











Sustainability Highlights 2014-15

Transformational Leadership





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About the Report

This is the 10th year that IndianOil is reporting on its sustainability performance. This publication, an initiative of saving paper, provides an executive summary of our Sustainability Report 2014-15 “Transformational Leadership” together with a brief overview of the progress we’ve made toward our Sustainability goals. It also delineates a path forward aligned with our corporate sustainability strategy. The reporting covers the period from 1st April 2014 to 31st March 2015.

To view our full report, which is prepared in accordance with the Global Reporting Initiative’s (GRI) G4 OGSS Guidelines, you may kindly visit <http://www.iocl.com/Aboutus/sustainability.aspx>.

About the Company

IndianOil is India’s flagship national oil company with interests spanning the entire hydrocarbon value chain – from refining, pipeline transportation and marketing of petroleum products to exploration & production of crude oil and gas, marketing of natural gas and petrochemicals. IndianOil has successfully forayed into Alternate Energy i.e. Wind, Solar, Nuclear and Biofuels and initiated a host of R&D projects aimed at securing both, energy and environment, in decades ahead.

It is the leading Indian corporate in the Fortune ‘Global 500’ listing, ranked at the 119th position in the year 2015.

IndianOil, with its corporate office in New Delhi, has its subsidiaries operating from Mauritius, Sri Lanka, United Arab Emirat, Sweden, Netherlands and United States of America.

IndianOil : The Energy of India



IndianOil was ranked 119th among the world's largest corporates (and first among Indian enterprises) in the prestigious Fortune 'Global 500' listing for the year 2015

 IndianOil	 <p>Strong Support from the Government of India</p>	<ul style="list-style-type: none"> • Maharatna Company; GoI Control: 68.57% • Government nominated Directors on IOC Board 	
	<p>Largest Refiner of the nation</p>	<ul style="list-style-type: none"> • 10 refineries with 65.7 MMTPA Capacity (including subsidiaries) • 31% of Domestic Refining Capacity 	
	<p>Pan-India Pipeline Infrastructure</p>	<ul style="list-style-type: none"> • 11,000+ km pipelines for crude oil, products and natural gas with a total capacity of 80.5 MMTPA 	
	<p>Leading Market Share Across Portfolio</p>	<ul style="list-style-type: none"> • 46.7% petroleum market share with over 42,900 touch points 	
	<p>Integrated Operations Across the entire Energy Value Chain</p>	<ul style="list-style-type: none"> • 2nd largest domestic player in Petrochemicals • E&P: 10 domestic and 7 overseas blocks 	
	<p>Strong Focus on Innovation through R&D and Alternate Energy Sources</p>	<ul style="list-style-type: none"> • Overall 384 patents as on 31.03.2015 • New focus on Alternate and Renewable Energy (Wind, Solar, Biofuels, Nuclear) 	
	<p>Driven by a Management Team that has Delivered Results</p>	<ul style="list-style-type: none"> • Consistent growth and profitability <ul style="list-style-type: none"> ✓ FY11-FY15 Revenue CAGR: 10.37% ✓ Debt-to-Equity Ratio of 0.81 	



Dear Stakeholders,

Warm greetings on behalf of IndianOil.

As IndianOil comes out with the tenth edition of its Annual *Sustainability Report*, focussing this time on 'Transformational Leadership,' I take this opportunity to share my thoughts on the subject with you all.

For me, sustainability is the pursuit of growth and development while ensuring that our natural capital and environmental resources are managed in a judicious way and preserved undiminished and unspoiled for similar use by our future generations.

With this concept gaining ground as the new yardstick of economic, environmental and social performance of nations, various new or modified indices are being proposed worldwide to gauge water, energy and carbon footprints across the value chain and life-cycle of products, processes and services in our ecosystem. This would help us measure, manage and curb the adverse

A Word From Chairman

affects of climate change, which is no longer a distant threat but a stark reality today.

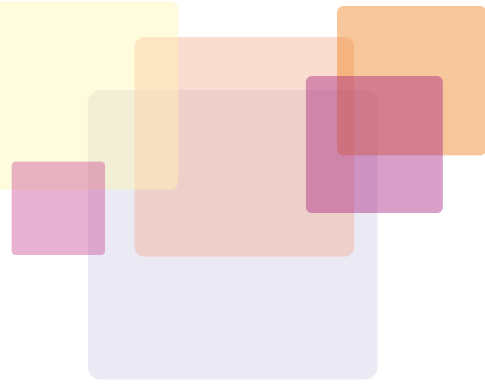
With the growing population density of the planet, the coming decade will usher in significant changes in the energy sector, with new technologies, demographic shifts and infrastructure growth leading the impact. In India too, the surge in economic growth in recent years is straining energy supply, infrastructure and transportation systems. Ensuring energy security while at the same time reducing the negative impact of carbon emissions on climate is indeed a major challenge.

IndianOil, as a public sector enterprise, well understands that its role goes beyond profits. For over five decades, we have been working on providing energy access for people in every nook and corner of the country. With countrywide operations, we are uniquely well-placed to fuel the growing Indian economy by optimising energy consumption, besides expanding infrastructure and operations in line with future demands. Our sustainable development agenda helped us ingrain sustainable practices into all our core business activities, setting aggressive energy efficiency and renewable energy targets.

