



Fuelling Future... Delivering Growth

Annual Report 2020-21

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2020-21 Highlights



₹ 2,69,243 Crore

Turnover



₹ 18,714 Crore

EBITDA



₹ 10,664 Crore

PAT



36.63 MMT

Sales Volume



16.42 MMT

Refining Thruput



₹ 70.57

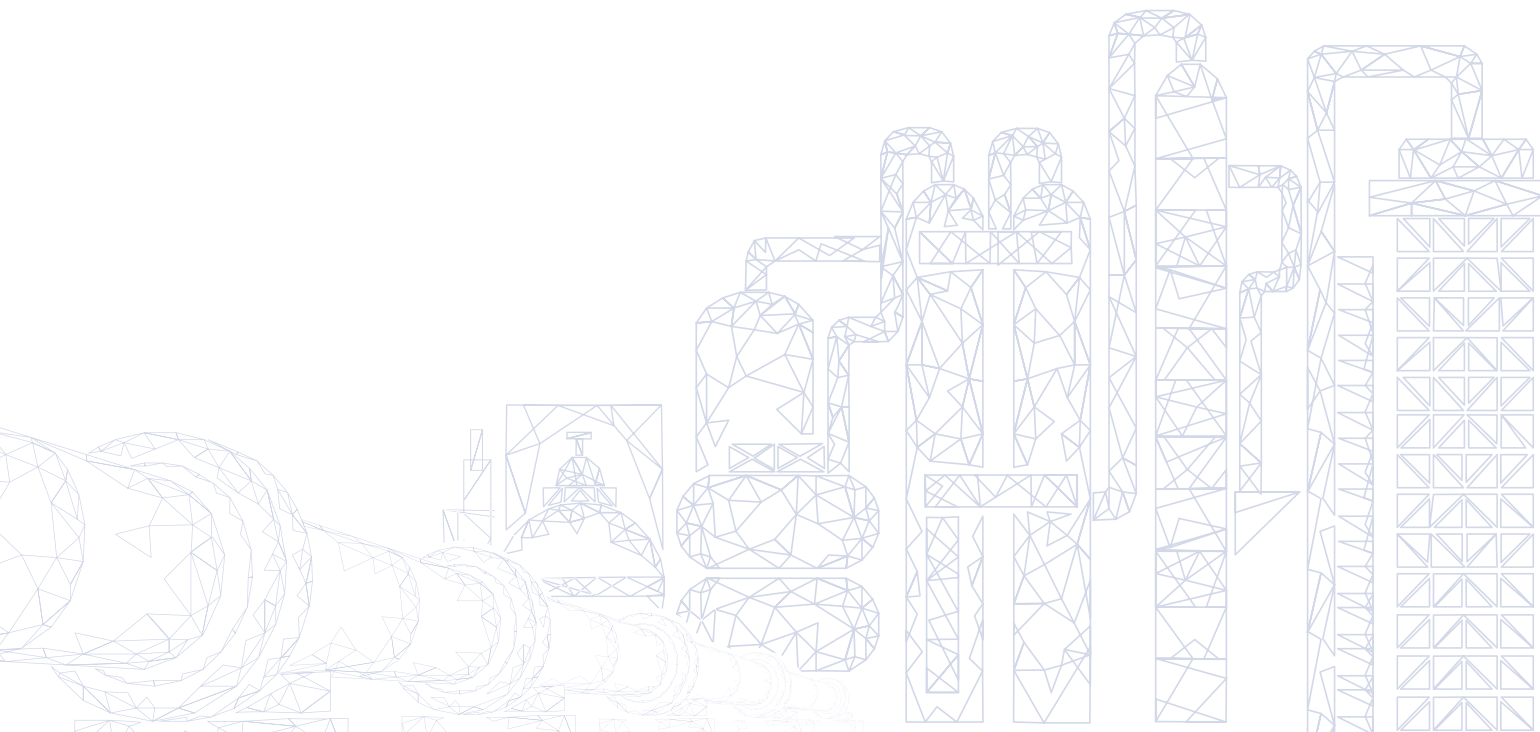
EPS

Fuelling Future... Delivering Growth

Future belongs to those who believe in the beauty of their dreams. It belongs to the dreamers who weave magic with strokes of their sweat. They look up at the sky and envision dreams taking flight. Their gazing look at the barren desert, visualise civilisations taking shape. A trip down the coasts, and they spot the faint lines of prosperity carrying hope.

