

हिन्दुस्तान पेट्रोलियम



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संघारणीयता रिपोर्ट 2014-15
Hindustan Petroleum Corporation Limited
Sustainability Report 2014-15



Hindustan Petroleum Corporation Limited
(A Government of India Enterprise)

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Churchgate, Mumbai - 400 020

Concept & Design
WYATT
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Growth with Responsibility

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Registered Office and Corporate Headquarters

Hindustan Petroleum Corporation Limited
Petroleum House, 17, Jamshedji Tata Road,
Mumbai - 400 020, Maharashtra, India

Marketing Headquarters

Hindustan Petroleum Corporation Limited
Hindustan Bhawan, 8, Shoorji Vallabhdas Marg,
Ballard Estate, Mumbai - 400 001, Maharashtra, India

About the Report



At Hindustan Petroleum Corporation Limited (HPCL), we have been publishing our 'Sustainability Report' annually since last three financial years, focussing on our sustainability initiatives and performance across our operations in India.

This year, our Annual Sustainability Report covering the financial year 2014-15, is another step towards HPCL's sustainability journey. The report discloses HPCL's performance during financial year 2014-15 on environmental, social and economic parameters. The report is based on the Global Reporting Initiative's (GRI) G4 Guidelines in accordance to the "Core" criteria for reporting, along with disclosures under Oil and Gas Sector Supplement (OGSS).

The Company has developed robust internal management systems governing all facets of operations. Data/information which forms part of this report is collected from these internal systems at the Corporate and operative level. We have reported actual numbers in most of the

cases, except for some indicators where we have applied logical assumptions or estimations. As we mature in the reporting process, certain data provided in this report may not be comparable with the previously published data. Certain information included in this report refers to our future plans and intentions, in order to account for our sustainability approach.

The information in the report is assured by a third party, Bureau Veritas Industrial Services, India. For further details on the independent assurance statement, please refer to page no. 123 of this report.

Report Boundary

Our report boundary continues to be the same as last year and includes all fully owned operations of the Company.

This report's boundary does not cover joint ventures, subsidiaries and international operations.



Our stakeholders may give their feedback on: corporatehse@mail.hpcl.co.in The suggestions will help us to improve our reporting and disclosure standards.

Message from C&MD



Dear Stakeholders,

It gives me great pleasure to present our fourth sustainability report. This report pertaining to the year 2014-15 marks yet another significant step in our effort to ensure that we contribute in creating the much-needed equilibrium in the environment. It also provides an account of our corporate social responsibility initiatives and portrays our endeavour to provide greater transparency and disclosures on all our sustainability initiatives.

Sustainability for us at HPCL means, effectively amalgamating business success with responsible and ethical business practices. At HPCL, we do this by understanding stakeholder needs, doing business with excellence and adapting to an ever-changing industry. Our desire is to continue our journey on the sustainable path, by pursuing efforts to be a socially and environment-friendly organisation.

“HPCL is committed to ensure environmentally sustainable and responsible operations for achieving highest standards of environmental excellence”

“The BEST way to PREDICT the FUTURE is to DESIGN IT”

-Buckminster Fuller

Business Performance 2014-15 - At a Glance

Amidst increasing competitive intensity in the market, HPCL worked with passion and resilience and registered the best ever physical and financial performance during the year 2014-15.

HPCL registered its best ever performance recording the highest ever net profit of ₹ 2733 crore which has significantly surpassed the decade's highest profit of ₹ 1734 crore achieved during the previous year. This increase in net profit is especially significant given the huge volatility in the crude and product prices in the international markets and its consequent impact on petroleum companies worldwide.

During the year, our refineries at Mumbai and Visakh maximised crude processing, which resulted in achieving a combined refining thruptut of 16.18 million tonnes with a capacity utilisation of 109%. The refineries also achieved a highest ever combined distillate yield of 77.5%, by improving the yields of value-added products.

HPCL continued to deliver strong sales performance with consistent thrust on competitive marketing strategies, optimal resource utilisation, cost optimisation and innovative sales practices. The corporation has registered a total product sales (including exports) of 31.95 million tonnes during 2014-15 vis-à-vis sales of 30.96 million tonnes during the preceding year and has recorded a growth of 2.3% in the domestic market as compared to PSU Industry growth of 2.2%.

During 2014-15, 380 new retail outlets were commissioned; taking the total number to 13233 retail outlets. A record number of 120 retail outlets were modernised with an outlay of ₹ 234 crore. HPCL released 41.9 lakh new connections of HP GAS through a network of 3952 LPG distributors, achieving a total customer base of over 47.1 million domestic LPG consumers. We have been in the forefront of the PAHAL programme, an innovative scheme for direct cash transfer of LPG subsidy to consumers across the country launched by Government of India, which has a salutary effect on

the country's subsidy outgo. In the I&C business-line, we achieved a volume of about 4 million tonnes with sales growth of 2.8%. In the competitive Lubricants business segment, we recorded total Lube Sales of 478 thousand metric tonnes and retained the No. 1 Lube marketer position in the country for the consecutive second year. In a step to realise our aspirations of end-to-end participation in the natural gas value chain, we have commenced RLNG sales in 2014-15.

Health and Safety Management - Our Core Value

The quintessence of success for any organisation rests on creating a work culture that encompasses the safety and well-being of its employees. At HPCL, our focus revolves around ensuring the safety of all our employees. We undertake surveillance audits and benchmarking activities to strengthen our HSE governance and compliance systems across all businesses functions. During 2014-15, we institutionalised the Process Safety Management systems at our Visakh refinery.

We have also proactively taken steps towards ensuring the health and wellness of the employees under project 'Arogya', where a new medical policy was rolled out and the 'Periodical Medical Examination (PME)' was made compulsory for all the employees. The corporation has invested ₹ 709 crore towards safety enhancement through implementation of MB Lal Committee Recommendation at its various depots / terminals.

Vision 2030

To prepare for the future challenges, expand the business horizons and achieve sustained profitable growth, an inclusive process involving employees across all business units was undertaken to develop the roadmap for the future



33 kWp

GRID INTERACTIVE SOLAR PLANT HAS BEEN INSTALLED AT A RESIDENTIAL COLONY OF THE CORPORATION

Environmental Performance - Our Responsibility

HPCL is committed to ensuring environmentally sustainable operations to achieve highest standards of environmental excellence. The Refineries and marketing locations have implemented internationally accepted 'Environmental Management Systems' based on ISO-14001 Standards.

HPCL has set up the latest state-of-the-art pollution control facilities viz. effluent treatment plants, air emission control facilities and waste disposal facilities that are maintained and operated in line with the industrial best practices. A project for treatment and recycling of waste water using bioremediation technology was also installed at two locations. The concerted efforts have resulted into compliance of all applicable environmental regulations.

At both Mumbai and Visakh refineries, we have undertaken measures towards reduction of emissions and energy consumption. The energy conservation efforts at both the refineries helped in achieving a savings of 18,832 SRFT/year (Standard Refinery Fuel Tonnage per year) during 2014-15.

HPCL undertook several projects during the year 2014-15, for sustainable development including solar panel installations, green landscape and installation of energy monitoring systems at various locations. In a step to enhance our footprint in renewable energy, a 33 kWp grid interactive

Solar plant has been installed at a residential colony of the corporation. A total of 544 lakh kWh of wind energy generation was achieved from the 50.5 MW windmill farms in Rajasthan and Maharashtra. HPCL has the distinction of being the 1st PSU and 1st Company in the oil and gas sector to have obtained a 'Silver' rating in the Green company rating system (Greenco) of CII for two locations viz. Silvassa Lube Blending plant and Cherlapalli LPG Bottling plant.

Human Resource - Our Strength

Employees are the bedrock of any successful organisation. At HPCL, we take into consideration the satisfaction of our employees and have crafted initiatives to develop a vibrant workforce. The constantly evolving business landscape necessitates perpetual transformation of Human Resource (HR) priorities and approaches so as to be aligned to the short-term and long-term objectives of the corporation under TARGET SHIKHAR and UDAAN 2030.

Our employees are our assets and we keep them motivated by appreciating their excellence in work and efforts to achieve extraordinary goals. Many reward and recognition programmes are developed to appreciate the outstanding achievements of the employees like HP Icon, HP Gaurav and Outstanding Achievement award. We have also undertaken numerous initiatives to enhance employee engagement and help build a stronger bond with them.

Serving the Community - Our Social Accountability

HPCL believes business and society are interlinked and the success of one, depends on the progress of other. Intervention models have the potential to sustain its outcomes and create a long-term impact on not only the beneficiary, but also on the root social factors. As social divide increases, it has become critical to address issues faced by those at the bottom of the pyramid. At HPCL, we have focussed our endeavours towards development of the marginalised sections of society and have launched a number of initiatives that are concentrated towards their development.

We have a robust CSR policy in place that was formulated in line with Companies Act, 2013. During 2014-15, we spent ₹ 34.07 crore on various CSR activities with emphasis on Child Care, Education, Healthcare and Skill Development. Interventions in these areas make a meaningful and long-term impact on the community. Another important government initiative supported by our Company is the 'Swachh Bharat Abhiyan', through a number of initiatives undertaken across the country during the year.

Recognitions

This year we have received a host of significant awards for our marketing and refinery operations. We are "16th Fastest Growing Energy Company in Asia" adjudged by PLATTS. HPCL won the "National Energy Conservation Award (First prize)" in the Refinery Sector for the year 2014. At HPCL, safety has always been our priority. This year at

₹ **34.07** CRORE
ON CSR ACTIVITIES

HPCL we received "FICCI Award on Sustainability and Excellence" in Safety for HSE Innovations viz. Near-miss Reporting, HSE Index, Management of Change (MOC) and Safety Integrity Level (SIL) etc. Also the National Safety Council Of India (NSCI) awarded us with the Safety Award 2014 (Bronze) to Mundra Delhi Pipeline (MDPL, RBPL, RBhPL) in recognition of development and implementation of highly effective management systems and procedures in the Manufacturing Sector category and the "Golden Peacock Award" for 'Project Sankalp' under Occupational Health & Safety Category. We have been conferred with OISD Award for (a) Best Safety Practices in POL Marketing and (b) Best Safety Practices in Cross Country Pipeline for the 5th consecutive year. We have also received several awards for our CSR initiatives throughout the year.

We recognise that our bold ambitions to provide sustainable solutions is an uphill task, but we are committed to the cause of sustainable development and the goal of creating a better tomorrow.

We look forward to your feedback and suggestions on this report to further strengthen our sustainability agenda.

Nishi Vasudeva
Chairman & Managing Director



A Mobile Medical Unit



**...strong
foundation
for a better
tomorrow**

About us

Living by our Principles

Our obligations and intentions are articulated in our Vision and Mission statement and these are reinforced regularly at all levels of the Company through strategic planning, execution and assessment. Underlined by our unwavering commitment to sustainable development, the continual endeavour is to promote economic prosperity, a healthy environment and vibrant communities, now and into the future.



Our Refinery at Visakhapatnam



Our Vision

To be a World Class Energy Company known for caring and delighting the customers with high quality products and innovative services across domestic and international markets with aggressive growth and delivering superior financial performance. The Company will be a model of excellence in meeting social commitment, environment, health and safety norms and in employee welfare and relations.

Our Mission

HPCL, along with its joint ventures, will be a fully integrated company in the hydrocarbons sector of exploration and production, refining and marketing; focussing on enhancement of productivity, quality and profitability; caring for customers and employees; caring for environment protection and cultural heritage. It will also attain scale dimensions by diversifying into other energy-related fields and by taking up transnational operations.

Our Sustainability Strategy

Our strategy involves consciously approaching our business in an integrated manner. Performance is to be measured not in isolation of strength of financial numbers but to be viewed in a holistic manner by emphasising both financial and non-financial progress. We believe business, as a collective, has a critical role to play in meeting the challenges of a changing world mitigating environmental risks, preserving natural resources and enhancing economic development and opportunity. Our determination to ensure that our growth is undertaken in a responsible and sustainable manner is reflected in the nature of the commitments and activities described in detail later in the report.



New White Oil Terminal at Visakhapatnam

Strategy to Drive Growth

HPCL, with its focus on developing itself as a dynamic and sustainable organisation, has embarked upon a rapid growth trajectory through a systematic and clearly structured approach. During FY 2014-15, we have achieved a milestone of 31.95 MMT sales and growth of 2.3% vis-à-vis Public Sector Undertaking (PSU) Industry growth of 2.2%. We have also achieved 100.6% of MoU target (30.85 MMT), reflective of our focus to scale growth.



Flex Speed Carousel at Cherlapalli



A View of our Mumbai Refinery

Substantial expansion and modernisation, has provided a tremendous boost to the Company's performance. Embracing technology has always been core to our strategy towards maximising efficiency and achieving greater customer satisfaction.

We have always strived hard to be ahead of the time by building on our strategy, which in turn has

increased our turnover, profitability and financial reserves. Our effort to drive higher performance manifests itself through the different projects taken up by HPCL across the business landscape. This has resulted into significant productivity improvements by fostering collaboration, building ownership and imparting knowledge and skills to enable the employees especially workmen to achieve excellence in a consistent manner.

Restructuring our Strategic Aspirations

At HPCL, we believe that the way we function will determine our ability to create sustained value. Over the last several years and to enable successful strategy execution, business

imperatives were reviewed on the basis of priority to provide due focus to key and urgent deliverables, while never losing sight of long-term goals.



Bulk LPG Gantry at Nasik LPG Plant



'Target Shikhar'

Our short-term strategy and objectives are given under the name of 'Target Shikhar'.

It focusses on what we need to achieve in the short-term to progressively realise our long-term strategic aspirations. The following objectives are to be fulfilled by FY 2016-17:

- Self-sufficiency of product
- Improve marketing and refining operational efficiency
- Have renewed focus on customer engagement
- Ensure sound financials for supporting business growth
- Enhance employee capabilities
- Leverage technology effectively and extensively
- Focus on inclusive growth and increase our CSR activities
- Make inroads into new business lines



'UDAAN 2030'

Our long-term strategy is a planning-based perspective detailing directional targets up to 2030:

- To be one of the most trusted energy companies in the country
- Achieve sustainable growth which will entail triple bottomline growth and all-round growth of stakeholders
- To be a well-established player in refinery and marketing and also in areas of Petrochemicals, E&P, Gas and Renewable Energy



Our strategic aspirations are embedded in the business fabric and appropriately acted upon. To monitor timely achievement of our objectives, we have set up a Strategy Management and Implementation Office (SMIO) for aligning the Business Units to our vision and enable execution of Strategic Initiatives through a defined review and monitoring architecture. We have also set up a cross-functional Integrated Margin Management (IMM) team to integrate sourcing, refining, storage, distribution and marketing operations for maximising margin across the value chain.

Integrating Sustainability into Business Strategy

At HPCL, sustainability is at the heart of all our initiatives and strategies. For us, while sustainability is definitely about doing business responsibly – it is also about identifying key social and sustainability challenges and finding ways to resolve them. In practice, this means we

provide energy in a sustainable manner, prioritise safety, improve our environmental footprint and enhance the societal impacts of our activities, thereby ensuring that our presence results in positive benefits for all our stakeholders. We not only believe in minimising our ecological impact but also to leave a positive footprint by creating value for all our stakeholders and by focussing on inclusive growth.

Sustainable Development Policy

HPCL's unflinching endeavour to uphold sustainability finds direction in the Sustainable Development Policy adopted by the Company which places highest importance to aligning efforts to make a meaningful impact on the lives of our stakeholders, while creating

shared value for the business. We recognise that long-term success in our industry demands strong economic, environmental and social performance. We take pride in our accomplishments, but never stop looking for ways to improve.



Our Policy:

We, at HPCL, are committed to achieve the economic, ecological and social responsibility objectives of sustainable development consistently through our varied operations and activities.

We will strive to contribute to sustained overall economic growth by continually improving the efficiency and productivity of our operations. We will execute our business activities in such a way that the ecological balance is not impacted. We will develop and conduct programmes for the community, suitably designed towards building their individual capabilities.

We Will:

- Promote sustainable development concepts amongst our employees, customers, stakeholders and others
- Integrate the sustainable development objectives and considerations in all our business plans
- Deploy efficient and clean technologies towards realising minimal impact on environment
- Develop and implement good practices for optimal usage of natural resources
- Continuously monitor and control our activities to minimise carbon footprint
- Endeavour to provide a clean, healthy and safe working environment to our employees, neighbours, customers, consumers and stakeholders
- Sustain appropriate development programmes for our employees, customers and neighbouring communities
- Incorporate customised management systems to monitor and control progress of sustainability development objectives
- Remain committed to disseminate information on our sustainability performance

Organisation Profile



Our Corporate Office

Company Overview

Hindustan Petroleum Corporation Limited (HPCL) is a Government of India Enterprise with a **Navratna Status and a Forbes 2000 (ranked 1247) and Global Fortune 500 (ranked 327) Company**. Originally incorporated as a Company under the Indian Companies Act, 1913, we are listed on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), India.

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RANKING IN GLOBAL FORTUNE 500 COMPANY

Scale of the Organisation

HPCL is **one of India's largest Public Sector Undertakings (PSUs)**, engaged in the business of refining Crude Oil and marketing various petroleum products like Petrol, Diesel, LPG, Kerosene etc., which are sold across India. With over 40 years of experience and knowledge in the core business of refining and marketing, the Company has deep domain expertise to deliver superior performance year after year. The Company's world-class infrastructure includes two major refineries and an extensive marketing network spread across the country. We have been consistently

performing excellently as we are supported by a highly motivated workforce of 10634 employees all over India.

We have achieved gross sales of ₹ 2,17,061.11 Crore in the FY 2014-15. Apart from accomplishing significant milestones in refining and marketing, the Company has also made considerable progress in the sectors of E&P (Exploration & Production) and Natural Gas. There have not been any significant changes in the organisation's size, structure, ownership or supply chain in the reporting period.

Company Ownership

HPCL has a subscribed and paid-up capital of ₹ 339.01 crore. The Government of India holds 51.11% of the Company's shares, while the rest is

held by financial institutions, the public and other investors.

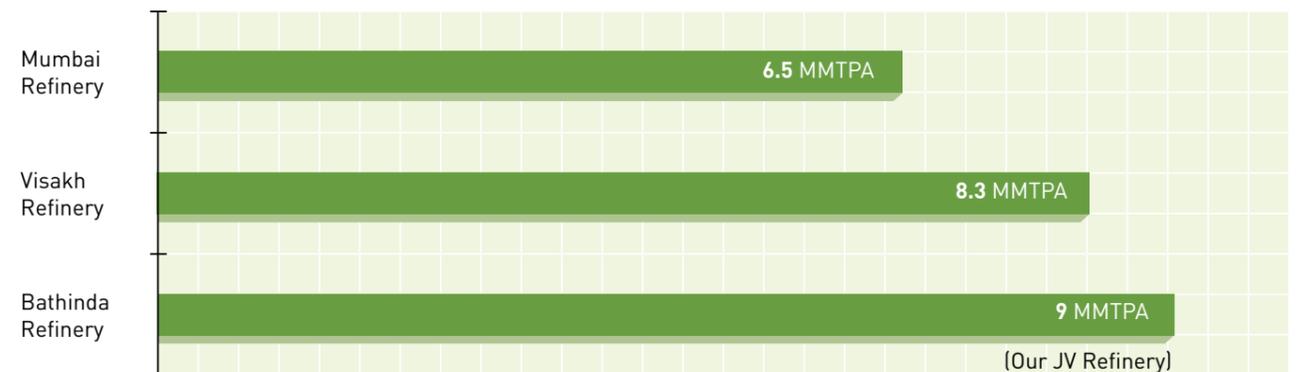
(Please refer to the Company's Annual Report for details of joint ventures and subsidiaries)

Our Refineries

Various performance parameters at the refineries have been benchmarked with international agencies to achieve world-class facilities and products. Numerous awards have been bestowed on both the refineries in recognition of the efforts in the field of energy conservation, environment and safety.

The refineries are now enabled to produce green fuels like unleaded petrol and low sulphur diesel meeting Euro IV specifications.

Our Crude Processing capacity:



In addition, we hold equity of 16.95% in the 15 MMTPA Mangalore Refinery and Petrochemicals Ltd. (MRPL)



450 TMT

LARGEST LUBE REFINERY IN THE COUNTRY - 40% OF COUNTRY'S TOTAL LUBE BASE OIL PRODUCTION

Marketing Coverage

At HPCL, we have a vast marketing network consisting of 13 Zonal Offices (7 of retail and 6 of LPG) in major cities and 100 Regional Offices facilitated by a Supply & Distribution infrastructure comprising of Terminals, Pipeline Networks, LPG Import Facilities, Aviation Service Stations, LPG Bottling Plants, Retail Outlets, Lube and LPG Distributorships.



Markets Served

Our primary customers can be categorised into domestic (household), automotive, commercial and industrial. We also export a few of our products (naphtha, bitumen, furnace oil and some special products including hexane and lubes) to South-East Asian countries.

Our Products & Services

HP Retail

Retail Business unit of HPCL is engaged in making available automotive fuels/lubricants and other value-added services for the automobile transport sector across the country, through a dedicated network of Retail Outlets, commonly known as Petrol Pumps.

The **main products delivered include Diesel, Petrol, Auto LPG, CNG and Lubricants** required for various vehicles, which are supplied at the Petrol pumps.

This year, Retail achieved sales of 21.4 MMT with a growth in market share for the 11th consecutive year.

LPG BOTTLING CAPACITY
3,850 TMTPA,
LPG CONSUMERS **4.71** CRORE



LPG

HP Gas, the HPCL brand of **LPG**, is a common household name for cooking gas. It reaches customers after thorough checking at every stage - right from bottling to distribution - making the brand synonymous with safety.

We have 46 LPG Bottling Plants throughout the country with a total capacity of over 3,850 thousand metric tonnes per annum (TMTPA), serving 4.71 crore consumers. We achieved highest ever sales volume of 4.7 MMT this year and registered a growth of 11% against PSU Industry growth of 10.6%.

Direct Sales

Our Bulk Fuel & Specialties Business unit caters to marketing of bulk fuels and petroleum products directly to industrial consumers like power plants, chemicals, fertilisers, shipping companies and airlines. We are also involved in exports of bulk fuels and finished petroleum products.

Presently, HPCL produces over 300+ grades of lubes, specialties and greases. Having recorded all-time high Lubes sales of 91.6 TMT in the month of March 2015, we hold our position as the leading marketer of Lubes.

Aviation

Hindustan Petroleum (as Esso and Caltex prior to 1974) has been providing **aviation refuelling** (Aviation Turbine Fuel - ATF) services at various airports in India for more than half a century. At HP Aviation, all the refuelling equipment and facilities are continuously upgraded to ensure that they meet the latest international norms for such facilities. Inputs are taken from our global partner Chevron Global Aviation, apart from various international publications like the JIG standards and bulletins, IATA guidance material, customer feedback, etc.

Aviation SBU is now supplying Jet Fuel to all the ten scheduled domestic airlines of the country.



Kolkata Aviation Fuel Station

Natural Gas

HPCL is geared up to position itself across the entire gas value chain - LNG sourcing from international market, building of regasification terminals, laying of cross-country gas pipelines and finally gas marketing - to become a major gas player in India.

We have signed a Joint Venture Agreement with M/s. SP Ports Private Ltd with 50:50 partnership to build a Liquefied Natural Gas (LNG) Terminal of 5 Million Metric Tonne Per Annum (MMTPA) capacity at Chhara Port in Gir Somnath District of Gujarat. The terminal will be built with an investment of ₹ 5400 crore. Target year for commissioning the terminal is 2019.

Operations and Distributions (O&D)

The O&D SBU achieved an all-time high thruput of 44.38 MMT during 2014-15.

Two of our mega terminals at Visakhapatnam, handling White oil and Black oil having 231175 KL capacity got severely damaged in the Hudhud cyclone, affecting the supplies in Andhra Pradesh. The terminal operations were resumed within 48 hours on war-footing, thereby restoring normalcy in the supplies. Furthermore, due to stringent disaster management plans, Srinagar depot, which got inundated by floods, was restored completely in record time of 2 months despite severe climatic conditions and technical hurdles.

Pipelines

After the manufacture of various products through refining crude petroleum from our refineries, another major challenge is transportation of these products. HPCL has laid **pipelines for transportation of petroleum products** to ensure product availability to its consumers and the public at large. HPCL has the **second largest share of product pipelines in India** with a pipeline network of more than 2,572 kms with a capacity of 23.57 MMTPA for transportation of petroleum products.

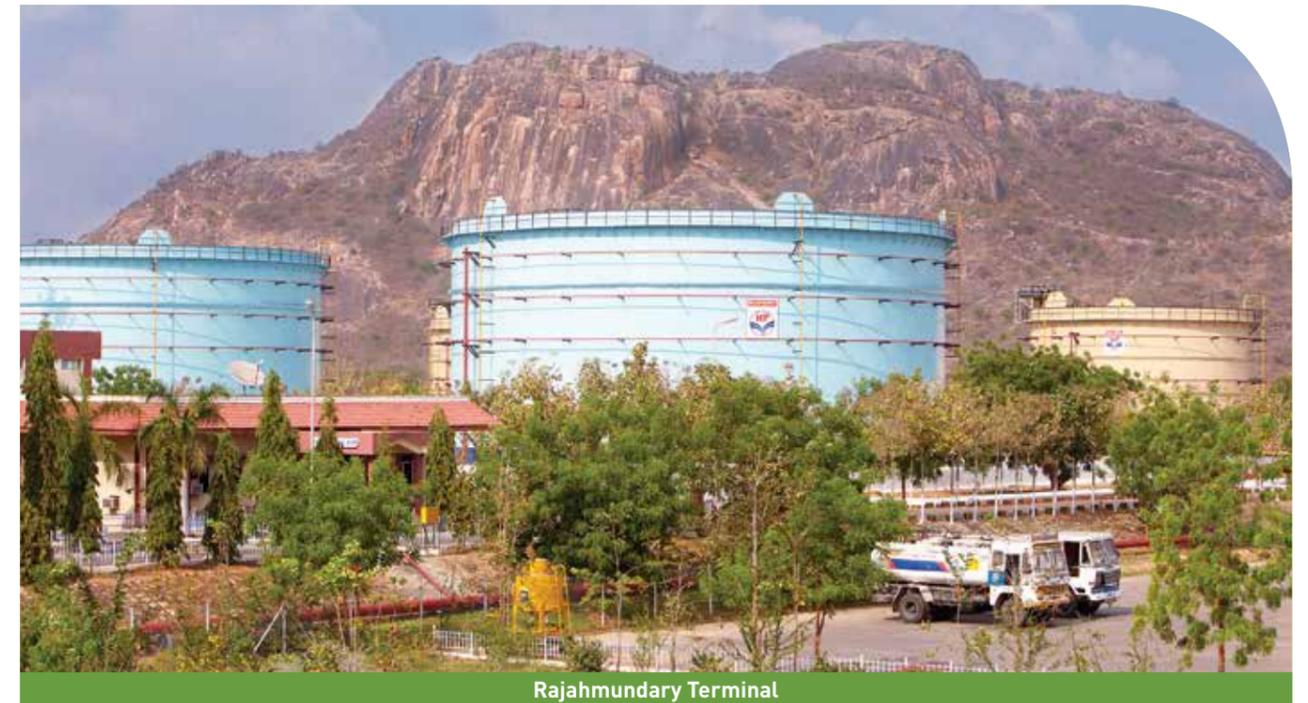
Pipeline is the most cost effective, energy efficient, safe and environment-friendly mode of

transportation of petroleum products. Pipelines play a significant role in meeting the demand of petroleum products in India. They ease the overburdened Rail & Road infrastructure and minimise the environmental impacts arising out of Rail & Road transportation.

We achieved pipeline thruput of 14.91 MMT during the year 2014-15.

Information Systems

Information systems are being used to support all business processes of the Corporation. All business transactions are carried out in Enterprise Resource Planning (ERP) system & through various bolt-on applications to the ERP system. Leveraging latest technology platforms, various other applications have also been developed to facilitate seamless data integration and provide decision support.