Since inception, we have been pursuing pipeline transport of crude oil and petroleum products, through 'underground highways,' for its proven environmental and other benefits over road and rail transport. In fact, IndianOil's 432-km Guwahati-Siliguri petroleum products pipeline was the first to be built east of the Suez Canal, way back in 1964. Over the years, our cross-country pipelines network has expanded to over 11,220 km and serves as a low-carbon channel to be able to transport up to 80 million metric tonnes of crude oil and products annually. And this network is being further expanded by 6,000 km in length and 22 million tonnes in throughput capacity per annum.

Similarly, IndianOil's 10 operating refineries are setting new benchmarks year after year in boosting distillate yield and reducing fuel & loss and energy consumption intensity. In 2014-15 itself, structured energy conservation projects at each of these refineries enabled us save 1,07,000 tonnes of standard refinery fuel.

On the marketing front, IndianOil has already extended availability of Bharat Stage-IV compliant green transportation fuels to over 50 major cities, with



countrywide rollout targeted by the year 2017. At the same time, plans are underway to introduce fuels meeting BS-VI norms by 2020. The ethanol-blended petrol programme and introduction of bio-diesel are also significant steps in greening fuels. Gas as another green fuel in place of conventional liquid fuels has been another focus area for IndianOil, with sales touching 3.4 million metric tonnes per annum in less than a decade.

Renewables are indispensable to the energy mix of the future. With this perspective, IndianOil has grown its generation capacity for renewables, that is, wind and solar energy, to 75 MW, and generated 140 million units of clean electricity last year, thereby reducing its carbon footprint by 0.1 million tonnes.

Conversion of fuel stations to operate on solar energy, in place of electricity or diesel gensets, is a thrust area. As of now, over 2,660 IndianOil fuel stations run on solar energy, and their cumulative installed capacity is about 10.2 MW. And their number is rising fast. Switching over to automated, efficient plant equipment across the supply chain and Corporation-wide use of LED lights have been other thrust areas.

Water is another indispensable and scarce resource, more so in India, which sustains 17% of the world's population with merely 4% of the world's fresh-water reserves. Falling water levels can severely impact industrialisation. To tackle this challenge in its own way, IndianOil has imbibed water conservation and waste management measures in its day-to-day operations. Our rainwater systems harvest 2.7 million cubic metres of water annually. Additionally, many initiatives are being practised to save water & steam, and to treat & reuse effluents at our refineries to maximise water-use efficiency.

With an aim at providing an overarching framework of sustainability within which CSR is firmly ingrained, our Sustainability Policy and Corporate Social Responsibility Policy have been merged as Sustainability & CSR Policy in pursuant to the new guidelines by DPE. The merged policy envisions energy solutions with minimum

environmental impact and enhanced quality of life of the community, towards sustaining a holistic business.

Our R&D Centre has pioneered cutting-edge innovations in bio-remediation, lubricant formulations, fuel technologies and fuel additives to offer better and cleaner products. We are investing in futuristic clean technologies like synthetic fuels, bio-fuels from lignocellulose & algae, fuel cells, Hydrogen-CNG blends, shale oil, etc. Harnessing futuristic energy sources will be the hallmark of a better tomorrow. In this direction, IndianOil has taken initiative of setting up IndianOil Centre for Alternative & Renewable Energy (i-CARE) at Manesar, near Delhi. i-CARE will focus on bio, solar, thermal & hydrogen energy and fuel cells.

To us, business is about creating partnerships and giving back to the communities in which we operate and seek support from. We are touching and transforming lives through our CSR programmes in healthcare and sanitation, education and vocational skills and empowerment of women and marginalised groups.

Leadership in sustainability-driven transformation requires not just an all-encompassing vision but a detailed action plan at the systemic level, within organisations and from individuals. Each time we do undertake a green initiative, we set in motion rejuvenation and renewal of the resources on Planet Earth. Such ripples created by each one of us will have a cascading effect and help us bring the desired change to build a low-carbon future.

We, at IndianOil, have realised that life is filled with choices. But a good choice can only be made with the knowledge of what we stand for and the path we want to take. To create a better world together. We look forward to your valuable suggestions at sustainability@indianoil.in

B. Ashok
Chairman



Transformational Leadership

IndianOil won the 'Reader's Digest Most Trusted Brand' Gold Award for the 8th time in a row in the Petrol Station category.



Product & Customer Slate

Products & Brands

Major Bulk Customers

24405
Retail Outlets

7934
LPG Distributors

6399
Consumer Pumps

3919
SKO/LDO Dealers

136
Oil Depots & Terminals

96
Aviation Fuelling Stations

91
LPG Bottling Plants

80
Pipelines Terminals

Global Footprint



IndianOil won the annual Express Logistics and Supply-chain Leadership Award for the seventh time in a row, in the category of 'Excellence-Oil & Gas.' The award is one of the most coveted industry recognitions.

