

# Performance Highlights 2010-11

Marketing Division



IndianOil



**2010-11 was yet another demanding year for IndianOil's Marketing Division team, and in particular tested its skills in logistics & supply chain management and proficiency in completion of tough tasks as per timelines in adverse conditions. Despite the trying times in business and operations, the team could once again turn in excellent performance in all major segments.**

The Marketing Division sold 66.8 million tonnes of petroleum products, registering a volume growth of 3.1 million tonnes (4.9%) over the previous year, and a market share of 54.5% amongst PSUs. Uninterrupted supplies were maintained in every nook and corner of the nation despite a surge in demand.



*Shri RS Butola (left), Chairman, confers with Shri GC Daga, Director (Marketing), during his maiden visit to Marketing HO.*

The IndianOil team completed the switchover to BS-III & IV compliant transportation fuels across the country well before the 1<sup>st</sup> October deadline. The annual advance winter-stocking exercise in the Himalayas was successfully accomplished despite many challenges and setbacks. Ethanol-blending of petrol commenced in Dec. 2010. In the backdrop of continuing unrest in the north-east, especially Manipur, products were made available in the region by moving POL trucks in convoy with heavy police escort and by airlifting fuel to Imphal.

IndianOil maintained its lead in the highly competitive bulk consumers segment during the year, while continuing to focus on penetration into rural areas through *Kisan Seva Kendra (KSK)* in retail sales. Large-format highway outlets are being expanded and strengthened in a big way, together with automation of outlets and provision of state-of-the-art dispensing units to enhance customer satisfaction.



*The IndianOil team that ensured petroleum supplies to Manipur, hit by prolonged economic blockade*

Low-cost Indane distributorships are being unveiled in rural areas at a rigorous pace under *Rajiv Gandhi Gramin LPG Vitarak (RGGLV)* scheme. Similarly, the first *gramin SERVO* stockist was commissioned

in Markapuram (Prakasam district of AP), offering high-technology, cost-effective lubricants for latest vehicles as well as tractors, pump-sets, and for other rural applications.

With Vision-2015 of the Ministry of Petroleum & Natural Gas targeting extension of LPG use to 75% of the population, teams at the bottling plants as well as in Area and State Offices worked hard to meet the ambitious targets. To extend the current 9 days' cover for LPG further, a special drive has been initiated to augment storage capacities at various bottling plants across the country at an estimated investment of Rs. 400 crore. Simultaneously, the bottling capacity at plants is also being augmented to meet the rising demand.

In aviation fuelling, IndianOil has been gaining both in terms of volumes and market share, securing additional business from domestic and foreign airlines. As part of the 'open access' refuelling services being adopted by many airports currently under expansion in metros and major cities, the Company has joined hands with the airport operators and other OMCs for setting up and operating integrated fuelling facilities.

With optimisation of infrastructure facilities as a priority area, new facilities are coming up at several locations while 27 depots and terminals have been closed down to achieve substantial savings in manpower and operating costs. While maintaining continuous follow-up with the Government of Rajasthan for allotment of land for a new terminal near Jaipur, POL supplies were maintained unhindered from the other bulk supply points in the State.

Special attention has been given to safety at operating locations, besides infrastructure and training activities. This, coupled with significant growth in POL volumes, put immense pressure on the human resources of the Division during the year. The 16,000-strong Marketing Division team, particularly the operating personnel, worked for extended hours and on holidays for prolonged periods to meet the ever-growing demands of the consumers. 168 Probationary Officers were inducted during the year to augment manpower.



*An IndianOil bowser refuelling an MI-17 helicopter on rescue mission at Leh air base following floods and mudslide.*

#### Retail Sales

- Retail sales mopped up 62% growth out of the total volume gain (excluding LNG) by the company during the year; retail sales in MS and HSD registered a volume growth of 9.9% and 6.1% respectively
- Contribution of KSK outlets to overall sales rose to 6.3% in MS and 7.9% in HSD
- Lead maintained in market share of branded fuels; XTRAPREMIUM market share reached 59.5% & XTRAMILE 63.6%
- XTRAPOWER fleet card usage grew by 13% to Rs. 15,043 core, across 6,478 retail outlets





Union Home Minister, Shri P Chidambaram, at an IndianOil RO at Karaikudi, Tamil Nadu.

