good corporate citizenship are encouraged. Such efforts are adding value to the company and its stakeholders.

Raw Material

IndianOil refineries processed 50.7 million tonnes of crude oil during the year, representing a drop of 1.4% over the previous year, due to reduced domestic demand and planned turnarounds of our refineries. However, capacity utilisation remained above 100%.

Crude oil constitutes the major raw material import to our refineries. 38.3 million tonnes of imported crude oil was processed during the year. This amounted to 75.5% of the crude oil processed. At IndianOil, the optimum utilization of crude oil to improve gross refining margins (GRM) has always been monitored. Various measures including intermediate stream sharing amongst refineries, processing of higher volumes of low cost, high sulphur crude oils, upgrading residue to distillates,

value addition through implementation of an integrated business plan and putting up new secondary processing facilities have been undertaken.

Energy Conservation

As a part of the continued efforts towards energy conservation, a number of projects, as indicated below, have been implemented during 2009-10 at Refineries, Marketing, Pipelines and R & D Centre.

Major investment schemes implemented for energy conservation in Refineries are:

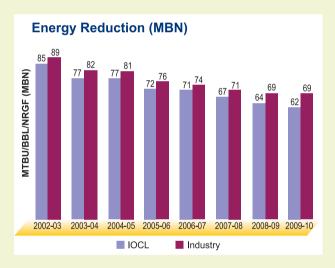
- Flare gas recovery system at Barauni and Bongaigaon Refinery.
- Step-less control of DHDT & CRU MUG Compressors at Barauni Refinery.
- Routing of VDU hot well off-gas to furnace at Gujarat Refinery.



- Vent gas recovery from VDU-II at Haldia Refinery.
- Pre-heat improvement in CDU by increasing pump around, optimizing top reflux along with maximizing ATF production at Mathura Refinery.
- Revamp of bitumen unit with Butrox technology at Mathura Refinery.
- Energy optimization in Bitumen Blowing Unit at Mathura Refinery.
- Step-less control in makeup gas compressor of DHDT unit at Mathura Refinery.

- Utilization of Medium Low Pressure (MLP) steam in both columns of AVUs in place of Medium Pressure (MP) stripping steam at Panipat Refinery.
- Replacement of gas AC compressor with Vapour Absorption Machines (VAM) in Thermal Power Station (TPS), Main Control Room (MCR) & Administration Building at Panipat Refinery.
- Replacement of GLS lamps with CFLs

These efforts resulted in reduction of the energy index in terms of MBTU/BBL/NRGF(MBN) of our refineries from 64 in 2008-09 to 62 in 2009-10 (against the industry average of 69).



Power Consumption (MWH)

Division	2008-09	2009-10	% Increase/ (Decrease) in Total Power Consumption
Refineries	3,345,130*	3,345,891	0.02
Marketing	61,425	63,103	2.73
Pipelines	97,605*	126,590	29.7
R&D	6,147	7,753	26.13
Total	3,510,307	3,543,337	0.94

(*There was an error in reporting the power consumption data in respect of Refineries and Pipelines in the 2008-09 Sustainability Report. While this error is regretted, the figures have been corrected in this report.)

Despite commissioning new facilities during 2009-10, the increase in power consumption over the previous year has been kept at a marginal level through implementation of energy conservation measures.

Trends in Energy Index

With greater emphasis on this important aspect of refining operations, the targets for energy index have been further tightened as shown in the figure.



In Pipelines and Marketing Divisions and at R&D Centre, improvement in lighting energy efficiency has led to replacement of GLS with CFL lamps. Other initiatives like installation of variable drive motors has also resulted in optimum utilization of electric power. Energy conservation in buildings is another area that is receiving greater attention. Our officials are being exposed to awareness and capacity building programmes. Energy audit of several buildings has been undertaken across the organization and recommendations are being implemented.

CDM Projects

Two Clean Development Mechanism (CDM) Projects at Barauni and Gujarat refineries were registered during the year with United Nations Framework Convention of Climate Change (UNFCCC). The Certified Emission Reduction (CER) for the projects is 11,988 and 27,834 respectively. A total of five CDM projects have been registered till date, with CER of 56,374. The wind power project at Gujarat has received host country approval and validation is in progress. Also, eight additional projects under CDM have been taken up at our Refineries.



Effluents & Emissions

Effluents

The corporation approaches its responsibilities towards minimizing the environmental impact of its operations very seriously and continuously upgrades its facilities and processes towards this objective.

The treated effluents are reused / recycled for various purposes in refineries like fire water and cooling tower make up, coke cutting in Delayed Cokers and also for captive irrigation in our green belts & Eco parks as well as make up to Eco-ponds. This has helped in reducing discharge of treated effluent outside the refinery premises. About 77% of the treated effluent was reused in refineries during 2009-10. Refinery wise data on effluent generated, treated and re-used is given below:

Refinery	Effluent Balance M³/hr (2009-10)					
	Generation	Discharge	Reuse	Reuse %		
Guwahati	212	91	121	57.1		
Barauni	550	329	221	40.1		
Gujarat	1193	11	1182	99.1		
Haldia	529	223	306	57.8		
Mathura	533	199	334	62.7		
Panipat	948	117	831	87.7		
Digboi	52	11	41	78.8		
Bongaigaon	271	10	261	96.3		
TOTAL	4288	991	3297	76.9		





Some of the major initiatives taken at our refineries on reducing / improving effluent/ emissions are listed below

- A new state-of-the-art ETP is being constructed at Barauni Refinery comprising of Primary, Secondary and Tertiary treatment sections.
- A Tilted Plate Interceptor (Capacity 550 M³/Hr) is being provided in ETP of Guwahati Refinery for further reduction of oil content at outlet of gravity separation treatment section.
- A new ETP was constructed and commissioned along with the Hydrocracker Unit (HCU) at Haldia Refinery. The old ETP is also being augmented.

 Installation of Dissolved Air Floatation mechanism is in progress at Digboi Refinery ETP. This will reduce the oil & grease content in the final treated effluent, though presently also it meets the norm.

Emissions

During the production processes in the refineries there are emissions of pollutant gases from the stacks, namely, sulphur dioxide and nitrogen oxides. Utmost attention is given to control / reduce emissions in our refineries. The major sources of gaseous emissions are flue gases from boilers and heaters, FCC

regenerators and Sulphur Recovery Units (SRU). Hydrocarbon leaks and evaporation during storage, handling and transportation of petroleum products and crude oil are also potential sources of emissions to air. Our refineries have adopted various measures to control emissions & effectively disperse the flue gases. Some of these measures are:

- Use of low sulphur fuel oil / sweet natural gas/ desulphurised refinery gas in our boilers and heaters to minimize SO₂ 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
- Cyclone separators are provided in FCCU regenerators to arrest catalyst fines
- Low NOX burners are provided in furnaces
- Use of floating roof tanks for crude and other light product services & provision of primary and secondary seals in floating roof tanks for minimizing fugitive emission of hydrocarbons
- Use of mechanical seal in pumps
- Use of closed blow down vessels & safety release to flare system for arresting any emission of hydrocarbons during all situations, normal, abnormal as well as emergencies
- Continuous Stack Analysers for measurement of SO₂ and NOX in flue gases are provided / being provided in the stacks.
- Monitoring ambient air quality at fixed monitoring stations. Mobile van equipped with sophisticated monitoring equipment is also in use at Mathura, Panipat, Guwahati and Gujarat Refineries.
- During 2009-10, monitoring of fugitive emissions from Volatile Organic Compound (VOC) sources was carried out in our Refinery units under Leak Detection & Repair (LDAR) Programme.

 Continuous reduction in fuel consumption by ENCON measures

Our refineries fully complied with the applicable emission standards for process units as also total Sulphur dioxide emission limit prescribed by statutory bodies:

Refinery	Prescribed Limited (KG/HR	Actual (KG/HR) (2008-09)	Actual (KG/HR) 2009-10)
Guwahati	*	67-82	55-110
Barauni	1080	724-841	727-835
Gujarat	1360	515-1052	825-979
Haldia	1340	752-842	719-897
Mathura	450	266-350	267-358
Digboi	*	50-80	50-80
Panipat	1275	1164-1234	972-1169
Bongaigaon	*	-	66-111

(*Limit not prescribed by Assam State Pollution Control Board for Guwahati, Digboi and Bongaigaon Refineries which process very low sulphur Assam Crude)

At Marketing and Pipeline Division installations, Generator exhaust, ambient air quality and discharge from Oil water separators is regularly monitored and are within norms. Ambient air quality of the R&D Centre is being monitored regularly using ambient air quality monitoring van. Continuous automatic analyzers for monitoring Oxides of Sulphur, Oxides of Nitrogen, Carbon Monoxide, Hydrocarbons, Ozone, B-T-X & SPM are provided in the van. In addition to the analyzers the Air Quality Monitoring Van is equipped with a weather station which can continuously log the wind (speed, direction & intensity), temperature and humidity data. This van is monitoring the ambient air quality at IOC fuel retail outlets at Delhi & NOIDA. It is also being used for ambient air quality data collection for pre-CNG vis-à-vis post CNG period at Faridabad.

