



हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
वार्षिक रिपोर्ट 2021-22

Hindustan Petroleum Corporation Limited
Annual Report 2021-22



COMMITTED
TO A GREENER PLANET

Highlights 2021-22

Turnover

₹ 3,72,642 Crore



PAT

₹ 6,383 Crore



Net Worth

₹ 38,677 Crore



Refining Thruput

13.97 MMT



Sales Volume

39.14 MMT



For more information,
Visit our Website:
www.hindustanpetroleum.com

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Standalone

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Committed to a Greener Planet

We are always looking at the future; a future full of possibilities and opportunities. Possibilities to revamp and opportunities to create. What lies ahead depends on what we do today to progress & reinvent.


Stone Age did not end because we ran out of stones; but because we transitioned to better solutions. We have the same opportunity before us to progress with Energy Efficiency & Clean Energy.

The possibilities in the energy sector today are as vast as our imagination...

From vehicles that are fuelled by Ethanol blended petrol, to those that move with a charge of Electricity; from Cooking gas delivered to our homes through cylinders, to pipelines circulating this energy directly to our kitchens; from entire Industrial set-ups being powered by cleaner fuels to Aircrafts taking flight with highest quality of fuel.

The energy landscape in our Country and across the World is changing rapidly. With the transition to newer energy sources and emergence of tools to harness them effectively, a new energy ecosystem is developing with a vision to guide our Country into a Cleaner & Greener Future, that is prosperous and ever growing.

We are a committed force of the Nation and are uninterruptedly working to explore, innovate and deliver the best of the products & services for our Nation and our Planet.



Chairman's Message



I am happy to share that navigating through the challenging environment, your Company achieved gross sales of ₹ 3,72,642 Crore during the year, a 38.4% growth over the previous year

DEAR SHAREHOLDER,

It gives me immense pleasure to present the 70th Annual Report on the performance of your Company for the year 2021-22. The exceptional agility and resilience displayed by your corporation in responding to the challenges helped in ensuring business continuity. The turbulent times of COVID-19 were window for your Company to exhibit how much 'we care' and best takeaway from these difficult days was the 'connect' that we developed with all our stakeholders. True to these mottos, your Company continued to serve the nation by ensuring uninterrupted supplies of essential commodities like cooking gas and transport fuels across length and breadth of the country while ensuring safety of its workforce, channel partners, customers and other stakeholders.

After witnessing significant contraction related to COVID-19 pandemic in 2020, global economy recovered in 2021. However, the momentum was slowed down by the second wave of COVID-19 even though the impact was less severe helped largely by vaccination drives across the world. Reflecting the global economic recovery, India's real GDP growth for 2021-22 was 8.7% in contrast with the contraction of 6.6% recorded in 2020-21. Towards the end of Q4, 2021-22, escalated geopolitical tensions arising from prolonged Russia-Ukraine conflict resulted in increased financial volatility, which led to significant surge in prices of oil and other commodities.

I am happy to share that while navigating through the challenging environment, your Company achieved gross sales of ₹3,72,642 Crore during the year, thus achieving a growth of 38.4% over the previous 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 have proposed payment of a final dividend of ₹14 per share for the financial year 2021-22.

In a significant development, the crude processing capacity of Mumbai Refinery was enhanced from 7.5 MMTPA to 9.5 MMTPA with the completion of Mumbai Refinery Expansion Project (MREP) along with the revamp of both primary and secondary units. This involved meticulous planning and significant work across various disciplines and involvement of

all stakeholders. Despite the complex nature of the activities involved and amidst the challenges posed by COVID-19 pandemic, the capacity expansion project was executed with precision and ensuring highest level of safety. I am proud to state that post stabilisation of newly commissioned units, Mumbai Refinery registered highest monthly and quarterly crude thruput in the month of January 2022 and Q4 of 2021-22 respectively. Visakh Refinery continued to deliver sound physical performance by achieving capacity utilisation of more than 100%. Combined capacity utilisation of HPCL refineries was 88.4% during the year.

