

Materiality Reporting - Key Issues

Risks & Opportunities	Our Initiatives
<p>Product pricing : Debilitating continuance of under recovery on sale of and viz. diesel, known impacts profitability of the Company.</p>	<p>IndianOil, jointly with OMCs is constantly engaging the Government of India for timely compensation of under recoveries.</p>
<p>Supply shocks - Raw material availability from overseas and indigenous sources : India continues to import more than 75% of its crude requirements. Disruption attributable to suppliers viability, Crude Oil quality, Geo-political incidents impacting crude oil availability.</p>	<p>Channelize alternate overseas crude supply points through appropriate business models. Acquire versatile crude processing capabilities.</p> <p>Opportunities:</p> <ul style="list-style-type: none"> • To outreach global fuel centres and secure E&P assets, expeditiously. • To convert domestic E&P potential into tap off points.
<p>Supply Shocks - Finished product availability at storage & retail points. Disruption of road, rail and pipeline transportation links due to natural calamities, and emergencies adversely affects supply & distribution of finished products.</p>	<p>Pre-monsoon and pre-winter stocking of petroleum products at designated storage points located in difficult hilly terrain areas ensures product availability in the areas which experience isolation through seasonal disruptions in transportation links. We have a Transport Emergency Management Plan to effectively handle such supply crisis situations.</p>
<p>Greening of product supply chains - Environmental obligations Achieving and demonstrating sound environmental performance by controlling the impact of our activities, products and services on the environment in the context of increasingly stringent legislation on carbon emission, water consumption, waste management and Renewable Energy Purchase Obligation(RPO) etc.</p>	<p>From the base year 2009-10, the environmental mapping exercise i.e. carbon, waste and water footprinting of our refineries, storage points, other units has become an on-going process. The Renewable Energy & Sustainable Development group with its nodal points in each Division is providing a pivotal role in addressing the issues arising from the environmental aspects of our business so as to achieve environmental objectives and sustainable development. Our refineries have initiated action to meet ISO:14064 standards.</p>
<p>Integrated approach for resource conservation and Energy efficient activities & services : Sustained reduction in carbon emission through energy efficiency will be a key element of our business. Our services would have to be an efficient user of natural resources to remain competitive.</p>	<p>Energy conservation initiatives continue to deliver remarkable results. The energy Index in terms of MBN has been further reduced from 62 of last year to 59 during 2010-11 against the Industry's index reduction from 69 of last year to 66 during 2010-11.</p>
<p>Technological innovation for alternate energy sources and sustainable business practices. Sustainable business practices will become one of the key performance indicators of our business.</p>	<p>Water conservation and the concept of rain water harvesting is gaining considerable attention. In refineries about 81% of treated effluents were reused during 2010-11 against 77% during previous year.</p> <p>124 rain water harvesting facilities installed at various units.</p> <p>Waste-reduction measures are in place. Disposal of wastes is carried out as per PCB guidelines. Oily wastes are bio-remediated or sold for reprocessing to agencies approved by the State Pollution Control Boards. Spent catalysts are responsibly disposed to authorized agencies.</p>
<p>Technological innovation for alternate energy sources and sustainable business practices. Sustainable business practices will become one of the key performance indicators of our business.</p>	<p>We have ambitious plans for setting up projects for tapping solar, wind, and nuclear energy. Our R&D activities are focussed at developing environment friendly products and services. IndianOil has initiated action for solarisation of ROs, on grid and off grid solar & wind power projects. Bio-fuels, bio-remediation of wastes are among the other major thrust areas which are delivering encouraging results.</p>
<p>Volatile international crude price/ Lower return of capital employed on investments/ escalated debt levels.</p>	<p>Efforts are in place to further optimize the crude basket, minimize inventories, pursue higher value products and cost reductions.</p>
<p>Forex fluctuation: Unstable capital flow is an offshoot of the current global economy and wide ranged forex fluctuations adversely impact all such transactions.</p>	<p>The corporation has been using various cushioning strategies to limit the adversities of forex fluctuations.</p>