Water

Water Consur	nption						
						[i \	ncrease Decrease n Total Vater Sourced
	2008	3-09			2009-10		
Division	Total Water	Ground Water	% Ground	Total Water	Ground Water	% Ground	%
	Sourced M ³	Sourced M ³	Water/	Sourced M ³	Sourced M ³	Water/	
			Total Water			Total Water	
Refineries	78,427,818	35,329,121	45	81,124,078	20,968,171	25.85	3.44
Marketing	1,184,500	1,045,131	88.23	1,195,464	1,052,178	88.01	0.93
Pipelines	335,281	299,737	89.40	343,268	305,212	88.91	2.38
R&D	182,000	182,000	100	200,700	200,700	100	10.27
Total	80,129,599	36,855,989	46.0	82,863,510	22,526,261	27.18	

At IndianOil, we believe that water will be one of the most important and scarce resource in future. Hence considerable attention is being placed on its efficient utilisation. Total water sourced and consumed by various Divisions of IndianOil during 2008-09 and 2009-10 is given in the table above.

Water consumption during 2009-10 has gone up slightly despite increased operations, inclusion of water consumption at Bongaigaon Refinery in the 2009-10 data for refineries and commissioning of Hydro Cracker Unit at Haldia Refinery during the year.

Water Conservation

A greater emphasis is being given to the efficient use of water. Measures such as use of air cooling instead of water cooling, wherever feasible, installation of water efficient taps, automatic water sensing taps, flushing systems etc. are being considered / implemented. Additionally, as stated earlier, a slew of measures in the refineries helped recycle and re-use about 77% of treated effluent during 2009-10. At our R&D Centre, 100% reuse of treated effluent continues to maintain Zero discharge.

Recharging ground water through rain-water harvesting

As a responsible corporate citizen, IndianOil has taken the initiative of installing rain-water harvesting facilities at its various locations to recharge the ground water table. Such facilities have been put up at 73 Marketing installations & are in progress at another 28 installations. In Pipelines and Refinery installations, the number of such facilities installed was 19 and 16 respectively.

Waste Management

Oily sludge generated from periodic cleaning of storage tanks in refineries is reprocessed to recover oil to the extent possible and the sludge with residual oil is either bio-remediated to remove hydrocarbons or are disposed to approved agencies. Other significant wastes like spent catalysts are also disposed off to

registered agencies for re-processing. Policy formulation for advanced and more environment friendly processes of waste management is under process at the corporate level.

Green Belts

About 91,000 trees were planted during the year at IndianOil installations across the country, adding to over 10 lakh trees already adorning our green belts. These serve as carbon sinks and also contribute to the bio-diversity. Flora and fauna thrive in these green belts which are home to migratory birds. A large number of birds set up temporary homes at our ecological parks - a testimony to the harmony created with nature.

Safety & Occupational Health

Safety management is an integral part of the overall management ethos of the Corporation and the highest priority is accorded to safety and occupational health. IndianOil diligently follows the standards laid down by the Oil Industry Safety Directorate (OISD) and the norms set of the Central Pollution Control Board (CPCB) and State Pollution Control Board (SPCB) for environment protection.

Safety

Our Corporate Safety, Health & Environment (S,H & E) Policy establishes the framework for a sound Safety, Health & Environment ambience and serves as a foundation for its integration into the company's processes and activities.

S,H & E management receives the highest attention at IndianOil. A Board sub-Committee on S,H & E was constituted in 2009-10 with an independent Director as Chairman and comprises of two independent Directors and three Functional Directors as Members to further improve systems, practices and performance.

However, despite constant focus on safety, on 29th October, 2009 a major fire incident occurred at IndianOil's Terminal at Sanganer in Jaipur, Rajasthan. The incident led to 11 fatalities including six IndianOil personnel. The loss of precious lives has hurt IndianOil people across the organization and has shaken the strong foundation on which safe operations at our installations were built. Several lessons were learnt from the incident and actions have been initiated to strengthen and improve systems, procedures and practices and also upgrade safety features in our infrastructure. Greater emphasis is being put on training to equip our personnel with better knowledge on safety systems etc.

Occupational Health

Today, health and safety management is a complex activity requiring the expertise of specialists from many disciplines, such as industrial hygiene, occupational medicine, ecology, psychology and safety engineering. Moreover, concerns in health and safety management now extend beyond physical conditions in the workplace to embrace regard for worker's mental and emotional well-being, and a commitment to protecting the surrounding community from pollution and exposure to toxic substances.

All IndianOil refineries have well equipped Occupational Health Centres. Doctors and paramedics are specially trained to monitor the health of employees working in hazardous areas. At locations where these facilities are not available, employees' health check up is carried out through retainer doctors. All Occupational Health Centres are certified under Occupational Health & Safety Management System (OHSMS). The employees are regularly exposed to training programmes in workrelated hazards and ways and means of protection from such hazards. The health care personnel regularly interact with shop floor managers and staff in the shop floor meetings on health and safety. Various media of Communication like House Journals, Posters, Video Films, etc. are extensively used for creating awareness.



Corporate Strategy &

Management Approach

(Social)

Social Strategy & Management Approach

At IndianOil there is a commitment to society that is all pervading. Our tradition of giving back to the society dates back to our inception in 1964 when we started community development activities in the vicinity of our units. Starting with welfare programmes for the underprivileged SC/ST community, these activities have reached all parts of the country as part of our corporate social responsibility programme. CSR has been included as a parameter for assessing our corporate performance. In fact, one of the cornerstones of our new Vision is Environment – *Caring for the environment and community*.

Over the years, IndianOil Corporate Social Responsibility Policy has been revised to reflect the changing needs of the country.

Community Development Programmes

The IndianOil Board from the year 2009-10, has enhanced the annual expenditure for Corporate Social Responsibility activities carried out by the Corporation from the earlier 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. The unspent amount, if any, will be carried forward to the next year.

IndianOil Board has constituted a Corporate Social Responsibility Committee comprising of five Board members which includes three Part-time Independent/ Government Directors, Director (Marketing) and Director (Human Resources) to monitor and administer CSR activities in IndianOil. With this increased emphasis on Corporate Social Responsibility, IndianOil has identified three thrust areas where efforts will be channelized -Health & Medical Care, Education & Clean Drinking water.

Out of the total allocation under Community Development Programme, about 25% is spent under Special Component Plan (SCP) and Tribal Sub-Plan (TSP) for improving the quality of life of the SCs and STs.

Key Focus

Providing Clean Drinking Water

During the year, IndianOil provided over 100 tube wells/ ring wells all across the country, mostly in areas facing scarcity of potable water. The company also provided Water purifiers/Water coolers at schools and community centres improving the quality of drinking water available to children and people living in arid areas.

Other activities include:

- Installation of hand pumps,
- Construction of elevated water tanks,
- Providing water tap connection, etc. in select neighbouring villages,
- Funding of rainwater harvesting projects/kits

Health & Medical Care

IndianOil also organized large number of medical camps on Family Planning, Eye Care, Blood Donation, Animal Health and provided ambulances to increase the reach of medical care in several remote parts of the country. Various other activities undertaken include:

Supply of medicines to primary health centres



- AIDS awareness drive & distribution of free condoms
- Providing hearing aids/wheel chairs to physically challenged
- Providing financial assistance & medical equipments for running of hospitals & medical research centres

Similarly, the hospitals attached to the refineries also serve as centres for creating health awareness and hygiene, holding medical camps etc. Besides the above, IndianOil runs and maintains the following for the benefit of the local community:

- 50 Bed Swarna Jayanti Samudaik Hospital, Ranchi Bangar, Mathura
- 200 Bed Hospital set up by Assam Oil Division, IOCL at Digboi, Assam
- Assam Oil School of Nursing, AOD, Digboi

The IndianOil Board has also approved setting up of a 50 Bed community hospital in the memory of Late Shri Manjunath S, in Lakhimpur Kheri District, Uttar Pradesh. Late Shri Manjunath S., a Sales Officer in IndianOil, is remembered for his integrity and dedication towards duty.

Expansion of Education

Expansion of education is another thrust areas of community development wherein IndianOil facilitates education of children, vocational training for adolescents and youth etc.

During the year, IndianOil has helped improve the infrastructure of several schools/colleges by providing them with furniture, constructing buildings, clean toilet facilities, hostels, providing computers, books, laboratory equipment etc. In addition, IndianOil has sponsored the education of underprivileged girl children through 'Nanhi Kali' programme of the Naandi Foundations and the K C Mahindra Education Trust. IndianOil also conducts vocational training programmes during the year, In addition, the company also awarding meritorious students, providing delivery vans for distribution of mid-day meals to Govt. School children etc, sponsors/organises rural sports/games, sports meets/events and supports education and research activities.

IndianOil Board has accorded approval for the setting up a senior secondary school in Dist. Sitapur, Uttar Pradesh.