Rajahmundry Terminal



Nasik LPG Plant

Awards & Accolades



- “16th Fastest Growing Energy Company in Asia” adjudged by PLATTS
- “100 Most Valuable Brands, 2014” award to HP GAS for the second consecutive year
- “Global Award on Innovation Management” by Golden Peacock for Online logistics assistance, Electro Mechanical Locking, Online Zero Based Budgeting and other IT initiatives in POL operations and distribution
- “National Energy Conservation Award” (First prize) in the Refinery sector for the year 2014 from Ministry of Power, Govt. of India

- Mumbai Refinery has won “Excellent Energy Efficient Unit” by Confederation of Indian Industry (CII) in National Awards for Excellence in Energy Management 2014
- “Oil & Gas Conservation fortnight award 2014” (Second prize) for “Furnace/Boiler efficiency” for Mumbai Refinery by Ministry of Petroleum & Natural Gas (MoP & NG) and Centre for High Technology (CHT)
- Silvassa Lube Blending Plant and Cherlapalli LPG Plant achieved “GreenCo Silver” Rating by CII

- “Greentech Environment Award” in Silver Category in Petroleum Storage & Transportation Sector awarded to Loni, Usar & Goa LPG Bottling Plants
- “OISD Award” for (a) Best Safety Practices in POL Marketing and (b) Best Safety Practices in Cross Country Pipeline for the 5th consecutive year
- Kolkata Terminal achieved the distinction of becoming the **First POL Installation in the country** with ISRS Level 8 Certification

- “FICCI Award on Sustainability and Excellence” in Safety for HSE Innovations viz. Near-miss reporting, HSE Index, Management of Change (MOC) and Safety Integrity Level (SIL)
- “National Safety Council Of India (NSCI) Safety Award 2014” (Bronze) to Mundra Delhi Pipeline (MDPL, RBPL, RBHPL) in recognition of development and implementation of highly effective management systems and procedures in the Manufacturing Sector category
- “Golden Peacock Award” for ‘Project Sankalp’ under Occupational Health & Safety Category

Affiliations and Memberships



- “Golden Peacock National Training Award” to Visakh-Vijayawada-Secunderabad Pipeline (VVSPL) for best training practices imbibed in Pipeline Operations
- “Greentech Platinum Award” to Operations & Distribution SBU for Fire & Safety management
- “Greentech Safety Award” - (a) Gold Category - MDPL and (b) Silver Category - VVSPL
- “Golden Peacock Occupational Health & Safety Gold Award” for Mazgaon Terminal
- Silvassa Lube Plant and Mazgaon Terminal received “Greentech Safety Gold Award”
- “SCOPE” Award in Human Resource category for Project Utkarsh – a project for improving operational performance
- “Greentech Gold Award” for Outstanding Achievement in Best HR Strategy for Innovation in Employee Retention Strategies
- “Golden Peacock HR Excellence Award” for the year 2014
- “Excellence in Practice” award by ATD (Association for Talent Development) for Project Utkarsh – a project for improving operational performance
- “Golden Peacock Award” in Innovative Product/ Service category for aesthetic Polyethylene Terephthalate (PET) Lubricant container
- O&D Dept won “Golden Peacock Award” for Innovative Product/Service 2014 for the Project Utkrisht
- “Indira Gandhi Rajbhasha Puraskar” for the Seventh consecutive year for best official language implementation among Public Sector Enterprises in India in ‘B region’

Sr. No.	Name of Organisations
1	Administrative Staff College of India
2	All India Association of Industries
3	All India Management Association
4	ASSOCHAM
5	Association des Constructeurs Européens d'Automobiles- (European Automobile Manufacturers Association)
6	Bombay Chamber of Commerce and Industry
7	Bombay First
8	Centre for Public Sector Studies
9	Confederation of Indian Industry
10	Council for Fair Business Practices
11	Federation of Indian Chambers of Commerce and Industry
12	Global Compact Network India
13	Indian Chemical Council
14	Indian Merchants' Chamber
15	Indian Society for Fuels & Lubricants
16	Indo American Society
17	Indo German Chamber of Commerce
18	International Council on Combustion Engines
19	International Market Assess. India Pvt. Ltd. - CEO
20	International Market Assess. India Pvt. Ltd. - CIO
21	Japanese Automobile Standards Organisation
22	Maharashtra Chamber of Commerce, Industry & Agriculture
23	Maharashtra Economic Development Council
24	National Institute of Personnel Management
25	National Lubricating Grease Institute
26	Petroleum Conservation and Research Association
27	Petroleum Federation of India
28	Standing Conference of Public Enterprises (SCOPE)
29	Society of Automobile Engineers
30	Society of Tribologists and Lubricating Engineers
31	The Energy and Resources Institute
32	Tribology Society of India
33	Vigilance Study Circle, Mumbai



Our Approach

...planning today for a better tomorrow

Materiality Assessment



Material Issues

Identifying and reporting on the most relevant, material issues for a company and its stakeholders are the foundation of a sound disclosure. In today's evolved business environment, materiality extends beyond financial reporting to encompass sustainability disclosure. This section summarises the most important issues facing HPCL to as we seek a sustainable future for all our stakeholders.

Materiality Analysis from the Corporate Responsibility Approach

At HPCL, we have developed a well-respected approach towards corporate responsibility which reflects our commitment to achieve the economic, ecological and social objectives of sustainable development. The key sustainability issues are identified based on their impact on our business,



impact on our stakeholders and impacts related to our value chain. Our process for identification of the key material issues is very structured, which takes care of key concerns and priorities of all of our internal as well as external stakeholder groups. To create long-term value, we align our strategic initiatives with the key sustainability issues which matter the most to our stakeholders.

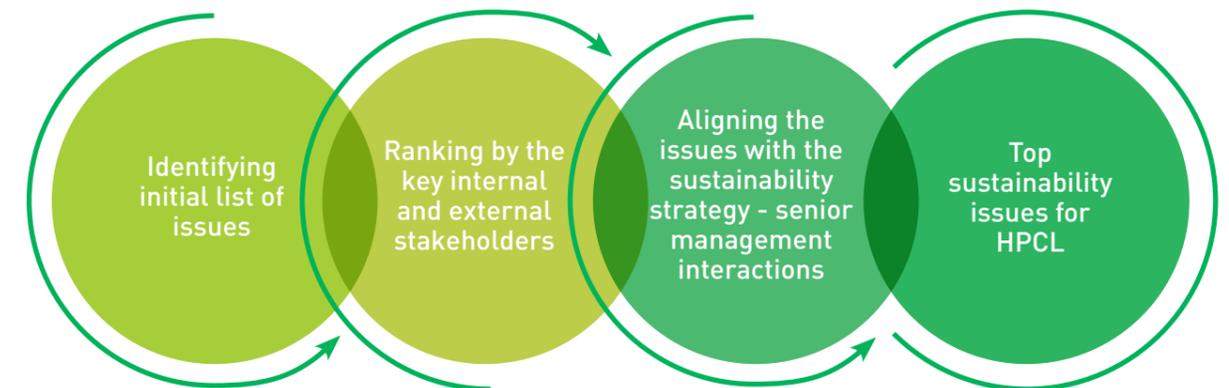
We also have a robust risks management framework at HPCL which is designed for each Strategic Business Unit (SBU) and Refineries. A risk management charter is developed with guiding policies which enables us to effectively manage our risks. The charter plays a key role in ensuring consistency of the process adopted for identifying risks across the organisation. Once the risks are identified at group level, risks owners are appointed at each SBU who evaluate the risks and assign them to risk champions who manage the mitigation plans and review the risks quarterly. The risks and the mitigation plans which are based on the risks management charter are further subjected to approval from the respective SBU head and are ultimately presented to the Board. The key contributing factors for all the risks are analysed and specific controls are designed for managing the relevant risks. A detailed risks mitigation plan also called as risks treatment plan is put in place for effective management of the risks. The risks identification process followed at HPCL is in

line with the operational and strategic objectives of the organisation and the long-term vision of the Company. While we evaluate our key material issues, we also take into consideration the risks identified at the organisational level.

Materiality Assessment Process

Sustainability issues considered the most relevant and material to the Company were identified through robust analysis.

Materiality assessment process was conducted with all our key internal and external stakeholders. The key external stakeholders which were part of the analysis were customers, suppliers, contractors, dealers, distributors, dealer men and contract men and the local community. The internal stakeholders who participated in the assessment were employees from all grades. Feedback of all the stakeholder groups was taken in form of response to the questionnaires prepared for each group. These responses were further analysed to arrive at the top material issues based on the inputs from the stakeholders. To align the key focus areas with the overall vision of the organisation, we have conducted interactions with key functional heads across the organisation. The material issues which were important to our business as well as our key stakeholders were finalised as the top sustainability issues.



Our material sustainability issues and corresponding materiality aspects have been summarised in the table below:

Material Issues*	GRI Aspects	Key Performance Indicators
Availability of Raw Material	Materials	G4 EN 1 and EN 2
Occupational Health & Safety	Occupational Health and Safety	G4 LA 5, PR 1 and PR 3
Disaster Management and Preparedness	Non-GRI Aspect	Refer content below
Water Management	Water	G4 EN 8 and EN 10
Community Development	Non-GRI Aspect	See section on Serving the Community
Energy and Carbon Management	Energy	G4 EN 3, G4 EN 5, G4 EN 6, G4 EN 15, G4 EN 16, G4 EN 17, G4 EN 18
Employee Engagement	Employment, Training and Development	G4 LA 1, G4 LA 9
Customer Satisfaction	Product & Service Labelling	G4 PR 5

*The boundary of all the identified material issues is within the organisation.



Single Point Mooring at Visakhapatnam

5 to 6 grades are selected based on economics. Moreover, as a strategic measure, countries with low geopolitical risks are chosen for procurement of crude. Optimum level of inventory is maintained. Thus, sustained supply of crude oil to our refineries is ensured through diversity in crude suppliers, optional quantities under term contracts, option to float tenders for spot purchase of crude in case of need, etc.

Recently, crude Cavern storage facilities of Indian Strategic Petroleum Reserves Limited (ISPRL) have been commissioned at Visakhapatnam in the state of Andhra Pradesh with a total capacity of 1.33 Million Metric Tonnes (MMT). The ISPRL facility has two Caverns. The storage capacity for the larger Cavern is 1.03 MMT (Cavern A) where crude oil is stored for strategic purposes on behalf of the Government of India and a segregated compartment of 0.3 MMT capacity belonging to HPCL (Cavern B). Crude oil stored in Cavern A is for use in emergencies like disruption of supplies due to geo-political or other reasons. The Cavern B is regularly used by Visakhapatnam Refinery of HPCL for Low Sulphur crude receipt, storage and pumping back to refinery for processing. This has enabled HPCL to have a strategic storage capacity for crude in addition to the existing storage capacity at Visakhapatnam refinery.

Availability of Raw Material

HPCL's revenue is attributable to sales of petroleum fuels and refined products which are affected by the global prices of crude oil and its availability. In the dynamic environment where availability of raw materials and operations can be affected by geopolitical risks, we have found ways for mitigation of these risks. One of the ways is by diversifying our procurement sources, through term contracts and through spot tendering. The crude is selected on the basis of the suitability for refinery process and most economical on landed cost basis. Top

Occupational Health & Safety

Preserving the safety and health of our employees, workers and all our stakeholders is our top priority. We have rigorous health and safety policies and procedures in place, well-defined Operating and Maintenance Manual, SOPs and systems for checking and testing of equipment and facilities to identify and minimise all safety risks related to the Company's plants, operations and processes.

Our HSE department works diligently to ensure effective implementation of all policies and protocols. We also focus significant efforts on training of the employees as well as contracted workmen and transportation crew in the areas of health and safety.

We have a continuous process of learning and upgrading of systems with respect to safe and efficient operation of our units. All our locations maintain high standards of occupational health and safety. Both our refineries are certified under ISO 14001 and our LPG plants are OHSAS 18001 and ISRS Certified, which are comprehensive and globally acclaimed benchmarking tools for occupational safety and health.

Ensuring health of our stakeholders

We not only ensure the positive health of our employees, we are also concerned and responsible for the health of the workforce in our supply chain. In addition to the periodical health check-up of our employees, we provide regular health check-up for our contract workmen and TT Crew.

Several other initiatives are taken across HPCL for encouraging healthy lifestyle for our employees. Positive parenting workshop, Yoga sessions, StepThalon 2014, celebrations of health and wellness month, health talks are few of the sessions conducted in the current financial year.

“Preserving the safety and health of our employees, workers and all our stakeholders is our top priority”



Release of OSHA-PSM Compliant Operating Manual

Disaster Management and Preparedness

HPCL's emergency services are focussed on world-class prevention, preparedness, response and recovery at all plant sites. We have processes and tools in place to effectively meet contingencies and ensure business continuity through crisis management plans. All our locations have Emergency Response and Disaster Management Plans designed on the basis of Quantitative Risk Assessments (QRA) and are compliant with the Petroleum & Natural Gas Regulatory Board's (PNGRB) Emergency Response Disaster Management Plan (ERDMP) Regulations, 2010. Our Emergency response plans include medical emergencies with clear roles and responsibilities of all employees and defined communication management system, with required resource allocation. We have installed state-of-the-art Safety Instrumented Systems at operating locations to prevent onsite emergencies.

Level I & II Emergency response drills are conducted periodically to assess the effectiveness of response mechanism, identify gaps and initiate corrective measures. Mutual Aid Response Groups (MARG) are established for Level II and & III emergency handling. Our operating locations are adequately equipped with emergency response resources and having association with Mutual Aid groups. We conduct regular stakeholder meetings to build the trust and keep the communication channels alive for responding onsite and offsite emergencies.

All employees are periodically trained to handle onsite emergencies with clear roles and responsibilities. To ensure quick response to any crisis arising out of natural calamities and onsite emergencies, a Crisis Management Plan is established for effective communication involving apex level management. Critical equipment inspections, internal and external audits are periodically conducted to achieve assurance on the operating discipline of operating locations.



Fire fighting Drill

Energy and Carbon Management

The global population is increasing day by day which is putting in a lot of demand for fuel and energy. The fuels which are most widely used are conventional fuels dependent on the natural resources. We realise at HPCL that this demand for energy is expected to only increase at a prolific rate in the future and puts tremendous pressure on the limited natural resources. Therefore the need of the hour is to utilise natural resources as efficiently as possible and reduce wastage to the maximum extent possible. We have tried to make our production facilities and our entire business operations environment-friendly and are in the continuous process of improving the same. Our aim is to be part of the solution in meeting the energy demand of a growing global population, while addressing the critical challenge of environment sustainability and climate change for society and our business.

With limited natural resources, conservation is essential to save environment degradation. Our Company is a significant consumer of energy, with the refineries responsible for a significant share of the total energy used for our operations. Therefore energy conservation is a major pillar of sustainability. Energy conservation through Energy monitoring systems, Energy audits, technology innovation, replacement by energy efficient equipment and other energy conservation measures have helped in achieving best ever SEC

(Specific Energy Consumption) in our refineries. Our locations have started phasing out the conventional lighting and replacing with induction/LED lighting towards energy saving practices.

The use of fossil fuels to meet global energy requirements contributes to an increase in greenhouse gas (GHG) emissions, mainly carbon dioxide and methane, resulting in climate change. As a carbon-intensive company, we recognise that we have a particular responsibility and opportunity to contribute to finding solutions to the reduction of the global greenhouse gas emission. At HPCL, we are investing in innovative, low-carbon emission technologies. The deployment of these technologies helps in building the nation's energy security and also provides significant cost benefits.

Promoting Green energy as part of reduction of carbon footprint, HPCL has installed 50.5 MW windmills in Rajasthan and Maharashtra and project for additional 50 MW is underway. During the year 2014-15, HPCL achieved wind energy generation of 544 lakh kWh and earned a revenue of ₹ 22.2 crore. To enhance the renewable portfolio and increase its footprints in Renewable Energy, HPCL has undertaken projects to increase solar power generation capacity. In addition to implementing several projects of small capacities at our locations, we are setting up a 258 kWp capacity solar unit at Ennore, Tamil Nadu.

50.5 MW
WINDMILLS INSTALLED

₹ 22.2 CRORE
EARNED IN REVENUE

544 LAKH kWh
ACHIEVED IN WIND
ENERGY GENERATION



Walkathon for Energy Conservation

Water Management

We recognise the imperative of responsible water management and have thus adopted a holistic approach to use of water resources.

We are committed to conserving water at all sites we operate in and have achieved significant achievements in this area. Water conservation has always been an integral part of our sustainability initiatives and is one of the cornerstones of environment plan.

Various initiatives are implemented for efficient consumption of water by controlling spillages and wastewater generation and optimising water usage. We have identified optimising to reduce, reuse and recycle water and planned strategies to address the same through "Effluent Treatment Plant" (ETP) and "Sewage Treatment Plant" (STP) installations at our locations. State-of-the-Art Integrated Effluent Treatment Plants (IETP)

have been installed at both our refineries that help reduce fresh water requirement. Mumbai Refinery has achieved 100% recycling of Integrated Effluent Treatment Plant (IETP) treated effluent making it a Zero Liquid Discharge ETP since April 2014. The groundwater aquifer is monitored for quality (IS: 10500: 1991) regularly in the Mumbai Refinery through a network of bore wells.

Phytoremediation is the process of recycling water with the help of plants that absorb the pollutants from the water. This unique concept of recycling has been implemented for the first time in HPCL amongst all Oil companies in India. The phytoremediation plants have been installed at Silvassa Lube blending plant and Cherlapalli LPG Plant.

Many of our locations are actively involved in undertaking rain water harvesting (RWH) projects.



Community Development

The overall prosperity of the communities we operate in is important to us. Hence we focus on holistic socio-economic development of the local communities around our plant operations. At HPCL, we believe that with the productive and regular engagement with our stakeholders, we can build a positive relationship which enhances the economic, social and cultural well-being of individuals and regions connected to our activities. So we continuously engage in dialogues with community members to improve our sustainability performance and reduce business risks.

The suggestions and grievances of the local communities are responded at the earliest possible time and through the most efficient mechanism. HPCL has been contributing to development of local communities through strategic projects focussing on healthcare,

child education, skill development, community development and sanitation which are discussed in detail in this report.



CSR activity at HP MDI Nigdi



CSR activity at Kheradi Village, Silvassa



“It is only through the skill-sets, experience, productivity, diversity and excellence of our employees that we are able to deliver efficiently and effectively on our targets”

Employee Engagement

Our ability to capitalise on the opportunities in our industry is driven by the efforts of our most important asset - our human resource team. It is only through their skill-sets, experience, productivity, diversity and excellence that we are able to deliver efficiently and effectively on our targets. Thus, driving employee engagement to develop and empower high-performing people is a critical function at HPCL to maintain our success in an increasingly competitive business environment.

To create an enabling work environment, we continuously strive to make our employees happy and satisfied by supporting employee equality, respect for cultures and values of individuals as well as groups and also by providing proper information and resources they need to make right decisions. Our employee engagement initiatives are aligned with the values and goals of the Company. Coupled with our consistent strategy to provide employees with a platform to improve their skills and motivate them to work more efficiently and create

sustainable business for all our stakeholders, HPCL embeds a value-driven and high-performance culture.

Our employees are our most important stakeholders and hence we understand that the better we perform financially, the better positioned we are to offer competitive remuneration. The better we care for the safety, health and wellness of our workforce, the more likely we are to attract and retain the best people.

We engage with our employees through face-to-face meetings, videos, emails, newsletters and online resources. We also ensure to provide them with various programmes and platforms which inspire our employees to express their ideas, thereby encouraging a transparent and friendly culture in the organisation. To secure a pipeline of future talent, we have continued to invest significantly in skill development. This includes providing training and learning sessions on current market challenges and opportunities, thereby helping them develop their competencies and capabilities.

The IR Council serves as a think tank on HR/IR policy and provides guidance on enhancing employee engagement and achieving long-term performance goals.

Customer Satisfaction

We are deeply committed to delivering value for our customers through continual improvement and world-class innovation. Everything begins with understanding the customers' expectations. We consistently strive to provide products and services, which meet or exceed customer expectations and satisfy customers by anticipating their requirements. HPCL has a structured procedure which aims to monitor

customer requirements, customer satisfaction and complaints. These priorities enable us to build positive relations with our customers and create long-term value.

We conduct Customer Satisfaction Survey with a view to obtaining a candid feedback from customers on the various areas of engagement with our organisation. The intent of the exercise is to reflect upon the feedback provided and work on the relevant action points. We revisit our processes to strengthen areas that have been recognised by the customers and improve on areas where we have not been able to meet customers' expectations.



Stakeholder Engagement



We firmly believe that stakeholder engagement is the key to sustainable growth. All organisations and individuals that are affected by our operations are identified as key stakeholders of the Company. We strive to build continuous and long-term relationships with all our stakeholders through structured collaborations and communications. Addressing Company's social or environmental impact cannot be achieved without the collaboration, knowledge and expertise of the stakeholders. Their inputs play a vital role in the way a Company conducts its operations. Also, stakeholder engagement is a facilitator of trust and hence identifying and engaging with relevant stakeholders is a way to ensure smooth execution of operations. It also helps in creating a safe environment for the workforce, customers and the community as a whole.

We identify our key stakeholders through their impact on our business and the value we create for them in return. The concerns identified by them through various channels and engagement mechanisms are vital for our successful business growth, especially because quality in our products

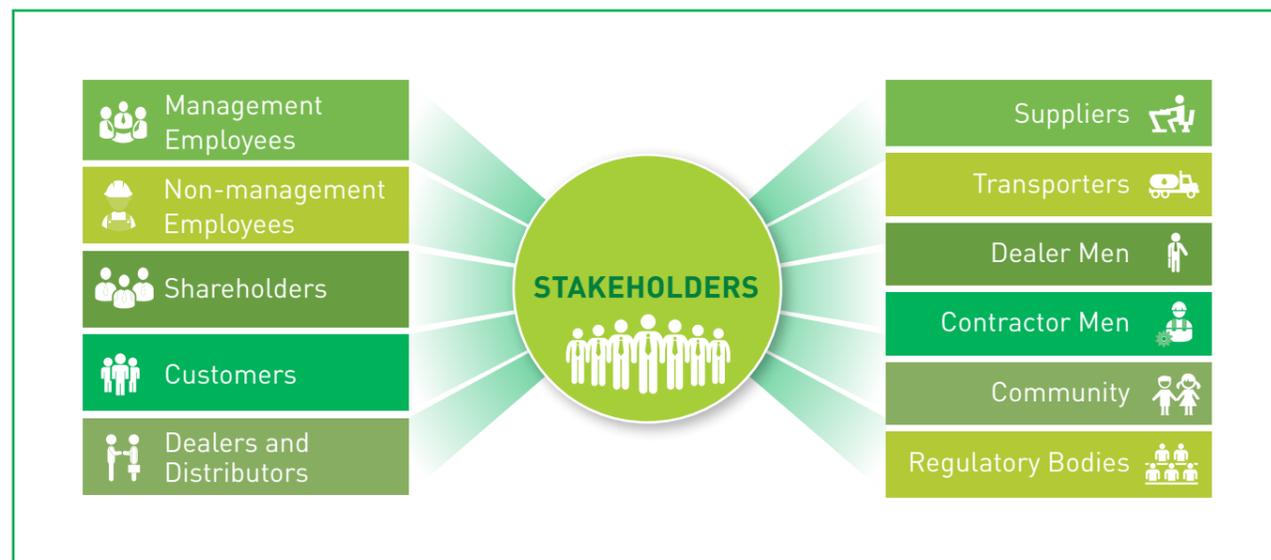
and services is of utmost importance. Across all our locations we conduct specific stakeholders' meets on a periodic basis. Along with this in the current year we have engaged with various stakeholders through a structured questionnaire customised for individual stakeholder groups as well as one to one interaction with both internal and external stakeholders.

The workshops were conducted at 16 locations of HPCL, including our 2 refineries at Mumbai and Visakhapatnam. 1412 stakeholders (608 internal stakeholders and 804 external stakeholders) were part of these workshops. In these interactive workshops for stakeholders, open discussions were carried out to understand their views and concerns, followed by questionnaire feedback mechanism to understand expectations of various stakeholder groups from us, their perception of the organisation's culture and their level of satisfaction with us. Inputs on the key focus areas for HPCL as an organisation were taken from the questionnaires and the materiality assessment was done through collation of these responses.



Addressing Our Stakeholders' Expectations

Stakeholders	Critical areas	Interaction channels and frequency	What we do at HPCL	Impact
Internal Stakeholders				
Management Employees	Employee health and safety	<ul style="list-style-type: none"> Regular Interactions Quarterly Safety Committee Meetings 	<ul style="list-style-type: none"> Periodic trainings on health and safety not only to the employees but also to their families Regular health check-ups, health insurance policies Trainings on various technical matters for building the relevant skill-sets 	<ul style="list-style-type: none"> Enhancement in safety performance of the organisation and at the same time the health of our own employees and their families
	Maintaining work-life balance	<ul style="list-style-type: none"> Employee Connect Forums and engagement activities throughout the year Annual employee satisfaction surveys 	<ul style="list-style-type: none"> Various employee connect activities such as get-togethers/picnics, Pan India Tie-ups, Sports tournaments, celebrations etc. Timely appraisal reviews carried out on the basis of performance 	<ul style="list-style-type: none"> Overall development of the employees and better career growth prospects
	Career growth	<ul style="list-style-type: none"> Annual Performance Reviews Performance Appraisal 	<ul style="list-style-type: none"> Significant investment in employee training to improve leadership quality Encouraging and rewarding excellence 	<ul style="list-style-type: none"> Strengthening of employee ties with the Company
	Retirement policies	<ul style="list-style-type: none"> Need-based training 	<ul style="list-style-type: none"> Awareness sessions on financial planning at the time of retirement 	<ul style="list-style-type: none"> Promoting long-term employment
	Transparency	<ul style="list-style-type: none"> Disseminating information throughout the year 	<ul style="list-style-type: none"> Emails and messages on Corporation's portal 	<ul style="list-style-type: none"> Increased level of interactions between the employees and the management



Stakeholders	Critical areas	Interaction channels and frequency	What we do at HPCL	Impact
 Non-Management Employees	<ul style="list-style-type: none"> Health and safety 	<ul style="list-style-type: none"> Regular Interactions Quarterly Safety Committee Meeting 	<ul style="list-style-type: none"> Trainings programmes on enhancing awareness about the safety-related aspects, IT literacy, capacity development, behavioural competencies are conducted across locations 	<ul style="list-style-type: none"> Improvement in safety performance parameters Increased awareness about healthy lifestyle
		<ul style="list-style-type: none"> Safety and behavioural trainings 	<ul style="list-style-type: none"> Periodic health checkups and health insurance for employees and families 	
	<ul style="list-style-type: none"> Grievance redressal 	<ul style="list-style-type: none"> Union interface Messages on Corporation's portal throughout the year 	<ul style="list-style-type: none"> Grievance redressal system through online portal for better management of the concerns and speedy redressal Timely appraisal reviews carried out on the basis of performance 	<ul style="list-style-type: none"> Improved employee satisfaction
	<ul style="list-style-type: none"> Growth opportunities 	<ul style="list-style-type: none"> Employee Satisfaction Surveys Need-based meetings 	<ul style="list-style-type: none"> Idea generation scheme launched for the non-management staff for taking their inputs in critical strategic initiatives of the Corporation Career development policy is in place for promotions 	<ul style="list-style-type: none"> Enhancement of confidence level among the employees
	<ul style="list-style-type: none"> Maintaining work-life balance 	<ul style="list-style-type: none"> Employee connect forums and engagement activities throughout the year 	<ul style="list-style-type: none"> Various employee connect activities such as get-togethers/picnics, Pan India Tieups, Sports tournaments, celebrations etc. 	<ul style="list-style-type: none"> Increased level of interaction between employees and management



Stakeholders	Critical areas	Interaction channels and frequency	What we do at HPCL	Impact
External Stakeholders				
 Shareholders	<ul style="list-style-type: none"> Good governance Economic performance Compliance 	<ul style="list-style-type: none"> Annual General Meetings Annual Reports Press Releases 	<ul style="list-style-type: none"> We regularly monitor shareholder grievances and suggestions to further enhance the engagement with our shareholders In order to better understand the concerns of our shareholders, we provide an online feedback form which is available to all our shareholders We update investors on the current business environment and the Company strategy to meet challenges 	<ul style="list-style-type: none"> Improved monitoring of shareholder grievances and suggestions which has enhanced the engagement with our shareholders
	<ul style="list-style-type: none"> Investor meets 	<ul style="list-style-type: none"> Regular Investor Meets 		
 Customers	<ul style="list-style-type: none"> Grievance redressal 	<ul style="list-style-type: none"> Annual Customer Meets One-to-One Meetings 	<ul style="list-style-type: none"> Customer Connect through online applications, Multi-language customer portals. Annual Customer satisfaction surveys and monthly analysis of customer feedback reports are few of our key initiatives taken for our customers We have effective Complaint Management Systems in place to address the grievances of our customers on timely basis. 	<ul style="list-style-type: none"> Enhancement in customer satisfaction levels
	<ul style="list-style-type: none"> Product Quality 	<ul style="list-style-type: none"> Customer Satisfaction Surveys Need-based Communications 	<ul style="list-style-type: none"> Regular quality checks for products Innovations in product quality 	<ul style="list-style-type: none"> Trusted Brand and preferred choice of our customers
	<ul style="list-style-type: none"> Awareness on Environment and Safety 	<ul style="list-style-type: none"> Campaigns Safety and Conservation Programmes 	<ul style="list-style-type: none"> Awareness Sessions on safety conducted to enhance customer awareness on safe usage of our products Launch of various Oil Conservation Programmes 	<ul style="list-style-type: none"> Increased awareness amongst the customers about the safe handling and conservation of products