- 12.28 lakh customers were brought under XTRAREWARDS programme through 1,246 outlets; fuel spends under the programme recorded a 20% increase over the previous year
- Non-fuel revenue through retail outlets grew by 15% over the previous year; 87 new ATMs were commissioned, taking their total to 424



Ranchi DO team, which won the Manjunath Award for 2008-09, with Director (Marketing).

- Platform launched for a pool of best practices shared by retail outlet dealers; Jagriti refresher programmes for enhancing marketing skills covered over 3,100 social objectives category dealers
- The various retail initiatives bagged the following awards:
  - Reader's Digest Trusted Brand Gold Award - Petrol Station category, for the fourth year in a row
  - Customer & Brand Loyalty Award in the Oil & Gas category at the 4<sup>th</sup> Loyalty Summit for the fourth year in a row
  - Images Award for Excellence in Retailing' for Kisan Seva Kendra at the India Retail Forum



Medical insurance for pump attendants of XtraCare retail outlets.

## Consumer Sales

- Sales volume increased by 3.2 % to 21494 TMT in 2010-11 and market share improved by 2.8% among PSUs to 67.3%
- Contract renewed for 1.9 million metric tonnes per annum (MMTPA) of HSD business with the Railways till Dec. '11
- Agreement signed with NFL for 1 MMTPA of Furnace Oil/LSHS business for a period of three years



Apex-level coordination meeting with Army at Kochi.

- Retained 100% business (230 TMTA) of primary fuels for supplies to Indian Navy/Coast Guard for a period of three years
- Pet coke business of 1 MMTPA tied up with M/s. JP Cement, Shree Cement, ACC and Ambuja Cement for a period of three years
- Agreement signed with Karnataka Small Scale Industries Development Corporation for marketing of free trade products & furnace oil for a period of five years. This is the first such agreement and will be replicated in other States
- Revival of SPIC with priority payment of subsidy from the Ministry of Chemicals & Fertilisers secured through escrow arrangement
- Obtained new business of 100 TMTA of furnace oil from Rajiv Gandhi Power Plant, Haryana, and Jindal Steel & Power, Orissa
- Developed a market for 72 TMTA of benzene business in a scenario of surplus availability
- Commenced marketing of 380 cst FO ex-Koyali as bunker fuel (36 TMTA)

## LPG

- Handled LPG import of 4.2 million tonnes as industry coordinator as against 2.6 million tonnes during 2009-10; 23% improvement achieved in packed hospitality among OMCs
- 46 lakh new LPG customers enrolled during the year, raising the total customer strength to 624 lakhs; over 11,300 connections, with access subsidisation, released to BPL families as part of corporate social responsibility agenda
- About 23 lakh double-bottle connections (DBC) released to existing as well as new customers; DBC customers strength reaches 313 lakhs (50.2% of Indane customers)
- Bottling capacity of 326 TMT added during the year, raising the total bottling capacity to 5,518 TMTA; besides 15.3 TMT of tankage underway, plans are afoot for 14 TMT of additional tankage, including in north-east
- Lead gained in non-domestic non-essential (NDNE) bulk (30.8% share) and packed LPG (38% share) segments; 5 kg packing introduced for low-volume customers; exclusive business associates and retailers being appointed to improve NDNE sales
- Market leadership maintained in Auto-LPG (50% share); bobtail trucks with enhanced safety features introduced in Bengaluru and Hyderabad for transport of Auto-LPG



- Non-fuel revenue of Rs. 58 crore generated as against Rs. 49.8 crore in the previous year
- Maiden 1600 cylinders/hour capacity electronic carousel with integrated leak check system commissioned at Ennore bottling plant; almost all mechanical carousals & unit filling machines converted to electronic carousals.
- Preferred time delivery of LPG refills and SMS, IVRS and internet-based booking system introduced in select markets for customer convenience



At the inauguration of the Chennai-Bengaluru product pipeline and launch of RGGLV scheme in Karnataka.

#### Network expansion during the year

Parameter	Numbers added during 2010-11	Cumulative numbers as on 31 <sup>st</sup> March 2011
Regular Retail Outlets	300	15931
KSK outlets	543	3485
<b>Total</b>	<b>843</b>	<b>19416</b>
ROs with Autogas (LPG) dispensing stations	42	315
Automated ROs	300	1776
LPG Distributorships	230	5305
RGGLV Distributorships	133	133

#### Lubes

- Volume growth of 3.4% achieved in finished lubes accompanied by a 1.3% growth in market share, in a highly competitive industry with as many as 37 players
- 6.2% growth achieved in retail lubes business and 2% in institutional lubes business
- Vashi grease plant production capacity was raised from 12,000 to 13,000 MTPA
- Scope of retail sales expanded with exclusive Genuine Oil after-sales tie-up with Mahindra Navistar; with M/s Burckhardt Compression (India) P. Ltd., Pune for supply of co-branded product; and launch of



Master Brand award conferred on SERVO by CMO Asia.

