



हिन्दुस्तान पेट्रोलियम कॉर्पोरेशन लिमिटेड
वार्षिक रिपोर्ट 2022-23

Hindustan Petroleum Corporation Limited
Annual Report 2022-23



Nayi Urjaa, Nayaa HP



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Highlights 2022-23



Turnover

₹ 4,64,684 Crore



Market Sales

43.45 MMT



Crude Thruput

19.09 MMT



Total Assets

₹ 1,54,485 Crore



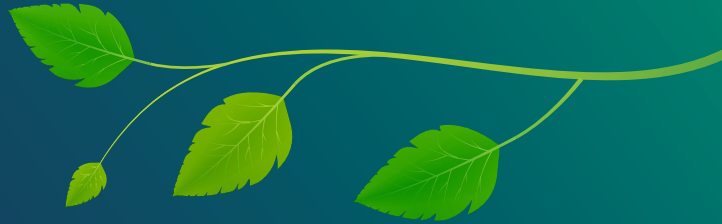
Pipeline Thruput

23.25 MMT



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

Nayi Urja...



Step into a realm where the gentle breeze caresses towering wind turbines, their rhythmic dance capturing the invisible power of the wind. Behold the brilliance of the sun as it illuminates the world, its rays harnessed by cutting-edge solar panels, breathing life into cities and homes. Embrace the promise of biofuels, where nature's organic essence transforms into a renewable energy source, powering a sustainable future for generations to come.

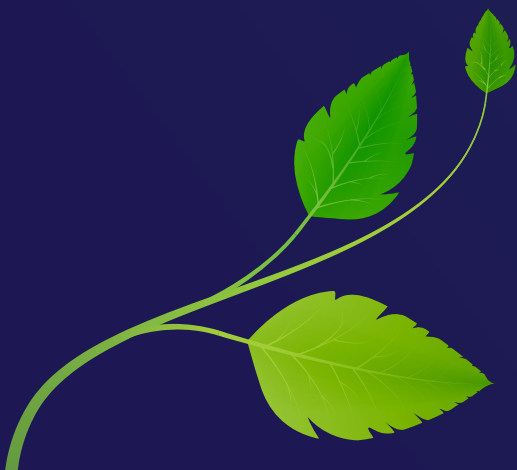
Welcome to the enchanting domain of Hindustan Petroleum Corporation Limited (HPCL), where the fusion of energy and innovation ignites a tapestry of endless opportunities. Brace yourself for an extraordinary journey that will ignite your imagination and kindle a future saturated with brilliance and sustainability.

Imagine a world where renewable energy pulses through the veins of society, where innovation propels progress, and where HPCL stands tall as a fearless pioneer in the energy revolution. With the theme "Nayi Urjaa, Nayaa HP," we beckon you to embrace a realm of infinite possibilities that stretch far beyond the horizon. This theme encapsulates our unwavering commitment to explore alternative energy sources and transform HPCL into an unwavering champion of sustainability.

But the transformation doesn't end there. In this vision of a fresh, fast and fluid Nayaa HP, we boldly pioneer the frontiers of innovation. We delve into the realm of biofuels, where sustainable resources metamorphose into an orchestra of energy, reducing our carbon footprint and embracing a verdant tomorrow. Unleashing the potential of hydrogen, we envision a world where this clean and abundant element propels transportation and industry forward, leaving a legacy of zero emissions.

Together, let us usher in an era where the shackles of energy limitations are shattered and boundless possibilities take flight. Nayaa HP with its Nayi Urja is striving to weave a world that future generations will inherit with pride, a world where the symphony of renewable energy and innovation resonates for eternity.

...Nayaa HP



Chairman's Message



I am happy to share that while navigating these challenging environments, Gross sales of your Company registered a growth of 24.7% in 2022-23, rising from ₹ 3,72,642 Crore in 2021-22 to ₹ 4,64,684 Crore, reaching a new peak.



Dear Shareholders,

It gives me great pleasure to present the 71st Annual Report on the performance of your Company for the year 2022-23. Your Company continues to 'Deliver Happiness' ensuring the availability of affordable energy to meet the nation's energy needs. Our sustained efforts during the year have seen your Company mount new peaks of success and register several 'best ever' milestones and significant achievements across all spheres of business.