Stakeholders	Critical areas	Interaction channels and frequency	What we do at HPCL	Impact
 Dealers and Distributors	<ul style="list-style-type: none"> Product quality 	<ul style="list-style-type: none"> Annual Dealer meets Campaigns 	<ul style="list-style-type: none"> Strict Monitoring of quality parameters during manufacturing, storage and delivery 	<ul style="list-style-type: none"> Improved Product quality through various innovations which lead to increased satisfaction amongst the dealers
	<ul style="list-style-type: none"> Safety at operations 	<ul style="list-style-type: none"> Training programmes on safety and others parameters 	<ul style="list-style-type: none"> Safety Inspections and Audits at retail outlets 	<ul style="list-style-type: none"> Improved customer satisfaction due to better handling and delivery of products and improved safety
	<ul style="list-style-type: none"> Business Challenges Threat from competitors 	<ul style="list-style-type: none"> Need-based meetings One-to-One Meetings 	<ul style="list-style-type: none"> Trainings on functional and behavioural changes, efficient handling of business and safety 	<ul style="list-style-type: none"> Improvement of dealers' performance in areas such as operations, customer service, sales, etc. Competitive edge over market players
	<ul style="list-style-type: none"> Enhance satisfaction levels for dealers 	<ul style="list-style-type: none"> Formal Feedback 	<ul style="list-style-type: none"> Initiatives towards spreading awareness amongst the dealers and providing them a competitive edge include providing loans for installing solar power systems and revival of vapour recovery system at retail outlets 	<ul style="list-style-type: none"> Increased awareness about the sustainability initiatives at HPCL Real-time tracking of transactions leading to increased transparency
		<ul style="list-style-type: none"> Online dealer portal for monitoring indents, supplies and accounts receivables 		

Stakeholders	Critical areas	Interaction channels and frequency	What we do at HPCL	Impact
 Suppliers	<ul style="list-style-type: none"> Increase Transparency Increased Costs 	<ul style="list-style-type: none"> Annual Supplier Meets Regular Meetings One-on-One Meetings Pre-Bid Meetings Supplier Trainings Periodic Inspections of Vendor Facilities 	<ul style="list-style-type: none"> Centralised procurement team has been formed for better management of the organisation's supply chain. The team is working towards solutions like reduction in transaction load, implementation of paperless transactions through e-procurement platforms. We also have online tendering process to increase transparency and trust in bidding process 	<ul style="list-style-type: none"> Enhancement in transparency through online portals Increased level of satisfaction among the suppliers Increased awareness about sustainability initiatives at HPCL
	<ul style="list-style-type: none"> Payment Process 	<ul style="list-style-type: none"> Need-based communications through emails, telephones etc. 	<ul style="list-style-type: none"> Awareness programmes on best practices in environmental management and resource conservation Online Vendor Portal for suppliers Bill tracking system for suppliers for stagewise tracking of bills from submission to disbursement 	<ul style="list-style-type: none"> Increased transparency in payment disbursement



Stakeholders	Critical areas	Interaction channels and frequency	What we do at HPCL	Impact
 Transporters	<ul style="list-style-type: none"> Health and Safety of Transporter Crew Timely Processing of payments 	<ul style="list-style-type: none"> Regular Meetings Training Sessions Email Communications One-to-One meetings 	<ul style="list-style-type: none"> Training programmes for increased awareness on safety and fuel conservation during storage and transportation Online Portals for monitoring the payments and cheque details. The portal provides detailed breakup of their final payments issued to update the transporter about the taxes and TDS deducted from their payments. The portal also provides information about the loading and unloading status and truck details Payment of freight charges through e-payment 	<ul style="list-style-type: none"> Increased confidence amongst transport crew Enhanced transparency through online portals Efficient payment process leading to increased level of satisfaction
 Dealer Staff	<ul style="list-style-type: none"> Trainings 	<ul style="list-style-type: none"> Regular Interactions Need-based meetings Awareness Campaigns Training programmes on safety 	<ul style="list-style-type: none"> Dealer men training programmes focussing on current business imperatives, behavioural changes for delivering the customer promise Training on safe handling of product and customer education 	<ul style="list-style-type: none"> Increased skill levels Increased customer satisfaction Enhancement in understanding about safe handling of the products
 Contract Workers	<ul style="list-style-type: none"> Health and Safety Training Efficient payment processes 	<ul style="list-style-type: none"> Annual Health Checkups Trainings on health and safety Regular Interactions 	<ul style="list-style-type: none"> Ensuring health checkup of contract employees Promoting good health and safety practices to enhance well-being and productivity of workforce Regular trainings on operational safety and emergency preparedness Ensuring minimum wages to contractor's employees Awareness programmes on Provident Fund and ESI related matters which has helped the contractor men to better understand their wages in a more detailed manner 	<ul style="list-style-type: none"> Enhanced health and safety performance Increased level of understanding of the contractors' men about their payment related matters thereby developing a better relationship with HPCL

Stakeholders	Critical areas	Interaction channels and frequency	What we do at HPCL	Impact
 Community	<ul style="list-style-type: none"> Community development Healthcare Education Disaster Management 	<ul style="list-style-type: none"> Regular Interaction with the community through our CSR initiatives and Cultural programmes Awareness campaigns on health and environment Interaction with NGOs Training on safety issues Mock drill for emergency preparedness Mutual aid meetings Meetings with Local Authorities 	<ul style="list-style-type: none"> Investment in implementation of CSR initiatives in the key areas of Child Care, Education, Health Care, Environment, Community Development, Sports, Skill Development Our organisation has supported the Swachh Bharat Abhiyaan through a number of initiatives across our locations Informing and Involving members from nearby communities in offsite mock drills to enhance their level of preparedness 	<ul style="list-style-type: none"> Cordial relationship with the nearby communities resulting in smooth execution of our business Building stronger relationship which makes communities a part of the HPCL family
 Regulatory Bodies	<ul style="list-style-type: none"> Compliance with all the regulatory requirements and MoU targets laid down by the Government 	<ul style="list-style-type: none"> Regular interactions with Ministry of Petroleum and Natural gas and other government bodies on various aspects of our business 	<ul style="list-style-type: none"> Timely compliance of all applicable statutory regulations and local laws Regular interactions with local authorities on compliance matters, disaster management, community development etc. 	<ul style="list-style-type: none"> Enhanced co-ordination with local bodies, meeting expectations and gaining trust and appreciation of the concerned regulatory bodies



Stakeholder Meets



Fostering Sustainability through Corporate Governance



HPCL firmly believes that good corporate governance is essential for enhancing and retaining the trust between stakeholders, the management and the Board of Directors. As a responsible corporate citizen, our Corporation is committed to uphold robust governance practices at all levels of the organisation to promote the efficacy of the Board and inculcate a culture of accountability, transparency, integrity and fairness across the Corporation.



Our Functional Directors

Corporate Governance

Corporate governance includes the processes through which Corporation's objectives are set and pursued in the context of the social, regulatory and market environment. Aiming to build sustainable value for all our stakeholders, our governance structure identifies the judicious distribution of rights and responsibilities among different participants in the Corporation (such as the Board of Directors, Managers and other stakeholders) and institutionalises rules and procedures for making sound decisions in corporate affairs.

We consistently strive to develop and implement governance policies and practices that earn us the confidence and trust of our shareholders, while also supporting the long-term success of the Company. Considering the complexity and volatility of our businesses, the many regions and cultures where we operate, we seek to have a management structure that is able to translate the Corporation's strategic vision into enduring value for our employees and stakeholders.

At HPCL, the emphasis is on conducting our affairs within a defined set of framework and

in accordance to policies, internal and external regulations in a transparent manner. We have well-developed internal controls, systems and processes for risk management. This creates an eco-system of being well-informed and well-equipped to respond to challenges and concurrently, create and foster growth. Being a Government of India enterprise, our operations and day-to-day activities are subject to review by several external agencies like the Comptroller & Auditor General of India (CAG), the Central Vigilance Commission (CVC), Parliamentary Committees and Statutory Auditors among others.

As a significant player in the Oil & Gas sector and as a Government of India PSU with Navratna status, we frequently communicate with the concerned ministries. Our primary governing agency is the Ministry of Petroleum and Natural Gas. We implement and execute major and strategic plans such as setting up of new refineries in consultation with the government. We are under purview of Competition Commission of India (CCI) and are committed to use fair practices and ethical means to conduct our business operations.



At HPCL, Corporate Governance is based on the following main key principles:

- 
PROPER COMPOSITION OF THE BOARD OF DIRECTORS
- 
WELL DEVELOPED INTERNAL CONTROL SYSTEMS AND PROCESSES, RISK MANAGEMENT AND FINANCIAL REPORTING
- 
FULL ADHERENCE AND COMPLIANCE TO LAWS, RULES AND REGULATIONS
- 
CLEARLY DEFINED MANAGEMENT'S PERFORMANCE AND ACCOUNTABILITY MEASUREMENT STANDARDS
- 
TIMELY AND BALANCED DISCLOSURE OF ALL MATERIAL INFORMATION ON OPERATIONAL AND FINANCIAL MATTERS
- 
TO ENHANCE ACCURACY AND TRANSPARENCY IN BUSINESS OPERATIONS, PERFORMANCE, RISK AND FINANCIAL POSITION

Board of Directors and Committees

The Board of Directors is the highest governing body exercising the powers subject to the provisions of the Companies Act, 2013. The Board is headed by the Chairman & Managing Director (C&MD) appointed by the Government of India as per its policy for Central Public Sector Enterprises (CPSEs). HPCL's Board of Directors is responsible for the stewardship of the Company and overseeing the management of its business affairs, while our senior executives are responsible for the management and day-to-day operations.

The Corporation has constituted an Executive Council comprising Chairman & Managing Director, the Functional Directors and senior management of the Corporation. This council discusses important issues concerning the organisation, analyses the same and recommends the 'way forward' in respect of matters discussed. Emphasis is laid on team approach, mutual support of functions and joint deliberations on issues by the council which has enhanced further the decision-making process. It has thus facilitated an integrated thinking process and an aligned approach across the Corporation for achieving the Corporate Vision and each one of the aspirational aspects contained in the Vision Statement.

The Board has constituted several sub-committees, such as the Audit Committee, the Investment Committee, the Nomination and Remuneration Committee, the Stakeholder Relationship Committee and CSR and Sustainability Development Committee. (Please refer to the Company's Annual Reports for details of the composition of these committees and their respective functions.)

Majority of the members of the Committees are Independent Non-Executive or Government nominated Directors with the Whole-Time Directors playing a facilitating role.

CSR and Sustainable Development Committee

The Corporation has constituted a 'CSR and Sustainable Development Committee' which periodically reviews the organisation's performance and provides guidance on various CSR and Sustainable Development initiatives. This Committee comprises one Non-Executive Independent Director as Member and three Whole Time Directors (as permanent invitees).

Our goal is to create mutual benefits, both for our Corporation and for the communities where we operate. We engage proactively with our stakeholders and pursue collaborative partnerships with communities, governments and non-governmental organisations (NGOs).

Code of Conduct

"Code of Conduct for Board Members and Senior Management Personnel of Hindustan Petroleum Corporation Limited" has been devised and made effective 1.1.2006 in compliance with the terms of clause 49 of the Listing Agreement with Stock Exchanges.

This Code is the ethical and legal framework of our Corporation and establishes our commitment to follow ethical and transparent business practices in managing the affairs of the Corporation.

This Code has been made applicable to:

- a) All Whole-Time Directors
- b) All Non-Whole Time Directors including Independent Directors under the provisions of law
- c) Senior Management Personnel

This Code is to be read in conjunction with the Conduct, Discipline & Appeal (CDA) Rules for Officers which govern the conduct of all officers of the Corporation, including Whole-Time Directors. The CDA rules articulate boundaries and expectations for behaviour and ensure that our employees adhere to the highest standards of business ethics.

Composition of the Board as on 31.03.2015:

Particulars	Nos.	Male/Female
Executive Directors including C&MD (Whole-Time)	5	4/1
Non-Executive Government Directors (Ex-Officio)	2	2
Non-Executive Independent Directors (Non-Official)	4	4
Total	11	10/1



Our Values

"HP FIRST" ...a way of Life at HPCL

HP FIRST

- F** Free, Frank and Fair
- I** Integrity
- R** Respect for Individual
- S** Sustainable Performance
- T** Team Spirit

Integrity Pact

HPCL's Integrity Pact, which came into effect from 1st September, 2007, guides the Company in its business relationships with numerous domestic and international contractors and vendors of goods and services and is applicable for contracts above ₹ 1 crore. The Integrity Pact and the appointment of Independent External Monitors (IEMs) have been conceptualised to usher in greater transparency in the purchase process and awarding contracts.

Vigilance

HPCL is committed to meeting its business needs without compromising on ethics and accountability. Vigilance functions as a facilitator towards good governance. The positive contribution of vigilance is emphasised in its preventive and participative role by sensitising all stakeholders and employees through regular interactions, meetings with functional authorities and stakeholders, advocating transparency, fairness, equity and encouraging competitiveness as well as leveraging technology in all areas of functioning of the organisation. Vigilance plays a proactive role in ensuring accountability by institutionalising best practices along with addressing bureaucratic delays and effective public grievance redressal mechanism.

To make the vigilance functioning process faster and transparent in the Corporation, online vigilance clearances system, online complaint handling system and online disciplinary management systems have been developed. Our robust vigilance practices thus provide a platform to employees and business associates to report unethical business practices at the workplace without fear of reprisal and help the Corporation to eliminate any malpractices in the system.

HPCL has a Whistle Blower Policy approved by the Board and the details are placed on the website of the Corporation.

Public Grievances Redressal

HPCL is a customer-centric organisation. Redressal of citizens' grievances is one of the

most important initiatives of the organisation to strengthen the relationship with our customers and provide them a forum to express their grievances freely. The Corporation makes every endeavour to bring excellence in public service delivery and to redress grievances of citizens in a meaningful manner by effectively coordinating with field offices / departments and also focusses on eliminating the causes of grievances.

HPCL has established a Public Grievance Redressal System wherein designated officers of the Corporation are available at all major locations to hear and facilitate redressal of grievances of the public, if any.

HPCL has an effective Complaint Management System [CMS], an IT-enabled platform for lodging a complaint, tracking the complaint and resolution of the complaint. Complaints received in any form become a part of CMS. As a supportive structure, we have 'HELPLINES' for Retail and LPG business units to receive complaints and the same are integrated into the CMS.

The general public can log in to our website www.hindustanpetroleum.com which directs the complainants to lodge their complaints/ grievances in a user-friendly manner and our site channelises the complaints to the appropriate Officer / Unit concerned for remedial action. HPCL's website has provided quick links for easy access of general public to locate and contact / correspond with the Grievance Redressal Officer connected with the nature of their complaint. The Corporate website has two email addresses also for receiving complaints / feedback.

A Feedback Form is provided on the website for submitting feedback. The system generates an e-mail to the specific Officer who deals with the same. Public who experience any difficulty in contacting the concerned Public Grievance Officers can also contact officials at Headquarters Office, specially designated to handle grievances. HPCL's journey goes on with more and more improvements in the public grievance handling mechanism and fulfilling our commitments to citizens.

Right to Information Act

The Right to Information Act 2005 (RTI Act) which came into effect from 12th October, 2005 empowers the people of India with free flow of information from the Government.

A robust mechanism for compliance with the requirements of the RTI Act has been established at HPCL. With a widespread network of operating locations and offices where the application seeking information can be tendered in person or mailed to, HPCL has appointed 180 officers as Public Information Officers and 35 Appellate Authorities to deal with the queries received from the Indian Citizens under RTI. The details of the locations can be accessed through the information manual given on the HPCL's website: www.hindustanpetroleum.com.



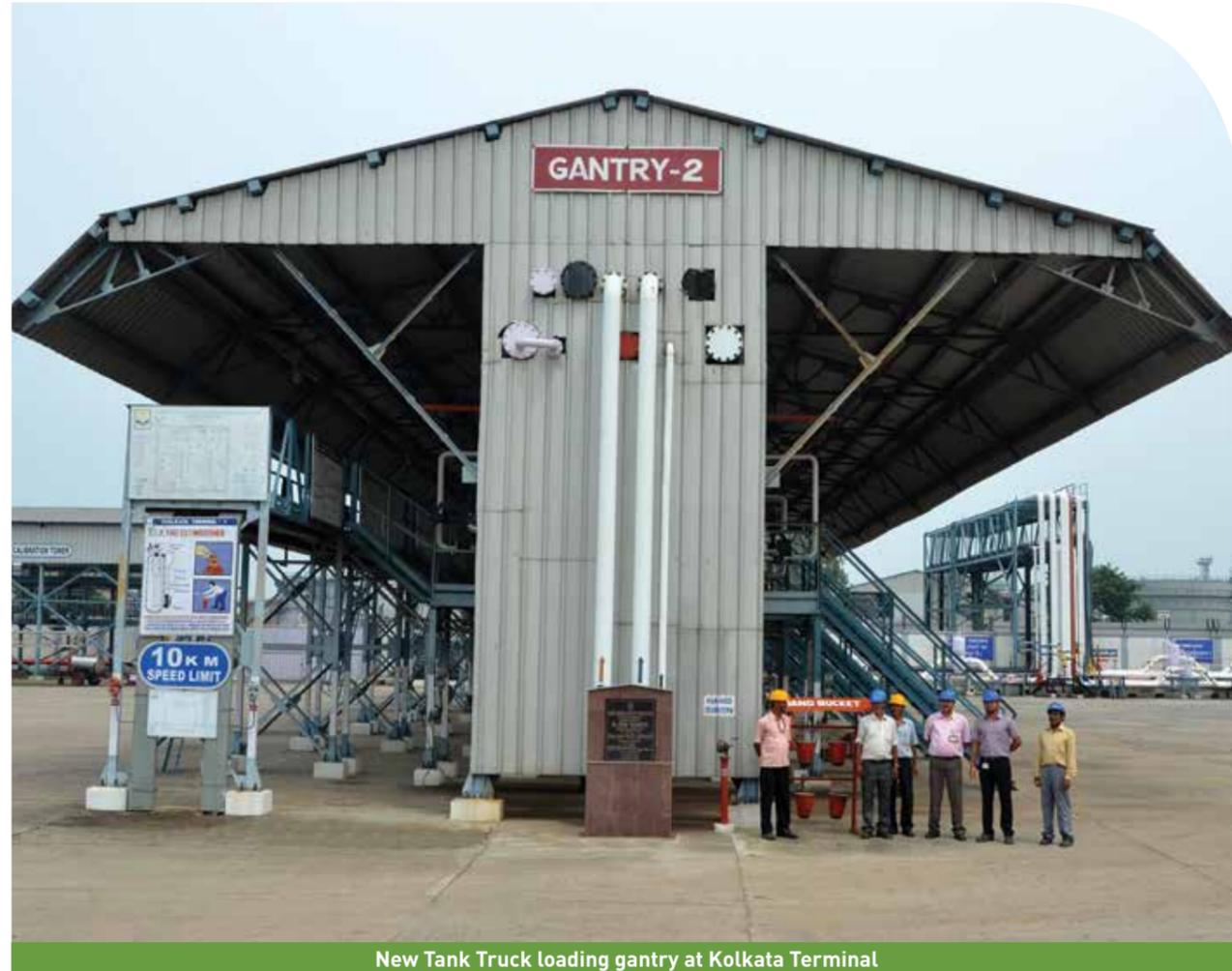
“HPCL is a customer-centric organisation. Redressal of citizens' grievances is one of the most important initiatives of the organisation to strengthen the relationship with our customers and provide them a forum to express their grievances freely”



...powering
progress

Economic Performance

Economic Performance



New Tank Truck loading gantry at Kolkata Terminal

Management Approach

The economic performance of our Company affects all our stakeholders. At HPCL, we consistently strive to create better opportunities and sustainable value for all stakeholders. To achieve our targets, we focus on leveraging our world-class assets with structural advantages in terms of costs, size and scalability to drive sustainable growth. We have taken several strategic steps for ensuring optimal use of our resources and better productivity.

Our Financial Performance

For a comprehensive assessment about the growth and profitability of the Corporation, we have put in place robust systems and processes to monitor our financial performance.

The market capitalisation of the Corporation increased by ₹ 11,500 crore during the year. The earning per share has increased to ₹ 80.72.

Financial Highlights

	FY 2014-15	FY 2013-14	FY 2012-13
Economic Value Generated (in ₹ crore)			
Gross Sales	2,17,061	2,32,276	2,15,666
Economic Value Distributed (in ₹ crore)			
Operating Cost	2,02,934	2,20,294	2,04,340
Profit After Tax (PAT)	2,733	1,734	905
Total monetary outflows for employees	2,415	2,030	2,526
All financial payments made to the providers of the Organisation's capital	1,536	1,861	1,701
Contribution to Exchequer	40,752	36,423	32,173
Voluntary contributions and investment of funds in the broader community (includes donations)	34	24	22

Financial Assistance from Government of India:

HPCL has received an amount of ₹ 684.79 crore from Central and State governments towards subsidy on PDS Kerosene and Domestic Subsidised LPG and budgetary support of ₹ 5,057.94 crore from Government of India as compensation towards under recoveries on the sale of subsidised petroleum products.

GROSS SALES OF
₹ 2,17,061 CR
 HIGHEST EVER
 PROFIT AFTER TAX OF
₹ 2,733 CR

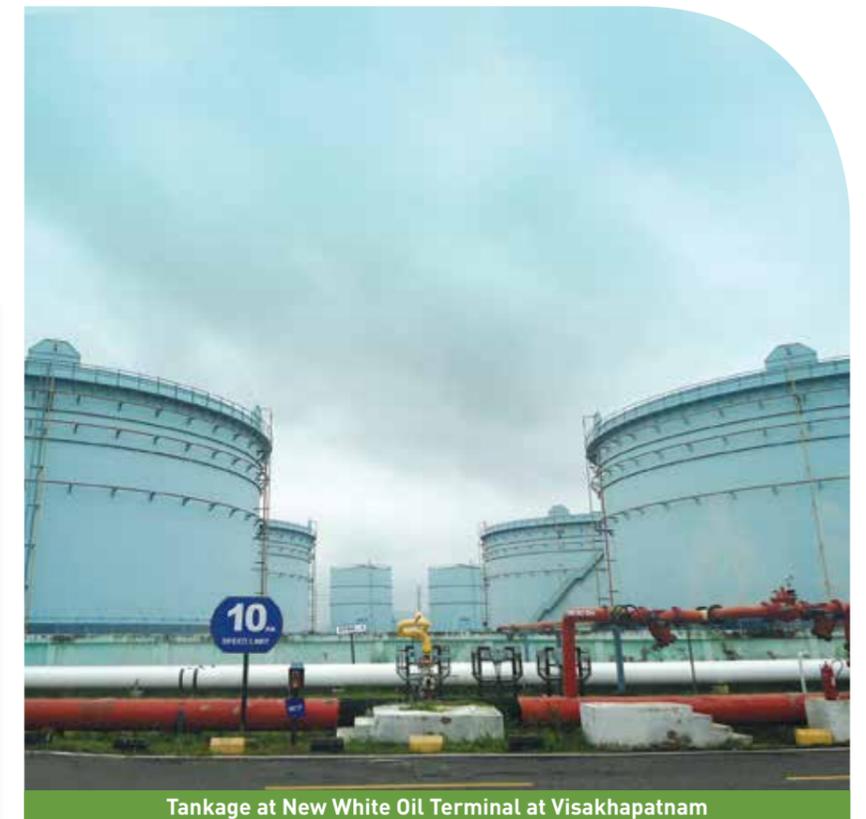
Manpower



10634
2014-15

10858
2013-14

11027
2012-13

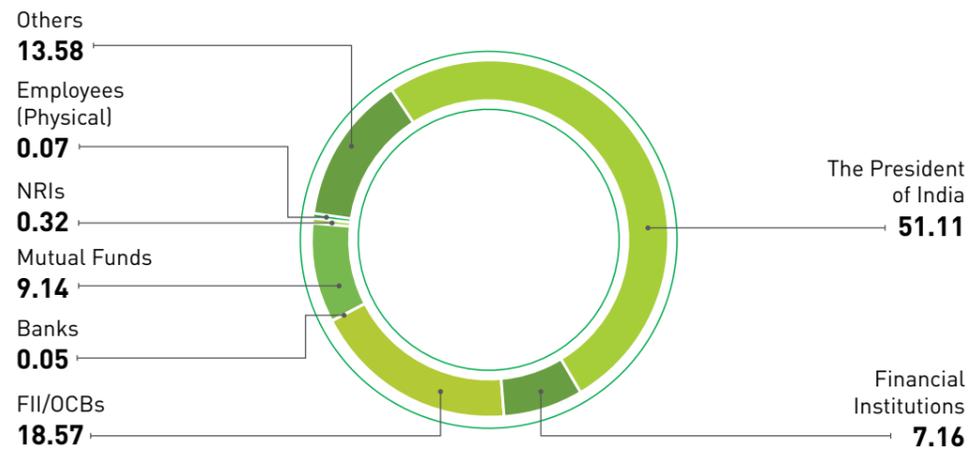


Tankage at New White Oil Terminal at Visakhapatnam

Shareholding Profile

The shareholding pattern of the Company as of 31st March, 2015 is:

% of total issued shares



S. No.	For each of the Top 10 Shareholders	Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the Company
1	Life Insurance Corporation of India + LIC Category	17531442	5.18
2	HDFC Standard Life Insurance Co. Ltd	5345743	1.58
3	Government Pension Fund Global	4380577	1.29
4	National Westminster Bank PLC as Trustee	4375331	1.29
5	Union Investment Luxembourg S.A. A/C. Quo.	3339027	0.98
6	HDFC Trustee Co. Ltd.-A/c. HDFC Mid	3300000	0.97
7	DSP Black Rock Top 100 Equity Fund	2431033	0.71
8	Radhakishan Damani Gopikishan S Damani	2255000	0.66
9	Jupiter South Asia Investment Co. Ltd.	2095000	0.61
10	Merrill Lynch Capital Markets Espana S.A.	1988348	0.58

Community Engagement

At HPCL, we work with local communities to create financial value coupled with social benefits. Our engagement with local communities is designed to empower them, which enhances prosperity and their standard of living. The

CSR policy of the Corporation has been formulated in line with Companies Act, 2013. During 2014-15, ₹ 34.07 crore was spent on various CSR activities with emphasis on Child Care, Education, Healthcare, Skill Development, Sports, Environment and Community Development.

Performance Highlights of Refineries

During the year 2014-15, our refineries maximised crude processing which enabled a combined refinery thrupt of 16.18 MMT (15.51 MMT in 2013-14) which is 109% of the installed capacity.

Our refineries have made remarkable progress in improvement of the yield of value-added products and thus recorded best ever combined distillate yield of 77.5% against a target of 74.9%. The refineries also achieved a best ever

distillate yield in terms of tonnage; i.e. 12.5 MMT against a previous best of 12.1 MMT. This was facilitated by robust secondary processing/treating facilities at both of our refineries i.e. FCCs and DHDS/DHT which achieved highest ever thrupt and thus maximised production of transportation fuels.

This year also marked a milestone for the Company with regard to production of HSD meeting the Euro IV specifications by both the refineries, with the commissioning and stabilised operation of Hydro Treater (DHT) units.

