



IndianOil



STRENGTHENING THE
GREEN RESOLVE

Soaring Success: Shattering Records and Redefining Excellence



**CHAIRMAN'S
NEW FINANCIAL YEAR
MESSAGE 2023-24**



Dear IOCIans,

Welcome to the dawn of a new financial year, a time to take stock of our progress and set our sights on new horizons. The financial year that went by stood out for IndianOil's inherent resilience in the face of compounding challenges. Despite the waves of volatility that rocked the global energy world, IndianOil kept fueling the nation with unwavering commitment and excellence. The adverse global energy ecosystem notwithstanding, our core operational performances, have been nothing short of brilliant and it is a testament of the hard work and dedication of every IOCIan. So let me begin by congratulating IndianOil's energy soldiers, who continue to lead the charge, fueling India's growth and prosperity.



Chairman with IOCIans at a Lube Project site in Chennai

Celebrating Endurance, Driving Excellence

After witnessing two years of record-breaking profits, things were not all sunshine and rainbows for us last fiscal. There were setbacks due to factors we had little control over- like lower marketing margins and higher exchange losses. The global geopolitical challenges led to widespread inflation that impacted the life of every citizen and the health of the economy. We also witnessed insanely high product cracks that were clearly not sustainable for a long duration. It was a time when all our 35000+ fuel stations continued to serve the country without any glitch, even as the private retailers desisted from supplying fuel to avoid losses. In fact, for jet fuel that contributes to 50-60% of the operational cost for aviation companies, we adopted the 'floor and cap' pricing mechanism instead of the import parity pricing. This helped a struggling Aviation sector stay afloat and ultimately bounce back. Despite the roadblocks, I am proud that we

excelled on the operational fronts. In fact, last financial year, we are likely to register the highest ever Revenue from Operations.

Operational Peaks Scaled, Yet Again

Let me delve a bit deeper into this remarkable performance. Talking about Refineries, the gross refining margin (GRM) for the year was US\$ 19.59 per barrel (bbl) compared to US\$ 11.25 per bbl in the corresponding period of the previous financial year. Our Refineries clocked a throughput of over 72.4 Million Metric Tonnes (MMT), compared to 67.67 MMT last year. Consequently, we registered a capacity utilisation of about 103.4% compared to 96.6% last year. I am happy to share that our Refinery Margins went up from about ₹ 35,554 crore to ₹ 52,644 crore during 2022-23.



A panoramic view of Mathura Refinery

Our Pipeline throughput also jumped significantly, from about 83.25 MMT to over 94.7 MMT last fiscal. The pipeline capacity utilisation (Installed Capacity 118.8 MMT) improved to almost 94% in 2022-23 from nearly 87% in 2021-22. In the silver jubilee year of its inception, Pipelines Division registered the highest ever pipeline expansion of about 2,450 Kilometers in a year. With the commissioning of Paradip-Patna LPG Pipeline, we now have the longest LPG network in the country. I am also happy to share that we are taking major strides to future-proof these valuable assets. During the India Energy Week, we signed an agreement with Snam, Italy, one of the leading Natural Gas Transmission Network companies, for injection of Hydrogen into the existing natural gas pipelines.

Our performance in product sales reflected the turnaround in the economy. Our petroleum product sales including LNG sales rose from 77.65 MMT during 2021-22 to 88.5 MMT during 2022-23. Overall, we have achieved a POL Sales growth of close to 14.0% on a year-on-year basis. Our petroleum products market share has also increased from 40.8% in 2021-22 to 42.9% in 2022-23.

If we review the product-wise numbers, the petrol sales have grown by about 19.2%, our diesel sales have increased by nearly 19.3% and our LPG sales have risen by about 1%. Let me add here that, once again, IndianOil has delivered on the steep

Pradhan Mantri Ujjwala Yojana 2.0 targets. After achieving the initial target of releasing one crore connections by 31st January 2022, we were given a fresh target for another 60 lakh connections to be attained by 31st March that our teams successfully completed by 31st December of last fiscal.

I am also delighted to share that SERVO continued its winning streak and registered its highest ever sales volume of 701 TMT with growth of 9% during 2022-23. This came after the spectacular domestic growth of about 24% during 2021-22 and 26% growth in 2020-21. We have also registered growth of about 8% in Grease sales in the last financial year. Commissioning of three high pressure Homogenizers at Vashi Grease Plant last December resulted in increased production by 20% due to reduced cycle time and improved grease structure. In Petrochemicals, our sales during 2022-23 stood at 2.3 MMT, despite major revamp shutdowns of NCU Phase-I, MEG and LAB units.

