इंडियनऑयल

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

IndianOil's present business practices and vision for the future are 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.

The past year was definitely another year of sustained growth in the face of stupendous odds for us at IndianOil. In the backdrop of unprecedented high crude oil prices and liquidity constraints, we managed our operations and financials efficiently. As India's largest petroleum refining and marketing company, we bear the brunt of the burden of oil subsidy on sale of petrol, Diesel, Kerosene for public distribution system and LPG for domestic use, which constitute a major portion of our product offerings. The Government, in turn, has put in place a mechanism to compensate the oil marketing companies for the losses suffered by them.

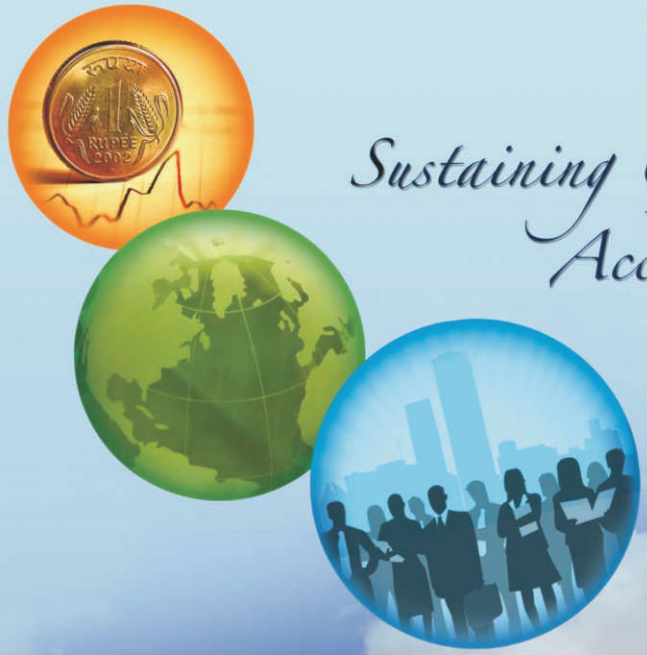
Indian Oil Corporation Limited is committed to the Global Compact Programme of the United Nations and will endeavour to abide by all the ten principles of the programme, some of which are also a part of our Vision and Mission Statements. Therefore, the company continues to pledge support to the programme through its policies, processes, products, services and people.

In order to measure and communicate our progress in our journey towards sustainable development, we have decided to publish the third edition of our Sustainability Report for 2007-08 in accordance with the GRI-G3 guidelines for the first time and have aimed at application level A. We propose to build on this first report in future through a more formal materiality assessment process where decisions on corporate responsibilities and priorities will include inputs from other stakeholders, such as shareholders, employees etc.

18/02/09

(V.C. Agrawal)
Director (HR)

GRI - G3 COMPLIANT: APPLICATION LEVEL-A



Sustaining Growth Accelerating Effort

Sustainability Report 2007-08

इंडियनऑयल

IndianOil

Bringing Energy to Life

The strong environment consciousness in IndianOil's vision guides its day-to-day operations.

VISION*

A major, diversified, transnational, integrated energy company, with national leadership and a strong environment conscience, playing a national role in oil security and public distribution

Values at the core of our business

Care • Innovation • Passion • Trust

*IndianOil's Vision statement was articulated in the year 1999. Since then, there have been paradigm changes in the business environment and several new critical issues have come upfront. The Corporation has embarked on a new initiative to re-visit the existing Vision statement and evolve a 'shared vision' that would address the new challenges and evolve long-term goals and strategies. The exercise involving everyone in IndianOil is to be concluded soon.

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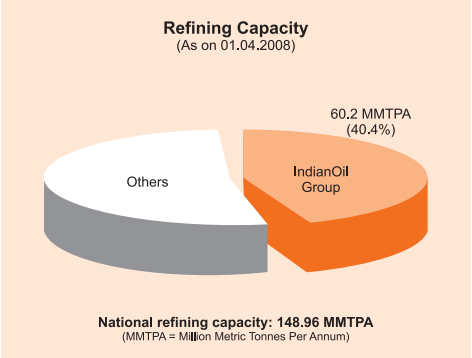
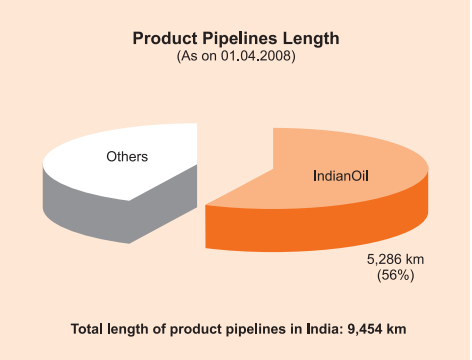
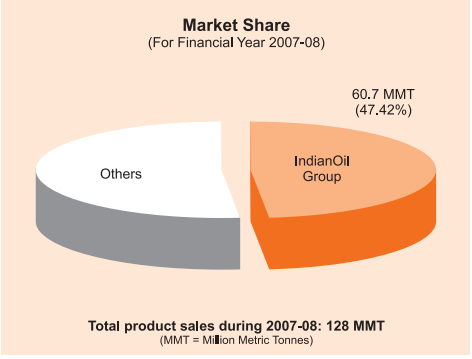
IndianOil's Downstream Leadership

CORE ACTIVITIES
Petroleum Refining
Pipelines – Crude Oil & Petroleum Products
Petroleum Products Marketing
Research & Development
INTEGRATION
Exploration & Production
Petrochemicals
DIVERSIFICATION
Natural Gas – Import & Marketing
City Gas Distribution
OVERSEAS BUSINESS
Equity Oil & Gas
Petroleum Products Marketing
Lubricants Blending & Marketing
Exports – Petroleum Products & Petrochemicals
OFFERINGS
Consultancy – Refinery & Pipelines Projects
Refinery Revamp, Turnaround, O&M
Refining Process Technologies
Manpower Secondment
Training & Development







Introduction

About IndianOil

IndianOil is India's flagship energy major and the country's largest commercial enterprise with a turnover of Rs. 2,47,479 crore (US$ 61.7 billion) and profits of Rs. 6,963 crore (US$ 1.7 billion) for the year 2007-08. It is also the highest ranked Indian company in the prestigious *Fortune* 'Global 500' listing at 116th position. IndianOil is the 18th largest petroleum refining company in the world.

IndianOil and its group companies account for 47.4% petroleum products market share, 40.4% refining capacity and 56% downstream sector product pipelines capacity in India. For the year 2007-08, IndianOil sold 60.7 million tonnes of petroleum products, including 1.91 million tonnes of natural gas, and exported 3.33 million tonnes of petroleum products.

Sustainability Reporting

At IndianOil, sustainable development means helping meet the growing energy needs of the nation in economically, environmentally and socially responsible ways. This involves running

our operations responsibly today and building a dependable and sustainable energy system for tomorrow.

We see sustainability as the capability to carry on as a group: in renewing assets; creating and delivering products and services that meet the changing needs of society; contributing to a sustainable environment; and retaining the trust and support of our customers, stakeholders and the communities in which we operate.

The Sustainability Report is not intended to replicate the information contained in IndianOil's Annual Report, which gives details of the Corporation's financial performance as well as the Management's Discussion and Analysis, highlighting the business scenario and the challenges faced by the Corporation. The Annual Report for the year 2007-08 is available on the corporate website www.iocl.com

This report is, therefore, aimed at focussing on the significant economic, environmental and social factors that impact the way IndianOil does business through constant engagement with its key stakeholders.

A Word from our Chairman

With a view to measure our progress in our journey of sustainable development we bring out a report on our initiatives towards this while bringing together our team, stakeholders and all those who partner our journey.

Over the past decade, the call for better stewardship of natural resources has transcended from a small but vocal group of advocates to the broad majority of consumers and governments worldwide. In response, business entities in particular are expected to adopt fair trade policies and environment-friendly practices through implementation of 'sustainable strategies.'

The Triple Bottom Line (TBL) framework conceptually provides us scope to expand the traditional financial framework to encompass reporting on the organisation's performance on sustainability issues. We believe that its unifying principles help align sustainability issues with business strategies, thereby leading to improved efficiency and performance regardless of the size.

Looking back at 2007-08, it was definitely another year of sustained growth for us at IndianOil in the face of stupendous odds. In the backdrop of crude price volatilities and liquidity constraints, we managed our operations efficiently. As India's largest refining and marketing company, we had to bear the brunt of the under-recoveries on sale of the four major products - petrol, diesel, Kerosene for public distribution and LPG for domestic use - below cost price.

In all this, IndianOil takes pride that its corporate strategy is fully aligned to national priorities. We envision a greater role for ourselves in the coming years in accomplishing the cherished goal of a truly developed India, where all sections of citizens live with dignity.

IndianOil's commitment to inclusive growth is reflected in its efforts to reach precious fuels to every nook and corner of the nation; as well as items of daily use to the rural hinterland. It has been supporting development initiatives across the country, especially in and around its major installations - in fostering education, provision of health care and basic amenities like potable water to the poorer sections of the rural populace, and empowerment of women.

The strong environment conscience enunciated in our Vision guides our day-to-day operations. Whether it is continuous improvements in energy efficiency and fuel conservation at our refineries and operating locations, up-gradation of technology to produce superior quality fuels,

initiatives for promotion of renewable bio-fuels and alternatives like Hydrogen as automotive fuels, etc., all are ultimately aimed at fostering sustainable development.

This report is in accordance with the GRI-G3 guidelines and I am confident that it would also provide a new impetus to the drive for sustainable development in the coming years.

I invite you to join us in our efforts as we envision the path we plan to travel in the future, facing many exciting challenges in creating a sustainable business agenda.

(Sarthak Behuria)

Gold Trophy of the Standing Conference of Public Enterprises (SCOPE) Meritorious Award for Environmental Excellence & Sustainable Development and Commendation Certificate for Good Corporate Governance for the year 2006-07 for IndianOil.

IndianOil's eco-friendly, energy-efficient Corporate Office building at Sadiq Nagar, New Delhi.

Sustainability Outlook

Triple Bottom Line - People-Planet-Profits

Outlook For Energy

In order to sustain an economic growth rate of 8-9%, India needs to address the issue of sourcing its growing energy requirements in an economically viable and environmentally sustainable manner. Considering the limited availability of the primary energy mix, the country faces formidable challenges in ensuring continuous operations in a competitive energy market, both in the medium and long-term.

Environmental concerns about fossil fuels, right from exploration to end-use, are already becoming major sustainability issues across the world.

In keeping with the policy initiatives of the Government of India concerning the energy security of the nation, IndianOil has committed itself to a process of sustainable development and has firmed up an action plan along the entire hydrocarbon value chain, as below:

- Enhancing the resource base of oil & gas for the country through upstream integration into the oil exploration & production domain
- Increasing the gas component in the country's energy basket by sourcing gas supplies from both domestic and international markets
- Value addition through downstream integration into petrochemicals business
- Undertaking significant investments in projects for upgrading product quality in line with stringent environmental norms
- Diversifying the crude oil import base, both in terms of quality and supply sources, for effecting economy and minimising disruptions in the supply chain
- Carrying out rigorous energy audits and taking mitigating action for improved operational performance in all refineries and installations
- Emphasis on improving energy efficiency at end-use to address demand side management

Key impacts, risks and opportunities

IndianOil's strategic planning process involves both development and deployment of strategies, along with evaluation of key business risks and opportunities. All business proposals undergo rigorous scrutiny based on a robust evaluation

process with in-house defined hurdle rates and keeping in view the Corporation's business challenges, its overall responsibility as a national oil company as well as the extant policy guidelines of the Government of India, the administrative ministry and the Department of Public Enterprises.