Crude Thrupt:

Crude Thrupt by Refineries in MMT	2014-15	2013-14	2012-13
Mumbai Refinery	7.41	7.74	7.75
Visakhapatnam Refinery	8.77	7.77	8.03
Total crude thrupt	16.18	15.51	15.78

Refinery Performance in FY 2014-15:

Refinery	Crude Thrupt (MMT)	Installed Capacity (MMT)	Capacity Utilisation (%)	Distillate Yield (%)	Fuel & Loss (%)
Mumbai	7.41	6.5	114	75.9	7.4
Visakhapatnam	8.77	8.30	106	78.8	7.4

Our refineries have recorded an all-time high production of transportation fuels in 2014-15, producing 6 MMT of HSD and 2.7 MMT of MS, through effective utilisation of assets and raw materials. With the commissioning of Fluidized Catalytic Converter Unit (FCCU-2), Mumbai Refinery has achieved the capability to process heavier feedstocks ranging from 0.27 wt% CCR to 4.2 wt% CCR.

Operations at Visakh Refinery were impacted due to cyclone HUDHUD that hit east coast during

October 2014. All efforts were made to restore normalcy and bring back the refinery to regular operation in shortest possible time. Despite the setback, HPCL ensured that there was no shortfall of petroleum products during the recovery time.

HPCL is planning to upgrade and enhance the refining capacity of Visakh Refinery from 8.3 MMTPA to 15 MMTPA with bottom upgradation and Mumbai Refinery from 6.5 MMTPA to 9.5 MMTPA.

Performance Highlights of Marketing SBUs

Sales Volume (Including exports)

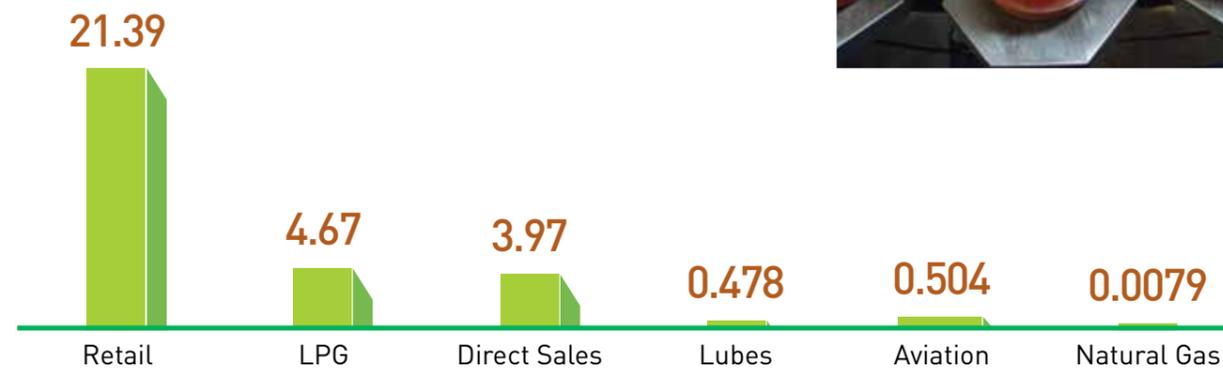


GROWTH IN DOMESTIC SALES
2.3%

INCREASE IN MARKET SHARE FROM
20.90%
TO **20.94%**



SBU-Wise Sales Volume (MMT)



RETAIL

Highlights

- Market share in MS and HSD (combined) increased by 0.05%
- Commissioned 380 new retail outlets, which include 101 rural retail outlets
- 1291 Club HP outlets
- 108 retail outlets upgraded from Club HP outlets to "Club HP Star outlets" (premier category outlets)



Launch of "Club HP Star Outlet"

LPG

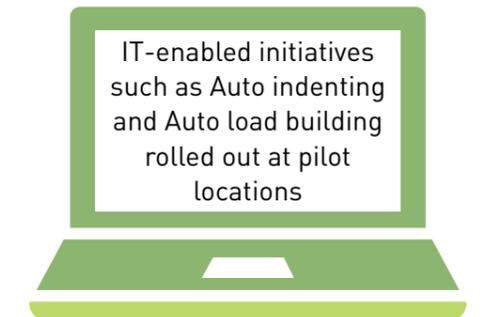
Highlights

- 41.9 lakh new Gas customers enrolled - highest in the industry
- 471 lakh domestic consumers as on 31st March, 2015
- Highest ever bottling of 4.28 MMT with a record production of 1560 cylinders per hour
- 366 distributorships commissioned under the Rajiv Gandhi Gramin LPG Vitaran Yojana to spread the reach of LPG to rural India
- 159 regular distributorships commissioned during the year
- First in the industry to achieve 80% cash transfer compliant status for PAHAL (Direct Benefit Transfer for LPG - DBTL)

Operations & Distribution

Highlights

- Commissioned state-of-the-art Depots / Terminals at five locations and additional tankages
- Enhancement of tankages and other infrastructure



IT-enabled initiatives such as Auto indenting and Auto load building rolled out at pilot locations

Direct Sales

Highlights

- Market share gain in MS, HSD, Furnace Oil, LSHS and Bitumen packed
- Largest lube marketer of India for second consecutive year
- Commissioned 48 Kerb Side Pumps (KSPs) - World's highest KSP commissioned at South Pullu on Leh Khardunga Road in J&K

Pipeline

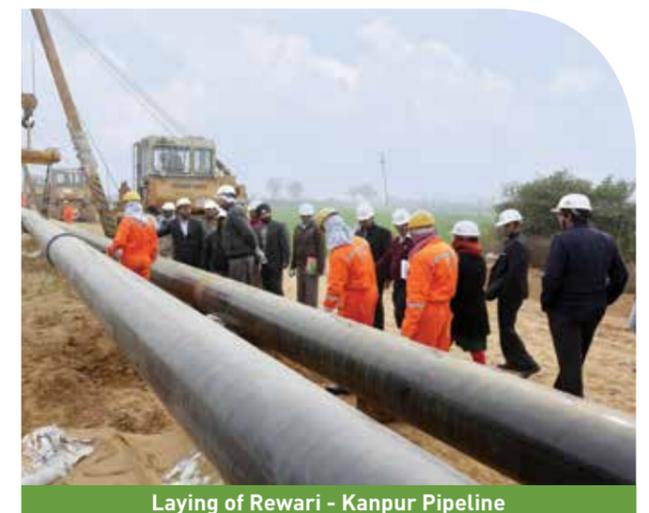
Highlights

- Two new pipelines commissioned -
 - Awa-Salawas Pipeline (92 km)
 - Bahadurgarh-Tikrikalan Pipeline (14 km)

Aviation

Highlights

- Growth of 13.5% despite aviation fuel consumption increasing marginally by 1%
- Market share gain of 1.1%



Laying of Rewari - Kanpur Pipeline

Our Strategic Initiatives

Integrated Margin Management (IMM)

Conventionally, downstream companies have followed 'silo-based' margin management. The downstream value chain in our organisation was hitherto managed by respective Business Units which were focussed on SBU-specific metrics and performance management systems to drive efficiency and profitability of the respective SBUs. To realise the latent value in the business process, Integrated Margin Management (IMM) process was created with ultimate objective of maximising Net Corporate Realisation (NCR) across the crude to customer value chain.

IMM conducts both long-term and short-term planning for enhancing the productivity. Key cross-functional processes viz. Annual Planning, Monthly Planning and Retro-Analysis (Back-casting) have been identified as the processes to be driven by IMM Group. The planning encompasses from 'Crude to road'. The IMM approach has helped in improving the cross-functional decision-making across the organisation. It has made the supply chain planning more streamlined with tight control on margins. All business units are now aligned to the common objective of maximising corporate realisation. With segregation of planning into long-term and short-term objectives, the business units are now more focussed on improving the physical operating metrics.

Strategy Management & Implementation Office (SMIO)

To ensure implementation of strategic objectives, a central Strategy Management & Implementation Office (SMIO) has been set up, which helps in aligning the Business Units to the Vision and enables execution of the identified initiatives through a defined review and monitoring architecture. The SMIO is helping the Business Units to take ownership for execution and undertake actions for achieving the Short-term and Long-term objectives. This strategic initiative is expected to help the organisation achieve sustainable competitive advantage in the continuously changing market and business environment.

Central Procurement

"Project Vivartan" ... innovative and collaborative centre of excellence, maximises value through best-in-class sourcing practices and services to stakeholders while maintaining transparency.



For better managing our supply chain, we have initiated centralised procurement system within the organisation. The objective of this effort is to aggregate and coordinate a significant proportion of the spend, thereby driving savings through consolidation, reduced transactions, process improvement and ultimately improving governance through increased transparency and consistency.

Apart from applying a life-cycle costing approach in procurement, efforts like reduction in transaction load and cost through consolidation of requirements, implementation of paperless transaction in Procurement through our e-Procurement platform and ERP systems, roll-out of online vendor registration and bill tracking systems etc. has provided greater value for money and reduced the need for resources, ensuring sustainability.

We have achieved a savings of ₹ 7.80 crore through procurement of steel plates and Submersible Turbine Pumps (STP) for HPCL requirement across the country.

Apart from adopting Category-based procurement methodology in procurement process, we have adopted four major initiatives to enable successful implementation of Centralised Procurement System in HPCL:

- Creating standardised specification and unique codes for supply items, spares, services and works across the corporation.
- Creation of Cost Estimation Model for the items/ services under all procurement categories.
- Rationalised vendors to enable more focus on vendor development and their performance management.
- Improve the domain skills of 63 procurement officers across the Corporation by inducting them in the UNDP Level-II training on Public Procurement.

Concurrently to the Centralised procurement process, we also have procurement offices across the country for procurement of materials and services at various locations. These offices have developed local vendor base and send procurement inquiries under the policy of "Open Competition" from technically accepted bidders on a competitive basis. We encourage local supplies depending upon the economics and quality of products and services meeting our specifications.



Our Sustainable Supply Chain

At HPCL, we promote ethical conduct and expect the same principles of ethical behaviour from all the people we interact with for our business transactions. Thus, our approach to working with suppliers is based on the principles of fair-minded competition and a mutual focus on ethical conduct.

Our initiatives towards a sustainable supply chain:

- Selection of environmentally-sound products and services (i.e., energy-efficient light bulbs or eco-cleaning services) through which we can achieve direct and tangible benefits, such as lowered electricity bills and less exposure to toxic chemicals / hazardous materials etc.
- Through Terms and Conditions of the contract, the vendors are required to ensure compliance to all applicable environment and labour laws. Key performance indicators and targets associated with sustainability are included in the contract with the supplier and the supplier is not allowed to deviate from the terms and conditions.

Business Intelligence

Emphasis has been given to Business Intelligence (BI) application to drive data literacy and support decision-making process. Top Management have been provided with critical business insights through specially developed dashboards. BI has significantly begun to usher in a culture of data supported fact-based decision making in HPCL.



...doing more
with less

Environmental Performance

Environmental Performance



Solar Lighting at Jabalpur LPG Plant

Management Approach

Global demand for precious resources is increasing than ever before. As a responsible corporate citizen, we recognise that it is our duty to reduce the pressure on the environment by finding sustainable solutions to growth. We thus embrace environmental sustainability as

part of our overall growth strategy and business values. By aligning our business operations to consistently improve environmental performance and seeking the most efficient and effective use of resources, we aim to minimise the impact of our activities on the environment, including climate change.

Materials Consumed

At HPCL, we believe in optimum utilisation of resources from procurement to production stage and sales and thus conscientious efforts are made towards the sustainable consumption of raw materials. The most significant materials utilised in our processes are tabulated below along with their consumption:

Refineries

Raw material consumption in Refineries

Crude oil processed in refineries (Million Metric Tonnes)	2014-15
Mumbai Refinery	7.41
Visakhapatnam Refinery	8.77
Total	16.18

Semi-manufactured material consumption in Refineries

	2014-15
Chemicals/additives/catalyst (MT)	28345
RLNG used in reformer (MT)	6032
R-22 (Kg.)	2074

Material recycled in Refineries

	2014-15
Slop processed (MT)	83,101
Equilibrium catalyst (MT)	193

Initiatives for resource optimisation:

In our refineries, non-destructive testing (NDT) is performed to assess the health of equipment and pipelines.

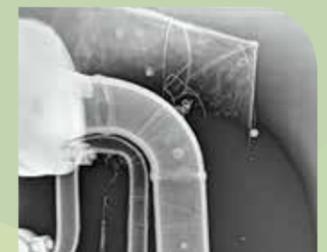
During the process of thickness gauging of insulated lines, insulation has to be removed at designated locations. This incurs heavy loss of insulation, creation of insulation debris which is hazardous and loss of time. To reduce the lacunae in this process, Mumbai Refinery commissioned two advanced NDTs viz.

Computed radiography technique (CRT)

Pulsed eddy current (PEC) testing

Computed radiography technique (CRT):

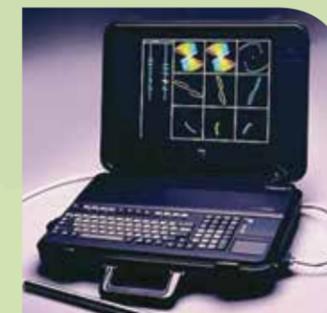
CRT works with digital radiographic images where these images are subsequently processed with an advanced software to reveal true thicknesses of the pipe wall. By using this technique, we were able to measure the thickness of line without removing the insulation. This has helped in preventing corrosion under insulation (CUI) by avoiding re-insulation work.



Pulsed eddy current (PEC) testing:

PEC also has similar advantages like CRT and it is used in refinery for higher size pipelines.

Use of these technologies has contributed in resource conservation, reduction in hazardous waste generation from insulation and saving of cost and time.



Marketing

Semi-manufactured material consumption in Marketing

	2014-15
Base Oil (kL)	2,83,373
Additive (MT)	845
Ethyl mercaptan (MT)	15
MTO (MT)	433
HFHSD (MT)	4,616
Blue dye (kL)	45
Ethanol (kL)	98,568

Associated material consumption in Marketing

	2014-15
Metal containers (Nos.)	4,41,419
Plastic containers (Nos.)	74,18,240
Lube oil (kL)	24,268
Grease (MT)	1,090
Bottling cylinders (MT)	44,76,118
Plastic seals (MT)	246
O-Rings (MT)	372
Brass valves (MT)	52,030
Plastic caps (MT)	2,352
Pressure regulators (MT)	2,029
Dry chemical powder (kg.)	60,291
Foam (kg.)	95,262
Paint & Primer (kL)	814
Soap solution (MT)	538
Corrosion inhibitors (MT)	131
Cartons (Nos.)	5,50,582
Filters (Nos.)	405

Material recycled in Marketing

	2014-15
Bottling cylinders (MT)	43,69,433
Brass valves (MT)	50,996
Plastic caps (MT)	2,127
O-Rings (MT)	194
Base oil (kL)	107
Metal containers (Nos.)	9,240



Silvassa Lube Blending Plant

Lube Blending Plant at Silvassa has taken several initiatives for reduction in material consumption:

After processing of each batch of lubricants, some quantity remains in the kettles and pipelines which are flushed out and stored before processing the next batch and remain unutilised. Over the years, large quantities have accumulated leading to non-utilisation of resources. By exploring the compatibility of this material with different grades, the plant has been able to reutilise 107 kL of these quantities in FY 2014-15. A compatibility matrix was developed to identify grades which could be processed in the same kettle without flushing, which resulted in saving of base oil quantities by 180 kL per annum.

MS drums are used for packaging grease. Reduction of the MS drum tare weight from 22.75 kg to 18.75 kg by adopting new IS standard has led to material conservation of 31 MT per annum.

Substantial reduction in additive quantity has been achieved for manufacture of Hytherm 600 and Laal Ghoda through process reengineering while maintaining quality specifications.

HPCL is the first and only oil company in India, to apply PET (Polyethylene Terephthalate) in design. PET bottle has been developed as an alternate package to HDPE bottle, which has resulted in material saving, bottles of higher strength and better aesthetics. The plastic consumption has been reduced from 865 MT to 599 MT per annum by introducing PET bottles. We utilise 100% recyclable PET technology which provides outstanding sustainability in terms of environmental protection and reduction in carbon footprint.



REPLACING HDPE BOTTLES WITH PET HAS REDUCED PLASTIC CONSUMPTION FROM

865 MT TO **599** MT pa



Energy Consumption

For HPCL, energy efficiency has always been an important focus area. Our refineries and marketing locations are committed towards

energy efficiency and fuel conservation. We are effectively working towards our goal of energy management by undertaking various measures, thereby restricting the energy consumption and minimisation of loss.

Direct and Indirect Energy consumption

Direct energy consumption within the organisation (in million GJ)

	2014-15	2013-14	2012-13
Refineries	43.07	43.19	38.78
Marketing	0.218	0.22	0.32

Indirect energy consumption within the organisation (in million GJ)

	2014-15	2013-14	2012-13
Refineries	2.03	1.67	1.23
Marketing	0.74	0.58	0.78

Grid power is the prime energy resource in refineries. Better availability of grid power has led to increase in indirect energy consumption in refineries. A new DHT unit commissioned in Visakhapatnam refinery is dependent exclusively on grid power, which has also contributed to the escalation in indirect energy consumption.

Energy intensity

Energy Intensity (GJ/MT)*

	2014-15
Mumbai Refinery	2.946
Visakhapatnam Refinery	2.651
Marketing	0.014

* per MT of crude processed for Refineries, per MT of product thruput for Marketing



Energy conservation initiatives:

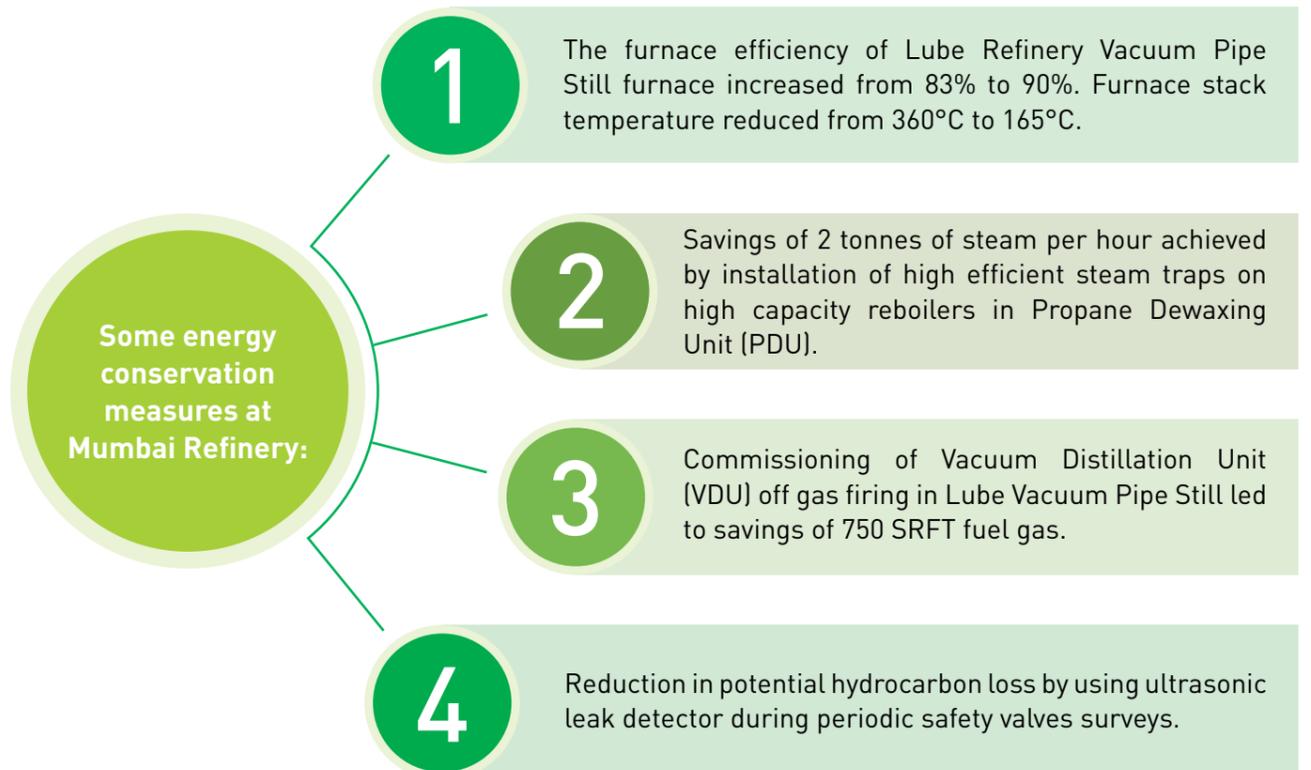
We have been consistently working towards developing and implementing strategies for efficient use of energy at our refineries and marketing locations. We identify potential areas for improvement as part of our long-term and short-term energy conservation strategies. This has aided in further improving our energy portfolio and achieving significant energy savings.

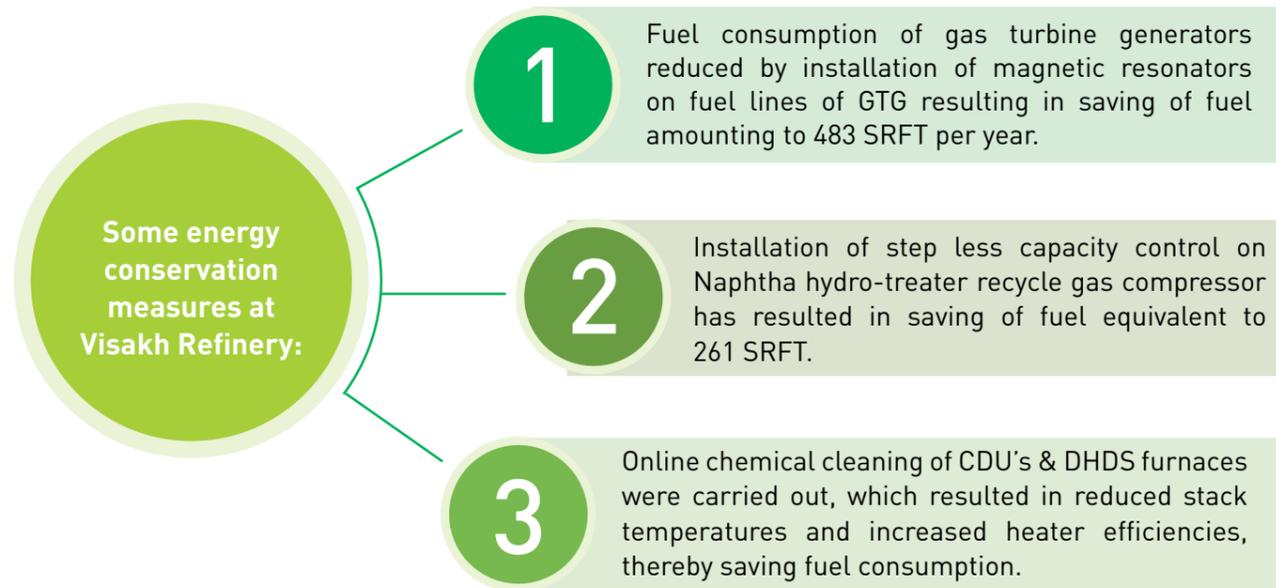
We have made a capital investment of ₹ 31.06 crore on energy conservation equipment in the refineries during FY 2014-15. The energy conservation measures undertaken by both refineries during the FY 2014-15 have resulted in a savings of 18,832 SRFT/year (Standard Refinery Fuel Tonnage per year).

₹ **31.06** CRORE
CAPITAL INVESTMENT ON
ENERGY CONSERVATION
EQUIPMENT

SAVINGS PER YEAR
18,832 SRFT

	Savings due to energy conservation measures (SRFT/year)	Equivalent energy savings (in GJ)
Mumbai	11,568	4,84,005
Visakhapatnam	7,264	3,04,140
Total	18,832	7,88,145





Energy conservation initiatives at Marketing locations:

Strict monitoring of specific energy consumption (SEC) is carried out across locations. For the first time, SEC was benchmarked and targets were developed for all POL locations.

Some of the other energy conservation initiatives taken by HPCL at its marketing locations are:

- Conducting periodic energy audits for identifying energy saving opportunities
- Installation of efficient energy monitoring system for energy intensive equipment
- Installation of VFDs for electrical drives
- Phasing out conventional lights and replacement with LED lights/induction lights
- Installation of 5 star rated energy equipment
- Capacity improvement for battery banks
- Power factor improvement by installation of capacitor banks
- Prevention of idle running of equipment
- Use of Nano molecular thermal additives in ACs
- Installation of solar lights
- Implementation of power saving devices for lighting loads

Emissions

Climate change is a critical issue. Our society faces the challenge of meeting rising energy demand while sustaining economic growth and managing impacts on the climate. We recognise the link between our activities and

climate change and consider it to be our responsibility to take mitigation steps and reduce our impact.

Table below summarises comparative analysis of Scope 1 and Scope 2 emissions for last three financial years:

Scope 1 Emissions:

Direct Greenhouse gas emissions (in million metric tCO₂e)

	2014-15	2013-14	2012-13
Mumbai Refinery	1.46	1.29	1.64
Visakhapatnam Refinery	1.68	1.55	1.58
Marketing location	0.016	0.016	0.020
Total	3.16	2.86	3.24

Scope 2 Emissions:

Indirect Greenhouse gas emissions (in million metric tCO₂e)

	2014-15	2013-14	2012-13
Mumbai Refinery	0.44	0.41	0.26*
Visakhapatnam Refinery	0.03	0.009	0.004*
Marketing location	0.19	0.13	0.17
Total	0.66	0.55	0.43

Sources: Emission factors - IPCC; Calorific value - Internal values
No specific base year has been considered for reporting the data

* The data for Mumbai and Visakhapatnam Refineries for FY 2012-13 has been restated due to calculation error



Scope 3 Emissions:

From the current financial year, HPCL has started accounting Scope 3 emissions (Other Indirect GHG emissions) from various activities such as product transportation, employee travel etc. The Scope 3 emissions for Marketing locations for the FY 2014-15 was 0.42 million metric tonnes of CO₂e.

Air Emissions:

Gas	SO _x (MT)			NO _x (MT)		
	2014-15	2013-14	2012-13	2014-15	2013-14	2012-13
Mumbai Refinery	3079.2	2553.9	3459.7	772.5	1797.6	1797.5
Visakhapatnam Refinery	3409.9	3418.9	2101.0	1390.3	1525.2	1145.0
Total	6489.1	5972.8	5560.7	2162.8	3322.8	2942.5

Emission intensity (tCO_{2e}/MT)*:

	2014-15
Mumbai Refinery	0.256
Visakhapatnam Refinery	0.195
Marketing	0.003

* per MT of crude processed for Refineries, per MT of product thruput for Marketing
Emission intensity calculations are worked out on the basis of Scope 1 and Scope 2 emissions.

Emission Reduction initiatives taken at Refineries:

We are working relentlessly on process efficiency and innovation to recover the traces of hazardous emissions from refineries. This includes:

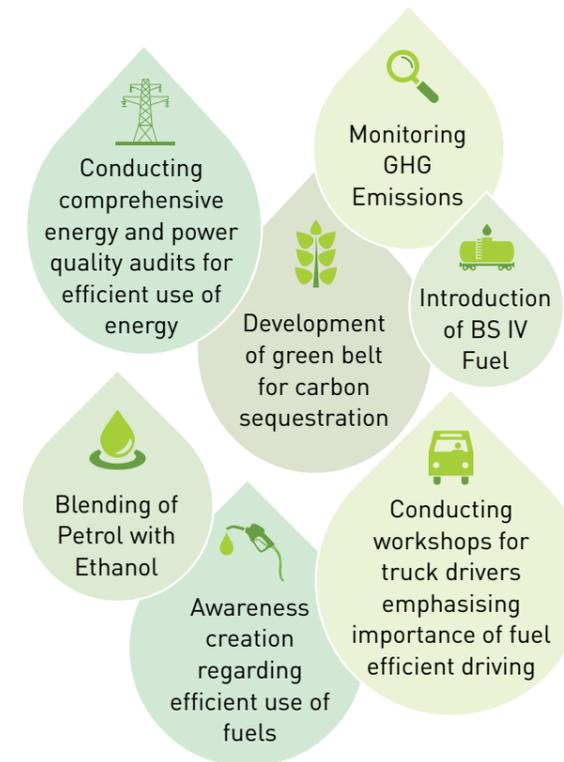
- Ambient air stations being upgraded with new, continuous monitoring facilities for additional parameters viz. Ozone, PM 2.5, Benzene and Ammonia.
- Apart from online monitoring, manual monitoring of ambient air being carried out by external MoEF approved laboratory as per NAAQS.
- Flue gas scrubbing unit and Purge treatment unit installed to control SO₂ and suspended particulate matter. > 90% pollutants reduced before letting flue gas into the atmosphere.
- Low NO_x burners installed for NO_x emissions reduction. Ultrasonic mass flow meters installed for continuous monitoring of flare.
- Leak Detection and & Repair (LDAR) Program carried out to identify and control fugitive emissions from equipment leaks.