SERVO 4T Gobain specially formulated for Honda Motors as per endorsement by Honda Motors, Japan; institutional sales of various grades tied up with several enterprises

- Approvals obtained for a number of new products from original equipment and vehicle manufacturers – Ashok Leyland, Greaves Cotton Ltd., Force Motors, Tata Motors, Bajaj Auto, Yuken, Siemens and Voith (Germany), etc.
- Export of lubes expanded to Fiji Islands, Cameroon, Malaysia, Ghana, etc.; IOML signed MOU with the Mauritius Shipping Corporation Ltd. for supply of SERVO marine oils; M/s. Al Mana Enterprises, a well-known business group in the Middle East, appointed as SERVO distributors in Bahrain
- SERVO was conferred the Master Brand award by CMO Asia; IndianOil bagged two prestigious awards at the 19<sup>th</sup> World Brand Congress-2010 – Brand Leadership award for SERVO, and Campaign-of-the-Year for SERVO 4T 'Car-in-a-Can' campaign

#### Aviation

- With a market share of 63.5%, IndianOil's Aviation Service maintained its leadership in all segments of the business, viz., national carriers, defence services, scheduled private airlines and international airlines
- Sales volume increased by 10.5% to 3128.2 TMT in 2010-11; gained new business of international airlines, including Air Cargo Germany, Buddha Air, RAK Airways, Finnair, Thai Airways, South African Airways, etc., at different airports
- IndianOil was actively associated with relief operations during natural calamities and continued to be the only oil company entrusted with sensitive VVIP refuellings all over India
- Fuel supplies to new terminal T-3 at Delhi Airport commenced through JVs: DAFFPL & IOSL
- Bagged Air BP's Global Operational Excellence award for 2010



Air BP's Global Operational Excellence Award-2010 for Aviation Service.

#### Sales performance in major products

PRODUCT	2009-10	2010-11	
	Vol. (TMT)	Vol. (TMT)	Gr. (%)
HSD-R	21570.5	22911.7	6.2
HSD-D	8507.6	8671.6	1.9
MS-R	5654.5	6232.7	10.2
LPG	6133.3	6593.2	7.5
AVGAS/JP4&5/ATF	2830.9	3128.7	10.5
FO	4536.2	4499.3	-0.8
Naphtha	1596.0	2610.7	63.6
Lubes	541.7	548.7	1.3
All Products	63700.0	66840.7	4.9



## Engineering & Projects

- Receipt, storage and automated TT filling facilities completed for the LOBS loading facilities shifted from CPCL to the lube plant at Chennai; a small can filling plant with three filling lines was commissioned at Asauti
- Automation of terminals completed at eight locations; additional 200 kl tankage (total 600 kl) commissioned at the new BPI at Thoise, about 140 km from Leh across the Khardungla Pass, to cater to the requirements of the Indian Air Force base overlooking Siachen operations; a new consumer facility was also commissioned at the Siachen base camp at an altitude of over 12,000 feet in extreme terrain and weather conditions



New consumer facility at Siachen base camp.

- Other major projects completed and commissioned during the year were ATF facility at Jatni depot; conversion of tank-wagon siding for handling BTPN wagons at Tondiarpet terminal; and augmenting of pipelines and revamping of sidings at Bijapur and Mysore depots
- More than 1,700 outlets are fully automated under the NANF (no automation no fuelling) concept on a cumulative basis.