We, at HPCL, believe in fuelling these dreams to brighten up the future. A future where each house is filled with the aroma of warmth and freshness of clean air. A future where each journey is a travelogue of happiness. A future where the sun shines bright and the wind washes away all blues. A future that is green, clean, prosperous and always growing.

We are equally conscious that the best things in life are mostly beyond our eyesight and most often felt from the heart. We share your dreams and wish to put our dedication at par. We are a motivated force, continuously working to touch your hearts to 'Fuel the Future and Deliver Growth' in everyone's life.



Chairman's Message



“ Navigating through a challenging environment, your Company has delivered its highest ever Profit After Tax (PAT) of ₹ 10,664 Crore during the Financial Year 2020-21, crossing the ₹ 10K Crore mark for the first time

Dear Shareholder,

It gives me immense pleasure to present the 69th Annual Report on the performance of your Company for the year 2020-21. The year was very challenging for the nation and its people due to the pandemic. At this hour of crisis, your Company salutes the tireless efforts and incredible courage of all the frontline workers fighting COVID-19 pandemic with complete dedication. My heart goes out to everyone out there who has suffered the loss of their loved ones. Given the scientific progress achieved, I am confident that the continuous efforts and strict discipline will eventually make us win over the crisis.

During the year, the most satisfying achievement of the Company is its proactive efforts in helping the nation fight against the pandemic. During the lockdown period, your Company made every effort to serve the nation by ensuring uninterrupted supplies of essential commodities like cooking gas and transport fuels across the length and breadth of the country while ensuring safety of its workforce. Significant technology solutions were implemented to ensure that employees can work seamlessly from remote locations / home to ensure product availability. The Company undertook various relief measures for needy and less privileged people including migrant labour and strengthening the health infrastructure.

For the Global Energy Industry, Oil was by far the hardest hit. Restrictions on mobility, containment measures and economic disruptions related to the COVID-19 outbreak led to sharpest oil demand contraction in calendar year 2020 in decades. Indian economy was equally impacted by the unprecedented crisis. The lockdown measures imposed to contain the pandemic, affected the economic activities resulting in contraction of the real Gross Domestic Product (GDP) by 7.3% in 2020-21. In addition, the pandemic posed new challenges related to business continuity, supply chain management and concerns related to health and safety of the workforce.

Consequent to the several proactive, preventive and mitigating measures taken by Government, the rebound from the COVID-19 induced slump has been sharp in the third quarter as real GDP growth turned positive and further strengthened in the fourth quarter. The country's fuel demand which has contracted to almost 50% in April 2020 rebounded sharply with gradual relaxation of lockdown restrictions to end the year with almost 91% of the 2019-20 full year demand.

Crude oil prices varied in a wide range during 2020-21, falling significantly in the beginning of the year largely driven by demand contraction due to COVID-19 lockdown. Crude oil prices rebounded

subsequently due to sharp recovery in demand as the lockdowns were relaxed coupled with significant production cuts announced by OPEC+ countries.

I am happy to share that navigating through a challenging environment, your Company has delivered its highest ever Profit after Tax (PAT) of ₹ 10,664 Crore during the Financial Year 2020-21, crossing the ₹ 10K Crore mark for the first time which has been possible only due to tireless efforts of all employees, channel partners and unwavering faith of all our stakeholders. Your Company exhibited high degree of agility, resilience and responsiveness during the crisis which has earned goodwill from its customers and public at large.