The global economy grew by 3.4% in 2022 despite the multifarious challenges posed by geopolitics, the associated inflationary pressures and economic woes in countries around the world. With a growth rate of 7.2%, India's output rebounded to its pre-pandemic level in 2022-23, reinforced by the government's capex push and resilient private consumption. Moreover, the world's second-largest vaccination drive, with more than 2 billion doses, also served to lift consumer sentiment, which helped prolong the rebound in consumption. India was the fastest-growing major economy in 2022-23, despite the three shocks of COVID-19, the geo-political challenges, synchronized policy rate hikes to curb inflation, etc.

Escalated geopolitical tensions and resultant financial volatility led to a significant surge in the prices of oil and other commodities at the end of the previous financial year. The prices of crude oil continued their rising trend in 2022-23, with benchmark crude prices averaging US\$ 96.2 per barrel, the highest since 2013-14. The price volatility was substantial, with crude prices peaking at US\$ 123.7 per barrel in June 2022 and reaching a level of US\$ 78.6 per barrel by March 2023. Against the backdrop of the increased prices and volatility of global crude prices, India's petroleum product consumption also hit a new record in the financial year 2022-23, reaching the highest-ever level of 222.3 MMT. HPCL continued to meet the nation's energy needs even while marketing margins were suppressed for certain petroleum products.

I am happy to share that while navigating these challenging environments, Gross sales of your Company registered a growth of 24.7% in 2022-23, rising from ₹ 3,72,642 Crore in 2021-22 to ₹ 4,64,684 Crore, reaching a new peak. Your Company achieved its highest-ever annual sales of 43.45 MMT during the period, with a growth rate of 11% compared

to the historical. The highest-ever crude throughput of 19.09 MMT was achieved by our refineries, which is 36.7% higher than the 13.97 MMT of crude processed during the previous year. Average GRMs for 2022-23 were US\$ 12.09 per barrel compared to US\$ 7.19 per barrel during the corresponding period of the previous year, recording an increase of 68.2%. The exceptionally high international oil prices along with suppressed marketing margins on select transport fuels, severely impacted the profitability, resulting in Net Loss of ₹ 8,974 Crore in 2022-23.

In a noteworthy development, the ongoing Visakh Refinery Modernization Project (VRMP) attained the critical milestone of commissioning the 9 MMTA Crude Distillation Unit (CDU-4), which is highly energy efficient. On the operations front, our refineries at Mumbai and

Visakhapatnam recorded an excellent performance, clocking the highest-ever combined refining throughput of 19.09 MMT and capacity utilization of 107%. Meticulous crude sourcing, right crude mix and expeditious evacuation of finished products, duly complemented by improved refinery reliability and standardized operating processes, were the key contributors to the performance of refineries. With the stabilization of the expanded capacity, Mumbai Refinery achieved its highest ever annual crude throughput of 9.8 MMT. The highest production of MS, HSD and LOBS was achieved during the year.

Your Company recorded robust growth in sales across various business lines during 2022-23 on the back of a wide array of customer-centric initiatives supported by a strong supply chain network. Market sales have touched a new peak of 43.45

MMT during the year, recording the highest-ever sales for major products. The growth was 11% in comparison with sales achieved in the previous year. In retail business, the year 2022-23 saw the highest sales volume of 28.2 MMT. Sales of petrol and diesel increased by 16.2% and 16.5% respectively and LPG sales growth was 4.9%. The domestic LPG segment gained market share for the seventh consecutive year. Your Company is the second-largest LPG marketer in the country. Your Company maintained its dominance in lubricant sales and continued to occupy the leadership position in the market, recording year-on-year growth of 16% and a market share increase of 2.48%. During the year, the Industrial & Consumer (I&C) business line recorded overall sales of 4.32 MMT. With the continuing recovery in air travel, HPCL achieved ATF sales of 692.5 TMT



Customer-focused care, redefined: Auto Care Center, BKC Mumbai



Mumbai Refinery, fuelling the nation's growth with unwavering dedication

during 2022-23, registering a growth rate of 33.1% over the previous year.