- FGD (Flue Gas Desulphurization) facilities installed to reduce Suspended Intermediate Matter and Sulphur emissions.
- At Visakhapatnam, commissioned commercial HiGAS unit, a new technology developed by HPCL R&D for absorption/separation applications, for the process of removal of H₂S from Refinery Fuel Gas using Amine as absorbent.



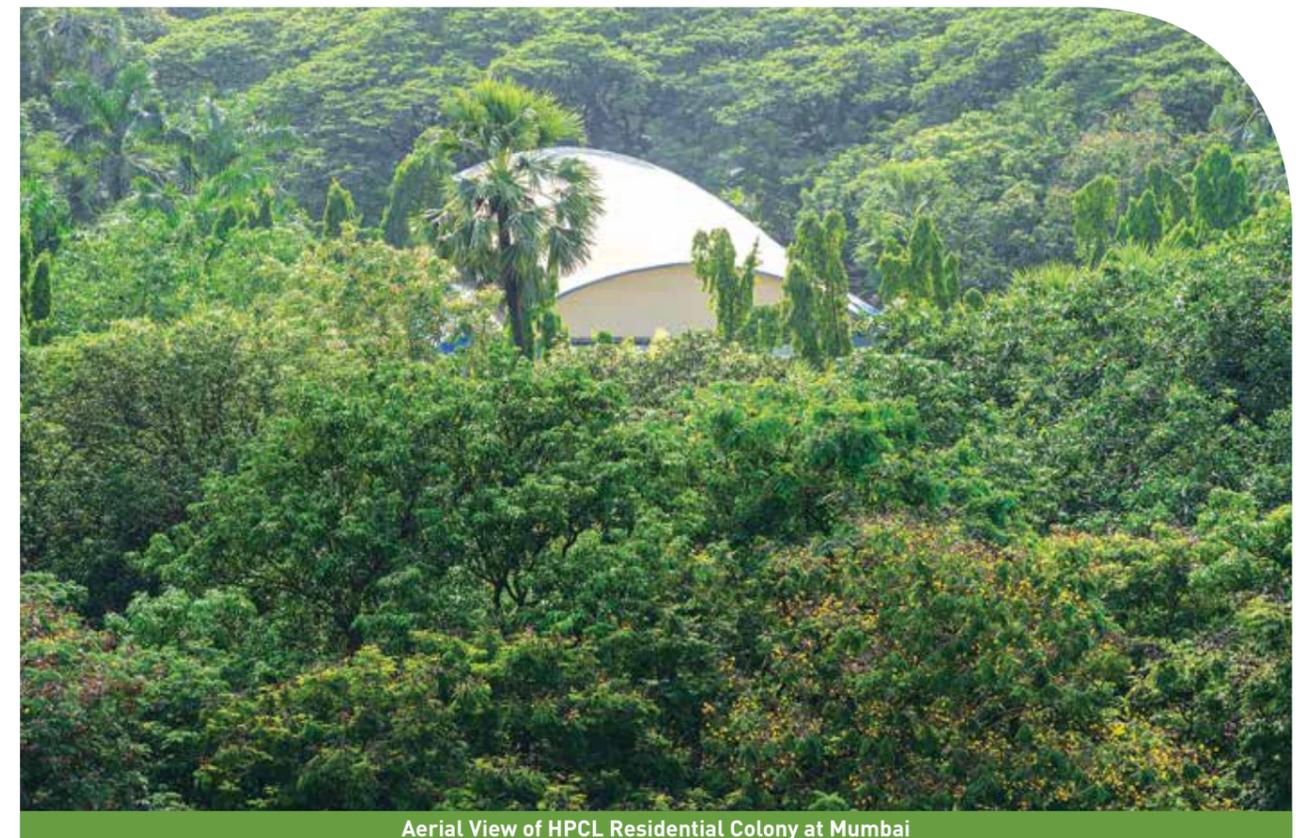
Tree plantation by children at Alibag LPG Plant

Some of the other measures which HPCL has taken for emission reduction:



With a view to reduce the emissions due to transportation of its products, HPCL carries out route optimisation activity which has the following salient features:

- RTKM calculated based on Google maps and actual distance.
- Allocation of customers is done based on nearest depots and locations thereby reducing the distance.
- Real-time fleet tracking using GPS to ensure that the vehicles do not deviate from the assigned shortest route.
- This has reduced diesel consumption in product transportation with equivalent emission reduction.



Aerial View of HPCL Residential Colony at Mumbai

Green Building Initiatives – LPG Plant Yediyur, Bangalore

HPCL aims at spreading awareness about environment and resource optimisation at all its locations. As a testimony to this, LPG Plant at Yediyur has been commissioned with numerous initiatives to make the business greener.



Location

- Located near National highway and railway station – Less carbon footprint on account of transportation.

Layout and Design

- Layout and orientation of administrative and associated buildings was finalised after sun and wind orientation study to utilise maximum daylight and natural ventilation. This has reduced the burden on artificial lighting and HVAC system.
- High quality UPVC windows and doors provided for better noise and weather insulation for increased comfort.

Construction

- Eco-friendly materials and paints were used in the construction of buildings and sheds.
- All major power consuming motors have been equipped with VFDs for energy saving.
- Installed Sewage Treatment Plant (STP), recycles the toilet water which is then used for gardening / flushing.

- Garbage converter has been provided for treating kitchen/garden waste.
- All roof drains have been directed to rain water harvesting pits.



36%
ENERGY SAVINGS BY INCORPORATING
ENERGY-EFFICIENT DESIGN

46%
WATER SAVINGS BY
WATER-EFFICIENT FIXTURES



Green Energy

Being an energy intensive industry, we understand the climate change effects caused due to conventional sources of energy. As a responsible Corporation, we are focussing on renewable energy sources for reducing the impact caused on environment through fossil fuels. We have made significant investments in renewable energy projects such as solar energy and wind energy.

Wind Energy

HPCL has installed 50.5 MW windmills in Rajasthan and Maharashtra and another 50 MW has been planned in Rajasthan. 544 lakh kWh of energy was generated from wind farms during the FY 2014-15, which fetched a revenue of ₹ 22.2 crore.



Wind mill at Rajasthan

Solar Energy

HPCL has around 250 kWp of installed capacity of solar energy. During 2014-15, total renewable energy generated through solar installation was 2 lakh kWh.

Mumbai Refinery has installed capacity of 75 kWp, Cherlapalli bottling plant has 30 kWp and Silvassa Lube Blending Plant has 20 kWp installed capacity for solar energy. In addition, we have solar installations at various locations with capacities ranging from 2.5 kWp to 12 kWp. Also, solar power systems have been commissioned at our retail outlets and SV stations under pipelines. We have installed solar powered street lamps at several of our facilities.

Our Corporation has taken strategic decision to increase our footprint in renewables more aggressively in the years to come. We are in the process of installing an on-grid 258 kWp Solar PV plant at Ennore (Tamil Nadu).



Solar Unit at MDPL location

ENVIRONMENT POLICY:

The Corporation is committed to conduct its operation in such a manner as compatible with environment and economic development of the community. Its aim is to create an awareness and respect for the environment, stressing on every employee's involvement in environmental improvement by ensuring healthy operating practices, philosophy and training.

Objectives of this policy are to:

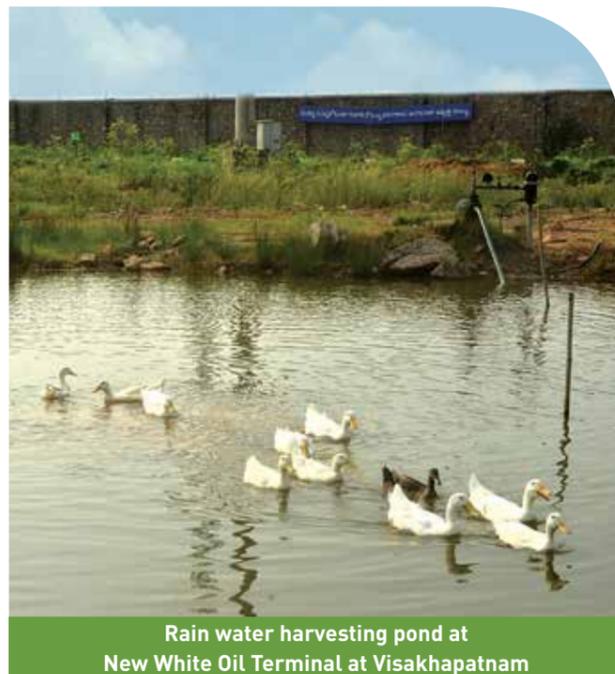
- Adopt environment-sound operating systems, practices and procedures.
- Strive to progressively bring about an improvement in the environmental performance of our facilities by adopting eco-friendly techniques/processes for optimal use of energy and to reduce hazardous emission and wastes.
- Establish procedures and devise suitable method for disposal of toxic, other hazardous waste and scrap.
- Create environment awareness amongst its employees and develop programs for environment protection.
- Comply with the relevant statutory Rules & Regulations and devise appropriate standards on other cases wherever required.
- Maintain highest standards of vigilance and preparedness to respond to emergencies supplemented with mutual aid of neighbouring facilities and Government agencies.
- Endeavour to associate with and support R & D on environment by Government agencies and reputed research institutes.
- Programme reviews and evaluation to measure progress of compliance with the policy.

Water Management

Water crisis is a growing challenge currently faced by many regions. Judicious and responsible use of water is becoming the prime necessity for every organisation to preserve this valuable resource. We cannot save unless we measure and hence we monitor our water footprint every year to enhance our water saving potential.

Every service location requires large quantities of water for its operations and processes. Our refineries and marketing locations are developing new water conservation measures like zero water discharge systems, phytoremediation, waste water treatment, rainwater harvesting, ETP and STP etc.

Natural water bodies existing within the premises are developed as a part of water conservation initiative. Efficient water fixtures are being installed in administrative buildings, operational premises and amenity blocks for conservation of water. People are being sensitised for water conservation through seminars, presentations, conference, awareness campaigns.



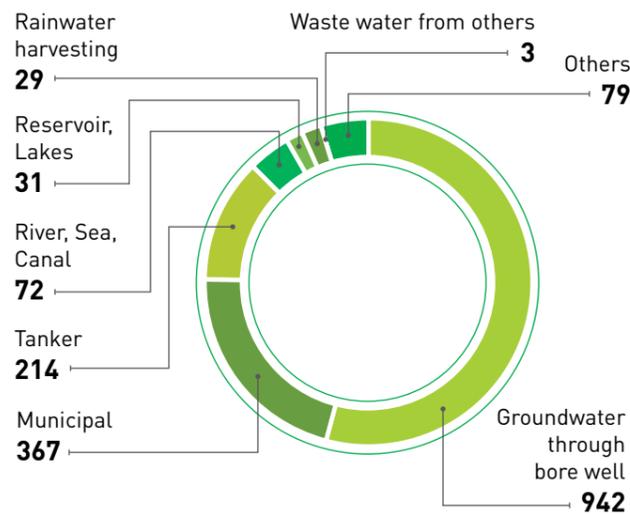
Rain water harvesting pond at New White Oil Terminal at Visakhapatnam

Water consumption

Water withdrawal by source (in 000' kL) in Refineries

	2014-15
Municipal	8,808
Seawater	86,868
Total	95,676

Water withdrawal by source (in 000' kL) in Marketing



Specific water consumption (in kL/MT)*

	2014-15
Refineries	5.91
Marketing	0.026

* per MT of crude processed for Refineries, per MT of product thruput for Marketing

Total water recycled

Total water recycled (in 000' kL)

	2014-15
Refineries	19,210
Marketing	93

% of total water recycled/reused **20**

Water conservation initiatives at Refineries:

Our refineries are the major consumers of water. Achieving water-use efficiency at our locations remains a priority. Mumbai refinery has achieved 100% recycling of Integrated Effluent Treatment Plant (IETP) treated effluent making it a "Zero Liquid Discharge" ETP since April 2014. We have recycled 5,74,343 kL of water in the IETP during the current year. Treated water recycled till date since IETP commissioning is 23,42,650 kL, resulting in equivalent amount of water savings to the community.



ETP at Mumbai Refinery

Water conservation initiatives at Marketing locations:

Our Lube blending plant at Silvassa has taken several measures for saving water, resulting in substantial reduction in water consumption.

Cooling system

Oil cooled screw compressor has been installed in place of water cooled reciprocating chiller which has given a saving of 6 kL/day.

Condensate recovery system

Enhanced condensate recovery from steam from plant area has resulted in improved recovery of water up from 5% to 10%.

Water Recycling in fire hydrant testing

Water for fire hydrant testing being recycled back into the storage tank which helped in saving 12 kL of water per day.

Reverse Osmosis recovery

Rejected water from Reverse Osmosis (RO) plant being collected in a tank and used for gardening purposes.

Re-engineering water flow through cooling towers

Stopping the flow through the standby cooling tower increased heat exchange across the cooling tower by 5-6 degree Celsius, which resulted in significant savings in water consumption.



LPG SBU

Water conservation in degassing of cylinders (LPG)

Our LPG bottling plants have installed a system wherein the water decanted from the degassed cylinders can be re-used for multiple cycles of degassing thereby reducing water consumption by a substantial quantity.

O & D SBU

Specific water consumption: For the first time, Specific water consumption (SWC) has been benchmarked and targets have been given to all locations for reducing their SWC.

Some of the water conservation measures taken by HPCL across locations:

Water-efficient fixtures for domestic use.

Distributed metering and monitoring of water consumption.

Re-use of treated water for gardening / operations.

Drip irrigation.

Rainwater harvesting has been implemented at both refineries and 70 marketing locations.

Waste Management

We aim to measure, manage and monitor waste from our operations in order to minimise our impact on people and the environment. Waste generated in our operations is either treated within the premise or disposed through CPCB approved waste treatment, storage and disposal facility. The key waste items generated at our locations during the year have been categorised as follows:

Hazardous waste generated – Refineries

	2014-15
Spent charcoal (MT)	1,435
Spent catalyst (MT)	530
Spent resin (MT)	70
Coke (MT)	11
Chemical containers (Nos.)	2,480
Insulation wool waste (MT)	270
Scrap batteries (Nos.)	55
Oily sludge and ETP sludge (MT)	4,845

Non-hazardous waste generated – Refineries

	2014-15
Metal scrap (MT)	9,032
Non-ferrous scrap (MT)	182
Plastic or wooden scrap (MT)	157
Cargo hoses (No. of hoses)	120
Scrap equipment (Nos.)	25
Others (MT)	245



Vermicomposting at HP MDI Nigdi

Waste Management in Refineries:

We are leveraging the use of technology and innovation to find solutions that contribute to the desired environmental outcomes. A cost-effective bio surfactant formulation has been developed for enhanced oil recovery from petroleum sludge in refineries. 'Oil-zapper' technology is being used to treat oil sludge through bio remediation process after mechanical recovery of oil.

Mumbai Refinery has disposed 1,458 MT of spent catalysts to the registered "Common Hazardous Wastes Treatment Storage Disposal Facility" (CHWTSDF) operated by Mumbai Waste Management Limited and Visakhapatnam Refinery has disposed of around 524 MT of various hazardous waste materials to the authorised Central Pollution Control Board (CPCB) recyclers.



Hazardous waste generated – Marketing locations	
	2014-15
Oil sludge (MT)	1,339
Chemical containers (Nos.)	2,555
Scrap batteries (Nos.)	328
Spent oil (kL)	36
Oil-soaked cotton or paper (MT)	7
Tyres and other rubber scrap (MT)	10

Non-hazardous waste generated – Marketing locations	
	2014-15
Metal scrap (MT)	4,242
Non-ferrous scrap (MT)	318
Plastic or wooden scrap (MT)	74
Other (MT)	115
Metal containers (Nos.)	25,870
Plastic containers (Nos.)	3,012
Plastic bags (MT)	20
Scrap equipment (MT)	4

Initiatives taken at Marketing locations:

Waste reduction initiatives are propelled by encouraging participation from all stakeholders at the locations.

Waste reduction initiatives at Silvassa:

- Solid waste reduction:**
 Major hazardous waste generated in the facility is the metal scrap and HDPE drums used for additives and chemicals. To avoid the usage of drums in large quantity, separate storage tanks were created for bulk storage of additives which has helped in reducing the drum procurement and disposal.
- Effluent treatment, Slop reduction:**
 Slop generation has reduced by 23% on account of automation of various processes, elimination of manual intervention, automatic dosing and kettle automation. This has also helped in reducing the ETP load.

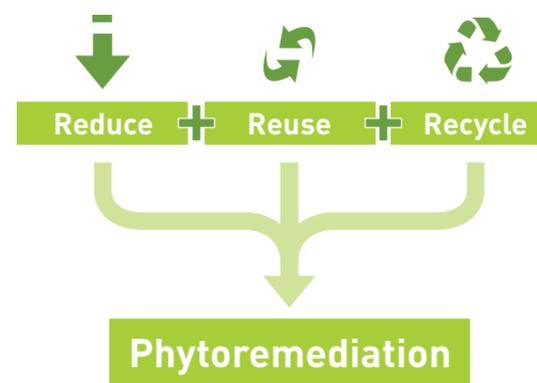
23%

SLOP GENERATION REDUCED AT SILVASSA



Artefacts from Metallic Waste in our Housing Colony

Phytoremediation – A waste recycling initiative



- Water saving potential is 35% to 50%
- Eco-friendly initiative as water purification is done with the help of certain plant species
- Cost beneficial
- Maintenance-free
- Self-sustained operation

Generally, waste water can be treated by STP, ETP or other processing methods. To introduce newer prospective in waste water management, efforts are being made at HPCL to treat sewage water through Phytoremediation units which is considered as the most sustainable way of recycling the water.

Phyto (in Greek) means plants and Remedium (in Latin) means restoring balance. Phytoremediation technique replicates the natural wetland framework of filtering impurities by means of specific plant species. We have constructed Phytoremediation water recycling projects in two of the marketing units: Silvassa lube blending unit and Cherlapalli LPG Plant. These Phytoremediation units for waste water management have been implemented for the first time in any oil & gas public sector unit.

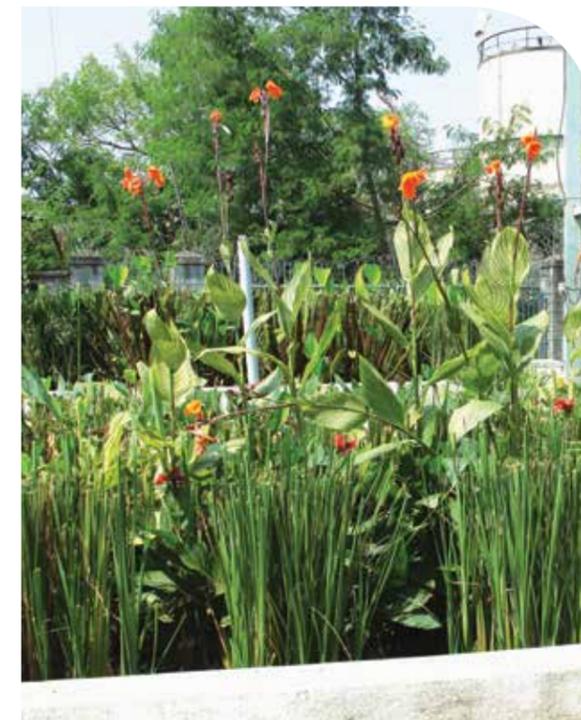
Cherlapalli LPG Plant

Cherlapalli being in Telangana state which has water crisis, conserving water is a step towards sustainability. Earlier sewage generated in the facility was collected in the septic tank but now sewage water is being recycled by Phytoremediation.

Total 3KL water is recycled per day. Treated water is used for gardening purposes in the plant.

Silvassa Lube Blending Plant:

Following the success of Cherlapalli LPG plant, Phytoremediation was also implemented at Silvassa Lube blending plant. A 6 kL/day Phytoremediation unit caters to the daily waste water generated in the toilets in the plant.



Silvassa Lube Blending Plant

- Installation of 20 KW solar PV grid interactive system to increase renewable energy share.
- 39% reduction in SEC through the use of automatic drum filling, use of oil cooled screw compressors with VFD, VFD installed kettles and many other projects in three years.
- Phytoremediation system of 6 kL/day capacity to treat sewage generated within the facility.
- Multi-mode transportation, thereby reducing the impact of road transportation.
- Compatibility matrix to identify reprocessing of grades in the same kettle without flushing, thereby reducing the flushed quantity.
- Packaging material weight reduction through square pail design for 10L and 20L lube oil packaging.
- New technique for making lithium complex greases, cutting down process time by 40%, energy consumption reduction by 40% and first pass yield improvement from 65% to 100%.



GreenCo implementation at HPCL

CII – Godrej Green Business Centre has developed “GreenCo” (Green Company) rating system which is a holistic mechanism to assess the environmental performance of a company’s activities. The objective of Green Company rating system is:

- To create a framework to define and assess the parameters of green company (how green is a company) and provide direction to make it greener.
- The rating adopts a cradle to cradle approach for evaluating the activities of the company on the ecological front.

GreenCo rating is a unit or facility level rating. There are 5 levels of rating from the lowest to the highest, which are Certified, Bronze, Silver, Gold and Platinum.

Both Silvassa Lube blending plant and Cherlapalli LPG plant have been bestowed with the prestigious GreenCo Silver rating



The first company in Oil & Gas sector and first PSU to get this rating

Evaluation of GreenCo rating system for companies is based on various green parameters which include:

- a)  Energy efficiency
- b)  Water conservation
- c)  Renewable energy
- d)  GHG emission reduction
- e)  Material conservation and recycling
- f)  Waste management
- g)  Green supply chain

**Clean and Green
Our Perfect Dream**



Cherlapalli LPG Bottling Plant

- Reduction in specific energy consumption by 11.6% in the last three years.
- Use of energy sensors in conveyor operations, optimisation of compressor operation, power optimisation and online valve changing unit saving to reduce energy consumption.
- Installation of rooftop 30 kW solar PV grid interactive system to increase renewable energy share.
- Phytoremediation system of 3 kL/day capacity to treat sewage generated from the plant resulting in savings of 3000 litres/day fresh water.
- Modification of gas leak detection system to improve the cylinder quantity and reduction in spare cost.
- Route optimisation for reduction in fuel consumption.
- Multi-mode transportation for material receipt and product dispatch.





...empowering
communities,
enriching lives

Social Performance

Social Performance



“We are committed to investing in people and building high quality relationships based on trust, creating a work environment that values everyone’s talents and enables them to contribute to the Company’s goals in a meaningful manner”



Management Approach

The achievement of our strategic business objectives is dependent upon the effectiveness of our human resource strategy. Developing, empowering and retaining value driven, high performing employees with the right skills is critical to maintaining our success in a dynamic business environment. Our Human Resources department supports the business operations and helps enhance performance parameters for each employee. Our HR policies ensure a charter for helping employees develop their personal and organisational skills, knowledge and abilities. In order to develop the most superior workforce we focus on all aspects of human resource development such as leadership development, employee training, employee engagement, career development, performance management, coaching, mentoring and succession planning.

Successful employee management and leadership promote employee engagement, employee motivation, employee development and employee

retention. Employee engagement is a workplace approach designed to ensure that employees are committed to their organisation’s goals and values, motivated to contribute to organisational success and are able at the same time to enhance their own sense of well-being. We are committed to investing in people and building high quality relationships based on trust, creating a work environment that values everyone’s talents and enables them to contribute to the Company’s goals in a meaningful manner.

We understand that fair and proper recognition drives employee engagement. The Company thus makes concerted efforts to provide appropriate remuneration that motivates and retains the best talent, better prospects for personal development and social integration to increase their sense of well-being and make them feel recognised and valued for work performed. We strongly believe in providing freedom for people to express their concerns, allowing them to organise and participate in the decisions that affect their lives and equality of opportunity.

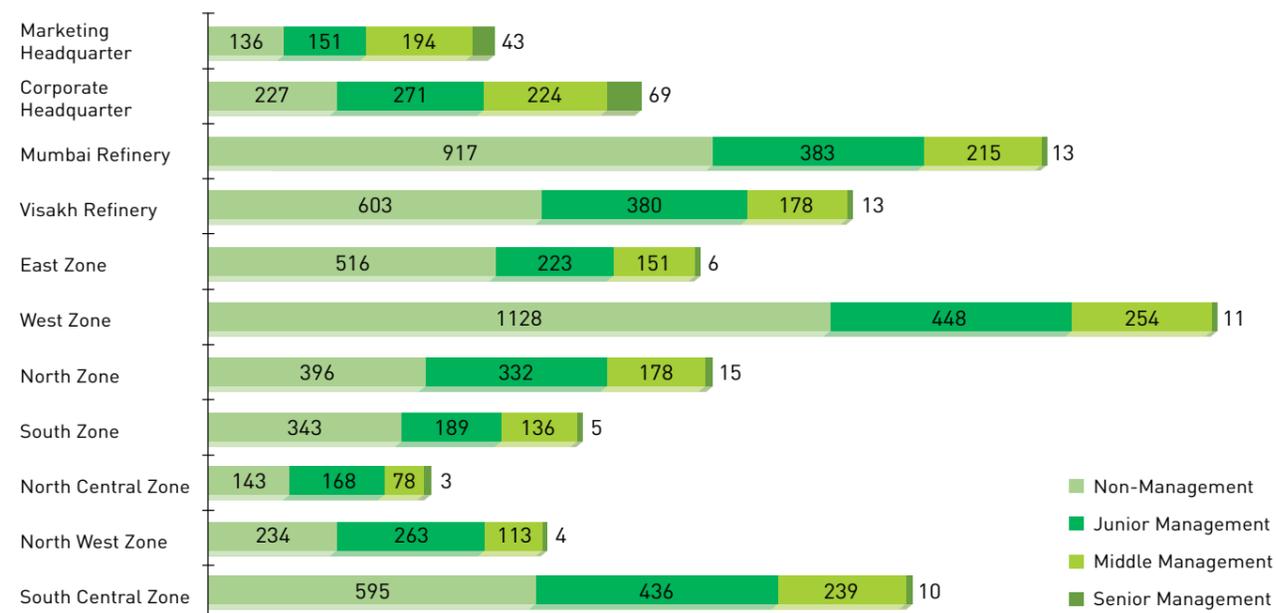
Workforce Diversity

In an increasingly competitive market, it is imperative to promote diverse teams where the potential of every employee is leveraged to deliver successful business outcomes. Viewing diversity as a power, HPCL makes every effort to attract, develop and retain diverse talent. Workforce diversity contributes to a positive work environment that is free from discrimination.

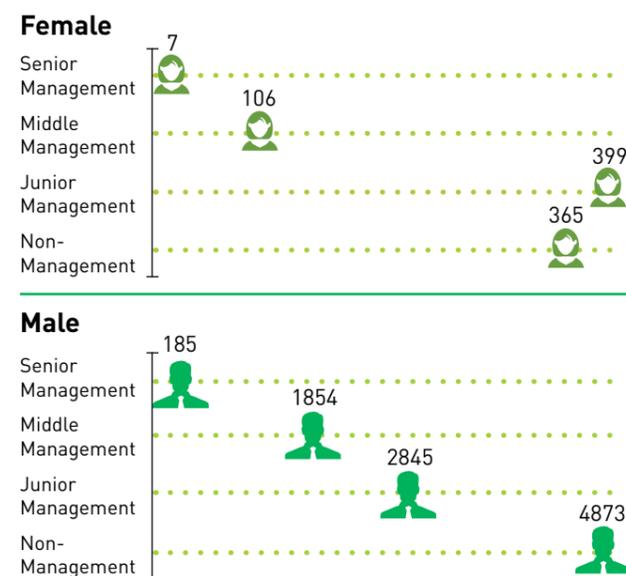
Embracing a culture of inclusion, HPCL attracts candidates from all sections of society and from across the breadth and width of India and there is no discrimination on the grounds of caste, culture, sex, creed, etc. Even through its external communications, the focus of the Corporation on attracting diversity is always demonstrated.