IndianOil has set up and runs a 200 bed hospital at Digboi with ultra-modern medical facilities for the benefit of the people of the area. The hospital established in the year 1906, occupies an important position in the socio-economic scene of this extreme North East corner of the country. Not only does it serve the employees of IndianOil, it also serves as a tertiary referral hospital in the districts of Tinsukia and Digboi and also parts of Arunachal Pradesh (right upto the areas bordering Myanmar). The hospital doctors alongwith paramedical staff also visit the nearby villages for providing health care services to the villagers. The medical care services provided by the hospital are heavily subsidized. In addition, over one lakh patients per year are treated by the hospital and IndianOil incurs over Rs.3 crore every year only on account of non-employee Patients.

IndianOil Scholarship Schemes

Since the year 1984-85, IndianOil has been operating an Educational Scholarship Scheme for poor and deserving SC/ST students. The following types of educational and sports scholarship schemes are awarded to deserving candidates:

A. IndianOil Educational Scholarships: The Scholarship is awarded to 450 meritorious students on merit-cum-means basis in select categories to nurture and support talent among deserving students belonging to families (with less than rupees one lakh as the gross joint annual income of the family). Out of this, 50% 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. IndianOil awards educational scholarships at two levels:

- i. "IndianOil Merit Scholarships Scheme" for 10+/ITI studies
- ii. "IndianOil Scholarships Scheme" for Graduate and Post-Graduate students
- B. IndianOil Sports Scholarship Scheme: IndianOil had introduced a Sports Scholarship Scheme from the year 2006-07 for promising young sports persons. The Sports Scholarship Scheme initially awarded 55 scholarships for 7 games/sports (Cricket, Table Tennis, Badminton, Tennis, Chess, Hockey and Golf).

The scheme has been revised during year 2009-10 and the number of scholarships has been increased to 77 for 10 games/sports (incl. Billiards/ Snooker, Carrom and Athletics). The scholarship amount is in the range of Rs.9000/-, Rs.14000/- p.m. based on performance.

National Causes and Natural Calamities

IndianOil has always responded proactively to provide aid and relief to the victims of any natural calamities like floods, tsunami, earthquake, cyclones etc. During the year, IndianOil has contributed Rs.41.00 Lakh towards the setting up of community kitchens and towards the Chief Minister's Relief Fund for benefit of the Andhra Pradesh flood victims. It has also contributed towards the distribution of food packets in areas affected by heavy rains/floods during the year in Sitapur and Lakhimpur Kheri Districts of Uttar Pradesh.

In addition, IndianOil also contributes generously for any national causes in the benefit of the nation for instance the investment for the setting up of educational institutions of national importance like the Rajiv Gandhi Institute of Petroleum Technology etc.

LPG Schemes

From the year 2009-10 onwards, IndianOil is contributing a fixed amount of its retained profit of previous year (20% of 2% of Retained Profit) towards the following schemes for the benefit of the rural communities:

- Provision of Common LPG Community Kitchen facilities in villages
- Release of one-time grant to Below Poverty Line (BPL) families in the rural areas for release of new LPG connection under Rajiv Gandhi Gramin LPG Vitarak Yojana (RGGLV Yojana)





Labour Practices

Labour

The human resources strategy in the organisation aims at maximising return on investment on the organisation's human capital and minimise financial and non-financial risks for business success. Human Resources seeks to achieve this by aligning the supply of skilled and qualified individuals and the capabilities of their workforce, with the organisation's ongoing and future business plans.

To meet the emerging challenges of the postderegulated era of the oil and gas sector, IndianOil is working relentlessly to create a vibrant pool of knowledge managers. IndianOil does not merely offer a job, it instead offers a lifelong career with a commitment to continuous learning and skill development and motivating assignments at each stage of the employees' careers. We recruit bright and professionally qualified people through a combination of open and campus recruitment. Management Development Programmes are conducted round the year at IndianOil's own learning institutes and in collaboration with renowned institutes.

With IndianOil's emphasis on 'growing its own timber', most of its top management personnel, including Board Members, have risen from within. IndianOil has also provided leadership positions to the industry with



several CEOs in PSUs and private enterprises being ex-IOCians. IndianOil has been continuously benchmarking its HR processes and labour practices and has won recognition as a pioneer in evolution of robust human resource development systems, including recruitment, training and development, employee engagement, succession planning and other sub-systems.

Recruitment

IndianOil believes in offering equal opportunity to all. Recruitment is facilitated to include persons from weaker sections of the society classified under Scheduled Caste, Scheduled Tribe, Physically handicapped, women, etc.

In 2009-10, IndianOil took a major strategic initiative by introducing Graduate Aptitude Test in Engineering (GATE)-2010 score instead of conducting its own written test for selection of engineers through open recruitment. This has brought in more objectivity in the recruitment system. Besides, the campus recruitment process has been strengthened to attract the best talent. Mid-level recruitments have been carried out to bridge skill gaps in new business verticals like petrochemicals and biofuels. To kick start its Exploration &Production business vertical, IndianOil has engaged qualified manpower with requisite level of technical skill and experience on contract.

Induction and On-boarding

New recruits join IndianOil at its premier learning centre-IndianOil Institute of Petroleum Management (IiPM) located at Gurgaon for a customised training program for two weeks called Common Corporate Induction Module. This gives them glimpses about all the business processes of IndianOil. A lot of behavioural input is given at this stage to facilitate the smooth transition of youngsters from the bonhomie of student life to the responsibilities of professional life. At the very early stages the newly recruited employees are assigned to 'mentors', who do the initial hand-holding and psychological mooring in the organisation.

Training and Development

IndianOil is known as an academy company for its stateof-the-art training infrastructure and the cutting edge training it provides throughout the life cycle of its employees. The company has 20 centres of learning for meeting the Training & Development needs of its employees in-house. Of these, seven are located at its various Refineries, four at respective marketing regional offices, three at pipeline regions, one at R&D Centre Faridabad and one each at the head quarters of Refineries and Pipelines. IndianOil has set up three centers of higher learning; the IndianOil Management Academy (IMA) at Haldia, IndianOil Management Centre for Learning (IMCL) at Mumbai and the apex learning centre, IndianOil Institute of Petroleum Management (IiPM), at Gurgaon.

IndianOil has collaborated the leading international institutes like Universitas-21 Global (U-21) of Singapore, iFP-France, IIMs, MDI, Gurgaon, etc to develop programmes customised for the need of IndianOil employees.

IndianOil employees on an average receive about three to five days of training per year, which is comparable with the best companies in India and abroad. To further enhance the scope of training, IndianOil is investing heavily in its e-learning initiatives.

Employee engagement

IndianOil conducted its first employee engagement survey in 2007 among both executives and nonexecutives. It identified engagement drivers like leadership, HR alignment, learning and development, decision-making and work-life balance. To improve the level of engagement a number of new initiatives like on-boarding and welcoming of newly recruited executives, mentoring etc have been initiated. The channels for employees communication has been revamped and e-platform has been created in form of 'Discussion Forum' for exchange of views and ideas amongst the employees. The employees have been empowered to forward their grievances directly to the Director (HR) through 'Personnel Touch'.

New Vision

The new vision of IndianOil, which was formally adopted in September 2009, has been developed through a



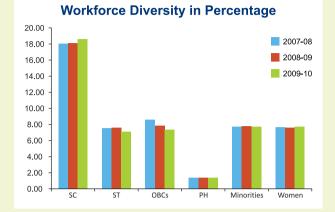
'bottom-up approach' by a series of consultation with employees at all the levels so that the new Vision emerges as a 'Shared Vision' rather than 'Vision Shared'. As per the new vision, IndianOil envisages to be the *"Energy of India"* and "a Globally Admired Company".

Collective bargaining

There are 23 recognized unions in the Corporation representing workmen while the IndianOil Officers' Association (IOOA) represents the executives. A common and shared set of industrial relations values and strategies between management, collectives and employees has been evolved over time, resulting in harmonious industrial relations. The major demands of the recognised unions pertaining to revision of wages and allowances are negotiated at the divisional level and are settled through a long term settlement (LTS). As far as executives are concerned, their pay revision and allowances are implemented after due deliberation with Officers' Association, within the framework of Department of Public Enterprises (DPE) guidelines received under presidential directives.

Workforce diversity and opportunities

IndianOil is an equal opportunity organisation and makes no distinction on the basis of caste, creed, colour, gender and religion. IndianOil is also committed towards affirmative action to bring the 'historically disadvantaged' into the mainstream of life. By diversifying our workforce, we can give individuals the



"break" they need to earn a living and achieve their dreams.

IndianOil has been providing equal opportunity to women employees and minorities at all levels ever since its inception. Statutory requirements and policy guidelines are adhered to without any discrimination.

Gender mainstreaming

IndianOil is one of the largest employer of women employees amongst the PSUs in India. As on 31st March, 2010 there were 2,624 women employees comprising 7.64% of the total workforce. Out of this, 1,147 (about 44%) of the women employees are in the executive cadre at various levels.

IndianOil has extended a plethora of liberal policies to benefit its women employees which include 135-day Maternity Leave and Special Leave.

The Corporation encourages women employees to compete and excel at their work. They are encouraged to author and present papers at National and International level. Several papers have been presented at Global Compact National Convention, ISTD National Convention, CII National Convention, European Congress of Psychology and World Petroleum Congress.