The significant improvement in the profitability in spite of challenges due to COVID-19 pandemic was a result of efficient planning, robust operational performance and effective supply chain management. It was further helped by favourable exchange rate variations and inventory gains. The Company achieved gross sales of ₹ 2,69,243 Crore during the year. Your Company continues to return value to its shareholders consistently with robust balance sheet and cash flows. The Board of Directors of your Company has proposed payment of a final dividend of ₹ 22.75 per share for the financial year 2020-21.

To create value for the stakeholders, your Company initiated 'Share Buy Back' program in November 2020 through market transactions for a maximum value of ₹ 2,500 Crore at maximum rate of ₹ 250 per share. As of 31st March 2021, your Company has bought 7.18 Crore shares at a total value of ₹ 1,986 Crore. The Buy-back program has

been successfully completed on its expiry date of 14th May 2021. In its entire Buy-back program, HPCL bought back 10.53 Crore Equity Shares utilising a total amount of ₹ 2,954 Crore which includes all transaction costs and taxes.

Considering importance of natural gas in future energy mix of the country, in a significant development, HPCL acquired balance 50% of the equity in its JV Company HPCL Shapoorji Energy Private Limited (HSEPL) making it a wholly-owned subsidiary of HPCL. HSEPL is setting up 5 MMTPA capacity LNG regasification terminal at Chhara in Gujarat for which construction is in progress.

During 2020-21, both HPCL refineries at Mumbai and Visakh maintained sound physical performance with combined capacity utilisation of 104% and thruput of 16.42 MMT despite the demand contraction and constraints due to COVID-19 pandemic. Adapting continually to the unprecedented challenges from COVID-19, effective logistics management, sound crude sourcing plans and speedy evacuation of products have helped HPCL to exhibit the sturdy performance. Mumbai refinery achieved highest annual production of Lube Oil Base Stocks

Your Company exhibited high degree of agility, resilience and responsiveness during the crisis which has earned goodwill from its customers and public at large



Visakh Refinery Modernisation Project - Overview

SPO 90 N, SPO-II and 150 N-II. Visakh Refinery achieved highest annual production of LDO, VLSFO, MTO and JBO. Mumbai Refinery also launched a new product Solvent-3275 during the year.

Your Company delivered robust marketing performance in 2020-21. HPCL has recorded sales volume of 36.63 MMT, notwithstanding the demand contraction and other challenges due to pandemic. In the arduous times, HPCL continued its operations without any disruptions to ensure availability of petroleum products for essential services to public while ensuring the safety and wellbeing of its stakeholders and the workforce. To quote an example, your company delivered, on an average more than 15 lakh LPG cylinders per day during the peak lockdown period ensuring wellbeing of the consumers and safety of the workforce to meet the sharp increase in demand of cooking gas during this period. In retail sales, total sales volume of 22 MMT was achieved with gaining of market share in Total Motor Fuels (TMF) sales among the PSU OMCs. In sales of LPG, your Company has achieved highest ever sales of 7.41 MMT, with growth of 5.3%. Your Company is the second largest LPG marketer in the country. In B2B segment, the strategy of maximising volumes in three focus products helped the Corporation to cross 1 MMT sales volume in Fuel Oil (FO), Diesel and Bitumen individually for the sixth consecutive year. In the highly competitive lubricant markets, sales volume of over 600 TMT has been achieved, making HPCL the number one lube marketer in India for eighth consecutive year. Expanding its geographical reach, your Company exported 14.8 TMT of Lubricants to 16 countries during the year.

Your Company continues to lay strong emphasis on operational efficiency & cost optimisation with continued focus on productivity enhancement measures with usage of technology. During the year, 18 more locations were added as 'SMART' terminals with end-to-end automation & seamless integration of various processes resulting in enhanced operational and cost efficiency, safety, and stakeholder convenience. With sustained efforts towards efficiency and conservation, the Specific Energy Consumption in pipeline operations has been significantly reduced during the year. Continuous monitoring and effective distribution planning have resulted in maximising product evacuation, better inventory management and optimising product sourcing.