HPCL continues to lay strong emphasis on operational efficiency & cost optimization towards achieving operational excellence. Both refineries are taking part in a performance benchmarking study by M/s. Solomon Associates, USA, to achieve reliability and operational excellence. Refineries are also participating in the

Refinery Performance Improvement Programme (RPIP) to optimize processes and improve energy consumption. During the year, your Company recorded significant gains in overall throughput performance and productivity across the network of depots & petroleum product pipelines. An all-time high throughput of 57.3 MMT was achieved in 2022-23 in the supply & distribution of petroleum products, which ensured uninterrupted

product availability throughout the country. Your Company recorded the highest-ever pipeline throughput of 23.25 MMT as compared to 19.91 MMT in 2021-22, thus registering a YOY growth of 16.8%.

Safety, health and environment are high priorities for HPCL and your Company has taken several steps in this direction. The Vulnerability Index (VI) for job safety monitoring has been implemented in refineries in 2022-23. The VI helps in identifying potential safety risks and hazards in operations, enabling proactive mitigation measures, thereby ensuring a safer workplace. With 35.6 million man-hours of safe operation as of 31st March, 2023, Mumbai Refinery has achieved its best-ever safety performance. To enhance safety in operations at terminals, depots and retail outlets, various steps were taken, such as interlocking of various equipment and alarm systems in the terminal/depot premises, SOP-based hands-on training for all operating staff, training on safe driving for tank truck drivers, monitoring of tank truck movement through a vehicle tracking system, etc.

To ensure availability and seamless & cost-efficient distribution of petroleum products across the country, your Company has significantly expanded the



Pioneering progress, transformation unfolds as Visakh Refinery Modernization Project takes shape

refining and supply chain infrastructure during the year with a capital expenditure of ₹ 14,043 Crore (including equity investment in its JVCs and subsidiaries) in 2022-23. As part of the Visakh Refinery Modernization Project (VRMP), a new Crude Distillation Unit (CDU-4) has been commissioned. Three new LPG plants with a combined capacity of 360 TMTPA were commissioned during the year at Barhi (Jharkhand), Patalganga (Maharashtra) and Sitarganj (Uttarakhand). Additionally, LPG storage capacity was augmented by 9.8 TMT with the commissioning of 21 mounded storage vessels at nine different locations. A new POL depot at Sitarganj in Uttarakhand was commissioned during the year and the existing POL depot at Kozhikode in the state of Kerala was revamped. With the addition of new aviation refueling facilities at Kannur (Kerala) and Mopa (Goa), your Company now has 54 Aviation Service Facilities (ASFs), including defense and open-access locations. The commissioning of the 697 km long Vijayawada Dharmapuri pipeline (VDPL), along with a major greenfield terminal at Dharmapuri and the 650 km long Hassan Cherlapalli LPG pipeline (HCPL), helped increase the operating cross-country pipeline network to 5,132 km.

HPCL continues to improve customer reach by adding new customer touchpoints such as retail outlets, LPG dealerships, etc. During 2022-23, HPCL commissioned 1,161 retail outlets, taking the total to 21,186 retail outlets as of 31st March, 2023, making us the second-largest retail network owner in the country. Your Company commissioned 45 new domestic LPG distributors during 2022-23, taking the total to 6,283. Your Company enrolled 25.98 Lakh new LPG customers during the year, enhancing customer reach, thereby taking total LPG customer base to over 9.3 Crore. To tap the non-domestic segment, a record 51 non-domestic distributors were



Your Company is well aligned with the Government of India's plans to increase the percentage of natural gas in the country's energy mix in recognition of its valuable role in mitigating climate change, improving air quality, enhancing energy security and providing cleaner transportation solutions



commissioned during the year, taking the total to 328.

Your Company is cognizant of the importance of environmental sustainability for the health of our planet, the well-being of current and future generations and the preservation of ecosystems and biodiversity. Towards this objective, various initiatives were undertaken by HPCL in the areas of carbon footprint reduction, energy efficiency, water conservation, waste management, renewable energy, etc. Equal focus is thrust on the triple bottom

line framework of financial, social and environmental capital towards greater business values. Your Company is also actively participating in the 'Mission LiFE' movement to bring lasting change in individual behaviors to the forefront of the global climate action narrative and to meet the objectives of the nation's sustainable development agenda.