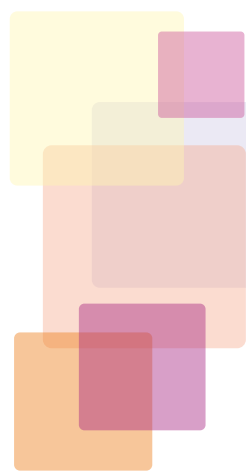


Exploration & Production Sites

- Libya
- Gabon
- Nigeria
- Yemen
- Venezuela
- Canada
- USA

Foreign Subsidiaries

- 📍 Mauritius
- 📍 Sri Lanka
- 📍 UAE
- 📍 Sweden
- 📍 USA
- 📍 Netherlands



11
Explosives Plants

10
Lube Blending Plants

8
Operating Refineries

3
Petrochemical Producing Plants

1
Cryogenic Plant

3
Wind Power Projects

1
Solar Power Plant

1
New Refinery under commissioning

1
R&D Centre





IndianOil has been adjudged as the second Best Company in Public Sector in India by the annual survey conducted by the Great Place to Work (GPW) Institute, India and The Economic Times in 2014.



Stakeholder Engagement

We believe that regular, constructive stakeholder engagement is key to achieving our business objectives and to our positive contribution to society and nature.



Sustainability & CSR Policy



IndianOil won the 'Global Human Resources Development Award-2014' in the category 'Improved Quality of Working Life' instituted by the International Federation of Training & Development Organisations (IFTDO).

The DPE's guidelines on CSR & Sustainability, issued on 22.10.2014, recommended single Policy for 'CSR and Sustainability'. In pursuance to the same, IndianOil's Sustainability Policy was merged with its CSR Policy. The new Sustainability & CSR Policy delineates the vision, mission, thrust areas and key requirements as per Companies Act 2013, Companies (CSR Policy) Rules 2014, Schedule-VII and DPE's guidelines on CSR & Sustainability.

Sustainability & CSR Policy

IndianOil's Sustainability & CSR vision is to operate its activities in providing energy solutions to its customers in a manner that is efficient, safe & ethical, which minimises negative impact on environment and enhances the quality of life of the community, towards sustaining a holistic business.

Mission

- Meet stakeholders' aspirations for value creation and grow along with the society.
- Ensure a safe & healthy working environment.
- Incorporate environmental and social considerations in business decisions.
- Earn stakeholders' goodwill and build a reputation as a responsible corporate citizen.
- Conduct business with ethics and transparency & follow responsible business practices.

Thrust Areas

- Efficiency in operations and processes.
- Safe and healthy environment in and around the workplaces.
- Basic livelihood needs & societal empowerment.
- Tourist friendly facilities at monuments of national importance.
- Environmentally sustainable practices within & beyond the organisation's premises:
- Promotion of responsible business practices: Conduct business with transparency, integrity and accountability.



Transformational Leadership

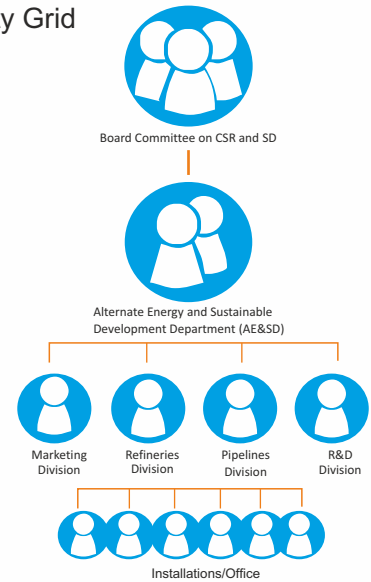
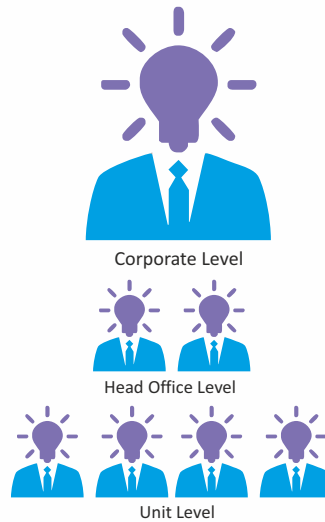
IndianOil's R&D Centre was adjudged the winner in the category of Innovation in Green Polymeric Materials & Products at the 4th National Awards for Technology Innovation in Petrochemical & Downstream Plastics Processing Industry. IndianOil's Petrochemicals Group was adjudged runner-up for 'Innovation in Polymeric Material' at the same event.



Sustainability Within Us

Sustainability planning and implementation in IndianOil is a combination of top-down and bottoms-up approach.

Sustainability Grid



*We are committed to reduce our specific carbon footprint by **18%** and specific water footprint by **20%** by **2020** with 2012-13 as the base year.*

Sustainability Initiatives



Alternate Energy



Project Chetna training programme for customer attendants manning IndianOil fuel stations bagged the coveted ATD (Association for Talent Development, USA) 'Excellence in Practice' citation for 2014

Solar Energy Generation



5 MW grid connected solar power plant commissioned in 2012 at Rawra, Jodhpur, Rajasthan has been operating successfully.

4 MW grid interactive solar power plant under commissioning at Narimanam, Tamil Nadu

Over **8.5 GWh** of off-grid power generated during 2014-15 through installation of Alternate Energy solutions