The workforce of HPCL for FY 2014-15 is tabulated gender wise, age wise and region wise as below:

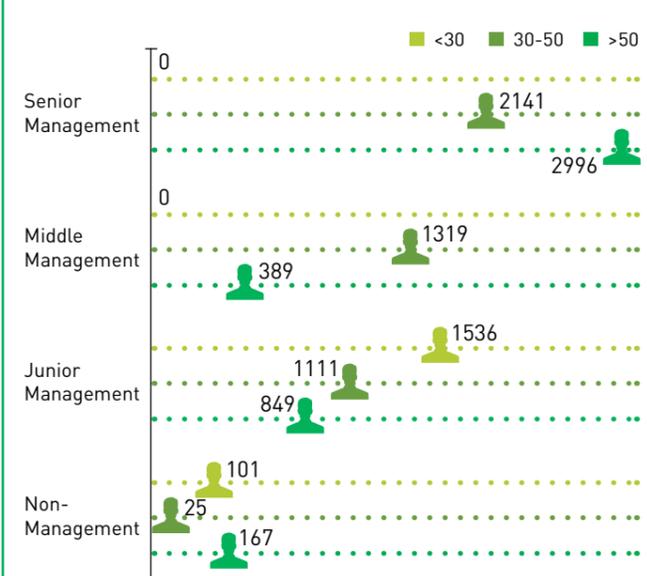
Total Number of Employees Region Wise



Total Number of Employees Gender Wise



Total Number of Employees Age Wise



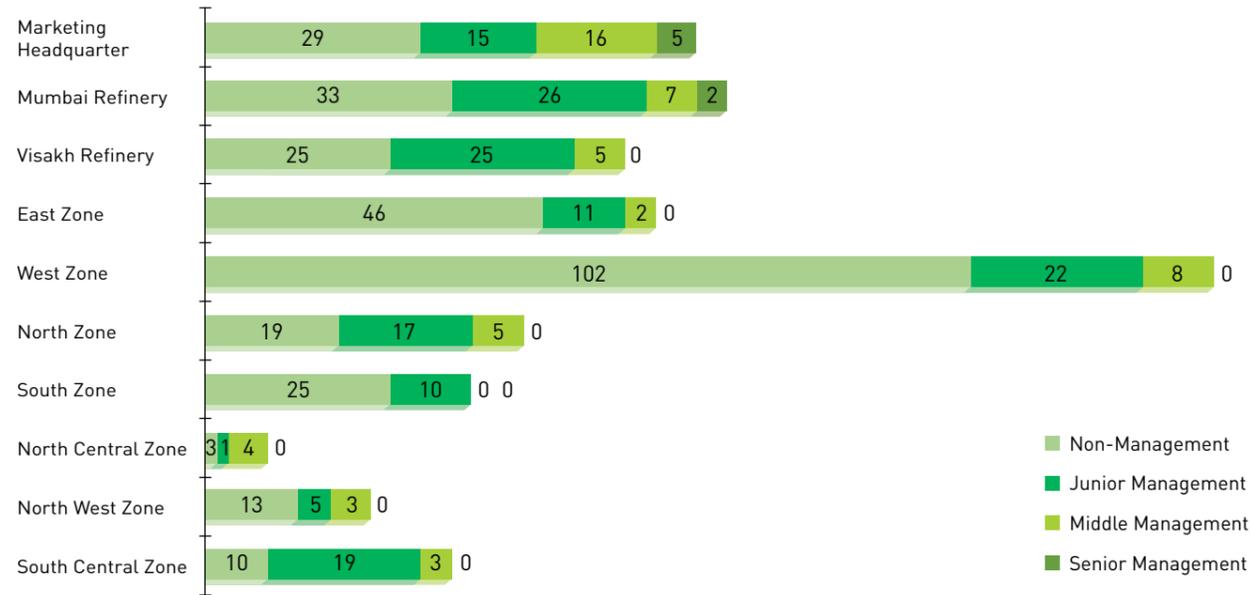
We have 17853 contract labour in our marketing locations and 5794 contract labour in our refineries.

Recruitment at HPCL

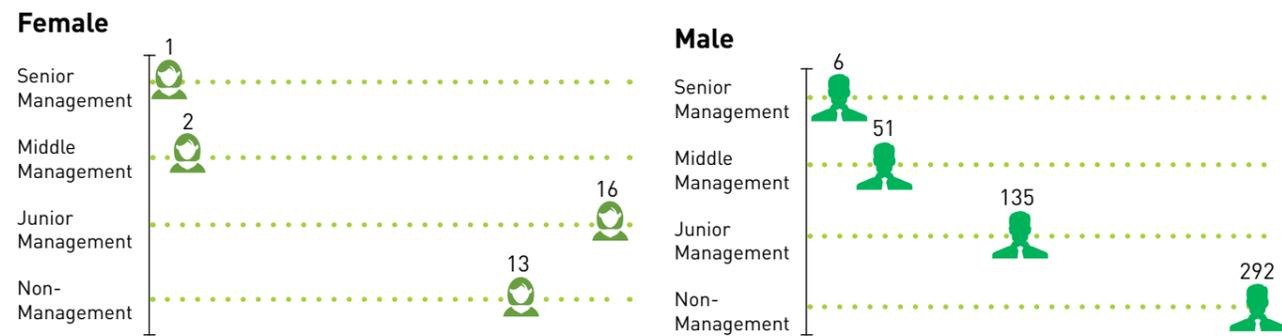
HPCL has a structured need identification process in place which is multi-faceted. Needs are based

on business expansion, business development, realignment, etc. and also separation due to retirement/resignation.

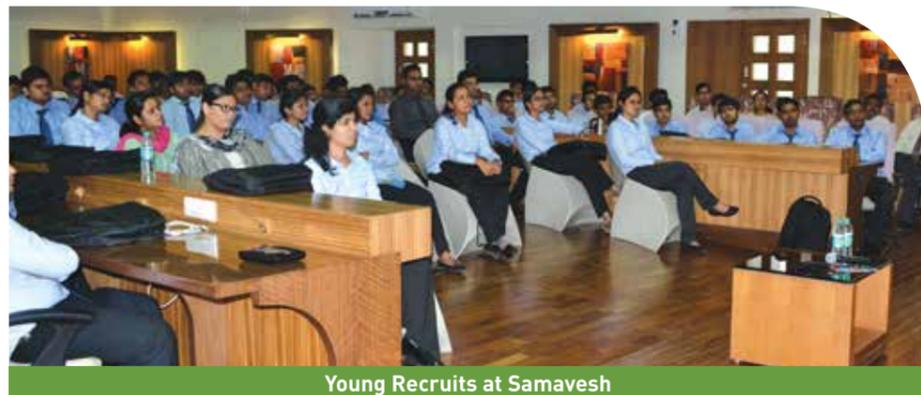
Employee Turnover



Employee Turnover Gender Wise



(The figures for turnover include the numbers of retirement and death in service)



Young Recruits at Samavesh

New Joinees

Employee category	New Joinees Region Wise											
	Marketing HQO	Corporate HQO	Mumbai Refinery	Visakh Refinery	East Zone	West Zone	North Zone	South Zone	North Central Zone	North West Zone	South Central Zone	All India
Senior Management												
Middle Management												
Junior Management	12	38	69	61	14	42	32	17	16	23	46	370
Non-Management												
Grand Total	12	38	69	61	14	42	32	17	16	23	46	370

Employee category	New Joinees Gender Wise	
	Male	Female
Senior Management		
Middle Management		
Junior Management	313	57
Non-Management		
Total	313	57

HPCL's Talent Sourcing for Attracting Right Talent

Talent is sourced through open advertisement in all electronic and print media or through campus recruitment. Recruitment is generally at entry level. However, recruitment at middle management and senior management levels is done from external sources as per Corporation's requirement.

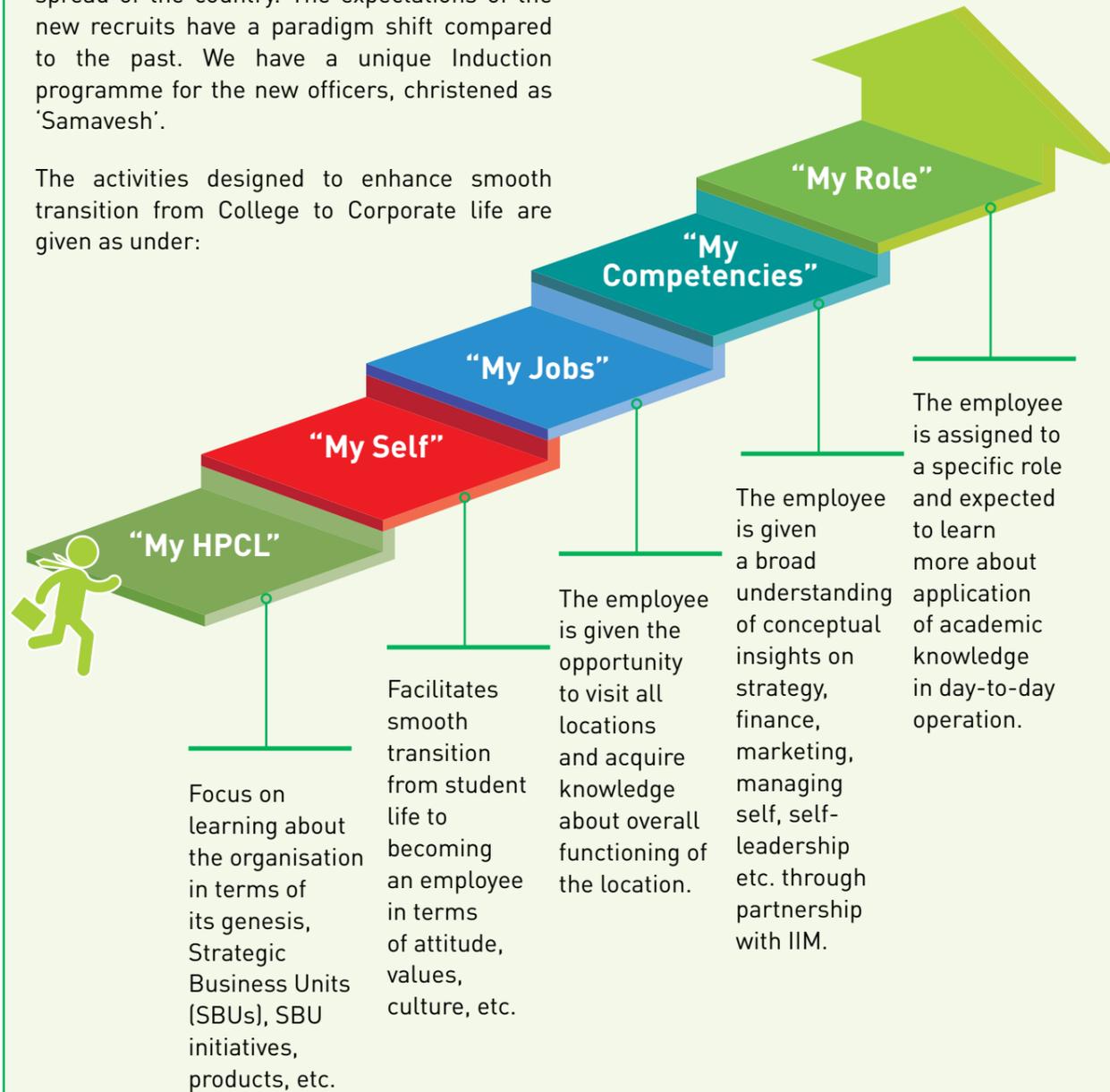
These recruitments are restricted to positions requiring experience and skill-set generally not available within the organisation and for positions requiring specialised skills.



Samavesh

HPCL sources its talent requirement through all-India open competitive tests. It is a challenge before the Corporation to culturally integrate the new officers coming from different social / cultural backgrounds and vast geographical spread of the country. The expectations of the new recruits have a paradigm shift compared to the past. We have a unique Induction programme for the new officers, christened as 'Samavesh'.

The activities designed to enhance smooth transition from College to Corporate life are given as under:



Employee Engagement, Training and Development

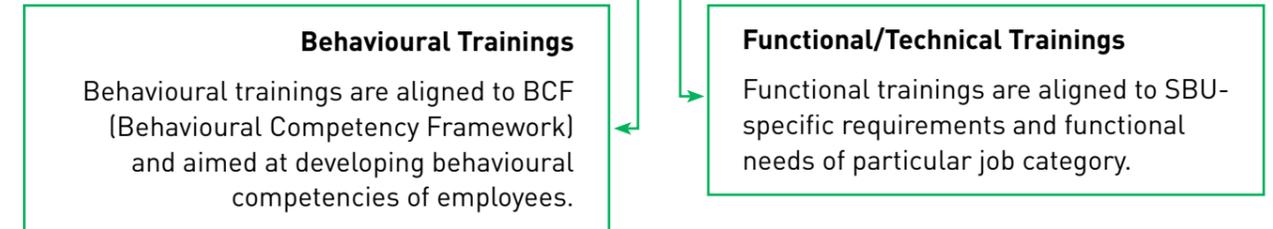
Management Approach

The skills, expertise and experience of our employees drive our business forward. By investing in the development of their skills and talent, we are investing in their future as well as in the future of our Corporation. Powered by this strong conviction, we have many employee engagements and training and development programmes to further enhance the skills of our employees and to motivate them for performing better.

At HPCL, we prepare our people for the challenges of the future by focussing on learning and development to enhance their knowledge and skills. Training is delivered both internally and via external bodies to meet the specific requirements of roles or to target professional development.

Such training ensures that employees are aware of their personal and Company obligations related to their workplace, safety and environment standards, as well as industry and international standards.

Two types of training Programmes are offered at HPCL



Our Training Records:

Average Training Hours	Employee category	Male	Female
	Senior Management	43.8	84.6
Middle Management	32.9	36.8	
Junior Management	58.6	61.7	

In order to identify the high potential internally, we assess the performance and potential of the officers through a performance appraisal

system. The potential candidates are given necessary training through Leadership Development Programmes.



Akshaypath

HPCL had launched a leadership development initiative Project – Akshay in the year 2011 to build a strong leadership pipeline of our employees towards the common corporate aspiration and vision. The programme has

benefited the Corporation immensely in terms of the overall development of leadership level executives for ensuring robust succession for critical positions.

Continuing our efforts and pursuance towards creating future leaders, HPCL has introduced 'Akshaypath' - Leadership Development Programme for Senior/Middle Management Officers.

SKILL DEVELOPMENT INITIATIVES

ADVANCED MANAGEMENT PROGRAMME

The Corporation nominates the Officers in senior management grades for Advance Management Programmes in India and abroad on regular basis.

CERTIFIED PETROLEUM MANAGER PROGRAMME

The Certified Petroleum Manager Program is conducted to provide the right mix of technical, functional, managerial and behavioural competencies for realising the full potential of our young officers. It aims at capability building, nurturing and integrating young officers to become future leaders of the Corporation.

MBA PROGRAMMES (OIL AND GAS)

HPCL has tied-up with the University of Petroleum & Energy Studies, Dehradun for MBA Program in Oil & Gas. All the Officers who are certified in the CPMP Programmes are eligible to enrol for the MBA (Oil & Gas) Programmes.



GYANJYOTI

At HPCL, there has been a conscious effort to leverage IT for serving our internal and external customers. A number of online applications/platforms have been developed over time, involving various day-to-day activities like Leave applications, LFA, Medical, C&B loans etc. The advent of Information Technology in the workplace has resulted in saving time and efforts and also bringing in process improvements thus increasing the efficiency at all levels.

With the Information Technology expected to make further headway into workplace, it is essential that the workforce is well equipped to deal with the changes. **The initiative GYANJYOTI is an attempt at providing IT skill development training to Non Executive employees, so as to enhance their independence and employee engagement levels. The unique thing about GYANJYOTI is that the Union leaders have been trained to conduct the training programme for the workers.**



PROJECT "UTTHAN"

It is a refresher training course for labour to clerical staff which primarily focusses on strengthening the ERP knowledge with respect to their domain. A one-day behavioural training programme is also arranged which covers a wide range of behavioural skills. Apart from this, a day-long session on business knowledge pertaining to Retail / LPG functions is also organised.

A total of 8 programs were conducted to cover around 180 participants during FY 2014-15.

PRAARAMBH

"Journey towards Excellence" has been designed especially for employees in Clerical cadre for their long-term capability building. This intervention is planned for 15 days, spread over a period of 4 months and includes classroom sessions, individual projects, group

activities, case studies, out-bound training and online assignments. The pilot programme has been launched at our East Zone where 26 employees from Clerical cadre have been undergoing this training.

Online Courses

Continuous development and enhancement of skills is necessary to enable all employees to meet the future with confidence. Keeping pace with today's fast and busy lifestyle, HPCL offers employees the option to pursue online educational courses so that they can develop their existing skills and discover and acquire new ones without attending classroom sessions.



Performance Appraisal

Our robust performance management and appraisal process is aligned to our objective of promoting a meritocracy culture. 100% of our employees receive career development feedback every year. For non-management employees, a new application has been developed for standardised and timely implementation of the Career Development Policy.

Career Planning System

Career Planning System is deployed every year for rotating the employees across job families. This is aimed at addressing the individual need for challenging assignments for growth and development as well as Corporation's need to build a strong and capable cadre of managers.

EMPLOYEE ENGAGEMENT:

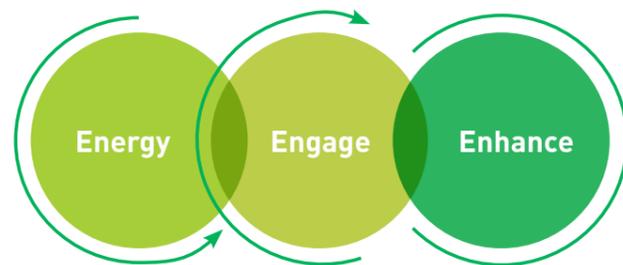
YUVANTAGE



Youth-Centric Initiative

HPCL comprises around 40% of youth brigade which make the Corporation vibrant, lively and full of energy. With a strong belief in the statement - "We cannot build the future for our Youth, but we can build our Youth for the future", HPCL has in place a successful system for all-round personality development of its youth workforce. In fact, HPCL has become a pioneer in introducing youth-driven initiatives among all PSUs in India.

The concept of triple E was coined by the youth brigade in collaboration with top management.



The motto of Yuvantage is "For the Youth, By the Youth and Of the Youth".

Yuvantage team, with little past experience but a clear vision of HP Youth in mind, chalked out a roadmap and stratified the events into 3 heads:

Youth Euphoria, Youth Bash and the Grand Finale "Youth Carnival".

We believe that Yuvantage will foster innovation and will provide a platform to showcase talents, passion and skills, which in turn will develop our Youth to be multi-faceted personalities. It is a fest for rejuvenating, recreating and re-energising the Youth.

Yuvantage – "Youth Carnival"

The Youth Carnival was organised on 19th-20th September, 2014 at Pune. This event which saw participation of over 250 officers from across the country was very successful with teams participating in several techno-businesses, cultural and fun events. The fresh batch of Samavesh also joined in for the opening ceremony and other events. Insights on leadership skills were imparted to the young executives of HPCL with the help of very relevant and absorbing video clips.

Corporate-Ran Neeti 2014

As an employee engagement initiative, YUVANTAGE in partnership with Capability Building Department, HQO has launched "CORPORATE RAN-NEETI", 2014, a Business Simulation Game - by AIMA.



Programme for Women Employees

The following women-centric practices are followed at HPCL:



WIPS (Women in Public Sector Forum)

We believe in equality and in supporting the career aspirations of women in an increasingly demanding marketplace. These days capitalising on their potential has become a business imperative. Hence we encourage our women employees to be a part of WIPS and get updates on women-related issues.



Women of Will (WoW) – An Empowerment Programme

HPCL has a large workforce of women who are ambitious and capable and in order to leverage their competencies towards high performance resulting into desired business results, it is important to focus on full utilisation and development of female talent pool.



Customised Training Programmes

Specific training programmes have been imparted to women employees at Premier Institutes like IIMs on women empowerment. Internally also, customised training programmes are conducted viz. "Women Empowerment" (theme of empowering women in their professional life), "Stress Management for Women Employees" (for handling stress and maintain health due to dual responsibilities at work as well as managing home).



Nari-shakti in HPCL

HPCL cares for its women employees. International Women's day is organised across locations. Various events are organised throughout the day like Quiz Competition, Design N Decorate, Food Fiesta and Health Talks, etc. A weeklong initiative named "I RECOGNIZE" was launched this year which aimed at encouraging the employees to convey their gratitude to the women in their lives.

WORKMEN PARTICIPATION IN MANAGEMENT

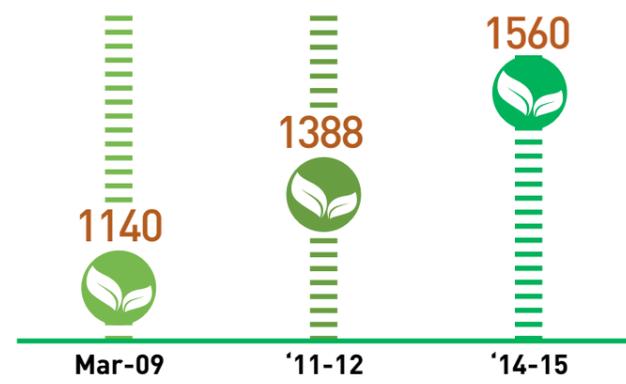


This Project aims at improving the performance of LPG Bottling Plants by engaging all the employees at floor level and taking them through improvement process by involving them in implementation of solutions by using problem-solving techniques. The process empowers the workmen to carry out appropriate solutions through data collection, analysis, regular discussions and knowledge-sharing. Depending upon the size of plant and manpower strength, 2-4 teams consisting of 2-5 workmen and 1-2 officers per team are appointed for this exercise.

Significant Improvements:

- Productivity improved by **37%**
- Manpower reduction by **27%**
- Weight rejection reduced from **8% to 3%**
- Breakdown time reduced from **8% -10%** to **3%**
- Savings of ₹ **62** crore per annum
- Bottling capacity increased by **765** TMTPA-equivalent to 10 new plants

Production rate (Cylinder per hour)



Improvement in sales

Since LPG marketing in India is primarily consisting of packed LPG Sale (98%), which is dependent on availability of bottling capacity, Utkarsh has impacted the growth of packed LPG sale through productivity improvement and increased stakeholder participation in day-to-day activities.

Our collective effort has been recognised at international forums. Project Utkarsh received the prestigious ATD award (Association for Talent Development), being the only Indian company in the category of excellence in practice.



This Project aims at improving safety, productivity, quality, environment at O&D locations through execution of floor level projects by Quality Circle Teams by involving workmen and other stakeholders in the

improvement process. The Project involves employees at all levels through participative management. It identifies gaps and improves processes through structured and scientific methods of problem-solving.

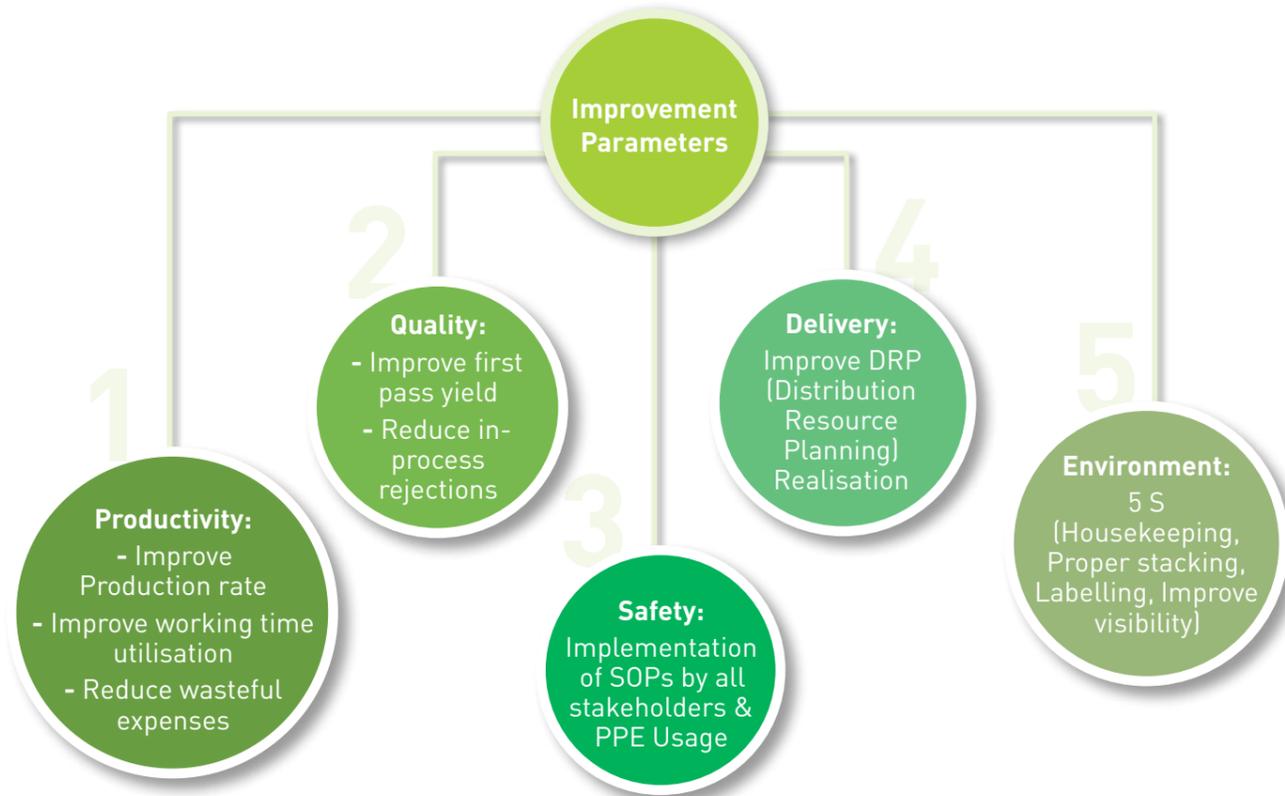




PROJECT UTTAM

After successful implementation of productivity enhancement initiatives at LPG Plants and O&D locations, Project Uttam has been rolled out at Lube Blending Plants. This initiative has enabled

to engage employees at all levels and empowered them to identify gaps and improve processes through structured and scientific methods of problem-solving.



PATH OF LIGHT

With a view to providing information to the non-management employees about their post-retirement benefits and superannuation, a training programme named Path of Light was introduced. The training focusses on how the employee should safeguard their financial, physical and mental wellbeing in their retired life.

AWARDS AND RECOGNITION PROGRAMMES FOR EMPLOYEES

AT HPCL, our employees are our assets and we keep motivating them by appreciating

their excellence at work and achievement of extraordinary goals.

HP Icon

In order to promote the development of leadership competencies among the middle / senior level management, a reward and recognition scheme named 'HP ICON' has been implemented in the organisation since 2010. The objective of HP Icon is to recognise officers who live the HP First values, who are excellent team members, inspire their team to perform higher, put in efforts for subordinate development, entrench values of effective team management and who serve as role models.

Outstanding Achievement Award

Outstanding Achievement Awards recognise junior management level officers who have achieved outstanding results and exhibited extraordinary commitment during the year, in line with the Corporation's business interests in terms of substantial value addition, tangible or intangible.

To promote 'Culture of Appreciation', specific categories have been introduced in the outstanding Achievement Award during the year.

HP Gaurav

In order to promote the development of competencies among the non-management employees, a unique reward and recognition scheme named 'HP Gaurav' has been implemented in the organisation. The Award recognises non-management employees who achieve extraordinary results through the display of competencies such as 'Excellence in Work', 'Adherence to Safety Measures', etc.

EMPLOYEE BENEFITS

For long-term satisfaction of our employees, we have a host of employee benefits at HPCL. Some of the initiatives are leave encashment, gratuity, pension, during service and post-retirement medical benefits, ex-gratia, death benefits, allowances, etc. The Company's contribution to the Provident Fund is remitted to separate trust established for this purpose based on a fixed percentage of the eligible employee's salary. Over



and above this, we have loan schemes for higher education, housing, etc. The total amount spent on employee benefits in the financial year 2014-15 is ₹ 2,414.66 crore.

Parental Leave

In the current reporting year, number of employees who took parental leave is 21. Number of employees who returned to work after parental leave ended is 16.

Child Care Leave

Child Care Leave has been introduced for female employees of the Corporation, with a view to facilitate female employees to take care of their children during the early childhood. Child Care Leave can be availed by female employees for taking care of infants (up to the age of 5 years) for a maximum period of 730 calendar days during their entire service.