Expansion of the marketing network has also been a firm focus area for us. During last year, we commissioned 1784 Outlets which is 46.2% of PSU commissionings. The IndianOil Fuel Station Network now has 36,285 outlets spread across the length and breadth of the country. Moreover, last year also witnessed the commissioning of five Aviation Fuel Stations taking the number to 132; Seven Indane Bottling Plants (Current Number 108), and three Depots & Terminals (Current number 120).

Future-ready fuels, For the New India

I am also pleased to share that we have made significant strides in the development and promotion of customized, value-added market offerings. We were honored when the Hon'ble Prime Minister launched a new fuel blend E-20 (20% Ethanol), on 6th February 2023 at 84 fuel stations across 11 States and Union Territories. Another landmark moment in India's green mobility journey came when IndianOil & Ashok Leyland joined hands to undertake pilot trials of MD15 (Methanol blended Diesel) buses in Bengaluru last month. I must congratulate team R&D for developing the critical coupler, which when added to the blended fuel creates a stable fuel mix. Given India's abundance in coal, blending methanol obtained by coal gasification can reduce crude oil imports and strengthen the country's energy security. Earlier, we also witnessed the launch of Methanol blended petrol (M15) last May in Tinsukia Assam. In LPG, you may recall that we began last fiscal year by launching a new 2 kg FTL Cylinder, MUNNA, which has been received with great enthusiasm in the market.

New Projects, New Horizons

A stellar show on the CAPEX utilisation front backed up our solid operational numbers and market outreaches. During last financial year, we

have spent a provisional total of ₹ 35,205 crores on investments, which includes ₹ 34,388 crores spent on our own projects and ₹ 817 crores invested in joint ventures and subsidiaries. This exceeds the overall CAPEX target of ₹ 28,549 crores for 2022-23 by over 23%. As I keep reiterating, IndianOil's investment targets establish our energy leadership in India, and we single-handedly contribute nearly 25% of the total CAPEX incurred by PSUs under the Ministry of Petroleum & Natural Gas. This impressive accomplishment showcases IndianOil's commitment to growth and expansion and is a testament to its ability to manage its investments effectively.




India's first SPM facility at Vadinar berthing the 6,000th oil tanker

IndianOil has several ongoing projects that will go a long way in strengthening our leadership position. Currently, we are steering 120 ongoing projects of various scales, whose total capital cost would be about ₹ 2.4 lakh crore. Last fiscal witnessed significant investments in Refining, including the expansion of Barauni Refinery's capacity from 6.0 to 9.0 MMTPA, Grassroot Para Xylene and Purified Terephthalic Acid Plant at Paradip Refinery, the capacity expansion of Panipat Refinery from 15 to 25 MMTPA and an acrylics/oxo alcohol project at the Gujarat Refinery, among other projects. We are also investing in developing a technology centre at the second R&D Campus in Faridabad that will be a centre of excellence for alternate energy related research. Additionally, IndianOil will also be enhancing the pipeline infrastructure, with projects like the New Mundra Panipat Crude Oil Pipeline and replacing existing twin 42" offshore pipelines at Vadinar. We are involved in several joint venture pipeline projects, including the Kandla Gorakhpur LPG Pipeline and the Mehsana-Bhatinda & Bhatinda-Gurdaspur Natural Gas Pipeline.

To bolster our marketing network strength, last fiscal we have invested over ₹ 2,800 crore in





expanding and modernizing our existing Fuel Stations. We also undertook CGD Projects, with an outlay of over ₹ 600 crore in FY 2022-23. So let me assert that given our commitment to continued growth and innovation, we are poised to take on future challenges, secure in the knowledge that our landmark projects and strategic investments have cemented our position as a leader in the energy sector. The need of the hour is to ensure the safe and timely completion of these projects to drive home the advantages.