RO Solarization

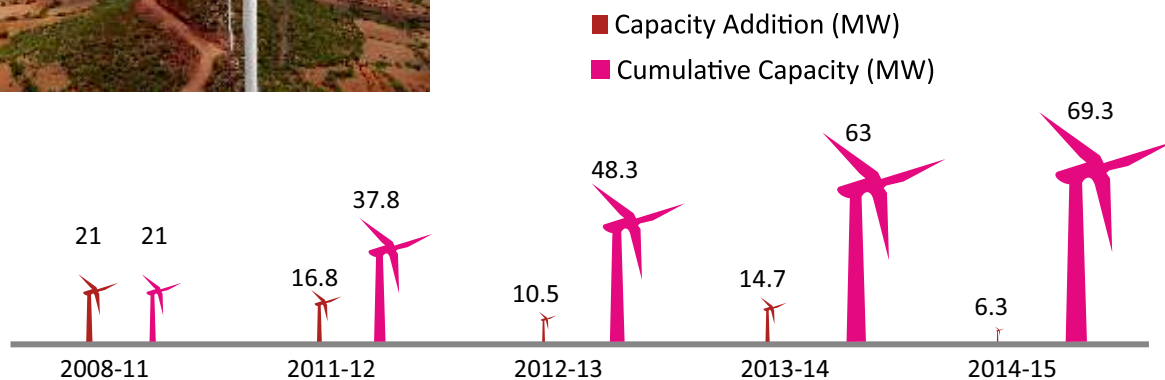
Over **2600** fuel stations have been converted to operate on solar energy. Cumulative capacity of **8.6 MW** from the solar photovoltaic power systems installed at Retail Outlets/KSKs, with an annual generation capacity of **103 lakh** units, has carbon emission reduction potential of **8,500 tonnes** per year.



Wind Energy Generation



In 2014-15, we have added **6.3 MW** wind capacity to our alternative energy portfolio, taking the total wind capacity to **69.3 MW**.

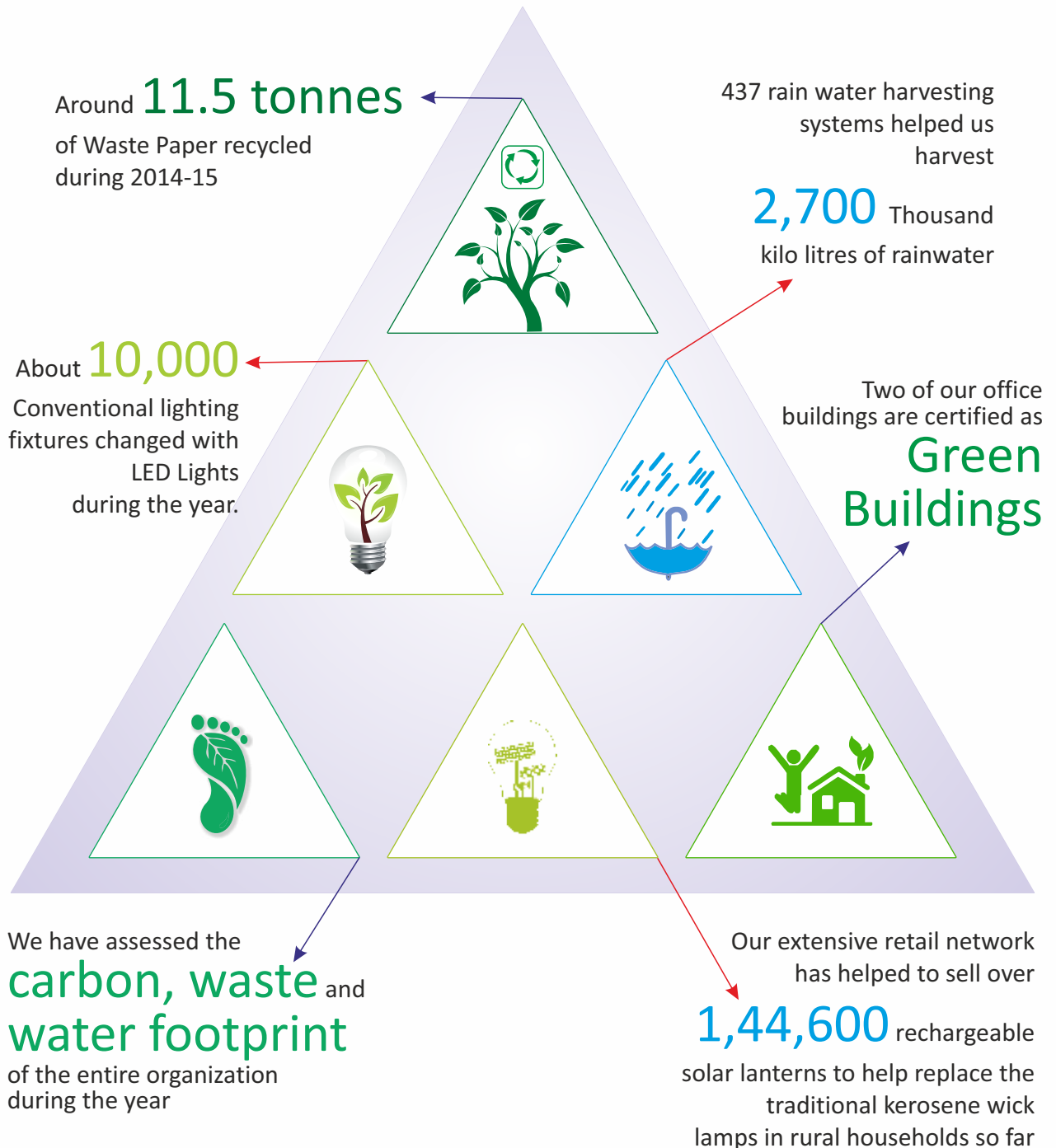




IndianOil won the 9th BML Munjal Award for Business Excellence through Learning and Development in the PublicSector category.