Numerous actions have been undertaken by the Corporation to enhance safety in all facets of operations underpinned by SOPs, continuous training of operating manpower, technology-enabled monitoring practices and alarm systems. Mumbai Refinery has achieved best ever safety performance by clocking 30.08 million man-hours of safe operations in FY 2020-21.

To ensure seamless and cost efficient delivery of petroleum products across the country, your Company has significantly expanded and upgraded the supply chain infrastructure during the year with capital expenditure of ₹ 14,700 Crore. POL supply network was further strengthened with the addition of Madurai Railway Siding facility. Towards enhancement of LPG bottling capacities to meet the increasing market demand, construction of the 51st LPG plant of the Corporation at Rayagada in the state of Odisha with bottling capacity of 60 TMT/PA



Then Hon'ble Minister of Petroleum & Natural Gas and Steel, Shri Dharmendra Pradhan presenting the FIPI 'Oil Marketing Company of the Year Award' to HPCL.

“ Your Company has undertaken a number of large-scale projects across the energy value chain to support future growth, improve efficiencies, increase competitiveness and enhance participation in renewable sector. Some of the major projects are fast approaching towards completion to realise the intended benefits



On Voyage - CDU & VDU Columns for Visakh Refinery Modernisation Project

has been completed. LPG bottling capacity augmentation projects were completed and commissioned in Gandhinagar, Jabalpur, Bahadurgarh, Yediyur and Pampore LPG Bottling Plants with total capacity addition of 270 TMTA during the year. Aviation fuel network was strengthened with commissioning of new ASFs at Shirdi in Maharashtra & Kurnool in Andhra Pradesh during the year.

Your Company commissioned 2,158 new retail outlets, which has been the highest in a year taking the total retail outlets to 18,634 as of 31st March 2021. Last-mile delivery capability of your Company was further enhanced with commissioning of 112 new LPG distributorships during the year taking total number of LPG distributors to 6,192. During the year, 369 Door-to-Door Mobile Dispensers were commissioned to deliver fuel to select customers at their premises.

HPCL has always been at the forefront of environmental sustainability through implementation of various initiatives in the areas of carbon footprint reduction, energy efficiency, water conservation, waste management, renewable energy etc. Equal focus is thrust to the triple bottom line framework of financial, social, and environmental capitals towards greater business values.

Your Company is continuously expanding the business portfolio with greater presence and focus in Natural Gas, Renewables and Petrochemicals towards energy security, climate change mitigation and futureproofing of the business. HPCL along with its Joint Ventures has the authorisation for City Gas Distribution (CGD) presence in 34 districts covering 9 states in the country. Work on CGD projects in various geographical areas authorised to HPCL and its JVs are in progress. During the year, CNG facilities were provided at 203 retail outlets making the total number of HPCL retail outlets with CNG facilities to 674. EV charging facilities were enhanced to 84 retail outlets. Your

Company is also working with number of organisations including startups to provide end-to-end EV charging infrastructure across the country to provide multi-fuel options to the customers. Your company is constructing large scale petrochemical manufacturing facilities through Joint Ventures to leverage existing and future opportunities in chemicals and specialty products.

On the renewables front, your Company is actively working on promotion of Compressed Bio Gas (CBG). As of 31st March 2021, HPCL has released 151 LOIs for setting up of CBG plants with total estimated production capacity of 307 TMTA. In line with your Company's commitment to move towards a low carbon economy, solar panels were installed at 1,146 retail outlets during the year taking the total number of retail outlets with solar power to 4,648 outlets. With this, 25% of HPCL outlets are operating on solar power. During the year, your Company has installed captive solar power capacity of 11.4 MWp across various locations, taking the total solar power capacity to about 43.95 MWp as of 31st March, 2021. During the year, HPCL has generated about 17.05 Crore kWh of electricity from its wind mills having capacity of 100.9 MW. Towards reduction of carbon intensity in transportation sector, HPCL is actively participating in Ethanol Blending programme and has recorded overall Ethanol Blending Percentage (EBP) of 6.18% by blending 58.84 Crore litres of Ethanol in Petrol during 2020-21. In addition, HPCL also recorded blending of 4.1 Crore litres of Biodiesel during the year.