Let me also touch upon some of our most significant milestones. Recently, in a momentous leap, the IndianOil Board has accorded 'Stage-I' approval for setting up Paradip Petrochemical Complex at Paradip, Odisha, at an estimated cost of ₹ 61,077 crore. This mega project will be the largest-ever investment of IndianOil at a single location and shall significantly improve the Petrochemical Intensity Index of the company. It shall be a growth driver in making the Company a major player in the Petrochemical industry while strengthening India's self-reliance in the petrochemical sector. More importantly, this mega project is aligned with Hon'ble Prime Minister Narendra Modi's vision of Purvodaya, which aims to accelerate the development trajectory and socio-economic prosperity in Eastern India. Here, let me share that India's per capita petchem consumption is currently 12 Kg, which is far lower than the global per capita consumption of 35 Kg. This gap implies a tremendous business opportunity that will expand further with the rising GDP. Also, as a long-term strategy, we aim to enhance the Company's Petrochemical Intensity Index (PII) to 15% by 2030 from almost 5% currently. This mega-project, along with other significant ones on the anvil like the Panipat Naphtha Cracker Phase II-expansion, Styrene Unit at Panipat and PVC Project at Gujarat Refinery will be a significant leap in IndianOil's journey of excellence.

In fact, going forward, all our future refinery expansions will have integrated petrochemical units, as they are the cornerstones of profitability. The focus will be on capacity augmentation, expanding the bouquet of value-added petrochemicals and forward integration into textiles by producing polyester yarn and fiber. With the multiple mega-petchem projects in the works, IndianOil is well-positioned to continue the upward trajectory and lead the way in the petrochemicals sector.

Greening Energy Together

Now that I have elaborated on the core businesses let me move to our green ambitions. At IndianOil, we understand the gravity of India's green priorities, and as the 'Energy of India', we were aligned with the national Net Zero by 2070 targets right from the word go. Thus, when we declared our resolve to achieve Net Zero operational emission by 2046 during our AGM in 2022, it was a natural extension of that alignment. Our concerted green focus was validated and incentivized by the Government of India. As you are aware that Green Growth emerged as one of the seven priorities in this year's budget with diligently crafted push on the adoption of green fuel, green energy, green mobility and policies for efficient use of energy across various economic sectors. Here, let me impress upon you that this 'Energy of India' is not just a string of powerful words; it is a reality that IndianOil is living with every breath of its organisational existence. Currently, IndianOil occupies 9% of India's energy share, and by 2050, we intend to increase our share in the pie to around 1/8th or 12.5%. Importantly, we have a concrete action plan to get there. At IndianOil, we believe in walking the talk and our green endeavours over the last several years have already made us a globally recognised energy transition leader. And as the number one company per the Bloomberg NEF Transition Score 2022, we have proven that we are the real deal.



Chairman at 2MW Solar Plant of Madanpur Khadar LPG Bottling Plant

However, we are not content with just being recognised as a leader. We are committed to being a trailblazer in the green revolution. As we transitioned from our theme of "Crafting a Green Future" to "Strengthening the Green Resolve", we shared our resolve to consolidate all our green energy assets, like Renewables, Ethanol, CBG, Sustainable Aviation Fuel, Electric Mobility and more, under one umbrella entity.

This move will help us leverage our strengths, optimise our resources, and achieve our green ambitions effectively. More importantly, this is a recognition that the momentous green journey cannot be taken in isolation and must be aided by

meaningful collaborations that uphold the spirit of #GreeningTheEnergyTogether. We have also shared our target of attaining 4 MMT Biofuels and 1 MMT Biogas by 2030, and 200 GW Renewable Energy, 7 MMT Biofuels and 9 MMT Biogas by 2050 that are ambitious and achievable. To reach this goal, we have earmarked investments of ₹ 1.5 Lakh Crore by 2030 and ₹ 5 Lakh crore by 2050. Getting to these goals within the targeted time frames will be vital in nurturing a sustainable energy future for India.

Synergizing our green ventures will be a significant stride forward for both our company and the nation. Our green energy bucket is already diverse and rich, and combining our efforts will only amplify our impact and potential for positive change. IndianOil's renewable energy portfolio currently stands at 240 MW. Our partnership with NTPC, where we recently forged a JV with NTPC Green Energy Limited will augment our renewable energy capacity by around 2.8 GW. Furthermore, our efforts in the electric vehicle space are being intensified with the setup of 5,452 charging stations and 69 battery swapping stations.