Sustainability Performance



Economic Performance



IndianOil Marketing Division has bagged an award under the 'Innovation Architect' category for a bouquet of applications designed and developed by its IS group at the 9th Annual Symposium & Awards ceremony organised by CIO-100, an exclusive forum of corporate representatives who have contributed significantly to the IT industry.

The twin objective of our refining business is to meet the aspirations of our customers with quality products while protecting our margins.

India's Largest Oil Company

119th

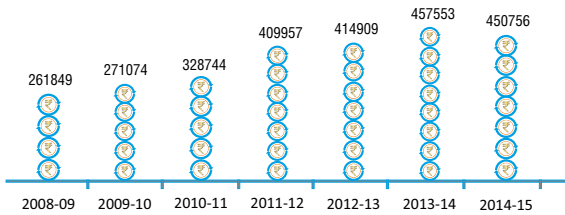
We are the leading Indian corporate in the Fortune 'Global 500' ranking in the year 2015.

Focused on Creating Shareholder Value

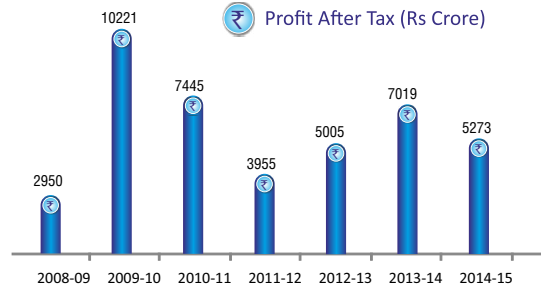
50.5%

We dominate the market with an overwhelming share in the industry-marketing infrastructure.

Turnover (Rs Crore)

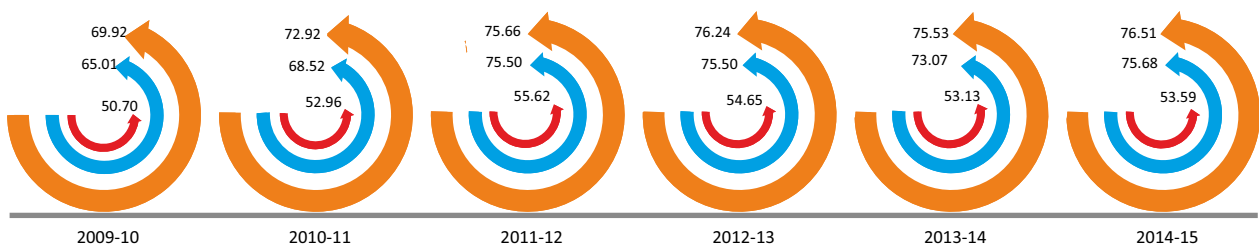


Profit After Tax (Rs Crore)



Operational Performance

■ Total Product Sales (Million Tonnes)
 ■ Pipelines Throughput (Million Tonnes)
 ■ Refinery Throughput (Million tonnes)



Maharatna status



Contribution to Exchequer: US\$15.7 bn



Fortune Global 500 Ranking: 119 (2015)



Platts Energy Ranking: 43 (2014)



Moody's: Baa3
Fitch: BBB





Transformational Leadership

IndianOil's Haldia and Panipat refineries won the prestigious Greentech Environment Award-2015 and Greentech Safety Award-2014 in platinum category for outstanding achievement in environment protection and safety respectively. Panipat refinery was conferred the Greentech Environment Award-2014 in Gold category by Greentech Foundation, Delhi.

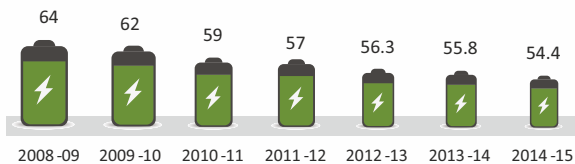


Caring for Environment

At IndianOil, we do everything from helping communities to caring for the planet

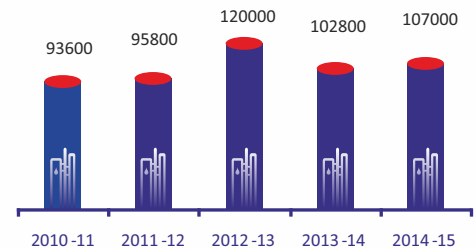
Specific Energy Consumption

MBN Thousand British Thermal Unit / Barrel / Energy Factor (MBTU/BBL/NRGF)

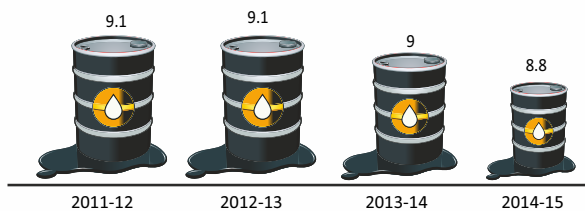


Estimated Saving by ENCON Projects

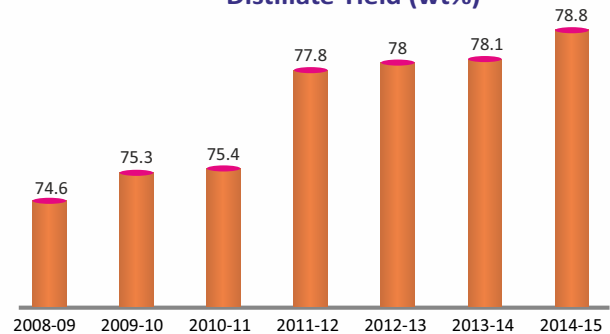
Standard Refinery Fuel Tonnes (SRFT)