## Operations

- Record throughput of 98.4 million kl handled during the year, which is 10% higher than the previous year; contract finalised for supply of ethanol and supply of ethanol-blended petrol commenced in Dec. 2010
- Advance winter stocking of 129,000 kl using 15,000 tank-trucks completed successfully, despite disturbances in the Kashmir Valley; uninterrupted POL supplies maintained in Leh & Ladakh area following cloudburst and mudslide in Aug. 2010
- Despite the 100 days' prolonged blockade and road breaches in Nagaland, achieved normal supplies and topping up of storage tanks at Imphal depot in Manipur in Feb. '11 to meet POL supplies. POL products were also airlifted from Guwahati to Imphal, and ATF from the aircraft defueled to meet emergent SKO supplies. Supplies were made by traversing additional 950 km in some instances
- Approx. one million tonnes of POL products supplied to Nepal Oil Corporation from various supply locations in Uttar Pradesh, Bihar and West Bengal
- Among the new facilities commissioned were: LSHF-HSD tank-wagon unloading facilities at Balasore depot; additional tankage at Rangpo depot (Sikkim); a dedicated ATF dockline at Port Blair terminal; Jet A-1 storage & handling facilities at Bhubneshwar depot; ATF tankage of 4500 kl at Ratlam terminal; and four 70 kl tanks at Paradip terminal

- Assets of 16 closed locations were disposed of through MSTC
- Location-specific standard operating procedure and use of personal protective equipment implemented at all supply locations
- Vehicle tracking system completely revamped with upgraded vehicle-mounted units and new software.

## Supplies

- Supply of BS-IV grades of MS and HSD commenced in 13 identified cities with effect from 1<sup>st</sup> April, 2010 as per the Auto fuel Policy target; BS-III grade MS and HSD successfully introduced in the rest of the country by 22<sup>nd</sup> Sept. 2010, ahead of the 1<sup>st</sup> October 2010 deadline



Oil & Gas Manufacturing Supply Chain Excellence Award.

- Four major pipelines were commissioned during the year – the Bijwasan-Panipat pipeline with PNCP/PX-PTA grades of Naphtha; the Chennai-Bangalore pipeline for white oils; the Mathura-Bharatpur pipeline for MS, HSD and SKO; and the Arod-Hazira section on the Koyali-Dahej pipeline for MS and HSD
- Rs 204.77 crore duty drawback realised on supplies to Nepal Oil Corporation during the year as part of export benefits
- Industry coastal movement tender finalised w.e.f. May '10; reduction in charter hire payment by 41.82% helped achieve net savings of Rs. 130.98 crore
- Highest ever rail slate of 2323 (white oil 1943, black oil 180, LSHS 97 & LPG 103) was achieved during July '10
- IndianOil bagged the prestigious Oil & Gas Manufacturing Supply Chain Excellence Award for the third consecutive year at the 4<sup>th</sup> Express, Logistics & Supply Chain Conclave

## Health, Safety & Environment

- Reporting system of 'near-miss' incidents at locations introduced, being posted on the intranet; over 300 near-miss accidents reported during the year



Fire-fighting drill using foam generator at Allahabad terminal.



- Awareness programmes on Quantitative Risk Analysis, HAZOP, Disaster Management Plan and training on Behavioural Safety conducted for over 300 location in-charges in batches through the National Institute of Training in Industrial Engineering
- Designated safety officers (DSO) identified at all locations have been exposed to Advance Safety Management programme; daily safety check by DSOs introduced
- Training on live fire drill imparted to 455 operating level officers from plants and terminals.



*Felicitations of award-winners under Suggestions Scheme at Marketing HQ.*

#### Human Resources

- Long Term Settlement for workmen finalised for 10 years w.e.f. 01.01.2007 without any interruption in work
- Operations were commenced at four new locations and additional shifts at eight locations through redeployment of 259 workmen from other locations, including five locations which were closed during the year



*SCOPE's Best Enterprise Award for Women Development-2010.*

- The T&D group scored a hat-trick by bagging three prestigious awards during this year: All-India runners-up for the ISTD award on 'Innovative Training Practices' for its 'Motivating Self for Success' programme; 5<sup>th</sup> Employer Branding Awards for 'Excellence in Training'; and Shine.com HR Leadership Awards for 'Best Learning & Development Strategy' at the World HRD Congress
- IndianOil sports-stars bagged 12 medals (1 Gold, 6 Silver & 5 Bronze) in the Commonwealth Games-2010 and seven medals (1 Silver & 6 Bronze) in the Asian Games-2010, bringing laurels to the nation

#### Finance

- e-collections rose to 78%, and 96% of payments are being routed through the electronic mode
- Rs. 400 crore refund received from tax departments during the year

#### Planning

- Version-3 of eCFS launched countrywide with improved user interface and utility tools. Over 300 officers across various function groups of SO/DO/AQ/Locations In-charge were trained



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