Inclusiveness and affirmative action

Inclusiveness and affirmative action initiatives for marginalised groups encompassing the Other Backward Classes (OBCs), Scheduled Caste (SC)/ Scheduled Tribes (ST) include following activities:

- Reservation in Recruitment
- Reservation in Promotions

- Relaxations/concessions in Recruitment/ Promotions
- Pre-promotional training in Marketing Division (Grade VI to A)
- Complaint Register
- SC/ST Cell
- Liaison Officer
- Nomination of Officers for Training etc.

Inclusiveness and affirmative action for the physically challenged include:

- Reservation in Recruitment
- Reservation in Promotions
- Relaxations/concessions in Recruitment/Promotions
- Allowances Conveyance allowance, medical equipment
- Special Training
- Special Equipment
- Provision of Barrier Free Access
- Preference in terms of place of posting to the extent possible

Manpower Positioning and Succession Planning

Manpower planning in IndianOil is done very systematically keeping in view a cycle time of two years. Original manpower budget estimate (OBE) is prepared



for a particular year for at least two years in advance based on the projections received from the Divisions. The original budget estimate then forms the basis of revised budgetary estimate (RBE) for the immediate next year by incorporating more accurate projections from the Division.

To have an effective succession planning, IndianOil has already identified pivotal positions and the critical success factors in those pivotal positions. The leaders are identified at early stages of their career based on their performance and their adherence to the core values of IndianOil, ie. Care, Innovation, Passion and Trust. The leaders so identified are rotated in different jobs to hone their technical and people management skills. Selective training is also imparted for supplementing their business knowledge and soft skills. To fine-tune the process of succession planning, a major Corporation-wise initiative is currently being finalised.

Social Security benefits:	
Contributory Provident Fund	Employees' Pension Scheme 1995
Gratuity	Superannuation Benefit Fund Scheme
Group Savings Linked Insurance Scheme	Compensation on death or permanent total disablement due to accident
Rehabilitation Scheme	
Contribution to Benefit schemes	
Subsidized canteen facilities	House Building Advance
Housing facility	Conveyance Advance
Festival Advance	Medical facilities
Leave Travel Concessions (LTC) and Holiday Homes	Liberal leave for female employees
Long Service Award	Furniture Advance
Computer Advance to Workmen	Sports/Club facilities
Schools	Incentive Scheme on higher education
Rationalization adjustment cum Skill Updation Expenses	Conveyance running and Maintenance expenses
Cable TV Charges	Children's Educational Assistance
Transport facility	Protective clothing





Human Rights

Human Rights

We at IndianOil recognize that inherent dignity, equal and inalienable rights of all members of the human family is the foundation for freedom, justice and peace in the world. We conduct our business practices on the basis of our core values and we support universal human rights for our employees and in communities in which we operate. We prohibit child labour, forced labour and discriminatory behaviour. We recognize the right to freedom of association and



collective bargaining. We also prefer that our business partners treat their employees similarly.

Suppliers

Our supply chain extends from vendors to their subvendors and their suppliers, transporters, contractors, associates, dealers, distributors etc. IndianOil acknowledges that its responsibility goes right down the chain and while it cannot control all compliance and monitoring, it demands statutory compliance from all and holds up the code of conduct as a guide for action.



Ethics, Conduct and Discrimination

IndianOil conforms to human rights principles and accords high priority to preventing human rights violations. We have an approved policy for handling grievances of employees and customers. Issues raised by other stakeholders such as Contractors, Dealers, Vendors and local communities and public at large are also attended promptly. It also shares information on different issues under the 'Right to Information Act' with various interested parties and stakeholders.

UN Global Compact Principles

IndianOil conforms to the widely accepted UN Global Compact principles and is also one of the founding members and active participant of the Global Compact Society (India). IndianOil became a permanent member of the society in 2007-08.

Gender Sensitivity Training

Gender Sensitivity Training is imparted during Workshop/Training for women employees by Training Dept. and Unit level WIPS (Women in Public Sector) Cell. The company has created a specifically designed programme for its employees on Gender Sensitivity. These programmes on Gender Sensitivity are attended by male and women employees, focuses on increasing understanding between both the employee groups and are aimed at increasing work harmony. This has resulted in negligible gender related complaints.

Forum of Women in Public Sector (WIPS)

For proper implementation of the company's policies, Women's Cells have been established at most of our installations. Each Cell is steered by a women leader. IndianOil has established 17 Women's Cells across the company, each of which is headed by an organizational level leader known as Apex Level WIPS Leader to provide a platform for their development under the WIPS.

Child Labour

The organisation supports effective abolition of child labour. No person below the age of 18 years is engaged by the Corporation in any area of work. The organization has prescribed the minimum age limit of 18 years for employment/contract labour in its General Conditions of Contract (GCC) – the guidelines for any contract drawn with IndianOil. Labourers engaged by contractors are also monitored. For example, at refineries, entry of such labourers is regulated through a system of gate passes issued by Central Industrial Security Force and due caution is strictly exercised to ensure that gate passes are not issued to a child.

Training to security personnel

IndianOil employ more than 11,500 personnel to look after the security of its Refineries, LPG Bottling Plants, Depots & Terminals, Aviation Fuel Stations (AFS), Pipeline installations, Lube Plants and various offices spread all over the country. All the security personnel (including CISF, DGR, Home Guards, Private Security etc.) engaged by the Corporation are briefed and trained regarding Human Rights in operations which covers courteous behaviour with employees, visitors and contract labourers.



Corporate Governance

Philosophy on Corporate Governance

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

The Board of Directors (Board)

The Board of IndianOil consists of optimum combination of Executive (Whole-time) and Non-Executive (Parttime) Directors. Non-Executive (part-time) Independent Directors are persons with proven record in diverse areas like Energy Policy, Academics, Finance, Marketing, Government and Public Sector Management etc.

The strength of the Board of IndianOil was 15 Directors as on 31.03.10, comprising seven Executive (Wholetime Functional) Directors (Shri S Behuria, the then Chairman, superannuated on 28.02.2010, Shri B. M. Bansal, Director (Planning & Business Development) holds additional charge of Chairman) and 8 Part-time Non-Executive Directors, out of which 6 are Independent



Directors & two are Govt. Nominee Directors. The Company has not been able to comply with the requirement of 50% Independent Directors on its Board. IndianOil being a Government Company under the administrative control of the Ministry of Petroleum & Natural Gas (MoP&NG), the Directors are nominated by the Government of India. The Company has requested the Govt. of India to induct the requisite number of Independent Directors as required under clause 49 of the Listing Agreement.

The Audit Committee

The Audit Committee has been constituted in line with the provisions of Clause 49 of the Listing Agreement and also meets the requirements of Section 292A of the Companies Act, 1956. The members of the Audit Committee have requisite financial and managerial expertise. The Audit Committee comprises of three Part-time Non-Executive Independent Directors as members.

Remuneration Committee

IndianOil being a Government Company, the remuneration of the Whole-time Functional Directors is decided by the Government of India. The Part-time Non-Executive Independent Directors are not paid any remuneration except sitting fees of Rs. 20000/- for attending each meeting of the Board or Committee thereof. However, the Board has constituted a remuneration committee to approve certain perquisites for Whole-time Functional Directors and below Board level Executives, which are within powers of the Board. Moreover, the Corporation is required to have a Remuneration Committee as per the latest DPE Guidelines of Government of India.

The Shareholders' / Investors Grievance Committee (SIGC)

The SIGC examine the grievances of shareholders / investors and the system of redressal of the same. The SIGC comprises three members with a Part-time Nonexecutive Independent Director as Chairman, Director (Finance) and Director (Human Resources) as Members.

Investor Service Cell exists at the registered office in Mumbai and Corporate Office, New Delhi to address the grievances / queries of shareholders. In order to enable Investors to raise queries and grievances, the Company has created a separate e-mail ID: *investors@indianoil.co.in*.

Other Committees of the Board

In addition to the above Committees, the Board has delegated certain powers under noted committees with distinct roles and responsibilities:



SI. No.	Name of Committee	Role & Responsibilities
1.	Planning & Projects Committee	For approval of capital investments of upto Rs. 100 Crore
2.	Contracts Committee	For award of contracts
3.	Projects Evaluation Committee	For evaluating and recommending for Board approval, projects costing over Rs. 250 Crores
4.	Establishment Committee	To take decisions in respect of creation, selection, appointment and promotion to the posts of General Managers and above and Conduct, Discipline and Appeal Rules
5.	Committee for de-leasing of immoveable properties	To consider request for de-leasing of Corporation leased immovable properties
6.	Safety, Health and Environment Committee	To review compliance of safety systems, procedures, rules & regulations on safety, occupational health and environment protection and to review the safety audit in various Divisions
7.	Corporate Social Responsibility Committee	To monitor and administer CSR activities

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

 Code of Conduct for Directors and Senior Management Personnel

The Board has enunciated a code of conduct for the Directors and senior management personnel of the Corporation, which has been circulated to all concerned and has also been hosted on the website of the Corporation. The Directors and Senior Management personnel have affirmed compliance with the Code of Conduct.