Your Company is well aligned with the Government of India's plans to increase the percentage of natural gas in the country's energy mix in recognition of its valuable role in mitigating climate



Fueling progress - Hon'ble Union Minister of Petroleum & Natural Gas and Housing & Urban Affairs, Shri Hardeep Singh Puri reviews HRRL's stride towards an empowered future

change, improving air quality, enhancing energy security and providing cleaner transportation solutions. HPCL is participating in the entire value chain of the natural gas business by setting up a LNG import and regasification terminal through a 100% subsidiary, participating in natural gas pipelines through joint ventures and expanding its presence in the CGD business. The 5 MMTPA LNG terminal at Chhara, Gujarat, being constructed through our subsidiary company, HPCL LNG Limited, achieved mechanical completion in March 2023. HPCL, along with its JVs, has the authorization for CGD presence in 23 geographical areas in 12 states of the country. As of 31st March, 2023, HPCL and its JVs had 535 CNG outlets and about 6.4 lakh PNG connections in the geographical areas allocated to HPCL and JVs. On an all India and standalone basis, CNG facilities were added by HPCL at 301 retail outlets during the year, taking the total number of HPCL retail outlets with CNG facilities to 1,387.

Given the market's projected expansion and the present low per capita consumption of petrochemicals in the country, your Company has prioritized expanding its petrochemical

portfolio. Large-scale investments are underway for building petrochemical manufacturing capacities through the joint venture route. For marketing HPCL's own-produced and externally sourced petrochemical products, the 'Route to Market' strategy has been developed and is under implementation. In line with strategic roadmap, your Company entered petrochemical marketing in 2022-23 with the launch of the 'HP DURAPOL' brand.

The Government of India is promoting the usage of biofuels in transportation sectors to contribute to energy security, sustainable energy, environmental conservation, climate change mitigation and social benefits. Your Company is actively participating in the initiative with action on various fronts. HPCL achieved ethanol blending of 10.59% by blending 129 crore litres of ethanol in Motor Spirit (MS) in 2022-23. HPCL is also actively participating in the Government of India's SATAT (Sustainable Alternative Towards Affordable Transportation) initiative for the promotion of Compressed Bio Gas (CBG). Letters of Intent (LOIs) were released for the setting up of 63 CBG plants in 2022-23, taking the

total to 476 and plant capacity to 943 TMTPA. Your Company is constructing a second-generation ethanol biorefinery at Bathinda, Punjab, with a production capacity of 100 kiloliters per day of ethanol from biomass. I am happy to share that your Company has completed the construction of a compressed biogas plant (CBG) with a 100 TPD biomass processing capacity at Budaun, UP. Setting up a CBG plant with 100 TPD of cow dung processing capacity at Pathmeda, Rajasthan, under the CSR scheme is in progress.

Your Company is actively harnessing renewable energy sources to reduce carbon footprints and electricity costs across the value chain. During 2022-23, 30 MWp of captive solar power capacity was installed across various locations, taking the total to 84 MWp as of 31st March, 2023. During 2022-23, our 100.90 MW wind power capacity generated about 18.29 crore KWh of electricity. Solarization of 4,067 retail outlets was undertaken in 2022-23, whereby about 49% of the total retail outlets have been solarized. EV (Electric Vehicle) charging facilities are now available at 2,037 retail outlets of HPCL.



HP DURAPOL, the groundbreaking Petrochemical product, launched by Secretary P&NG, MoPNG, Govt. of India.

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Your Company has embraced the principles of DEI (Diversity, Equity and Inclusion) to foster innovation, engage employees, attract top talent, enhance reputation and meet legal & societal expectations. These principles and practices make your Company more dynamic, resilient and better equipped to navigate the challenges of a diverse and rapidly changing world

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HPCL focuses on research & development to create an enduring advantage for our business. Your Company has a state-of-the-art HP Green Research & Development Centre (HPGRDC) in Bengaluru to provide advanced technical support to marketing SBUs and refineries. With the commissioning of seven labs in Phase 2, the state-of-the-art HPGRDC has 14 labs in various areas. During 2022-23, 33 new products and technologies were developed and launched and 36 patents were granted to HPGRDC, taking the cumulative patents granted to 160 as of 31st March, 2023.