Fuel & Loss (%)



Distillate Yield (wt%)



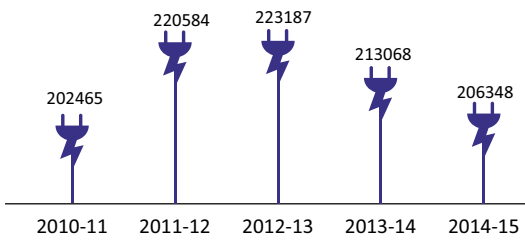
Since 2008, distillate yield has followed an upward trend in our refineries. During the year 2014-15, highest ever combined distillate yield of 78.8% was achieved as against a previous high of 78.1% during the year 2013-14. An overall capacity utilization of 98.9% resulted in a crude throughput of 53.6 MMT for the refineries.



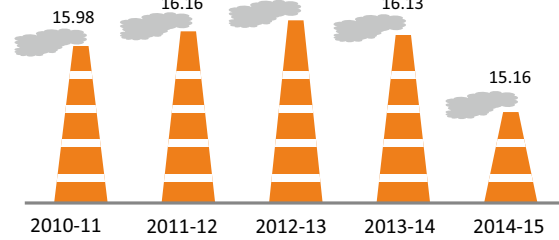
The Quality Control Department of Marketing Division HO was conferred the Golden Peacock National Quality Award-2014 given out by the Institute of Directors, being one of the most well-known corporate excellence awards worldwide.

IndianOil 'The Energy of India' is meeting the growing energy needs of billions of people in economically, environmentally and socially responsible way. This involves running our operations responsibility today and building a dependable and sustainable energy system for tomorrow.

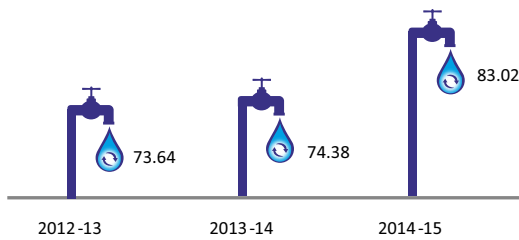
Total Energy Consumption (TJ)



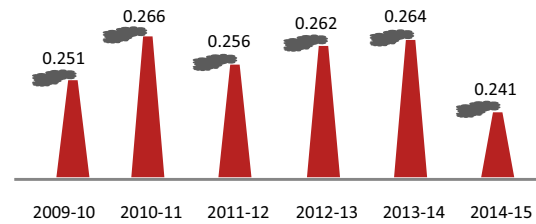
Total Emissions (Refineries+PNCC)
(Million tCO₂e)



Waste Water Reuse (%)



Specific Emission (Refineries)
(MT CO₂e / MT of Crude T' put)



Decline in Total Emissions from 2013-14 **6.03%**

Decline in Specific Emissions from 2013-14 **8.57%**





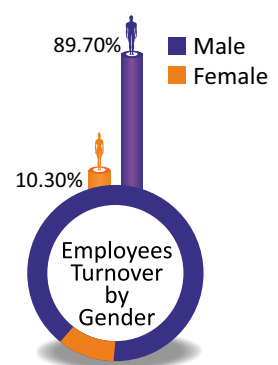
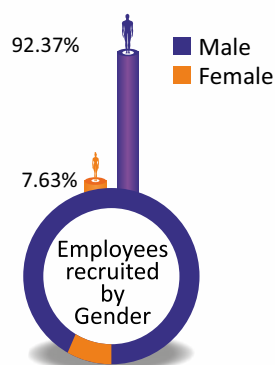
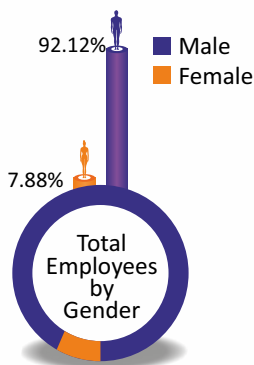
Transformational Leadership

IndianOil was conferred the SCOPE Meritorious Award-2014 (Gold Trophy) for CSR and Responsiveness by the President of India. The award was instituted by the Standing Conference of Public Enterprises.



Big Family

The most important resource for the success of an organization is its human capital. Businesses reap the benefits of proper management and fostering of available human resource in the long-term. With a country-wide presence, we offer huge exposure to talented individuals and ample opportunities for an all-round development. Therefore it is inevitable to nurture talent in order to create a mutually rewarding environment, for both, business as well as individual performance. We know that competition is likely to intensify. So our efforts today are focused on building an organization with the right kind of resourcefulness to deal with this challenge.