Code of Conduct for prevention of Insider Trading

There have been no materially significant issue related party transactions, pecuniary transactions or relationship between the Company and its Directors for the year ended 31st March, 2008 that may have a potential conflict with the interests of the Company at large. There were no cases of noncompliance by the Company and no penalties / strictures were enforced on the Company by Stock Exchange / SEBI or any other statutory authority on any matter related to the capital markets during the last three years.

Integrity Pact to enhance transparency in business

IndianOil believes in total transparency, integrity and accountability in its functioning. It values its business relationships with its numerous domestic and international contractors and vendors of goods and services and is committed to dealing with them in a fair and transparent manner by maintaining the highest ethical standards in its transactions with them. IndianOil has entered into a Memorandum of Understanding (MoU) with Transparency International India (TII) in January 2008, for implementing an Integrity Pact Programme focused 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.

Whistle Blower Policy

The Company has framed a whistle blower policy, wherein the employees are free to report any improper activity resulting in violations of laws, rules, regulations or code of conduct by any of the employees, to the Competent Authority or Audit Committee, as the case may be. Such complaints will be reviewed by the Competent Authority or Audit Committee. The confidentiality of those reporting violations shall be maintained and they shall not be subjected to any discriminatory practice. The policy was implemented during the financial year 2008-09.

Conduct, Discipline and Appeal Rules for Officers

Officers of IndianOil are governed by Conduct, Discipline and Appeal Rules framed to give guidelines about their conduct and discipline while performing their duties.

Vigilance

IndianOil consistently works against corruption in all its forms. The organization has adopted Conduct, Discipline and Appeal rules that bars acceptance of bribe and describe it as misconduct. As a responsible corporate citizen, IndianOil undertakes and implements widely accepted initiatives like the Grievance Redressal mechanism, the Whistle Blower's policy and a welldefined and strictly implemented policy on prevention of sexual harassment at the workplace.

The Vigilance Cell in IndianOil carries out preventive activities like increasing awareness regarding the Central Vigilance Commission (CVC) rules/guidelines, ensuring quality and quantity of products in transit as well as sales points across the country, conducting system studies to bring out irregularities/ inconsistencies, bringing transparency and economy in awarding as well as execution of contracts.



Files pertaining to various contracts and procurements are taken up for scrutiny. Inspections of retail outlets, LPG distributorships and Kerosene Dealerships are carried out and specific complaints are investigated by the Vigilance cell.

With a view to make employees aware of their roles and responsibilities, training courses/workshops on Vigilance awareness are conducted for staff/officers.

Public Policy participation

IndianOil through its association with several professional bodies both national and international continues to participate, extensively review and espouse opinion on industry related issues having a significant impact on public policies. References received from different ministries of the Government on issues viz. trade facilitations, tariffs, budget proposals, international cooperation in energy sectors etc. are attended to and subjected to in-depth analysis. IndianOil also has been actively involved in providing inputs on policy issues relating to Gas pipelines policy, XI plan document preparation through participation in various sub committees, research and policy formulation in alternative energy issues etc.

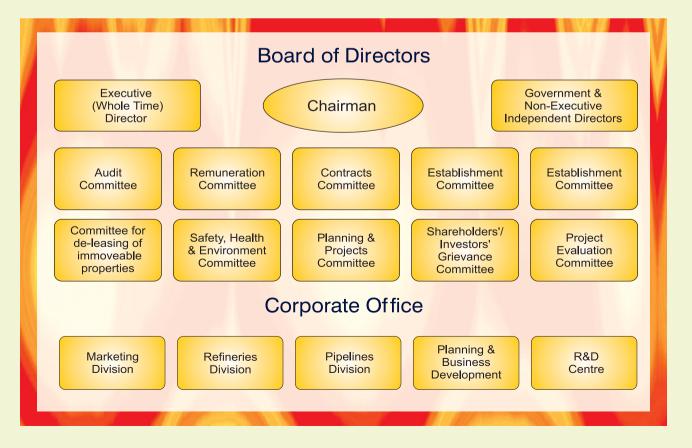
Competition Issues

Petroleum and Natural Gas Regulatory Board carries the mandate to ensure uninterrupted and adequate supply of petroleum and petroleum products and natural gas across the country through several regulations. The Board also enforces the provisions of retail service obligations for the retail outlets and marketing service obligations for the players in the downstream petroleum and gas sector. All operations of IndianOil is accordingly, governed under the jurisdiction of the Regulatory Board/Ministry of Petroleum.

Precautionary Approach

Some of the precautionary approach/initiatives taken by IndianOil are :

- Diversification and integration of business portfolios
- Diversification of crude basket for improvement of refinery margin and supply security
- Thrust on occupational health, safety and environment
- Develop progressive HR policies
- Thrust on growing rural markets
- Community development for inclusive growth
- Thrust on Alternative fuels.



Stakeholder Engagement

At IndianOil, we have robust systems and procedures to identify, prioritise and address the concerns of all our key stakeholders in our business activities as well as at the corporate level. Over the years, the stakeholder engagement process has evolved based on mutual trust and respect. and annual results are also available on the Corporation's website.

Customers

Through our relationship-building process, we not only strengthen our bonds with the customers, but also build



The major stakeholder groups for IndianOil are its Shareholders, Customers, Employees, Government Bodies / Departments, Financial Institutions, Subsidiaries, Joint Ventures, Dealers / Distributors and academic institutes.

Shareholders

The philosophy of customer relationship so valued by IndianOil has been extended to investor relationships as well. The company has also constituted a Shareholders / Investors Grievance Committee (SIGC) of Directors to redress complaints of investors such as transfer or credit of shares to dematerialized accounts, non-receipt of dividend / notices / annual reports and so on.

The quarterly, half-yearly and annual results of the Corporation are published in leading newspapers in India. The results are also displayed on the Corporation's Website http://www.iocl.com. Presentations made to the Institutional investors and analysts after declaration of the quarterly, half-yearly and nurture them through specific service commitments. This is coordinated through our 'Key Accounts Managers', a set of dedicated group of officers at different locations across the company. Performance of our relationships with our large volume customer is regularly assessed by senior officers of the company during periodic reviews and corrective actions are initiated on a priority basis.

We also meet the bulk petroleum requirements of many Government Organisations (viz. Defence, Railways, State utilities, Transport undertakings, Paramilitary groups etc.).

IndianOil is also the sole canalizing agent for the petrogoods requirements of neighbouring countries like Nepal and Bhutan.



Seminars, workshops, co-ordination meeting and training are some of the few forums where we engage with our bulk customers like Defence, Railways, Airlines, Power Plants, Cement Plants and Fertilizer Plants etc. Retail customers of Petrol, Diesel, LPG, Lubricants are informed through Safety clinics and campaigns conducted from time to time.

A customer satisfaction survey is conducted regularly through the services of an independent consultant. Our commitment to forging relationships have helped us secure strong customer loyalty.

Resellers

Our Dealer and Distributor network is the face of the IndianOil in the market place. As on 31st March, 2010, there were 18643 petrol and diesel stations (Retail Outlets including 2947 Kisan Sewa Kendras - Rural Petrol Pumps) and 5095 LPG Distributorships serving literally every nook and corner of the country. Besides this, there are 7593 bulk consumer pumps in operation for the convenience of large consumers, ensuring delivery of products at their doorstep.

The reseller network is serviced through dedicated officers at Sales Offices and Supply Locations. They have access to their accounts through internet on the web portal of IndianOil.

The Dealer & Distributors are engaged through structured meetings like Dealer/Distributor Conventions, Gold Circle Dealer Conventions, KSK Conventions, Indane Star Distributor Conventions at the State level. Gold Circle and Indane Star are forums of high performing resellers at the State Level for interacting





with State Level management and raising the bar of customer service.

The Chairman's Panel comprising of high performing dealers and distributors at the national level is an important forum for interaction between our resellers and the top management.

Employees

IndianOil has a strong workforce of 34,000. It offers an unique work culture based on trust, openness and a commitment to innovation and creativity and consultation. Bright and professionally qualified people are recruited for its executive cadre through open and campus recruitment. A plethora of opportunities is offered across more than 600 locations including refineries, pipeline, terminals, marketing units such as LPG Bottling Plants, Bulk Storage Terminals, Aviation Fuel Stations, Retail/Consumer/Lubricants sales groups and at the R&D Centre. Career growth opportunities are based on the individual's performance and contribution to the common organisational goal.

The Chairman and Functional Directors, apart from their routine interactions with employees during the course of normal work, communicate through periodic publications like the Chairman's 'Straight Talk, Faceto-Face interactions and Divisional Communication Channels.

To improve the level of engagement a number of new initiatives like on-boarding and welcoming of newly recruited executives, mentoring etc, have been initiated. The channels for employees communication has been revamped and e-platform has been created in the form of a 'Discussion Forum' on the intranet for exchange of views and ideas amongst the employees.





The employees have been empowered to forward their grievances directly to the Director (HR) through the 'Personnel Touch' forum.

Since the implementation of the workers' participation in management scheme, the emphasis has been on sharing information with the collectives (Worker' Unions & Officers' Association) in seeking their continuous support and co-operation at various levels in managing the challenges being faced by the Corporation.