Employee Relations, Policies & Practices

The leadership of HPCL considers 'Employee Relations' as an integral part of the Organisation and thus promoting positive employee relations is embedded in the vision of the Organisation.

The Employee Relations department believes that thrust for maintaining industrial harmony is a prerequisite for sustainable growth.

Few of the critical Employee Relations forums / platforms in HPCL are as follows:

Industrial Relations Council

HPCL has formed Industrial Relations Council, consisting of Senior Management from business & HR and senior office bearers from each of the Unions operating in the Corporation. The IR Council deliberates on various issues pertaining to future challenges of the Corporation and make action plans for the same.

HPCL Trust for Promoting Industrial Harmony

HPCL is a pioneer in constitution of many industrial relations initiatives, one of them being a registered trust for promoting industrial harmony.

The objectives of the Trust are as follows:

- To promote industrial harmony in HPCL and other Oil & Gas PSUs
- To develop union leadership amongst the workmen of HPCL
- To recognise and honour Union leaders representing workmen of HPCL
- To promote research in the area of Industrial Relations

HPCL has instituted an award in the name of Shri Raja Kulkarni, erstwhile President of Petroleum Employees Union. Shri Raja Kulkarni Sanman for Promoting Industrial Harmony is to be given annually to Union Leader(s) representing workmen of HPCL for exemplary work done in the field of Industrial Relations.

Centralised HR Legal Cell

One of the critical initiatives in Employee Relations is Centralised HR Legal Cell, where a team of qualified and competent legal professionals are handling legal matters relating to employee relations, Conciliations and Statutory Compliances. The creation of Centralised Cell has brought in more professionalism and systematisation in handling of these matters, thereby making the function more efficient and taking it to the next level by setting a benchmark.

Committee for Compensation & Benefits and Career Development

This is a platform provided to all the unions to table the issues related to C&B and career development policy implementation faced by their members. The committee meets regularly and employee issues related to C&B and CDP implementation matters are addressed. In this committee, the management discusses with the unions the new policies and practices to be formulated as well as revision in existing policies.

ICS e-Care

With a view to bridge the geographical divide between HR and the farthest workman, a unique initiative has been launched by HPCL titled as "ICS e-Care", a technological intervention through which any employee can pose a query on any of the areas and the dedicated ICS officer responds to the same on-line within 3 days. In case of non-reply within the stipulated time, the query automatically gets escalated to the higher HR authorities.

HR Direct

HR Direct is a unique platform wherein the employees can communicate directly with Director- HR on any of the areas related to Corporation's Vision, Strategy, Systems, People processes, practices, future directions & collective aspirations.

Employee Connect Initiatives

"Employee connect" has been the theme of the year 2014-15 and the objective of the theme is to enhance employee engagement to foster participative, nurturing and a winning work culture and to reach out to the families of the employees to build a stronger bond with the HP Family. In line with same, several outdoor activities such as picnics, visits to heritage locations, science centres, movie screening, career guidance workshops etc. have been organised across locations as part of employee connect activity.

 Picnics	 Movie Screening	 Career Guidance Workshop
 Multiple Intelligence Workshop	 Heritage Walk	 Science Center / Planetarium Visit
 Get togethers	 Pan India Tie-ups with Stores	 Health Workshops
 Stepathlon	 Isha Yoga & Ulchemy	 Retired Employees' get togethers

Sports

With a view to providing information to the non-HPCL gives a major impetus to Sports promotion. Every year, we organise three internal tournaments for the employees viz. All India Inter Unit Indoor Games Tournament (Badminton, Bridge, Carrom, Chess and Table Tennis), All India Inter Unit Cricket Tournament and All India Annual Sports Meet (Athletics, Track and Field Events). We also organise Cricket Coaching Camp for employees' children. During the year, our organisation hosted Petroleum Sector Sports Promotion Board (PSPB) Carrom Tournament at Mumbai and PSPB Veterans Cricket Tournament at Indore.

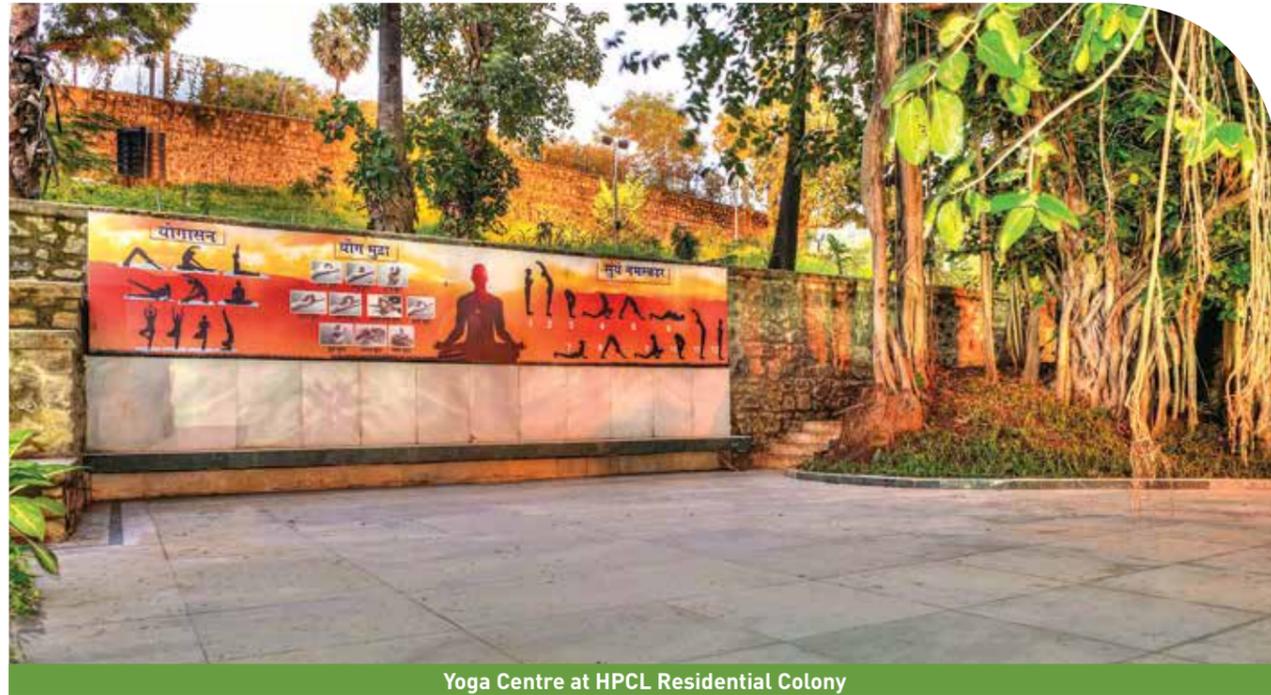


Vigilance Awareness

The Vigilance Awareness Week was organised between 27th October to 01st Nov., 2014 across all locations. The theme of the vigilance awareness week this year was combating corruption.

Various events such as quiz, crossword, elocution competition, drawing competition, slogan and essay writing were organised.

Health and Safety



Yoga Centre at HPCL Residential Colony

Management Approach

Preserving the safety and health of our employees and contract workmen is one of our top priorities. We have rigorous health and safety policies and procedures in place to identify and minimise all safety risks related to the Company's plants, operations and processes.

In HPCL, safety is an overriding priority in all over endeavours. We constantly encourage all our stakeholders to be mindful of this commitment. We have equal representation of workmen (50%) and management employees (50%) in our safety committees. These safety committees are formed at location level and meet regularly to review and monitor the safety-related controls and compliances at the location.

Committed to meet the highest international standards of Health, Safety, Environment (HSE) performance, HPCL continues to accord highest priority to safe and responsible operations. Emphasis is given to make HSE an integral part of each and every business activity and build a HSE culture amongst internal and external stakeholders.

Health

HPCL focusses on achieving excellence in occupational and personal health of employees at all manufacturing sites as well as at its offices. With this objective, employee 'Wellness' programme has been undertaken to improve and maintain employee health. HPCL has set up Occupational Health Centers (OHC) at refinery locations. Besides emergency medical services, the OHCs also offer preventive and curative health services to its employees. These OHCs are equipped with diagnostic and therapeutic equipment and are manned by qualified occupational health specialists.

HPCL lays great emphasis on promoting initiatives related to the health of employees and their families and maintaining a good work-life balance. A healthy employee is more productive and can contribute towards organisational development along with personal benefits. HPCL has a comprehensive health insurance policy for all the employees and their dependents to cover expenses incurred during hospitalisation, domiciliary treatment and any other treatment under the Medical Insurance scheme. The

employees are also supported for hospitalisation by regular liaison and cashless admission facilities in pan-India hospitals.

We also have a wellness portal in place which contains rich information including latest health related articles, news, directory of hospitals, quizzes and other interesting facts.

HPCL has proactively taken steps towards ensuring the health and wellness of the employees. This proactive health initiative has been branded as 'Project Arogya'. Under this initiative, all HPCL employees undergo regular periodic medical examinations. The results are computerised and analysed to provide targeted interventions at the individual and group levels.

HPCL carries out extensive health, education and awareness sessions and diagnostic camps at all major locations. Eminent doctors are invited to conduct sessions to spread awareness on critical illnesses.

HPCL engages vast number of contract labour to undertake various projects and expansion activities. At HPCL, we believe that safety and well-being of all stakeholders including contract workmen is of paramount importance. The Corporation has launched various initiatives such as welfare amenities at work place, additional ex-gratia amount in case of death/accidents apart from statutory benefits, medical checkup for truck crew etc.

Fit for the Road - the Health Check-up Campaign for Tank Truck Crew

Annual Health checkup camps are conducted for TT crew at all locations. The checkup camps also cover contract employees and make them aware of the current health status. All contract workmen are covered during this medical checkup camp and are advised accordingly to maintain normal hygiene to avoid any illnesses. Nine critical medical checks including pathological, ECG, eye checkup etc. are conducted. Health awareness on AIDS, BP, good food habits etc. is imparted. Free spectacles are provided to the needy.

“Under 'Project Arogya', all HPCL employees undergo regular periodic medical examinations. The results are computerised and analysed to provide targeted interventions at the individual and group levels”



Health Check-up of contract labour

Safety

HPCL is committed to provide a safe workplace to its employees and contractors and safety to the communities wherever it operates. Surveillance audits and benchmarking are undertaken to strengthen HSE governance and compliance systems across all businesses and functions.

The Corporation has enhanced safety standards at its various depots and terminals through implementation of M. B. Lal Committee recommendations. State-of-the-art integrated terminal automation system and instrumented safety systems are being provided at locations.

HPCL Visakh refinery has taken steps to institutionalise Process Safety Management systems during 2014-15. We believe continuous

“HPCL Mumbai Refinery is the first among PSU Refineries to implement the Rim seal system for floating roof tanks”

learning and upgrading of systems and processes are indispensable for achieving best-in-class industry status with respect to safety systems and culture. Refineries and locations have imparted trainings focussed on safety culture enhancement, contractor safety management, risk assessment to enhance personnel competency for ensuring safe and efficient operations.

In keeping with the Corporation's policy of highest safety standards, several initiatives have been taken for training our employees, security staff and contract labour during the year.

Live Fire Training:

To remove the fear factor and upgrade the skills of fire-fighting, trainings are imparted on live fire to officers, employees, security staff and contract labour at reputed fire safety training institutes in the country.



Live Fire Drill





Project Sankalp

An initiative by Operations & Distribution and HR Department for enhancing the safety-related technical and behavioural competencies of non-management employees at O & D locations and arriving at safety quotient through structure and scientific assessment of competencies. Basis assessment, technical and behavioural interventions are deployed through training modules designed completely by in-house team of O&D and HR Officers. These training modules are delivered to non-management employees by trained internal facilitators from O&D and HR Departments. During 2014-15, reassessments have been conducted for all non-management employees at O&D locations.

Prerna - Training Programme for Contract Labour

An initiative targeted to imbibe the safe work culture and improve work-life balance of contract workmen.

Objectives of the Programme:

1. Create awareness among contract workmen regarding safety at workplace.
2. Improve the work-life balance by imparting awareness on stress management, time management and relationship management.
3. Educate contract workmen on importance of health and hygiene.
4. Augment the financial acumen by providing information on benefits under various social security schemes, schemes launched by Government of India for the benefit of weaker section, financial planning etc.



Hazarwadi LPG Plant receiving ISRS certification



Project SHAPATH

A joint initiative undertaken by LPG SBU and HR for assessing the safety quotient of all workmen and enhancing the safety culture across all LPG Plants. During 2014-15, Phase-I of the project has been completed which entails identification of key positions at LPG Plants, understanding the different level of competencies required, developing technical and behavioural competency framework and ascertaining the safety quotient of location.

ISRS Certification:

Certification of locations with ISRS is one of the effective methods of benchmarking of our Safety Management System for making continual improvements in Health, Safety and Environment. International Sustainability Rating System (ISRS) is a globally recognised system facilitating a systemic approach to HSE-related matters. ISRS helps to calibrate our business process with international standards and facilitates achieving desired level of safety management. 15 LPG plants are currently certified with ISRS certification. This initiative is being carried forward in other locations also. One O & D location and one pipeline location have already been certified and other locations are under assessment for this certification.



Project Sankalp

Electrical Safety audits at retail outlets:

During the year, Retail SBU completed electrical safety audit at 4106 retail outlets and provided Retail Automation at 200 retail outlets taking the total number to 2309 automated retail outlets.

Driving Product Excellence

The impacts of our products and services during their use phase and also at the end of the product life are of significance. We customise our products according to the customers' specifications. Being a quality conscious

organisation; we strive hard for achieving the highest standard of the quality in each product. We believe in ensuring compliance to indicate confirmation to performance parameters and also reduce financial risks.

All our products are produced following BIS specifications or internationally accepted standards or customer specific standards. The products are marketed only after strict quality controls, hence ensuring that our products do not have any harmful impact.

All activities of the organisation with respect to manufacturing, storage and marketing are assessed for environment-related risks by qualified auditors periodically and suitable remedial steps, as recommended are implemented.

Our R&D Centre provides support to the Refineries and Marketing divisions for operational improvement, imbibing new technologies, developing innovative and path-breaking technologies and in the long run, license technologies and become a knowledge hub.



Quality Check at Silvassa Lube Blending Plant

The Corporation has a vision to provide high quality products and innovative services. To strengthen the focus areas in line with the vision, a dedicated Quality Assurance Cell, functioning independently of Refining and Marketing operations has been set up. This cell carries out surprise inspections covering Retail Outlets, SKO agencies, LPG Distributors, Depots and Terminals. The QA Cell acts as an important nodal agency for ensuring quality and quantity of products from all supply sources, storage points, distributors and outlets to customers. QA Cell has been delivering consistent and best in industry performance during last 4 years.

In the year 2014-15, both the refineries attained capability to manufacture Euro IV compliant High Speed Diesel (HSD) with the commissioning and sustained operation of Diesel Hydro Treater (DHT) units

Focus on diversification of products to meet customer needs has led to introduction of VG-40 grade bitumen at both refineries. Additionally, Mumbai refinery is now producing three different grades of naphtha to cater to customer needs.

Environment-friendly products developed by our R&D department:



- As an initiative to reduce impact of our products on environment, we have started substituting mineral oil with rapeseed oil in some of the lubricants.
- New grades of bio degradable tree spray oil have been developed.
- An eco-friendly boron-free corrosion inhibitor has been developed for cooling water in railway locomotives which is bio degradable without any impact on land and water.
- Hydraulic oils have been developed for mining industry which are fire resistant and bio degradable. Usage of this product has reduced fire hazard in mining industry as well as reduced land and water pollution.

We provide our customers with all the required information to handle our products safely, while also educating them about efficient usage of our products and services. Our Quality Assurance initiative viz. Good Fuel Promise, has been given thrust through various initiatives such as Check and Fill campaigns. These campaigns have been regularly conducted during 2014-15 wherein our customers are invited to

check the quality and quantity before fuelling their vehicles thereby reinforcing the Good Fuel Promise.

In order to improve awareness on safety norms to be followed for use of domestic LPG, special drives and safety clinics were carried out across the country.

12,004 safety clinics conducted covering 8.48 lakh customers

HP Quality Control Vision



- HP QC builds customer loyalty by ensuring best quality products and services for enhanced profitability.
- HP QC consistently exceeds customers' expectations.
- HP QC imbibes a culture of quality assurance by every employee adopting best practices.
- HP QC is committed to transparent and ethical practices.
- HP QC partners with stakeholders for continuous improvement.



New Product Launch by Executive Director - Direct Sales

Delighting Customers

We aim for continual improvement and innovation at world-class levels to deliver value to our customers. Everything begins with understanding the customers' expectations. We consistently provide products and services, which meet or exceed our customer expectations and satisfy customers by anticipating their requirements.

We conduct all India customer satisfaction surveys regularly for our retail outlets and domestic LPG customers. The surveys are conducted through independent external agencies. The objective of these surveys is not only to understand the expectations of our key stakeholders but also to devise strategies to address their concerns. During the reporting period, we have been rated at number two in terms of the ranking of Customer Satisfaction Survey with respect to our peers.

Retail SBU has undertaken various customer-centric initiatives during the year. Our Non-Fuel business (Allied Retail Business - ARB) has a wide range of services and facilities for the customers including ATM facility, take away food counters, "C" Stores, vehicle accessories, etc. at retail outlets through tie-ups with leading banks, food brands and OEMs. During 2014-15, we commissioned 103 new ATMs taking the total number to over 1600 ATMs at HPCL retail outlets.

Drive Track Plus, a flagship product under the Card-based Loyalty Program of Retail SBU, is accepted at 5012 retail outlets and has built up a large customer base. It offers a combination of control, convenience, security and attractive rewards. This innovative payment device is designed for efficient management of fleet, through greater control over fuel consumption and operating costs.



Safety Awareness Campaign at Hyderabad

“A premier form of the Club HP Brand - the Club HP Star has now been launched to offer our valuable customers an elite refuelling experience based on 3Qs – Quality, Quantity and Quick Service”

Club HP – Achcha Lagta Hai

An innovative concept of “Club HP” has been launched by retail SBU, which seeks to change the way fuel retailing is carried out in the country by providing a vast range of products and services to consumers and making the entire experience of filling fuel an “Achcha lagta hai” experience. Club HP Retail outlets are positioned on the platform of “Outstanding Customer & Vehicle Care”.

Moving towards Digitisation

We have introduced a Mobile Application for consumers of petro products. The main features of this application are retail outlet locator, Lube oil recommendation chart, Insurance and PUC Tracker, etc.

To aid the LPG customers in selecting the distributor of their choice, HPCL launched “Distributor Portability” option in the customer portal. Inter-company portability was initially commenced in 24 cities of 14 states and was further extended to entire country. A unified transparency and consumer portal was developed and implemented, where customers can book cylinder, track booking and delivery dates, choose for portability, check Aadhaar linking status, monitor subsidy transfer to their bank account, request for mechanic service and surrender connection. Provision for Registration for New connection / DBC is also provided on the same platform.

Ji HAAN SAMARTH & SAMVAD - LPG SBU

“Ji Haan Samarth” programme aims to build the requisite skills, knowledge and attitude amongst delivery men to perform their job and to succeed in their various roles. “Samvad” programme aims to sensitise the customer service cell staff of LPG

Distributors and equip them with skills to handle grievances in an effective manner. The ultimate objective of both programmes is to give HP GAS customers a unique and differentiated customer experience.

Online Release of New connection e-SV

It facilitates the prospective consumers to make online request for new connection with provision for online submission of documents, payments and option for selection of purchase items from the distributors. The system guarantees release of new connection within 7 days.



Certificate for Ji HAAN Samarth

“During 2014-15, 8097 Delivery Men were trained through 251 Ji Haan Samarth Programmes and 2714 Customer Service Cell Staff were trained through 66 Samvad Programmes”

For enhancing the efficiency in transportation of product, our O&D department has implemented a unique software tool which has transformed the delivery process at our locations, reducing human intervention to the minimum. Right from the sending of indent by the dealer through SMS or customer portal up to the delivery of the product at the retail outlet, the complete system is automated.

Human Rights

Management Approach

We are all equally entitled to our human rights without discrimination. These rights are all interrelated, interdependent and cannot be substituted. At HPCL, we respect human rights to ensure that everyone is protected against any actions which undermine their dignity and provide the opportunities they need to realise their full potential. As a Company-wide value system, we are committed to fair labour practices, freedom of association and the principles embodied in the Indian constitution.

HPCL is a signatory to the ten principles of the UN Global Compact and strives to uphold internationally proclaimed human rights

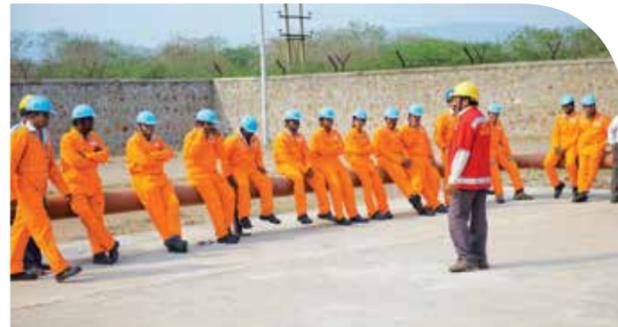
We have a comprehensive disciplinary and grievance procedure in place that meets the requirements in terms of fairness as defined in the applicable legislation.

The compliance of human rights throughout our Corporation is ensured by our well designed Conduct, Discipline & Appeal Rules applicable to Management employees and Standing Orders applicable to Non-Management employees. At the time of induction, all our employees receive training on the Company's policies and procedures, which include references to human rights.

The Corporation is committed to take measures to eliminate all forms of discrimination and create a healthy working environment, which enables employees to work without fear or prejudice, gender bias and sexual harassment. There was no incident of discrimination on grounds of race, colour, gender, religion, political opinion, nationality, extraction or social origin reported during FY 2014-15.

Freedom of Association and Right to Collective Bargaining

We at HPCL support our employees in exercising the freedom of collective bargaining on issues of common interest. Employees are permitted to form unions across all our operations. 96.39% of employees are currently covered under unions. These unions are responsible for bringing the attention of the Company to specific issues that impact employees. In case any issues are identified, these are resolved through discussions between the management and the unions to arrive at long-term solutions.



Our Policy on Child Labour, Forced/Compulsory Labour

Being a responsible organisation, we strongly enforce the organisational policies which help in abolishing child and compulsory / forced labour. We adhere to the constitutional law on Child Labour (Prohibition and Regulation) Act of 1986 and accordingly hire permanent employees and contract workers only above 18 years of age. Both, Functions as well as the HR department, carry out periodic audits to enforce this. None of our operations have been assessed for a risk of child labour. There have been no incidents of violation of human rights, including child labour compulsory/ forced labour, in the current reporting period.



Human Rights Practices in Procurement

HPCL being a Public Sector organisation and having operations across the country, procures materials and supplies from the open market under the policy of 'open competition'.

As per our policy, contractors are required to give an undertaking that they abide by human rights and regulations while bidding. All contractual agreements / tenders / dealership agreements executed by HPCL abide to the Factories Act, Labour laws and other applicable legislations. This is to ensure that across our supply chain, we address the issues of human rights including gender equality, child labour, forced labour and requirement of minimum wages.



Public Grievances

Our organisation has policies in place which enable us to be aware of the grievances that our various stakeholders, viz. employees, shareholders, customers, dealers, vendors and the local communities may have and to prevent the abuse of human rights by attending to these grievances. For further details, please refer to our Corporate Governance and Social Performance sections.

Our performance in FY 2014-15 in handling grievances received from various stakeholders is:

OVERALL PUBLIC GRIEVANCE STATUS	
PENDING CASES AS ON 01/04/2014	90
GRIEVANCES RECEIVED DURING THE YEAR	5746
GRIEVANCES DISPOSED DURING THE YEAR	5614
PERCENTAGE OF GRIEVANCES SETTLED	96%



Pledge against sexual harassment

Serving the Community



CSR Activity at Kolkata Terminal

“Encompassing a broad range of activities for community welfare, HPCL CSR has contributed effectively in bringing about a visible change in the lives of people”

Management Approach

HPCL as a responsible citizen cares for the society by collaborating between individuals and organisations and supports in achieving overall prosperity of the communities. We have adopted a holistic approach for the socio-economic development of the local communities.

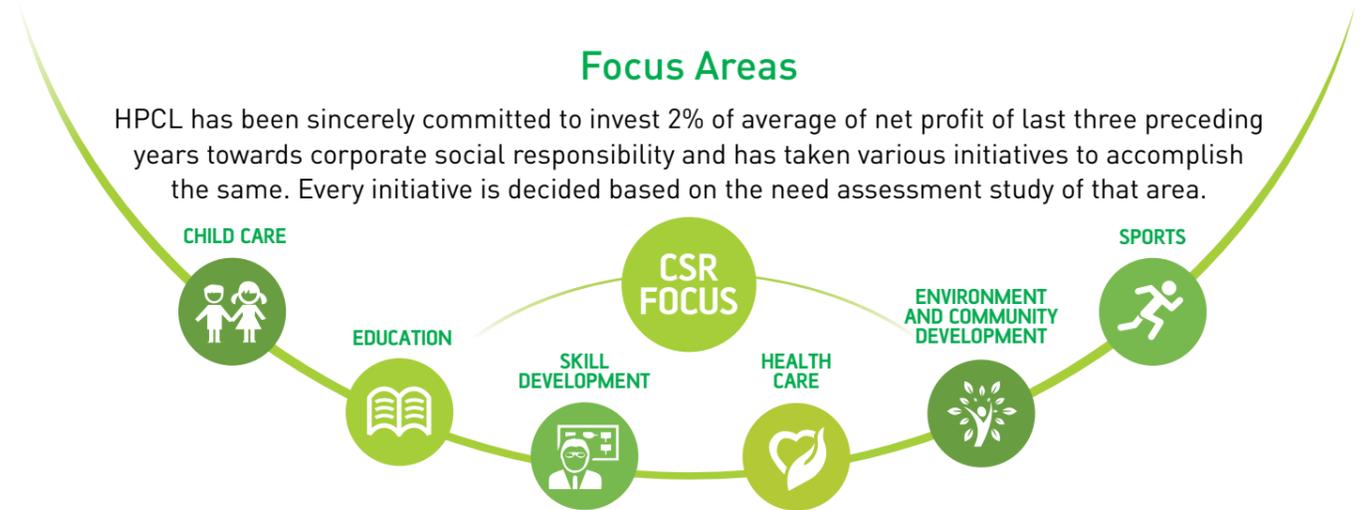
We believe business and society are interdependent and success of one depends on the progress of other. Hence we continuously engage in dialogues with community members to improve our sustainability performance and reduce business risks.

HPCL works closely with communities to understand their concerns and choose how to best address them. We interact with the local communities through various formal and informal channels and carry out impact assessment of our initiatives,

to further customise our CSR programmes. We partner with Government agencies, NGOs and local Panchayats for effective implementation of activities. The suggestions and grievances of the local communities are responded at the earliest possible time.

To serve the society in a better and constant manner, we have embedded these values strongly into our system, guided by our Vision and Mission. Intervention models which have the potential to sustain its outcomes and create a long-term impact on not only the beneficiary, but also on the root social factors, are given utmost support and encouragement.

Encompassing a broad range of activities for community welfare, HPCL CSR has contributed effectively in bringing about a visible change in the lives of people.



HPCL has been sincerely committed to invest 2% of average of net profit of last three preceding years towards corporate social responsibility and has taken various initiatives to accomplish the same. Every initiative is decided based on the need assessment study of that area.

1. Child Care and Education

HPCL's initiatives in the field of education have been manifold with a large impact on various sections of society. Approach of HPCL has been to address the root causes that impede the process of education for all. Our major projects supporting child care and education are as follows:

a. Project Nanhi Kali

Project Nanhi Kali encourages girl child education and is building gender equality among communities in remote rural areas. The efforts are made to bring first generation learners from remotely located tribal villages to enter the mainstream education.



10052
NANHI KALIS
SUPPORTED BY HPCL

This project helps in providing academic, material and social support that allows a girl child to access quality education, attend school with dignity and reduces the chances of her dropping out.

The family and the village of the girl child is constantly engaged to create a support system for her which enables her to start and continue her education without encountering any kind of social barrier.

In the year 2014-15, 10052 Nanhi Kalis have been supported by HPCL in three locations - Sheopur (Madhya Pradesh), Araku (Andhra Pradesh) and Gavanpada (Mumbai).

b. Project Akshaya Patra

The project was launched with the aim to provide food in the school to underprivileged children. The project has a noble idea to remove hunger among the children in addition to enhancing the enrolment in the schools and increasing the attendance.