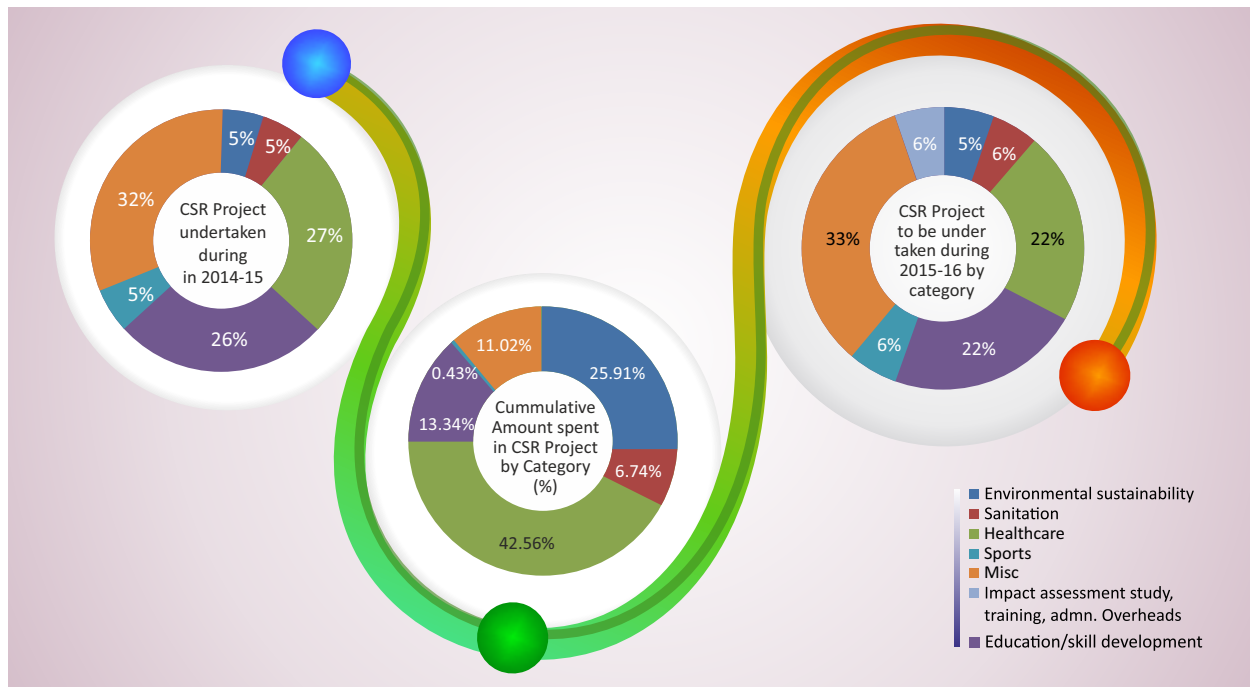


Working for People



The Governor of Maharashtra, Mr. C Vidyasagar Rao, presented the Navshakti Sanman Sandhya CSR award to IndianOil, in recognition of its stellar efforts in enriching Corporate Social Responsibility with various social initiatives.

The most important role of any organization today, is to ensure that there is a continuous improvement in its social, environmental and economic performance along with its operational success. Enshrined in our Mission statement is our commitment towards society "...to help enrich the quality of life of the community and preserve ecological balance and heritage through a strong environment conscience..." IndianOil has successfully combined its corporate social responsibility agenda with its business offerings, meeting the energy needs of millions of people every day, across the length and breadth of the country. We have always been at the forefront in times of national emergencies. We have ensured that there is an uninterrupted flow of petroleum products as well as items of daily needs. There are dedicated Social Responsibility Programs in partnership with different communities in various spheres including health, family welfare, education, environment protection, providing potable water, sanitation and empowerment of women and other marginalized groups.



Total expenditure on CSR activities ₹113.79 crore during 2014-15

NURTURING TALENT ENCOURAGING EXCELLENCE

Announcing IndianOil Scholarships





Transformational Leadership

IndianOil - North Zone won the prestigious OISD (Oil Industry Safety Directorate) award in the POL Marketing Organisations category for the year 2012-13.



Product Responsibility

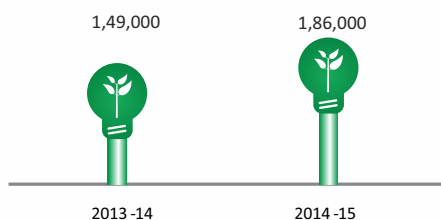
IndianOil places significant thrust on knowledge and research based growth by developing economical, environmentally and socially responsible technology solutions. IndianOil has been making continuous investments in proprietary research in lubricants, catalyst, refinery and pipelines operations and product offerings. Research in Nanotechnology, Petrochemicals and Polymers, Coal Gasification / Liquidation, Gas to Liquid and Alternative Energy is emerging as a thrust area for IndianOil.