The participative culture is further augmented in the form of Works Committees, Canteen Committees, Grievance Committees, Safety Committees, House Allotment Committees, Superannuation Benefit Fund Trust, EPF Trust, Joint Management Councils and other similar committees.

To develop an inclusive, collaborative and shared mindset amongst the employees, the management holds Structured Communication Meeting with both Workers' Unions and Officers' Association at regular intervals. The general information shared in these meetings is on

- Corporate Financial Highlights,
- Performance Highlights of Corporation and the Divisions,
- Future plan outlay,
- Progress of major projects,
- Steps taken on new frontiers, globalization and diversification
- Key corporate challenges
- Expectations from collectives in achieving the goals

These meetings essentially have 'Open House' sessions during which, the collectives raise queries or make suggestions related to business strategies, employee related issues, etc. The queries are directly responded to by the Chairman and Directors. These meetings are also webcast to the benefit of a large number of employees connected online.

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

A well thought system for acceptance, evaluation and rewarding the creative ideas coming from employees has been laid out under the 'IndianOil Suggestion Scheme'. This improves the ownership of the employees and their involvement with the Corporation.

Employees' families are invited to participate in the functions like IndianOil Day, Republic Day, Independence Day, where Long Service Awards, meritorious children awards are given to eligible employees and their children. These functions are held each year covering all the units and employees.

Industry Bodies, Government Bodies, NGOs, Charitable Trusts

IndianOil engages with a wide range of organizations to help provide a focus and leadership in different areas. IndianOil closely works with a host of organizations through its memberships. The company is nominated on number of occasions by the Government of India as



a nodal agency to work on an industry basis in different research works and the implementation of projects of national interests.

Communities

IndianOil has a policy of engaging with local communities in the areas in which they operate. IndianOil's concerted social responsibility programme partners communities in health, family

welfare, education, environment protection, provision of clean drinking water, sanitation and empowerment of women.

Academia

To meet the emerging challenges of post-deregulated era of the oil sector, IndianOil set up the IndianOil Institute of Petroleum Management (IiPM) as an apex centre for learning in 1995. The only one of its kind in the petroleum sector, IiPM aims to create a vibrant bank of knowledge managers to lead the Indian energy companies. Since the last 12 years, IiPM has been conducting globally benchmarked international business management programmes for executives along with various management development programmes.

Partner/Suppliers

IndianOil partners, subsidiaries, and its vendors are also stakeholders in the organization

Partner/ Supplier	Key Relationship Requirements	Relationship	Engagement Mechanism
Academic Institutions	Skill enhancement of the employees	Contracts, Guest Faculty	Through Learning Centres
Subsidiaries/ Joint Ventures	Synergy in operations	Nomination in the Boards	Policy and operational matters through Corporate Affairs set up
Vendor/Supplier	Operational matters	Contract	Regular meetings, Vendor Development programme
Business Analysts	Competitive reports, Industry Trends	Meetings	Reports, Surveys
Government of India	Policy issues/compliance; product pricing; Board representative; Company & Sustainability performance	Representative in Board	One to one engagement, Industry representation, Reports Annual & Sustainability
Leaders including Institutional Investors, Retail Investors, Banks & Financial Institutions	Investment, Business Plans, Sustainability Performance	Corporate	One to one engagement, Periodic business results & reports, Annual General Meetings etc.

aunch of BS-IV Fuels in Delhi

Shri Murli Dentri

Smt. Shella Dikahil

Shri Kopil Sibol

Shri Jitin Prasada

Product Responsibility

Products and services are the focal point in a complex web of material and energy flows. Product-focused approaches require a company to take a systems perspective to gain a full understanding of the implications of their products. This perspective results in the company looking beyond the plant gates to understand environmental and resource implications of the materials, the energy supply options that are chosen as well as the transportation, distribution and use and end of life of the products. Product responsibility therefore, entails responsibilities of the producers for their products which are extended to the post-consumer stage.

IndianOil is committed to minimize the risks and impacts associated with manufacturing, distribution and use of its products. Production of petroleum products in a manner that preserves, protects and ensures the safety of people and environment by actively identifying the potential risks while at the same time improving product performance on a continuous basis is an area of focussed attention for us. As a part of this endeavour, we have undertaken product quality improvement projects at our refineries investing several thousand crores of rupees.

Quality Management System

At the instance 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 range of petroleum products.

The procedures outlined in the manual are only the minimum requirements 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 as well as the "Industry Manual on Acceptance of Product by Marketing Companies and Related Issues."



IndianOil has developed a robust system to monitor these standard procedures which are followed at all times at all its refinery, pipelines and marketing installations.

Refineries

All our refineries have the systems certifications of ISO 9001/9002 which ensures that the stipulated product quality processes are adopted all through the operations. Product batches are certified to meet the stringent industry quality norms at the marketing locations for further despatches to the market.

Refinery	ISO-9001/9002 (First Certification)
Guwahati	Sept'95
Barauni	Oct'95
Gujarat	May'95
Haldia	Oct'94
Mathura	Sept'95
Digboi	Oct'96
Panipat	Jan'00

Marketing locations

Petroleum products, whether indigenously produced in our refineries or imported, are received in accordance to the respective specifications and it is ensured that



they enter the marketing and distribution system in a condition that meet the stipulations laid down in the quality control manual.

A well-defined system of quality control checks and documentation exists to ensure that at every step of the supply chain, adequate care is taken to maintain the right quality of product.

IndianOil recognises the vitality of a strong link of laboratories to support all these activities. These lab facilities are continuously updated with respect to testing methods and capability. The testing procedures are designed as per the requirement of the respective user departments.

Research and Development

IndianOil has a world class R&D Centre with state-ofthe-art facilities. It has continuously delivered pioneering formulations in lubricants technology, refining process, pipeline transportation, bio-fuels and fuel-efficient appliances. Over the past three decades, the R&D Centre has developed over thousands of product formulations of lubricating oils and greases responding to the needs of the Indian industry and consuming sectors like Defence, Railways, Public Utilities and Transportation.

The Centre holds 215 active patents, including 109 international patents.

IndianOil's thrust on in-house development of technology is aimed at keeping a focus on upgradation of its product quality and services in its refineries, pipelines and marketing operations keeping in view the environmental impacts and responsibilities.

Customer Satisfaction / Feedback

At IndianOil, customer satisfaction is seen as a key performance indicator and differentiator within business. It is also a part of our commitment to the





Get smart. Gift fuel.

Now an Easy Way for Corporates to Gift Fuel Easy and safe to use with superior security features Accepted at over 6000 select IndianOil outlets across the country

Government of India in the performance contract document known as the Memorandum of Understanding (MoU), where substantial weightage is given to 'Customer Satisfaction Index' in arriving at the MoU composite performance score.

Customer Satisfaction Survey

IndianOil conducts an all India 'Customer Satisfaction Survey' on an annual basis. The major domains of satisfaction include - Quality, Value, Timeliness,

Efficiency, Ease of Access, Environment, Response, Front line Service Behavior, Commitment to the Customers and Innovation etc. These factors are emphasized for continuous improvement and are most often utilized to develop the architecture for satisfaction measurement as an integrated model.

Other major initiatives

Besides above, IndianOil has initiated a number of steps across different market segments which include -

- Strengthening the retail network coverage and quality through performance improvement / relocation and backing up high volume retail sales with fleet truck program
- Strengthening the Quality and Quantity (Q&Q) proposition and basic service offerings across the retail network through the increased use of automation and global positioning systems.

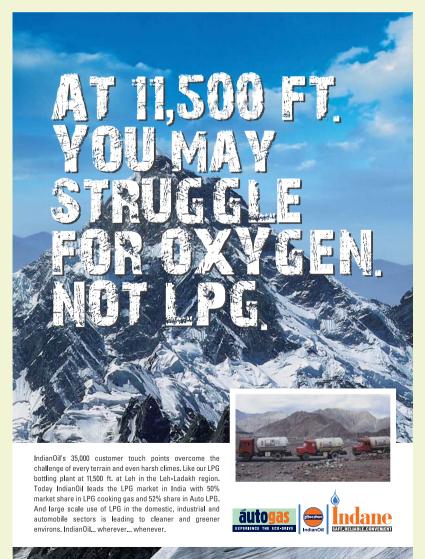
• The Roll out of non-fuel proposition around vehicle care and superior frontline service as differentiators

or visit www.iocxtrapower.com

For details, please call our toll free no. 1800-425-5599

EASY FUEL

- Increased focus on loyalty programs through the creation of a dedicated group of executives handling loyalty programs across the country
- Creation of Key Accounts Managers for priority industrial customers
- Improved sales force efficiency and effectiveness through skill updation



- Ensuring higher service standard in LPG retailing network through creation of 'Star Distributors' criteria meeting the needs of different markets
- Establishing 'Emergency Service Cells' for LPG customers
- Provide customized solutions to domestic and international airlines
- Establish a distinct brand of IndianOil in the market place through cross-cutting initiatives with diverse product portfolios

Marketing communication

In IndianOil, through marketing communication we ensure consistency of message with the delivery of our services throughout the organization. We look at it as a transition from customer service to customer relations. In our branding initiatives we look at marketing communications as an opportunity to engage our stakeholders.