Research & Development remains to be of paramount importance for your Company to develop, demonstrate and deploy novel & innovative products & technologies. HPCL's Green R&D Centre at Bengaluru is constructing 7 new labs in Phase II expansion programme in addition to existing 9 labs. Under Phase II programme, construction of Petrochemicals and Polymers Lab, Lubes Research Lab, Corrosions



HINDUSTAN PETROLEUM CORPORATION LIMITED

Studies Lab and Green Hydrogen generators with PEM electrolyser were completed during the year. I am happy to share that continued focus in research and innovation across various areas in energy sector enabled your Company to receive 44 patents during the year taking the cumulative patents granted to 90 as on 31st March, 2021.

Your Company is embracing emerging & innovative technologies to enhance customer value and convenience. Implementation of Customer Relationship Management (CRM) tool ensured enhanced customer orientation & superior service standards. For customer value maximisation, digital transactions were promoted in all business activities. Integrated Payment System (IPS) with integration of Point of Sale (POS) machine with dispensing units (DUs) were installed at 6,924 retail outlets providing easy and smart payment options to the customers. New services and features were integrated in 'HP PAY' app and 'HP GAS Vitran' app.

Strong commitment, dedication and competence of more than 9,400 employees is the backbone of the Corporation. Armed with a number of millennials and with gender diversity, the Corporation's workforce has strengths of experience, youthful energy, innovative mindset & multiple perspectives. The Corporation has a strong culture of learning and development, which is further enriched through initiatives like e-learning, partnerships with academia and learning through virtual reality centres.

With the strong belief that business priorities co-exist with social commitments & inclusive growth, your Company is continuing its contribution towards nation building through effective implementation of various socio economic development programmes initiated by Government of India. In addition to generous contribution to PM CARES Fund, your Company delivered over 3.8 Crore LPG refills to the beneficiaries under Pradhan Mantri Garib Kalyan Yojna (PMGKY) scheme as of 31st March, 2021. As part of Corporate Social Responsibility (CSR) plan, your Corporation has undertaken various activities during the year under the focus areas of childcare, education, health care, skill development, sports and environment & community development, thus positively influencing the lives of less privileged. Your Company has been proactively working to help fight COVID-19 pandemic by strengthening health infrastructure, accelerating vaccination drive, providing storage and transportation facilities for COVID Vaccines and providing relief to less privileged and migrant workers.



COVID-19 Vaccination camps were organised across the country for Employees and Staff

Your Company is continuously enhancing its ability to navigate the future challenges by strengthening the existing business of refining & marketing and consolidation of new business lines including petrochemicals, natural gas and bio fuels. The R&D capabilities of the Corporation are continuously scaled up to provide competitive edge to your Company. The focus is on building a diversified and flexible business portfolio aligned with the needs of changing market coupled with expansion of business footprints in overseas geographies. New avenues of value creation in areas of electric mobility & other emerging areas are being explored in collaboration with various technology start-ups & OEMs. To keep pace with the transition in the technology and customer preferences, the Company is focussing on value creation by leveraging the emerging digital technologies for transformation and enhancing IT capabilities. With the formulation of Digital Strategy Road Map, organisation has been galvanised towards long-term digital transformation and various digital initiatives are under implementation. The ERP modernisation project implementation is also in progress.