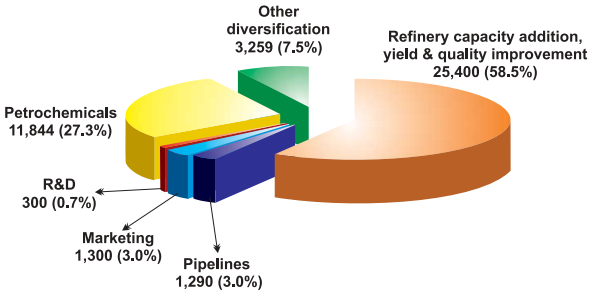
The Board of Directors regularly reviews the risk management practices of the Corporation. A well-defined Enterprise Risk Management (ERM) policy, supported by a detailed manual, ensures that risk management and control are effected through a properly defined framework, procedures and periodic review. In the same way, the Unit heads of the Divisions and key principal executives (in consultation with legal) are responsible for ensuring legal and regulatory compliance. Well-defined processes exist for complying with legal and regulatory requirements and managing risks across the operations.

Products and Services

Refineries

IndianOil owns and operates seven of India's 19 refineries with a combined refining capacity of 47.35 million metric tonnes per annum. Its cross-country network of crude oil and product pipelines, spanning about 9,300 km and the largest in the country, meets the vital energy needs of the consumers in an efficient, economical and environment-friendly manner. IndianOil is investing Rs. 43,394 crore (US $10.8 billion) during XI Plan (2007-12) in augmenting refining and pipeline capacities, expanding marketing infrastructure and upgrading product quality as well as in integration and diversification projects.

IndianOilís XI Plan (2007-12) Outlay
Rs. in Crore (Percentage)

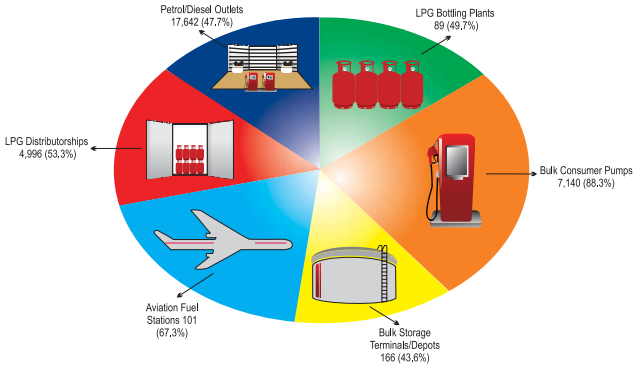


Service network

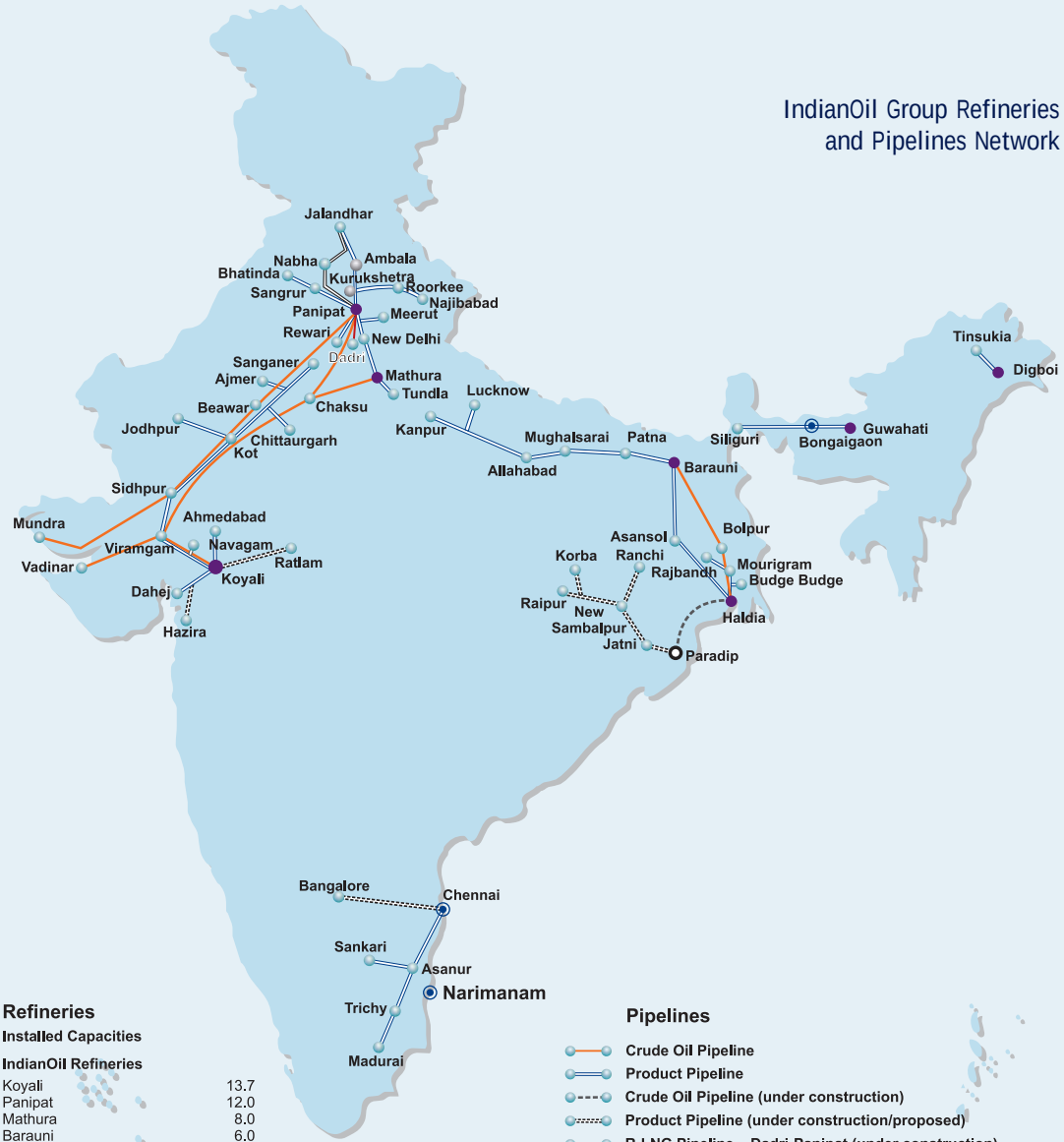
Petroleum products

As the flagship national oil company in the downstream sector, IndianOil reaches precious petroleum products to millions of people everyday through an unmatched countrywide network. The number of touch points and share in the industry are given below:

IndianOilís Marketing Infrastructure
(Percentage)



IndianOil Group Refineries and Pipelines Network



Refineries

Installed Capacities

IndianOil Refineries	
Koyali	13.7
Panipat	12.0
Mathura	8.0
Barauni	6.0
Haldia	6.0
Guwahati	1.0
Digboi	0.65
Subsidiaries' Refineries	
CPCL, Chennai	9.5
CPCL, Narimanam	1.0
BRPL, Bongaigaon	2.35
Group Total	**60.20**
Paradip (upcoming)	15.0

(Figures in million metric tonnes per annum, equivalent to 20,000 barrels per day)

Pipelines

- Crude Oil Pipeline
- Product Pipeline
- Crude Oil Pipeline (under construction)
- Product Pipeline (under construction/proposed)
- R-LNG Pipeline – Dadri-Panipat (under construction)
- LPG Pipeline – Panipat-Jalandhar

Operating Pipelines

	Length (km)	Capacity (MMTPA)
Product Pipelines	5,286	25.42
Crude Oil Pipelines	3,987	34.50
Total	**9,273**	**59.92**

(As on 31st March, 2008)

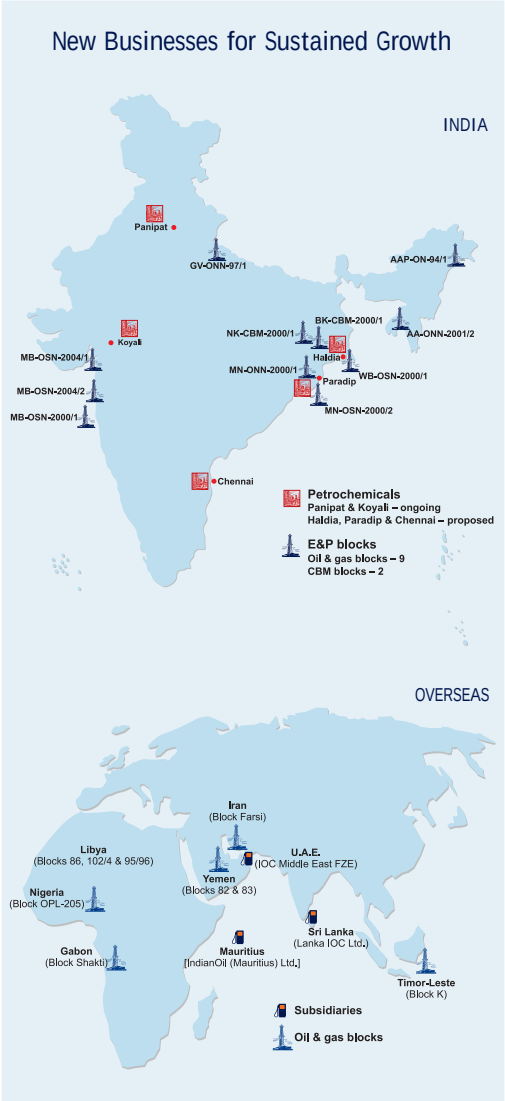
IndianOil has developed a unique business model to reach fuel and non-fuel products of everyday use to the rural hinterland through a chain of retail outlets known as Kisan Seva Kendra (KSK). These Kendra are emerging as facility-providers to the rural populace.

Petrochemicals

IndianOil has achieved major success in integration into petrochemicals in the past few years and is envisaging investments of over Rs. 30,000 crore (US$ 7.4 billion) by the year 2011-12 to set up world-scale plants for value addition to existing refinery streams. The current portfolio includes a 1,20,000 tonnes per annum Linear Alkyl Benzene (LAB, used in the manufacture of detergents) plant at the Corporation's Koyali Refinery and a world-scale Paraxylene/Purified Terephthalic Acid (PX/PTA, building blocks for polyester industry) plant at Panipat, with a capacity of 5,53,000 tonnes of PTA per annum. IOCLAB has already captured a significant market share in India, besides exports to China, Indonesia, Norway, Oman, Pakistan, the Philippines, Thailand, Turkey and Vietnam. A Naphtha Cracker with a capacity of 800,000 tonnes of ethylene per annum, along with downstream polymer units, is coming up at Panipat for commissioning by 2009 end.

Oil Exploration & Production (E&P)

E&P is a long-gestation and risky but a rewarding business. IndianOil and its consortium partners expanded their existing overseas portfolio of seven blocks during the year 2007-08 by winning the bid for Area 95/96 in Libya. Addition to domestic assets includes four oil & gas blocks and two CBM blocks under New Exploration & Licencing Policy (NELP) of the Government of India and a farm-in block in Assam-Arunachal.



IndianOil and its consortium partner, Oil India Ltd. (OIL), have incorporated a special purpose vehicle – Ind-OIL Overseas Ltd – in Port Louis, Mauritius, for acquisition of overseas E&P assets.