IndianOil has also made a substantial push into the nascent green hydrogen ecosystem of the country. Our collaborations with ReNew Power and Larson & Toubro Limited is poised to strengthen the nascent green hydrogen ecosystem in India. A 7 KTA Green Hydrogen capacity is under development at the Panipat refinery, and we have already installed a facility for hydrogen dispensing at Gujarat Refinery using hydrogen from the refinery unit. In addition, IndianOil has made significant progress in the biofuel space, with various projects and initiatives in Ethanol, Bio-Diesel, Compressed Bio Gas (CBG), Organic Manure, and Waste to Energy being implemented. In fact, we turned over a new leaf in developing Sustainable Aviation Fuel when we inked an MoU with LanzaJet during February 2023 followed by in-principle approval of the Board for setting up of 86.8 TMTA SAF Plant at Panipat based on LanzaJet Alcohol to Jet technology, to be ultimately vested and operated through a JV Company. Also, a JV Company with M/s Praj is on the anvil for setting up SAF and other Biofuel projects. These initiatives will be



World's 1st Refinery Off gas based 3G Ethanol plant coming up at Panipat

crucial in meeting the CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation) mandate. It will also propel us towards blending of 2% biofuels by 2030. Our paddy straw-based 2G Ethanol plant and refinery off-gas-based 3G Ethanol Plants at Panipat are a testament to our commitment towards sustainable biofuels and was a moment of great honour for the company when the Hon'ble Prime Minister dedicated the 2G plant to the nation last August. We have commissioned 22 CBG plants under the SATAT initiative, and CBG is also being sold from 46 retail outlets across India under the brand name IndiGreen. Our expansion into greener products with innovative solutions like IndiGreen, XP95, XP 100, XtraGreen, XTRATEJ, and SERVO Raftaar further highlights our commitment towards sustainable solutions.



Chairman with IndianOil's bouquet of SERVO products

Let me also talk about how our Go-Green efforts have been recognised and applauded at the highest levels. As a mark of our commitment to a circular economy where waste is transformed into resources, our new brand of polymer recyclate-Cycloplast, was launched on IndianOil Day 2022. This is a shining testimonial to how even our petchem forays demonstrate an unwavering green focus. It blends recycled petrochemicals with a proportion of virgin or solo plastic. I feel that Cycloplast is going to be a game-changer and going forward we will extend it to polyethylene besides polypropylene, which will cut down on the manufacture of solo plastic.



Chairman presenting an 'Unbottled' jacket to the Prime Minister



One of our proudest achievements is the 'Unbottled' campaign, which is particularly close to my heart. This campaign is dedicated to converting over 100 million PET bottles every year into uniforms for our on-ground teams and non-combat uniforms for our armed forces and other stakeholders. In a proud moment for the entire IndianOil family, I had the honour of presenting this sustainable jacket to the Prime Minister during India Energy Week in Bengaluru in February. The Prime Minister was also seen wearing this jacket in Parliament. Later, a global icon like Bill Gates also sported our Unbottled Jacket. These gestures have reinforced our commitment to powering India's remarkable green growth journey.

Reduced Water Footprint for Sustainable Refining

Taking the spirit of sustainability forward, our operations are also becoming greener and water conservation has been one of our key focus areas. In what I believe is a vital stride for reducing the water footprint of our refineries, a first-of-its-kind Sewage Treatment Plant (STP) at Laxmi Nagar, Mathura, built on PPP model is in operation and since January 2023, Mathura Refinery has been receiving about 8 MLD (Million Litres per Day) of treated Sewage water from this STP for industrial use. The treated water quantity is expected to reach full capacity utilization of 20 MLD by September 2023. Gujarat Refinery, on the other hand, will start using treated sewage water from Vadodara Municipal Corporation's Rajiv Nagar STP from 2nd fortnight of this month. In the first phase 21 MLD of treated water is planned to be utilized for refinery operations. These initiatives are also planned to be replicated at other IndianOil refineries.

Powering Self Reliance, Scripting History

Also, the Prime Minister's unveiling of our dual burner solar cooker at the India Energy Week this February was a proud moment for us and affirmed our sustained R&D efforts in harnessing the 'Make in India' power. This innovative cooktop will suitably address the cooking needs of Indian households while contributing to India's clean energy goals. By promoting the mass adoption of this solar cooktop, we will be taking a significant step towards Urja *Aatmanirbharta*. We will transfer the technology to manufacturers with a nominal one-time licensing fee of ₹ 5000 and leverage our extensive LPG distribution network to spread green power to kitchens nationwide.