Through Such initiatives, we focus on products and services primarily concerned with service and safety



orientation of the products, demand management, selection of dealers / distributors, details of operations of Customer Service Cell in different regions, branding of products and services and legal issues that require public attention.



Making a difference



Charters & Memberships

IndianOil plays an active role through its association with several professional bodies in their respective areas of focus. An illustrative list of such memberships is given below:

Council of Indian Employers (CIE), India	All India Management Association (AIMA)
World LPGas Association, Paris	IndianOil Foundation, India
Standing Conference of Public Enterprises (SCOPE), India	Petroleum Federation of India (PetroFed), India
Indian Institute of Industrial Engineering	National HRD Network (NHRD)
Associated Chambers of Commerce and Industry (ASSOCHAM)	Confederation of Indian Industry (CII)
Federation of Indian Chambers of Commerce and Industry (FICCI)	The Energy and Resources Institute (TERI)
The Institute of Chartered Accountants of India (ICAI)	Petrotech Society

Recognitions

- Conferred with 'Asia's Best Employer Brand Award-2010' in recognition of IndianOil's continuous endeavour to build a strong employer brand to attract the best talent and to retain them in the Corporation.
- Ranked among the 'Top 50 Companies to Work for in India' in a study conducted by the Economic Times and the Great Places to Work Institute in the annual survey 'India's Best Companies to Work For'
- The Business Today-Indicus-PeopleStrong Survey of India's Best Employers ranks IndianOil among the top 5 companies under the 'Core Sector' category
- Adjudged as one of the **top 25 employers** in India by a survey conducted by **M/s Hewitt Associates** in 2008. It was the only company amongst the PSUs to feature in that exclusive league
- Won the 'Innovative HR Practices Award' under the Global HR Excellence Awards 2009-10, at the World HRD Congress
- Chosen as the Best Service Brand in the tightly-contested India Pride awards in a recognition of its customercentric approach
- IndianOil Institute of Petroleum Management, the apex learning centre of IndianOil, has been selected as the winner of Golden Peacock National Training Award
- The Amity HR Excellence Award for being the model organisation with best employee development practices was bagged by IndianOil in 2009
- Ranked India's No. 1 company in business listings of Business Standard (BS 1000), Economic Times (ET 500), Financial Express (FE 500) and Business World (BW 500) for the year 2009
- Ranked among the Top Five Indian corporates by Business India (BI 100)
- Won the Global Impact by an Indian PSU award, conferred by the Bhaskar group in recognition of the Corporation's expanding business frontiers nationally and internationally and to complement its continuing statement of excellence
- Conferred with the 6th Annual International Business Award 2009 of 'Most Innovative Company' by Stevie's
- Conferred with the prestigious 'Oil & Gas Supply Chain Excellence Award' at the third Express Logistics & Supply Chain conclave
- Conferred with the prestigious 'Safety Innovation Award 2009' instituted by the Institution of Engineers (India)
- Named the 'Most Trusted Brand' by Reader's Digest in collaboration with Nielsen Media Research
- Conferred with five PetroFed Oil & Gas Industry Awards instituted by The Petroleum Federation of India

List of Abbreviations and Acronyms

Term	Description
AFS	Aviation Fuel Station
ASSOCHAM	Associated Chambers of Commerce and Industry
CIE	Council of Indian Employers
CII	Confederation of Indian Industry
CISF	Central Industrial Security Force
CSR	Corporate Social Responsibility
CVC	Central Vigilance Commission
DPE	Department of Public Enterprises
E&P	Exploration and Production
EBP	Ethanol-blended Petrol
ERM	Enterprise Risk Management
ETP	Effluent Treatment Plants
FCC	Fluidised Catalytic Cracker
GCC	General Conditions of Contract
GRI	Global Reporting Initiatives
GRM	Gross Refining Margin
liPM	Indian Institute of Petroleum Management, Gurgaon
IMA	IndianOil Management Academy, Haldia
IMCL	IndianOil Management Centre for Learning, Mumbai
IndianOil	Indian Oil Corporation Ltd.
ITI	Industrial Training Institute
KSK	Kishan Seva Kendra
LAB	Linear Alkyl Benzene
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
	Leave Travel Concessions
LTS	Long Term Settlement
MINAS	Minimal National Standard set by Ministry of Environment & Forests and Central
	Pollution Control Board for use of water resources and quality of effluent discharge
MoP&NG	Ministry of Petroleum and Natural Gas
MoU	Memorandum of Understanding
NELP	New Exploration Licensing Policy
NGO	Non Governmental Organisations
NHRD	National Human Resource Development Network
NREL	National Renewable Energy Laboratory
PetroFed	Petroleum Federation of India
PTA	Purified Terephthalic Acid
R&D	Research and Development
RO	Retail Outlets
S,H&E	Safety, Health & Environment
SC / ST / OBC	Scheduled Caste / Scheduled Tribe / Other Backward Classes
SCOPE	Standing Conference of Public Enterprises
SCP	Special Component Plan
SIGC	Shareholders' / Investors Grievance Committee
STEPS	Sustainable Transportation Energy Pathways Program
TBL	Triple Bottom Lime
TERI	The Energy and Resources Institute
TI	Transparency International India
TPM	Total Productive Maintenance
TSP	Tribal Sub-Plan
WIPS	Forum of Women In Public Sector

GRI Index

		GRI Reference	Report Reference	Page
Strategy & Analysis	1.1	CEO Statement	A word from our Chairman	3
	1.2	Key Impacts	Key impacts, risks & opportunities	5
Organisation Profile	2.1 2.2	Name of reporting organization Major brands & products	Profile & Scope Bouquet of Brands	2 57
	2.2	Operational structure	Corporate Governance	38
	2.4	Location of headquarters		k Cover
	2.5	Countries of operation	Profile and Scope	2
	2.6	Nature of ownership and legal form	Corporate Governance	38
	2.7	Markets served	IndianOil: Over Five Decades in the Service	6
			of the Nation	
	2.8	Scale of organization	IndianOil: Over Five Decades in the Service of the Nation	6
	2.9	Major changes to operation	Philosophy on Corporate Governance	38
	2.10	Awards received in Reporting Period	Recognitions	51
Report Parameters	3.1	Reporting period	Profile and Scope	2
Governance,	3.2	Date of previous report	Profile and Scope	2
Commitments &	3.3	Reporting cycle	Profile and Scope	2
Engagement	3.4	CR Contact person	Contact information Bac	k Cover
	3.5	Defining report content	Profile and Scope	2
	3.6	Boundaries of report	Profile and Scope	2
	3.7	Limitations on report scope	Profile and Scope	2
	3.8	Basis for reporting on joint ventures	Profile and Scope	2
	3.9 3.10	Data measurement techniques Restatements of information	Profile and Scope	2
	3.10	Significant changes from previous report	Not Applicable Not Applicable	
	3.12	Tables for standard disclosures	GRI content index	53
	3.13	Assurance	Not carried out by external agency	-
GRI Reference	4.1	Governance structure	Corporate Governance	38
	4.2	Chair/Executive officer status	Corporate Governance	38
	4.3	Number of independent/non-executive members	Corporate Governance	38
	4.4	Mechanisms for providing recommendations	Corporate Governance	38
	4.5	Link between compensation and performance	Corporate Governance	38
	4.6	Determining board qualifications	Corporate Governance	38
	4.7	Process to address conflict of interest	Corporate Governance	39
	4.8 4.9	Internal mission/values statement Broad identification of opportunities, risks, performance	New Vision Key impacts, risks & opportunities	31 5
	4.9	Evaluating board performance	Corporate Governance	38
	4.11	Precautionary principle	Precautionary Approach	41
	4.12	External initiatives endorsed	Precautionary Approach	41
	4.13	Principal membership	Charters & Membership	51
	4.14	List of stakeholders	Stakeholders Engagement	42
	4.15	Basis for identification	Stakeholders Engagement	42
	4.16	Approaches to engagement Key issues raised through engagement	Stakeholders Engagement	41 5
Disclosure of	4.17		Key impacts risk & opportunities	
Disclosure of Management		Economic Environment	Economic Strategy & Management Approach	12 17
Management Approach		Labour Practices	Environment Strategy & Management Approach Labour Practices	30
. opproadit		Human Rights	Human Rights	36
		Society	Social Strategy & Management Approach	26
		Product Responsibility	Product Responsibility	46
Economic Performance	EC 1	Direct economic value generated and distributed,	Economic & Operational Performance	13
Indicators		including revenue, operating costs, employee		
		compensation, donations and other community		
		investments, retained earnings, and payments to capital		
		providers and governments		
	EC2	Financial implications and other risks and opportunities	Economic Strategy & Management Approach	12
	FOO	for the organisation's activities due to climate change	Contribution to Departite Cales	00
	EC3	Coverage of the organisation's defined benefit	Contribution to Benefits Schemes	33
	EC4	plan obligations Significant financial assistance received	Not Applicable	
	204	from government	not applicable	