Gas Marketing

Gas has emerged as the fuel of the 21st century. Having entered natural gas marketing in the year 2004, IndianOil reached sales of 1.91 million tonnes of gas during the year 2007-08 and is targeting 2 million tonnes in 2008-09. A technology innovation project 'LNG at the doorstep' was initiated during the year to reach Liquefied Natural Gas (LNG) in cryogenic containers directly to the doorstep of bulk consumers located away from pipelines, for industrial as well as captive power applications.

IndianOil LNG AT DOORSTEP
SAFE GREEN CLEAN

Technology Solutions

For over a decade now, IndianOil has been providing technical and manpower secondment services to overseas companies. Consultancy services for reduction of Fluidised Catalytic Cracker (FCC) shutdown time were also provided during the year 2007-08.

A wholly-owned subsidiary, IndianOil Technologies Ltd., is engaged in commercialising technologies developed by IndianOil's R&D Centre.

Brand Leadership

IndianOil has over the years nurtured nearly a dozen product and service brands, which are leaders in their own individual segments and whose combined trademark value was estimated at Rs. 17,987 crore (US$ 4.5 billion) during 2007, as per Brand Finance (London) survey of the most valuable (company) brands in India.

Energy Brands that Make a Difference

XTRAPREMIUM – Petrol With Friction Buster – The best your vehicle can get
Branded petrol

XTRAMILE – SUPER DIESEL
Branded diesel

SERVO – 100% PERFORMANCE. EVERYTIME.
World-class lubricants

SERVOXPRESS
One-stop shop for autocare

Indane – SAFE.RELIABLE.CONVENIENT
LPG cooking gas

autogas – EXPERIENCE THE ECO-DRIVE
LPG for automotive use

IndianOil Aviation – Our ground work takes you sky high
Refuelling services for civil aviation and defence aircraft

XTRA care – Fuels and More
Retail Stations with a bouquet of value-added services

Swagat – Comforts & Vehicle care
Large-format highway Retail Stations

KISAN SEVA KENDRA
Special format outlets for rural populace

XTRAPOWER FLEET CARD – CONVENIENT, SECURE & REWARDING.
Card for fleet operators

XTRAREWARDS – XTRA REWARDS. XTRA VALUE
Loyalty programme for urban cash customers

Corporate Governance

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

The Board strength was 16 as on 31st March 2008, comprising eight executive Directors (including Chairman) and eight non-executive Directors, of whom six are independent Directors & two are Government nominees. The Company has requested the Government of India to induct the requisite number of independent Directors to enable it to comply with the requirement of 50% independent Directors on its Board as required under Clause-49 of the Listing Agreement.

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

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

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

- Projects Evaluation Committee
- Planning & Projects Committee
- Contracts Committee
- Establishment Committee
- Marketing Strategies Committee
- Committee for de-leasing of immoveable properties

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 non-compliance by the Company and no penalties / strictures were enforced on the Company by the Stock Exchange/ Securities & Exchange Board of India (SEBI) or any other statutory authority on any matter related to the capital markets during the last three years.

The Company has framed a whistle-blower policy, wherein the employees are free to report any improper activity resulting in violation of laws, rules, regulations or code of conduct by any of the employees, to the Competent Authority or Audit Committee for review, as the case may be. The confidentiality of those reporting the violations shall be maintained and they shall not be subjected to any discriminatory practice. The policy is being implemented with effect from the current financial year, i.e., 2008-09.

IndianOil has entered into a Memorandum of Understanding (MoU) with Transparency International India (TII) in January 2008 for

WHERE EAGLES DARE – A convoy of tank trucks, carrying precious petroleum fuels from Ambala to Leh in Ladakh, negotiates Tanglang la, the world's second highest motorable pass in the Himalayas.

Pics on cover page & this page courtesy Palashranjan Bhaumick, Business India

implementing an Integrity Pact Programme focussed on enhancing transparency in its business transactions, contracts and procurement processes. Four independent external monitors nominated by TII in consultation with the Central Vigilance Commission (CVC) shall monitor the activities.

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

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

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

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

The system of 'Memorandum of Undertaking (MoU)' was introduced by the Government of India in 1987-88 as a part of the reform package for public sector enterprises to progressively enhance their performance. IndianOil has consistently displayed the highest level of managerial performance in all its physical and financial parameters, as evidenced in its MoU rankings.

Following the liberalisation of the Indian economy, the Government of India decided to identify public sector companies that have comparative advantages and support them in their drive to become global giants. Accordingly, IndianOil was in the first batch of nine companies granted 'Navratna' status in July 1997 with enhanced autonomy and delegation of powers.

IndianOil's philosophy on Corporate Governance

IndianOil believes that good corporate governance practices ensure efficient conduct of the affairs of the Company and help maximise stakeholder value. The Company endeavours to uphold the principles and practice of corporate governance to ensure transparency, integrity and accountability in its functioning, and are vital to realising its Vision of becoming a diversified, transnational, integrated energy major.

IndianOil has a well-defined policy framework for implementing corporate governance practices, consisting *inter alia* of the following:

- Code of Conduct for Directors and senior management personnel
- Code of Conduct for prevention of insider trading
- Enterprise Risk Management policy
- Integrity Pact to enhance transparency in business
- Whistle-blower policy
- Conduct, Discipline and Appeal Rules for employees

The Code of Conduct for the Directors and senior management personnel of the Company has been laid down by the Board, and has been circulated to all concerned. The same is also hosted on the corporate website www.iocl.com. As required under Clause-49 of the Listing agreement, the Directors and senior management personnel of the Company have affirmed compliance with the provisions of the Code of Conduct for the financial year ended 31st March 2008.

Key Sustainability Issues

Issues	Stakeholders affected	IndianOil's approach
Maintain adequate profit margin	Government, Employees, Shareholders	• Optimisation of resource utilisation and supply chain management • Benchmarking with the best in the industry • Diversification of the business line and integration across the value chain • Engagement with the Government for policy support
Energy security	Government, Industries, General public	• Focus on equity oil & gas overseas and in domestic basins through strategic initiatives • Development of renewable, alternative fuels • Demand-side management at end-use
Employee recruitment and retention	Employees, Academic Institutions, Organisation	• Manpower planning and recruitment • Motivation through upgradation of skill sets • Enhancing job satisfaction, compensation package
Ethical business practice	Employees, Customers, Suppliers, Government	• Transparency, values • Compliance through company-wide Enterprise Resource Planning (ERP) implementation, e-transactions.
Customers satisfaction	Customers, Dealers, Distributors, Government	• Customer feedback through surveys • Q&Q (Quality & Quantity) initiatives • Focussed response to customer requirements
Environmental concern	Environment, Society, People	• Energy conservation • Mitigating environmental impact of operations • Innovations, process optimisation • Eco-friendly approach & studies
Social responsibility	Community	• Utilisation of CSR funds based on a well laid down policy

Mega projects for sustained growth.

Precautionary Approach

Some of the precautionary initiatives taken by IndianOil are

- Enterprise Risk Management policy
- Integration and diversification of business portfolio
- Broad-basing of crude oil basket for supply security and improvement of refinery margin
- Thrust on occupational health, safety and environment
- Progressive HR policies
- Focus on growth potential of rural markets
- Community welfare aiming at inclusive growth
- Thrust on development and commercialisation of alternative fuels.

Charters and 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:

- All India Management Association (AIMA)
- Associated Chambers of Commerce and Industry (ASSOCHAM), India
- Confederation of Indian Industry (CII)
- Council of Indian Employers (CIE), India
- Federation of Indian Chambers of Commerce & Industry (FICCI)
- Indian Institution of Industrial Engineering
- Institute of Chartered Accountants of India
- National HRD Network (NHRDN), India
- Petroleum Federation of India (PetroFed)
- PETROTECH Society, India
- Standing Conference of Public Enterprises (SCOPE), India
- The Energy & Resources Institute (TERI), India
- World LP Gas Association, Paris

Stakeholders Engagements

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

Employees

IndianOil is a 32,000-strong corporation with 12,000 officers. It offers a unique work culture based on openness and trust, and a commitment to innovation, creativity and consultation. Bright and professionally qualified people are recruited at the entry level of its executive cadre through open and campus recruitment. A plethora of opportunities awaits them across more than 600 locations, including refineries, pipeline installations, marketing units such as LPG bottling plants, bulk storage terminals, aviation fuel stations, as well as in Sales (Retail, Consumer and Lubricants), Technical Services and R&D. Career growth opportunities are based on the individual's performance and contribution to the common goal of sustained growth.

The Chairman and functional Directors, apart from their routine interaction with employees during the course of normal work, communicate through face-to-face interactions and in-house portals and publications such as Chairman's *Straight Talk* monthly column.

Friday, December 12, 2008 12:44 hrs

Choose font size a a a

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FORTUNE GLOBAL 500 2008 IOC Rank 116

IndianOil

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Feel Free to call Toll-Free

1800-2333-555

For complaints, suggestions or queries related to our Petrol, Diesel or LPG products.

We're listening.

IndianOil

Our Distinctions

Interest Areas

Ennore near Chennai

Setting up integrated city gas distribution projects with joint venture partners

IndianOil in Media: fineries) in an interview at DNA Mumbai Indianoil Western Region Pipelines organises technical seminar on engines and

NEWS & RELEASES

November 20, 2008
SERVO launched in Oman

October 31, 2008
IndianOil, GAIL Ink MoU for Cooperation in Petrochemicals

October 31, 2008
IndianOil Suffers Rs. 7,047 crore Loss for Q2 Gross Turnover up by 46.5% to Rs. 79,528...

PRODUCTS & SERVICES

Products

Select One

Services

Select One

WHAT'S NEW?

UPDATED!

- Policy on Reconstitution of Dealership / Distributorships
- Auto LPG Stations
- Auto LPG prices
- State Offices

RECOGNITIONS

- IndianOil tops 'ET 500' rankings once again
- IndianOil tops Businessworld's 'BW Real 500' rankings again

PEOPLE & CAREERS

Be a part of IndianOil's unique work culture

- IndianOil Academic Scholarships 2008-09
- IndianOil Internships
- IndianOil Campus

IndianOil adopts Integrity Pact

RIGHT TO INFORMATION

INDIANOIL QUOTES

BSE	384.00 (+7.00)
NSE	386.70 (+9.70)

NSE Market Tracker

WRITE TO US

Select One

LPG CENTRE

Select One

FUEL & LUBES CENTRE

autogas

IndianOil Aviation

Stakeholder communication through corporate website (www.iocl.com).

Shareholders

IndianOil has always valued its customer relations. This philosophy has been extended to investor relations too. The Company has constituted a Shareholders/Investors' Grievances Committee of Directors to redress complaints of investors such as transfer or credit of shares to dematerialised accounts, non-receipt of dividend / notices / annual reports, and so on.

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

Customers

Apart from normal business, IndianOil meets the bulk petroleum requirements of many Government organisations (viz., Defence, Railways, State utilities, paramilitary groups, etc.) as a part of the strategic requirement of the nation. It is also the sole canalising agent to meet the petro-goods requirements of the neighbouring countries, Nepal and Bhutan.

As part of its relationship-building process, IndianOil has been nurturing its relations with major clients through specific service commitments coordinated through a set of dedicated 'Key Accounts Managers' operating from different locations. It also carries out customer satisfaction surveys through independent consultants. The relationship-building initiatives have helped it secure strong customer loyalty. The Chairman's Panel comprising high- performing dealers and

distributors is another important forum for communication with our stakeholders.

IndianOil has a policy of engagement with local communities in the areas in which it operates. Its concerted social responsibility programme partners communities in health, family welfare, education, environment protection, provision of clean drinking water, sanitation and empowerment of women and other marginalised groups.