Your Company is successfully treading the digital transformation journey towards improving processes, increasing productivity, enhancing customer value and convenience. The digital transformation journey encompasses multiple layers, such as modernization of the technological foundation of your Company, reimagining and redesigning existing processes to leverage the capabilities of digital technologies and improving the interactions & experiences that customers have with HPCL. As part of modernization of the technological foundation, 'Aarohan', our

ERP Modernization Project which aims at building a robust digital foundation for the Company, has been completed successfully.

HPCL has 64 'SMART' terminals in our network, enabling us to increase operational efficiency, optimize cost and ensure safety & stakeholder convenience. On the process front, video analytics of forecourt operations have been further extended to include safety aspects of retail outlet operations as well. HPCL is the first oil company in the industry to use drones to survey a



Hon'ble Minister of State - Petroleum & Natural Gas and Labour and Employment dedicates the Goalpara LPG Plant to Nation, fostering energy independence and empowering communities.

section of the Rewari-Kanpur pipeline network. To enable effective inventory management of products across the supply chain, an AI/ML based demand forecasting solution has been implemented that predicts the demand for various products at the granular level of fuel stations, LPG distributorships and institutional customers with high accuracy. AR/VR based training and simulation facilities have been installed at Mumbai and Visakh refineries to create a virtual plant environment where employees can undertake training and equipment operations safely before working in the actual plant. Towards an enriching customer experience, the powerful loyalty and payment program 'HP Pay' is being leveraged to provide complete fuel management solutions to customers in the form of an unbeatable combination of control, convenience, security and attractive reward points.

Your Company has always been a Corporation with conscience, firmly believing that business priorities can 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 2022-23, ₹ 155 Crore has been spent on CSR activities by HPCL.

Large-scale energy projects are essential for India to meet its growing energy demand, diversify its energy sources, improve energy access, stimulate economic development, create jobs, enhance energy security and promote environmental sustainability. Against this backdrop, your Company has taken up a number of projects to meet the growing energy demand of the country. The Visakh Refinery Modernization Project (VRMP) to enhance the refining capacity to 15 MMTPA is in an advanced state of completion. A 9 MMTPA grass-root refinery and petrochemical complex being set up by HPCL Rajasthan Refinery Limited (HRRL), a joint venture company between HPCL and the Government

of Rajasthan, at Pachpadra in Barmer District of Rajasthan. The construction activities are progressing in full swing at the site. A number of projects are underway to strengthen our distribution network. These include the Bathinda-Sangrur product pipeline, the Haldia-Panagarh LPG pipeline, the revamping of Raipur and Vashi POL terminals, new LPG plants at Varanasi (Uttar Pradesh) and Abu Road (Rajasthan) and the 80TMT LPG Cavern at Mangalore. The 5 MMTPA LNG regasification terminal at Chhara, Gujarat, has reached mechanical completion and has moved into the commissioning phase. The 370 TPA green hydrogen plant at the Visakh Refinery is in an advanced stage of completion. With respect to alternative fuels and energy storage, new avenues of value creation in the electric vehicle (EV) ecosystem, including battery swapping and energy storage solutions, are being explored in collaboration with various technology start-ups, OEMs, etc.

ESG parameters are becoming more and more relevant for evaluating the performance of organizations. Focusing on ESG helps in better risk management, enhancing reputation and stakeholder trust, long-term sustainability and resilience and meeting regulatory compliance & legal requirements. Your organization is integrating ESG factors into future strategies and operations with a view to enhance competitive advantage, attracting investors, building resilient business models and contributing to a more sustainable & inclusive global economy. In this direction, your Company has developed a validated roadmap for achieving Net Zero in Scope 1 and 2 emissions by 2040. Enhancing energy efficiencies in operations, using renewable power in refineries, replacing hydrogen requirements with green hydrogen, reducing flare gas emissions and abating emissions by CCU/offsetting are the key levers identified for achieving Net Zero. To accelerate the energy transformation journey, your Company has established a



C&MD, HPCL in a review visit to HPCL LPG Cavern project at Mangalore, a testament to our commitment to safety and energy security