Your Company has undertaken a number of large-scale projects across the energy value chain to support future growth, improve efficiencies, increase competitiveness and enhance participation in renewable sector. Some of the major projects are fast approaching towards completion to realise the intended benefits. Visakh Refinery



HPCL Auto Care Centre, Bengaluru

Your Company is continuously expanding the business portfolio with greater presence and focus in Natural Gas, Renewables and Petrochemicals towards energy security, climate change mitigation and futureproofing of the business



At Nation's Service during COVID times

Modernisation Project and Mumbai Refinery Expansion Project are in advance stage of completion with Visakh Refinery Bottom Upgradation Project also progressing well. The 9 MMTPA Greenfield Refinery and Petrochemical Complex project of HPCL Rajasthan Refinery Limited (HRRL) has picked up speed with construction in progress. The construction of the 5 MMTPA LNG regasification terminal at Chhara port in Gujarat by our subsidiary company is progressing well. Marketing supply infrastructure is being augmented with additional cross-country pipeline network length of over 1500 km and capacity addition of over 7 MMTPA. The three major cross-country pipeline projects namely Vijayawada Dharmapuri Product Pipeline, Hassan Cherlapalli LPG Pipeline and Barmer Palanpur Product Pipelines project are running ahead of schedule. In addition, a number of LPG Plants, Aviation Service Facilities, CGD network etc. along with upgradation of existing facilities at supply locations are under different stages of implementation. On the renewable front, construction of 2G refinery at Bathinda and Compressed Bio Gas (CBG) plant at Badaun in UP are in progress in addition to the CBG plants being set up under SATAT scheme by other entrepreneurs with offtake support from HPCL for Bio Gas.

Global economic growth is gaining momentum. Economic activity in the country is gathering strength supported by the recovery in both demand and supply channels, large pent up demand, sustained rollout of the vaccination programme, growth-enhancing proposals in the Union Budget and accommodative monetary policies. Lower perceived risks on possible subsequent pandemic waves in future and new mutant variants is also aiding the recovery. Global financial market volatility, however, may pose a risk.

Considering the demography, economic development and lower

“Your Company remains focussed on delivering consistent, competitive, responsible growth & value creation through sustainable business models with a right mix of strengthening core business and leveraging new opportunities in product portfolio & geographies.”

per capita energy consumption, India's requirement for energy is increasing rapidly. As Indian economy rebounds from its contraction in the previous year with removal of restrictions on mobility, recovery in industrial activities and increased public & private spending, primary energy consumption is projected to rise sharply. While oil continues to remain the main stay to meet the fuel demand of the country, regulatory thrust on increasing penetration of low carbon energy will increase consumption of natural gas and bio fuels in India's energy basket. Emerging alternate sources of energy will also help in catering to a part of the increasing energy demand.

We are in a rapidly changing world where digital connectivity and abundance of data is reshaping value creation models across verticals. Your Company is actively working on leveraging emerging technologies in various areas of its business to enhance efficiency and customer experience.

Your Company remains focussed on delivering consistent, competitive, responsible growth & value creation through sustainable business models with a right mix of strengthening core business and leveraging new opportunities in product portfolio & geographies.

I am thankful to the Ministry of Petroleum & Natural Gas, State Governments, various statutory and local bodies for their guidance and support in all our efforts and look forward to their continued support in future as well.

I would like to thank all our customers, shareholders, business associates, employees and other stakeholders for their unflinching commitment and support. I would also like to convey my sincere appreciation to the Board of Directors for their guidance and mature counsel.

I look forward to your continued support for our shared vision of “Creating Value and Delivering Growth”.

Thank you

Mukesh Kumar Surana



Ensuring Doorstep Delivery of LPG during COVID times



HINDUSTAN PETROLEUM CORPORATION LIMITED

Board of Directors

WHOLE-TIME DIRECTORS



Centre

Shri Mukesh Kumar Surana

Chairman and Managing Director

Left to right

Shri Pushp Kumar Joshi

Director - Human Resources

Shri R Kesavan

Director - Finance
(Up to 30-06-2021)

Shri Rakesh Misri

Director - Marketing

Shri Vinod S Shenoy

Director - Refineries