Industry bodies, Government bodies, NGOs, Charitable Trusts

IndianOil engages with a wide range of organisations to help provide focus and leadership in different areas of corporate commitments. Apart from active membership of a host of organisations, it has been nominated by the Government of India on a number of

Weather-proof services in all terrains - 365 days a year.

occasions as the nodal agency of the industry for undertaking research activities or for implementation of projects of national interest.

Academia

IndianOil set up the IndianOil Institute of Petroleum Management (IiPM) as an apex centre of learning in the year 1995 with a view to create a vibrant bank of knowledge managers for the post-deregulated era. The only one of its kind in the petroleum sector, IiPM has since been conducting global standard international business management and management development programmes for executives.

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

The IndianOil Group has paid Rs.36.14 crore in 2007-08 and Rs.10.93 crore in 2006-07 as its contribution to the Rajiv Gandhi Institute of Petroleum Technology being set up in Rai Bareli District of Uttar Pradesh. The institute will offer B.Tech programmes in Petroleum Production, Reservoir Management and Petroleum Refining and an MBA in Petroleum Management.

Partners/Suppliers

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

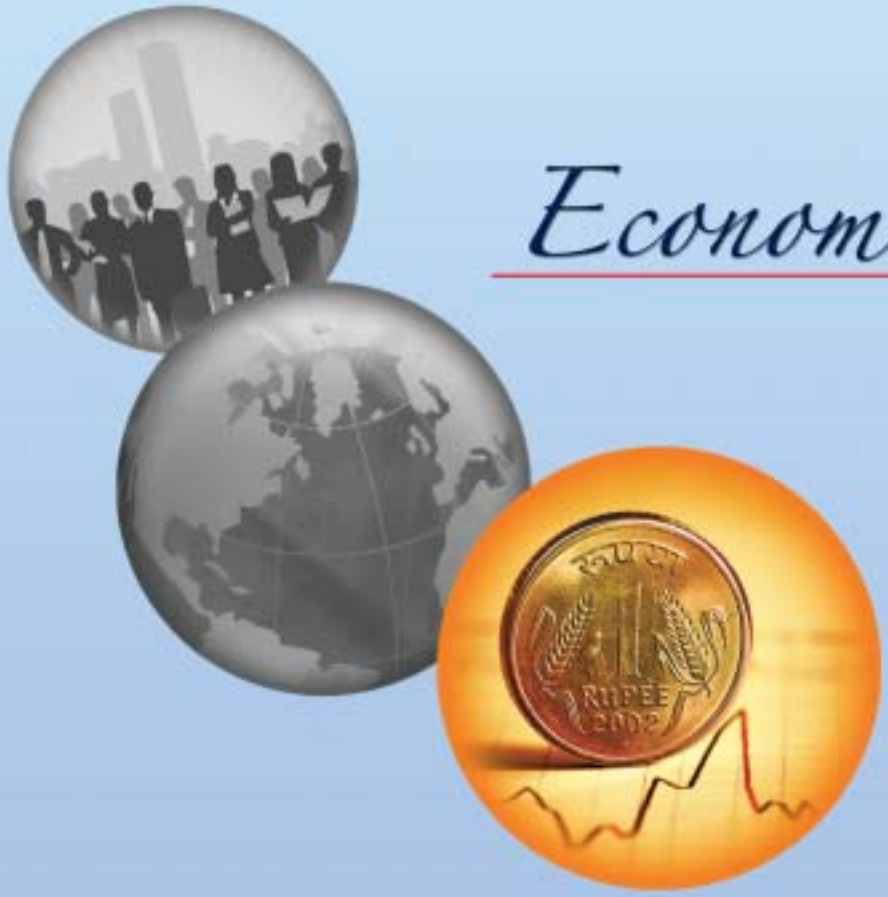
Partner/Supplier	Key Relationship Requirements	Relationships	Communication Mechanisms
Academic Institutions	Skills update of employees	Contracts, guest faculty	Through learning centres
Subsidiaries / Joint Ventures	Synergy in operations	Nomination on Boards	Policy and operational matters through the Corporate Affairs set-up
Vendor / Supplier	Operational matters	Contracts	Regular meetings, vendor development programme
Business Analysts	Competitive reports, industry trends	Meetings	Reports, surveys

Recognitions

Besides being the highest ranked Indian company in the Fortune "Global 500" listing, some of the major recognitions are as follows:

- Rated amongst the top 5 in Refining & Marketing worldwide and 8th overall in Asia in Platt's' Top 250 Global Energy Company ranking for 2007
- Ranked 2nd among the top 50 most valuable brands of India by Brand Finance, a London-based global valuation firm
- Conferred the SCOPE Meritorious Award during 2007-08 for Best Practices in Human Resource Management for the year 2005-06
- Won the Infraline Energy Excellence Award for its contribution to the nation's energy security, community development and environment protection
- Topped the annual listings of Business Standard (BS 1000), Business India (Super 100), Business Today (BT 500) and Economic Times (ET 500) for 2007

Emphasis on fast-tracking infrastructure projects.



Economic

Economic Strategy and Management Approach

India's economic landscape, propelled by accelerated growth rates in the past few years, provides an opportunity for restructuring the policy imperatives to achieve the new vision based on faster, more broad-based and inclusive growth. The country is now much more integrated with the global economy and has benefited from it in many ways. Management of diversity through a pluralist democracy is its inherent strength. This has in turn evoked a high level of confidence amongst foreign investors. Sustained growth, as envisaged in the coming years, will, however, call for making energy services available across all sectors of the economy at affordable prices. The oil & gas industry will, therefore, play a pivotal role in the economic value addition to the nation.

IndianOil is deeply committed to helping build a robust economy. In our management approach, we always try to create opportunities for small and medium enterprises, which in turn contribute to the development of a local business framework and the necessary infrastructure to support sustained economic growth. As our suppliers and contractors grow, they in turn create financial, technical and managerial expertise that continues to expand domestic capacity and capability to support the oil & gas industry in the long term. We endeavour to foster the development of a reliable and sustainable supply chain of our products, carrying it to the remotest part of the country.

IndianOil is a *Navratna* company in terms of the empowerment conferred on it by the Government. It does not receive any budgetary support from the Government. All its capital expenditure is financed through internal resources and external borrowings. No financial support or contingent liability is involved on the part of the Government.

Market Presence

IndianOil's recruitment policy is broadly guided by the administrative instructions and policy guidelines issued by the Department of Public Enterprises (DPE) and the Ministry of Heavy Industries, Government of India (GOI). In case of appointment of dealers and distributors for

Employee Benefit Schemes

The various facilities/welfare measures provided by IndianOil to its employees are given here under:

Housing facility	Medical facilities	Transport facility, running & maintenance expenses
Rationalisation adjustment/ skills update expenses	House building advance	Conveyance advance
Computer advance	Festival advance	Furniture advance
Service awards	Subsidised canteen	Protective clothing
Liberal leave for women employees	LTC and holiday homes	Sports & recreational facilities
Incentive scheme for higher education	Children's educational assistance	

Social Security Benefits

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

retail sales, there is a very well defined selection procedure which, besides addressing the commercial interests, also accommodates different social objectives criteria as desired by the Government from time to time. This broadly involves recruitment of individuals and selection of dealers/distributors from the weaker sections of society classified under the categories of Scheduled Castes, Scheduled Tribes, physically handicapped and women.

Selection of employees for direct recruitment with the company is done on the basis of uniform policy guidelines applicable across the country and supported by a robust selection process. IndianOil has been continuously benchmarking its HR processes and has won recognition as a pioneer in evolution of robust HRD systems, including succession planning and other sub-systems. With IndianOil's emphasis on 'growing its own timber', most of its top management personnel, including Board members, have risen from within. It has provided leadership positions to the industry as well, with several CEOs in PSUs and private enterprises being ex-IOCians.

IndianOil Performance at a Glance

	2007-08	2006-07	2007-08	2006-07	2005-06	2004-05	2003-04
	(US $ Million)		(Rs. in Crore)				
I FINANCIAL							
Turnover (Inclusive of Excise Duty)	61,700	50,777	247,479	220,779	183,172	150,729	130,203
Gross Profit *	3,575	3,363	14,339	14,622	9,931	8,722	12,013
Profit Before Interest & Tax	2,900	2,758	11,631	11,990	7,728	6,538	10,144
Profit Before Tax	2,513	2,412	10,080	10,485	6,706	5,955	9,691
Profit After Tax	1,736	1,725	6,963	7,499	4,915	4,891	7,005
Dividend	164	518	656	2,251	1,460	1,694	2,453
Dividend Tax	19	83	76	362	205	237	314
Retained Earnings	1,553	1,124	6,231	4,886	3,250	2,960	4,238
Value Added	6,156	5,684	24,693	24,716	17,132	16,611	18,659
Contribution To Central Exchequer (including Dividend paid to Central Govt.)	8,539	6,539	34,249	28,431	24,449	22,148	24,601
Cumulative Dividend	3,617	3,186	14,509	13,853	11,602	10,142	8,448
* Profit before Depreciation, Interest Expenditure and Tax.							
What Corporation Owns							
Gross Fixed Assets	14,169	12,612	56,832	54,837	43,695	39,869	36,388
Depreciation & Amortisation	5,999	4,937	24,060	21,467	18,672	16,488	14,341
Net Fixed Assets	8,171	7,675	32,772	33,370	25,023	23,381	22,047
Capital Work In Progress	2,286	1,011	9,170	4,395	9,646	8,734	5,286
Investments	5,372	4,599	21,546	19,998	14,526	5,705	5,596
Finance Lease Receivables	8	11	31	49	71	95	119
Working Capital	4,575	2,151	18,350	9,351	10,806	9,662	6,388
Misc. Expenditure	31	36	125	157	58	33	73
Total	**20,443**	**15,483**	**81,994**	**67,320**	**60,130**	**47,610**	**39,509**
What Corporation Owes							
Net Worth							
- Share Capital	297	269	1,192	1,168	1,168	1,168	1,168
- Share Capital Suspense Account	-	5	-	24	-	-	-
- Reserves	9,946	7,743	39,894	33,665	28,135	24,817	21,879
- Total	10,243	8,017	41,086	34,857	29,303	25,985	23,047
Borrowings	8,857	6,229	35,523	27,083	26,404	17,320	12,178
Deferred Tax Liability	1,343	1,237	5,385	5,380	4,423	4,305	4,284
Total	**20,443**	**15,483**	**81,994**	**67,320**	**60,130**	**47,610**	**39,509**

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

	2007-08	2006-07	2007-08	2006-07	2005-06	2004-05	2003-04
	(US $)		(Rupees)				
Ratios							
Debt Equity Ratio							
- Total Debt To Equity	0.86:1	0.78:1	0.86:1	0.78:1	0.90:1	0.67:1	0.53:1
- Long Term Debt To Equity	0.28:1	0.31:1	0.28:1	0.31:1	0.39:1	0.27:1	0.31:1
Earnings Per Share*	1.46	1.45	58.39	62.90	42.08	41.88	59.97
Cash Earnings Per Share*	2.02	1.95	81.10	84.97	60.94	60.57	75.97
Profit After Tax To Average Networth (%)	18.34	23.38	18.34	23.38	17.78	19.95	33.38
Book Value Per Share	8.59	6.72	344.58	292.34	250.88	222.47	197.32

* Earnings Per Share and Cash Earnings Per Share for all the periods have been calculated after considering the Bonus Issue in line with AS-20- "Earnings Per Share".