The marketing performance of your Company has been robust in 2021-22. Total sales volume of 39.1 MMT has been achieved during the year with 6.8% growth from the previous year. In retail sales, total sales volume of 23.7 MMT was achieved in 2021-22 and securing gain in market share in Total Motor Fuels (TMF) sales amongst industry. In LPG, highest ever sales of 7.7 MMT has been achieved registering year-on-year growth of 4.4%. Your Company is the second largest LPG marketer in the country. During the year, HPCL's Industrial and Consumer (I&C) business line recorded overall sales of 4.8 MMT. The strategy of maximising volumes in three focus products helped HPCL to cross 1 MMT sales volume in Furnace Oil (FO), diesel

and bitumen individually for the seventh consecutive year. Highest-ever sales were achieved in products of hexane and Jute Batching Oil (JBO) during the year. In the highly competitive lubricant market, your Company recorded an overall sales volume of over 545 TMT during the year 2021-22 including export of about 8.1 TMT across 12 countries. In natural gas business line, HPCL has started supply of Piped Natural Gas (PNG) to domestic & industrial sectors from own CGD network during 2021-22. With aviation sector picking up momentum, ATF sale of 520 TMT has been achieved in 2021-22, a 30.7% growth over 2020-21.

Your Company continues to have emphasis in operational efficiencies & cost optimisation resulting in enhanced productivities with effective usage of technology. Both HPCL refineries are participating in performance benchmarking study conducted by M/s. Solomon Associates, USA for the sixth successive bi-annual period towards achieving reliability & operational excellence. On the marketing front, 11 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. On the back of various cost optimisation initiatives implemented during the year, the cross-country pipeline

operations improved performance on the Solomon Global Benchmarking of Manageable Non-Volume Expenditure (MNVE), which is in top quartile in Indian Pipelines average performance.

Multi-pronged actions have been undertaken by the Corporation to enhance safety in all facets of operations underpinned by SOPs, continuous training of operating work force, technology enabled monitoring practices and alarm systems. Mumbai Refinery has achieved best ever safety performance by clocking 33.04 million man-hours of safe operations as on 2021-22. To leverage technology for enhanced productivity and safety in pipeline operations, OFC (Optical Fibre Cable) based Pipeline Intrusion Detection System (PIDS) is implemented in the entire operating cross-country pipeline network.

HPCL recognises the importance of developing countrywide infrastructure & customer touch points to cater to the growth in demand, minimising the mismatch between regional supply & demand and seamless & cost-efficient distribution of products across the country. Your Company has significantly invested in expansion and upgradation of refineries and supply chain infrastructure with highest ever capital expenditure of ₹16,771 Crore (including equity investment



Hon'ble Union Minister for P&NG and H&UA, Shri Hardeep Singh Puri, dedicating the 'Mumbai Refinery Expansion Project' to the Nation



Leh Depot for ensuring smooth supplies at the highest altitude

in JVs / subsidiaries) during 2021-22. To meet the growing LPG demand, your Company continued its focus on augmenting the bottling capacities and LPG storage at locations. The first LPG Plant, of HPCL in the State of Assam, has been commissioned at Goalpara during the year. HPCL also commissioned 120 TMTPA capacity LPG Plant at Gonda, UP and additional 5.5 TMT of LPG Mounded Storage Vessels at various locations. Commissioning of pipeline from Mangalore Jetty to Mangalore LPG Import Facility has helped in enhancing the operational efficiencies and reducing the turnaround time of ships discharging LPG to the import terminal. During the year, new POL Depot at Hissar in the State of Haryana was commissioned along with 10km dedicated tap-off pipeline from existing Ramanmandi-Bahadurgarh Pipeline (RBPL) at Barwala, which will facilitate further optimisation of logistic costs. Aviation fuel network was strengthened with commissioning of new ASF at Rupsi in the State of Assam during the year.

Your Company continues to enhance the customer touchpoints to develop a uniform and consistent brand experience through closer relationships with the customers. During the year, your Company commissioned 1,391 new retail outlets taking the total retail outlets to 20,025 as of 31st March, 2022. Last mile delivery capability of your Company was further enhanced with commissioning of 54 new LPG distributorships during the year taking total number of LPG

distributors to 6,243. Mobile Dispensers for Door-to-Door delivery of diesel to select customers at their premises has been enhanced to 660 as of 31st March, 2022. Towards expanding the customer touch points in natural gas sector, 119 CNG stations and over 90,000 PNG connections has been added in 2021-22 by your Company along with its Joint Ventures (JVs).

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 capital towards greater business values.

Gol has set the target to raise the share of natural gas in the energy mix from current 6.7% to 15% by 2030. In line with

the intent, your Company is participating in the entire value chain of natural gas business. In 11/11A City Gas Distribution (CGD) bidding of PNGRB, your Company has received the authorisation to set up CGD networks in three geographical areas. With this, HPCL, along with its JVs has the authorisation for CGD presence in 23 geographical areas across 12 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 413 retail outlets making the total number of HPCL retail outlets with CNG facilities to 1,087.