Through this project, HPCL is bridging the gap by providing hygienic and nutritious food to students of schools in Visakhapatnam, Andhra Pradesh. The intervention through this programme has resulted in higher enrolments and negligible drop-outs from schools.

5000 CHILDREN
PROVIDED MID-DAY MEALS IN
VISAKHAPATNAM, IN THE VICINITY OF
VISAKH REFINERY OF HPCL

c. Project Unnati

In today's scenario where e-literacy has become as important as literacy itself, HPCL too has partnered with specialised agencies to provide computer awareness and basic education to first generation computer learners of Class VI to Class IX, preferably in rural areas, under Project Unnati.

Beyond just providing classroom-teaching, the sustainability of the project is also ensured by following the "Training the Trainer" Model wherein the school teachers are also trained. Further, a well-equipped computer lab is established at each of these schools where training is imparted to ensure continued facilities for the students.

d. Project Adapt

Self-dependency in all aspects among Children with Special Needs (CwSN) is the objective of HPCL's project ADAPT. Through imparting inclusive education, vocational training and caring for their therapeutic needs, HPCL strives to create wholeness for special children so they can meaningfully participate in life and realise their fullest potential.

300 CHILDREN

ACROSS MUMBAI PROVIDED SUPPORT FOR AN INCLUSIVE ENVIRONMENT



Bringing smiles

4100 STUDENTS

IN THE RURAL AND SEMI URBAN SCHOOLS TRAINED IN BASIC EDUCATION IN COMPUTERS

2. Skill Development

Many people in our country remain uneducated or drop out from school due to various compelling reasons which narrows their livelihood option in later part of their lives. Further, with skill-sets not matching or insufficient to industry requirements, they earn very little daily wages. At the same time there is a diverse labour demand in the country requiring various skills:

a. Project Swavalamban

This project was developed to provide training and capacity building / skill development to the needy potential candidates to enable them to earn livelihood for themselves and their family.

According to the demand of various labour skills and employment in the current market, diverse training interventions in skills like electrical, welding, hospitality, driving, tailoring, beautician courses, etc. are identified and imparted to underprivileged youth in these areas through our Swavalamban programme. The module also provides other capacity building and soft skills required for these youths to sustain their employment and earn a livelihood for themselves and their family.



3. Health Care

a. Mobile Medical Units

We give utmost importance to the health of local community and address the critical situation of health care requirements by providing basic medical facilities to people in need at remote rural areas and far-flung villages.

Mobile Medical Unit (MMU) is a CSR initiative to provide free medical facilities and medicines to the underprivileged people who cannot otherwise afford these, by reaching out to them in their locality. Our focus is on the communities who are living around our business locations.

These mobile medical vans are run in partnership with ground-level NGOs. Through this partnership, HPCL has ensured medical facilities at the doorsteps of villagers providing basic treatments for common ailments, health awareness and make necessary referrals for major ailments.

We are running seven Mobile Medical Vans in states of Odisha, Bihar, Rajasthan, Maharashtra, Jammu & Kashmir, Andhra Pradesh and Jharkhand. The mobile medical vans have successfully treated patients in remotely located villages lacking basic health care facilities.



Mobile Medical Unit

Four new MMUs have been launched in the year 2014-15 in villages/locations near Visakhapatnam Refinery, Mumbai Refinery, Jammu LPG Plant and Bokaro Terminal. This initiative is another step towards our commitment for a healthy society.

Objective

To provide awareness, diagnostic and curative services through mobile medical units to the rural community.

Impact

- Easy accessibility of healthcare services at doorstep
- Free of cost health services
- Reduced expenses on medicines
- Addresses healthcare needs of the targeted villages

EACH MMU TREATS APPROXIMATELY

22500-25000

PEOPLE ANNUALLY

375

PEOPLE HAVE BEEN SUPPORTED UNDER DIL WITHOUT BILL IN THE YEAR 2014-15

b. Project Dil without Bill

This project helps in providing financial assistance towards heart surgeries to socially and economically backward classes. Project Dil without Bill supports those who cannot afford Heart Surgeries through their means. For them, surgeries are performed free of cost at Sai Heart Hospital, Rajkot, Gujarat, supported by HPCL. Awareness and follow-up camps conducted at various cities and towns during the year was also an initiative to reach out to the needy patients.

c. Project Suraksha

Truckers are one of the most vulnerable link in the supply chain of businesses. Their occupation puts them to risk of many health issues including HIV/AIDS. Project Suraksha has been set up to encourage safe sexual behaviour and practices by the truckers.

The main objective is to promote use of condoms, diagnosis and treatment of STI's through the Khushi clinics which have been set up at retail outlets on highways.

The Khushi Clinics, apart from providing basic medical facilities which are scanty at the highways, also provide AIDS awareness, STI treatment, social marketing of condoms, counselling, etc. to ensure the health and well-being of the truckers.

d. Support for Medical Care

To respond to problems of prevailing health infrastructure, HPCL is supporting Sushrut hospital - a multispecialty hospital and charity institute at Chembur, Mumbai. The hospital has been providing medical care to the people in the vicinity.

and socially backward communities. A number of initiatives have been taken during the year for the development and empowerment of SCs, STs and towards women empowerment. Several activities are undertaken at local levels to ensure basic amenities like drinking water and sanitation, etc.

UNDER PROJECT SURAKSHA, KHUSHI CLINICS HAVE BEEN SET UP AT

7 RETAIL OUTLETS ON HIGHWAYS



C&MD launching Swachh Bharat Abhiyan at Visakhapatnam

b. Swachh Bharat Abhiyan

Swachh Bharat Abhiyan is a national campaign by the Government of India to clean the streets, roads and infrastructure of the country. This campaign was officially launched on 2nd October, 2014. It is India's biggest ever cleanliness drive and 3 million government employees and school and college students of India participated in this event. As part of the Swachh Bharat Abhiyan, HPCL has taken various initiatives under CSR, ensuring that clean environment is created and maintained in all its business units as well as in the community at large.

4. Environment and Community Development

a. Community Development

The major projects of the Corporation aim to empower the individuals and communities across the country by touching lives of people in a uniform manner. These major projects address the macro socio-economic problems which are prevalent in various parts of the country. Under the focus areas of HPCL CSR, the development initiatives are identified locally and solutions are reached jointly with community. These initiatives take shape as a result of constant interaction between HPCL and host community and have contributed immensely towards the socio-economic development of various under-privileged groups.

CSR initiatives at HPCL have taken specific efforts for the development of economically

Initiatives undertaken at HPCL under Swachh Bharat Abhiyan:

- Cleanliness drives, walkathons, street plays, competitions, school-based activities and community-based activities conducted by employees of the Corporation in collaboration with various agencies to develop awareness for the drive.
- Construction of toilets in schools in states of Assam, Andhra Pradesh, Karnataka, Bihar, Chhattisgarh and Odisha initiated.
- Special drive initiated to provide and maintain clean toilets at retail outlets on a sustainable basis.
- Cleanliness drive in neighbouring communities undertaken at all locations under Shram Daan.
- Waste to Fuel Generation project is being undertaken.



5. Promoting Sports and Sportsmen

HPCL CSR promotes sports among those who are talented but due to economic backwardness are unable to pursue their career in those fields. We encourage promising and deserving boys/girls by providing them guidance on how they can accomplish their goals in sports and give them financial assistance to help them grow to international standards. HPCL has given sports scholarships to many talented and deserving students from various educational institutions. Several of these players have performed in sports at National and International level.

In addition, every year, HPCL is organising Inter-School sports cum athletic meets to motivate young and talented students.



Our Promise towards Community Development:

The CSR activities at locations around HPCL installations have enormously contributed to community development wherein support in healthcare has saved lives in rural areas, provision of drinking water has ensured right to life, educational support to rural schools have given a ray of hope to little children whose future was perceived as an uneducated mass and specifically contributed to the empowerment and self-dependency of the people who were socially and economically backward.

HPCL is committed to empower local communities and support them in their goal towards sustainable living. To achieve this objective, we will continue to contribute towards Education, Women Empowerment, Infrastructure Development, Skill Development, Sanitation and Healthcare as part of our CSR projects. To create shared value through our CSR initiatives, we will conduct regular impact assessment studies which will serve as a beacon guiding us towards doing 'what is required the most' and 'what will benefit the most'.

Upholding inclusive growth as fundamental to long-term growth of the Corporation, we will continue to expand our focus areas and make wider our coverage to bring more under-privileged people on the path to economic prosperity.

HP MDI: An Institute Par Excellence



HP MDI is the premium Management Development Institute of the organisation located at Nigdi, on the outskirts of Pune. It was established with the aim of imparting knowledge and skills and reinforcing positive attitude amongst the officers, thereby enabling them to contribute towards organisational development through individual growth. The Institute is well equipped with modern training infrastructure for the training of officers.

The Institute, spread across 5.5 acres, can cater to around 6000 officers in a year. During 2014-15, 263 training programmes have been held at the Institute covering 5749 participants.

The flora and fauna at HP MDI, Nigdi was duly kept in mind while developing the coveted and award winning lush green belt at the Institute.



1. Conserving Biodiversity

At HP MDI, nature's diversity is valued and preserved. The Institute has set up "Ashiyana"- a home for exotic birds including Love Birds, Doves, Khanjan, Goria, etc. to promote their survival and regeneration.

The Institute has a large fish pond with high power jets which include many species of fish like Red Cap, Silver Shark, Denisoni, Tiger Barb, Blue Morph, Calico Gold Fish, Oranda Goldfish, Sakar, Catfish.

The Institute has many landscaped/beautiful gardens with a team of green brigade professionally and passionately maintaining it round the year. The large number of fruit-bearing and aesthetically pleasing full grown trees provide a feast of colour and truly reflect the beauty and bounty of nature.

Aesthetically placed trees such as Bamboo Palms, Bottle Palms, Areka Palms, Foxtail Palms, Fishtail Palms, Platinum Palms, Reflex Palms, Chamunda Palms, Ferns, different types of Cacti etc. create welcoming surroundings where the indoors and outdoors mingle seamlessly.





Awards won at PMC, PCMC Flowers, Gardens, Vegetables, Plantation Competition

HP MDI has been bagging multiple awards year on year at the "Flowers, Gardens, Vegetables, Plantation Competition Show" which is organised every year by Pune Municipal Corporation and Pimpri-Chinchwad Municipal Corporation.

The Institute has a separate garden which has trees of medicinal nature such as Aloe Vera, Turmeric, Neem, Tulsi, Adulsa, Brahmi, Kevda, Tulsi, Pudina, Baniyan trees, etc.

2. Harnessing Solar Energy

The Institute has a total of 15 solar powered LED street lamps. For providing warm water, solar water heaters are installed in the residential blocks.



3. Emphasising Reduce-Reuse-Recycle



Every room, every faucet has reminder messages urging occupants to avoid wastage of electricity / water.

Occupancy sensors and switches are installed in every common washroom for switching off lights when not in use.

Rainwater harvesting has been implemented in the HP MDI campus. All hostel buildings have the facility of collection of roof water which is directed to underground wells.

The canteen at the Institute has prominently displayed messages which urge the participants to avoid food wastage.

The minimal amount of waste generated in the canteen and bio degradable wastes such as leaves, dried grass etc. generated in the campus are converted to manure using vermicomposting. The manure created is used in the house gardens.

For ensuring minimal pollution inside the Institute premises, bicycles are available for participants.



Training in progress

4. Providing Alternative Learning Platforms

HP MDI has recently started initiative of conducting training or developing capability building through an unconventional and sustainable electronic learning platform. This alternative learning initiative has been well received by the officers and faculty. This training system has been effective in enhancing the domain knowledge of the officers.



e-learning Centre

5. Promoting Employee Well-Being

Employees can start their day with early morning yoga sessions. A trained yoga instructor guides participating employees through daily yoga sessions. Those with a penchant for mental peace and tranquillity can meditate in the "Dhyan Mandir" in the campus.

HP MDI Campus has a well laid jogging track which passes through the lush green corridors.

The campus also has a well-equipped Gymnasium with the latest facilities and equipment.

Participants can also indulge in indoor games such as carrom, table tennis, billiards and outdoor games such as cricket, basketball, badminton, etc. in the campus.



Activities at HP MDI

Standard Disclosures	Description of the Indicator	Page No.	Reasons for Omission	External Assurance
GENERAL STANDARD DISCLOSURES				
STRATEGY AND ANALYSIS				
G4-1	Statement from the most senior decision-maker of the organisation	2-5		Yes
ORGANISATIONAL PROFILE				
G4-3	The name of the organisation	1		Yes
G4-4	Primary brands, products and services	16-19		Yes
G4-5	Location of organisation's headquarters	Inside of front cover		Yes
G4-6	Number of countries where the organisation operates	14		Yes
G4-7	Nature of ownership and legal form	14,15		Yes
G4-8	Markets served (including geographic breakdown, sectors served and types of Customers/beneficiaries)	16		Yes
G4-9	Scale of the reporting organisation	14,15		Yes
G4-10	Total number of employees by employment contract and gender	81		Yes
G4-11	Report the percentage of total employees covered by collective bargaining agreements	106		Yes
G4-12	Describe the organisation's supply chain	26, 39, 56, 57, 107		Yes
G4-13	Significant changes during the reporting period regarding size, structure, ownership or supply chain	15		Yes
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	25		Yes
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or endorses	23		Yes
G4-16	Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation	23		Yes
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	All entities included in the organisation's consolidated financial statements and if any of these are not covered in the report	1		Yes
G4-18	Process for defining report content and aspect boundaries and how the organisation implemented the Reporting Principles for defining report content	1, 24-26		Yes
G4-19	Material aspects identified in the process for defining report content	26		Yes

Standard Disclosures	Description of the Indicator	Page No.	Reasons for Omission	External Assurance
G4-20	For each material aspect report the boundary within the organisation	1, 26		Yes
G4-21	For each material aspect report aspect boundary outside the organisation	1, 26		Yes
G4-22	Report the effect of any restatements of information provided in previous reports and the reasons for such restatements	65		Yes
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	1		Yes
STAKEHOLDER ENGAGEMENT				
G4-24	Provide a list of stakeholder groups engaged by the organisation	34		Yes
G4-25	Basis for identification and selection of stakeholders with whom to engage	34		Yes
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	35-41		Yes
G4-27	Key topics and concerns that have been raised through stakeholder engagement and how the organisation has responded to those key topics and concerns, including through its reporting	35-41		Yes
REPORT PROFILE				
G4-28	Reporting period (e.g. fiscal/calendar year) for information provided	1		Yes
G4-29	Date of most recent previous report (if any)	1		Yes
G4-30	Reporting cycle (such as annual, biennial, etc.)	1		Yes
G4-31	Contact point for questions regarding the report or its contents	1		Yes
G4-32	Table identifying the location of the Standard Disclosures in the report	118-121		Yes
G4-33	Policy and current practice with regard to seeking external assurance for the report	1, 123-125		Yes
GOVERNANCE				
G4-34	Government structure of the organisation, including committees of the highest governance body responsible for decision making on economic, environmental and social impacts	46, 47		Yes
ETHICS AND INTEGRITY				
G4-56	The organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	47		Yes
SPECIFIC STANDARD DISCLOSURES				
CATEGORY: ECONOMIC				
MATERIAL ASPECT: ECONOMIC PERFORMANCE				
G4-DMA	Disclosure on Management Approach	50		Yes
G4-EC1	Direct economic value generated and distributed	51		Yes

Standard Disclosures	Description of the Indicator	Page No.	Reasons for Omission	External Assurance
CATEGORY: ENVIRONMENTAL				
MATERIAL ASPECT: MATERIALS				
G4-DMA	Disclosure on Management Approach	58		
G4-EN1	Material used by weight or volume	59, 60		Yes
G4-EN2	Percentage of materials used that are recycled input materials	59, 60		Yes
MATERIAL ASPECT: ENERGY				
G4-DMA	Disclosure on Management Approach	58, 62		
G4-EN3	Energy consumption within the organisation	62		Yes
G4-EN5	Energy intensity	62		Yes
G4-EN6	Reduction of energy consumption	63, 64		Yes
MATERIAL ASPECT: WATER				
G4-DMA	Disclosure on Management Approach	58, 72		
G4-EN8	Total water withdrawal by source	72		Yes
G4-EN10	Percentage and total volume of water recycled and reused	72		Yes
MATERIAL ASPECT: EMISSIONS				
G4-DMA	Disclosure on Management Approach	58, 65		
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	65		Yes
G4-EN16	Energy Indirect greenhouse gas (GHG) emissions (Scope 2)	65		Yes
G4-EN17	Other Indirect greenhouse gas (GHG) emissions (Scope 3)	65		Yes
G4-EN18	Greenhouse gas (GHG) emission intensity	66		Yes
CATEGORY: SOCIAL				
SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK				
MATERIAL ASPECT: EMPLOYMENT				
G4-DMA	Disclosure on Management Approach	80		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	82, 83		Yes
G4-LA3	Return to work and retention rates after parental leave, by gender	93		No
MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY				
G4-DMA	Disclosure on Management Approach	96		Yes
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	96		Yes
MATERIAL ASPECT: TRAINING AND EDUCATION				
G4-DMA	Disclosure on Management Approach	85		Yes
G4-LA9	Average hours of training per year per employee by gender and by employee category	85		Yes

Standard Disclosures	Description of the Indicator	Page No.	Reasons for Omission	External Assurance
G4-LA10	Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	35, 92		No
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	88		No
SUB-CATEGORY: HUMAN RIGHTS				
MATERIAL ASPECT: NON-DISCRIMINATION				
G4-DMA	Disclosure on Management Approach	106		No
G4-HR3	Total number of incidents of discrimination and corrective actions taken	106		No
MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				
G4-DMA	Disclosure on Management Approach	106		No
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk and measures taken to support these rights	106		No
MATERIAL ASPECT: CHILD LABOUR				
G4-DMA	Disclosure on Management Approach	106		No
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to contribute to the effective abolition of child labour	106, 107		No
MATERIAL ASPECT: FORCED OR COMPULSORY LABOUR				
G4-DMA	Disclosure on Management Approach	106		No
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of all forms of forced or compulsory labour	106, 107		No
SUB-CATEGORY: PRODUCT RESPONSIBILITY				
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY				
G4-DMA	Disclosure on Management Approach	102		Yes
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	102		Yes
MATERIAL ASPECT: PRODUCT AND SERVICE LABELLING				
G4-DMA	Disclosure on Management Approach	102		Yes
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labelling and percentage of significant product and service categories subject to such information requirements	102, 103		Yes
G4-PR5	Results of surveys measuring customer satisfaction	104		Yes

UNGC Principle	Category	Description	Reference
Principle 1	Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	Human Rights: Page 106-107
Principle 2	Human Rights	Businesses should make sure that they are not complicit in human rights abuses	Human Rights: Page 106-107
Principle 3	Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Human Rights- Freedom of association and right to collective bargaining: Page 106
Principle 4	Labour	Businesses should uphold the elimination of all forms of forced and compulsory labour	Human Rights - Our policy on Child Labour, Forced/ Compulsory labour: Page 106
Principle 5	Labour	Businesses should uphold the effective abolition of child labour	Human Rights - Our policy on Child Labour, Forced/ Compulsory labour: Page 106
Principle 6	Labour	Businesses should uphold the elimination of discrimination in respect of employment and occupation	Human Rights - Management Approach : Page 106
Principle 7	Environment	Businesses should support a precautionary approach to environmental challenges	Message from C&MD: Page 02-04, Sustainable Development Policy: Page 12-13, Materiality Assessment: Page 24 - 25
Principle 8	Environment	Businesses should undertake initiatives to promote greater environmental responsibility	Message from C&MD: Page 02-04, Sustainable Development Policy: Page 12-13, Environment Performance: Page 58-79
Principle 9	Environment	Businesses should encourage the development and diffusion of environmentally friendly technologies	Environment Performance: Page 58-79
Principle 10	Environment	Businesses should work against corruption in all its forms, including extortion and bribery	Fostering Sustainability Through Corporate Governance: Page 47-49



INDEPENDENT ASSURANCE STATEMENT

Introduction and objectives of work

BUREAU VERITAS has been engaged by Hindustan Petroleum Corporation Ltd. (HPCL) to conduct an independent assurance of its **Sustainability Report** for the year **2014-15**. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the **Sustainability Report 2014-15** are the sole responsibility of the management of HPCL. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

Scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard **AA1000AS (2008) Type 1** assurance. The scope of work included:

- Data and information included in Sustainability Report 2014-15 for the **reporting period 1st April 2014 to 31st March 2015**;
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;
- Evaluation of the Report against the main principles of the AA1000 Assurance Standard (2008)¹
 - Inclusivity
 - Materiality
 - Responsiveness
- Evaluation of the Report against the principles of Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability, Timeliness and Stakeholder Inclusiveness, as defined in the GRI Sustainability Reporting Guidelines G4 "In accordance-Core";

The level of assurance has been applied as **"Moderate"** for all sections of the report.

Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

1. Visited selected locations of HPCL and interviewed relevant personnel of HPCL.
 - Corporate Office
 - Bandra Retail outlet
 - Mumbai (Trombay) Pipeline
 - Vashi O&D
 - Mumbai Refinery
 - Dumdum ASF
 - Mazgaon Direct Sales
 - Alibaug (Usar) LPG Bottling plant

We interviewed the following personnel of HPCL:

- Plant Operations & Maintenance personnel
- Health, Safety & Environment managers
- Fire Safety Officers
- Plant Head, LPG Bottling Plant
- Industrial Engineering Managers, Corporate Head Office
- Sustainability Team

¹ Published by AccountAbility: The Institute of Social and Ethical Accountability <http://www.accountability.org.uk>

2. HPCL had submitted performance data on reported GRI indicators. The data pertaining to each location visited was audited by Bureau Veritas.
3. The data was audited on a sampling basis.
4. Bureau Veritas reviewed stakeholder engagement activities that had been undertaken by HPCL prior to the preparation of the Sustainability Report. The Stakeholder Engagement process was reviewed. HPCL had appointed M/s. KPMG to conduct this process. Various records of the stakeholder engagement activities were reviewed to confirm how aspects material to HPCL's stakeholders had been determined.

Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide a "moderate" level of assurance and we believe it provides an appropriate basis for our conclusions.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate and the information included therein is not fairly stated;
- It is our opinion that HPCL has established appropriate systems for the collection, aggregation and analysis of quantitative data such as Environmental, Health & Safety, Human Resource, Labour as well as Product and Investor related data.

Alignment with the principles of AA1000AS (2008)

Inclusivity

HPCL has processes in place for engaging with a range of key stakeholders including socially responsible investors, Government officials, local community representatives and has undertaken a number of stakeholder engagement activities in 2014-15 covering a range of topics such as Customer satisfaction, Employee welfare, Supply Chain, Community Welfare and Environment.

Materiality

The Report addresses the range of environmental, social and economic issues of concern that HPCL and its stakeholders have identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The material issues were identified by a process of stakeholder engagement and interaction and the entire process was conducted in the presence of KPMG who were engaged by HPCL for that purpose.

Responsiveness

HPCL is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making. The company has taken various initiatives towards delivering environmentally friendly services along with occupational health and safety, appropriate measures for emergency handling, control and risk management in its operations.

Evaluation against Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

Bureau Veritas undertook an evaluation of HPCL Sustainability Report 2014-15 against the G4 Sustainability Reporting Guidelines. This included cross checking the GRI index table against all the reference documents to provide an opinion on the self-declared GRI reporting option.

Based on our work, it is our opinion that the Sustainability Report 2014-15 has been prepared in accordance with the GRI Reporting Framework including appropriate consideration of the Reporting Principles and necessary indicators to meet the requirements of GRI G4 Reporting Option "In accordance-Core".

Best practice observations

- The process of stakeholder consultation for the determination of material aspects was comprehensive.

- Emergency Response & Disaster Management Plans (ERDMP) have been detailed for the refineries and marketing locations visited. The emergency preparedness has been assessed by a third party with reference to Ministry of Petroleum & Natural Gas guidelines. Mock drills have been conducted.

Limitations and Exclusions

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period stated hereinabove;
- Positional statements (expressions of opinion, belief, aim or future intention) by HPCL and statements of future commitment;
- Our assurance does not extend to the activities and operations of HPCL outside of the scope and geographical boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services, and an annual turnover in 2014 in excess of € 4.00 billion.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with HPCL, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes and has over 5 years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

Bureau Veritas

6th Floor, Marwah Centre, K. Marwah Lane, Off. Saki-Vihar Road, Saki Naka, Andheri (East) Mumbai-400072 India.



Sanjay Patankar
Lead Assuror
Manager- Sustainability & Climate Change Services

Date: 08-Dec-2015



Anurag Juyal
Technical Reviewer
Training Manager & Climate
Change Lead Verifier



Abbreviations



AIMA	All India Management Association
ARB	Allied Retail Business
ASSOCHAM	Associated Chambers of Commerce and Industry of India
ASTD	American Society for Training & Development
ATD	Association for Talent Development
ATF	Aviation Turbine Fuel
BCF	Behavioural Competency Framework
BI	Business Intelligence
BIS	Bureau of Indian Standards
BSE	Bombay Stock Exchange
C&B	Compensation & Benefits
C&MD	Chairman & Managing Director
CAG	Comptroller & Auditor General of India
CCI	Competition Commission of India
CCR	Conradson Carbon Residue
CDA	Conduct, Discipline & Appeal
CHT	Centre for High Technology
CHWTSDF	Common Hazardous Waste Collection, Treatment, Storage & Disposal Facility
CII	Confederation of Indian Industry
CMS	Complaint Management System
CNG	Compressed Natural Gas

CPCB	Central Pollution Control Board
CPMP	Certified Petroleum Manager Program
CPSEs	Central Public Sector Enterprises
CRT	Computed Radiography Technique
CSR	Corporate Social Responsibility
CUI	Corrosion Under Insulation
CVC	Central Vigilance Commission
CwSN	Children with Special Needs
DBTL	Direct Benefits Transfer for LPG
DHDS	Diesel Hydro Desulphurization
DHT	Diesel Hydro Treater
DRP	Distribution Resource Planning
E&P	Exploration and Production
ECG	Electrocardiogram
ERDMP	Emergency Response Disaster Management Plan
ERP	Enterprise Resource Planning
ESI	Employees' State Insurance
ETP	Effluent Treatment Plant
FCCU	Fluid Catalytic Cracking Unit
FGD	Flue Gas Desulphurization
FICCI	Federation of Indian Chambers of Commerce & Industry

GHG	Green House Gas
GJ	Giga Joule
GRI	Global Reporting Initiative
HDPE	High Density Poly Ethylene
HFHSD	High Flash High Speed Diesel
HSD	High Speed Diesel
HSE	Health, Safety and Environment
HVAC	Heating Ventilation and Air Conditioning
I&C	Industrial and Commercial
IATA	International Air Transport Association
IEMs	Independent External Monitors
IETP	Integrated Effluent Treatment Plants
IIM	Indian Institute of Management
IMM	Integrated Margin Management
ISPRL	Indian Strategic Petroleum Reserves Limited
ISRS	Indian Society of Remote Sensing
ISRS	International Sustainability Rating System
IVRS	Interactive Voice Response System
KSPs	Kerb Side Pumps
kWp	Kilo Watt Peak
LDAR	Leak Detection and Repair
LNG	Liquefied Natural Gas
LOBS	Lube Oil Base Stock
LPG	Liquefied Petroleum Gas

LSHS	Low Sulphur Heavy Stock
MARG	Mutual Aid Response Group
MDI	Management Development Institute
MDPL	Mundra Delhi Pipeline
MMTPA	Million Metric Tonne Per Annum
MMU	Mobile Medical Unit
MOC	Management of Change
MoEF	Ministry of Environment & Forests
MOP&NG	Ministry of Petroleum & Natural Gas
MoU	Memorandum of Understanding
MPSPL	Mumbai Pune Solapur Pipeline
MRPL	Mangalore Refinery and Petrochemicals Ltd.
MS	Motor Spirit
MT	Metric Tonne
MTO	Mineral Turpentine Oil
MW	Megawatt
NAAQS	National Ambient Air Quality Standards
NCR	Net Corporate Realisation
NDT	Non-destructive Testing
NGO	Non-governmental organisation
NSCI	National Safety Council Of India
NSE	National Stock Exchange
O&D	Operations and Distributions
OEM	Original Equipment Manufacturer
OGSS	Oil and Gas Sector Supplement