Note:

Exchange rate used:

1 US $ = Rs.40.11 as on 31.03.2008

1 US $ = Rs.43.48 as on 31.03.2007

II OPERATIONS

Million Metric Tonnes (MMT)

	2007-08	2006-07	2005-06	2004-05	2003-04
Product Sales					
Domestic					
- Petroleum Products	57.55	53.36	46.22	48.17	46.80
- Gas	1.74	1.48	1.30	0.69	0.01
Total Domestic	59.29	54.84	47.52	48.86	46.81
Export	3.33	3.13	2.09	1.96	1.81
Total	62.62	57.97	49.61	50.82	48.62
Refineries Throughput	47.40	44.00	38.52	36.63	37.66
Pipelines Throughput	57.12	51.69	45.35	43.03	45.17
III MANPOWER Nos.	31,945 *	29,862	30,048	30,430	30,801

* Includes employees of erstwhile IBP Co. Ltd., merged with IndianOil w.e.f. 2nd May 2007.

The compensation structure for officers and workmen, governed by extant guidelines of DPE, is among the best in the industry. With the present structure due for revision with effect from 1st January 2007, the Government of India had set up the 2nd Pay Revision Committee for Public Sector Enterprises under the chairmanship of Mr. Justice MJ Rao. The committee's report recommending a new pay-package for officers has been approved by the Government in November 2008.

The GOI has issued guidelines for initiation of negotiations with the workers' unions on revision of their wage structure.

Product Quality Improvement

As per the Auto Fuel Policy of the Government of India, Euro-IV equivalent quality auto fuels are to be introduced in 13 notified cities and Euro-III equivalent fuels in the rest of the country. Accordingly, IndianOil has progressively upgraded the quality of auto fuels produced at its refineries in terms of emission-related parameters and to meet the quality requirement of new generation vehicles at an investment of Rs.10,000 crore. Of this, Rs. 585 crore was spent during 2007-08. This is a continuous process and investments are required from time to time to meet the stringent standards as and when they are announced.

Emphasis on fast-tracking infrastructure projects.

Environment

Environment Strategy & Management Approach

We are an energy-needy generation, closely associating our economic progress with increasing consumption of coal, oil and gas. At the same time, the challenges of energy security, economic growth and environment protection are increasingly becoming an unusual confluence of public policy issues, warranting immediate action – by individuals, by governments and by businesses. Legitimate global concerns about environmental deterioration & climate change have created enormous complexity in the business models of the energy companies. In 2007, the Government of India set up the Prime Minister's Council for Climate Change to draw up the country's proactive action plan on the issue. Based on the recommendations of the expert committee, the Government has since announced the National Action Plan on Climate Change.

IndianOil strives to conduct its business in a manner that is protective of the environment, in a way that reduces the impact of its operations to a minimum level. With environment management as a key area of focus, IndianOil continued its efforts in energy

conservation and hydrocarbon loss reduction, water and waste management and auto fuel quality improvement during 2007-08. We took several new strategic initiatives such as entry into bio-fuel production, wind-power generation, etc. Through our operations management system, we communicate expectations, measure progress and drive continuous improvement in environment protection measures.

Environment Reporting & Performance Indicators

Raw Material

Crude oil forms the major raw material in refining operations. More than 70% of it is imported from oil-producing nations on contractual basis.

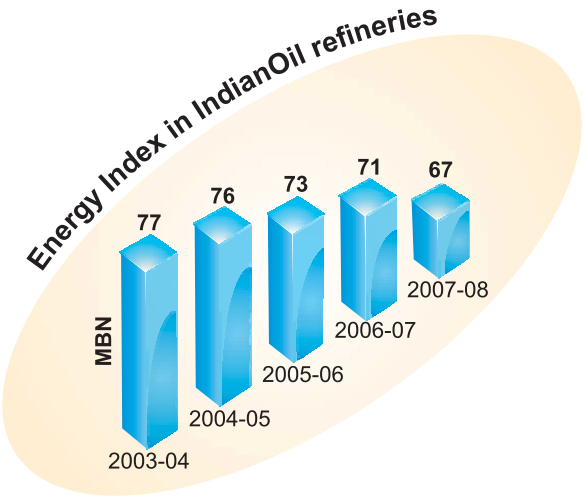
During the year 2007-08, IndianOil refineries achieved the highest ever crude oil throughput of 47.4 million tonnes. Improvement of gross refining margin (GRM) has been a critical area of focus for sustained growth. Some of the major steps taken for improvement of GRM are:

processing of higher volumes of low-cost, high-sulphur crude oils (it is planned to increase the present level of 48.8% to 73% by the year 2011-12), sharing of streams among group refineries and increasing the distillates yield (from the current level of 74% to 77% by 2011-12) by upgrading residues, value addition and by developing an integrated business improvement plan, etc.

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

Energy Conservation

IndianOil continuously maintains thrust on energy conservation at all its seven operating refineries through in-house process monitoring and induction of latest technologies. As a result of various energy conservation measures undertaken, the energy index in terms of MBTU/BBL/NRGF (MBN) of IndianOil refineries in the year 2007-08 has come down to 67, which is much lower than the industry average of 71. Lower index means better performance. More than 20 energy conservation schemes were implemented during 2007-08 resulting in savings to the tune of 27,000 SRFT (Standard Refinery Fuel Tonnes) per year.



MBN = Million British Thermal Units per Barrel - Energy Factor

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

2008-09	2009-10	2010-11	2011-12
65	64	63	62

During the year, the carbon dioxide emission from IndianOil refineries in terms of MT/MT of crude oil processed came down to 0.265 from 0.333 in the previous year.

Water and Effluents

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

The refineries are equipped with elaborate, well-designed effluent treatment plants (ETPs). The treated effluent is reused/recycled for various purposes within the unit such as firewater & cooling towers make-up, coke cutting in Delayed Coker Units and also for developing and maintaining green belts, eco-parks and eco-ponds in the premises. This has helped reduce discharge outside the unit as also fresh water consumption for normal operations to that extent.

Green belts around operating locations serve as pollution sinks.

Effluent quality data for IndianOil refineries for 2007-08:

MINAS Quality (mg/litre except pH)

		Refinery Location						
Parameter	**Standard**	**Guwahati**	**Barauni**	**Koyali**	**Haldia**	**Mathura**	**Digboi**	**Panipat**
pH	6.0-8.5	7.1	7.5	7.4	7.2	7.3	6.9	7.7
Oil	10 (Max)	7.8	5.9	2.5	7.6	5.9	9.0	7.8
Phenol	1.0 (Max)	0.68	0.06	0.08	0.56	0.05	0.52	0.07
Sulphides	0.5 (Max)	0.30	0.35	0.16	0.11	0.17	0.12	0.35
BOD*	15 (Max)	13	10.3	6.5	13.1	8.9	12.8	12.2
TSS**	20 (Max)	18.3	16.6	11.5	16.6	10.5	15.8	16.2

MINAS Quantity (kg/1000 tonnes)

Parameter	**Standard**	**Guwahati**	**Barauni**	**Koyali**	**Haldia**	**Mathura**	**Digboi**	**Panipat**
Oil	7	5.1	0.2	0.2	2.5	1.8	2.7	0.6
Phenol	0.7	0.50	0.00	0.00	0.20	0.00	0.20	0.00
Sulphides	0.35	0.20	0.01	0.01	0.04	0.05	0.04	0.03
BOD*	10.5	8.9	0.3	0.5	4.4	2.7	3.9	0.9
TSS**	14	12.00	0.5	0.8	5.5	3.2	4.8	1.3

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

Panipat Refinery has been fully reusing the treated effluent since its commissioning in 1998. However, permission has been granted for discharge of treated effluent from Panipat Refinery Petrochemicals Complex with effect from 2007-08.

Haldia Refinery took action for continuous use of ClO_2 (Clorine Dioxide) in ETP-treated water to maximise its reuse. Similarly, the Digboi Refinery has initiated action for installation of a reverse osmosis plant for reuse of treated effluent. As a result of such steps, reuse of

Data on effluent generation, recycling and discharge in 2007-08: (m^3/hr.)

Parameter	Refinery Location						
	Guwahati	Barauni	Koyali	Haldia	Mathura	Digboi	Panipat
Effluent Generated	179	480	1170	462	501	68	746
Recycled	110	461	1061	243	240	49	639
Discharged	69	19	109	219	261	19	107

treated effluent went up from 75.3% in 2006-07 to 77.3% in 2007-08.

Green belts

Tree plantation – over 10 lakh trees have been planted in and around refinery locations – and development of green belts and ecological parks has been a significant feature of IndianOil's operations. Its refineries at Mathura, Barauni, Digboi and Koyali have developed eco-parks in the vicinity of their treated effluent ponds, whose lush green cover serves as a natural habitat for a large number of birds, including migratory species from far-flung areas.

Emissions

Another area of thrust is reduction of emission from refineries. The major sources of gaseous emissions are flue gases from boilers and heaters, FCC regenerators and Sulphur recovery units. Hydrocarbon leaks and evaporation during storage, handling and transportation of petroleum products and crude oil are also potential sources of emission.

IndianOil refineries have adopted various measures to control emissions and effectively disperse the flue gases. They monitor ambient air quality at fixed monitoring stations. Mobile vans with sophisticated monitoring equipment are also in use at Mathura, Panipat and Koyali refineries.

During the year, IndianOil refineries fully complied with the applicable emission standards for process units as also total sulphur dioxide (SO_2 emission limit prescribed by statutory bodies). On-line SO_2 analysers were installed in three flue-gas stacks at Guwahati Refinery.

SO_2 emission data for 2007-08:

Refinery	Prescribed Limit (kg per hour)	Actual (kg per hour)
Guwahati	-	60 – 85
Barauni	1080	724 - 834
Koyali	1360	975 - 1275
Haldia	1340	766 - 1037
Mathura	450	262 - 346
Digboi	50*	50 - 80
Panipat	1275	1005 - 1196

*mg/nm^3 or normal cubic metre

Waste Management

IndianOil operates its refineries and installations on the principle of 'prevent, reduce, reuse and

recover.' Oily sludge in crude oil tanks, chemical sludge, bio-sludge and spent catalyst are common solid wastes in refineries. Sludge management is done as follows:

1. Reduction/prevention of waste generation
2. Oil recovery from sludge
3. Safe disposal of residual sludge

During the year 2007-08, 8,000 metric tonnes (MT) of oily sludge generated at refinery and pipeline installations and 2,800 MT of acid tar at Digboi Refinery were safely disposed of through bio-remediation. About 3,400 MT of spent catalyst was disposed of to authorised agencies.

Green Initiatives at IiPM

IndianOil Institute of Petroleum Management (IiPM), the Corporation's apex learning centre

at Gurgaon near Delhi, has been taking a number of green initiatives to increase awareness on the need for definitive action on climate change issues:

Rainwater harvesting: In view of the continuous decline in groundwater table in and around Gurgaon, the institute set up a rainwater harvesting system in the campus, connecting all stormwater & rainwater drains to an integrated network that discharges into two groundwater recharging stations.

CFL lamps: 60-watt GLS lamps in use till 2006 were replaced with energy-efficient CFL lamps of 28-watt rating, resulting in substantial savings in energy bill and replacement cost.

Solar water-heating: For the hostel block, which has 60 rooms and 10 suites. An electric boiler is used as backup.

R&D Centre, Faridabad

The entire R&D Centre campus is covered with a network of stormwater and rainwater drains,

India's first experimental Hydrogen-CNG dispensing station – at IndianOil's R&D Centre at Faridabad.

which terminate at four groundwater recharging stations. Five Piezo meters monitor the underground water table. During the year 2007-08, an average of 2 feet increase in water table has been observed in the campus.