Chef Ranveer Brar's Millet Khichdi cooked on IndianOil's Solar Cooktop shines at India Energy Week

Beyond the Solar Cooker, IndianOil also scripted a new chapter in the 'Make in India' saga by introducing indigenously made AVGAS100 LL in September 2022, which has caused a revolution. Previously, our Pilot Training schools and army establishments completely relied on imports for this specialised aviation fuel. However, by producing this unique fuel locally, we have made a remarkable push towards *Aatmanirbharta* or self-reliance. Not only have we changed the tide, but we have also enabled India to transition from being an importer to an exporter when we shipped a batch of the product to Papua New Guinea in January this year. Sparks of innovation has also been enhancing our operational processes. Moreover, in a first of its kind initiative in Indian Refineries, we have commissioned a Wet Sulphuric Acid Plant at Haldia Refinery which will value add over the elemental sulphur that Refineries otherwise produce.



IndianOil became the first OMC to produce and market AVGAS 100 LL in the country

Conserving Nature, Caring for the Society

At IndianOil, our commitment to sustainability runs deeper than just our operations and products. We are writing a new chapter in India's conservation history. Our partnership with the National Tiger Conservation Authority has enabled us to bring the Cheetah back to India. In fact, there's a happy news in the family that came from Kuno last week. A Namibian cheetah that came to India as part of the cheetah translocation project fueled

by IndianOil, has given birth to four cubs. We are also supporting conservation of endangered species like the single-horned rhino and Olive Ridley turtle. From protecting coastal ecosystems to preserving tiger habitats in Sunderbans, we are taking bold steps to make a positive difference in the world.



Chairman enjoys a game of chess with an inmate as part of 'Parivartan-Prison to Pride' initiative at Yerwada prison

But our efforts go beyond just environmental conservation. Through the IndianOil Foundation, we are preserving India's rich heritage, while our partnership with the Central TB Division is helping eliminate tuberculosis from the country. We are also working towards uplifting prison inmates through the 'Parivartan-Prison to Pride' campaign. Taking the spirit of the Parivartan forward, we are now reaching out to juvenile inmates through sports via Nai Disha besides promoting gender equity through various programs. In fact, in a moment of great pride, IndianOil was bestowed with the Sportstar Aces Award that recognised the profound social impact of Parivartan. These CSR initiatives have brought immense positive energy to our stakeholders and us and have significantly enhanced the humane appeal of the brand IndianOil. By investing in the development of communities, we are building a legacy of compassion, empathy, and care. We are proud to be making a difference in the lives of a billion-plus Indians, and we will continue to pursue these goals with unwavering passion.

Promoting Inclusivity, Upholding Equity

Let me also touch upon continued efforts made by IndianOil to promote inclusivity in the workplace. International Women's Day 2023 marked a milestone in our journey towards workplace equity. We announced three significant policy changes that will help us take another significant step towards achieving this goal with more flexible and compassionate maternity policies. These policies complement our ongoing efforts to empower women with initiatives such as providing transportation for women IOCIans at touring locations or supporting their travel with young children and attendants. Last year we also witnessed how well-equipped creche facilities were extended to our employees at

several important locations. However, policies and infrastructure alone can only do so much if they are not implemented in their true spirit. We also need to change the cultural mindset around gender-based responsibilities. Men need to play an active role in caring for their families and taking on family responsibilities. Let us work towards creating a more equitable society where both men and women can pursue their careers and family lives without sacrificing one for the other. Another significant talent retention endeavour, IOCians-2gether, unveiled on 1st January 2023, as a digital platform to help single employees find life partners within the IndianOil family, is already creating ripples and promises to blossom into a vibrant forum.



Launch of Creche facility for IOCians at Refineries Headquarters

Here's to a great 2023-24!

Finally, as we embrace another Financial Year with vigour and zeal, let us be mindful of our purpose and our impact. At IndianOil, we are not just in the business of energy; we are in the business of creating a better future. Our vision is to be a leader in energy solutions that power a sustainable future for all.

I will leave you with the magical words of the inimitable Rumi, "Yesterday its gone and its tale told. Today new seeds are growing". Let us embrace every opportunity this new financial year is going to present and strive to make a positive impact in the world. Let us continue to work together with passion and purpose to bring our vision to life. Together, let us create a future that is bright, sustainable, and full of hope.

Let us all make 2023-24 count! Thank You!

3rd April 2023
New Delhi

(Shrikant Madhav Vaidya)
Chairman, IndianOil





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Corp. Comm., CO, April 2023. All figures are provisional.