Petrochemical business has been identified as the lever for future growth by your Company in view of the growth potential. Large-scale investments are underway for building the Petrochemical manufacturing capacities through joint venture route. For marketing of HPCL's own produced and externally sourced



During the year, New POL Depot at Hissar in Haryana State was commissioned along with 10km dedicated tap-off pipeline from existing Ramanmandi - Bahadurgarh Pipeline (RBPL) at Barwala, which will facilitate further optimization of logistic costs

Petrochemical products, the 'Route to Market' strategy has been developed and is under implementation. Pre-marketing plan is under formulation focussing on the changing industry dynamics, trends in demand patterns and evolving global trade flows.

Your Company is fully aligned with the country's aspirations for transition towards clean energy. As on March 2022, Electric Vehicle (EV) charging facilities are available at 1,011 retail outlets. Your Company is working with a number of organisations including start-ups to provide end-to-end EV charging infrastructure across the country to provide multi-fuel options to the customers. HPCL is setting up 370 TPA Green Hydrogen plant at Visakh Refinery to meet partial requirement of refining processes in line with National Green Hydrogen Mission. In line with your Company's commitment to move towards a low carbon economy with greater use of renewable power, solar panels were installed at 1,763 retail outlets during the year taking the total number of retail outlets with solar power to 6,411 outlets. During the year, your Company has installed captive solar power capacity of 10.06 MWp across various locations, taking the total solar power capacity to about 54 MWp as of 31st March, 2022. HPCL has generated about 18.84 Crore

kWh of electricity from its windmills having capacity of 100.9 MW in 2021-22.

Biofuels & Renewables ensures diversification of fuel sources and thereby enhancing energy security by reducing the need for imported fuels in the country. 'SATAT' scheme on Compressed Biogas (CBG) encourages entrepreneurs to set up CBG plants, produce & supply CBG to Oil Marketing Companies (OMCs) for marketing through retail outlet networks. As of 31st March, 2022, HPCL has released 413 LOIs for setting up of CBG plants with total estimated production capacity of 825 TMTA. Towards reduction of carbon intensity in transportation sector, HPCL is actively participating in Ethanol Blending program and has recorded overall Ethanol Blending Percentage (EBP) of 9.03% by blending 95.07 Crore litres of Ethanol in MS (Motor Spirit) during 2021-22.

Thrust on Research & Development remains to be of paramount importance for your Corporation reinforcing the focus in developing, demonstrating and deploying novel & innovative products and technologies. I am pleased to share that seven new labs have been added at the prestigious HP Green R&D Centre to have focus on emerging products and technologies. Continued focus in

research and innovation across various areas in energy sector enabled your Company to receive 33 patents during the year taking the cumulative patents granted to 123 as of 31st March, 2022.

The proliferation of digital technologies is being unfolded at an unprecedented pace and your Company is effectively leveraging the same to enhance customer value and convenience. A digital strategy for application of digital technologies to business models & practices to form differentiating business capabilities has already been formulated and is under implementation. A new video analytics-based vehicle identification facility coupled with pre-set functionality in 'HP Pay app' branded as 'Instafuel' has been successfully implemented at select retail outlets to provide faster, convenient and 100% contactless payments at our retail outlets. In LPG business, LPG refill booking and payment was made available across leading e-retailing platforms including payment partners. Obtaining a 'single view' of the customer across different business value chains in B2B business is being leveraged in understanding customers better and improving product/service offerings. For achieving greater business flexibility, higher digital agility and enhanced efficiencies, the project of



State-of-the-art HPCL Retail Outlet with wide array of fuelling options

modernising the existing ERP system is being executed.

Your Company has always been a corporate with conscience having strong belief that business priorities co-exist with social commitments and inclusive growth. As part of Corporate Social Responsibility (CSR), your Company has undertaken various activities during the year under the focus areas of childcare, education, health care, skill development, environment & community development and sports, thus positively influencing the lives of less privileged. During 2021-22, ₹135.6 Crore has been spent in CSR activities including the contribution to PM CARES Fund, provision of Oxygen cylinders & concentrators to various hospitals and support to fight against COVID-19.