= Replacement of GLS lamps with CFL: About 30% of the lights in the campus have been converted to CFL.

= A solar water heating system has been provided at the canteen and the Synthetic & Biotic Laboratory premises.

= Rain water harvesting systems have also been set up at 30 Marketing locations and two pipeline installations.

Other Thrust Areas

Bio-fuels

Bio-diesel: A business plan for entry into bio-diesel was finalised during the year 2007-08, followed up with signing of a memorandum of understanding (MoU) with the State Government of Chattisgarh for the formation of a joint venture company to facilitate bio-diesel production on commercial scale. In Madhya Pradesh too, IndianOil has been offered 2,000 hectares of non-forest wasteland for raising bio-crops. Efforts are on to take up bio-diesel plantation in Rajasthan and Orissa also.

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

Hydrogen Fuel

IndianOil R&D has been nominated by the Ministry of Petroleum & Natural Gas (MOP&NG), Government of India, as the nodal agency of the hydrocarbon industry for ushering in Hydrogen as an alternative fuel. Accordingly, the Corporation's R&D Centre has taken the following steps:

- A demonstration project was initiated for use of a mixture of Hydrogen (H_2) and Compressed Natural Gas (CNG) in automotive vehicles. A H_2-CNG dispensing station was set up in the campus for running test vehicles on different blends.
- Another H_2-CNG dispensing station, partly funded by the Ministry of New & Renewable Energy, Government of India, is being set up at a petrol/diesel station in Delhi.
- As part of collaboration with the leading organisations of the world, an MoU has been signed with M/s. Korea Gas Corporation (KOGAS) for mutually sharing the data on applications of H_2-CNG and LNG as automotive fuels. Similarly, IndianOil and the National Renewable Energy Laboratory of USA have agreed to exchange expertise in select areas of Hydrogen research. IndianOil is also part of the Sustainable Transportation Energy Pathways Programme (STEPS) being coordinated by the Institute of Transportation Studies, University of California (Davis).
- Another MoU was signed with New Energy and Industrial Technology Development Organisation (NEDO), Japan, for exchange of information on Hydrogen production, storage, transportation, fuel cell development and safety codes and standards.
- A joint proposal with Mahindra & Mahindra for development of fuel cell vehicles has

been submitted to the Scientific Advisory Committee of MoP&NG for allocation of funds from the Hydrogen corpus fund.

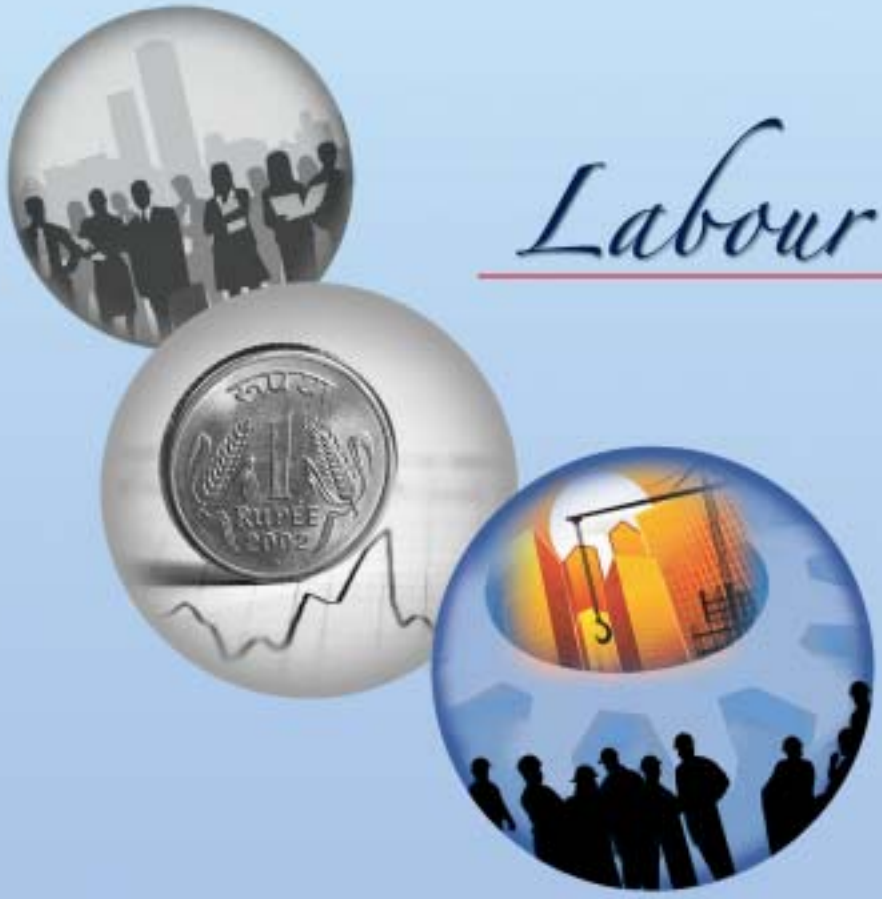
Others

- During the year, IndianOil initiated action for
  - Implementing a 21-MW wind power project in Gujarat
  - Developing and implementing a corporate policy on becoming water positive and for reducing carbon footprint, and
  - Developing high-performance and environment-friendly speciality lubricants, complying with Euro-IV specifications, for advanced engines
  - Pilot project for solar charging stations

Recognitions

- Safety Innovation Award-2007 from the Safety & Quality Forum of the Institution of Engineers (India) for the third consecutive year.
- National Energy Conservation Award-2007 bagged by Guwahati Refinery from the Ministry of Power, Government of India.
- Jawaharlal Nehru Centenary Award (2nd prize) instituted by the Centre for High Technology won by Mathura Refinery for lowest specific energy consumption in 2006-07.

R&D focus on novel technologies, products and processes.



Labour Practices

Labour Practices Strategy and Management approach

Globalisation has enhanced the need for specialisation in the production of skill-intensive industrial goods and services. The associated rise in the demand for skilled labour has induced a gradual investment in improving the quality of the labour force, expediting a demographic transition, stimulating technological progress and further enhancing the comparative advantage of the emerging economies. Thus, the world over, gains from international trade are being utilised primarily to increase productivity through proactive labour practices.

At IndianOil, we endeavour to align human capital with business goals and create a vibrant team of knowledge managers to exploit the opportunities in a deregulated oil & gas sector. Our work culture encourages openness and trust, and a commitment to creativity and consultation. We are committed to providing opportunities for skill development and motivating assignments at each stage of our employees' careers. IndianOil's efforts in benchmarking its HR processes and labour

practices have won it recognition as a pioneer in evolution of robust HRD systems, including succession planning and other sub-systems. We select bright and professionally qualified youngsters for our executive cadre through a mix of open and campus recruitment. Management development programmes are conducted round the year at several learning centres set up within the organisation. Most of IndianOil's top executives have grown from within – a testimony to the unlimited opportunities for growth available to the meritorious.

Employee Engagement

Rising competition and technological advances make it imperative for organisations to be fast and flexible as well as adaptive and innovative through competent and committed employees. Hence, one of the key challenges faced by an organisation is to be able to attract, motivate and retain able employees who are willing to give their best to the organisation. It is necessary that the success and well-being of the employees be closely aligned with the

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"Wisdom is not a product of schooling but of the lifelong attempt to acquire it."
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>> Your LPG cylinder won't make you...
>> Gas cracker project

success of the organisation. Engagement occurs when employees are emotionally connected to their organisation and to their leaders and co-workers. At IndianOil, we give prime importance to employee engagement and to this effect have undertaken several initiatives such as employee engagement surveys, mentoring, re-visioning exercise as a collective process, suggestions scheme, quality circles, etc.

Employees Participation in Management: The emphasis here is on sharing information with the collectives on a regular basis in order to seek their continuous support and cooperation at various levels in meeting the business challenges. The participative culture has taken deep roots in the form of works committees, grievance committees, safety committees, house allotment committees, canteen committees, Superannuation Benefit Fund trust, Employee Provident Fund trust, joint management councils and other similar groups.

Employee Collectives: There are 21 recognised unions in the Corporation representing workmen while the IndianOil Officers' Association represents the executive cadre. Major issues such as pay, work-related allowances revision, promotion policy, etc., are dealt with through negotiations between these representative bodies and committees constituted by the Management, followed by signing of long-term settlements/MoUs. All employees of the Corporation are covered under these agreements.

Safety & occupational health

IndianOil follows the standards laid down by the Oil Industry Safety Directorate (OISD) of the Government of India on matters of safety & occupational health. In respect of environmental issues, the standards/norms set by the Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCB) are adhered to.

Safety

During the year 2007-08, there were two major incidents of fire (as compared to four in 2006-07) and six fatal accidents involving one employee and five contract workmen (as compared to eight fatalities, all contract workmen, in 2006-07) at IndianOil units and project sites. Detailed analyses of the occurrences have been carried out and recommendations that emerged are being implemented. While the loss of lives is a matter of deep regret, this has deepened our resolve to further strengthen safety systems and procedures and improve awareness and knowledge levels among our employees and contractor workmen. During the year, the Corporation's refineries, pipelines installations and Marketing Division units together conducted 891 safety training programmes covering 5,963 employees and 2020 programmes covering 9,500 contract workmen.

Occupational Health

All IndianOil refineries have well equipped occupational health centres and Occupational Health & Safety Management systems certified to the ISO-18001 of M/s. DNV, The Netherlands. As per standard procedure, surveillance audits were conducted through external auditors at intervals of six months during 2007-08.

IndianOil is one of the first few PSU companies to participate in the ISO certification process.

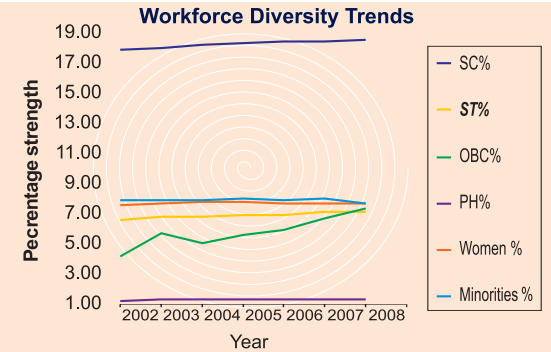
System certification at IndianOil refineries:

Refinery	ISO-14001 First Certification	OHSMS/OHSAS (18001) First Certification
Guwahati	Aug. '97	April '99
Barauni	June '97	April '99
Gujarat	July '97	April '99
Haldia	Aug. '97	May '99
Mathura	July '96	Nov. '98
Digboi	Dec. '97	April '99
Panipat	Feb. 2000	May 2000

Workforce Diversity and Opportunities

As an equal opportunity employer, IndianOil makes no distinction on the basis of caste, creed, colour, gender or religion. It is committed to affirmative action to bring the 'historically disadvantaged' into the mainstream.

The Corporation scrupulously adheres to the guidelines and instructions issued by the Government of India from time to time on implementation of the reservations policy. At present, a certain percentage of reservations is prescribed for Scheduled Castes (SC), Scheduled Tribes (ST), Other Backward Classes (OBC) and physically handicapped (PH) in direct recruitment and for SC and ST beneficiaries in promotion up to a certain salary grade. IndianOil also employs one of the largest numbers of women in the public sector, i.e., 2469.



Total Productive Maintenance (TPM)

The Corporation's TPM initiatives help exploit the inherent strengths of the people and improve operations & maintenance practices at its refineries.