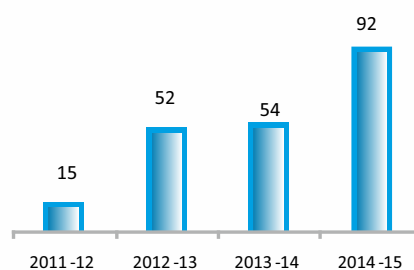
Total expenditure on R&D activities
262.97 Crore

Green Fuel

Green Fuel procured (Ethanol blending) Quantity (kls)

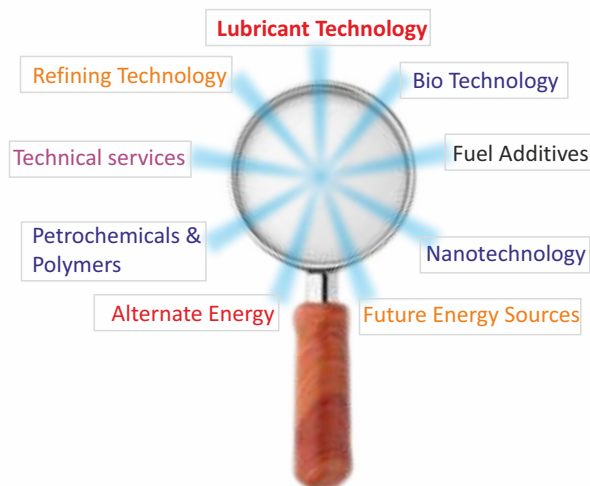


No. of patents filed

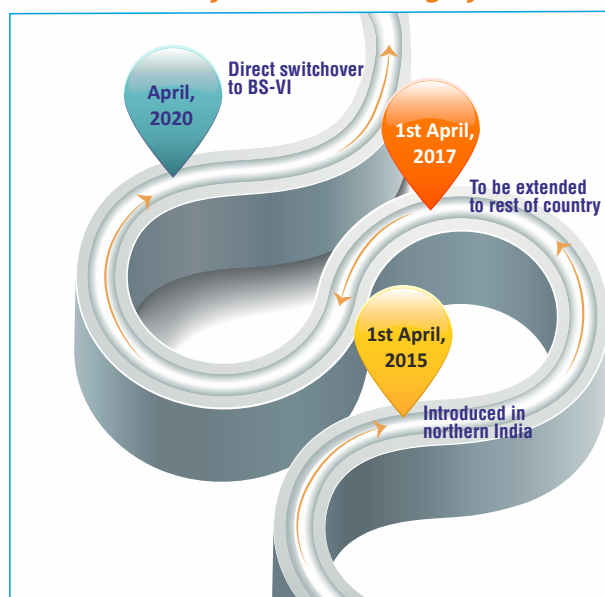


42%

of all our regular fuel stations are fully Automated Covering 30 cities.



Our Aim for Bharat Stage fuels



Performance Highlights



IndianOil was bestowed with the 'Best Vendor' award by M/s. Hyundai Motors in 'Oil & Chemicals - After-Market' category.

<p>47.78 MMT Highest ever crude oil pipelines throughput achieved, a capacity utilization of 118%</p>	<p>75.68 MMT Highest ever pipelines throughput achieved</p>	<p>41% Procurement from MSMEs during 2014-15</p>
<p>98.9% Capacity utilization at refineries.</p>	<p>72.6 lakh New domestic LPG connections released.</p>	<p>largest Naphtha cracker, Panipat is the operating cracker capacity in India producing polymer intermediaries.</p>
<p>186100 KLs Ethanol procured for blending into petrol during 2014-15.</p>	<p>14 New crudes processed for the first time across the refineries.</p>	<p>15975 New customers enrolled under 5-kg free trade LPG (FTL) cylinders</p>
<p>1364 MMSCM Highest throughput achieved by gas pipeline.</p>	<p>18 New lubricant formulations developed during the year.</p>	<p>54.4 Best ever MBN achieved during 2014-15</p>
<p>78.8wt% Best ever combined distillate yield achieved.</p>	<p>887.6 lakh INDANE customer strength</p>	<p>7687 Regular fuel stations fully-automated.</p>

THE IND(I)ANE STORY

50 Years of Indane 1965-2015

- 1965** | Indane debuts in Kolkata in October. Then West Bengal finance minister S K Mukherjee lights first burner to mark beginning of sales
- 1968-69** | First LPG bottling plant with a capacity of 110 cubic metres commissioned in Shakurbasti, Delhi
- 1969-70** | Consumer base tops **100,000** and reaches **235,000** across 37 towns
- 1972-73** | Safety caps introduced in cylinders. LPG pricing comes under government pricing in August 1972, spurs appreciable fall in prices
- 1979-80** | Indane grabs **52.3%** of market, **17,000** tonne of LPG imported to meet demand
- 1984-85** | Cylinder valves changed from rotary 'F' types to safer pin types
- 1985-86** | Technology for self-closing valve from Danish firm Kosaan-Teknova passed on to Indian cylinder manufacturers
- 1990-91** | Indane comes to Port Blair, Andamans
- 1992-93** | Computer-controlled, remotely operated cylinder-filling technology introduced
- 2000-01** | Customer service cells opened in various levels of IndianOil marketing offices
- 2002-03** | Toll-free telephone for customer service introduced across country
- 2009-10** | Indane achieves 'Superbrand' status, second after 'Servo' for lubes for IndianOil. Booking through SMS, IVRS introduced
- 2013-14** | Consumer portability and 5kg cylinders at market rates launched to improve availability
- 2014-15** | Modified direct subsidy transfer scheme launched under name of PaHal, which has made it to the Guinness Book as the world's largest cash benefit transfer scheme

**Indane:
A Superbrand
after 50 years
that now
lights fire in
9 crore
kitchens**

Source: The Times of India



A Decade of Sustainability Reporting



Printed on 15th October, 2015



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