Your Company has undertaken a number of large-scale projects across the energy value chain to support future growth, enhance efficiencies, improve competitiveness and increase participation in renewable sector. I am pleased to state that some of the major projects are fast approaching towards completion to realise the intended benefits. HPCL's Visakh Refinery Modernisation Project (VRMP) to enhance crude processing capacity from 8.3 MMTPA to 15.0 MMTPA is in advanced stage and mechanical completion of units have commenced in a phased manner. Implementation of Residue Upgradation Facility (RUF) is also progressing well. The 9 MMTPA Greenfield Refinery and Petrochemical Complex project of HPCL Rajasthan Refinery Limited (HRRL) achieved significant progress during the year 2021-22 in spite of several constraints posed by the COVID-19 pandemic. The construction of the 5 MMTPA LNG regasification terminal at Chhara port in Gujarat by our subsidiary company is also in advanced stage of completion. Marketing supply infrastructure is being augmented with additional cross-country pipeline network length of over 1,500 km and capacity addition of over 7 MMTPA. 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 CBG plant at Budaun in UP are in progress. In addition, the CBG plants are



Steering towards a greener tomorrow with solarisation of our locations

being set up under SATAT scheme by other entrepreneurs with offtake support from HPCL for Biogas.

Environmental, Social & Governance (ESG) parameters are becoming more and more important for evaluating the performance of organisations. HPCL is committed to conduct business with an objective of preserving the environment and contributing to sustainable development. This shall help the Corporation to be better positioned for long-term growth and to be better prepared to face uncertainties. In this context, I am pleased to state that your Company is in the process of developing a validated roadmap with the help of a world-renowned consultant to achieve net zero for Scope 1 & 2 emissions by 2040.

The best human capital management practices are in vogue in the organisation, which consider human capital as core assets and integrates it with business requirements. 'Enabling people performance' remains to be the guiding principle in ensuring effective use of human capital in meeting business objectives. The robust strategies and effective collaboration of human capital with business objectives ensures in delivering superior employee experience

resulting in continuous improvements in performance-oriented culture. Your Company remains to be truly inclusive where every single employee can fulfil their potential and contribute to the overall goals of the organisation. Employees take active participation in community activities and play a vital role in addressing the societal needs. The Company's work force has ideal mix of experience, youthful energy, innovative mindset & multiple perspectives. The keen focus of your Company on people orientation and enablement has borne fruits in developing committed, dedicated and competent employees who are the backbone of the Organisation.

The only competitive advantage of any organisation is its ability to continuously learn and act faster than the competitors. I am happy to state that your Company has a strong culture of learning and development that is further enriched through initiatives like e-learning, partnerships with academia and learning through virtual reality centers. Focus is on nurturing the talent and capabilities of employees by creating a work environment conducive to innovation and growth.



Focus is on nurturing the talent and capabilities of our people by creating a work environment conducive to innovation and growth

Global economic growth is expected to be about 3.6% in 2022 impacted by war in Ukraine, lockdowns in China, supply-chain disruptions and the risk of stagflation. In India, growth is forecasted to be about 7.2% in 2022-23, with headwinds from rising inflation, supply chain disruptions, and geopolitical tensions offsetting buoyancy in the recovery of services consumption.

India's continued industrialisation and urbanisation will make huge demands on its energy sector. The present energy use in the country on a per capita basis is well under half the global average and there are widespread differences in energy use across States and between rural and urban areas. Considering the demography, economic development and lower per capita energy consumption, India's requirement for energy is increasing rapidly. While oil continues

to remain the mainstay to meet the fuel demand of the country, regulatory thrust on increasing penetration of low carbon energy will increase consumption of natural gas, bio fuels and renewables in India's energy basket. Emerging alternate sources of energy will also help in catering to a part of the increasing energy demand. Your Company will continue to meet the growing energy needs of the country and remains steadfast to the national mandate for a greener India.

As a true corporate citizen and being progressive, your Company constantly looks for opportunities to grow responsibly and generate value for its stakeholders. HPCL is cognizant of evolving energy scenarios, changing consumer preferences, proliferation of digital technologies and is continuously recalibrating the actions to be relevant and future ready. The strategy is creating

value and delivering growth responsibly by strengthening existing businesses, leveraging new growth engines such as Petrochemicals and Natural Gas and seizing green & emerging opportunities with focus on technology & innovation. Your Company continues its focus on delivering consistent, competitive, responsible growth & value creation through sustainable business models.

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 to create value for all our stakeholders and deliver happiness.

Thank you

Pushp Kumar Joshi



Building high performance culture through reward and recognition

Team HPCL