Employment and Retirement Benefits

IndianOil has won recognition for its progressive people practices and employee welfare measures, which are among the best in the public sector. The details have been given in earlier sections.

Training & Development

IndianOil has a well-defined HRD policy and plans for continuous development of its people in line with the changing business needs. It

prides itself as an academy company with best-in-class training & development resources, as well as recruitment, career development, assessment and post-retirement schemes. Training processes at IndianOil are institutionalized. Training need identification, training evaluation & feedback, post-course quiz, project work and action planning as a means to implement learning at the workplace are internal mechanisms designed to leverage training & learning interventions.

IndianOil operates 21 centres of learning, of which seven are located at each of its refineries, four at Marketing Regional Offices, three at Pipelines Regional Offices, one at the R&D Centre in Faridabad and one each at the Refineries and Pipelines Division headquarters.

Besides these, IndianOil has set up three centres of higher learning –the IndianOil Management Academy (IMA) at Haldia, the IndianOil Management Centre for Learning (IMCL) at Mumbai and the IndianOil Institute of Petroleum Management (IiPM) at Gurgaon.

Recognition

As an ISO 9001-2000 certified institute, IiPM has been awarded the Golden Peacock National Award for 'Innovative Training Practices' by the Institute of Directors (IOD) for 2007 to add to its successes in1998, 2000, 2005 and 2006.

IndianOil has translated the expertise of its personnel in pipeline operations into a business opportunity.

Human Rights

Human Rights Strategy & Management Approach

Even though safeguarding of human rights is the primary responsibility of the Government, IndianOil believes that companies can also play a positive role in this area. It recognises the inherent dignity, equal and inalienable rights of all members of the human family as the foundation of freedom, justice and peace in the world.

IndianOil conducts its business on the foundation of its core values and in support of the universal human rights of its employees and the communities in which it operates. Child labour, forced labour and discriminatory behaviour are prohibited and the right to freedom of association and collective bargaining is recognised. We also prefer that our business partners treat their employees similarly. IndianOil is a founder-member and active participant of the Global Compact Society (India), having become a permanent member in 2007-08.

Suppliers

With its supply chain extending to dealers, distributors, transporters, contractors, vendors, suppliers, associates, etc., IndianOil acknowledges that its responsibility goes right down the chain and demands statutory compliance from all and holds up the code of conduct as a guide for action.

Ethics, Conduct and Discrimination

IndianOil conforms to the principle of human rights and accords high priority to prevention of human rights violations. It has an approved policy for handling grievances of employees and customers. Issues raised by other stakeholders such as contractors, dealers, vendors and villages and general public in the vicinity of its operations are attended to promptly.

Gender Sensitivity

The Corporation has created a specially designed training programme on gender sensitivity issues

Aligning individual aspirations with corporate goals.

for its employees. These programmes are conducted by unit-level training groups and WIPS (Women in Public Sector) cells for both men and women employees, focussing on enhancing harmony at the work place. IndianOil has also set up 17 women's cells across the company, each headed by an apex-level WIPS leader, for proper implementation of policies on gender issues. All these steps have resulted in the creation of a conducive work environment and almost nil gender-related complaints.

Child Labour

In support of effective abolition of child labour, no person below the age of 18 years is engaged by the Corporation in any area of work. Its General Conditions of Contract (GCC), which act as guidelines for all contracts, prescribe a minimum age limit of 18 years for employment/ contract labour. Labourers engaged by contractors are also monitored. For instance, entry of labourers at refineries is regulated through a system of gate passes issued by the Central Industrial Security Force (CISF) personnel in charge of security of the installation and due caution is exercised to ensure that such gate passes are not issued to a child.

Training of Security Personnel

IndianOil employs approximately 11,000 personnel for the security of its various installations spread across the country. All these security personnel (including those from CISF, DGR, private agencies and home guards) are thoroughly briefed and trained on human rights issues, which *inter alia* cover:

- Frisking & checking of personnel entering the Corporation's premises without offending them
- Courteous behaviour while dealing with employees, visitors and contract labour
- Addressing the need of security personnel with respect to provision of protective clothing, regular wage payment, PF contributions, medical facilities and fulfilment of contractual agreement.

Environment management is a key focus area...even in refinery townships.

Community

Corporate Social Responsibility Strategy & Management Approach

In terms of developing a corporate social responsibility strategy, it is increasingly being recognised that to successfully address a community's complex problems and quality of life, it is necessary to promote better integration, collaboration, and coordination of resources from various community sectors.

At IndianOil, corporate social responsibility (CSR) has been the cornerstone of success since inception. As a constructive partner in the communities in which it operates, it has been taking concrete action to realise its social responsibility objectives, thereby building value for its shareholders and customers. In the past four decades, IndianOil has touched the lives of millions by supporting innumerable social, cultural, educational and environmental initiative, with focus on partnering communities in health, family welfare, education, environment protection, provision of clean drinking water, sanitation and empowerment of women and other marginalised groups. IndianOil is also investing in innovative technologies and solutions for sustainable energy flow and economic growth.

Vigilance

IndianOil is against corruption in all its forms and has adopted a set of Conduct, Discipline and Appeal rules for its employees. It has undertaken and implemented widely accepted initiatives such as grievance redressal mechanism, whistle-blower policy and a well-defined and strictly implemented policy on prevention of sexual harassment at the workplace.

The Vigilance Cell of IndianOil carries out preventive measures like system studies to eliminate irregularities and inconsistencies in business processes and enhance transparency in award and execution of contracts, and increase awareness of the Central Vigilance Commission (CVC) rules and guidelines.

Over 50 training courses/workshops on vigilance awareness and the roles and responsibilities of

individuals were conducted for 1,173 workmen and officers during 2007-08. Special emphasis was laid on system studies to check whether existing rules and regulations are allowing the various operations to function in an efficient, transparent and cost-effective manner and additional measures or changes, if any, needed in the various procedures and manuals to achieve the desired results.

A Vigilance Awareness Week aimed at upholding the corporate value of trust and ensuring total commitment to corporate ethics, was observed throughout the organisation from 12th to 16th November 2007.

Participation in Public Policy

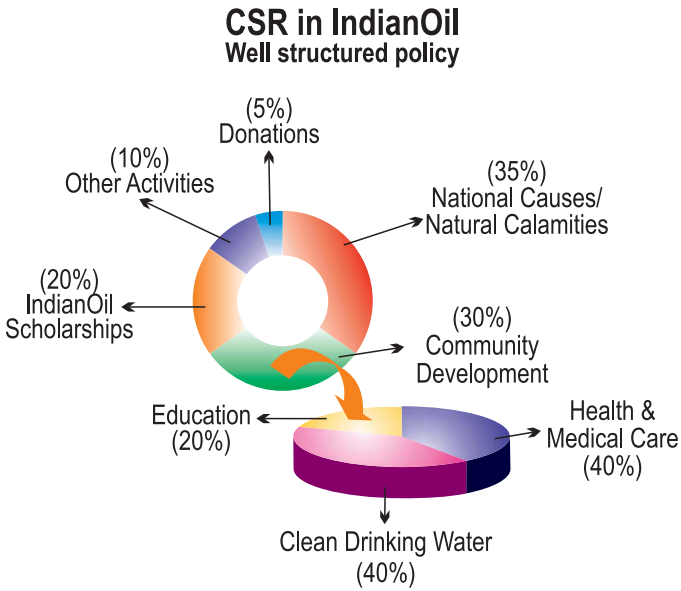
IndianOil, through its association with several professional bodies in India and abroad, participates, reviews and espouses opinion on industry issues that have significant impact on public policy. References received from different ministries of the Government of India on issues such as trade facilitation, tariffs, budget proposals, international cooperation in the energy sector are attended to with in-depth analysis. It has also been involved in providing extensive review on policy issues relating to gas pipelines, preparation of the XI Plan document through participation in various sub-committees, research and policy formulation on alternative energy sources, etc.

Competition Issues

The Petroleum & Natural Gas Regulatory Board carries the mandate for ensuring uninterrupted and adequate supply of petroleum products and natural gas across the country through several regulations. The Board also enforces the provisions of service obligations for the retail outlets and the players in the downstream oil & gas sector. All operations of IndianOil accordingly come under the jurisdiction of the Board and the Ministry of Petroleum & Natural Gas.

Community Welfare Programmes

As a responsible corporate citizen, IndianOil has been making substantive contributions to national causes, social welfare and community development programmes throughout the



On

45th IndianOil Day

1st September 2008

Announcing

IndianOil Scholarships

Energising Success

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

The annual scheme offers 450 scholarships to bright students, selected on 'merit-cum-means' basis, giving special encouragement to girl students, physically challenged students and students from Jammu & Kashmir and the Northeastern States. 50% of the scholarships are reserved for SC, ST and OBC candidates.

Students pursuing 11th Standard, 1st year of ITI / Engineering Degree / MBBS / MBA in the academic year 2008-09 can apply online at www.applicationnew.com/ioclscholar. Those unable to apply online may download, fill in and send the form by ordinary post to the Administrator of the scheme: ACE Consultants (A division of ACE Integrated Solutions Pvt. Ltd.), Post Box No. 9248, Krishna Nagar Head Post Office, Delhi-110051.

SPORTS SCHOLARSHIPS
FOR UPCOMING JUNIOR-LEVEL PLAYERS

Applications are invited in a sealed envelope from upcoming Junior-Level players in the age group of 15-18 years for Athletics (Boys/Girls), Badminton (Boys/Girls), Carrom (Boys/Girls), Chess (Boys), Cricket (Boys), Golf (Boys), Hockey (Boys), Table Tennis (Boys/Girls), Tennis (Boys/Girls) and Snooker & Billiards (Boys).

Send in your application forms by ordinary post to Shri D.V. Prasad, Dy. Manager (Admn.), Indian Oil Corporation Ltd. (Marketing Division HO), IndianOil Bhavan, G-9, Ali Yavar Jung Marg, Bandra (East), Mumbai-400051. E-mail: dprasad@indianoil.co.in

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

Last date for submission of application forms: 30th Sept. 2008

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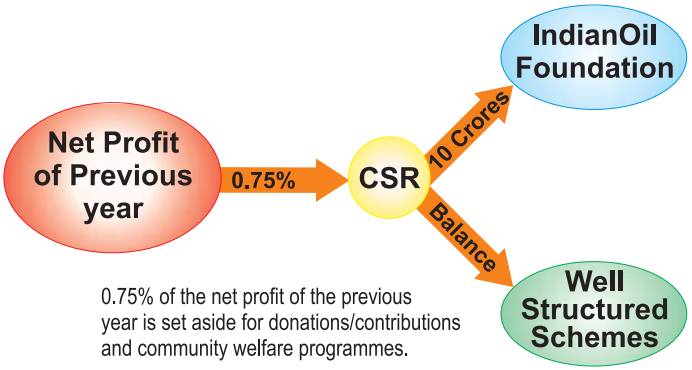
Indian Oil Corporation Limited

Values at the core of our business

Care • Innovation • Passion • Trust

Policy on Corporate Social Responsibility (CSR)



0.75% of the net profit of the previous year is set aside for donations/contributions and community welfare programmes.

country, particularly in improving the quality of life of the people in the vicinity of its major units and installations.

Currently, the organisation has the avowed policy of setting aside up to 0.75% of its net profits of the previous year towards contributions and community development activities taken up in a planned manner based on the needs of the local communities.

A quarter of the funds allocated for community development are spent under the Special Component Plan (SCP) and Tribal Sub-Plan (TSP) for improving the quality of life of the people of SCs and STs.