		GRI Reference	Report Reference	Page
	EC5	Range of ratios of standard entry level wage compared	Recruitment	30
		to local minimum wage at significant locations		
	EC6	of operation Policy, practices, and proportion of spending on	Recruitment	30
		locally-based suppliers as significant locations of		
	EC7	operation Procedures for local hiring and proportion of senior	Recruitment	30
		management hired from the local community at		
	EC8	locations of significant operation Development and impact of infrastructure investments	Social Strategy & Management Approach	26
	LUU	and services provided primarily for public benefit	coold officegy a management rippiodon	20
	EC9	through commercial, in-kind, or pro bono engagement Understanding and describing significant indirect	Social Strategy & Management Approach	26
	L09	economic impacts, including the extent of impacts	Social Strategy & Management Approach	20
Environmental	EN1	Materials used by weight or volume	Raw Material	17
Performance Indicators	EN2	Percentage of materials used that are recycled input materials	Effluents & Emissions	20
	EN3	Direct energy consumption by primary energy source	Power Consumption	18
	EN4 EN5	Indirect energy consumption by primary source Energy saved due to conservation and efficiency	Power Consumption Energy Conservation	18 18
	LIND	improvements	Lifergy Conservation	10
	EN6	1 05		
		energy based products and services, and reductions in energy requirements as a result of these initiatives		
	EN7	Initiatives to reduce indirect energy consumption and	Energy Conservation	18
	EN8	reduction achieved Total water withdrawal by source	Water	23
		Water sources significant affected by withdrawal of water	Water	23
	ENTO	Percentage and total volume of water recycled and reused	Water Conservation	23
	EN11	Location and size of land owned, leased, managed in,	Green Belts	24
		or adjacent to, protected areas and areas of high biodiversity value outside protected areas		
	EN12	Description of significant impacts of activities, products,	Green Belts	24
		and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas		
		Habitats protected or restored	Green Belts	24
	EN14	Strategies, current actions, and future plans for managing impacts on biodiversity	Environment Strategy & Management Approach	17
	EN15	Number of IUCN Red List species and national	-	-
		conservation list species with habitats in areas affected by operations, by level of extinction risk		
	EN16	Total direct and indirect greenhouse gas emission	Effluents & Emissions	20
	EN17	by weight Other relevant indirect greenhouse gas emission	Effluents & Emissions	20
		by weight		
	EN18	Initiatives to reduce greenhouse gas emission and reductions achieved	Effluents & Emissions	21
		Emission of ozone-depleting substances by weight	Effluents & Emissions	20
		NO, SO, and significant air emission by type and weight Total water discharge by quality and destination	Effluents & Emissions Water Conservation	20 23
		Total weight of waste by type and disposal method	Effluents & Emissions	20
		Total number and volume of significant spills	-	-
	EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the	Waste Management	23
		Basel Convention Annex I,II,III & IV, and percentage of		
	EN 25	transported waste shipped internationally. Identity, size, protected status, and biodiversity value	Effluents & Emissions	20
	214 20	of water bodies and related habitats significantly		20
		affected by the reporting organisation's discharges of water and runoff.		
	EN26	Initiatives to mitigate environmental impacts of products	Effluents & Emissions	20
	ENI 27	and services, and extent of impact mitigation. Percentage of products sold and their packaging	Quality Management System	46
		materials that are reclaimed by category	gauny management bystern	10

		GRI Reference	Report Reference	Page
		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. Significant environmental impact of transporting	Safety Quality Management System	24 46
	FNOO	products and other goods and materials used for the organisation's operations, and transporting members of the workforce.		
	EN30	Total environmental protection expenditures and investments by type	Product Responsibility	46
Labour Practices and Decent Work	LA1	Total workforce by employment type, employment contract, and region.	Employees (Stakeholders Engagement)	43
Performance Indicators	LA2	Total number and rate of employee turnover by age group, gender, and region	Workforce diversity & opportunities	31
	LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	Social Security Benefits	33
	LA4	Percentage of employees covered by collective bargaining agreements	Collective Bargaining	31
	LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements	Collective Bargaining	31
		Percentage of total workforce represented in formal joint management worker health and safety committees that help monitor and advise on occupational health and safety programs	Safety & Occupational health	24
	LA7	Rates of injury, occupational diseases, lost days, absenteeism, and number of work-related fatalities by region	Safety & Occupational health	24
	LA8	Éducation, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Safety & Occupational health	24
	LA9	Health and safety topics covered in formal agreements with trade unions.	Safety & Occupational health	24
	LA10	Average hours of training per year per employee by employee category	Training & Development	31
	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Training & Development	31
	LA12	Percentage of employees receiving regular performance and career development reviews	Training & Development	31
	LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group members, and other indicators of diversity	Workforce Diversity & Opportunities	31
	LA14	Ratio of basic salary of men to women by employee category.	Recruitment	30
Human Rights Performance Indicators	HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	Ethics, Conduct & Discrimination	36
		Percentage of significant suppliers and contractors that have undergone screening on human rights and action taken.	Suppliers	36
		Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Ethic, Conduct & Discrimination	36
	HR4	Total number of incidents of discrimination and actions taken.	Gender Sensitivity & Training	36
	HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and action taken to support these rights.	Ethic, Conduct & Discrimination	36

		GRI Reference	Report Reference	Page
	HR6	Operations identified as having significant risk for	Child Labour	37
		incidents of child labour, and measures taken to contribute to the elimination of child labour.		
	HR7	Operations identified as having significant risk for	Child Labour	37
		incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or		
		compulsory labour.		
	HR8	Percentage of security personnel trained in the	Training to Security Persons	37
		organisation's policies or procedures concerning aspects of human rights that are relevant to operations.		
	HR9	Total number of incidents of violations involving rights	Not applicable	-
		of indigenous people and actions taken.		
Society Performance	SO1	Nature, scope and effectiveness of any programs and	Social Strategy & Management Approach	24
indicators		practices that assess and manage the impacts of operations on communities, including entering,		
		operating, and exiting.		
	SO2	Percentage and total of business units analyzed for risk related to corruption.	Vigilance	40
	SO3	Percentage and employee trained in organisation's	Vigilance	40
		anti-corruption policies and procedures.		
	SO4 SO5	Action taken in response to incidents of corruption. Public policy positions and participation in public policy	Vigilance Public Policy Participation	40 41
	300	development and lobbying.		41
	SO6	Total value of financial and in-kind contributions to	Public Policy Participation	41
		political parties, politicians, and related institutions by country.		
	S07	Total number of legal actions for anticompetitive	Competition Issues	41
		behaviour, ant-trust, and monopoly practices and		
	SO8	their outcomes. Monetary value of significant fines and total number of	Competition Issues	41
	000	non-monetary sanctions for non-compliance with		- T I
		laws and regulations.		
Product Responsibility Performance Indicators	PR1	Life cycle stages in which health and safety impacts of	Quality management system	46
Performance indicators		products and services are assessed for improvement, and percentage of significant products and services		
		categories subject to such procedures		
	PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health	Quality management system	46
		and safety impacts of products and services during		
		their life cycle, by type of outcomes.		10
	PR3	Type of product and service information required by procedures and percentage of significant products and	Quality management system	46
		services subject to such information requirements		
	PR4	Total number of incidents of non-compliance with regulations voluntary codes concerning product and	Quality Management System	46
		service information and labelling, by type of outcomes.		
	PR5	Practices related to customer satisfaction, including	Customer Satisfaction Survey	48
	PR6	results of surveys measuring customer satisfaction Programs for adherence to laws, standards, and	Marketing Communication	49
		voluntary codes related to marketing communication,		
		including advertising, promotion, and sponsorship by type of outcomes		
	PR7	Total number of incidents of non-compliance with	Marketing Communication	49
		regulations voluntary codes concerning marketing		
		communications, including advertising, promotion, and sponsorship by type of outcomes.		
	PR8	Total number of substantiated complaints regarding	Customer Satisfaction/Feedback	47
		breaches of customer privacy and losses		
	PR9	customer data. Monetary value of significant fines for non-compliance	Marketing Communication	49
		with laws and regulations concerning the provision and	Ť	
		use of products and services.		

Bouquet of Brands



























Our Core team of Corporate Sustainability

Executive Director (Safety, Health and Environment) | Executive Director (Corporate Finance) Executive Director (Human Resources) | Executive Director (Renewable Energy & Sustainable Development) General Manager (Corporate Communication)



The energy to make history come alive.

Over the last 50 years our concern for protecting our precious cultural heritage has only grown bigger. We regularly invest to protect, preserve and promote India's national heritage. Our preservation drive extends to treasured monuments which reflect the cultural heritage of our country. We also support a variety of endeavours in contemporary arts, culture, sports, music and dance. As India's largest company and a socially responsible corporate, it is our duty to preserve a legacy that will inspire every Indian for years to come. Because we believe that there has to be a human dimension to the energy we provide.

Indian Oil. The Energy Of India.



Corporate Office: 3079/3, Sadiq Nagar, J.B. Tito Marg, New Delhi-110049 www.iocl.com