Representative activities supported during the year 2007-08 are:

- Contribution to India Vision Foundation's Weaving Behind Bars programme initiated by Dr. Kiran Bedi for rehabilitation of women inmates of Tihar Jail, New Delhi.
- Contribution to Udayan Care, Delhi towards a shelter home for girls at Sant Nagar, Delhi, named as IndianOil Udayan Ghar.
- Contribution to the Governments of Assam and Bihar towards flood relief measures.
- Sponsored 1,000 operations for polio patients at Narayana Sewa Sansthan (Trust), Udaipur.
- Sponsored education of 275 underprivileged girl students of Government schools in Andhra Pradesh through Nanhi Kali initiative of KC Mahindra Education Trust and Naandi Foundation.
- Financial assistance to Vision Research Foundation (Sankara Nethralaya, Chennai) for construction of one whole floor of the research institute at Chennai.
- Vehicle for CanSupport Centre, Faridabad, for home-based palliative care programme for the people with cancer and other life-limiting conditions in Delhi National Capital Region (NCR).
- Mobile science laboratory for Vivekananda Kendra Vidyalaya Trust, Arunachal Pradesh
- Two eye screening and cataract operation camps, at Paradeep and Haldia, through Anugraha Drishtidaan, New Delhi
- 24 health check-up camps covering about 8700 people were conducted by Guwahati and Digboi refineries.
- Contributed towards vocational training classes on cell-phone repair and computer hardware maintenance for youth in Assam

- Donated 17 delivery vehicles for ISKCON Akshaya Patra Food Relief Foundation for distribution of mid-day meals to the students of Government schools in Delhi NCR and Mathura.
- Donated 12 ambulances/mobile health clinics in various parts of the country for use of patients in remote areas.

As part of its CSR activities, IndianOil has been sponsoring the annual trans-Himalayan motorbike expedition of the Bikers for Integration & Conservation of Environment (BICE), Delhi, for many years now.

Product Responsibility

Product Responsibility Strategy & Management Approach

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

IndianOil is dedicated to minimising the risk and adverse impact associated with the manufacture, use and disposal of its products.

Among its priorities is production of essential commodities in a manner that preserves, protects and ensures the safety of people and the environment by actively identifying the potential risks while at the same time improving product performance on a continuous basis. As a part of this endeavour, we have undertaken investments valued at several thousand crores of rupees in various product quality improvement projects at our refineries. Our R&D efforts are also aimed at improving the quality of our product offerings and reducing their environmental impact.

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.

While the manual is meant to ensure product quality, standard operating procedures with regard to safety in handling of petroleum

products in general are followed as laid down in the safety & operations manuals of the respective companies and also in the Industry Manual on Acceptance of Product by Marketing Companies and Related Issues. IndianOil has developed a robust system to monitor such standard procedures being followed at all times at all its refinery, pipelines and marketing locations.

Refineries

All IndianOil refineries have ISO 9001:2000 systems certifications, which ensures that the right kind of product quality processes are adopted all through the operations and product batches are certified to meeting 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. 2000

Marketing locations

Petroleum products, whether indigenously produced at local refineries or imported, are received in accordance with the respective specifications and it is ensured that they enter the marketing & distribution system in a condition that meets the stipulations laid down in the quality control manual.

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

Laboratory support is vital in all the above activities and hence lab facilities are continuously upgraded with respect to the testing methodology and capability to test the requisite number of samples of user departments.

Research and Development

IndianOil's world-class R&D Centre, with state-of-the-art facilities, has delivered pioneering results in lubricants formulation, refining processes, pipeline transportation, bio-fuels and fuel-efficient appliances. Over the past three decades, it has developed over 2,200 formulations of lubricating oils and greases meeting the needs of diverse sectors of the Indian industry. With 12 patents earned during 2007-08, the total number of active patents of IndianOil is 115, of which 58 are registered in India.

IndianOil's in-house technology focus on upgradation of product quality and services at refineries, pipelines and marketing operations takes into consideration the associated environmental impact and responsibilities.

Customer Feedback

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

Ensuring quality and quantity at each step of the supply chain.

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

Customer Satisfaction Surveys

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, frontline service behaviours, commitment to customer, innovation etc. These factors are emphasised for continuous improvement and for measuring organisational change and are most often used in developing the architecture for satisfaction measurement as an integrated model.

Other Initiatives

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

- Strengthening the coverage and quality of the retail network through performance improvement, relocation and backing up of high-volume retail sales with fleet truck programme
- Strengthening the Quality & Quantity (Q&Q) proposition and basic service offerings across the retail network through increased use of automation and global positioning system
- Rollout of non-fuel proposition around vehicle care and superior frontline service as differentiators
- Creation of a dedicated group of executives to focus on customer loyalty programmes
- Creation of Key Accounts Managers for priority industrial customers
- Improvement of sales force efficiency and effectiveness through skills update
- Establishing emergency service cells for LPG customers
- Promoting higher service standards in LPG retailing network by recognising 'star distributors' in different markets
- Providing customised product-service solutions to domestic and international airlines
- Establishing IndianOil as a distinct brand with diverse product portfolios in the market place

Marketing Communication

IndianOil uses marketing communication to ensure consistency of its messages with the delivery of its products and services, and as a transition from customer service to customer relations. In branding initiatives, marketing communication offers opportunities to keep in touch with stakeholders.

Through marketing communication initiatives, IndianOil focusses on service and safety orientation of its products, demand management, selection of dealers & distributors, details of customer service cell and emergency service cells operating in different areas, branding of products and services, legal matters requiring public notice, etc.

Recognition

- Bagged the 'Retailer of the Year' award in the category of 'Rural Impact' at Asia Retail Congress and the award for the 'Most Admired Retailer of the Year' in the 'Rural Retailing'

XTRACARE...with a bouquet of value-added services.

category at the India Retail Forum-2007 for its novel business model of *Kisan Seva Kendra* retail stations

- XTRAPOWER fleet card was presented with the Best Loyalty Award at the Brand Loyalty Summit
- Improved its ranking from 97 in 2006 to 93 in 2007 in *The Economic Times Brand Equity* annual survey of India's Most Trusted Brands; it climbed one step to the 7th position among the top 10 service brands
- IndianOil's Corporate IS set-up at Gurgaon has been certified by M/s. SAP Singapore as 'Certified Customer Competence Centre' as a testimony of adoption and practice of efficient and effective processes and procedures for SAP software support and services
- Won two prestigious awards for unique business continuity solutions, excellence and innovations — SAP Ace Award (Award for Customer Excellence) for the year 2007 from SAP AG, and the national award for 'Exemplary use of ICT by Public Sector Undertakings' under the aegis of the Ministry of Information Technology, Govt. of India
- Won the prestigious international PTAK prize for supply chain excellence from the International Supply Chain Education Alliance, USA

Kisan Seva Kendra…facility providers for the rural populace.

Swagat…large-format retail stations for motorists on highways.

Indian Oil

Combining corporate social responsibility agenda with business offerings.

Epilogue

This is the third edition of IndianOil's yearly Sustainability Report. For the first time, we have prepared it in line with the GRI-G3 guidelines, aiming at Application Level-A as an entirely in-house effort. We propose to build on this format in the coming years through a more formal materiality assessment process where decisions on corporate responsibilities and priorities will include inputs from other stakeholders such as shareholders, employees, etc.

Sustainability is central to the way IndianOil operates, thinks and charts its future growth plans. Our actions echo Hon'ble Prime Minister's clarion call to the Indian corporates to participate in the nation's progress on the path of inclusive growth, benefiting all sections of society in equal measure.

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. We take pride in our continuous investments in innovative technologies and solutions for sustainable energy flow and economic growth and in developing techno-economically viable and environment-friendly products & services for the benefit of its consumers.

This triple bottom line (People-Planet-Profits) approach of our corporate agenda, reflected in the past two editions of Sustainability Report, has elicited much appreciation from our well-wishers, for which we are grateful. This time too, we look forward to your valuable views, comments and suggestions on our endeavour to bring continuous improvement in our offerings.

It would be my pleasure to hear from you at agrawalvc@iocl.co.in

Thank you.

(V.C. Agrawal)
Director (Human Resources)

SCOPE OF THE REPORT

This Sustainability Report, the first in line with GRI-G3 (Global Reporting Initiative) guidelines, provides descriptions, data and perspective on IndianOil's performance on social, economic and environmental parameters for the year 2007-08. The initiatives and compliances reflect our honest efforts towards achieving the objective of sustainable development.

The reporting data relates to the major domestic business lines of IndianOil, primarily carried out through its four Divisions, viz., Refineries, Pipelines, Marketing and R&D. We have also suitably covered an account of our growth beyond core business along the expanded areas of operations, viz., Petrochemicals, Oil Exploration & Production (E&P) and Gas Marketing. The reporting data is based on the recordable database of the activities carried out in the various operational areas. This report does not include details of IndianOil's joint ventures and subsidiaries.

We request our readers to keep the following in mind while reading the report.

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

ii). This report aims to properly reflect the implications, risks and challenges inherent in each of the Company's business lines.

Materiality, Boundary, Limitations and Completeness

In drafting this report, IndianOil has 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 advice available from its majority stakeholders from time to time. The Government of India owns a majority of IndianOil shares at 80.35%. The Board of Directors of the Company discharges its responsibilities through devolution of powers under several provisions of empowerment conferred upon it from time to time. The Government of India, besides issuing administrative and functional directives, also has in place several policy guidelines that impact the Company's operations and its socio-economic-environmental agenda. 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	C	C+	B	B+	A	A+
Profile		Report externally assured		Report externally assured	✓	Report externally assured
Management Approach					✓	
Performance indicators					✓	

List of Abbreviations and Acronyms

AFS – Aviation Fuel Station; ASSOCHAM – Associated Chambers of Commerce and Industry; BOD – Biological Oxygen Demand; CIE – Council of Indian Employers; CII – Confederation 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 Plant; FCC – Fluidised Catalytic Cracker; GCC – General Conditions of Contract; GRI – Global Reporting Initiatives; GRM – Gross Refining Margin; IiPM – IndianOil 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 Institutes; KSK – Kisan Seva Kendra; LAB – Linear Alkyl Benzene; LNG – Liquefied Natural Gas; LPG – Liquefied Petroleum Gas; LTC – Leave Travel Concessions ; LTS – Long Term Settlement; MBN – Million Thousand British Thermal Units/Barrel/Energy Factor; MINAS – Minimum National Standard set by the Ministry of Environment & Forests and the 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 Undertaking, Memorandum of Understanding; NELP – New Exploration & Licencing 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 & Development; RO – Retail Outlets; S,H&E – Safety, Health & Environment; SC / ST / OBC – Scheduled Caste / Scheduled Tribe / Other Backward Castes; SCOPE – Standing Conference of Public Enterprises; SCP – Special Component Plan; SIGC – Shareholders' / Investors Grievance Committee; SRFT – Standard Refinery Fuel Tonnes; STEPS – Sustainable Transportation Energy Pathways Programme; TBL – Triple Bottom Lime; TERI – The Energy & Resources Institute; TII – Transparency International India; TPM – Total Productive Maintenance; TSP – Tribal Sub-Plan; TSS – Total Suspend Solids; WIPS – Forum of Women In Public Sector

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Our Core Team on Corporate Sustainability

Executive Director (Safety, Health and Environment) ▪ Executive Director (Corporate Finance) ▪ Executive Director (Human Resources) ▪ General Manager (i/c) (Corporate Planning and Economic Studies) ▪ General Manager (Corporate Communications)

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